



Sustainable Growth of Green Banking in India: Issues and Challenges

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ABSTRACT

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. 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.

KEYWORDS

Banking Sector, Green Banking, Internet Banking and Sustainable Development

INTRODUCTION

Banks can play a crucial role in maintaining sustainability by becoming a promoter of sustainability. Sustainable development tends to shift the focus of the business fraternity from their traditional bottom line approach of profit to the approach of triple bottom line where the focus lies on three Ps i.e. People (society), Planet (environment) and Profit (economy) and the decision point is the point of intersection of the three considerations. Banks and all the financial institutions are focusing on the environmental protection with the purpose of fulfilling the dual role. The first role is to work towards ethically and socially responsible banking and second as an important role of their corporate social responsibility. Banks have realized the importance of triple bottom line in their day to day functioning and so its main motive of profit has now shifted towards three Ps.

During the past decade there has been a growing awareness of wide spread environmental degradation facing current and future generations. Attention has been become so great that environmentalism has been identified as potentially 'the biggest business issue of the 1990s'. Human did not come to harm the environment but the problem came when he wants to separate himself from the environment and start the use of technology. Technology has done a lot of good to the world but most bothering issue is damage cause to the environment. The threat to the environment is global warming, ozone depletion, climate changes and water pollution. On the global level there is an increase in the awareness towards the global warming and adverse climate conditions as a result interest increased toward environment protection and sustainable development.

Consumer is also responsible for the environment pollution due to use of nonrenewable energy which cause harm to the environment. Sustainable development and saving of environment are now recognized globally as overriding imperatives to protect our earth from the activity inflicted on it by the human. The concept of green banking will be mutually beneficial to the banks, industries and society. Not only green banking is related to greening only it. In the environment friendly society "Go Green" mantra has become relevant in each and every aspect of business. There is a wave of change with all business activities to not only focus on profit but also on people and planet. With the changing consumer expectation, stricter environment regulation, compliance requirements even the banking sector cannot escape this wave of change.

OBJECTIVES AND METHODOLOGY

In this paper, an attempt has been made specific objectives. 1) To understand the green banking situation particularly Indian banking system and 2) critically reviewed the existing literature on

green banking in Indian context. Based on these objectives, various research gaps, in other words research problems have been identified and conceived for the present research. A brief description is given here to comprehend the same. Basically, the literature survey gave enough confidence and scope for further research on the economics of green banking and environmental economics. In India, most of the studies have focused on examining the environmental development, deforestation, climate change and so on. To some extent analysis has been done pertaining to wildlife. Nevertheless, literature on the green banking, ECS, net banking cashless transaction is scanty. In this context there is an urgent need to focus various issues on green banking in India. The paper mainly based on literature review collected from various books, journals, reports and so on.

REVIEW OF LITERATURE

Ahuja (2015) deals with the status of Indian Banks in respect of Green Banking and state that though goes green mantra is essential for emerging countries like India but significant efforts have not been taken adequately. Banks are required to include their green aspect in the lending principle. Every step taken today will mean a better global environment in future. So a policy measure to promote Green Banking is needed in India. Indian banks are running behind time in adoption of this green phenomenon.

Jha and others (2013) are conducted an interviews and using specially structured questionnaires for survey they state certain steps needed in Green Banking. Online Banking, Green Checking Accounts (ATM, Special Touch Screens), Green loans (low rate to those who wish to buy solar equipments) for supporting environment friendly residential projects, power saving equipments, Green Credit Cards, Paper Saving Mobile Banking are among few steps suggested by them. Green Banking will ensure organization's move towards sustainability.

Yadav and et al (2013) studied that the Green Banking approaches opted by private and public sector bank for environment sustainability. Using case study approach they find that Indian banks have understood the relevance of taking positive steps towards the environment sustainability. Moreover results of the study conducted reveals that public sector banks have taken more initiatives as compared private sector with exception of ICICI bank. In private sector only ICICI bank's approach is a sustainable approach.

GREEN BANKING

Green banking comes in many forms. It means promoting environment friendly practices for sustainable growth and reduces the carbon footprint from the banking industry. Using on line

banking instead of branch banking, paying bills online instead of mailing them, opening online bank account. Green banking is comparatively new to the financial world. Green banking is a step to change client habits in the banking sector for the sustainable development in future. Online banking is the easiest way to green banking. It is paperless banking which will reduce the cost of banking activities. In December 2007, RBI issued a circular (RBI 2007-2008, 1216) highlighting the importance for bank to act with responsibility and contribute to sustainable development so that the impact of global warming can be reduced with the help of banking industry. Green banking means to promote environment friendly practices and to reduce the carbon footprint from banking operation.

According to Indian Bank Association 2014, "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 known as sustainable bank. The purpose of the bank is to perform banking activity with taking care of earth's ecology and environment.

Steps in Green Banking Initiatives

Now the question arises is how banks go green. For this there are various steps or alternative delivery channels by adopting with bank can go green. Some of the steps are discussed as under:

1) Go online

Online banking is very useful now. By online customer can check balance online, payment of bills, transfer of funds and remote deposit. It is totally paperless banking. The use of green banking creates less expenditure, less energy and less use of paper in banking activities.

2) Internet Banking

Internet banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society.

3) Green checking of accounts

Now a customer can check his account statement online through ATM or special touch screen. This process is called green checking of accounting. Green checking of account also helps in environment sustainability and reduction of global warming effects.

4) Green loans for home improvements

Any person who is purchasing eco-friendly product for home, bank is providing finance for the equipment at very less interest rate like 4 percent per year. It is a very good deal for the person who is purchasing solar equipments.

5) Use of green credit cards

Every rupee you spend on green credit card, the bank will donate fund to the non-profit environment friendly organization for environment sustainability program.

6) Save paper

Bank should use purchase the recycled product for customer use like deposit slip, ATM slip, annual report etc.

7) Power saving equipments

Bank should use less power consumption equipment in place of other equipment. Bank should start campaign to replace GSL bulbs by CFL bulbs. It will also contribute a lot in environment sustainability program.

8) Mobile banking

Mobile banking is very helpful. In one hand it is great ability to check and transfer the balance and in other hand it is helpful in saving time of the customer. It also helps the banking sector to save the paper. Most of banks are now providing mobile banking service.

9) Use of solar and wind energy

Use of solar and wind energy is an efficient way to green banking. State bank of India became the first bank in India to use and invest in solar and wind energy plant.

10) ATM

An electronic banking outlet, which allows customers to complete basic transactions without the aid of a branch representative or teller. There are two primary types of automated teller machines, or ATMs. The basic units allow the customer to only withdraw cash and receive a report of the account's balance. The more complex machines will accept deposits, facilitate credit card payments and report account information.

MAJOR FINDINGS

1. 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.

2. Natural resources conservation is also one of the underlying principles in a green bank while assessing capital/operating loans to extracting/industrial business sector.

3. 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.

CONCLUSION

With increasing concern about global warming and conserving environment, Indian banks are becoming more responsive towards the green aspirations of their customers. New initiatives like green products and new environment friendly policies are being adopted. But still there is a long way to go. Indian banks should adopt effective strategies for green banking by considering it as a necessity rather than desirability. This endeavor will surely help them in creating long term value for their business. 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.

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