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A STUDY INTO THE RELATIONSHIP BETWEEN DIGITAL FINANCE, GREEN FINANCE, AND SOCIAL FINANCE

Khushboo Jangid
Assistant Professor, Department of Management and Commerce , JayotiVidypaeeth Women's University, Jaipur
E-Mail : khushboo@jvwu.ac.in

Abstract
Finding the point of convergence of digital finance, green finance, and social finance is critical to publicise long-term development on three levels: financial, social, and environmental. This research paper makes the case for a connection between digital finance, green finance, and social finance. I demonstrate with a theoretical framework, that digital finance facilitates a smooth, efficient, and effortless medium both for human beings and businesses to finance social programmes andinitiatives that result in a societal dividend, and green initiatives that result in aenvironment that is long-lasting. As a result, digital finance acts as a tool and an instrumentto ensure effective green and social financing.
Keywords: Green Finance, Social Finance, Digital Finance,Innovation

Introduction:-

This study investigates connection between green finance,digital finance, and social finance. Certain supporters of digital finance have recently argued that money should be transferred for every kinds of expenditure through digital finance means and facilities, whereas supporters of social finance desire money should be channelled to every endeavours and initiatives that provide socitalpayouts to society members.

Green finance promoters advocate green finance as a long-term solution to environmental sustainability. There are two major points of contention. The initial claim is that if policymakers enact policies restricting financial institutions as well as investors of financing organisations whose operations or endeavours endangers environment, these organizations will abandon damaging works and projects and go after actions and initiatives that safeguards the environment for the betterment of community.The second argument does not necessitatepolicy intervention by the government. Infect, it promotes investors to withdraw from companies who's operations compromise the environment and medium their capital to companies that have operations or initiatives safeguard the environment in a manner that is sustainable, allowing investors to demonstrate their appreciation for environmentally friendly investing and environmental sustainability.

On a daily basis, a variety of funds transfers are carried out via digital finance services and channels. However, the level that social finance and green finance might profit compared to the current explosion of digital finance has not been researched. Another unanswered question is the degree to that digital finance is able to maximize or minimize the amount of financing which goes to social and green projects. The financial literature has not yet investigated the relationship among digital finance, green finance, and social finance. This study aims to fill some of the voids in the literature.

Given the relatively large amount of literature on digital finance along with the comparatively small amount of research on the green finance and social finance, this is critical to understand the connection among digital finance, social finance, and green finance because it can provide some insights into synthesising the three studies into one, and it may assist us decide whether there are any mutually beneficial advantages related to encouraging digital finance, social finance, and green finance are all at the same time.

This study contends that digital finance services, proxied through technological advances like banking applications, fundraising applications, internet banking, and various other advancements in finance, can serve as efficient intermediaries for the financial support of social or green projects via elective contributions or non public financial obligations.

The study providestwo literary contributions. First, this study adds to existing research by suggesting a easy structure combining digital, green, and social finance for long-term advancement. Creating a structure that connects digital finance, social finance, and green finance, it adds to the theoretical comprehension of financial innovations. Two, this study annexto the current body of information on sustainable finance by highlighting a further significant variable that promotes funding for green projects. In accordance with the conceptual framework, I argue in this paper which digital finance might be utilised to medium money to societal and green projects, resulting in higher societal dividends and sustainability for the environment.

Literature Review

The review on digital finance, social finance, and green finance in connection with sustainable advancements is reviewed in this section. It begins with a definition of every term and then moves on to a review of the literature.

Digital Finance

Financial facilities provided with the help of cell phones, computers, the internet, or cards with related to a dependable electronic payment methods are all examples of digital finance. The goal of digital finance is to improve financial intermediation, financial inclusion, poverty reduction, financial stability, and long-term development.

The advantages about digital finance are immense. They encompass increased financial inclusion, the broadening of official financial facilities to the non-financial industries, the availability of inexpensive, appropriate and safe financial services to poverty-stricken people in developing economies, growth in GDP, and more powerful macroeconomic security. Many studies show that poor communities and economies exist. Further studies concentrate on key victory variables of digital finance. They demonstrate that financial awareness, digital literacy, mobile phone access, and internet access are now key indicators of the utilisation of digital financial services and channels.

The literature has identified certain obstacles to digital finance. They are as follows: an overemphasis on transaction accounts, ineffective and untimely regulation, poor quality and unaffordable electronic communication or broadband access, an rise in financial risk, and unanticipated disruptions in the payment system.

Social Finance

The calculated and intentional application of devices, tools, and techniques to channelize funds to projects that provide a social payment to community is referred to as social finance. Social finance may be defined as a method of money management which combines financial gains alongside a social benefit. The term "social financing" refers to lending to and investment in businesses that identify asCooperatives, social enterprises, and charities, or NPO. Social finance refers to the phenomenon in which companies profits are used to lend or invest in organizations that examine itself social enterprises or NPOs.

