

# IMPACT OF CLIMATE CHANGES ON SERVICE SECTOR WITH REFERENCE TO BANKS

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## ABSTRACT

*Climate change is a global challenge with serious consequences for our social and economic infrastructure as well as the natural environment. The Green House Gas (GHG) emissions are responsible for climatic variations. They are emitted mainly from burning fossil fuels such as coal, oil and natural gas. Heavy Industry is a leading source of GHG emissions. It is mandatory not only for the industrial sector but also to the services sectors to take necessary measures for reducing GHG emissions, which makes an adverse impact in the climate. Even though, they are not considered as large emitters and can help to mitigate climate changes by offering energy use products and services. The Service sectors contribute a major portion to the Indian Economy both in terms of Employment potential and contribution to the National Income.*

*A preponderance of evidence shows the worldwide temperatures are rising, glaciers are melting and hurricanes are becoming fiercer. This confluence of events is forcing governments worldwide to enact limits on the pollutants that are trapping heat in the atmosphere. These trends present enormous risks and opportunities for companies and investors. With the launch of the Kyoto Protocol and expanding Green House Gas limits, power companies and other energy-intensive businesses face growing risks from the energy they use and how efficiently they use it. The present paper envisages "Impacts of Climatic changes on Service sector with special reference to Banks". Although the banking sector plays an important role in any economy, their role as a catalyst influencing industry behavior on climate change has yet to be fully appreciated.*

**Keywords:** Service sector, Banks

## INTRODUCTION

Climate change is a global challenge with serious consequences for our social and economic infrastructure as well as the natural environment. The Green House Gas (GHG) emissions are responsible for climatic variations. They are emitted mainly from burning fossil fuels such as coal, oil and natural gas. Heavy Industry is a leading source of GHG emissions. It is

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mandatory not only for the industrial sector but also to the services sectors to take necessary measures for reducing GHG emissions, which makes an adverse impact in the climate. Even though, they are not considered as large emitters and can help to mitigate climate changes by offering energy use products and services. The Service sectors contribute a major portion to the Indian Economy both in terms of Employment potential and contribution to the National Income.

The sector covers a wide range of activities from the field of information and communication technology to the basic services pursued by Informal groups. The Service sector has been the most dynamic sectors of the Indian Economy. It comprises of,

- Trade
- Hotels and restaurants.
- Transport
- Storage and Communication.
- Banking and Insurance
- Real Estate
- Business Services including Accounting, Software business, Management consultancy, Architectural, Engineering and other Technical consultancy services.
- Education, Medical and Health, Legal services etc.

A preponderance of evidence shows the worldwide temperatures are rising, glaciers are melting and hurricanes are becoming fiercer. This confluence of events is forcing governments worldwide to enact limits on the pollutants that are trapping heat in the atmosphere. These trends present enormous risks and opportunities for companies and investors. With the launch of the Kyoto Protocol and expanding Green House Gas limits, power companies and other energy-intensive businesses face growing risks from the energy they use and how efficiently they use it. Companies also face risks from direct physical impacts, including stronger and more frequent storms, droughts, floods and sea level rise. In turn, forward-thinking companies that fine-tune their operations and develop new climate-friendly products can prosper.

The present paper envisages “Impacts of Climatic changes on Service sectors with special reference to Banks”. Although the banking sector plays an important role in any economy, their role as a catalyst influencing industry behavior on climate change has yet to be fully appreciated. It is natural that the focus is on industry, as the banking sector is not traditionally viewed as a significant contributor to Green House Gas emissions or high-energy use. Banks should identify the critical role that the banking sector can play and accelerated efforts to develop a comprehensive climate change strategy. Climate change should be viewed as business issue and finding solutions to this is fundamental to building long term share holder value.

## **OBJECTIVES**

- To create awareness to the customers, Bank staffs and Community.
- To adapt climate friendly technology in banking.
- To formulate Intermediate strategies for improving climate friendly projects.
- To initiate and disclose action plans on environmental assessment to Stake holders.
- To suggest measures for reducing the impacts of climatic changes in the banking sector.

A Bank's climate change initiative can be structured into four pillars. They are

### **Creating positive awareness among stakeholders:**

The stakeholders include the employees of the banks, customers and general public.

#### **Bank employees:**

To reduce the climatic impacts, the bank employees should adopt the following strategies:

- Encouraging use of E-mail for internal and external communications.
- Use of E-Learning modules for training and career development.
- Simple internal communications on minimizing waste (paper, energy use, garbage disposal etc.)

#### **Customers:**

The role of banks is indispensable in limiting the climatic impacts and to create awareness among the customers by insisting,

- To use design perforated statements lead to minimizing paper usage and introducing E-statements as an option.
- To inform customers about global climate change and measures to be adopted.

#### **Community:**

Banks should design curriculum on climate change impacts so that aspiring young bankers appreciate the importance of climatic changes. There is a need to foster research on climatic conditions and awareness be created by introducing courses at the under and post graduate levels.

### **Harnessing climate friendly technology:**

Banks should adopt climate friendly technology by

- Introducing mobile phone banking, thereby improving Financial inclusion by reaching out to unbanked and under banked segments.
- Encouraging the development of energy efficient and clean powered Automated Teller Machines.

**Developing effective intermediation strategies:**

Banks can formulate effective strategies in the following ways:

1. Defining policy on avoiding financing of projects which contribute harmful climatic change impacts.
2. New branches and large Head office buildings to be designed to be climate friendly. Energy efficient features may include
  - a) Variable air volume units which control the supply of air temperature and the rate of air flow based on actual demand.
  - b) Adequate ventilation system comprising of energy saving feature which the amount of outdoor air supplied based on carbon dioxide levels within the air conditioned space.
  - c) Use an intelligent micro processor, which senses the daylight component to provide only the necessary levels of illumination and
  - d) Bank premise should be equipped with energy efficient high pressure sodium vapor and compact fluorescent lamps.
3. Preference in credit evaluation for renewable energy, environmentally sustainable sanitation water systems and ecotourism projects.
4. Promote linkage with major corporate sectors supporting climate change and Micro/Small scale entrepreneurs engaged in climate friendly projects (Bio-diesel, out growers and export buyers with our organic farmers)

At present the banks are adopting the above mentioned strategies with the latest concept known as “Green Building Technology”.

**Effective and honest disclosure to all stake holders:**

The Banks should develop action plans to manage climate risks and seize new market opportunities. Such action plans must be reviewed periodically and environmental assessments be disclosed to the stakeholders.

**SUGGESTIONS**

1. The following measures are to be taken to reduce the impacts of climate changes in the banking sector.
2. Banks should use energy efficiency power technology such as fluorescent lighting system inside the premises.
3. It should finance for the environment friendly projects and encourage eco- friendly products.
4. Banks must use energy efficiency computer systems that may generate less climate changes.
5. It should create awareness on climatic changes and their impacts.

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