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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 Baanking. Green Banking ensures the environment friendly practices in banking sectors to reduce the internal and external carbon footprints. Having a green criteria as an advancing principle has a broader view. Banking industry impacts on the environment due to increase enery (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 find the major problems in the implementation of this phenomenon. In the adaptation of green practices, public sector banks are keener than the private sector banks.

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



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Introduction

It is not the wise idea for the business to ignore the awaress and environmental consciousness for the society and the environment. In the management of the business, green movement has braught abot a change. It is a step towards the green economy where each and everyone, whether customer, employees, employer or a general public should be concerned for the environment. The involvement of the people in the environment friendly green practices are now expanded to the organizations where sustainability is the crucial issue. Each action is need to be environmentally responsible because it is essential to address the green issues in this current era. Go Green mantra become relevant in each and every aspect of business in the environment friendly society.

What is Green Banking?

Ensuring environment friendly practices in the banking sectors to reduce the internal and external carbon footprints is named as Green Banking, it is not any separate bank. Polluting industry does not involve the banking industry. Banks can contribute to environment by confirming environmentally responsible investment and carefully evaluated offerings as it is a source of funds. Green Banking has two aspects, in which first one is judicious use of all resources, energy and reducing carbon footprints and the second one is to encourage and finance only environment friendly investment. Green Banking is about environment friendly release of credit along with making sustainable use of resources. The first Green Bank based in Mt. Dora, Florida, United States brings 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 practices and guidelines 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 processes and the use of information technology and physical structure effective and efficient. According to this report it offers guidelines for geen banking in two levels based on the nature of banking processes and infrastructures which are:

- 1. Simple practices can be applied for day-to-day business operations, banking products and services greener and by making environmentally friendly.
- 2. The IT infrastructure (including data center) and physical infrastructure (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 awareness, education and training programs to familiarize the customeron use of new technologies and facilities should be introduced 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 paytment 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

Steps in Green Banking

The social and environmental strategies encorporation can help in development goals and in reaching to the effective environmental management system. There are some steps discussed below that can be taken for the going green in banking according to the empirical study done by the Jha, N. and Bhome, S.

1. Going Online:

In India, Online Banking is the new and fast developing concept for people through which, conservation of energy and natura 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 easiest 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 activities, online banking creates savings. Time and money of the customers can be saved by avoiding late payments of fees and by avoiding standing to queues as bills can be payed online from home. Although these practices may change our lifestyle but it can be easily done. Every kinds of bills such as telephone bills, cable bills, utility bills, credit card payments and mortgage payments can easily be paid electronically.

2. Using Green Checking Accounts:

Bank accounts can be checked on ATMs or special touch screens in the banks by customer itself, it is called green checking of accounts.The utilization of

online banking services such as online bill paymeny, 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 an initial step to start a campaign of replacing all the fused GSL bulbs, in all premises, offices and residential 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 tiltles 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 spended on your credit card, banks will donate funds to an environment-friendly non profit organization 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 highest post-consumer waste content such as monthly statements, brochures, ATM receipts, annual reports, newsletters, copu paper, envelopes etc. should be purchased by the banksVegetable-based inks should be used as per the availability other than the oil based inks which are less environmentally friendly.

6. Use of Solar and Wind Energy:

The noble cause pf going green is to use slar and wing energy. Installation of windmills is primarily done by the State Bank of India (SBI) in the country to venture into generation of green power for captive use. 10 windmills with an aggregate capacity of 15 MV has been installed by SBI as the part of its green initiative in the states of Tamil Nadu, Maharashtra and Gujarat.

7. Mobile Banking:

Mobile banking saves time and energy of the customers along with 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 higher operating expenses and require specialized talent, skills, expertise due to the

kind of customers to which they are servicing. If they were involved in such practices or projects which are observed as socially and environmentally damaging, 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 banking through internet, SMS, phone and ATM, free electronic bill payment services, e-remit services, estatements, online account opening and cash back for new customers for opening the green accounts etc. Consumers are interested in environment friendly goods and services therefore Green Banking provides competitive advantages.

Green Banking at SBI

SBI had braught so many initiatives 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 implementing clean technologies in building concepts or by offering concessional rate of finance for projects that are green.
- **6.** By financing carbob credit receivables through Carbon Credit Plus.
- 7. Transaction through the SBI ATM-Cum Debit card.
- **8.** Green Channel Counter
- **9.** To understand the ambitions of the public around them and by endeavoring to evolve mesures to remote indisputable social and developmental gaps by the staff members.
- 10. CSR Philosophy

Review of Literature

Sahoo and Nayak, (2008) discussed the importance of Green Banking, sites international experiences and highlights important lessons for sustainable banking and development in India. They found that, not much initiatives had been taken place by the bank and other financial institutions in India, although for emerging the economy of India, green banking plays a key role therefore they suggested policy measures to promote green banking in India. Our banks or financial

institution does not adopt equator principle nor even for the purpose of records.

Bahl (2012) highlights the means of creating awareness about Green Banking to ensure sustainable growth. If the goal is to attain sustainable development this can be achieved only through creating awareness and imparting education. Garrettt's ranking technique is used to analyze the most significant strategies in respect of Green Banking. Emphasis should be given to publications among the internal sub systems, newsletters for the creation of awareness and effective means for external sub systems are event meetings, media and websites.

Sahoo and Singh, (2013) attempts to analyze the adoption of green banking products among customers with different educational qualification and different age groups. They found that young generation is more inclined towards green banking products than the middle age 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 mnore awareness among 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 initiatives and developments in banking sectors and financial institutional sectors in India and sites international development. Sited the opportunities for banks in areas like carbon credit business, green financial products, core banking solutions, integrated IT environment etc.

Bihari and Pandey, (2014) worked on the green banking in India. A social movement that shows the concerns for environmental conservation and improvement of the state of the environment is called envirionmentalism. The bank industry also caught the green fever, has now become a constant concern in every industry. In making our planet a better place to live in, banks and financial institution plays a key role. Green banking helps in saving the energy and water consumption. They suggested that Indian banks need to set their strategies for log term green goals.

Nath, Nayal and Goel, (2014) attempt to study the green rating standard given by RBI, the World Bank's environmental and social rules and the initiative taken by bank in implementing green practices. They also listed the strategies for adopting Green Banking.

Banks are required to do Environmental Impact Assessment, Annual Reporting and should implement sustainable technology. The researchers studied and listed the initiative taken with respect of environment by different 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 addressing environmental contribute towards issues and sustainable development. She said the green banking as a good way for the people to be more aware about the global warming. Renewable energy technologies, emission reduction and reduce carbon transportation can be aceived by the cooperation from all sectors of the economy and bank. It also reduces the carbon footprints and also build awareness and consciousness about environment, nation and society.

Sharma, (2017) worked on the conceptual analysis of green banking in India and Abroad, and said benefial 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 analyzeing the green banking in India and Abroad.

Conclusion

For conserving and proteting 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 management of the environment with banking activities and aims at reducing carbon footprints. Citizens of the country are corporated by the banks have also the responsibility towards the society where they exists. 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 eduction of the consumer. Therefore green banking cand be succeed by starting proper training and educational programs by the banks for green initiatives.

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