Advances in Islamic Economics, Business and Finance Research
Walisongo International Conference on Islamic Economics and Business (WICIEB) 2026
Faculty of Islamic Economics and Business Universitas Islam Negeri Walisongo Semarang

Green Claim Credibility Framework: Detecting Greenwashing In Islamic Banks

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ARTICLE INFORMATION

Article history:
Received : 20 August 2026
Accepted : 1 September 2026
Published : 30 September 2026

ABSTRAK

POJK Regulation No. 51/POJK.03/2017 encourages financial service institutions in Indonesia, including Sharia banks, to implement and report on sustainable finance practices. However, this pressure for legitimacy risks giving rise to "greenwashing" a gap between published sustainability claims and the substance of actual practices. This article aims to develop a conceptual framework for assessing the credibility of green banking claims made by Sharia banks by integrating conventional greenwashing literature (legitimacy theory, signaling theory, and the concept of decoupling) with Maqasid al-Shari'ah principles, specifically hifz al-nasl (preservation of progeny/the environment) and hifz al-din (preservation of religion). Employing a conceptual analysis approach and a critical literature review, the study constructs a "Green Claim Credibility Framework" that maps green banking claims across three levels of verification: symbolic, procedural, and substantive. The findings indicate that the risk of greenwashing in Sharia banks is twofold, involving not only environmental discrepancies but also the potential misuse of the religious legitimacy inherent in the Sharia identity. This article contributes to expanding the greenwashing discourse through the lens of Islamic ethics and offers a practical diagnostic tool for Sharia Supervisory Boards, regulators, and Sharia bank management to assess the authenticity of sustainability claims prior to publication.

Keywords: *Greenwashing; Green Banking; Maqasid al-Shari'ah; Islamic Banking; Sustainable Finance*

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Introduction

Climate change and environmental degradation have pushed the global financial sector, including banking, to take an active role in financing sustainable development (Kumar et al., 2020). The Islamic finance industry is also seen as having a strategic role in this agenda, given that its instruments have historically emphasized the prohibition of environmentally damaging activities as part of the principle of economic justice (Obaidullah, 2018). In Indonesia, the Financial Services Authority (OJK) responded through POJK No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public

Companies (Otoritas Jasa Keuangan, 2017). OJK requires financial service institutions, including Sharia banks, to integrate economic, social, and environmental aspects into their business activities and to report on these through annual sustainability reports. This regulation was subsequently complemented by the Technical Guidelines for the Implementation of Sustainable Finance for the Banking Sector, issued by OJK in late 2018 as a practical guide for commercial banks and Sharia rural financing banks alike.

The technical guidelines issued by OJK were designed to provide a practical explanation of what sustainable finance means for commercial banks, rural banks, and Sharia rural financing banks. OJK's objective is to encourage financial service institutions to improve their social and environmental performance while also protecting their financing portfolios from business risks related to environmental issues. Although this regulatory framework is cross-sectoral and not specifically directed at Sharia banks, its implications for Islamic banking are significant, as it pushes Sharia banks to prepare sustainability reports just like other financial service institutions, without explicit technical guidance on how aspects of Sharia compliance including the role of the Sharia Supervisory Board (SSB) should be integrated into that reporting process.

In line with this regulatory push, Sharia banks in Indonesia led by Bank Syariah Indonesia (BSI), formed through the merger of three state-owned Sharia banks have become increasingly active in marketing products and initiatives labeled “green”, ranging from renewable energy financing and green sukuk to environmentally friendly operational efficiency programs (Anggraini & Iqbal, 2022). Yet behind this positive trend, a number of studies warn of the risk that such sustainability claims stop mostly at the level of communication and image-building rather than translating into substantive change in operational practice and financing portfolios (Andatu & Hilabi, 2023). This phenomenon is known in the management and environmental accounting literature as greenwashing the practice of misleading stakeholders about a company's environmental performance or the environmental benefits of a product or service (Delmas & Burbano, 2011).

