

A STUDY OF GREEN BANKING TRENDS IN INDIA

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ABSTRACT

Change is the need of hour to for survival in all spheres .The world has seen much focus on economic progress and mankind has made giant steps in its journey through time. The side effects of the development process have, however, also been equally enormous loss of biodiversity, climatic change, environmental damage, etc. Bank is also not the exception for this. This paper tries to find out the ways to Go Green through 'Green Banking'. Generally, the banks are using 1. 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. The researcher will collect the data on green banking through interview and questionnaire. It will be analysed by using percentage technique.

Keywords: CEO, Green Banking, Green House Effect Online - Banking, RBI, Global Warming.

INTRODUCTION

Environmentalism is a broad philosophy and social movement regarding concerns for environmental conservation and improvement of the state of the environment. Environmentalism and environmental concerns are often represented by the color 'green'. Global warming, also called as "Green House Effect" is a global issue that calls for a global response. The warming effect of certain man-made gas emission such as carbon-dioxide, methane, nitrous oxide and hydro-fluro carbon is found responsible for distortion in climate changes. The rapid change in climate will probably be too great to allow many eco systems to suitably adapt, since the changes have direct impact on bio diversity, agriculture, forestry, dry land, water resources and human health. However, there is general lack of adequate awareness on the above issues and hence there is urgent need to promote certain urgent measures for sustainable development and corporate social responsibility.

"The supreme reality of our time is... the vulnerability of our Planet." - John F. Kennedy

To avoid falling into similar trap, the impulse of 'going green' is running faster than blood in Indian Incorporations veins. From IT giants to luxurious hotels, from Automobiles to Aviations, from Mutual Funds to Banks corporate India is moving fanatically ahead with green initiatives.

As a responsible financial organization of the country with its crucial role in financing the economic and developmental activities of the country, banks have to play in addressing the

above issues, both in terms of its obligations and opportunities by virtue as a responsible corporate citizen and as a financier.

Definition

Green Banking is like a normal bank, which considers all the social and environmental factors; it is also called as an ethical bank. Ethical banks have started with the aim of protecting the environment. These banks are like a normal bank which aims to protect the environment and it is controlled by same authorities as what a traditional bank do. Green banking is like a normal bank, which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda toward taking care of the Earth's environment / habitats / resources. For banking professionals green banking involves the tenets of sustainability, ethical lending, conservation and energy efficiency.

There are many differences compared with 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 has any implications in the future, you will awarded a loan only when you follow all the environmental safety standards.

Defining green banking is relatively easy. Green Banking means promoting environmental – friendly practices and reducing your carbon footprint from your banking activities. This comes in many forms

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 can benefit the environment either by reducing the carbon footprint of consumers or banks. Either a bank or a consumer can conserve paper and benefit the environment. Ideally, a green banking initiative will involve both. Online banking is an example of this. When a bank's customer goes online, the environmental benefits work both ways. Green banking means combining operational improvements and technology, and changing client habits.

OBJECTIVES OF THE STUDY

- To study concept of 'Green Bank'
- To identify the steps necessary to adopt Green Banking
- To check the awareness of green banking among bank employees, associates and general public.
- To create awareness about green banking among the general public and consumers and bank employees.

- To reduce CO2 emissions from electricity consumption and transportation, increase recycling (paper, toners, cartridges and batteries), increase the use of green products by bank branches.

RESEARCH METHODOLOGY

The research methodology used in this study is based on primary as well as secondary data. The primary data was collected from the study conducted through telephonic interactions and personal interviews. The study examines major aspects concerned with the Green Banking. Specially structured questionnaires and interviews with employees, of well established banks and general public have been used for survey purpose.

Sample Size: 12 Bank Managers and 50 Bank Employees.

General Bank Customers: 50

Method Of Sample Collection: Random

Steps in Green Banking

From the empirical study, it is found that following are some of the steps that can be taken for going green in banking:

1. Go Online:- Online banking is the developing concept in young and corporate India. Online banking helps in additional conservation of energy and natural resources. Online Banking includes: a. Paying bills online, b. Remote deposit, c. Online fund transfers and d. Online statements. It creates savings from less paper, less energy, and less expenditure of natural resources from banking activities. Customers can save money by avoiding late payments of fees and save time by avoiding standing in queues and paying the bill from home online.

2. Use Green Checking Accounts:- Customers can check their accounts on ATM or special touch screens in the banks. This can be called as green checking of account. Using a green checking account helps the environment by utilizing more online banking services including online bill payment, debit cards, and online statements. Banks should promote green checking by giving some incentives to customers by giving higher rate of interests, waiver or discount in fees etc.

