



# A STUDY ON GREEN BANKING INITIATIVES

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## ABSTRACT:

Green Banking is a recent development in the financial world. The important role of Banks as the financing agent is to promote overall sustainable development. Green banking is the term used by banks to make them much more responsible to the environment and develop banking strategies which will ensure sustainable economic development.

Green Banking makes technological improvements, operational improvements and changing customer habits in the banking sector by ensuring environmentally friendly practices. The recent developments in Indian banking technology have transformed banking from the traditional system towards a sustainable practice.

Therefore, the main aim of the study is to know the impact and challenges of green banking in India and also highlights with special reference to green banking initiatives by SBI.

**IndexTerms:** Green banking, Sustainable environment, Economic development, Technological Development

## I. INTRODUCTION

Banking Sector have always been the backbone of India's economic growth and sustainable development. Green banking is an initiative taken by banks in order to promote green technologies in banking operations and to promote environmentally friendly practices. It reshapes the financial service sectors to reduce carbon footprints from banking activities which mutually benefits banks, Customers, Industries, Economy and facilitates environment management. It is a new concept which not only reduces the banking activities but also helps the environment sustainability. Green banking not only reduces paper work but also focuses on electronic transactions which is convenient to the customers as well as bankers.

The present study conceptualises the concept of Green Banking, its impact and challenges and also highlights the green banking initiatives adopted by banks with special reference to SBI.

## II. REVIEW OF LITERATURE

Dr. Giridhar K.V., K.G.Sudhakar (2017), made an attempt to understand the concept of Green banking and its issues and challenges in Indian context. soundarya Murugan (2021) main aim of the study is to know the impact of green banking in India. Mohmad Aarif and Prof. Md. Faizanuddin (2021) in their study they made an attempt to highlight the major services, challenges, Benefits of Green Banks in India. They also pointed out that Now a days Green Banking popularity is increasing, ATM booths should be all Green ATM booths, Profitability of banks increases just because of Green Banking.

Banks should invest more on bio gas plant and banks should let the people know about the green banking products. Prof. Karan Pratap Singh and Ms. Dimpal Singhania (2021) deals with the idea of green banking products among customer with different educational qualification and different income group. ANOVA and post hoc ergo propter hoc tests are applied for analyzing both the objectives. They conclude with several recommendations for organizations necessary to maneuver on from passive actions to active approach regarding the green banking in India. This paper finding explains that middle income group is more inclined towards green banking products than lower income group and better income groups and also there's a big difference in mean usage of green banking products among the purchasers with different educational qualification.

## III. OBJECTIVES OF THE STUDY:

- To study the concept of Green Banking
- To analyze the impact of green banking in India.
- To analyze the challenges faced in implementing green banking,
- To highlight the Green banking initiatives taken by bank with special reference to SBI

**IV. RESEARCH METHODOLOGY:**

The research paper is conceptual in nature. In order to develop basic insight regarding the concept, the researcher has made use of secondary data. The researcher has referred books, journals, magazines, and newspapers in addition to visits to various websites. The earlier researcher's study in the area of Green Banking has led to the conceptualization of this research.

**V. IMPACT OF GREEN BANKING:**

- Green banking avoids as much as paper work as possible, they switch over to electronic correspondence thereby results in reducing carbon footprint and saving cost to the bank.
- Introduction of ATM with solar power back up
- Improves Digital transactions and creates awareness among customers to use different modes of electronic transactions.
- Offers low rate of interest to Green Car loans, Green Home loans etc in order to give importance to environmentally friendly factors.

**VI. CHALLENGES**

Implementing Green Banking initiatives in India involves a lot of problems.

- Lack of awareness amongst the customers and bank employees about the concept of Green banking.
- Unaware of the green banking or misunderstood by people using online facilities by their banks.
- Elderly and uneducated are less adaptable towards green products and services
- Customers are not accepting the online transactions happily due to lack of safety in transactions undertaken online.
- Employee training is a major challenge faced, as they are reluctant towards the change. Green banking requires talented and experienced employee to provide proper services to customers.
- Lack of preparedness of Indian banks to implement green initiatives. It requires latest technology which is highly costly. Data protection is another challenge for the adoption of Green banking
- Risk arises in case, if banks are providing loan to customer whose businesses are affected by cost of pollution, damaging the environment, changes in environmental regulations and so on, which will also affect the loss of bank reputation.
- Credit risk arises in case of customer default.

