



GREEN BANKING: THE WAY AHEAD

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As a need of hour, the desire of ‘going green’ is running faster than blood in Indian corporate veins. From IT hubs to tourism industry, from Automobiles to Electronics and from Mutual Funds to even Banks now, India is moving at a good pace with green initiatives.

In Indian financial system banking services occupy a very dominant and significant place as well as it is an integral part of our lives also and when it comes to the mankind lives environment is the most important factor for human survival. It is much more important than the economic, financial, social or any other factor.

To take care of this, banks now a day’s playing a crucial role in protection of environment or trying to reducing the carbon footprints of their trade related activities.

The concept of ‘Green Banking’ is becoming popular as more citizens look for ways in which they can help the environment as it is a need of hour.

While, green banking includes a wide variety of banking services, many banks are promoting their online bank services as a form of green banking. As use of online banking results not only in less paper work but also less driving to the bank branches and ultimately put a positive impact on the environment.

Interestingly, not only on environment but online banking has a positive impact on profitability of banks as well because it reduces the paper work, mailing fees and less staff is required. Green banking can also reduce the expenditure of branch banking.

Green banking is not very much different from normal bank, it includes the same banking activities and the only thing is that these banks do the same activities with a different outlook. And it is an outlook which cares for the environment, habitats and the natural resources.

Green banking is also considered as ethical banking as for banking professionals it involves the principles of ethical lending, energy efficiency and conservation and sustainability.

Comparing the difference between green banking and normal banking, Green Banks give more weight to environmental factors, their aim is to provide good environmental and social business practice, they check all the factors before lending a loan, whether the project is environmental friendly and only those loans get sanctioned which follows the environmental safety standards.

So, defining green banking is quite easy, it involves doing the same banking practices in an innovative manner as to reduce carbon foot prints and to do so many Indian banks are adopting following popular practices:

- Promoting use of online banking instead of branch banking
- Making it much attractive to clients to pay bill online
- Promoting amongst the service users to open account online and discouraging making large expenditures on branch banking
- Providing loans to environment friendly projects and discouraging giving financial support to the projects any how harmful to the environment, nature or habitats.

Objectives

- To explore and analyse the concept of ‘Green Banking’
- To study the green banking trends or strategies adopted by Indian banks

Review of Literature

According to Saleena T.A. (2014), The banking and financial sector should be made to work for sustainable development. Even though they have started adopting green practices, but still a lot of channels are unutilized by the Indian banks for greening their activities.

According to Dipika (2015), Green Banking has been boosting to improve the environment and promoting economic growth. Until a few years ago, most traditional banks did not practice green banking or actively seek investment opportunities in environmentally-friendly sectors or businesses. Indian banks are far behind their counterparts from developed countries. If Indian banks desire to enter global markets, it is important that they recognize their environmental and social responsibilities.

According to Sharma Neetu, et al (2013), Green banking is still a major issue and can take an important for development of our country in India. As bank and financial institution of India has started taking initiative but not at high level. To sustain the development of the Indian economy bank and financial institution have to work more hard.

According to M Ragupathi and S Sujatha (2015), 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.

According to Shailesh (2015), The banking sector has a significant role in the economic development of a country. Importance of finance in developing more environment friendly technologies which address concerns regarding the environmental protection is now known to the world.

Strategies in Green Banking

The green banking concept may be adopted by two broad ways including internal operations or green financing or adoptions of both, which most of the banks are doing.

The internal operation includes online account opening, use of ATMs, NEFT, RTGS, online banking, mobile banking, tab banking, SMS alerts, cheque and cash deposit machines, credit and debit cards, e statements etc.

The concept of green financing stands for the bank financing or assisting those projects which are environment friendly. Not only is this but priority in financing to industries given to those corporate whose carbon footprints are low and those who are efficient in using resources. Priority is given to eco friendly business houses working on projects like water harvesting plants, bio gas plants, water treatment plant, waste disposal plants etc.

Initiative taken by Indian Banks

State Bank of India

SBI has been an initiator of Green Banking in India. SBI has taken several green initiatives in the past few years such as prepaid cards like Smart Payout card, Green Remit Card, Ez Pay Card, Vishwa Yatra Card, Green Channel Counter (paperless transaction) and Self Service Kiosk.

The Bank is using several innovative methods for energy conservation and SBI has come up with the concept of solar ATMs in India and is the largest deployer of solar ATMs in India. SBI has installed wind power projects in three states for fulfilling energy needs of their own.

This Bank has also initiated a pilot project to determine its level of the Carbon footprint, which will help the bank in knowing the Bank's resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage.

