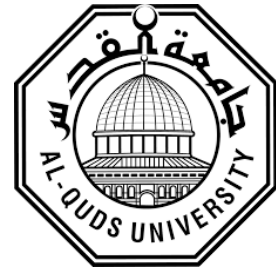**Deanship of Graduate studies**

Al-Quds University

Factors Affecting the Decision of Grant Banking Green Loans: Evidence From Bank of Palestine

Alaa Ahmad Shihada Khalifa

M.Sc. Thesis

Jerusalem – Palestine

1440/2019

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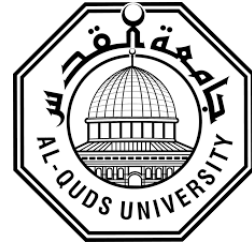
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Thesis Approval

Factors Affecting the Decision of Grant Banking Green Loans: Evidence From Bank of Palestine

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The names and signatures of the examining committee members are as follows:

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2- Internal Examiner: Dr. Amer Marei   Signature

3- External Committee: Dr. Yosef Abu Fara   Signature

Jerusalem – Palestine

1440/2019

DEDICATIONS

To the throne on the throne of days

The girl who lived her house of love and stones

Skilled and skilled, which has long preceded our world and its time

The towns of Bethlehem.

To the focus of light that crossed me towards hope and beautiful aspirations and widened his heart when narrowed the world, the hardships of the difficulties for me and walked in the road to instill the meaning of light and serenity in my heart, and taught me to live for the right and science to remain alive even if our lives and our bodies, His eyes turned to the two women, longing to see me imitating the master's thesis, and now I have come to present it now in your hands.

My beloved father…

It was your land part of my ambition and part of my Sir in the way of science until you see the fruit of your effort and the good that planted it, I understood the meaning of life to me, and God gave me in you, my daughter, you have satisfied me ….

As long as the title advocacies derby and remain traipse about to check as long as her hand in my hand .. And when you hear me worries swim in the sea of love and affection to dilute it and removes all illiterate ...

To my mother, which no matter how grown up, I will keep her child, who writes her name on his book, the hour of his grief, and cheer her thanks when he advances in his knowledge degrees.

You, my beloved mother, the lady of heart and life .... Dedicate my message to give me satisfaction and pray.

To those who are closer to my soul, to those who share my mother's bosom, and with whom I derive my strength and determination ... My brothers Hisham and Gad.

To the sisters who did not give birth to my mother ... To those who liked the brotherhood and distinguished by loyalty and giving, to the springs of pure honesty ... To those with whom I was happy and their blessings in the paths of life sweet and sad arrived ... To those who were with me on the path of success and good. To whom did I know how to find them, and taught me not to waste them? My sisters and friends

.

الأهداء

الى المتربعه على عرش الايام
الطفله التي عمرت بيتها من الحب والحجارة
المهرة الأصيلة التي لطالما سبقت دنيانا وزمانها
بلدتي بيت لحم

الى بؤرة النور التي عبرت بي نحو الامل والأماني الجميله واتسع قلبه حين ضاقت الدنيا، فروض الصعاب من أجلي وسار في حُلكة الدرب ليغرس معاني النور والصفاء في قلبي، وعلمني ان نعيش من أجل الحق والعلم لنظل احياءا حتى لو فارقت ارواحنا اجسادن، ولطالما تفطر قلبه شوقا وحنّت عيناه الوضائتان شوقا لرؤيتي متقلدا رسالة الماجستير، وها هي قد اينعت لأقدمها الان بين يديك .

والدي الحبيب ......
لقد كان ارضاؤك جزءا من طموحي وجزءا من سيري في طريق العلم حتى ترى ثمرة جهدك وطيب غرسك، فكنت معنى الحياة لي، وقد ارضاني الله فيك يا ابتي فهل رضيت عني .!!!!!!

طالما كانت دعواتها عنوان دربي وتبقى امنياتي على وشك التحقق طالما يدها في يدي.. وعندما تسمعني الهموم أسبح في بحر حبها وحنانها ليخفف بل ويزيل كل الآمي ...

الى أمي التي مهما كبرت فسأبقى طفلها الذي يكتب اسمها على دفتره ساعة حزنه، ويهتف بفضلها حين يتقدم في علمه درجات .

لك يا والدتي الحبيبة يا سيدة القلب والحياة.... اهديكي رسالتي لتهديني الرضا والدعاء .

الى من هم اقرب الي من روحي، إلى من شاركني حضن الأم وبهم استمد عزتي وإصراري... اخوتي هشام وجاد .

الى الاخوات اللواتي لم تلدهن امي... الى من تحلو بالاخاء وتميزوا بالوفاء والعطاء، إلى ينابيع الصدق الصافي ... الى من معهم سعدت وبرفقتهم في دروب الحياة الحلوة والحزينة وصلت... الى من كانوا معي على طريق النجاح والخير.... الى من عرفت كيف اجدهم وعلموني ان لا اضيعهم. اخواتي وصديقاتي

Declaration

I certify that this thesis is submitted for the degree of master and it is the result of my own research, except where for some excerpts noted in the research, and that this thesis has not been submitted for the higher degree to any other university or institute.

Signed: ....

Name: Alaa Ahmad Shihada Khalifa

Date: 14 / 7 / 2019

Acknowledgements

It is the right of the blessing of the male, and the lesser reward for the known thanks...

After thanking the Almighty, blessed with blessings and great punishment...

I would like to extend my heartfelt gratitude and gratitude to all those who guided me, to teach me, and to take my hand in order to accomplish this research Dr. Ibrahim Awad, And continued, and good, good guidance to me at all stages of the research, which found in his guidance teacher's keenness, which pays good fruit, God willing ...

I would also like to thank all those who have supported me with his sincere invitations, or sincere wishes ... I thank them all and I hope that God Almighty will make this in the balance of their good deeds.

Abstract

This study aims at identifying the most important factors affecting the decision of banks to grant green loans, mainly Bank of Palestine. It also aims to identify the relationship between the use of revenue objects, recognition of the impact of the borrower's reputation and its financial and administrative capabilities in making decisions regarding the granting of green loans at Bank of Palestine and determining the impact of green project characteristics and expected performance on the decision making process.

The researcher used qualitative and quantitative methods to achieve the objectives of the study; using a questionnaire tool. The study population consists of all employees in the banks of Palestine and the French Agency for Development. The study sample consisted of 120 employees. After the data were collected, they were analyzed using the Statistical Package for Social Sciences (SPSS). Several results have been achieved, the most important of which is the impact on the reputation of the borrowing organization and its financial and administrative capabilities on the decision making process related to the granting of green loans at the Bank of Palestine. In addition, the results of the present study confirmed that there is an impact on the characteristics of green projects and their expected performance on the decision making process regarding the granting of green loans at Bank of Palestine. The researcher also found that there are potential risks to the green lending decision process, Note with regard to coordination and communication between the central administration of the Bank of loans and institutions borrowed, and that the central credit management has effective ways to control the potential loan risks.

The researcher recommended the need to pay attention to loan guarantees that are carefully evaluated and credible, it is necessary to have green projects with environmental performance because this affects the decision to grant the loan. The researcher suggests conducting a study to explore the impact of the characteristics of green projects and their expected performance, and the financial and administrative capacity to grant green loans.

العوامل التي تؤثر على قرار البنوك بمنح القروض الخضراء, دراسة حالة بنك فلسطين

إعداد: علاء محمد شحادة خليفة

المشرف: د. إبراهيم عوض

الملخص:

تهدف الدراسة إلى التعرف على العوامل التي تؤثر على قرار البنوك بمجال قروض الخضراء، دراسة حالة بنك فلسطين، كما يهدف إلى تسليط الضوء على التحقيقتف بالعلاقة بين استخدام العائدات والاعتراف بتأثير سمعة المنظمة المقترضة وقدراتها المالية والإدارية على اتخاذ القرارات المتعلقة بمنح القروض الخضراء في بنك فلسطين، وتحديد أثر خصائص المشروعات الخضراء وأدائها المتوقع على عملية اتخاذ القرارات المتعلقة بمنح القروض الخضراء في بنك فلسطين. من أجل تحقيق أهداف الدراسة؛ استخدم الباحث المنهج النوعي والكمي، حيث اعتمدت الدراسة على أداة استبانة. وتكون مجتمع الدراسة من جميع العاملين في بنك فلسطين والوكالة الفرنسية للتنمية. حيث تكونت عينة الدراسة من 120 موظف. وقد تم تحليل البيانات التي تم الحصول عليها باستخدام برنامج (SPSS). وكشفت نتائج الدراسة أن هناك تأثير لسمعة المنظمة المقترضة وقدراتها المالية والإدارية على عملية اتخاذ القرارات المتعلقة بمنح القروض الخضراء في بنك فلسطين. علاوة على ذلك، توصلت نتائج الدراسة الحالية إلى أن هناك تأثير لخصائص المشاريع الخضراء وأدائها المتوقع على عملية اتخاذ القرارات بشأن منح القروض الخضراء في بنك فلسطين. كما وجدت الدراسة أن المخاطر المحتملة التي تواجه عملية اتخاذ القرارات المتعلقة بالإقراض الأخضر، والتي تتمثل في عدم وجود قضايا ملحوظة فيما يتعلق بالتنسيق والتواصل بين الإدارة المركزية لبنك القروض والمؤسسات المقترضة، وأن إدارة الائتمان المركزية لديها طرق فعالة للسيطرة على القروض المخاطر المحتملة.وأوصى الباحث بإيلاء اهتمام لضمانات القروض التي يتم تقييمها بدقة ومصداقية، كما أنه من الضروري وجود مشاريع خضراء ذات أداء بيئي لأنذلك يؤثر على قرار منح القرض. كما يقترح الباحث إجراء دراسة لاستكشاف تأثير خصائص المشروعات الخضراء وأدائها المتوقع، والقدرات المالية والإدارية على منح القروض الخضراء.

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Abbreviations

ICMA: Association of International Capital Market.

GBP: principles of green bond.

SBA: Small Business Administration.

APLMA: Association of Asia Pacific Loan Market.

LMA: Association of Loan Market.

UNEP: Program of United Nations Environment.

PMA: Palestinian Monetary Authority.

AFI: Alliance for Financial Inclusion.

sophisticated and demanding buyers put pressure on firms to innovate faster than their foreign competitors. Thus, it is the characters of the home demand, not its size that is likely to be more critical

Descriptive Study: the objective of descriptive research is to portray an accurate profile of persons, events or situations

Hypothesis: a testable proposition about the relationship between two or more events orconcepts.

Individual Relationship: the individual relationships have been determined in the research as the relation of the SME working in the natural stone sector with the banks, insurance firms, universities, public institutes, other stone cutting firms, firms from other sectors, and with suppliers.

Related and Supporting Industries: industries, especially those providing specialized inputs, machinery and services, are sources of technology, ideas and skilled human resources. Suppliers and end-users located in close proximity benefit from shorter lines of communication, a quick and constant flow of information, and an ongoing exchange of ideas and know-how. Social capital is an essential part of the glue that holds clusters together. The existence of the social capital depends on the ability of the people to associate with each other

Reliability: can be addressed by posing the following two questions:

• Will the measure yield the same results on different occasions? (deductive approach)

• Will similar observations be made by different researches on different occasions?(inductive approach)

SPSS: is a software package used for conducting statistical analyses, manipulating data, and generating tables and graphs that summarize data. Statistical analyses range from basic descriptive statistics, such as averages and frequencies, to advanced inferential statistics, such as regression models, analysis of variance, and factor analysis. SPSS also contains several tools for manipulating data, including functions for recoding data and computing new variables as well as merging and aggregating datasets. SPSS also has a number of ways to summarize and display data in the form of tables and graphs.

Strategy: definition of the future direction and actions of a company defined as approaches to achieve specific objectives.

Validity: is concerned with whether the findings are really about what they appear to be about

CHAPTER ONE

ORIENTATION

1.1. Introduction

1.2. Research Problem, Objective, Questions, model, hypotheses, Significance and Data Sources

1.2.1. Problem Statement

1.2.2. Study Objectives

1.2.3. Study Questions

1.2.4. Model of study

1.2.5. Study hypotheses

1.2.6. Significance of the study

1.2.7. Data Sources

Chapter One:

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Introduction:

1.1. Introduction

The banking sector represents an essential industry plays a vital role in the economic improvement of the whole countries all around the world. Bank credit is one of the most important efficient banking components that is produced by the arrivals and represents the initial concentration of revenues for any bank regardless of its income different sources. Without this component, bank may lose its position as financial specialists in economics; however, at the same time bank credit could contribute to encountering banks risks, specifically the financial risks (Ouadah, Houalef & Ainous, 2018).

Considering the environmental issues, the connection among banks and environment can be seen through their relationship with economy. Firstly, it cannot be denied that banks play a noteworthy role in economy by financing organizations acting in the environmental fields. Banks are considered as the most imperative channel to provide economical services and represent vital intermediaries between providers and borrowers of this field (Campbell and Slack, 2011).

Moreover, the environment is recognized to be essential to the presence of economy itself and life in general. The economic system is obtained from the large ecological system, which supplies the economic system by the necessary sources and assets and on the other hand receives the waste materials and products of this system; therefore, considering the environmental issue is vital to the consistent of financial activities and economic system itself (Jeucken, 2001).

In this manner, banks could be influenced by or be an influencer to the environmental system. This influence can be either positive or negative, on the both of environments and banks. The thoughtfulness regarding the positive or negative role played by financial banks sector on environmental issue has expanded since 1990s, and this

consideration has turned out to be more grounded and broadly paid by numerous clients (Elsakit& Worthington, 2012).

Recently, various banks have begun to issue green credit facilities for individuals, companies and institutions in which their margins are connected to the borrower's sustainability performance. This makes an extra financial motivator for the borrower to enhance the environment and improve the sustainability of their projects (Keown, 2017).

Those types of green credit facilities have been recently known as "Green Loans" in which its granting process contributed to different risks for banks such as any other types of loans. However, those loans are distinctive from others by the central role that it plays in the development of the green infrastructure and enhancing the environment (Keown, 2017).