Greenwashing is not a new issue in the conventional banking literature, but studies of the same phenomenon in Islamic banking remain relatively limited. Some early studies have identified a gap between the normative principles of Islamic finance and Sharia banks' non-financial disclosure practices, proposing the term “greenwashing in Islamic finance” as an ethical challenge that needs to be addressed through more transparent reporting standards (Leins et al., 2016). Other studies have found that the characteristics of the Sharia Supervisory Board (SSB) including interlocking directorates and board composition significantly affect the quality of green banking disclosure among Sharia banks in the MENA region (Ardianto et al., 2024). These findings suggest that Sharia oversight mechanisms, which are meant to serve as an additional layer guaranteeing the integrity of claims, can instead become a new loophole if not adequately designed.

This issue becomes more complex in the context of Sharia banks because the Islamic identity attached to these institutions creates a dual form of legitimacy: environmental legitimacy, as commonly examined in the conventional greenwashing literature, and religious legitimacy, which stems from claims of Sharia compliance. When customers and investors tend to extend “extra trust” to Sharia banks on the basis of their Islamic identity (Haridan et al., 2018), the risk of betraying that trust whether through greenwashing or symbolic Sharia compliance potentially carries deeper reputational and ethical consequences than for conventional banks.

The conceptual literature on Sharia bank sustainability, including normative models such as the Triple Bottom Line (Elkington, 1997) extended into the Maqasid al Shari'ah based Quintuple Bottom Line (Nihayah et al., 2026) as a response to the critique that the conventional Triple Bottom Line does not accommodate the spiritual dimension of Islamic banking (Hamidi & Worthington, 2023), is built from a prescriptive standpoint that is, how Sharia banks should integrate the dimensions of profit, people, planet, piety, and potential. These models are highly useful as ideal frameworks, but they have not yet provided a tool for critically assessing whether

published sustainability claims genuinely represent substantive practice or remain merely symbolic. This article seeks to fill that gap by posing a research question concerning the extent to which the green banking claims made by Sharia banks represent substantive practice, and how the principles of Maqasid al-Shari'ah specifically hifz al-nasl and hifz al-din can be used as a framework for detecting indications of greenwashing in these institutions.

The urgency of this study should also be viewed within a broader global context. International commitments to reducing carbon emissions and achieving the Sustainable Development Goals (SDGs) have pushed regulators across jurisdictions to tighten environmental disclosure standards in the financial services sector (Kumar et al., 2020). This pressure is also felt by the global Islamic finance industry, which has historically claimed ethical superiority over conventional financial systems because its underlying principles prohibit riba, gharar, and maisir, and emphasize a balance between worldly and hereafter interests. However, this claim of ethical superiority can become a liability if it is not matched by adequate verification mechanisms, since a gap between the ethical narrative claimed and the practice actually carried out generates greater disappointment than it would for an institution that never claimed a particular ethical-religious foundation in the first place.

The research gap this article seeks to fill lies in three areas. First, the majority of the greenwashing literature has been developed in the context of secular corporations and has not extensively explored how religious legitimacy interacts with environmental legitimacy in faith-based financial institutions. Second, the literature on Maqasid al-Shari'ah and Sharia bank sustainability models, including the previously developed Quintuple Bottom Line model (Nihayah et al., 2026) is prescriptive normative in nature and has not yet provided an instrument for critically assessing the gap between that ideal model and actual practice. Third, studies on the effectiveness of the Sharia Supervisory Board as a mechanism for preventing greenwashing in the Indonesian context remain very limited compared with similar studies in the Malaysian context or in the Middle East and North Africa (MENA) region (Ardianto et al., 2024).

To answer the research question and fill this gap, this article develops the conceptual "Green Claim Credibility Framework", which integrates three main theoretical foundations legitimacy theory (Suchman, 1995), signaling theory (Spence, 1973), and institutional isomorphism (DiMaggio & Powell, 1983), together with the decoupling concept from the greenwashing literature (Walker & Wan, 2012) with the principles of Maqasid al-Shari'ah as an additional evaluative lens distinctive to the Islamic finance context. Theoretically, this article extends the greenwashing discourse, which has so far been dominated by a secular-managerial perspective, by integrating a religious-ethical dimension relevant to the world's large Muslim population and the continually growing Islamic financial system, while also complementing existing normative models of Sharia bank sustainability with a more critical evaluative instrument.

