CHAPTER – 4
GREEN BANKING: SELECTED BANKS UNDER THE STUDY

4.1 Introduction

In this research, the focus has been given to four major banks operating in Indian Territory. These banks are State Bank of India, Bank of Baroda, ICICI and HDFC. In this particular section, Green Banking practices of these four banks have been analysed. These four banks operate at very large scale, and the impact of their Green Banking practices can be witnessed in the entire banking industry in the country.

There are certain common practices that have been adopted by the banks like the major element is online banking or paperless banking. Despite some common banking practices, every bank has tried in their own way to achieve the mission of Green Banking. The banks have adopted two-way approaches to support the mission of Green Banking. One approach is that the banks have implemented Green Banking practices within their banking operations and the second approach is that the banks have introduced certain lucrative schemes for their customers that boost their morale to get involved in green practices. In this way, banks are motivating customers and common people in an indirect manner to become supporters of green environment.

There are various ways through which banks can follow the Green Banking process. The major aim of Green Banking is to focus on making every unit, operation and department green and environmentally. Under the Green Banking process, a bank always performs in such a way that helps in improving the level of environmental sustainability. Some of the major Green Banking activities include adopting the techniques related to the minimization of inventory. A network design by using the carbon footprint is also a part of green activities which should be undertaken by the banking industry. Intelligent device management also lies within the spectrum of Green Banking activities. At the same juncture, the
considerable factor is that banks should select their vendors and suppliers on the basis of their ratings and credit points. It can help in making the green environment within banks. Furthermore, it is bank’s responsibilities to design more green products and services so that the customer indirectly becomes the part of go green movement. The customer uses fewer energy resources, and it has a significant impact on the environment.

Other than Green Banking process, the significance of Green Banking products is also immense in dealing with go green movement. It has potential to develop sustainable and effective solutions for the customers. Some of the most popular and mostly used green products and services include Online Banking, Mobile Banking, Banking through ATMs, Green Deposits, Green Mortgages and Loans, Green Credit Cards, and Green Reward Checking Accounts. Thus, these products can enable to focus on go green movement, and the mission of Green Banking process can also be followed. There is need of promoting these products and services to the customers by launching proper awareness programs and advertisement campaigns. A large amount of innovation in green products and services can directly or indirectly reduce the number of carbon emissions. The most innovative practice can be related to the introduction of the green fund (Sabbaghi, 2011). It makes people aware or conscious of climate and environment. Their approach towards banking activities can be changed drastically. Financial concessions can be provided on the green loans, and it encouraged people to invest in environmentally friendly projects.

There are various Green Banking strategies which have been followed by the banks like SBI, ICICI and so on. These strategies help in establishing the green movement in banking industry very firmly and effectively. Setting up the carbon credit business is one of the Green Banking strategies that may support the go green movement. Indian banks need to contribute more carbon credit strategies (Li, Syal, Turner and Arif, 2013). It is essential with a view of following the protocol of clean development business. On the ground of green mortgages, it is necessary to consider that banks should provide mortgages to such buildings which are based on green standards. It can help in increasing the usage of energy
efficient materials in the construction process. These types of mortgages can be provided for both residential as well as commercial buildings. In some banks, the initiative like energy improvement mortgage has been launched. It helps in promoting the activities like installation of solar panels and energy efficient equipment in buildings. Thus, the whole idea is to develop the habit of green activities not only inside the banking operations but also connecting people with the go green movement.

The banks can use their power in different ways but for the betterment of society and environment. There is need of engaging with stakeholders then only it can become possible to explain an environmental value to stakeholders (Kumar, Rahman and Kazmi, 2016) Regular meetings and internal discussion can provide solutions to banks to focus on taking green initiatives. Furthermore, banks can also conduct energy audits and dispose of such items that cause harm to the society. Moreover, banks can set SMART objectives that can also shape the green initiatives in more concrete manner. Employees can be rewarded for following the norms mentioned in Green Banking policies, and it can be beneficial in various ways. The employees will provide their own ideas as well. Thus, these initiatives can change the trends in the banking industry and can set benchmarks for other industries as well.

4.2 Green Banking: State Bank of India

Being a largest public sector bank in India the responsibility of SBI is immense in taking the initiatives related to Green Banking. SBI is active into various banking operations and operates at world level. The cited bank has focused on adopting the Green Banking practices and encouraging other banks as well to follow their footsteps. The major initiative taken by the bank was that they eliminated the queue banking in approximately 5000 branches all across India. Furthermore, the bank has introduced green channel counters as well along with supporting the construction of wind farms in India.

Till now the branches of cited banks were not equipped as per the Green Banking standards, however, now (since bank launched its Green Banking policy) SBI
show their commitment that they will build green branches. It will include green building standards like the construction of building in such a way that it supports natural lighting and use of recycled water were also the major initiatives. On the ground of legal aspects, the bank has made policies related to promoting the carbon neutrality. Moreover, the bank has provided the facility of online money transfer to its customers and even between banks.