Bank of Palestine is the first bank with a various diversified branch network of 54 branches in Palestine. Furthermore, it classified as the largest domestic bank and the second largest in Palestine in terms the size of financial transactions. Bank of Palestine was also involved in the green market and endeavor to provide flexible facilities and Green Loan programs that would motivate individuals and institutions to acquire environmental friendly projects and investment (Bank of Palestine Website)(Palestinian Monetary Authority,2008). However, the loan granting decision made by this bank is constrained by several factors that its aspects will be investigated in this proposed study.

1.1.1 Problem Statement:

Gathering and analyzing data is used to be the key component in the decision-making process. The loaning decisions that are taken by banks are not exemption. For the purpose of guaranteeing the loaning decisions are serving banks' objectives, the process of taking such decisions includes mainly the assembling and analyzing data about the real and prospective clients, who are looking for credits. Such data is essentially identified with the financial status of the clients. However, the recent trend for banks of different countries especially the developed ones is considering data other than financial one, such as social and most recently environmental information which promoted the idea of developing Green Loans (Elsakit& Worthington, 2012).

With banks assuming a fundamental role in infrastructure and real estate finance, the need to direct them into loaning for sustainable and environmental purposes is imperative and categorical, and an arrangement of green loaning rules could be the impetus to build up a powerful green loaning business sector and all that it involves. The issuance of the Green Loan Principles has set the ball moving for green loaning as a different and particular financing instrument with its very own arrangement of conspicuous qualities (European Banking Federation, 2017).

The Green Loan Principle is composed from several components that represent the main factors affecting the decision of granting bank green loans. Such factors include the use of proceeds' purposes, green projects characteristics evaluation and selection, the management of proceeds, the reporting of anticipated impacts based on qualitative performance indicators and quantitative performance measures as well as the risks encountering the green lending decisions (Hussain, 2018).

Bank of Palestine was the first bank of its kind in Palestine to finance such green projects and to stimulate environmentally friendly investments. However, it faces many problems. The Bank of Palestine facilitates green lending by providing various services and facilities for this type of project including 100% Financing for individuals has a flexible repayment period of up to 7 years and it is working to provide the highest level of financing without limit in addition to many other facilities (Bank of Palestine website). However, it is certain that the granting of green loans in this bank is influenced by several factors representing the main problem of this study and will be investigated through this case study.

1.1.2 Study Objectives:

The main objective of this study is: **"To identify the factors affecting the decision of bank to grant green loans, mainly the Bank of Palestine."**

This main objective is subdivided into the following sub-objectives:

1) To investigate the relation between the use of proceeds' purposes and the green loan granting decision making.
2) To identify the impact of green projects characteristics and their anticipated performance on the green loan granting decision.

3) To recognize the effect of the borrowed organization's reputation and their financial and managerial abilities on the green loan granting decision making in Bank of Palestine.

4) To clarify the potential risks encountering the green lending decision making.

1.1.3 Study Questions

The main question of this study is: **"What are the factors affecting the decision of banks to grant green loans, mainly the Bank of Palestine?"**

1.1.4 The model of study:

Figure no. 1 presents the study's model. On the lefts side the figure shows the independent variables of the study whereas the rights side shows the dependent variable of the study.
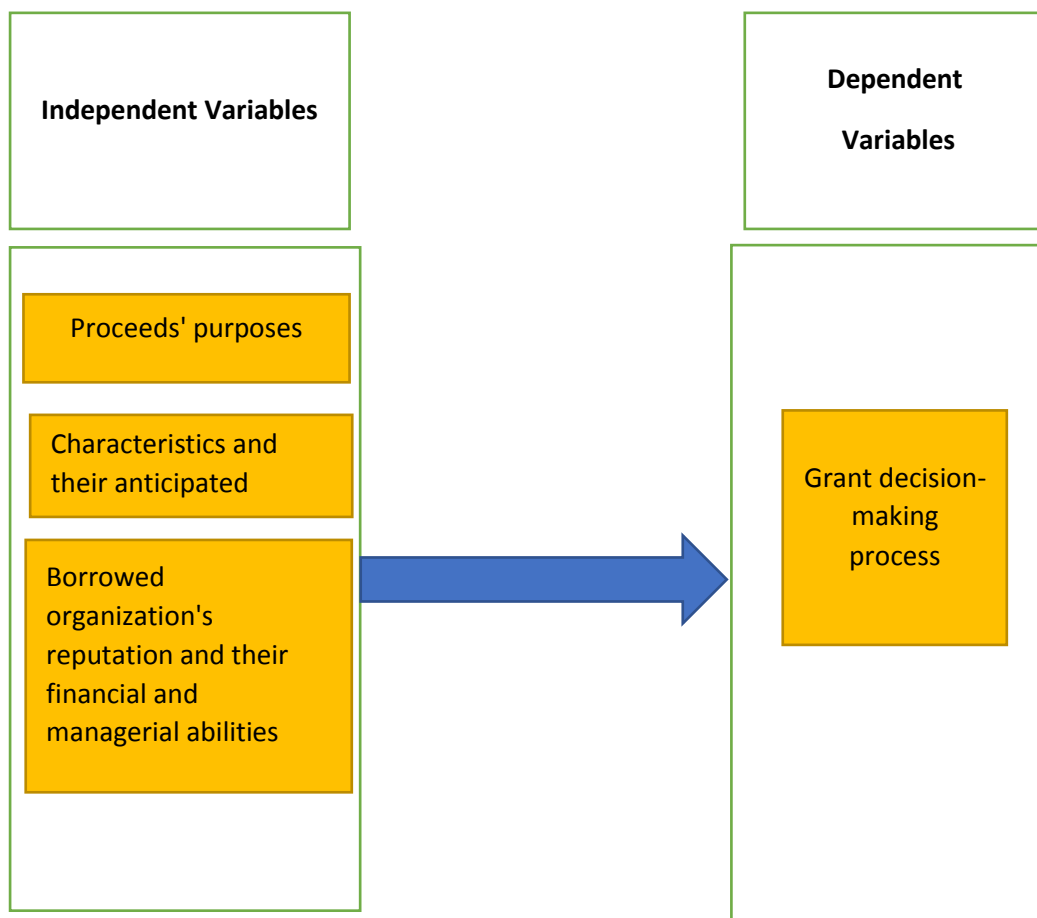
Figure1.1. Study Proposed Model

Describe of the variability included in the above model will be identified in chapter 3.

1.1.5 Study hypotheses:

In order to answer to the problem of searching and sub–questions we propose the following hypotheses:

- There is a statistically significant relationship between the use of revenue purposes and the green loan that gives the decision-making process in Bank of Palestine.

- There is a statistically significant relationship between the characteristics of the green projects and their expected performance and the green loan which gives the decision-making process.

- There is a statistically significant relationship between the reputation of the borrowing institution and its financial and administrative capabilities and the green loan that gives the decision-making process.

1.1.6 Significance of the study:

Lending decisions represent one of the very important decisions that are taken by banks in which they require a careful consideration and analysis of different types of information including financial, social and the environmental ones. The latter type of information which is the one that is related to environment and the keeping of its sustainability are represented by the recent common loans named by green loans. Several banks had stated different conditions and terms that are required to be achieved from borrowers in order to grant such kind of loans. Moreover, different factors were expected to influence the bank decision of granting those borrowers the loan or not which will be investigated throughout this study.

Therefore, conducting such a research regarding this topic is expected to have a high positive reflections and significance which can be summarized as in the following:

- **Theoretical Significance**
1) This study can be a fruitful source of information on the green loans in terms of identifying its characteristics, benefits and its future alongside with the

identification of factors affecting the banks' decision making process to grant such kind of loans and the potential risks encountering this process.

2) This study could be a represent a good reference for the future studies as long as it would provide the subsequent researchers and interested scholars in the field of economic and banking with valued literature, recommendations and suggestions that are important for their proposed studies in the light of contemporary economic and financial thoughts.

- **Empirical Significance**

1) This study could be significant to decision makers and board of directors in Palestinian banks through which it would guide them in developing advanced terms and conditions for granting loans decisions taking into consideration the different factors affecting them.

2) This study may contribute in developing new green loans programs in the banking sector and creating of new financial strategies that enhance the environment and develop its sustainability

3) This study may contribute in increasing the banking sector's awareness in environmental consequences of their lending decisions because, as environment is affected by such decisions, environment in return has an impact upon banks to the extent that it may constitute a real threat to their operations.

1.1.7 Data Sources:

Both quantitative and qualitative data were used in this research in which they include primary and secondary resource of data that directly aim to find disinterested answers for the main research questions. Primary source of data can be defined as the overall collected information which aims to fulfill the research objectives (Naresh et al., 2007). This source of data can also be recognized as the information which is directly collected from the target research population. To achieve the objectives of the study, the researcher sought to use two main sources of data collection:

Secondary Sources: To cover the descriptive part and the design of the theoretical framework, several relevant documents, scientific researches, magazines, articles, books and references related to Arabic and foreign studies were reviewed to understand the study issue which is the factors affecting the decision of banks to grant green loans, taking the Bank of Palestine as a case study. The researcher intends through the use of secondary sources in the study, to identify the foundations and

sound scientific methods in writing studies, as well as taking a general view of the latest developments that occurred and occur in the field of study.

Primary Sources: The researcher used a questionnaire for the study, which was developed for the purpose of collecting information from primary sources. The questionnaire included a set of questions related to the variables, objectives and hypotheses of the study, a survey (questionnaire) that is designed by the researcher based on the previous studies will be utilized to collect the primary data for this study and investigating the factors affecting decision of banks to grant green loans, mainly in the Bank of Palestine (Andrews et al., 2012).

CHAPTER TOW

Theoretical Back Ground & Method Research

Introduction

Loan

What is a Loan?

Debt Consolidation Loans

Personal Loans

Life insurance and borrowing from retirement

Borrow from family and friends

Personal Loans

Life insurance and borrowing from retirement

Borrow from family and friends

Green Loans

Green finance explained

The difference between green loans and the other loans

How is a green loan different than loans?

Baking sectors

The banking in Palestine

Discussion of Previous studies

Chapter Tow:

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Theoretical Back Ground & Method Research:

2.1. Introduction

Credit facilities and services are one of the main pillars of economic development in all countries in the world to the extent that the modern economy cannot function without it. The need for a modern and sophisticated banking system is growing as the boundaries of development expand (Abdellatif, 2006).The banking system income gained by credit facilities represents the core of the principal income of any bank, regardless of other sources of income. Without banking system income, the Bank loses its function and its primary role, thus, a financial intermediate in the economy. But, the credit facilities sector could be very risky due to facilities and non-performing loans (Al- Dghaem et al., 2006).As finance and investment are at the core of the economy, they are interlinked so that their significant impact on economic development can never be overlooked. They are the practical arteries of all sectors of the economy (Mushhtaha, 2011). The Palestinian Monetary Authority (PMA) has worked widely to resolve and define the rules and regulations related to the banks' credit policies so that they are deliberately used to develop the Palestinian economy. It also identified ratios in Palestinian banks where there are no large numbers of depositors. The main statistics of the Palestinian Monetary Authority showed that Tulkarem city has the major deposits in banks in Palestine. It also shows that the operating banks reduced their credit to small businesses. Overall, this affected in economy of Palestinian. The present study sought to answer the following question: What is the Factors Affecting the Decision of Grant Banking Green Loans: The Case of the Bank of Palestine? (Sweis, 2017).

2.1.1 Loan What is a Loan?

The term "loan" in the real meaning refers to the sum borrowed by a person from another person. As well as, the amount in the loan refers to the amount paid to the borrower person, and so on. From the bank's point of view, is "lending" and from the borrower's point of view, is "borrowing." The loan can be considered as a "credit" in which the money is disbursed and subsequently recovered later time. It becomes debt to the borrower. Credit is granted for a specific purpose and for once when granting loans (JimÈnez, & SaurinaN2002).

Loans granted by commercial banks are extremely beneficial to persons, businesses, companies, firms and industry. The diversification and growth of business activities is bank financing and widely based. Loans granted by banks help to meet the short- and long-term financial needs. We can discuss the main role that banks play in the world through loans as follows:

Loans granted by corporate savings banks (Banks that accept deposits in small amounts and are credited with interest) are more risky than those offered by commercial banks (Banks that accept deposit payable on demand or for specified deadlines). Loans are make institutions more dangerous. The explanation for this difference is that the lack of knowledge of the business sector and the desire to increase market share quickly provided fertile ground for negative selection. Moreover, several savings banks, which were previously concentrated in the areas where they are always operating. Shaffer (1998) explains that negative selection has a strong and lasting impact on newcomers.

The loan size is closely related to the age of the borrower's relationship with the bank, the company age, or the borrower size, can be an explicit indicator of the credit risk. Small loans, which can be higher, can therefore be bigger. By contrast, loans to large firms tend to be less risky because of their greater financial strength. In addition, large-scale loans are likely to be stricter, leading to a lower credit risk level. The existing evidence (Berger and UDell (1990) and Booth (1992)) support the arguments. There may be interactions between many loan characteristics. In fact, the experimental evidence (Berger, Udell (1995), Leeth and Scott (1989) and Harhoff and Korting (1997) show companies that more likely than others to make secure guarantees. In this case the main effect of size loan is added to the collateral effect in order to obtain a

Positive correlation between credit risk and collateral, as well as the negative correlation between default and size (JimÈnez, & Saurina, 2002).

Loans are defined as a written agreement between groups of parties, including the transfer of ownership of something from the first party to the second party, in exchange for the obligation to pay it over a predetermined period of time. The loan is repaid on the basis of funds called the name of the lump sum, with a specific date called the due date, where the first party must be provided with a certain amount of the money amount, both parties may be either ordinary people, or service, commercial, or financial institutions. A type of loan is provided to people; upon filing a legal application, indicating their desire to obtain the loan, which includes a promise to pay it during a fixed and agreed period. Other loan definitions are a sum of money, to a person, against the return of such amount or the value of the object provided in specified batches, including the return of the full value, or the addition of an additional amount, called financial interest (Alaa, 2018).