Literature Review

The Concept and Development of Greenwashing

The term greenwashing refers to the practice of conveying misleading information about a company's environmental performance or the environmental benefits of a product or service (Delmas & Burbano, 2011). Delmas and Burbano developed an analytical framework that groups the drivers of greenwashing into three levels: external (institutional and market pressure), organizational, and individual, before formulating recommendations for managers, regulators, and non-governmental organizations to curb its incidence and severity. This framework has become one of the most widely cited references in the contemporary greenwashing literature.

Further developments introduced the concept of decoupling the gap between symbolic action ("green talk") and substantive action ("green walk") in corporate environmental practice (Walker & Wan, 2012). Walker and Wan's research on more than a hundred large companies in Canada found that substantive action produced no significant positive or negative financial impact, whereas symbolic action was negatively

correlated with long-term financial performance, and that the gap between the two (greenwashing) had a negative effect on market trust. The decoupling concept has since been widely adopted in broader studies of corporate social responsibility disclosure, which affirm that the disconnect between corporate communication and actual practice lies at the very heart of the greenwashing phenomenon.

Besides decoupling, the greenwashing literature also recognizes the concept of selective disclosure the practice of disclosing favorable environmental information while withholding less favorable information, thereby creating an overall impression more positive than actual conditions warrant. This pattern was, in early greenwashing literature, linked to the threat of external audits of corporate environmental disclosure (Lyon & Maxwell, 2011), and later developed further into a study of the various means companies use to polish their environmental image (Lyon & Montgomery, 2015). Both forms of greenwashing—decoupling and selective disclosure—share a common root in the motive to exploit the social legitimacy attached to environmental issues without bearing the full cost of the substantive change that these issues genuinely demand.

Legitimacy Theory and Signaling Theory as Analytical Foundations

Legitimacy theory explains that organizations strive to align their activities with prevailing social norms and values so that their actions are regarded as legitimate within the applicable system of social norms (Suchman, 1995). When environmental disclosure is driven by legitimacy motives alone, sustainability orientation tends to be symbolic rather than substantive. In organizations operating within institutional environments under strong normative and regulatory pressure such as the banking sector following POJK 51/2017—the impulse to claim compliance with sustainability principles becomes far greater than the organization's substantive readiness to genuinely change its operational practices.

This phenomenon can also be explained through institutional isomorphism theory, which holds that organizations within a given field tend to become increasingly similar to one another over time due to coercive pressure (regulation), mimetic pressure (imitating competitors perceived as successful), and normative pressure (professionalization) (DiMaggio & Powell, 1983). When all Sharia banks face the same regulatory pressure and imitate one another's "green" initiatives, the risk that emerges is a homogenization of sustainability claims driven more by the need to maintain a competitive image than by any substantive commitment to the environment.

Meanwhile, signaling theory explains that under conditions of information asymmetry between an organization and its external stakeholders, the organization uses particular signals including sustainability claims to communicate its quality or commitment (Spence, 1973). Green banking claims can function as a positive signal to investors and customers regarding a bank's commitment to environmental issues. However, effective signaling requires that the signal be costly and difficult to imitate; if the cost of claiming to be "green" is far lower than the cost of genuinely changing financing practices, the signal loses its informative function and risks becoming a vehicle for greenwashing.

Green Banking in Islamic Banking

Green banking in the context of Islamic banking is generally understood as a banking approach that prioritizes socially and environmentally responsible financing, natural resource conservation, and environmentally friendly operational efficiency (Ara & Singh, 2015). In Indonesia, this practice manifests, among other things, through the issuance of green sukuk, financing for renewable energy projects, and paper and energy efficiency programs in bank operations (Fitrah & Soemitra, 2022; Hariyani & Kusuma, 2020). Green sukuk itself is viewed as an innovative instrument that combines Islamic financial structures with the objective of financing environmentally friendly projects (Abdullah & Keshminder, 2020).

Nevertheless, a number of studies caution that the implementation of green banking in Indonesian Sharia banks still faces various limitations, including the scarcity of measurable, independently verified environmental

performance indicators in sustainability reports (Andatu & Hilabi, 2023). This condition is consistent with findings in the broader Islamic finance context, which show that Sharia banks often merely replicate conventional ESG products under a "Sharia label" without any meaningful structural change to their operations—a tendency several observers refer to as the risk of symbolic compliance.

