

A Comparative Study on Eco - Friendly Practices Through Banks

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Abstract: Eco-friendly banks use innovative business models and financing techniques to encourage private investment into clean and sustainable technology. The global concern for the current and future state of our planet continues to grow, with millions of people wondering how they can make a positive impact. Individuals are challenged daily by non-profits, communities and businesses to make eco-friendly choices, but lifestyle changes aren't the only way to help. Environmental awareness is a huge opportunity for innovation, which is why green banks are becoming increasingly popular. Green practices of banks are the efforts of the banking sector to keep the environment green and to minimize the greenhouse effects. Banking activities are not tangibly related to the environment, but the external impact of their customer activities is substantial. The aspiration of the study is to traverse the comprehension on green banking and secondly to compares the initiatives and expansions of top two private and public sector banks.

Keywords:-Banking, Eco – friendly, Indian banking sector, Initiatives , Traverse.

I. INTRODUCTION

Embracing the Shift to Digital Leads to Innovative Business Models. In the current environment, churn is occurring more frequently than ever. Customers choose and switch, based on convenience, quality of service and price and are therefore expecting 'banking without boundaries'. With millennial buying power set to reach \$1.4 trillion by 2020, it's critical that businesses adjust their services to reach the incoming demographic. Right now, according to a report by Jumio, 90% of all millennials are using mobile banking and expect an online experience from their banks. When mobile functionality misses the mark, millennials are quick to abandon their transactions (including the opening of accounts).The new digital feature set will increasingly progress towards a much richer set of banking offerings for the end customer, going beyond technology, security and infrastructure capabilities- opening up new business models (that at times include the adoption of FinTech), propositions, redefining customer experience and enabling new potential from employees and business networks.

Green banking is a new concept that considers environmental and socially responsible investing. Green banking is defined as promoting environmental-friendly practices and reducing the carbon footprint from banking activities. In simple words, green banking is a banking that benefits the environment. Green bank is like a normal bank, which considers all the social & environmental factors, it is also called as an ethical bank. With an aim to reduce external carbon emission, banks should finance that projects which are considered to be environmental friendly it means

promoting environmental-friendly practices and reducing your carbon footprint from your banking activities. Green banking is making technological improvements, operational improvements and changing client habits in the banking sector. It is a smart and proactive way of thinking with a vision of future sustainability.

Internationally and domestically, several voluntary guidelines have been set up for the categorization, assessment and management of environmental and social risk in project financing like Equators Principles, National Environment Policy Act, World Bank E&S Norms, Carbon Disclosure Project, CERCLA, ISO 14000, BSE Greenex , etc

Green Banking products include: ATMs, Green Channel Counters (GCCs), Mobile Banking, Online Banking, Green Mortgages, Green Loans, Green Homes, Green Credit Cards, Green Savings Accounts, Green Checking Accounts, Green CDs, Green Money Market Accounts, Remote Deposits etc.

II. LITERATURE REVIEW

Thombre K. A, (2011) As responsible corporate citizen banks believe that every small green step taken today would go a long way in building a greener future. **Srivatsa H. S, (2011)** The impact of banking services on the environment is huge because, banks consume natural resources which add to the pressure on the environment. **Nanda Sibabrata and Bihari Suresh (2012)** Green banking has been an integral part of the banking system in the developed and the developing economies of the world. Much research has

been carried out on the concept of green banking and the possible benefits of its implementation. It studies empirically tests the relationship between the implementation of green banking along with two other variables, net income and expenses, and the profitability in India using a fast data panel regression. **Chadichal Shilpa and Dr Misra Sheelan (2013)** Banks are beginning to recognize that they have a social responsibility to fulfill as distinct from mere accepting of deposits for the purpose of lending or investment. Good electronic customer relationship management (e-CRM) largely depends on communication. Continuous improvement: Various quality improvement tools like e-CRM based Website services, Six Sigma, Business process re-engineering, Business process management system, value chain analysis and various lean tools would help the organization to address the challenges related to effectiveness and efficiency and thus promoting paperless banking service, hence reducing environment damage. **Yadav Rambalak and Pathak Govind (2014)** From the study it was analyzed that Public sector banks are emphasizing more on green initiatives as compared to the Private sector banks except ICICI Bank. The Private sector banks except ICICI bank are mainly inclined toward green initiatives such as net banking, mobile banking which are needed by the bank to match with the competitors as all the banks are providing these facilities. At policy level, **Choudhury et al. (2014)** advocated for the necessity of stakeholder's influences in green banking practice and recommends some indication for Government, the whole banking sector and for the business community. **Nath, Nayak, and Goel (2014)** conducted a study on green banking practices and recommended for change in routine operations of banks by adoption of paperless banking, online banking, and mobile banking, and mass transportation system, green cards made up of recycled plastic. **Dr. Nishikant Jha et al.** had conducted research on A study of Green Banking Trends in India and highlighted some steps for going green banking such as go online, use green checking accounts, use green loans for home improvements, use power saving equipments, use green credit cards, mobile banking. **Garg (2015)** focused on the strategies for green banking and need of it. **Omid Sharifi & Bentolhoda K. Hossein (2015)** made SWOC analysis of four (SBI, PNB, BOB, Canara bank) public sector banks green initiatives. Study concludes that there is a vast range of green banking opportunities for financial sector.