A loan is a statement that when you receive money from bank, financial institution or friend to repay the principal of the loan, plus interest rate. The principal is the sum borrowed, the interest rate is high. Since they cause losses, they have not paid for them. Loans are usually guaranteed or unsecured. A secured loan includes a mortgage on an asset (for example a house, boat or car) as an assurance for the loan. If the borrower fails to pay, the borrower acquires the assets. Prefer unsecured loan option, but not common. If the borrower does not repay the loan, the lender has no right to take anything in return. Prefer unsecured loan option, but not common. If the borrower does not repay the loan, the lender has no right to take anything in return (Hill, 2018).

There are many types of loans in banks that differ from each other because every loan has a specific or special use. The loan can vary depending on the amount of interest rates and length of time, through when payments owing and other variables.

2.1.1.1 Debt Consolidation Loans:

This loan aims to simplify the money. Simply put, debt consolidation loan, especially credit card debt. This means lower interest rates and lower monthly payments. Consolidation loans are usually in the form of personal loans or second mortgages (JimÈnez, & SaurinaN2002).

2.1.1.2 Personal Loans:

Personal loans used for multiple purposes and have a specific aim. The personal Loans make them an attractive for people who have outstanding debts, for example credit card debt that wish to reduce interest rates by transferring interest. Like other type of loans, your loan depends on your history of credit.

2.1.1.3 Student Loans:

Student loans are obtained to students in all universities and their families in order to help them with higher education costs. Therefore, there are two types of student loans: private student loans and federal student loans. Thus, loans that federally funded are better; they are more vulnerable to borrowers (JimÈnez, & SaurinaN2002).

2.1.1.4 Auto Loans:

Like mortgage loans, loans (car) loans are closely related to your property. They can help persons, but if person miss payments, the risk losing money. The car loan can be distributed by the agent or by the broker, but you must understand that while they are in the market, they can be profitable and often carry higher prices and higher interest rates (Henningsen, Carlson &Fay 2018).

2.1.1.5 Mortgages:

Mortgages loans are distributed by banks in the world in order to allow persons to buy homes that they cannot buy and pay in advance. Your mortgage is tied, which means you risk a foreclosure if you default on payment. Mortgages are among the lowest rates of interest for all loans (JimÈnez, & SaurinaN2002).

2.1.1.6 Loans for Veterans:

The VA Department has lending programs for veterans and their families. With a home loan backed by a VA party, does not come directly from the money management. In its place, VA acts as a common signature and effective icons for you with high interest rates.

2.1.1.7 Small Business Loans

The loans of Small business are granted to ambitious entrepreneurs and entrepreneurs in order to help them expand or start their businesses. The United States Small Business Administration (SBA) is the most important source of small business loans, which offers a variety of options according to the needs of each company (Henningsen, Carlson &Fay 2018).

2.1.1.8 Life insurance and borrowing from retirement:

People with life insurance plans or pension funds may be eligible to borrow from their own accounts. Thus, the loan has the benefit of borrowing from your account, making repayment less stressful and much easier. But, failure to pay this loan can lead to large and severe tax consequences.

2.1.1.9 Payday Loans:

This loan is high-interest and short-term designed in order to bridge the main gap from one salary to another and are mostly used by repeating borrowers who live on a paycheck. Thus, the government discourages consumers from getting payday loans due to interest rates and high costs (Henningsen, Carlson &Fay 2018).

2.1.1.10 Borrow from family and friends

Borrowing from relatives and friends is an informal loan. This is not always a good choice, because it may lead to stress and instability. In order to protect two parties, it is advisable to sign a simple promissory note.

2.1.1.11 Cash Advances

This type of loans is considered as a short term against your credit card. In place of using a credit card to pay for a service or make a purchase, you can bring it to an ATM or bank and receive cash for whatever other purpose you need. As well as, Cash advances are also available through writing a check to payday lenders (Henningsen, Carlson &Fay 2018).

A cash advance is a short-term loan against your credit card. Instead of using the credit card to make a purchase or pay for a service, you bring it to a bank or ATM and

receive cash to be used for whatever purpose you need. Cash advances also are available by writing a check.

2.1.1.12 Home Equity Loans

Home equity loans use the home of borrower as a source of collateral so that interest rates are much lower than in credit cards. Thus, the main difference between the both types is that the home equity loan has a fixed interest rate and expects regular monthly payments, while the HELOC has variable rates and provides a flexible payment schedule. Home equity loans are used as HELOCs for things such as credit card debt consolidation, home renovation, major medical bills, retirement income supplements and education expenses. It must be paid in full if sale the house (Henningsen, Carlson &Fay 2018).

2.2 Green Loans

2.2.1 Green finance explained

The green finance is green loans as a wide range of financing for environmental projects, industries, applications for businesses. The narrower green financing definition indicates to environmentally orient financial services or products, for example, credit cards, loans, bonds or insurances. Green finance recognizes natural capital and the value of the environment, as well as seeks to enhance social justice and human well-being while improving the safety of environmental by reducing risks of environmental (Geneva, 2007). As well as other terms used in order to describe green financing include "investment in climate change" and "environmentally responsible investment (Nairobi, 2011).

In the principles of Green Loan defined Green loans as "any type of loan tool available exclusively to finance or refinance, eligible new or eligible projects, in entire or to some degree." Green projects are green lending principles, the samethe same list of indicative projects issued through the Association of International Capital Market (ICMA) for green document. Eligibility categories for green projects include pollution prevention and control, production and transfer of renewable energy, conservation of

biodiversity, sustainable management of natural resources, adaptation to green buildings and climate change (Hussein, 2018).

The principles of the Green Loan appear to be known as developed with the assistance of the Association of International Capital Market (ICMA). The Association of International Capital Market (ICMA) is the secretariat for principles of green bond (GBP), which within a few years has become a market standard for issues of green bond. Similar the (GBP), the principles of Green Loan are voluntary "one-on-one" guidelines using a high-level reporting, disclosure and identification framework that can allow for a high level of flexibility such as green loans. As with the GBP, the four main components of green loan principles as a follow: the use of proceeds, revenue management, Process for project appraisal and selection and reporting. As well as, external review of compliance with the principles of Green Loan (approved by the Borrower or for example by a third party, a Verifier, a rating agency or a Certification Authority) is recommended for use by the Borrower for proceeds or its framework of green loan (Hussein, 2018).

2.2.2 Green Lending:

The Association of Asia Pacific Loan Market (APLMA) and theAssociationof Loan Market (LMA) have issued principles of Green Loan as a standard for the wholesale market of green loan. With the marking of green bonds that exceeded one hundred and fifty billion dollar in 2017, they quickly turned to the utility of other instruments to meet the enormous need for financing adaptation to climate change and sustainable development and carbon reduction commitments developed by countries at the international level under the Agreement in Paris. With the drivers of green lending moving into the mainstream over the past years, it has clear that green lending can follow the green bond market lead, and market orientation is a tool in order to encourage the new development and different structures of green lending.

Technologies and green industries are all at varying levels of maturity, and therefore require different funding levels from diverse funding sources. There are three main sources: private sector financing, international public finance, and local public finance. Private sector funding contains international and domestic sources of finance. International public funding indicates to funding from multilateral development banks and international organizations. While domestic public funding indicates to direct

funding by the government. Green financing is mobilized in several ways through diversified investment structures. As well as, green financing is a key part of low-carbon green growth because it links economic growth, environmental improvement and the financial industry: "green financing" is the "missing link between" doing "and" knowledge "in moving to the green industry. Cost of money, and many green business models are often non-tradable or untested, so conventional financing may unattractive and have difficulty financing these green industrial proposals (Victor and Manila, 2009).

Green financing extends to different products and sectors. There are three main categories of green financing: corporate and financial markets, financial assistance to industry, and infrastructure finance. Green financing for climate change includes adaptation and mitigation investments. Thus, many private investors are concerned about theprojectsrisks that environmentally sustainable and are viewed as unjustified by the expected revenues. The mechanisms of public finance can tend to balance this in favor of the expected profit. For instance, by guaranteeing loans or offering soft loans from private banks.As well as, public funding can help stimulate private investment for people. The Program of United Nations Environment (UNEP) estimates that ten billion dollar American in public funding to mitigate climate change could benefit from private investments of US $ 50 billion to US $ 150 billion. Even if public investment is small for private funds, it can stimulate corresponding private sector activities. Direct government funding for green growth can also be achieved through environmentally efficient investment in public buildings and projects, as well as through sustainable public procurement.

2.2.3 The difference between green loans and the other loans:

2.2.3.1 How is a green loan different than loans?

The proceeds of green loan should be used for green projects (including research, development and related expenditures). This should be clearly stated in the financial documents as well as expected benefits of environmental, which should be measured, reported, quantified, and assessed through the borrower. However, the green loans can include portfolio investments or portfolios that can be refinanced or can take the "green chip" form in facilitating a loan (Hussein, 2018).

Lenders should expect the borrower in green loans to convey the objectives of environmental sustainability of the financing, and how to determine that the project will fit the eligible green project categories and qualified criteria for the projects (Hussein, 2018). As well as, in order to ensure transparency, the proceeds of green loan must be added to an account or tracked through the borrower, including when the green loan is a portion of the loan facility. Thus, this highlights the main need for processes of internal management for borrowers to track proceeds to qualified green projects. As well as the high transparency of green loans, the main principles of green lending focus on legal accountability, which is an essential part of market growth. To investigate this purpose, overall information should be provided annually on the proceeds using(such as the description of projected amounts, impacts and projects based on quantitative performance measures and qualitative performance indicators, where possible) must be provided for lenders until the full withdrawal of the loan in question is undertaken, If there are commercial or private considerations (Hussein, 2018).The principles of Green Loan outline that loans that are not in line with the principles of the green loan will not be "green loans". As well as, this new framework of categorization may inject the integrity required to encourage tools such as green loans to be the new form of green financing. In addition, it sets the foundation for new financial solutions and innovative projects (Hussein, 2018).

There are many indications that there is a positive relationship between financial performance and investments that provide direct environmental benefits. Hermes Investment Research shows that the most companies with better government, social and environmental ratings (ESG) have low credit default ranges. Moreover, according to the Commercial and Industrial Bank, loans to companies and green sectors have lower rates than non-green loans.

There is little evidence of a positive relationship between institutions that aremay be less exposed to direct risk of ECC and performance of financial, nonetheless research of this topic is continuing. But the assets of green appear to be less risky than non-green assets; the financing cost for the transition to energy remains a major challenge. To accelerate and support the financing of the green assets in an economy where more than seventy percent comes from banks funding, it is necessary to continue to recognize the beneficial nature of these assets in energy transmission, and ultimately

an extensive and comprehensive analysis should be undertaken to mitigate systemic risk.

Based on the overall benefits of these assets to mitigate climate risk, appropriate preventive treatment of these assets will stimulate funding and investment in the energy transfer process (carbon sequestration from bank papers). Based on the regulatory perspective and after an initial analysis, this should reduce the capital requirements for direct financing and investment in these assets, as well as the potential reduction of the ECC risk segments (subject to the ECC) to support assets (European Banking Federation aisbl, 2018).

There are many initiatives that have an effective impact, including it the Initiative of European Efficient Mortgage was launched in 2016, which brought together the energy provider EON, the Royal Institution of Chartered Surveyors and the European Union's European Union Mortgage Board. The main objective of the project is to explore the relationship between the increasing value of energy-saving property and reducing the risk of default and energy efficiency. If the relationship between the three is proven, the green lawns characterize lower risk than other mortgages, this mean allowing green loan to qualify for better capital treatment in the banks. It will also allow banks to be exposed to "energy efficient" asset risk as well as help the market price of green value added property (Keown, 2017).

The Bank of Palestine offers a green loan program to expand the culture of green projects and encourage the use of alternative energy, such as wells drilling projects, power generation plants through solar energy, and wastewater treatment plants for irrigation.

The Bank of Palestine is the first bank in Palestine. It believes in its responsibility to play a leading role in the field of social and environmental responsibility in order to face the ongoing political and environmental difficulties, in addition to the increasing scarcity of natural resources in Palestine. In this context, the Bank of Palestine launched in 2010 the Green Loans program, the first of its kind in the region. The program aims to encourage environmentally friendly projects such as drilling of water wells, providing water purification plants for irrigation of agricultural lands, Solar energy and alternative energy sources. The program is designed for individuals, families and small and medium-sized enterprises, especially in rural Palestinian areas.

The green loan program also aims to increase borrowers' self-reliance and reduce electricity and water bills. As part of its efforts to raise awareness of the benefits of the program, the Bank organized a series of workshops in rural Palestinian areas, mainly targeting farmers to raise awareness about environmental conservation and environmental projects (Palestine bank, 2013).

The Bank of Palestine has attached great importance in encouraging the community to create units for solar power generation; the Bank has signed an agreement with Tubas Electricity Company to finance and the establishment of these units for farmers and citizens in the governorate. This agreement is the first of the achievements and activities implemented by the Bank to promote green projects through a soft program « Green loans." Immediately after the announcement of this agreement, many citizens began to apply for solar power generation units using the program. In spite of the recent idea of the people of Tubas, where the number of projects completed in the first year more than 150 projects. The Energy Authority also encouraged citizens to acquire these projects by buying electricity generated from solar energy at a preferential price. Talal Abu-Rab, Chief Financial Officer of Tubas Electricity Company, said that this agreement, which was signed with the bank to grant facilities, has encouraged many citizens to build electricity generating units that have contributed to spreading a new culture about green projects, Adding that the agreement with Bank of Palestine represents a unique and successful experience (Palestine bank, 2013)

The relationship between the levels of development of the financial system and economic growth in most countries is strong relationship. Many researchers for example Shaw (1973), McKinnon (1973), Goldsmith (1969), Gurley and Shaw (1967) and researchers in the present period such as: Rehman and Cheema (2013), Levine (2002) and Beck et al. (2001) notedthat the development of the financial system encourages economic growth by promoting capital accumulation, improving the distribution efficiency of funds available for borrowing, and increasing savings.Demirguc-Kunt and Levine (2008) noted that the structured financial structure contributes to the provision of integrated information on the proper allocation of capital and potential investment opportunities, and facilitates circulation, diversification of risks and foreign exchange, in addition to mobilization of savings utilization for productive purposes, as well as facilitate the exchange of services and goods.The financial system structure consists of financial institutions and financial

markets that exercise the role of intermediary in the economy. Finance and savings are allocated to various sectors through financial institutions. Banks are considered the lifeblood of the economy. They are considered one of the most important and largest types of financial institutions, and most effective in exercising the financial intermediation role(Banga, 2013).The bank-based financial system provides information on investment opportunities facilitating economic growth anddirects resources to productive new channels (Beck et al., 2001). Banks play an important role in economic development by pooling the savings that used to finance investments;Facilitating internal and external trade, capital and movement of funds (Saini&Sindhu, 2014). Moreover, countries with advanced banking systems grow faster rate thanthose with weak banking systems (Levine, 1997).Bank credit is one of the most important functions of banks in countries, providing financing for all sectors, including government, business and family. The credit given to these sectors is very important for the exercise of its functions in investments, operations and business, and helps to investigate real growth, thus,will be reflected positively on the country's economy. Several studies have indicated that increased credit from these banks helps to promote and improve economic growth (Acharya et al., 2009), (Rabab'ah, 2015).

