

Green Banking in India

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Abstract:

In every aspects of Business, “Go Green” Mantra has become relevant in the environment friendly society. All the business activities are drastically being changed to focus on the profit and on people and planet. Just because of the profits, business cannot run due to the environment consciousness and awareness. Every sphere organizations have to be more sensitive for the move towards the green economy and such areas are Green Banking. Green Banking ensures the environment friendly practices in banking sectors to reduce the interior and exterior carbon footprints. Having a green standard as an advancing belief has a broader view. Banking industry impacts on the environment due to increase energy (lighting, air conditioning) and paper consumption, although it is usually considered as the pollution free industry. This paper presented a review on Green banking and to discover the chief issues in the application of this occurrence. In the adaptation of green practices, public sector banks are keener than the private sector banks.

Keywords: Green Banking, Sustainability, Financial Institutions, Indian Banks Initiatives

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Introduction

It is not the wise idea for the business to ignore the aware and environmental consciousness for the society and the environment. In the management of the business, green movement has brought about a change. It is a step near to the green economy where each and everyone, whether employees, customer, employer or an overall public should have concern for the ecosystem. The involvement of the people in the eco-friendly green practices are now extended to the administrations where sustaining ability is the crucial matter. Each action needs to be ecologically accountable because it is essential to address the green issues in this current era. Go Green mantra become applicable in every single facet of business in the environment friendly society.

What is Green Banking?

Guaranteeing eco-friendly applications in the banking sectors to reduce the interior and exterior carbon footprints is named as Green Banking, it is not any separate bank. Polluting industry does not involve the banking industry. Banks can aid to environment by confirming ecologically accountable deal and prudently assessed offerings as it is a source of funds. Green Banking has two facets, in which initial one is cautious in making the use of all assets, energy and reducing carbon footprints, and the final one is to encourage and finance only eco-friendly deal. Green Banking is about environment friendly release of credit along with making sustainable use of resources. The first Green Bank is based in Mt. Dora, Florida, United States and it brings forth the concept of Green Banking in 2009. RBI established the Institute for Development and Research in Banking and Technology, according to which Green Banking is an umbrella which refers to the does and procedures making the bank's economy, environment and social dimensions sustainable. The main aim of this is to make zero impact on the environment by making the banking procedures and the use of information technology and bodily structure effective and competent. According to this information, it offers procedures for green banking in two levels based on the nature of banking processes and infrastructures which are:

1. Simple practices can be applied for daily business procedures, banking products and services greener and by taking eco-friendly measures.
2. The IT structure (including data center) and bodily structure (including buildings) can be

made greener and initiative can be taken to generate electricity itself by the bank for its own consumption.

The requirement for the consumer consciousness, training, and education programs to acquaint the customer on application of new techniques and amenities should be familiarized in reference to the Green Banking as it is relatively new for the consumers. Proper use of technologies can implement the Green Banking and banks have adopted through this waves of changes by various ways which are as follows:

1. Sending payment slips and reimbursement slips electronically.
2. Online Net Banking System
3. Opting for Mobile Banking
4. Paying Bills Online
5. Green Checking Accounts
6. ATM
7. Paper Recycling
8. Meeting conduction through Video Conferencing

Measures in Green Banking

The societal and ecological policies incorporation can help in development goals and in reaching to the effective environmental management system. There are some steps discussed below that can be occupied for the going green in banking according to the calculative research done by the Jha, N. and Bhome, S.

1. Going Online:

In India, Online Banking is the new and fast emerging notion for people through which, conservation of energy and natural resources can be done. It includes paying bills online, online fund transfer, remote deposit and online statements. Online saving account and mobile banking is the most stress-free way to help the bank and environment to be the green. Due to less use of paper, energy and expenditure of natural resources from banking events, online banking creates savings. Time and money of the customers can be saved by evading late payments of fees and by evading standing to queues as bills can be paid online from

home. Although these practices may change our lifestyle but it can be easily done. Every kinds of bills such as cable bills, telephone bills, utility bills, mortgage payments, and credit card payments can easily be paid electronically.

2. Using Green Checking Accounts:

Bank accounts can be checked on ATMs or distinct touch screens in the banks by customer itself, it is called green testing of accounts. The utilization of online banking facilities such as online bill payment, debit cards and online statements helps the environment by using green checking of account. Green checking should be promoted by the banks by offering some incentives and higher rates of interest, waiver or discount in fees to the customers.

3. Power Saving Equipments:

Climate change can be controlled by contribution of the banks as a preliminary phase to begin a movement of replacing all the fused GSL bulbs, in all buildings, offices and domestic area. Rain water harvesting can be made mandatory by the banks in all owned premises of the banks by making feasible study. First solar powered ATM in Mumbai as part of its Green Office Project which is titled as 'Hum aur Hariyali' is inaugurated by the IndusInd Bank in December 2009.

4. Green Credit Cards:

The main advantage of the green credit card is that from every rupee spend on your credit card, banks will contribute funds to an eco-friendly non profit institution to a valuable cause of environment protection. This is introduced by some of the banks.

5. Saving Paper:

Recycled paper products of the banks with the maximum post-consumer discarded material such as brochures, monthly statements, annual reports, ATM receipts, envelopes, copu paper, newsletters etc. should be purchased by the banks. Vegetable-based inks should be used as per the availability other than the oil based inks which are less environmentally friendly.

6. Use of Wind and Solar Energy:

The moral cause of going green is to use solar and wind energy. Installation of windmills is primarily done by the State Bank of India (SBI) in the nation to undertake into production of green power for

confined use. 10 windmills with a cumulative capacity of 15 MV has been installed by SBI as the part of its green initiative in the states of Gujarat, Maharashtra and Tamil Nadu.