Maqasid al-Shari'ah as an Additional Evaluative Lens

Maqasid al-Shari'ah is a framework of Sharia objectives oriented toward the preservation of human welfare, encompassing five fundamental elements: hifz al-din (preservation of religion), hifz al-nafs (preservation of life), hifz al-'aql (preservation of intellect), hifz al-nasl (preservation of progeny), and hifz al-mal (preservation of wealth) (Auda, 2022). This framework occupies a central position in the development of contemporary Islamic economics because it provides an ethical-normative basis that goes beyond mere legal-formal compliance (Fanshurna, 2022; Kholisha et al., 2020), and for Sharia banks in particular it serves as an instrument for assessing institutional ethical performance more comprehensively than financial indicators alone (Mergaliyev et al., 2021; Nouman et al., 2021). Recent developments have even positioned Maqasid al-Shari'ah as a basis for investment screening within Sharia ESG frameworks, in line with the global trend of strengthening the sustainability dimension of Islamic capital markets (Rafiqi et al., 2025). In the specific context of Sharia bank sustainability, hifz al-nasl is often interpreted in an extended sense to include environmental preservation for the welfare of future generations (Nihayah et al., 2026), while hifz al-din serves as the reference point for ensuring Sharia compliance across all business activities, including SSB oversight and adherence to National Sharia Board fatwas (Haridan et al., 2018).

The role of the Sharia Supervisory Board in this context is central. The SSB is responsible for ensuring that all of a Sharia bank's products and procedures conform to Sharia principles, including overseeing the application of fatwas to ensure products are free of riba, gharar, and maisir (Ilyas, 2021). A number of studies, nevertheless, identify structural constraints in the effectiveness of SSB oversight, such as limited independence, concurrent board memberships across multiple institutions, and limited capacity to assess technical environmental matters beyond the competence of fiqh muamalah (Ardianto et al., 2024; Hartini et al., 2021). These limitations mean that Sharia oversight of green banking claims risks operating at a merely procedural-formal level, without substantive verification of the real environmental impact of financing portfolios claimed to be "green".

Greenwashing versus Sharia-Washing: Unpacking Two Forms of Gap

It is important to conceptually distinguish between greenwashing in its conventional sense and what may be termed sharia-washing the gap between claims of Sharia compliance and the actual substance of practice. Conventional greenwashing concerns a gap in environmental performance (Delmas & Burbano, 2011), whereas sharia-washing concerns a gap in compliance with Sharia principles, including contract transparency, SSB involvement, and conformity with National Sharia Board fatwas (Wan Abdullah et al., 2013). For a conventional bank claiming a green product, the risk faced is singular purely environmental risk. For a Sharia bank, however, both forms of gap can occur simultaneously and reinforce one another, because a claim of "green sukuk" or "Sharia green financing" carries two kinds of promise at once: an environmental promise and a Sharia-compliance promise.

The governance structures of Islamic financial institutions, as described in the classical literature on Sharia bank governance, are fundamentally designed to bridge the information gap between principals (customers/shareholders) and agents (bank management) through the additional oversight mechanism of the SSB (Archer et al., 1998). The problem is that this governance mechanism is generally designed to ensure compliance with classical fiqh muamalah matters the prohibition of riba, gharar, and maisir and is not necessarily designed explicitly to verify the new claims that arise alongside the

development of sustainable finance products. This institutional design gap is precisely the vulnerable point at which the dual risk of greenwashing and sharia-washing can arise simultaneously in contemporary Sharia banks.

