

Green Banking – A run way for Indian Business to land in the path of Success through powerful Customer network

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ABSTARCT - Banking is a most powerful sector to make the country shine and good by enlarging its customer network. It s one of the most important factors in growth of Indian Economy. The banks can play an important role between economic growth and environmental protection by combining technology and changing client habits is termed as “Green Banking. Green banking practices will be useful not only for environment but also lead to cost reductions in banking activities. Green banking is a part of green initiative taken by stakeholders to save environment. Like other sectors, banking sector also has its responsibility on protecting environment. To accomplish the responsibility towards environment, banking adopted the concept of Green Banking which is a new concept as it involves paperless banking which helps in reducing banking cost activities but also helps in environment sustainability by reducing the external carbon emissions, bank should finance green technology and pollution reducing projects. This paper highlights the pattern of controlling customer network and make them to sustain in the field for long time

Keywords: Environment, Technology, Green Banking, Sustainability, Customer Satisfaction and CRM.

I. INTRODUCTION

The history of banking began with the first prototype banks which were the merchants of the world, who made grain loans to farmers and traders who carried goods between cities. This was around 2000 BC in Assyria, India and Sumerian. Later, in ancient Greece and during the Roman Empire, lenders based in temples made loans, while accepting deposits and performing the change of money. Banking Industry has shown enormous growth in past years with huge benefits and customer satisfaction.

A new innovation from banking sector lately was Green Banking which plays a crucial role in endorsing ecologically sustainable and informally responsible investment. The growing interest of consumer in environmentally friendly goods and services, higher expectations by public, regulatory compliance requirements are some of the reasons to go for green banking. Green banking will help to improve the asset quality of the banks and helps in customer services.

II. LITERATURE REVIEW

According to RBI (IRDBT, 2014), Green Banking is to make internal bank processes, physical infrastructure and IT infrastructure as effective and efficient as possible, with zero or minimal impact on the environment. They had introduced green rating standards for Indian banks, which are termed as ‘Green Coin Ratings’. Under this rating system, banks are judged on the basis of carbon emissions from their operations and on the amount of recycling, refurbishment and reuse material being used in their building furnishings and in the systems used by them like servers, computers, printers, networks, etc. They are also

being judged on the amount of green projects finance by them and rewards or recognitions given to borrowers for turning their businesses greener.

In this context, RBI has expressed their opinions on changing Banking sector Green in order to make efficient and effective transformations for customer service and also to gain ratings as Rating Standards implements on banking activities.

This context, clearly explains the dissatisfaction by the customers in regard to banking sector with their services. Thus, Green banking has also helped customers for effective service.

Objectives of the Study

This study aims at finding the following objectives

- To understand the concept of Green Banking and its strategies
- To find out the challenges implemented in Green Banking.
- To find out necessary steps in giving clear view on Green Banking to customers.

III. RESEARCH METHODOLOGY

This study mainly involves explanatory research which involves secondary data. The study has two parts where the first part is about the Green Banking concept and its challenges faced and the second part elaborates the strategies used for customers in regard to this new step. The data and information has been collected by using structured questionnaire from various respondent those who have optimum amount of responsible in the respective banks.

Concept Green Bank

Green Banking means promoting environmental – friendly practices and reducing your carbon footprint from your banking activities. Therefore, Green Banking involves in many forms like:

1. Using online banking instead of branch banking.
2. Paying bills online instead of mailing them.
3. Opening up accounts at online banks, instead of large multi- branch banks
4. Finding the local bank in your area that is taking the biggest steps to support local green initiatives.

Green Banking and Its Products

Green Loans: means giving loans to a project or business that is considered environmentally sustainable.

Green Mortgages: refers to type of mortgage that provides you a money-saving discount or a bigger loan than normally permitted as a reward for making energy-efficient improvements or for buying a home that meets particular energy-efficiency standards.

Green Credit Cards: Be it in form of environmentally friendly rewards or using biodegradable credit card materials or pro- moting paperless banking, credit cards are going green.

Green Mobile banking and online banking: These new age banking forms include less paperwork, less mail, and less travel to branch offices by bank customers, all of which has a positive impact on the environment.