2.2.3.2 Baking sectors:

In the wake of the financial crisis of 2008, financial integration has gained increasing importance in the international arena. The global interest in central banks, financial institutions and international financial institutions is obvious, as well as other equally important issues such as the strengthening of SMEs, the creation of credit bureaus, as well as the exchange of most information on cross-border investors and borrowers to protect all economies of national. Financial integration is a measure taken to "promote access to and use of financial products and services that suit all social groups, including low-income groups, in a reasonable, transparent and equitable manner". This inclusion comes from interdependence with financial integrity and financial stability. Measures to achieve financial integrity and financial inclusion make higher levels of economic stability. Therefore, there is a need for coherent actions and policies to support all three core components. Ultimately, these actions and policies will promote economic growth and improve economic conditions, thereby contributing to social stability and social well-being. For these reasons, the Palestinian Monetary Authority, in partnership with the Palestinian Capital Market Authority and other relevant parties,

has paid much attention in order to the development of a national strategy for financial integration.

2.2.3.3 The banking in Palestine:

Financial indicators in Palestine revealed a large gap between the use and access of financial products. According to the percentage of adults with bank accounts that reached 60%, the percentage of adults who use credit products stills at around 10 %. Therefore, regardless of economic and political factors, this large gap can be identified for several other main reasons, including illiteracy, poor awareness of financial, high cost of products and services, inappropriate services and products related to the needs of society, lack of transparency and disclosure of product terms and conditions, and the absence of key consumer safety policies.

All these reasons are considered to be major and responsible for the significant shortfall in the use of financial products. Global attention to financial friction increased during the group of twenty summit in Australia, where a number of participants stressed the great need to help developing economies achieve better rates of economic growth by encouraging their business sectors to create new jobs for males and females, Investing in financial infrastructure, maximizing domestic revenue, and helping citizens access and better utilize sources of finance to improve their conditions of living.Despite the paucity of capacities and resources of the PMA, and despite the unfavorable environment and harsh conditions in Palestine, the Palestinian Monetary Authority (PMA) has gained a leading position in the Arab world in many areas through hard work and firm determination. The Palestinian Monetary Authority (PMA) began working with the Alliance for Financial Inclusion (AFI) in 2009. At that time, the Palestinian Monetary Authority (PMA) announced its commitment to the principles of the Mayan Declaration, adopted in South Africa in 2012, for the purpose of developing and enhancing the capacity of Palestinian society to benefit from financial products in order to improve their conditions and livelihoods.

The Palestinian Monetary Authority (PMA) has begun to offer several financial incentives to banks' lending to small businesses. For this reason, the amount of money that lenders should keep on loans issued to small and medium-sized companies has been reduced and a comprehensive financial strategy has been launched that will provide financial services to the poorest costumers in Palestinians (Kafri-AbuLaban&

Abu Rahmeh 2015).In the period in which Hamas controlled Gaza, it became increasingly difficult to transfer the currency inside and outside of Gaza. The Palestine Bank and other banks have a total of sixty million NIS in the form of unencumbered shekel and usually send them to Israel in order to exchange new notes. Furthermore, plans of Hapoalim's Bank to suspend the relationships of correspondent, Gaza merchants, have led to the withdrawal of funds and the conduct of all business in cash.

Thus, this has led to a major liquidity crisis, which lately reached its peak when the Palestinian Authority was short of one hundred million NIS to pay salaries in June 2008. The Palestinian Monetary Authority (PMA) was able, through informal arrangements, to resolve this. However, its restrictions on the entry of a new shekel unless Israel removes, the Palestinian Authority will not able to pay salaries in Gaza. Also, the private sector in Palestinian will not able to benefit from the opening of the crossings because of the lack of enough shekels. The private sector in Palestinian may end up when used the dollar that would benefit Hamas, which runs a market in foreign exchange (PMA, 2008).As for performance level of banking, bank assets have increased and customer deposits have improved the reference to the increasing and continuing citizen confidence in the system of Palestinian banking. In addition, the credit granted was increased, mostly from the private sector in Palestine. This has increased the ratio of loans to customer deposits and reduced deposits abroad to total deposits. This all comes from the context of the Palestinian Monetary Authority's that plan to deepen and strengthen relations between the real economy and the banking sector in order to promote and deepen economic growth.In general, previous developments in the consolidated budget in all banks have been positively reflected in the financial safety indicators of the banking sector, whether those related to asset quality, capital adequacy, liquidity or profitability. Non-performing loans declined to total loans, indicating the improvement in the assets quality of the banking sector in Palestinian. The positive results indicate the development of electronic banking systems, which have contributed significantly to the stability of the banking Palestinian sector in parallel with credit scoring systems and electronic check marks. In addition, in the framework of the development of payment systems in Palestine, the BURAQ system was launched in agreement with the basic payment systems principles issued through International Settlements bank. In Palestinian, the National Council for Payments was established in order to formulate national strategies and policies to

stimulate continuous cooperation and coordination and develop payment systems among all actors in bank sector.

The above developments have been positively reflected in banking performance, in addition to the good economic performance of the Palestinian economy during 2010. The total assets of banks increased by nine percent, reach to US $ 8587.7 million. The increase is a reflection of the improvement and growth in the major items of the requirements and assets of the banks. Customer deposits grew by eight percent to reach US $ 6802.4 million in 2010. This development was positively reflected in the overall value of credit facilities granted, which amounted to USD 2885.9 million, achieving a development rate of twenty nine percent, typically directed towards the private sector in Palestine. This has led to an increase in the percentage of loans deposited to customers during 2010, reaching forty four percent compared to thirty five percent in 2009. By contrast, the ratio of overseas employment to total deposits decreased from fifty one percent in 2009 to forty eight percent in 2010. Operating loans fell to seventy percent in 2010 compared to eighty two percent last year. Overall, this indicator reflects the adequacy of financial resources to meet the risk of default by borrowers.

The bank - enterprise relationship includes several factors that refer to the bank's relationships with the institution:

Multiple Banks "Multi-Banking"

This represents a number of banks, such as banks that deal with the institution in the loan application, as it is an important factor in defined the correlation between the concerned parties. However, there are many studies that say that the presence of a large number of banks reduces the likelihood of rejection of the loan you rejected (Detragiache ,Garella , Guiso 2000).However, there are studies against the first studies that say that due to the variety of banking institutions, the bank is unable to provide a positive picture of financial position. From the decision-making point of view there could be a different set of banks making it difficult to negotiate loan terms (Bolton ,Scharfstein 1996). In this case, banks impose collateral on institutions that are used as leverage and makes strong position for the bank (Mann, 1997).Avoiding lending banks have a variety of sources of financing. It limits information using (Cole, 1998)

as well as the enterprise deal with one bank, which generates an atmosphere of cooperation and trust between it with the passage of time (Foglia, Laviola, Retz 1998).There are a variety of criteria to measure the strength of the relationship, as the most used factor is period or duration, where the the relationship strength between the borrowers and bank affect the extent of availability and loan rate. There are many factors to measure the relationship strength, counting the term, as well as, the number of banks that contract with the organization (Udell, 2008). There are a number of studies that could force the correlation on the replacement of collateral to obtain a loan (Steijvers, Voordeckers, 2009), as well as many studies confirmed idea "They can replace objects" (Berger, Udell, 1995).

The conceptual framework of research is to examine each impact of the characteristic enterprise bank's relationship with the decision-making process of the organization. Direct or mediation of the loan has the characteristics of the problem of asymmetric information, as shown in Figure 1
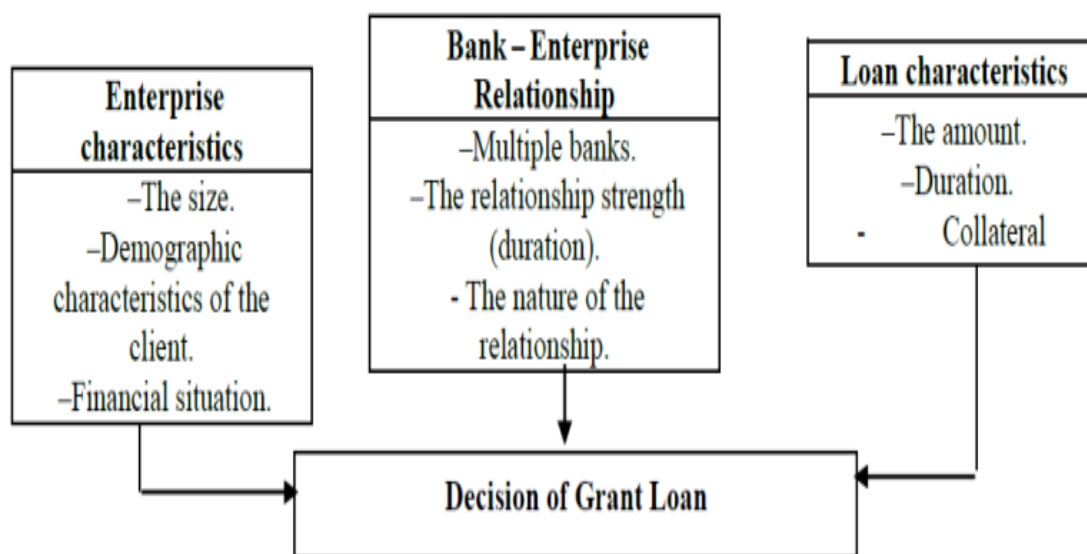
Figure 2.2. Decision of grant loan.

The basic criterion for maintaining the relationship between the institution and the bank is trust. Where play a major role in creating asuitableenvironment for communication between them by the exchange of basis information, as it is one of the most active ways to reduce the information problem (Berger, Udell, 2002). It reflects this relationship through a number of banks dealing with the organization, loan amount, duration of the relationship (Peltoniemi, 2004), banking services (Bolton,

Freixas, 2000) and interest rate (Degryse, Cayseele 2000). These are the results of his study (Vigneron, 2008).In this context, the bank can reduce the risks of similar information, and then can be able to differentiate between quality and entrepreneurs (reducing the risk of opposite choice). The exchange of basis information throughout the relationship duration reduces the likelihood of dissipation of the value of the assets granted in the guarantees form (NAIMA, O 2017).

2.3 Discussion of Previous studies

Previous studies helped the researcher identify the problem of the study and determine its objectives, and hypotheses, as well as its assistance in preparing the questionnaire.Previous studies have dealt with Factors Affecting the Decision of Grant Banking Green Loans: The Case of the Bank of Palestine.

A review of previous studies related to the current study shows that there are a number of English studies dealing with the concept of Factors Affecting the Decision of Grant Banking Green Loans. Therefore, it was based on foreign studies of this topic, and found that many studies have been concerned with the issue of loans and green loans, and is characterized by the current study that aims to interest in green loans. In terms of the methodology of the study has been used most of the previous studies on the quantitative descriptive approach and the use of questionnaire as a tool for study, Thus, previous studies have been used in several fields, the most important of which are:

1. Identify the problem of study scientifically.

2. Design the study tool and determine the study community to suit the current study and its objectives.

3. Identification of statistical methods used.

4. Use in the theoretical framework of the study as literature for the current study.

Hussein's 2018 study focused on how is a green loan different than loans? and found that the green loans can include portfolio investments or portfolios that can be refinanced or can take the "green chip" form in facilitating a loan, therefore loans that are not in line with the principles of the green loan will not be "green loans". As well

as, this new framework of categorization may inject the integrity required to encourage tools such as green loans to be the new form of green financing. In addition, it sets the foundation for new financial solutions and innovative projects..

Rehman and Cheema (2013), Levine (2002) and Beck et al. (2001) noted that the development of the financial system encourages economic growth by promoting capital accumulation, improving the distribution efficiency of funds available for borrowing, and increasing savings.

Demirguc-Kunt and Levine (2008) noted that the structured financial structure contributes to the provision of integrated information on the proper allocation of capital and potential investment opportunities, and facilitates circulation, diversification of risks and foreign exchange, in addition to mobilization of savings utilization for productive purposes, as well as facilitate the exchange of services and goods.

Several studies, such as Acharya et al. (2009), (Rabah, 2015) have indicated that increasing credit from these banks helps to promote and improve economic growth.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

3.2. Research approach

3.2.1. Qualitative (descriptive) approach

3.2.2. Quantitative approach

3.3. Research strategy

3.4. Description of study variables

3.4.1. Study Procedures

3.4.2. Study variables

3.5. Population and Samples

3.6. Development of Questionnaires

3.7. Research Validity and Reliability

3.7.1. Research Reliability

3.7.2. Research Validity

3.8. Analytical tools

Chapter Three:

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Research Methodology

3.1 Introduction

This chapter presents the methodology used in this study and a description of the society and sample of the study. It also shows the steps of preparing and developing the study tool, the procedures carried out in the study, sources of access to information, statistical methods used to process and analyze the data. Any research is considered as an examination of a specific issue to study and discover answers to key and subsidiary research questions.(Creswell, 2008).