To strengthen the impact of their initiatives the bank has become a signatory investor to the carbon disclosure project with a collaboration of over 550 institutional investors. The steps taken by the bank encourage other banks and companies operating in the financial sector to follow the practices of Green Banking. In India, the state bank of India is the first company that launched Green Banking policy and being a responsible corporate citizen the bank fulfilled its duties towards society and environment. State Bank of India has contributed in various kinds of social cause and community services. The bank has been actively participated in adopting of the girl child, tree plantation, facilitating education and providing medical facilities as well. Furthermore, the bank has shown its attention to the environmental issues like global warming and climate change. To deal with this problem the bank has mentioned several steps in their Green Banking policy. The major emphasis has been given to minimise the carbon footprints. For the same purpose energy, efficient lighting systems have been installed; energy savers, water harvesting and waste management systems have been taken into special consideration. Moreover, the attention has been shifted towards the paperless banking. It was the greatest initiative taken by State Bank of India.

To generate more powerful and result oriented outcomes, the bank has developed its training modules in such a way that it educates its employees to become aware of green activities. They become responsible and contribute immensely towards Green Banking policy. The bank understands the role of its employees in implementing Green Banking policy in the system. Thus, for the same purpose, the bank has given emphasis to the training modules that direct employees towards those practices. The bank has taken a step related to installing its windmills for the generation of green power. SBI also showed its interest in
improving the level of green power in the country. SBI is the first bank that has installed windmills for captive use and reducing the carbon footprint as well.

With a view of increasing energy capacity through windmills, the bank has developed its strategy with various state electricity boards. SBI has done tie up with Gujarat energy development authority with respect to install additional 20 MW windmill capacity. SBI has entered into tie-ups with several external consultants in order to implement better strategies for the economic-ecological solutions. The problems like carbon emissions and setting benchmark for the same is also a major agenda for SBI. The bank has undertaken studies related to land, air, water, waste, and energy and carbon management. The main aim of these studies is to set an example of corporate social responsibility.

The bank has also followed all the standards related to the green building. SBI has involved its stakeholders too in Green Banking policy. The manufacturers and other companies got loans at lower rates if they follow green policies. The carbon credit ratings (Luo and Tang, 2014) has been considered as worthy for the purpose of passing loans to businesses and clients. The first Green Banking branch of SBI was inaugurated in the year 2012 in Kohima. To make this event successful and connecting more people with the initiatives, the bank donated eco-friendly waste bins to local villagers. Further, they donated water purifier to the neighbouring schools. These are certain activities that enhance the scalability of go green movement.

SBI has received an award for the installation of best green ATM at several places. Bank encouraged its customers to use electronic documents instead of using papers for instance to download annual reports. Therefore, these are certain initiatives and efforts made by State Bank of India to make go green movement successful.

4.3 Green Banking: ICICI

Being a largest private sector bank, ICICI has also understood its responsibility towards the environment. The bank has laid down emphasis on the fact that the
bank’s premises, operations and its activities should be based on Green Banking and must contribute to the protection of the environment. The Bank has taken several initiatives in the same direction. Most significantly, the cited bank has launched the facilities of insta-banking and vehicle finance and home finance. This is just to promote Green Banking and to make people aware towards the same. The bank has launched a variety of services to support the mission of green environment.

ICICI has understood that these initiatives and activities can ensure its sustainability for the longer period of time. 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. The idea behind the same is that customers need not visit their branches all the time and it can save the fuel and other energy sources. They can get access to their bank statements through an online platform which is again helpful in creating the green environment.

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 product mainly includes car models like Reva electric cars, Mahindra Logan CNG versions and so on. Furthermore, banks have reduced processing fees for those customers who purchase leadership in energy and environmental design certified buildings. Thus, it shows that the ICICI is committed towards Green Banking policy and ensures that common people also follow the same path.

Other than internal banking operations, the bank has started to promote go green movement, so that maximum number of people becomes part of such movement. The company communicated all the elements to the customers that can help in supporting go green movement. The emphasis has been laid down online fund transfer and online bill payment facilities. 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. Most drastic change is related to using the webinars for meetings just to avoid the long distance journey. Thus, the efforts of these banks are not only limited to their banking operations, but it deals with changing regular and daily habits of people. It touched various aspects of lifestyle and people’s habits. This is a way through which the fundamental of triple bottom approach can be followed (Boje, 2016).

ICICI Bank is aware of the fact that without connecting with common people and social engagement, the go green movement cannot become highly successful. For the same purpose, ICICI celebrates world environment day and try to make people aware of their environment. On the very same day, Bank got involved in plantation activities, and employees of the company are encouraged to get their vehicles PUC checked. Furthermore, bank celebrated the world environment week as well just to promote green activities. Go social is a campaign which bank runs through social media and tries to connect a maximum number of people. 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. Thus, go green movement contributes to protecting the environment as well as maintaining high profits for cited bank.