Saving Accounts: In case of Green Saving Accounts, banks make donations on the basis of savings done by customer’s .The more they save, the more the environment benefits in form of contributions or donations done by banks.

Green Banking Initiatives by Various Other Banks

State Bank of India was the first bank to Introduce Green Banking Concept in the country.

As a part of initiative, the bank introduced 10 windmills with an aggregate capacity of 15 MW in the states of Tamil Nadu, Maharashtra and Gujarat.

Axis bank had initiated Green Banking by the process of collecting all the dry waste generated from the corporate office.

Kotak Mahindra bank initiated Green Banking through ‘Think Green’ concept where bank encourage customers to sign e- statements and also encourage customers to become partners with ‘Grow Trees.com’ by sapling plants.

HDFC Bank Ltd initiated Green Banking by taking up carbon footprints in area of waste management, paper use and energy efficiencies. They encourage customers through

e- transactions by gaining high net worth and also by switching off lights after 11pm at all branches.

NAME OF THE BANK	GREEN BANKING PROCESS IMPLEMENTED
Indusland bank	have initiated its Green Office Project where they installed solar powered ATMs to reduce carbon dioxide emissions.
HSBC Group	Initiated Green Banking for the purpose to reduce its operational impact on environment and generate cost savings.
YES Bank	Have project portfolio in areas of alternative energy and clean technologies.
Canara Bank	Bank adopted environment friendly measures mobile banking, tele – banking and solar powered biometric operations.
Bank of Baroda	Initiated green objects such as biomass and solar power projects and helps in earning carbon credits.

Challenges faced by Green Banks

Green banks while adopting green banking face following challenges:

Initial Stage: During recession, banks face problems by as Green business is new and takes at least three to four years to make establish.

Higher operating cost: Green banks require talented, experienced staff to provide proper services to customers in order to deal with this, Experienced loan officers are needed which inquires higher expenses.

Reputational risk: If banks are involved in those projects which are damaging the environment they are prone to loss of their reputations.

Credit risk: Credit risks arise due to lending to those customers whose businesses are affected by the cost of pollution, changes in environmental regulations and new requirements on emissions levels.

GREEN BANKING INITIATIVES BY INDIAN BANKS

I) Public Sector Banks

A) State Bank of India

1. SBI has launched Green Chanel Counter from 1st July, 2010 as an initiative and innovative step of green banking. GCC is available in 7052 branches and average number of daily transactions through it, is more than 100000.

2. SBI collaborated with Suzlon Energy Limited and generate green power by installing 10 windmills with 15 MW aggregate capacities in the states of Nadu, Maharashtra and Gujarat. SBI is the first bank in the country for generating Tamil green power.

3. 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.

4. The SBI has installed Solar. It is the largest deployer of solar ATMs and saving more than 2000 tons of CO₂ per year ATMs.

B) Bank of Baroda

1. Bank has undertaken energy efficiency measures like up-gradation of AC, real time monitoring of temperature and pressure, energy efficient IT equipment selection, energy efficient CFL and LED lighting and solar powered UPS etc.

2. Bank requested to shareholders those having shares in physical form to register their e-mail ids for further communication such as to serve any document, notice and annual report. Shareholder holding shares in Demat form are also requested to register their e-mail ids with respective depository for further communication purpose.

3. According to banks domestic loan policy borrower should obtain NOC from pollution control board and produce it to bank. Bank do not extend any finance to the environmental hazardous industries such as Chlorofluoro carbon (CFC-11,12,113) & Halons-1211,1301,2402 being used in Foam Products, Refrigerators & Air-conditioners, Aerosol products, Solvents in cleaning applications, fire etc. On other hand in case of any manufacturing unit emit pollution bank insist to them for installation of water treatment plant for processing of such pollutants.

C) Punjab National Bank

1. Bank has undertaken diverse activities under green initiatives such as using of solar powered ATM, PUM and CDM/Cheque Deposit Machines, using CFL Lamps instead of incandescent lamps, rain water harvesting, printing on both sides of paper, immediate repair of any water leakage, purchase multiple functioning composite fax machines, use of master sensor / master switches for lights, fans etc

2. In credit appraisal bank has given preference to environment friendly projects wind mills and solar power projects.

3. As per bank lending policy bank always lend to those borrower who have NOC from pollution control board. Similarly bank insists to manufacturing unit to install effluent treatment project for processing of pollutants.