The methodology of any research can be defined as a set of strategies used to reach the required results. Therefore, in general, the methodology is established according to the study approach and the researcher's ideas and positions (Cooper & Schindler 2012). To investigate the objectives of the research, many processes, methods and strategies were carried out in the research, but the most widely used methods for conducting the same type of this research are quantitative and qualitative methods.

At this period in the development of research methods, the researcher needs a large toolkit of methods and designs to address complex and multidisciplinary research problems. This researcher may be part of a team of researchers with individuals who bring to the table different research and training skills - skills likely in quantitative research (Creswell & Plano Clark, 2007). These skills are necessary to study complex problems. Processing of these problems requires the collection of substantial evidence - all kinds of evidence obtained by measuring accurate questions, as well as a more general assessment through open questions. New tools are constantly being added to the Finder Toolkit, because our research methods are constantly evolving.

As evidence, even a few decades ago, the research community was not familiar with some of the approaches to advanced statistical analysis, such as structural equation modeling (Kline, 1998) or some community-based approaches to qualitative research such as Kemmis& Wilkinson, 1998). In short, research approaches constantly evolve

and change in response to the complex and interconnected global societies and their needs in our world.

This toolkit includes quantitative and qualitative research skills. Quantitative research traditionally provides a measurement approach that can collect data from many individuals and trends that have been evaluated across large geographical areas. On the other hand, qualitative research produces detailed information that has been reported in the voices of participants and placed in the context in which they provide expertise and knowledge of their experiences (Creswell, 2008). When researchers combine quantitative and qualitative research, strengths are combined in both approaches, leading to better understanding of research problems than either of the two approaches. This basic assumption is the basis for an approach to investigation called "research of mixed methods"(Creswell, 2008).

3.1.1 The Qualitative (descriptive) approach:

It is a kind of approaches that investigates, collects and explores the data according to attitudes, beliefs and actions of responders (Creswell, 1994). This kind of approach basically relies on specific tools such as case studies, to collect and investigate the data and this approach is also known as the inductive research approach. The main purpose behind choosing this approach in particular is to create an in-depth realization for the research topic (Garson, 2001, P: 31) and to discover the main research objectives and motives in a non-statistical way (Creswell, 1994).

3.1.2 The Quantitative approach:

The descriptive quantitative approach was used to identify the Factors Affecting the Decision of Grant Banking Green Loans in Bank of Palestine. This is in line with the descriptive quantitative approach, which aims to provide data and facts about the problem to be interpreted and to determine its significance. The descriptive quantitative approach is done through reference to various documents such as books, newspapers, magazines and other materials that prove their validity in order to analyze them in order to reach the research objectives. This approach was based on accurate and detailed knowledge about the research problem, Photos of the best and most accurate of the phenomenon under study, as it was used a comprehensive survey of a sample study method, the use of the questionnaire in the initial data collection.

The quantitative approach is primarily defined as a deductive approach, which is based on the use of many surveys. This method essentially combines data, examines and uses them to investigate relative subject theories (Bryman& Bell, 2007).

The approach used in this research to achieve and investigate the objectives included the theoretical test, through the use of a survey to collect data and examine them later. The survey approach is considered to be a semi-deductive approach, as opposed to an approach of experimentation which is considered a purely deductive approach.

In general, qualitative (descriptive) and quantitative approaches were implemented in this research. The descriptive approach used in this study was to review the literature in addition to the questionnaire design, which was used to create a theoretical background for the topic of the research, while the quantitative approach used in questionnaire was used. The data collected from this questionnaire will lead to a better understanding of the Factors Affecting the Decision of Grant Banking Green Loans in the Bank of Palestine. Finally, the data analysis was conducted based on the literature review, and questionnaire.

This approach is also known as the deductive approach, which mainly depends on the use of several prepared surveys. This approach basically collects and examines data and utilizes it to investigate theories of the relative subject (Bryman and Bell, 2007).

3.2 Research strategy

(Sanders, et al, 2007), defined the research strategy as the criteria in which the researcher depends on, in order to accomplish their tasks One important fact that must be mentioned here is that each strategy could contain a different kinds of approaches such as, experimental research, case study research, interviews, surveys etc., and this research depends on the survey strategy.

A survey strategy was used in this research, which is considered as the most appropriate way to collect data, as this strategy will ensure keeping the collected data with a degree of accuracy and reliability and it also can allow the researcher to compare easily between the collected data due to the ability to standardize it. In order to accomplish this research in a professional way and with a degree of reality, a large number of samples are needed and surveys are the best and most effective way of

doing this. These surveys will be distributed to a random sample of public sector employees, corporate staff and government agency employees.

3.3 Description of study variables

3.3.1 Study Procedures:

The researcher coordinated and visited different banks in Palestine, and the French Development Agency and after clarifying the objective of the study to the concerned authorities, agreed to distribute questionnaires to its employees and conduct the current study. 120 random questionnaires were distributed to a sample of 120 employees working in the banks of Palestine and the French Development Agency. The data was collected to be analyzed using the appropriate SPSS tests, which be completed with the required results.

3.3.2 Study variables:

The present study consists of:
 -Independent variable (factors affecting the decision to grant green bank loans), and consists of a number of dimensions:
1. Purposes to use the revenue.
2. Characteristics and expected performance of green projects
3. The reputation of the borrowing institution and its financial and administrative capabilities
- A dependent variable (the green loan that gives the decision-making process).

3.3.3 Statistical methods used:

To achieve the objectives of the study and the analysis of the collected data, many appropriate statistical methods were used. To analyze the data collected from the questionnaire will be based on the program of Package Statistical for Social Science (SPSS), and in general, the following major statistical methods were used:

1. Standards of descriptive statistics:

- Duplicates and percentages:

- Standard averages and deviations:

2. Analytical Statistics:

- Cronbach's Alpha test.

- Single sample testing(One- Sample T Test)

- Multiple regression analysis.

3.4 Population and Samples:

The study population consists of employees in the bank of Palestine and in the French Development Agency. To this end, the researcher relied on a random sample of 120 employees, 120 samples were distributed and 100% were fully recovered. The survey method was used and all the questionnaires were distributed to the study population.

3.5 Development of Questionnaires:

Questionnaires are effective methods of collecting digital data that can be help support hypotheses or create them (Cohen &Manion 2011). Under this study, the main aim of the questionnaires is to explore the factors affecting the decision of banks to grant green loans in Bank of Palestine.

There are many different problems with the using questionnaires such as badly selected samples, and low rate of response, In addition to the context of the circumstance in which the questionnaire was completed may have a significant impact on the data collected or the results. In addition, high response rate questionnaires should be easy to complete, use clear and accurate language and take a relatively short period of time to complete them (Cohen &Manion 2011). According to my personal opinion that there is another question for the questionnaire, which cannot be expanded in the questionnaire questions for fear of boredom of the respondent even if the study needed to, and that it is possible to give respondents with the researcher incorrect answers, and there is no possibility to correct the misconception because of the wording or ambiguity of terms and specialization.

Employees in the banks of Palestine asked whether they prefer a paper or online questionnaire, which will help ensure a quick response rate.

Gill (2002) clarified the main characteristics of any survey are its ability to operate, focus, construct and ask a variety of questions in a way that is understandable and easy

to all respondents. Moreover, data collected should be easily examined and questions must be neutral. In order to achieve these objectives, when designing a questionnaire, we must consider five topics includes; questionnaire focus, response type, full arrangement, questionnaire gradation and question type (Gill & Johnson 2002).

The researcher will make queries directly related to the research topic, which can allow easy understanding of the factors affecting the decision of banks to grant green loans in bank of Palestine. The researcher ensures that all the questions are related to the topic and the correct nomenclature is used in the questions. The online questionnaire has many disadvantages and advantages. There is benefit from using this method, namely, that these questionnaires will ensure transparency in answers and responses due to lack or little of communication between respondents because they are different, while the main drawback of the online questionnaire is that the response rate is less when compared to other methods, A larger sample of the population.

3.5 Research Validity and Reliability:

3.5.1 Research Reliability:

This concept expresses the ability of any research to generate the same outputs when continually utilising similar methods for different research fields, eras, or different kinds of responders (Garson, 2002).The main objective of this measurement instrument is to recognise that the same outputs of this research could be generated when utilising the same inputs. Based on the fact that responders have various thoughts and morals, responses to any survey are varied, not because the questionnaire items are confusing or unclear.

The utilized methods and tools in this research are considered approximately reliable, since they are directly investigated according to several past connected researches. The study followed with data discussion and analysis of the collected data, in addition to presenting the recommendations and suggestions for future researches in the next chapters. The truth of the questionnaire is to ensure that it will measure what has been prepared to measure it. (Obeidat et al. 2001, p. 179). It is also intended to include "the comprehension of all the elements that must be included in the analysis on the one hand and the clarity of their paragraphs and their vocabulary on the other, the validity of the study instrument was confirmed as follows:

The veracity of the questionnaire was confirmed in two ways

1. Virtual honesty of the tool (sincerity of arbitrators).

2. Confirm the internal consistency of the questionnaire paragraphs.

3.5.2 Research Validity:

The research validity can be estimated with reference to the accuracy in measuring the required research topics and according to the possibility for the existence of any kind of mistakes, especially with the collected data and research results (Garson, 2002). In order to ensure the validity of this study, many strategies were implemented.

The survey questions of this research were formulated in an accurate way depending on the previous relevant theories. The sources of collected data are considered reliable, as most survey responders have a good knowledge about the factors affecting the decision of grant banking Green Loans in Bank of Palestine. Survey statements were designed based on literature reviews and other existing references that are relevant to the research topic. The questionnaire has been pre-tested by the respondents before starting the survey, in order to guarantee the clarity and objectivity of this questionnaire. Furthermore, to assure the content validity of the pre-designed questionnaire, several academic specialists have revised the content of the prepared questionnaire and the distributed final questionnaire copy was amended with reference to their instructions.

For the purposes of acknowledging responders about the notion of this project, the study motivations and objectives was presented before collecting any data and all of the previously mentioned strategies assured the research validity.

3.6 Analytical tools

The researcher developed a questionnaire as a main tool of study by reference to a set of literature and previous studies, to measure the variables arising from the hypothesis and model of the study and answer the questions. Then distribute a sample to employee in the Bank of Palestine.

The questionnaire consisted of a cover letter at the top of the questionnaire explaining the objectives of the study and confirming the confidentiality of the information used and confirming that it was used only for the purposes of scientific research. The five-dimensional Likert scale was used to measure the opinions of the sample, so that the responses differed (Totally Agree= 5, agree = 4, Disagree = 3, Totally Disagree = 2, Don't Agree = 1), and (Totally Always= 5, Often = 4, Sometimes = 3, Rarely = 2, Never = 1).

CHAPTER FOUR

RESULTS OF DATA ANALYSIS AND INTERPRETATION

4.1.Introduction

4.2.Reliability Analysis

4.3.Descriptive analysis

4.3.1. Demographic profile of respondents

4.4.Answer to questions

4.4.1.   Question No.1

4.4.2.   Question No.2

4.4.3.   Question No.3

4.4.4.   Question No.4

4.5.Factor Analysis

Chapter Four:

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Results of Data Analysis and Interpretation:

4.1 Introduction:

This chapter presents the findings of the study that aims to know the factors effecting the decisions of banks to grant green loans. In addition, this chapter includes the answer to questions.

The researcher tested 120 employees completed survey, which was collected from the randomly selected sample.

The researcher conducts different statistically evaluation method using SPSS which described in chapter three to figure out the findings that will be confirmed in chapter 4.

The following sections in this chapter explain the findings of the answer to questions and descriptive analysis in addition to factor analysis.

4.2 Reliability Analysis:

The researcher has distributed the questionnaire on sample pilot of study (120 respondents) and computes extents questionnaire reliability by calculation of internal consistency using Cronbach' alpha values, table (4.1) shows that:

Table 4.1The result of reliability

No	Variables	Cronbach's Alpha	Item No
1	Factors effecting the Decision of Grant Banking Green Loans	0.861	20
2	The potential risks encountering the green lending decision making process	0.744	7
Factors Affecting the Decision of Granting green loans: Evidence from Bank of Palestine		0.881	27

Table (4.1) shows that the reliability of the Factors affecting the Decision of Grant Banking Green Loans is equal to 0.861, the reliability of the potential risks encountering the green lending decision making process is equal to 0.744. The highest Cronbach' alpha value reached (0.861) for the total alpha values of Factors Affecting the Decision of granting green loans: Evidence from Bank of Palestine reached (0.881). This indicates to accept reliability, this indicates to accept reliability. Othman (2001) mentioned in this research that the coefficient of reliability (cornbach's alpha) that can be adopted is from 0.65 to 0.85 and where the researchers had previously tested the validity and reliability using Cronbach's Alpha and achieving 0.7 and above.

4.3 Descriptive analysis:

4.3.1 Demographic profile of respondents

The demographic profile of the respondents in the research is presented in table 2to 6 below. A questionnaire was designed to analyses the Factors Affecting the Decision of Granting green loans: Evidence from Bank of Palestine in this study (see Appendix 1) to gather primary data. The questionnaires were then distributed to (120) of employees in banks of Palestine and the French Development Agency.

Questions questionnaire measuring the Factors Affecting the Decision of Granting green loans: Evidence from Bank of Palestine. The degree of the impact was evaluated on a 5-pointLikert scale Likert. This ranged from 5= Always, 4 = Often, 3 = Sometimes, 2 = Rarely, 1= Never.