**VII. Case Study on Initiative of SBI towards Green Banking**

The Bank has undertaken several strategic initiatives over the reporting period to create a positive impact on biodiversity and the environment, and create awareness among its stakeholders. SBI initiative towards green banking is a step towards paperless banking that benefits both the customers and employees of SBI and to reduce the Banks carbon footprint.

- SBI has also issued **Green Bonds** for refinancing eligible projects identified under the Bank's Green Bond framework. They utilise the proceeds from the Green bond towards the projects in the renewable energy and targeting significant emission reduction. In November 2021, SBI listed US\$650 million green bonds on India International Exchange (India INX) and Luxembourg Stock Exchange They also set up committee to identify the eligibility criteria of a project under the Green bond framework.
- SBI has installed 10 windmills for captive power consumption, and among Indian banks is the first bank of India to setup windmill, SBI continues to be the largest financier in the Renewable Energy (RE) sector. The banks will support the companies by financing these projects at lower interest rates and the loans will be known as **Carbon Credit plus**.
- SBI encourages people to use electric vehicles thereby reduce their carbon footprint and also to build up the momentum for electric mobility transition, the Bank has been financing e-Rickshaws and launched the **Green Car Loan** at lower rate of interest and longer loan term.
- **Green Banking Channels:** SBI has undertaken the digitisation of registers at its branches YONO is one of the cornerstones of SBI's digital journey. Since its inception, numerous accounts have been opened through the app, which has led to a reduction in branch visits and corresponding use of paper. The app also enables swift processing of pre-approved personal loans (PAPLs) without the need for lengthy physical documentation. It also focused on saving paper. . In 2021-22. Over 27,81,30,000 transactions were undertaken through GCC saving over 445 MT of paper and 39,746.81 m<sup>3</sup> of water, in addition to 4,000 tCO<sub>2</sub> e of GHG emissions.
- **Green pins** Green PIN is an easy and convenient way of generating debit card PIN through various channels like ATM, Internet Banking, IVR and SMS. Green pins generated in 2019-20 > 6.41 crores indirectly saving 16,060 trees saved, 54,320 m<sup>3</sup> water saved and 357.88 tonnes of waste prevented by transactions facilitated through YONO app and Green PIN generation
- In 2021-22 6,41,06,135 green PINs were generated, helping reduce paper consumption by 307.71 MT and consequently, water consumption by 27,482.08 m<sup>3</sup> and carbon emissions by around 2,766.91 tCO<sub>2</sub> e
- **Green Remit Cards (GRCs)** SBI Green Remit Card is a simple magstripe based card without a PIN. The card can be used for deposit of cash using GCC/Cash Deposit Machines (CDMs)/ Automated Deposit and Withdrawal Machines (ADWMs) to the designated beneficiary's SBI account.
- **Digital transactions** comprising Internet, Mobile, UPI, YONO and Green Channel. It launched YONO as a source of omni channel and lifestyle platform.
- **SBI Green Fund:** SBI initiated its customers to join through digital platform on its sustainability journey. Through Green Fund initiative, SBI utilises the fund to construct bio toilets, water conservation, Solar energy, tree plantation and so on. The fund will also be drawn from credits received from the loyalty programme under the redemption of Green Reward points. Customers who contribute to the Green fund will receive YONO branded e-certificates.
- **Fraud Angle Examination Workflow:** A web application has been initiated to identify the possibility of fraud or loan accounts that may lead to Non-Performing Assets.
- **Roll Out of Easy Approval Application for Online Approval of Notes:** As part of moving towards paperless work, SBI has rolled out the Easy Approval application in all its offices, including the Corporate Center, other CC establishments as well as all the Circle LHOs.

- **Litigation Management System (LITMAS)** is a software system where all litigation related to SBI is stored. This system has led to the elimination of thousands of papers that were being used to keep case-related records, preparing various reports and other related MIS.
- They also provide **Green Home loan scheme** to support environment friendly residential projects that are rated by the Indian Green Building Council.
- SBI also initiated financing credit to projects of setting up Rooftop Solar projects.

## VIII. CONCLUSION

Banks employ Green Banking methods as a proactive step to promote investments that are environment friendly. The climate is always changing, which puts banks in a fierce competitive situation on the worldwide market. The strategy, financial products and services, and financing activities of banks need to incorporate morality of sustainability and responsibility in order to become stronger. The creation of a platform by banks that would open up several prospects for finance and investment policies and contribute to the development of a low-carbon economy can serve as a guide for the economic transition.

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