7. Mobile Banking:

Mobile banking safeguards energy and time of the clientele along with this, it also enables checking balance, transferring of funds or payment of bills from phone. It also enable reduction of the use of energy and paper of the bank. This paper-less facility has been introduced by most of the Indian banks.

Challenges and Benefits of Green Banks

The green banks had advanced functioning expenditures and necessitate dedicated aptitude, abilities, proficiency because of the type of clientele they are providing their services to. If they were engaged in such practices or schemes which are observed as publically and ecologically destructive, their reputation impacts. Green banking is beneficial for the society and its welfare as it gives the opportunity to learn new techniques and ideas like SMS, banking through internet, free electronic bill payment services, e-remit services, phone and ATM, online account opening and cash back for new customers for opening the green accounts, e-statements, etc. Customers are attentive in eco-friendly goods and services, therefore Green Banking provides competitive advantages.

Green Banking at SBI

SBI had brought so many measures within the banks which causes green banking to be initiated by:

1. Employees can be sensitizing through the training, workshops and education programmes.
2. For the determination of carbon footprints in the bank, project should be proposed within the bank.
3. Windmill inauguration at Panapatti village, Pollachi Taluk, Tamil Nadu.
4. Investment in Energy savers, waste water managements and effective lighting systems.
5. By employing hygienic and unpolluted techniques in constructions or by offering discounted rate of investment for ventures that are green.

6. By financing carbob credit receivables through Carbon Credit Plus.
7. Exchange of finances using the SBI ATM-Cum Debit card.
8. Green Channel Counter
9. To understand the ambitions of the community around them and by undertaking to advance mesures to remote irrefutable societal and progressive gaps by the staff members.
10. CSR Philosophy

Review of Literature

Sahoo and Nayak, (2008) discussed the prominence of Green Banking, sites international understandings and highlights significant learnings for justifiable banking and expansion in India. They established that, not much initiatives had been taken place by the bank and other economic organizations in India, although for emerging the economy of India, green banking plays a key role therefore they suggested policy measures to encourage green banking in India. Our banks or financial institution does not adopt equator standard nor even for the purpose of archives or proceedings.

Bahl (2012) highpoints the modes of generating consciousness regarding Green Banking to guarantee justifiable development. If the objective is to accomplish justifiable progress this can be accomplished only by generating consciousness and instructing the basic learning. Garrettt's ranking method is used to examine the most noteworthy approaches in reverence to Green Banking. Emphasis should be given to publications among the internal sub systems, newsletters for the creation of consciousness and operative methods for exterior sub systems are media, websites and event meetings.

Sahoo and Singh, (2013) efforts to examine the implementation of green banking products amongst the customers with dissimilar educational qualification and different age groups. They found that younger generation is more tilted towards green banking products than the middle aged and senior aged group. But the difference in educational qualification has no significant differences on the mean usage of green banking. There is need to create more awareness amongst the middle and senior age groups of individuals.

Sharma, (2013) discussed on Green banking in India a roadmap to success and dealt with the green enterprises and expansions in banking sectors and financial institutional sectors in India and situates global development. Sited the chances for banks in areas like green financial products, carbon credit business, integrated IT environment, core banking solutions etc.

Bihari and Pandey, (2014) worked on the green banking in India. A societal drive that illustrates the apprehensions for ecological maintenance and development of the condition of the ecosystem is called environmentalism. The bank industry also caught the green fever, has now become a persistent apprehension in every commerce set-up. In making our planet a better place to live in, banks and financial institution plays a key role. Green banking aids in safeguarding the water and energy consumption. They suggested that Indian banks require to settle their policies for long term green objectives.

Nath, Nayal and Goel, (2014) endeavor to research about the green rating norm specified by RBI, the World Bank's ecological and societal guidelines and the measures undertaken by the bank in implementing green practices. They also listed the policies for implementing Green Banking. Banks are mandatory to do Environmental Impact Assessment Annual Reporting and should apply on to justifiable skill. The academicians studied and itemized the measure taken with respect of environment by various banks in India. Green Rating Standard is known as Green Coin Rating.

Garg, (2015) overviewed the green banking. Different startegies are now being implemented by the companies which helps in mentioning ecological concerns and donate towards supportable advancement. She said the green banking as a moral method for the public to be more conscious about the global warming. Renewable energy knowledges, emission reduction and reduce carbon transference can be acieved by the assistance from all segments of the economy and bank. It also reduces the carbon footprints and also build attentiveness and consciousness about ecosystem, country and the society we live in.

Sharma, (2017) worked on the conceptual analysis of green banking in India and Abroad, and said it beneficial to the concept of green banking for the customers, banks, industries and economy. Author

cleared that to attain sustainable development in the country, imparting education and creating awareness was necessary. There are some banks only which leads to the environmental awareness therefore the current research is to focus on comparatively analyzing the green banking in India and Abroad.

Conclusion

For conserving and protecting the environment, awareness has been increased hence green is only the word now. Green banking is the concept, emerging day by day and integrates the supervision of the

ecosystem with banking happenings and targets at decreasing carbon footprints. Citizens of the country are incorporated by the banks have also the accountability towards the society where they exist. Green banking adopts the lending principles along with the means of sustainable use of resources. The missing part of the literature reviewed is that the level of awareness and education of the consumer. Therefore green banking can be succeeded by starting appropriate teaching and informative curriculums by the banks for green enterprises.



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