The outcome of this project will be construction of 'Green' buildings, waste water treatment, programs to sensitise staff on energy savings.

SBI is also using the concept of 'Green Financing'. The Bank is providing long term loans at concessionary rate of interest for renewable energy projects to encourage reduction of greenhouse gases. It also provides finance for organic farming including financing of bio-fertilisers, vermi-compost units etc to prevent degradation of precious arable land and pollution of water from the abuse of chemical fertilizers/pesticides/insecticides. The Bank has rolled out a special initiative to promote solar lighting in all such villages in India, where repayment of agricultural loans is on time thereby encouraging usage of green energy and repayment culture. The Bank has been extending finance at concessional interest for 'watershed management' and 'rainwater harvesting' activities undertaken by farmers.

The Bank was awarded Asia Green Future Leadership Award 2013 for 'Best Green Service Innovation'.

Axis Bank

In promoting the concept of “green Banking’ Axis Bank is doing a good job. Axis bank has not only incorporated this concept in its consumer based services but also has taken initiative to improve the energy conservation at its branches. Here are few highlights taken by Axis at its own branches:

Energy management Initiatives at different Axis branches

- **Renewable energy** – They installed a total of 3 MW of solar energy systems which translates to an annualised estimated low carbon energy generation of 4,136 Mwh during the year (2015-16) and a reduction in emissions of 3,294 tCO₂e.
- **Smart energy control systems** – 400 branches are now installed with a remote-managed smart energy control system. The system enables central monitoring of the office energy consumption on a real-time basis, benchmarking of energy performance and sending reports to different unit managers for proactively improving energy efficiency.
- **LED lighting** – CFL lights are replaced with LED lights at Axis House. On an annualised basis, this has a potential of 76 Mwh of energy savings leading to 62.52 tCO₂e emissions reduction.
- **Efficient HVAC systems** – HVAC system in Axis House was optimised and retrofit of Air Handling Unit (AHU) at NPC II was done. This has a potential of annualised energy savings of 649 Mwh resulting in a reduction in emissions of 532 tCO₂e. The estimated annualised energy savings for 2015-16 are to the tune of 9,582 Mwh and a reduction in emissions of 7,856 tCO₂e.

Besides the above the efforts of Axis bank for environment protection can be traced in consumer based services as well. Below are the initiatives taken by Axis bank through Green Banking.

Green banking for customers

Axis bank has re-engineered several processes across retail and wholesale verticals of the Bank aimed at enhancing the customer experience and reducing operational risk. Digitisation has been a key enabler in the success of implementation of ‘Green Banking’ concept. Key initiatives such as tablet-based instant savings, current and NRI account opening, tablet-based instant credit card application and processing, speed banking services through tab devices at

branches, insta kits for savings and NRI accounts; and instant replacement of debit cards, not only help in improving customer service but also contributing to a significant reduction in the usage of paper. Customers are encouraged to subscribe for e-statements. Frequent communications are sent to the customers on availing e-statements in an easy and secure manner. The 'Green Banking' message at the ATM, alerts the user to avoid printing the transaction slip, if not needed. Customers can set their debit card / credit card PIN at the Bank's ATM or through phone banking in a secure manner, thus eliminating the use of paper for PINs sent through post. We continue to reach out to our shareholders to subscribe for e-copies of the Annual Report, in accordance with the 'Go Green' initiative of the Ministry of Corporate Affairs.

ICICI Bank

As a responsible corporate citizen ICICI Bank has also taken several steps which can assure to have a greener future and better earth to live. Besides the digitalisation of bank and promoting online banking ICICI has done much more beyond this.

Following are the innovative initiatives taken by the bank:

Go Green Programme

'Go Green' is an organisation- wide programme aims at reduction of carbon footprints. This initiative mainly aims at reduction in use of paper, water conservation and energy conservation. According to ICICI, through active participation of employees the bank attained success by reducing paper consumption by 33 % over the past two years and hence results in saving over 13, 000 trees.

Green Governance Programme

This was collaboration between Indian Army and ICICI bank from 2006 to 2011. The aim was to assist 25 resource conservation and bio diversity protection projects across the country. The bank gave all the financial support to Indian Army for implementing this programme aimed at enhancing bio diversity.

Solar Electrification of Rural Braches

As we know that in our country still there are many rural areas where the power supply is not regular or uninterrupted. Providing smooth, hassle free banking services and delivering customer convenience is a tough task in such rural areas.