Cornée et al. (2018) demonstrate the way financial institutions' societal contributions are influenced by the return requirements of their funders. They demonstrate that investors will trade their monetary benefits for a significantly higher societal return, and that societal scrutinizing is required for attracting societal funders who will exchange their financial advantages for a much higher impact on society or outcomes. According to Cooper et al. (2016), funders with diverse degrees of curiosity in social dividends will modify their investment portfolios in ways that maximise their economic and social return expectations. Rexhepi (2016) contends that the most effective manner to cope dealing with poverty is through'social finance,' which is intended to assist economies in creating circumstances where everyone benefits monetarily.Rexhepi goes on to say that Social finance can help to reduce joblessness, inequality inlong-term earnings, more effectively handle poverty, encourage environmental stewardship, and reroute social attempt towards social advancements. Moore et al. (2012) demonstrate that important obstacles and obstacles are present within today's financial mainstream framework that restrict the channelling ofinvestment in inventive social endeavours, merchandise, or procedures, whereas Myers and Conte (2013) declare that balancing societal and economic goals and effectively managing this trade-off is an important obstacle to social finance.

Green Finance

Green finance is a money-management strategy that brings together economic profit with environmental protection. It places a premium on financing or committing to projects that provide economic benefits while simultaneously encouraging a sustainable environment. Green finance is motivated by either a financial incentive, a desire to preserve the environment, or some combination of the two (Wang &Zhi, 2016). Green finance has received considerable attention in recent policy literature while receiving little attention in mainstream finance journals (Zhang et al., 2019; Ehlers & Packer, 2017; Falcone &Sica, 2019).

Sachs et al. (2019) emphasise the need for increased investment in green project financing, particularly those that provide environmental benefits for sustainable development, which can be accomplished through the use of new financial instruments and regulations like green bonds, green banks, carbon market instruments, fiscal policy, green central banking, financial technologies, and community-based green funds, collectively known as green finance. Taghizadeh-Hesary and Yoshino (2019) propose that green loan guarantee schemes (GCGSs) and some form of tax rebate be provided to investors who participate in green investment in order to motivate wealthy individuals to participate in green financing.

The inability of green financing to draw in private investment from investors is a major challenge. Because of a poor rate of earnings for green investments, financiers have not been interested in green projects. According to Sachs et al. (2019), financial institutions are more interested in financing petroleum-based projects than green projects, owing to the numerous risks related to green projects and their low rate of return. The difficulty in drawing in private investors for green projects has prompted calls for the government and its agencies, like the Central Bank and other government-funded agencies, to become actively involved with encouraging green finance.

Linking Digital, Social, and Green Finance Conceptual Framework:

'Mainstream finance' has been surpassed by 'digital finance' in recent years. Innovative financial technologies such as the use of AI in financing, internet-based fintech channels, smartphone channels, block chain or distributed ledger technology, and the rise of the Internet of Things (IoT) all contribute to the existence of digital finance. Another emerging theme is ‘sustainable finance,' which emphasises the utilisation of financing initiatives that promote environmental and social sustainability. Intuitively, digital finance can achieve social and environmental sustainability. However, in order for this to occur, the three major areas of finance must be linked: mainstream finance, digital finance, and sustainable finance.

Bringing Digital, Social, and Green Finance Together

To summarise, the framework demonstrates that social and green finance are components of development finance, while digital finance advancements can aid in the funding of development initiatives such as green and social projects.

Let us now look more closely at the connection among digital finance, social finance, and green finance. Corporations, individuals, and the government have better options for channelling resources for business purposes. For operations involving commercial finance, business finance, public finance, and development finance, digital finance channels provide an efficient, seamless, and suitable alternative. In terms of development finance, the framework includes green finance and social finance as components because the goal of green and social financing is to enhance the results of development for the betterment of society and the environment. In simple terms, the theoretical framework suggests that digital finance serves as a facilitator of green and social finance.

Conclusion:

The paper proposed a conceptual framework and a straightforward interaction between digital finance, green finance, and social finance. Digital finance, social finance, and green finance are all popular subjects in the international development community. The proposed conceptual framework has a clear implication: more research is needed to investigate the manner in which digital finance developments affect development outcomes. Such research can aid in the resolution of some more pressing research and policy issues.

Future research could provide more information regarding digital finance, social finance, and green finance through the perspectives of investors, corporations, and individuals. Future research can assess the disparities in expectations and eagerness of different stakeholders to participate and work together in green and social financing in order to generate higher returns and greater environmental and social dividends.

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