The following is a description of the members of the study sample according (gender, age, Experience, Job position, and Qualification), as in following Tables:

4.1.1.1.Gender

Table 4.2Distribution of the sample according to gender

Variable	Categories	Frequency	Percent %
Gender	Male	68	56.7
	Female	52	43.3
	Total	**120**	**100.0**

The table above the male participation (56.7%) from respondents in banks of Palestine and the French Development Agency it is slightly higher than female participation (43.3%). The data in the table indicate that most of the study sample is male, this can be due to that males tend more to work in banks due to the nature of the bank's business.
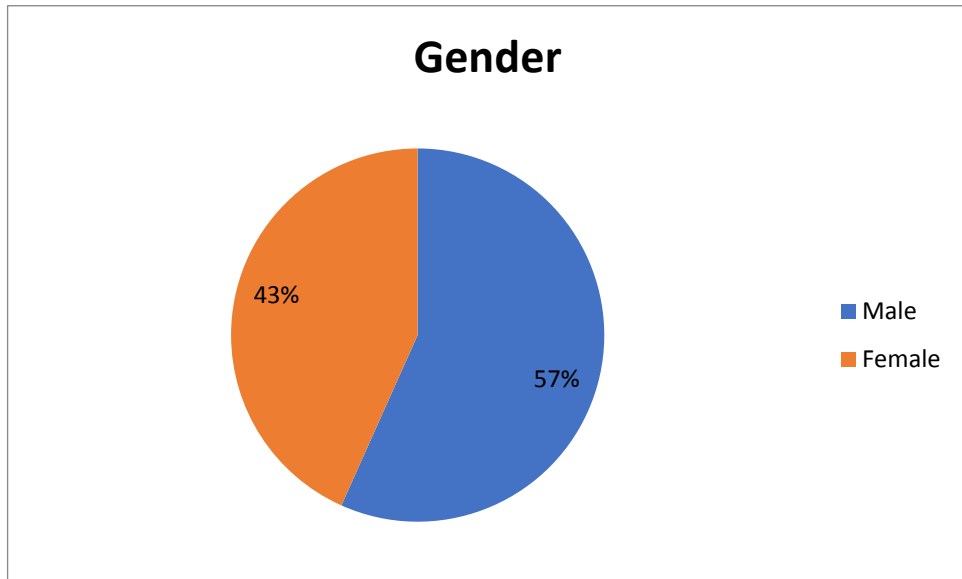
Figure 4.3. Gender of respondents in banks of Palestine.

4.1.1.2.Age

Table 4.3Distribution of the sample according to age

Variable	Categories	Frequency	Percent
Age of worker	Less than 25	10	8.3
	25-30	21	17.5
	31-35	60	50.0
	More than 35	29	24.2
	Total	**120**	**100.0**

The table above shows that presents the profile of the respondents in terms of their age; there are 60 respondents, 50%, who are in the age between 31 to 35 years. Another 29respondents, 24.2% whose age more than 35 years, 17.5% lie between age limit of 25 to 30 years, 8.3% lie age limit of less than 25 years.

4.1.1.3.Experience

Table 4.4Distribution of the sample according to experience

Variable	Categories	Frequency	Percent
Experience	less than 1 years	17	14.2
	1-5 years	35	29.2
	6-10 years	45	37.5
	more than 10 years	23	19.2
	Total	**120**	**100.0**

Table (4.4), Presents the profile of the respondents in terms of experience, here are 45 respondents, 37.5%; they have between 6 to 10 years' experience. Another 35 respondents, 29.2% whose experience between 1 to 5 years, with the remaining 14.2 % of respondents have less than 1year.

4.1.1.4.Qualification

Table 4.5Distribution of the sample according to Qualification

Variable	Categories	Frequency	Percent
Qualification	Bachelor	102	85.0
	Master	18	15.0
	Total	**120**	**100.0**

Table 4.5 shows the qualification, it is worth pointing out that most of the respondents hold bachelor level degree at a percentage 85%. This could confirm that they are qualified enough to Factors Affecting the Decision of Granting green loans. However, the lowest categories (master) by frequency (18) percentage 15 %. Finally, the data

indicate that the sample members of the study are educated, the majority of whom are graduates of the university.

4.1.1.5.Job position:

Table 4.6Distribution of the sample according to Job position

Variable	Categories	Frequency	Percent
	Branch Manager	39	32.5
	Deputy Director	12	10.0
Job position	Head of Facilities department	41	34.2
	facilities Staff	13	10.8
	employees	15	12.5
	Total	120	100.0

Table (4.6) shows that the Job position in banks of Palestine and the French Development Agency, the Job position segment of the respondents indicates a predominance of Job position (34.2%) from Head of Facilities department, Branch Manager(32.5%) and employees (12.5%), facilities Staff(10.8%), and Deputy Director(10%).

4.4 Answer to questions

Main question: What are the factors affecting the decision of banks to grant green loans, mainly the Bank of Palestine?

To answer this question and to detect the factors affecting the decision of bank to grant green loans in the Bank of Palestine, the arithmetic means and standard deviations were used for all the paragraphs of the factors affecting the decision of banks to grant green loans; the tables below shows that.

To assess the question (Q1) the factors affecting the decision of banks to grant green loans, mainly the Bank of Palestine. The responses for each component were recoded into the numerical value of "1" for minimal response to "5" for a maximum value of responses.

The descriptive analysis was computed for each items. The Table no.(4.7) below, reveals the components means and standard deviation.

- **The use of proceeds' purposes**

Table 4.7Means and standard deviation for "the use of proceeds' purposes" items and total means of them (n= 120)

N	Item	Percentage (%)					Mean	SD	Ranking question
		Never	Rarely	Sometimes	Often	Always			
1	I believe that utilizing green Loan proceeds in Eligible Green Projects could positively affect this decision of grant green loans.	-	10.0	5.8	52.5	31.7	4.06	.882	3
2	Environmental risks are taken into considerations for the financial decision of borrowing.	0.8	8.3	9.2	43.3	38.3	4.10	.938	2
3	Borrowers are likely to have a positive decision regarding the borrowing.	1.7	3.3	5.0	55.0	35.0	4.18	.809	1
4	The purpose of the loan application and its proceeds utilization as discussed by the borrowers affects the decision granting of the loan.	3.3	10.8	3.3	50.8	31.7	3.97	1.045	5
5	Green loans needs to be backed up by policies such as risk compensation and guaranteed proceeds utilization approaches.	0.8	12.5	5.0	48.3	33.3	4.01	.983	4
6	Loan guarantees proceeds assessed accurately and credibility	1.7	16.7	7.5	50.8	23.3	3.78	1.041	6
	Total Means						4.02	.699	

Table (4.7) shows that the arithmetic means of paragraphs "The use of proceeds' purposes" ranging from (3.78-4.18), and most notably the highest means reached (4.18) out of (5) for the item (3) " Borrowers are likely to have a positive decision regarding the borrowing", then for the item (2) " Environmental risks are taken into considerations for the financial decision of borrowing" (means4.10). And the lowest means was (3.78) for the item (6) "Loan guarantees proceeds assessed accurately and credibility".

All respondents were often with the use of proceeds' purposes, and the total means reached (4.02) and standard deviation (0.699).

- The green projects characteristics and anticipated performance

Table 4.8Means and standard deviation for "The green projects characteristics and anticipated performance" items and total means of them (n= 120)

N	Item	Percentage (%)					Mean	SD	Ranking question
		Never	Rarely	Sometimes	Often	Always			
1	Green projects with higher environmental Performance positively affect the granting decision of the loan.	2.5	13.3	7.5	50.8	25.8	3.84	1.037	4
2	Proactive environmental practices at green projects implementation is taken into account when granting the loan.	3.3	6.7	10.0	50.8	29.2	3.96	0.982	3
3	Green projects that has positive effects on energy-saving, emissions reduction, and economic development gain faster acceptance of the bank green loans	3.3	10.0	7.5	58.3	20.8	3.83	0.982	5
4	Projects with environmental sustainability goals have the priority to grant the bank green loans	4.2	15.0	4.2	50.0	26.7	3.80	1.120	6
5	Availability of collateral of the green project is a key factor in granting loans	2.5	4.2	6.7	65.0	21.7	3.99	0.825	2
6	Clean production technologies projects have the priority to grant the bank green loans	-	5.0	4.2	50.8	40.0	4.26	0.761	1
	Total Means						3.95	0.729	

Shown in the table (4.8) that the arithmetic means of paragraphs "The green projects characteristics and anticipated performance " ranging from (3.80-4.26), and most notably the highest means reached (4.26) out of (5) for item (6) " Clean production technologies projects have the priority to grant the bank green loans ", then for item (5) "Availability of collateral of the green project is a key factor in granting loans " (means3.99). And the lowest means was (3.80) for items (4)"Projects with environmental sustainability goals have the priority to grant the bank green loans". The total mean for "The green projects characteristics and anticipated performance" reached mean (3.95) and standard deviation (0.729).

- Fair performance appraisal: Employee perception

Table 4.9Means and standard deviation for "The borrowed organization's reputation" items and total means of them (n= 120)

N	Item	Percentage (%)					Mean	SD	Ranking question
		Never	Rarely	Sometimes	Often	Always			
1	The borrowed organization's reputation taken into consideration when granting the loan	0.8	11.7	9.2	48.3	30.0	3.95	.969	2
2	The size of the market shares of the borrowed organizationsis taken into account when granting the loan.	1.7	6.7	9.2	53.3	29.2	4.02	.898	1
3	The diversity of the borrowed organizations activities taken into consideration when granting the loan.	3.3	19.2	7.5	58.3	11.7	3.56	1.035	3
4	The borrowed organization's credit history is taken into account when granting the loan.	3.3	49.2	6.7	25.8	15.0	3.00	1.223	4
Total Means							3.63	.700	

Shown in the table (4.9) that the arithmetic means of paragraphs "The borrowed organization's reputation" ranging from (3.00-4.02), and most notably the highest means reached (4.02) out of (5) for item (2)"The size of the market shares of the borrowed organizations is taken into account when granting the loan", then for item (1) "The borrowed organization's reputation taken into consideration when granting the loan" (means 3.95).In addition, the lowest means was (3.00) for items (4)"The borrowed organization's credit history is taken into account when granting the loan". The total mean for "The borrowed organization's reputation" reached mean (3.63) and standard deviation (0.700).

- The financial and managerial abilities of borrowed organization

Table 4.10Means and standard deviation for "The financial and managerial abilities of borrowed organization" items and total means of them (n= 120)

N	Item	Percentage (%)					Mean	SD	Ranking question
		Never	Rarely	Sometimes	Often	Always			
1	The borrowed organization's administration had technical skills in the areas of accounting and financial analysis, planning and reporting.	2.5	25.0	8.3	45.8	18.3	3.53	1.130	1
2	The borrowed organizations have the awareness of administrative and technical enough to run their business.	4.2	53.3	6.7	25.0	10.8	2.85	1.171	4
3	The borrowed organization's is sufficient investment awareness.	2.5	25.8	6.7	53.3	11.7	3.46	1.076	2
4	The diversity of financial resources of borrowing organizations that are taken into account when granting the loan.	4.2	47.5	7.5	20.8	20.0	3.05	1.289	3
Total Means							3.22	0.938	

Shown in the table (4.10) that the arithmetic means of paragraphs "The financial and managerial abilities of borrowed organization" ranging from

(2.85-3.53), and most notably the highest means reached (3.53) out of (5) for item (1)"The borrowed organization's administration had technical

skills in the areas of accounting and financial analysis, planning and reporting", then for item (3) " The borrowed organization's is sufficient investment awareness" (means3.46). And the lowest means was (2.85) for items (2) " The borrowed organizations have the awareness of administrative and technical enough to run their business". The total mean for "The financial and managerial abilities of borrowed organization" reached mean (3.22) and standard deviation (0.938).

4.4.1 Question No.1:

Q1: What is the relation between the use of proceeds' purposes and the green loan granting decision making in the Bank of Palestine?

To answer this question and to detect the relationship between the use of proceeds' purposes and the green loan granting decision making in the Bank of Palestine, were accomplished using the bivariate analysis, in which a parametric test such as Pearson correlation was engaged through analysis. The results of the correlation test represent in table no.(4.11)

Table 4.11Correlation between the use of proceeds' purposes and the green loan granting decision-making

		the green loan granting decision-making
The use of proceeds' purposes	Pearson Correlation	.769**
	Sig. (2-tailed)	.000
	N	120
**. Correlation is significant at the 0.01 level (2-tailed).		

According to the results shown in the table of the correlation test, find that there is a relationship between the use of proceeds' purposes and the green loan granting decision making, it is a strong positive correlation; since the correlation coefficient is equal 0.769 between the use of proceeds' purposes and the green loan granting decision making in the Bank of Palestine. This result agrees with the results found of studies Rehman and Cheema (2013), Levine (2002) and Beck et al. (2001) noted that the development of the financial system encourages economic growth by promoting

capital accumulation, improving the distribution efficiency of funds available for borrowing, and increasing savings.

4.4.2 Question No.2:

Q2: What is the impact of green projects characteristics and their anticipated performance on the green loan granting decision making in Bank of Palestine?

To answer this question and to detect the impact of green projects characteristics and their anticipated performance on the green loan granting decision making in Bank of Palestine, the one-sample t.test was used for differences in the impact of green projects characteristics and their anticipated performance on the green loan granting decision making, since the data is normal distributions; the tables below shows that.

Table 4.12One- Sample t.test results of the overall average to the green projects characteristics and their anticipated performance

	No	Mean	SD	Std. Error Mean	DF	t-Value	Sig.
the green projects characteristics and their anticipated performance	120	3.9472	.72856	.06651	119	59.349	0.000

Table (4.12) shows that there is a statistically significant for the impact of green projects characteristics and their anticipated performance on the green loan granting decision making at a significant level ($\alpha \leq 0.05$), where "t" value reached (59.349) by statistically significant (0.00), which indicates the impact of green projects characteristics and their anticipated performance on the green loan granting decision making in Bank of Palestine. These results have been supported by many former studies' outcomes. As Acharya et al. (2009), (Rabah, 2015) have indicated that increasing credit from these banks helps to promote and improve economic growth.

4.4.3 Question No.3:

Q3: What is the effect of the borrowed organization's reputation and their financial and managerial abilities on the green loan granting decision making in Bank of Palestine?

To answer this question and to detect the effect of the borrowed organization's reputation and their financial and managerial abilities on the green loan granting decision making in Bank of Palestine, the one-sample t.test was used for differences in the effect of the borrowed organization's reputation and their financial and managerial abilities on the green loan granting decision making, since the data is normal distributions; the tables below shows that.