Aiming at reducing this problem ICICI bank has installed solar power facilities at 522 rural branches across 7 states of India. This initiative has also resulted in significant reduction in carbon footprints as well as enhancement in customer convenience.

HDFC Bank

As per official site of HDFC, Sustainability is one of the core values at the bank.

Like other big banks HDFC bank also launched or working on several environmental friendly or environment protection programmes. Few such programmes are linked with bank operations while few of them are related with society. Let us explore the initiatives taken by the HDFC in the fields of going green:

Paperless Banking

The ATMs at HDFC Bank have gone paperless, enabling reduction of its carbon footprint. The bank has reduced this effort a further fillip by ensuring multichannel delivery through Net Banking, Phone Banking and Mobile Banking. This reduces carbon emission from operations as well as by reducing customer travel requirements.

Solar ATMs

The Bank in order to control its environmental footprint has introduced solar ATMs. These use rechargeable Lithium Ion batteries which use solar energy for their functioning, thereby reducing the consumption of conventional energy.

Energy Management

Bank has initiated “Energy Management Module” in 100 select branches across 4 metro cities to pull data from sensors to monitor real time usage and based on analytics will help control electricity wastage. This system will also monitor diesel consumption of DG sets.

Sustainability Reporting

HDFC Bank reports on voluntary reporting standards of Global Reporting Initiative and Carbon Disclosure Report. The Bank is a signatory to the Carbon Disclosure Project (CDP) and has been reporting since 2011. The bank also finished on the CDP Leadership Index (CDLI) India in FY 2014-15. HDFC Bank released its second sustainability year for the FY 2014-15. This is a GRI G4 Comprehensive report.

Sustainable Plus

Sustainable Plus is the world's first and only corporate sustainable label. It is based on comprehensive ESG analysis of companies which helps them to measure performance as well as identify risks that challenge sustainability of their business. Each year, CESD undertakes ESG analysis of top 100 companies across 20 sectors and provides Sustainable Plus label. HDFC Bank was rated with "**Sustainable Plus Gold Label**" for FY 2015, based on ESG analysis conducted on public information, scans and information request. (<https://www.hdfcbank.com/htdocs/aboutus/csr/environmental-sustainability.html>)

Also on its website HDFC says it has initiated "Energy Management Module" in 100 select branches across 4 metro cities to pull data from sensors to monitor real time usage and based on analytics will help control electricity wastage. This system will also monitor diesel consumption of DG (diesel generator) sets.

HDFC Bank says it reports on voluntary reporting standards of Global Reporting Initiative and Carbon Disclosure Report and it is also signatory to the Carbon Disclosure Project (CDP) and has been reporting since 2011.

Other Banks

Mid-sized private bank said **IndusInd Bank** implemented power saving initiatives on 16,287 laptops and desktops that saved 458 MW of electricity and a reduction of 398 tons of carbon emissions. It has a fleet of 100 solar ATMs continues to generate solar electricity enabling ATM services. Its solar powered facility at Karpakkam generated 62 MW of power and constitutes up to 8 percent of the total energy requirements. This Bank has collected 36,650 kg of e-waste for disposal through Government authorised recyclers and has channelized 6,023 kg of A4 paper for recycling, the bank said on its website.

At Syndicate Bank, ATM transactions are more than the counter transactions, i.e., as of December 2011 counter transactions accounted for Rs 512.83 crore for the bank compared to Rs 970 crore through ATM counter. This is because banks encourage customers to use plastic cards. Also, more transactions are effected through net banking.

They have started recycling waste from April 1 2012 through authorised recyclers notified by the government. The bank is currently running 80 rural branches with solar powered UPS.

Similarly, Standard Chartered Bank introduced a formal environmental and social (E&S) risk policy to govern lending activities in 1997. It has also been a signatory to the Equator

Principles (EP) since 2003. Priorities since 2011 include, building on bank's work to measure social and economic impact of lending, reduce annual paper consumption per full-time employee from 30 kg to 25 kg and continue to reduce energy and water consumption.

Conclusion

Through this research we can conclude that most of the Indian Banks, no matter public or private, believes that they are responsible corporate citizens. Gone were the days when it was believed that the major objective of financial organizations like Banks is to earn profit only. Green Banking not only improves environment but also promotes economic growth. In order to become concerned and responsible corporate citizen it is a must for Indian banks to recognize their environmental responsibilities.

Through this paper we can conclude that atleast the big giants of Indian banking sector are doing well for environment protection and are taking either big or tiny green step towards this initiative. As we all including corporate know that today's tiny green steps will lead us towards a better planet to live a healthy life. An old proverb 'Health is wealth' fits well here.

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