Green Banking Practices in Sharia Banks: A Comparative Perspective

Cross-country comparisons offer a varied picture of the maturity of green banking practices in the Islamic finance industry. In the Bangladeshi context, for instance, a study comparing the green banking performance of Sharia and conventional banks using a Maqasid Shariah framework found that Sharia banks tend to excel in social financing but not necessarily in quantitatively measurable environmental disclosure (Julia & Kassim, 2020) a finding consistent with other research linking financial institutions' sustainability performance in Bangladesh to broader green finance governance (Zheng et al., 2021). In the MENA region, the quality of green banking disclosure is heavily influenced by the structural characteristics of the SSB, including board size and the proportion of members with international involvement (Ardianto et al., 2024). Islamic financial institutions across various regions are also increasingly directed toward contributing to sustainable energy transition through green financing schemes (Kismawadi et al., 2024) with green sukuk emerging as one innovative instrument combining Islamic capital market structures with the objective of climate financing (Alam et al., 2016). In the Indonesian context, meanwhile, sovereign green sukuk have become a mainstay instrument for financing renewable energy projects and sustainable waste management (Hariyani & Kusuma, 2020) yet a literature review of sustainability reporting practices and standards in Indonesian Islamic financial institutions shows that most studies still highlight limitations in independently verified environmental impact disclosure (Andatu & Hilabi, 2023; Fahmi, 2025).

This comparison confirms that greenwashing risk in Sharia banks is not solely a matter of institutional bad faith, but also reflects systemic limitations in measurement infrastructure, reporting standards, and institutional capacity across many jurisdictions including Indonesia. This is consistent with the institutional isomorphism perspective, which explains that such limitations tend to occur similarly across banks operating within the same institutional field, meaning the solution must likewise be systemic through strengthened regulation and shared standards rather than left entirely to the initiative of individual banks (DiMaggio & Powell, 1983).

This study employs a conceptual analysis approach through critical literature review and theoretical synthesis, following Jaakkola's (2020) framework for developing conceptual articles in the field of management and business. The analytical process proceeded in three stages: identifying and mapping the core literature on the concept of greenwashing, legitimacy and signaling theory, and the green banking and Maqasid al-Shari'ah literature; conducting a comparative analysis to identify points of convergence and conceptual gaps between the secular-managerial conventional greenwashing literature and the religious-ethical Maqasid framework; and synthesizing both frameworks into a single evaluative model the Green Claim Credibility Framework. As a conceptual article, this study does not draw on primary data from any specific Sharia bank; the case illustrations presented in the discussion section are generic, intended to clarify the framework's application rather than to represent empirically verified findings about a specific institution.

Results and Discussion

The Dual Greenwashing Risk in Sharia Banks

Unlike conventional banks, which face greenwashing risk only in the environmental dimension, Sharia banks face what may be termed a dual legitimacy risk: a gap between claim and substance in the environmental dimension (greenwashing in the conventional sense), and a gap between claim and substance in the dimension of Sharia compliance (symbolic sharia compliance). These two risks are intertwined because green banking claims made by Sharia banks are often simultaneously framed as an embodiment of Islamic values concerning environmental preservation (hifz al-nasl),

meaning religious legitimacy is also at stake whenever such environmental claims prove not to be substantive.

To illustrate, when a Sharia bank publishes its green financing achievements in its annual report without an accompanying independent environmental audit, without explicit SSB involvement in assessing the conformity of financed projects with environmental preservation principles, and without verifiable quantitative data on actual impact on emissions or ecosystems, such a claim falls within the realm of decoupling as defined by Walker and Wan (2012) a gap between "green talk" and "green walk". For a Sharia bank, this gap is simultaneously a gap between "piety talk" and "piety walk", because the claim also draws on the institution's religious legitimacy without adequate Sharia oversight of its environmental substance.

The Green Claim Credibility Framework Model

Building on the theoretical synthesis presented in the literature review, this article proposes a Green Claim Credibility Framework model that maps green banking claims into three levels of verification, as presented in Table 1.

Table 1.

Green Claim Credibility Framework in Islamic Banks

Verification Level	Claim Characteristics	SSB Involvement	Key Indicators	Greenwashing Risk
Level 1 Symbolic	Claims presented in annual reports/marketing materials without verified quantitative data	No explicit involvement in environmental aspects	Generic narrative ("supports the SDGs", "cares about the environment") without measurable figures or targets	High
Level 2 Procedural	A written policy/SOP on green financing exists, but has not been audited by an independent party	SSB involvement limited to contract approval; has not assessed actual environmental impact	An internal policy exists, but no externally verified impact report is available	Moderate
Level 3 Substantive	Claims are supported by external verification (e.g., second party opinion, green certification), quantitative impact data, and a clear link to the actual financing portfolio	SSB explicitly involved in assessing project conformity with hifz al-nasl, accompanied by periodic Sharia audits	External verification exists, emissions/impact data are measurable, and a specific Sharia opinion covers the environmental aspect	Low

Source: Delmas & Burbano (2011), Walker & Wan (2012), and Auda (2022)

This model can also be depicted as a ladder of greenwashing risk: the lower the verification level of a claim, the higher the risk that the claim constitutes greenwashing. The significance of this model lies in the addition of the "SSB involvement" column as an element distinguishing it from the conventional greenwashing framework—an element specifically relevant to the context of Sharia banks, since the SSB is meant to function as an additional verification layer independent of bank management's commercial interests.