Table 4.13One- Sample t.test results of the overall average to the borrowed organization's reputation and their financial and managerial abilities

	No	Mean	SD	Std. Error Mean	DF	t-Value	Sig.
The borrowed organization's reputation	120	3.6313	.69961	.06387	119	56.858	.000
The financial and managerial abilities of borrowed organization	120	3.2208	.93832	.08566	119	37.602	.000

Table (4.13) shows that:

- There is a statistically significant effect at a significant level ($\alpha \leq 0.05$) of factors the borrowed organization's reputation, where "t" value reached (56.858) by statistically significant (0.00).

- There is a statistically significant effect at a significant level ($\alpha \leq 0.05$) of the financial and managerial abilities of borrowed organization, where "t" value reached (37.602) by statistically significant (0.00).This result agrees with the results found of study Demirguc-Kunt and Levine (2008) noted that the

structured financial structure contributes to the provision of integrated information on the proper allocation of capital and potential investment opportunities, and facilitates circulation, diversification of risks and foreign exchange, in addition to mobilization of savings utilization for productive purposes, as well as facilitate the exchange of services and goods.

4.4.4 Question No.4:

Q4: What are the potential risks encountering the green lending decision making process?

To answer this question and to detect the potential risks encountering the green lending decision making process, the arithmetic means and standard deviations was used for all the paragraphs of The potential risks encountering the green lending decision making process; the tables below shows that.

The descriptive analysis was computed for each item. The Table no.(4.14) below, reveals the components means and standard deviation.

Table 4.14Means and standard deviation for "The potential risks encountering the green lending decision making process" items and total means of them (n= 120)

N	Item	Percentage (%)					Mean	SD	Rank
		Never	Rarely	Sometimes	Often	Always			
1	There is no forcingfor the borrowed organizations of the way to use the loan.	2.5	20.8	6.7	48.3	21.7	3.66	1.111	2
2	Loan funds are used usually as agreed at the time applied for the loan	2.5	28.3	13.3	47.5	8.3	3.31	1.052	4
3	The borrowed organizations usually are committed to pay premiums at the time maturity date.	2.5	47.5	10.8	27.5	11.7	2.98	1.152	6
4	There are no problems between the bank and personal guarantors of the borrowed organizations.	1.7	29.2	9.2	44.2	15.8	3.43	1.121	3
5	There is no excesses by loan administration of credit policy instructions.	10.8	45.0	14.2	16.7	13.3	2.77	1.242	7
6	There is no noticeable issues regarding coordination and communication between the central administration of the loans bank and the borrowed organizations	1.7	41.7	9.2	33.3	14.2	3.17	1.169	5
7	The central credit management has effective methods to control the loans potential risks.	1.7	10.8	5.0	30.8	51.7	4.20	1.058	1
Total Means							3.36	0.710	

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Table (4.14) shows that the arithmetic means of paragraphs "the potential risks encountering the green lending decision making process" ranging from (2.77-4.20), and most notably the highest means reached (4.20) out of (5) for the item (7) " The central credit management has effective methods to control the loans potential risks", then for the item (1) "There is no forcingfor the borrowed organizations of the way to use the loan" (means 3.66). And the lowest means was (2.77) for the item (5) " There is no excesses by loan administration of credit policy instructions".

All respondents were Often with the potential risks encountering the green lending decision making process, and the total means reached (3.36) and standard deviation (0.710).

4.5 Factor Analysis

Hence, KMO is used to measure the sample adequacy. It is ranging from 0 to 1.00, so the higher value of KMO is better (Hardy and Bryman, 2011) and (Field, 2013).

Table 4.15KMO Test Value

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.858
Bartlett's Test of Sphericity	Approx. Chi-Square	1359.721
	Df	190
	Sig.	0.000

The table shows that the resulting KMO reached 0.909, which was excellent value for the justification of applying factor analysis to the dataset. The Bartlett's test of sphericity was highly significant (p-value < .001) indicating that the sample correlation matrix is not an identical matrix

.

Table 4.16Communality and Eigenvalues of the factors

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	7.258	36.289	36.289
2	3.270	16.350	52.639
3	1.417	7.085	59.724
4	1.136	5.680	65.404
5	.999	4.996	70.400
6	.771	3.853	74.253
7	.682	3.409	77.661
8	.583	2.916	80.577
9	.569	2.846	83.423
10	.552	2.758	86.181
11	.441	2.207	88.388
12	.436	2.179	90.567
13	.341	1.704	92.271
14	.294	1.469	93.740
15	.284	1.422	95.162
16	.258	1.290	96.452
17	.202	1.008	97.460
18	.182	.910	98.370
19	.166	.831	99.201
20	.160	.799	100.000

For forty-two extracted factors, the largest and smallest eigenvalues were 7.258 and 0.160. These factors could extract 39.29% variation in the dataset; see above table (16). Since each item should be assigned to only one factor, it should have a distinct factor loading with that factor. Since this analysis showed that some factor loading was not distinct, rotation approach was applied using Oblimin with Kaiser normalization, the factor loading became distinct, see table following.

Table 4.17Factor Loadings for obstacles to information technology

Item	Component			
	1	2	3	4
I believe that utilizing green Loan proceeds in Eligible Green Projects could positively affect this decision of grant green loans.	.618			
Environmental risks are taken into considerations for the financial decision of borrowing.	.705			
Borrowers are likely to have a positive decision regarding the borrowing.				.620
The purpose of the loan application and its proceeds utilization as discussed by the borrowers affects the decision granting of the loan.			.632	
Green loans needs to be backed up by policies such as risk compensation and guaranteed proceeds utilization approaches.	.758			
Loan guarantees proceeds assessed accurately and credibility	.594			
Green projects with higher environmental Performance positively affect the granting decision of the loan.	.659			
Proactive environmental practices at green projects implementation is taken into account when granting the loan.	.707			

Green projects that has positive effects on energy-saving, emissions reduction, and economic development gain faster acceptance of the bank green loans	.803		
Projects with environmental sustainability goals have the priority to grant the bank green loans	.840		
Availability of collateral of the green project is a key factor in granting loans		.623	
Clean production technologies projects have the priority to grant the bank green loans		.787	
The borrowed organization's reputation taken into consideration when granting the loan		.582	
The size of the market shares of the borrowed organizationsis taken into account when granting the loan.		.699	
The diversity of the borrowed organizations activities taken into consideration when granting the loan.			.791
The borrowed organization's credit history is taken into account when granting the loan.	.692		
The borrowed organization's administration had technical skills in the areas of accounting and financial analysis, planning and reporting.	.788		
The borrowed organizations have the awareness of administrative and technical enough to run their business.	.874		
The borrowed organization's is sufficient investment awareness.	.744		
The diversity of financial resources of borrowing organizations that are taken into account when granting the loan.	.712		
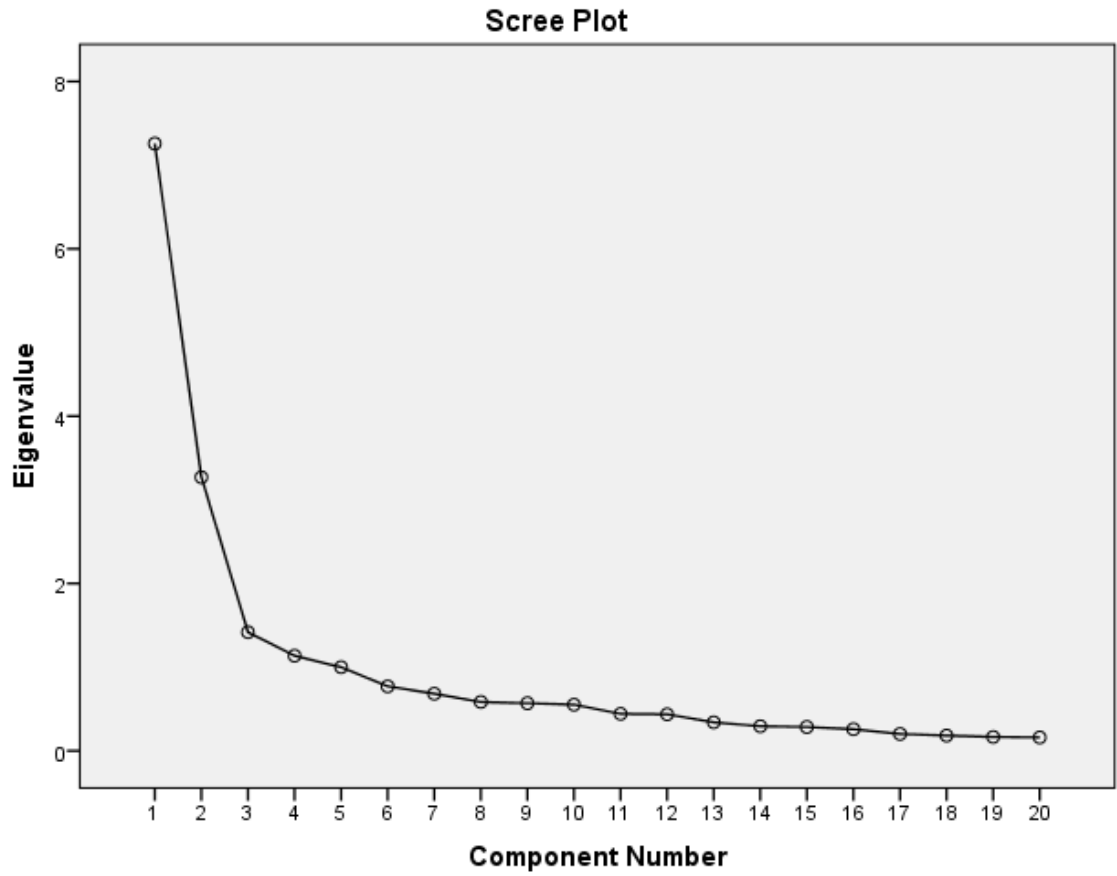
Figure 4.4. Scree plot of the Components Extracted from Factor Analysis

CHAPTER FIVE

DISCUSSIONAND CONCLUSION

5.1. Introduction

5.2. Discussion

5.3 Recommendation

5.4 Further Research:

5.5 Limitations

Chapter Five:

_____

Discussionand Conclusion:

5.1Introduction

This study gave a practical insight into the factors affecting the decision of granting green loans. This chapter deals with the main conclusions that the researcher has come to because of the analysis and conclusion of the results, it also deals with the suggested recommendations and ends with suggestions for further research.

The results of the analysis indicate that there is an effect on the reputation of the borrowing organization and their financial and managerial abilities on the green loan granting decision making in Bank of Palestine. Moreover, the result of the current study's findings confirmed that there is the impact of green projects characteristics and their performance on the green loan granting decision making in the Bank of Palestine.

The analysis of the results of the present study revealed that the potential risks encountering the green lending decision making the process, represented in there is no noticeable issues regarding coordination and communication between the central administration of the loans bank and the borrowed organizations, and the central credit management has effective methods to control the loans potential risks.

Many previous studies have confirmed the importance of examining the factors affecting the decision of granting green loans in bank of Palestine, Hussein's 2018 study found that the green loans can include portfolio investments or portfolios that can be refinanced or can take the "green chip" form in facilitating a loan, therefore loans that are not in line with the principles of the green loan will not be "green loans". As well as, this new framework of categorization may inject the integrity required to encourage tools such as green loans to be the new form of green financing.

On the other hand, study Rehman and Cheema (2013), Levine (2002) and Beck et al. (2001) they found that the development of the financial system encourages economic growth by promoting capital accumulation, improving the distribution efficiency of funds available for borrowing, and increasing savings.

These results have been supported by many former studies' outcomes. Acharya et al. (2009), (Rabah, 2015) have indicated that increasing credit from banks helps to promote and improve economic growth. As Demirguc-Kunt and Levine (2008) noted that the financial structure contributes to the provision of integrated information on the proper allocation of capital and potential investment opportunities, and facilitates circulation, diversification of risks and foreign exchange, in addition to mobilization of savings utilization for productive purposes, as well as facilitate the exchange of services and goods.

5.2 Discussion

Discussion of Main question: What are the factors affecting the decision of bank to grant green loans in the Bank of Palestine?

According to the study's results, the factors affecting the decision of bank to grant green loans as their perceive the following were:

- The use of proceeds' purposes:
  1. Environmental risks are taken into considerations for the financial decision of borrowing.
  2. Borrowers are likely to have a positive decision regarding the borrowing.
- The green projects characteristics and anticipated performance:
  1. Proactive environmental practices at green projects implementation is taken into account when granting the loan.

2. Clean production technologies projects have the priority to grant the bank green loans.

- Fair performance appraisal: Employee perception:

1. The borrowed organization's reputation taken into consideration when granting the loan.

2. The size of the market shares of the borrowed organizations is taken into account when granting the loan.

- The financial and managerial abilities of borrowed organization:

1. The borrowed organization's administration had technical skills in the areas of accounting and financial analysis, planning and reporting.

2. The borrowed organization's is sufficient investment awareness.

The above outcome is dependable with outcomes of past studies by Shaw (1973), McKinnon (1973), Goldsmith (1969), Gurley and Shaw (1967) and researchers in the present period such as: Rehman and Cheema (2013), Levine (2002) and Beck et al. (2001) noted that the development of the financial system encourages economic growth by promoting capital accumulation, improving the distribution efficiency of funds available for borrowing, and increasing savings. The research study by Demirguc-Kunt and Levine (2008) noted that the structured financial structure contributes to the provision of integrated information on the proper allocation of capital and potential investment opportunities, and facilitates circulation, diversification of risks and foreign exchange, in addition to mobilization of savings utilization for productive purposes, as well as facilitate the exchange of services and goods. The financial system structure consists of financial institutions and financial markets that exercise the role of intermediary in the economy. Finance and savings are

allocated to various sectors through financial institutions. Banks are considered the lifeblood of the economy. They are considered one of the most important and largest types of financial institutions, and most effective in exercising the financial intermediation role.