4. Bank has undertaken several environmental protection activities through CSR initiatives. The activities consist of Van Mahotsav, bank organized more than 249 Tree Plantation Drives, plantation along road sides, greening of traffic circles in different cities and maintenance of parks in residential areas etc.

II) Private Sector Banks

A) ICICI Bank

1. Green Products & Services

1. Instabanking - Bank has provided a variety of services under one umbrella and gives customers to convenience banking anytime anywhere through Internet banking, Mobile banking, Tab banking and Interactive Voice Response (IVR) banking. This reduces the carbon footprint of the customers because they do not have physical statements or travel to their branches.

2. Electronic Branches- Bank has set up fully electronic branches where the customers can conduct all their banking transactions.

3. E- Drive-Bank has sent nearly 200 thousand annual reports in electronic form and bank have saved more than 60 tonnes of paper in the last quarter by sending e-statements to over 6.5 million bank accounts and 300 thousand credit card customers.

4. Vehicle Finance - Bank encourage to customers to use environment friendly vehicles by offering 50 percent waiver on processing fee for those car models which uses alternate sources of energy like the Civic Hybrid of Honda, Tata Indica CNG, Reva electric cars, Mahindra Logan CNG versions, Maruti's LPG version of Maruti 800, Omni and Versa and Hyundai's Santro Eco.(IBN Live, 2015)

2. Green Engagements

1. World Environment Day'- Bank has celebrated World Environment Day every year on 5th June. On the occasion, bank has undertaken sapling plantation drive, along with PUC drive where employees were encouraged to get their vehicle's PUC checked and vendors were set up at select towers for the same.

2. 'Go Social' campaign was launched for employees where every individual could post pictures of their green initiative on facebook and twitter, and spread the word to families and friends to join in the journey to Go Green.

3. 'World Environment Week' - continued from June 09 to 13 with each day of the week representing a different green theme: No plastic day, Reuse paper day, Carpool day, Duplex printing day and Save energy day.

4. 'Solar Branches'- Solar power is a source of renewable and non-polluting clean energy. Under the Bank's Go Green initiative, about 294 rural low cost branches have been fitted with solar panels. As a result, bank has generated 1440 units of solar energy per branch annually which led to the energy consumption cost has reduced considerably.

3. Green Communication

ICICI Bank has extensively capitalized the existing internal media and always insist to customers about Online Bill pay, Online Funds Transfer and Subscribing to e-statements for „paperless“ and „commute-free“ mode of conducting banking transactions.

Benefits of Green Banking towards Customers

- Green bank was introduced to support environment sustainability for economic development
- Creates Awareness of Going Green for environment sustainability.
- To attract customers, each bank came up with different ideas on Going Green
- By reducing use of paper, and introducing e-transactions, e- payments and e- statements through this process, customers can save time.
- Through Green Banking concept, deforestation was also controlled.
- Helped customers on concessional rates for loans in order to economic friendly products.
- By planting saplings, both customers and the banks were benefited through this initiative as it was profit making in both ways.

IV. CONCLUSIONS

In order to enter into global business, Indian Banks also started implementing Green banking as it is a part of corporate social responsibility. Green banking has been evolving in improving environment and promoting economic growth. Green banking opens up new markets and avenues for product differentiation. As initially, these commitments will cause a huge financial burden for Indian banks. Recently our Indian Banking sector takes step forward to initiate to such type of banks. For effective adoption of green banking, the RBI and the Indian government should be play a major role and formulate green policy guidelines and financial incentive. There is constant increase in awareness regarding conserving and protecting the environment. As such green banking is an emerging concept. It certainly integrates management of environment with the banking activities and also aims at reducing carbon footprints. There are lot of opportunities and challenges for Indian banks in adopting 'Green Banking' as profitable business. Therefore, for sustainable

banking, Indian banks should adopt green banking as a business model.

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