OBJECTIVES OF THE STUDY

1. To study the traverse of comprehension on green banking.
2. To compares the initiatives and expansions of top two private and public sector banks.

III. RESEARCH METHODOLOGY

This paper reviews the literature on the basis of secondary data collected from various sources such as articles,

research papers, annual reports, sustainability reports, banking official websites.

NEED OF THE STUDY

Banks in India are playing a vital role towards sustainable development by introducing various green banking practices. Adoption of these green banking practices by the customers will result savings of energy, fuel, paper and other natural resources. The study gives the result on comparison of private and public sector banks in Indian banking sector and their advanced adoption of practices available in green banking. This study gives a conclusion on how other banks have to grasp the practices of green banking.

Green banking initiatives by Indian Banks (Select banks from Public and Private Sector taken for the Study)

Literature says that there are various green initiatives which had been taken by Public sector and Private sector banks in India :-

Public sector banks :

Public Sector Banks (PSBs) are a major type of bank in India, where a majority stake (i.e. more than 50%) is held by a government. The shares of these banks are listed on stock exchanges. There are a total of 18 Public Sector Banks alongside 1 state-owned Payments Bank in India.

❖ State bank of India (SBI)

The State Bank of India (SBI) is an Indian multinational, public sector banking and financial services statutory body. It is the largest bank in India with a 23% market share in assets, besides a share of one-fourth of the total loan and deposits market.

✓ Green banking initiatives :

- As part of its green banking initiative, SBI has installed 10 windmills with an aggregate capacity of 15 MW in the states of Tamil Nadu, Maharashtra and Gujarat.
- SBI became the first bank in the country to venture into generation of green power by installing windmills.
- The SBI has installed Solar. It is the largest deployer of solar ATMs and saving more than 2000 tons of CO₂ per year ATMs.
- Bank encourages shareholders to receive annual reports of the bank in electronic form and contribute nominal sum to a charitable. The acceptance of electronic annual report (eAR) by shareholders, bank has contributed Rs. 3.09 cr. (Rs.100/- for each eAR) to the SBI children's Welfare Fund in the financial year 2014.
- Bank gives project loans at concessional rate of interest to encourage reduction of green house gases by adopting efficient manufacturing practices.
- Export Import Bank of India (EXIM) and SBI entered into an agreement to jointly provide long term loans up to 14 years to Spain based company Astonfield Renewable Resources and Group T-Solar Global SA

for building solar plant in India. Most of the financial institutions avoid giving long term loans to such projects because of their uncertainty and technological changes.

- Online money transfers between United States and India from branch banks

❖ Bank of Baroda

Bank of Baroda (BOB) is an Indian Multinational, public sector Banking and financial services company. It is the second largest public sector bank in India post merger[8] with a business mix of close to US\$225 billion.

✓ Green banking initiatives :

- Internet banking, mobile banking was added as alternate delivery channel to reduce the use of paper in banking procedure.
- As a part of green banking initiatives various changes were made such as backup consolidation, server and desktop virtualization.
- While financing the commercial projects the banks give a due weight age to green projects such as windmills and solar power projects which helps in earning the carbon credit.
- The bank insisted to implement water treatment plant and obtain NOC from central/ state government pollution control board while lending the loan to manufacturing units which emit toxic polluting substance.
- The organization had made considerable changes in their lending policy, i.e.. it is compulsory for industries to obtain 'No Objection Certificate' from the Pollution Control Board and also they are not extending any finance to environmental hazardous industries which are using ozone depletion substances such as halos1211, 1301, 2402 used in foam products, chloroflouro carbon CFC 11, 12, 113, solvents in cleaning and aerosol products.
- Promotion of measure of pollution control and efforts for environmental protection & conservation and cleaning of environment. Source: Bank of Baroda, Annual Report 2012-2013.
- Bank received the 'Global Excellence & Leadership Award' in the category of '50 most talented CSR Professionals of India' by World CSR Congress in Mumbai on 18/02/2014.

Private sector banks :

The private sector banks in India are banks where the majority of the shares or equity are not held by the government but by private share holders. The new private sector banks are those that have gained their banking license since the change of policy in the 1990s.

❖ HDFC Bank Ltd

HDFC Bank Ltd. is an Indian banking and financial services company headquartered in Mumbai, Maharashtra.

It was ranked 60th in 2019 BrandZ Top 100 Most Valuable Global Brands.