Operational Indicators at Each Verification Level

To facilitate the application of the Green Claim Credibility Framework, this article proposes a set of operational indicators that can be used as markers of the transition from one verification level to the next, as presented in Table 2.

Table 2.

Indicators for Transitioning Between Verification Levels of Green Banking Claims

Transition	Minimum Requirement to Be Met
Symbolic → Procedural	A written policy on the criteria for projects/financing that can be categorized as "green" is available; the criteria are approved by management and known to the SSB
Procedural → Substantive	Independent verification exists (second party opinion, certification, or external environmental audit) for the financed project; the SSB issues a specific opinion confirming the project's conformity with the hifz al-nasl principle, not merely the transaction contract
Maintaining the Substantive Level	Environmental impact data are updated periodically (annually) and published as part of a sustainability report that can be re-audited by an external party

Source: Walker & Wan (2012) and Abdullah & Keshminder (2020)

The indicators above are minimum requirements and may be further adjusted by regulators or Islamic banking associations according to the characteristics of the product and the scale of the institution. It should be underscored that the transition from the symbolic level to the substantive level cannot be achieved merely through improved reporting narratives, but requires structural change in the product approval process and in the Sharia bank's own internal oversight mechanisms.

The Role and Limitations of the Sharia Supervisory Board as Gatekeeper

Ideally, the SSB functions as a gatekeeper that prevents symbolic compliance in both the Sharia and environmental dimensions. Research in the MENA Sharia banking context found that SSB characteristics including board size and the involvement of foreign members significantly affect the quality of green banking disclosure, while concurrent SSB memberships across multiple institutions are in fact negatively correlated with disclosure quality (Ardianto et al., 2024).

In the Indonesian context, studies on the role of the SSB generally still focus on product compliance with the prohibition of riba, gharar, and maisir, with clear limitations in technical environmental competence (Ilyas, 2021). Most SSB members have a background in fiqh muamalah rather than environmental science or sustainability, so the assessment of the substance behind a "green" claim for a given financing project tends to be left entirely to bank management without adequate independent verification.

To address this limitation, several institutional alternatives may be considered: first, expanding SSB composition or establishing a dedicated sustainability committee that brings together environmental experts and fiqh muamalah scholars; second, requiring a second party opinion from an independent institution as a condition for labeling a Sharia bank product "green", in line with practice already common in green sukuk issuance (Abdullah & Keshminder, 2020); and third, promoting the standardization of measurable, auditable environmental performance indicators as part of the technical guidelines for sustainable finance in the Islamic banking sector.

Applying the Framework: Generic Scenarios

In the first scenario, a Sharia bank states in its annual report that the institution is "committed to supporting a green economy and sustainable development in accordance with Islamic values", but provides no data on what percentage of its financing portfolio is actually allocated to environmentally friendly projects. Under the proposed framework, this claim sits at Level 1 (Symbolic) with high greenwashing risk.

In the second scenario, the same Sharia bank has a written internal policy on the criteria for projects that can be categorized as "green financing", and this policy has been approved by management and is known to the SSB. However, no independent audit or external verification of

the real environmental impact of the financed projects has yet taken place. This scenario sits at Level 2 (Procedural) with moderate greenwashing risk.

In the third scenario, the Sharia bank issues a green sukuk accompanied by a second party opinion from an independent institution regarding the project's conformity with sustainability principles, reports quantitative data on estimated carbon emission reductions, and the SSB issues a specific opinion explicitly stating that the project aligns with the hifz al-nasl principle. This scenario sits at Level 3 (Substantive) with low greenwashing risk.