5.3 Recommendation

Through previous results, the researcher recommends the following:

The current research highlighted the factors affecting the decisions of bank to grant green loans, nevertheless, further investigation is essential to confirm and verify the results of this study.

- Attention should be paid to the Loan guarantees proceeds assessed accurately and credibility, through encouraging and providing incentives that work to pay attention to loans and deal with them accurately.

- It is essential that there are green projects with environmental Performance because affect the granting decision of the loan, through the government and the Ministry of the Environment to encourage workers to build environmental projects that encourage interest in the environment

- Availability of collateral of the green project through the borrowed organization's credit history is taken into account when granting the loan.

- The borrowed organizations ought to have the awareness of administrative and technical enough to run their business,   through communication with stakeholders and committees to work on selecting employees who are fully aware of the issues of environmental borrowing and the ability to take responsibility and make decisions

- The borrowed organizations should broadly embrace committed to pay premiums at the time maturity date, through the expectation of financial checks

and collectibles to guarantee the rights and in case of non-payment are taking the necessary measures such as imprisonment

5.4 Further Research:

In the light of the present study results, conclusions and recommendations, the following suggestions for further research seem pertinent:

- Make study to explore the impact of green projects characteristics and their anticipated performance, and financial and managerial abilities on the green loan granting decision-making.
- Replicating the present study, it could be replicated in other samples and over a longer period in order to further test its hypothesis by using the questionnaire tool and the corresponding tool at the same time to obtain more information

Therefore, this study may need time, but this study can take a period of time ranging from 8 months to 12 months.

5.5 Limitations

This study just like other studies suffers from several limitations:

- Obtained the data from a single source (i.e. employees in Bank of Palestine); it would be better if multiple sources were used.
- The data for this study were confined on the factors effecting the decisions of banks to grant green loans in one country.
- This research's measurement results were acceptable in terms of reliability and validity, but there is certainly a need for additional work to perfect measures, Future research can be conducted to overcome these limitations.
- One of the challenges is also the fear that the answers to the questionnaire by choosing answers without reading the questions

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استبيان

العوامل المؤثرة في قرار منح القروض المصرفية الخضراء

(حالة بنك فلسطين)

تأسس بنك فلسطين في عام 1960 وباشر أعماله في العام 1960، ويصنف حالياً كأكبر بنك في فلسطين من حيث حجم المعاملات المالية. كما يشارك في السوق الخضراء ويسعى إلى توفير تسهيلات عديدة ومرنة وبرامج القروض الخضراء والتي من شأنها تعمل على تشجيع الأفراد والمؤسسات للحصول على خدمات صديقة للبيئة ومشاريع واستثمارات.تم تصنيف بنك فلسطين حالياً كأكبر بنك محلي وثاني أكبر بنك في فلسطين من حيث حجم المعاملات المالية. يتكون مبدأ القروض الخضراء من عدة عناصر تمثل العوامل الرئيسية التي تؤثر على قرارمنح البنك لذلك النوع من القروض. وتهدف هذه الدراسة إلى معرفة العوامل المؤثرة في قرارات البنوك لمنح القروض الخضراء.

نظير خبرتك في بنك فلسطين، يرجى الاجابة على أسئلة هذه الاستبانة بعناية وموضوعية حيث أن صحة النتائج تعكس دقة الاجابات المقدمة منك.

تجدر الاشارة هنا إلى أنه سيتم التعامل مع كافة المعلومات التي نحصل عليها من خلال هذه الاستبانه بسرية تامة وستستخدم لاغراض البحث العلمي فقط.

نشكر لك وقتك الثمين وتعاونك من أجل تحقيق أهداف هذه الدراسة.

(يرجى إعادته إلى الباحث بعد الانتهاء)

مع كامل الاحترام والتقدير،،،

القسم أ: معلومات عامة

يرجى وضع علامة صح على الإجابة التي تناسبك من التالي:

1.الجنس: □ ذكر □ أنثى

2.العمر: □ أقلمن 25 □ 30-25 □ 35-31 □ أكثرمن 35

3.المؤهل العلمي: □ دبلوم □ بكالوريوس □ ماجستير

4.الوظيفة: □ مديرالفرع □ نائبالمدير □ رئيس دائرة التسهيلات □ موظف تسهيلات □ أخرى، يرجى تحديد المنصب ....

5. الخبرة: □ أقلمن عام □ 1-5 □ 6-10 □ أكثرمن 10 سنوات

القسم ب: العوامل المؤثرة في قرار منح القروض المصرفية الخضراء

فيما يلي العديد من العبارات التي تشير إلى بعض العوامل التي تؤثر على قرار منح القروض المصرفية الخضراء. يرجو وضع علامة صح (√) بجانب الإجابة التي تمثل وجهة نظرك.

1. استخدام أغراض العائدات

أبداً	نادراً	أحياناً	غالباً	دائماً	مجالات القياس	الرقم
					أعتقد أن امكانية الانتفاع من عائدات القرض الأخضر في المشروعات الخضراء يمكن أن يؤثر إيجابًا على قرار منح القروض الخضراء.	1.
					تؤخذ المخاطر البيئية بعين الاعتبار في اتخاذ القرار فيما يتعلق بهذا النوع من القروض.	2.
					يسهل إعطاء معلومات كافية من المتقدم للقرض بحصوله على قرار إيجابي من البنك بالمنح.	3.
					يؤثر الهدف من القرض على قرار البنك بمنح القرض.	4.
					تحتاج القروض الخضراء إلى الدعم من خلال سياسات معينة مثل علاوة المخاطرة وأساليب استخدام العائدات المضمونة.	5.
					يتم تقديم ضمانات عائدات القروض بحيث يتم تقييمها بدقة ومصداقية.	6.

j

2. خصائص المشاريع الخضراء والأداء المتوقع منها

أبداً	نادراً	أحياناً	غالباً	دائماً	مجالات القياس	الرقم
					تؤثر المشاريع الخضراء ذات الأداء البيئي المتميز تؤثر بشكل إيجابي على قرار منح القرض.	.1
					تؤخذ الممارسات البيئية الاستباقية بالاعتبار في تنفيذ المشاريع الخضراء عند منح القرض.	.2
					تحقق المشاريع الخضراء التي لها آثار إيجابية على توفير الطاقة وخفض الانبعاثات والتنمية الاقتصادية، وتوقعات أسرع لقروض البنك الخضراء.	.3
					تعطى المشاريع ذات أهداف الاستدامة البيئية لها أولوية في منح البنك القروض الخضراء.	.4
					توفر ضمانات للمشروع الأخضر هو عامل رئيسي في منح القروض.	.5
					تحظى مشاريع تقنيات الإنتاج النظيف أولوية في منح البنك قروضاً خضراء.	.6

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3. مكانة المنظمة المقترضة

أبداً	نادراً	أحياناً	غالباً	دائماً	مجالات القياس	الرقم
					تؤخذ مكانة المنظمة المقترضة في الاعتبار عند منح القرض.	1.
					يؤخذ حجم حصص السوق الخاصة بالمنظمات المقترضة في الاعتبار عند منح القرض.	2.
					تنوعأنشطةالمنظماتالمقترضةتؤخذفيالاعتبارعندمنحا لقرض.	3.
					يؤخذ التاريخ الائتماني للمنظمة المقترضة في الاعتبار عند منح القرض.	4.

4. القدرات المالية والإدارية للمنظمة المقترضة

أبداً	نادراً	أحياناً	غالباً	دائماً	مجالات القياس	الرقم
					لدى إدارة المنظمة المقترضة مهارات تقنية في مجالات المحاسبة والتحليل المالي والتخطيط وإعداد التقارير.	1.
					لدى المنظمات المقترضة وعياً إدارياً وفنياًبما فيه الكفاية لإدارة أعمالهم	2.
					لدى المنظمات المقترضة وعياً كافياً بالاستثمار.	3.
					تنوع الموارد المالية للمنظمات المقترضة تؤخذ في الاعتبار عند منح القرض.	4.

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القسم (ج): المخاطر المحتملة التي تواجه عملية اتخاذ القرارات المتعلقة بالإقراض الأخضر

يسعى هذا القسم إلى تحديد بعض المخاطر المحتملة التي تواجه عملية اتخاذ القرارات المتعلقة بالإقراض الأخضر. يرجى وضع علامة صح (√) بجانب الإجابة التي تمثل وجهة نظرك فيما يتعلق بالبيانات التالية.

الرقم	مجالات القياس	موافق بشدة	موافق	أعارض	أعارض بشدة	لا اعلم
1.	لا تتعرض المنظمة المقترضة لأي ضغوط أو قيود يشترطها البنك في استخدام القرض.					
2.	تستخدم أموال القروض عادةً كما هو متفق عليه في الوقت الذي يتم فيه تطبيق القرض.					
3.	عادة ما تلتزم المنظمات المقترضة بدفع أقساط القرض الممنوح عند تاريخ استحقاق الدفعة.					
4.	لا يحدث تضارب حول سياسات المنح ما بين البنك والجهات الضامنة (صندوق التمويل) للمنظمات المقترضة.					
5.	لا يوجد أي تجاوزات من قبل البنك المانح للقروض لتعليمات سياسة الائتمان.					
6.	لا توجد قضايا ملحوظة تتعلق بالتنسيق والتواصل بين الإدارة المركزية لبنك القروض والمؤسسات المقترضة.					
7.	لدى إدارة الائتمان المركزية طرق فعالة للتحكم في مخاطر القروض المحتملة.					

شكراً لتعاونكم،،،

Appendix (2)

A- 2- Questionnaire (English)

Questionnaire about:

Factors Affecting the Decision of Granting green loans: Evidence from Bank of Palestine.

Bank of Palestine was established in 1960. According to the PMA. IT is now ranked as the largest local bank and the second largest bank in Palestine in terms of volume of financial transactions. It also participates in the green market and seeks to provide flexible facilities and green lending programs that will encourage individuals and institutions to obtain environmentally friendly services, projects and investment. The green loan principle consists of several elements that represent the main factors affecting the decision to grant green bank loans. This study aims to know the factors effecting the decisions of banks to grant green loans. Because you are considered part of the Bank of Palestine, we would like to benefit of your feedback and answer this questionnaire carefully, objectively and express your opinion. The questionnaire is completely anonyms, information contained in this questionnaire will be treated in strict confidentiality and will be used for scientific research purposes only. The validity of the results, hence the study will be a reflection of the accuracy of the answers presented by thee.

Kindly return it to the researcher after completed.

Thanks in advance for your precious time and cooperation dedicated for this research.

Best Regards,

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Section A: General Information

Kindly tick the answer that suits you from the followings:

1. Gender: □Male   □ Female

2. Age: □Less than 25   □25-30   □31-35   □More than 35

3. Qualification: □Diploma   □Bachelor   □Master

4. Job position: □ Branch Manager   □Deputy Director
□ Head of Facilities department   □ Facilities Staff   □ Others, Please
specify…………………

5. Experience: □Less than 1   □ 1-5   □6-10   □More than 10 years

Section B: Factors effectingthe Decision of Grant Banking Green Loans

The following are several statements to investigate the main factors that effect the Decision of Granting Green Loans. Please put a tick mark (√) beside the answer that represent your point of view.

1. The use of proceeds' purposes

No.	Areas of measure	Always	Often	Sometimes	Rarely	Never
1	I believe that utilizing green Loan proceeds in Eligible Green Projects could positively affect this decision of grant green loans.					
2	Environmental risks are taken into considerations for the financial decision of borrowing.					
3	Borrowers are likely to have a positive decision regarding the borrowing.					
4	The purpose of the loan application and its proceeds utilization as discussed by the borrowers affects the decision granting of the loan.					
5	Green loans needs to be backed up by policies such as risk compensation and guaranteed proceeds utilization approaches.					
6	Loan guarantees proceeds assessed accurately and credibility					

2. The green projects characteristics and anticipated performance

No.	Areas of measure	Always	Often	Sometimes	Rarely	Never
1	Green projects with higher environmental Performance positively affect the granting decision of the loan.					
2	Proactive environmental practices at green projects implementation is taken into account when granting the loan.					
3	Green projects that has positive effects on energy-saving, emissions reduction, and economic development gain faster acceptance of the bank green loans					
4	Projects with environmental sustainability goals have the priority to grant the bank green loans					
5	Availability of collateral of the green project is a key factor in granting loans					
6	Clean production technologies projects have the priority to grant the bank green loans					

3. The borrowed organization's reputation.

No.	Areas of measure	Always	Often	Sometimes	Rarely	Never
1	The borrowed organization's reputation taken into consideration when granting the loan					
2	The size of the market shares of the borrowed organizationsis taken into account when granting the loan.					
3	The diversity of the borrowed organizations activities taken into consideration when granting the loan.					
4	The borrowed organization's credit history is taken into account when granting the loan.					

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4. The financial and managerial abilities of borrowed organization.

No.	Areas of measure	Always	Often	Sometimes	Rarely	Never
1	The borrowed organization's administration had technical skills in the areas of accounting and financial analysis, planning and reporting.					
2	The borrowed organizations have the awareness of administrative and technical enough to run their business.					
3	The borrowed organization's is sufficient investment awareness.					
4	The diversity of financial resources of borrowing organizations that are taken into account when granting the loan.					

Section C: The potential risks encountering the green lending decision making process

This section seeks the defining of some potential risks encountering the green lending decision making process. Please put a tick mark (√) beside the answer that represent your point of view regarding the following statements.

No.	Areas of measure	Totally Agree	Agree	Disagree	Totally Disagree	Don't Agree
1	There is no forcingfor the borrowed organizations of the way to use the loan.					
2	Loan funds are used usually as agreed at the time applied for the loan					
3	The borrowed organizations usually are committed to pay premiums at the time maturity date.					
4	There are no problems between the bank and personal guarantors of the borrowed organizations.					
5	There is no excesses by loan administration of credit policy instructions.					
6	There is no noticeable issues regarding coordination and communication between the central administration of the loans bank and the borrowed organizations					
7	The central credit management has effective methods to control the loans potential risks.					

Thanks for your cooperation,

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