4.4 Green Banking: Bank of Baroda

Bank of Baroda is also one of the largest public sector banks in India. The banking operations of BOB are very wide and provide its banking services at various parts of the country. In terms of green initiatives, BOB understood its responsibilities and had conducted so many activities to ensure the success of go green movement. BOB focus on establishing new standards and benchmarks in terms of increasing morality and environmental sustainability through its actions and strategy formulation techniques. The bank is moulding its business model in such a way that supports the go green movement.

The major initiative taken by the bank is that while providing financial aid to the projects, they give preference to environmentally friendly green projects. It
includes windmills, biomass and solar power projects. It is mentioned in their Green Banking policy that bank should encourage third parties and stakeholders to take participation in go green movement. Thus, banks spread awareness among the public through various campaigns. Strict norms have been designed to pass loans and other formalities for the business projects. According to their Green Banking policy, it is essential for businesses to obtain no objection certificate from pollution board. Any kind of businesses that cause depletion of the ozone layer or cause any other hazardous impact on the environment has to take special permission from the government. In most of the cases bank does not provide any kind of loans for these types of businesses.

BOB has also followed some of the common initiatives that have been adopted by the entire banking industry. These initiatives are e-business guidelines, mobile banking, paperless banking, internet banking and Installation of ATM’s in large numbers. Furthermore, bank officials try to make people aware of the importance of go green movement and encourage them to rely more on online banking facilities. It is also helpful in including more number of people towards the movement. To improve data centre operational efficiency Bank of Baroda has focused on making changes in desktop virtualisation, backup consolidation and server virtualization. It is also a significant element of green initiative. Launching campaigns and advertisements related to the environment on a regular basis is also a part of company’s green initiatives. In such campaigns, they ensure that people understand the value of the environment and try to save natural and scarce resources.

The changes have been made in the current banking operations by BOB. In the year 2013, the bank has installed 1200 self-service passbook printers for easy updating of the statement of account. At high cash accepting centres, the bank has installed 85 bunch note acceptor. Bank has introduced EMV chip debit card and issued KCC card and debit card to RRBs. In order to meet out the corporate requirements bank has implemented a web module for Baroda cash management service. Furthermore, to encourage people for more mobile banking activation and usage cited bank has started to provide rewards campaign.
In result, it is causing an increase in the use of mobile banking. In the array of these initiatives, the bank has enhanced IVR facility at the contact centres, and Baroda SMS banking facility has also implemented. Moreover, for the purpose of automated clearing bank has established NACH facility as well. The cited bank is seriously putting its efforts towards going green movement. This is the reason that bank received the global excellence and leadership award in the category of 50 most talented CSR professionals in India. The award was given by world CSR Congress in Mumbai in the year 2014. These actions and initiatives are not only beneficial for society but also help banks to lower down their operational cost.

4.5 Green Banking: HDFC Bank

Likewise other public and private sector banks, HDFC have also taken some measures in order to implement green initiatives in better and effective way. HDFC Bank also understood their responsibilities in the direction of supporting go green movement. Thus, cited bank has also contributed immensely in following the green standards and following various activities. The major step taken by the bank is that they started with educating their employees about green initiatives and activities. 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.

In this way, the employees will include these habits in their daily routine. Likewise other banks, 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). Furthermore, the cited bank has established its 20 solar ATM’s in Bihar. It is also
encouraging the mission of go green movement and can set new benchmarks for other banks.

The tie-up has been made with several vendors for the purpose of good usage of recycling of paper and plastic. The bank never disposes of these items and other waste without proper disposal procedures. Therefore, 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. The purchased electronic products like diesel generator set, air conditions and bulbs are also based on the standards set by government authorities and come under environmental regulations. Thus, the company has taken all sincere efforts to establish go green movement as part of their organisational culture.

To comply with the Green Banking rules (Roux, 2015) in strict and stringent manner, the bank has established its separate environment management committee. This committee specifically pays attention to various activities in the direction of go green movement. Likewise ICICI Bank, HDFC has also focused on planting trees and including these initiatives as its corporate social responsibility. The bank is giving an adequate amount of consideration to the fact that advertising campaigns can also help in ensuring the success of go green movement. This is the reason that company’s website provides all kind of information regarding go green activities. The company’s website promotes for the net banking as well as for minimization of carbon footprint level. Other initiatives include using mass transportation for the banking purposes, car polling and so on. Therefore, these are some of the major initiatives taken by the cited bank.

4.6 Conclusion

This chapter talks about the nature of Green Banking Services provided by selected 4 banks (SBI, BOB, ICICI, and HDFC) operating in the 2 cities of Rajasthan (Jaipur and Udaipur). These four banks operate at very large scale, and
the impact of their Green Banking practices is witnessed in the entire banking industry. The banks have adopted two-way approaches to support the mission of Green Banking. One approach is that the banks have implemented Green Banking practices within their banking operations and the second approach is that the banks have introduced certain lucrative schemes for their customers that boost their morale to get involved in green practices. In this way, banks are motivating customers and common people in an indirect manner to become supporters of green environment. Thus, this chapter embeds the combined effect of practising Green Banking in both public and private banking sectors.
REFERENCES