✓ Green banking initiatives:

- HDFC Bank believes that without the support of employees it is not possible to implement the Green Banking policies. The bank is preventing its employees from making any wasteful use of natural resources and emissions of greenhouse gases.
- HDFC has also relied completely on e-transactions and the internet as well as mobile and online banking.
- It will help in encouraging paperless transactions and benefits can be passed on the environment and society.
- Retail customers, as well as corporate customers, have been encouraged to talk make extensive usage of e-statements and other electronic media sources.
- Green data centres have been established with state of the art technologies.
- HDFC Bank has replaced its ATM's batteries with Lithium-ion batteries (Contractor, 2013).
- The tie-up has been made with several vendors for the purpose of good usage of recycling of paper and plastic.
- World class waste management activities (Waste Management World, 2015) has also been followed by the bank. The most significant and innovative initiative taken by the bank is that for internal operations bank procured only those items which set on the norms of central pollution control board and falls into the category of green products.

❖ ICICI Bank Ltd:

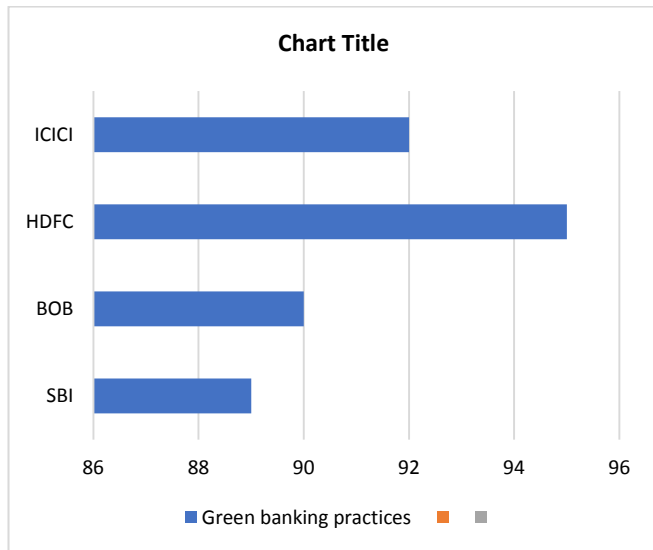
ICICI Bank Limited is an Indian multinational banking and financial services company headquartered in Mumbai, Maharashtra with its registered office in Vadodara, Gujarat. ICICI Bank is one of the Big Four banks of India

✓ Green banking initiatives:

- Insta-banking is a green product or service in which customers can avail the facility of accessing their bank accounts and services from anywhere and anytime.
- It includes mobile banking, net banking and IVR banking (Dean, 2008). It again provides a chance to reduce carbon footprints.
- ICICI Bank has introduced such scheme where they waive off 50 percent processing fee if someone is buying the product which is energy saver and uses an alternative mode of energy.
- The bank has started to promote go green movement, so that maximum number of people becomes part of such movement.

- Other initiatives include recycling of the paper internally, limited printing and extensive usage of e-mails and voice memos instead of paper memos.
- Using CFLs and replacing incandescent bulbs is also a part of the green movement.
- Around 294 rural branches of the bank have been fitted with solar panels and in the result, the bank is being able to generate 1440 units of solar energy per branch. It allows them to save a huge amount of energy and reduce the cost as well.

Graphical view of the adoption of Green Banking in Indian Banking Sector :



IV. FINDINGS

As shown in the bar diagram in the recent scenario the HDFC bank not only for its own growth but also concentrating more on involvement of customers in the green banking practices by making them aware of it by different guidelines providing to the customers. And even the ICICI is also following the same initiatives like the HDFC. As SBI was the first to be involved in the green banking but later it mostly concentrated on natural resources but not direct involvement of customers. BOB also focusing more on the adoption of new approaches towards the green banking along with SBI following the same.

V. RESULTS

- Banks are responsible corporate citizens. Banks believe that every small Green step taken today would go a long way in building a greener future and that each one of them can work towards to better global environment.
- Go Green is an organization wide initiative that moving banks, their processes and their customers to cost efficient automated channels to build awareness and consciousness of environment, nation and society green banking can give following benefits.
- Basically Ethical banking avoids as much as paper work, you get go green credit cards, go green

mortgages and also all the transactions done through online Banking.

- Creating awareness to business people about environmental and social responsibility enabling them to do an environmental friendly business practice

VI. CONCLUSION

As in the present scenario banks are more concentration on grasping the attention towards application of paper less practices in banking sector with usage of ATM, e- banking facilities, paper less currency carrying with the usage of this products the banking sector is mostly concerned about the sustainability of the banks. With the reduction of paperless technology innovation have highlighted its appearance with introduction to biometrics acting as security for lockers in banks instead of locks and databases for storage of files eliminating the huge files for the records of past and future history and online passbook updates etc.. They follow environmental standards for lending, which is really a good idea and it will make business owners to change their business to environmental friendly which is good for our future generations. Even the banks coming up with the implementation of other natural resources for the betterment of banks naturally without polluting the scenario. A green banking leads to the comfortable lives without wastage of resources.

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