3. Use Green Loans for Home Improvements:- The Ministry of Non-renewable Resource in association with some nationalized and scheduled banks undertook an initiative to go green by paying low interest loans to the customers who would like to buy solar equipments. The rate of interest is as low as 4% p.a. Before you undertake a major home improvement project, study if the project can be done in an eco-friendly manner and if you might qualify for a green loan from a bank Green loan are perfect for energy-saving project around the house.

The new Green Home Loan Scheme from SBI, for instance, will support environmentally friendly residential projects and offer various concessions. These loans will be sanctioned for projects rated by the Indian Green Building Council (IGBC) and offer several financial benefits –a 5 percent concession in margin, 0.25 percent concession in interest rate and processing fee waiver.

4. Power Savings Equipments:- Banks can directly contribute to controlling climate change and as an initial step they intend to start a campaign to replace all fused GSL bulbs, in all

owned premises offices and residential. Banks can also make a feasibility study to make rain water harvesting mandatory in all the Bank's owned premises. In December 2009 Indusind Bank inaugurated Mumbai's first solar-powered ATM as part of its 'Green Office Project' campaign titled 'Hum aur Hariyali'.

5. Use Green Credit Cards:- Some of the banks introduced Green Credit Card. The benefit of using a green credit card is that banks will donate funds to an environment-friendly non-profit organization from every rupee you spend on your credit card to a worthwhile cause of environment protection.

6. Save Paper:- Bank should purchase recycled paper products with the highest post-consumer waste content possible. This includes monthly statements, brochures, ATM receipts, annual reports, newsletters, copy paper, envelopes etc. Whenever available, vegetable-based inks are used instead of less environmentally friendly oil-based inks.

7. Use of Solar and Wind Energy:- Using solar and wind energy is one of the noble cause for going green. State Bank of India (SBI) has become the first bank in the country to venture into generation of green power by installing windmills for captive use. 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.

8. Mobile Banking:- Mobile banking is tricky. On the one hand, it is great to have the ability to check balances, transfer funds or pay bills from you phone. One the other hand, it saves time and energy of the customers. It also helps in reducing use of energy and paper of the bank. Most of the Indian banks introduced this paper-less facility.

FINDINGS

1. Basically Green banking avoids as much paper work as possible and rely on online/electronic transactions for processing so that we get green credit cards and green mortgages. Less paperwork means less cutting of trees. It also involves creating awareness to banking business people about environmental and social responsibility enabling them to do an environmental friendly business practice.
2. Green Ethical banks adopt and implement environmental standards for lending, which is really a proactive idea that would enable eco-friendly business practices which would benefit our future generations.
3. When we are awarded with a loan, the interest of that loan is comparatively less with normal banks because green banks give more importance to environmental friendly factors - ecological gains.
4. Natural resources conservation is also one of the underlying principles in a green bank while assessing capital/operating loans to extracting/industrial business sector.
5. Green Banking as a concept is a proactive and smart way of thinking with a vision for future sustainability of our only Spaceship Earth - as design science explorer Richard Buckminster Fuller called our Earth.
6. The value proposition for corporations to go green includes many of the same issues as that for individual consumers but on a much large scope and with additional concerns. Corporations may share a desire to reduce carbon footprint and enhance security by eliminating paper waste, but they are also extremely concerned with

eliminating or decreasing errors due to manual processing and with creating a profitable bottom line. For these reasons and more, corporations are actively pursuing green programs, many companies are taking active steps to reduce waste, implement sustainability measures and increase profitability by going green.

CONCLUSION

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.

1. 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.
2. Creating awareness to business people about environmental and social responsibility enabling them to do an environmental friendly business practice.
3. 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.

Overall Green banking is really a good way for people to get more awareness about global warming; each businessman will contribute a lot to the environment and make this earth a better place to live. Thanks to green banking. Until a few years ago, most traditional banks did not practice green banking or actively seek investment opportunities in environmentally-friendly sectors or businesses. Only recently have these strategies become more prevalent, not only among smaller alternative and cooperative banks, but also among diversified financial service providers, asset management firms and insurance companies. Although these companies may differ with regard to their stated motivations for increasing green products and services (e.g. to enhance long-term growth prospects, or sustainability principles on which a firm is based), the growth, variation and innovation behind such developments indicate that we are in the midst of a promising drive towards integrating green financial products into mainstream banking.

This concept of "Green Banking" will be mutually beneficial to the banks, industries and the economy. Not only "Green Banking" will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future.

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