These three scenarios confirm that the fundamental difference between verification levels lies not in the magnitude of the claim being made, but in the extent to which the claim is supported by a verification mechanism that can be re-audited by an external party.

Greenwashing Risk and Customer Trust in Sharia Banks

Sharia bank customers tend to hold an additional layer of trust rooted in the belief that the institution conducts its business fully in accordance with Islamic values, not merely with respect to the prohibition of riba (Haridan et al., 2018). This value-based bond of trust creates what may be called “religious trust capital”, which functions simultaneously as a reputational asset and as a latent risk should it be revealed that a bank's sustainability claims are not fully substantive.

When greenwashing is exposed at a conventional bank, its impact is generally confined to a decline in trust in the specific environmental claim concerned (Walker & Wan, 2012). At a Sharia bank, however, the exposure of greenwashing can trigger a broader spillover effect—namely, customer doubt about the institution's overall integrity, including with respect to Sharia compliance, which is often the primary reason customers chose that bank in the first place.

Implications for Regulators, the SSB, and Sharia Bank Management

For regulators (OJK and the National Sharia Board–Indonesian Council of Ulama, DSN-MUI), these findings indicate the need to refine technical guidelines that explicitly set minimum standards for verifying Sharia banks' green banking claims. For the SSB and Sharia auditors, the Green Claim Credibility Framework proposed in this article can be used as a simple self-assessment instrument to evaluate the position of a sustainability claim prior to publication. For Sharia bank management, this framework offers a clear roadmap for progressively enhancing the credibility of sustainability claims: from mere marketing narrative toward documented formal policy, and ultimately toward independent external verification.

Model Limitations and Directions for Further Research

The Green Claim Credibility Framework proposed in this article has several limitations. First, the model does not yet incorporate quantitative weights or scores that would allow direct comparison across banks; further empirical research is needed to develop a measurement instrument that can be operationalized into a numerical index, for example through content analysis (Krippendorff, 2019). Second, the model is built from a normative-prescriptive perspective and has not been tested against the actual perceptions of stakeholders. Third, this article focuses on the Indonesian context, with comparative references limited to the MENA region and Bangladesh.

This article develops the conceptual Green Claim Credibility Framework for assessing the credibility of green banking claims made by Sharia banks, integrating the conventional greenwashing literature legitimacy theory (Suchman, 1995), institutional isomorphism (DiMaggio & Powell, 1983), signaling theory (Spence, 1973), and the decoupling concept (Walker & Wan, 2012) with the principles of Maqasid al-Shari'ah, specifically hifz al-nasl and hifz al-din (Auda, 2022). The conceptual findings indicate that Sharia banks face a dual greenwashing risk: a gap in the environmental dimension, as commonly examined in conventional banks, and a gap in the dimension of religious legitimacy inherent in their Sharia identity. The Sharia Supervisory Board should ideally serve as a gatekeeper preventing both

forms of gap, yet limited independence and limited technical environmental competence among many SSBs mean this function has not yet operated optimally.

The proposed Green Claim Credibility Framework model with its three levels of verification, symbolic, procedural, and substantive offers a theoretical contribution in the form of an expanded greenwashing discourse viewed through the lens of Islamic ethics, as well as a practical contribution in the form of a diagnostic instrument that regulators, SSBs, and Sharia bank management can use to assess the authenticity of sustainability claims. As a conceptual article, this study is limited by the absence of empirical testing against real data from specific Sharia banks. Further empirical research whether through content analysis of sustainability reports, interviews with SSB members, or customer perception surveys is greatly needed to test the validity and practical application of this framework in greater depth.

Conclusion

This study concludes that the credibility of green banking claims by Sharia banks must be assessed beyond symbolic commitments and procedural compliance to ensure substantive environmental practices. Integrating greenwashing theory with Maqasid al-Shari'ah highlights the dual risk of environmental misrepresentation and the misuse of religious legitimacy.

Recommendations

Sharia banks should adopt the Green Claim Credibility Framework to verify sustainability claims before publication, supported by transparent evidence, measurable environmental outcomes, and independent oversight by Sharia Supervisory Boards and regulators. Future research should empirically test the framework to establish its validity and applicability across Sharia banking institutions.

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