Abstract

Ecological imbalances have raised an important issue in protection of environment among environmentalists, government and organization all over the world. Environmental sustainability and sustainable development have become the important agenda among the international community because the same plays a crucial role in continuous growth and development of an economy. Banks too can provide important leadership for the required economic renovation that will provide new opportunities for financing and investment policies as well as portfolio management for creation of a strong and successful low carbon economy. Green Banking is a component of global initiatives by a group of stakeholders to save environment. It refers to the banking business conducted in selected area and techniques that helps the overall reduction of carbon emission and internal carbon footprint. The concept of green banking is evolved in response to the global initiative to save environment. It combines operational improvements, technology and changing client. It is a win-win situation for all to bring benefits in an increasingly competitive marketplace. Adoption of greener banking practices will not only be useful for environment, but also benefit in greater operational efficiencies, a lower vulnerability to manual errors and fraud, and cost reductions in banking activities. However, The concept of environmental protection through green products and services is new to developing countries like India. This paper is an attempt to analyse the Green Banking initiatives of some of the new private sector banks in India. Basically secondary data is used for the study. Based on the findings of the study implications for further research attempt is discussed.
1 Introduction

Today, the crisis related to environment, maintaining the ecological balance and environmental sustainability has become issues for debate around the world. Organisations are now more and more interested in establishing and implementing policies that will help them to address environmental issues and also chase new opportunities. The reasons for going green are diverse and some of them are: increasing energy consumption and energy prices, rising consumer interest in environmentally-friendly goods and services, higher expectations by the public on enterprises' environmental responsibilities and emerging stricter regulatory and compliance requirements. Further, enterprise will increasingly feel the effects of environmental issues that impact their competitive landscape in ways not envisaged earlier. Investors are more and more investing their money on initiatives that are green or that develop and promote green products and services. Government agencies, investors and the public are demanding more disclosures from organisations regarding their carbon footprint and their environmental initiatives and achievements. As a result, organisations with the expertise and vision to provide products and services that address environmental issues will enjoy a competitive edge. Like any other organisations, as consumers of natural resources, banks directly interact with the environment. For instance, banks contribute towards the carbon emission directly in their day-to-day operations in terms of use of paper, electricity, lighting, air conditioning, electronic equipment and other things, although this is moderate as compared to other carbon sensitive industries e.g. steel, oil and gas, etc. Banks affect the environment indirectly by financing intermediary who are the major source of long term funding to various industries that pollute the environment heavily like chemical, fertiliser etc. Hence, there is a need for sustainable eco-friendly practices for banking industry worldwide. The concept of green banking is catching up in India and banks are actively looking for ways to portray themselves as a Green Bank.

2 Objectives and Research Methodology

The present study has been taken with an overall view to make an empirical assessment on the role of private sector bank in India towards sustainable eco-friendly green banking; accordingly, the reminder of the paper is organised as under. Section three discusses on the conceptual issues on green banking. Section four describes various tools used for Green Banking. Section five elaborates various environment friendly practices adopted under green banking approach by various private banks in India. Section six is devoted for concluding observations.

The study is basically exploratory in nature and depends exclusively on secondary data. Secondary data are collected from various reports on green banking in India published by Government of India (GOI), Reserve Bank of India (RBI), various commercial bank, World Bank and also research studies taken up by the scholars.

3 Green Banking: Conceptual Issues

Green Banking means eco-friendly or environment-friendly banking to stop environmental degradation to make this planet more eco-friendly. It refers to the banking business conducted in such vicinity and in such a manner that helps the overall reduction of outer carbon emission and internal carbon footprint (01). To help the reduction of external carbon emission, banks should finance green technology and pollution reducing projects. However, banking is never considered as a polluting industry; but the present scale of banking operations have considerably increased the carbon footprint of banks due to massive use of energy (e.g. lighting, air conditioning, electronic/electrical equipments, IT etc.), massive paper wastage, lack of green buildings etc. therefore, banks should adopt technology,
process and products which result in substantial reduction of their carbon footprint as well as develop a sustainable business.

The concept of Green Banking is attached to Triodos bank (established in 1980) from Dutch origin which resumed the environmental sustainability in the banking sector from the very first day. In the year 1990 the bank started ‘Green fund’ for funding environment friendly projects and all other projects follow later [02]. Taking example from this bank the banks all over the world have commissioned green initiatives in the banking sector. Institute for Development and Research in Banking Technology [03] defines Green Banking as ‘Green Banking is umbrella terms referring to practices and guidelines that make banks sustainable in economic, environmental, and social dimensions. It aims to make banking processes and the use of IT and physical infrastructure as efficient and effective as possible, with zero or minimal impact on the environment’. Jha & Bhome [04] defines green banking as means of promoting environmental friendly practices and reducing carbon footprint through banking activities. So it can be concluded that Green Banking approach involves using environmentally friendly practices at every level from adapting environment friendly practices within the banking organizations and also considering the environmental friendly aspect of the projects while funding and investing in commercial projects. It may be refereed as an ethical banking/ social banking (05) as there is a strong building block which is corporate social responsibility (CSR) within the agenda of green banking. CSR bind banks in a relation with society/people showing the caring face of it in different situation, especially, in crisis period. It also be regarded as sustainable banking, which has a role to safeguard the planet from environmental degradation, with the aim of ensuring sustainable economic growth.

4 Tools used for Green Banking

Various tools or banking products/ services used for green banking initiatives in India are as follows:

(i) Green Deposits: Banks offer higher interest rates on commercial deposits, money market accounts, checking accounts and savings account if customers choose to conduct their banking activities through online.

(ii) Green Mortgages and Loans: Banks offer green mortgage with better interest rates or terms for energy efficient businesses. Some green mortgages allow home buyers to enjoy 15 percent of the price of their house into loans for upgrades including energy-efficient windows, solar panels, geothermal heating or water heaters. The savings in monthly energy bills can also offset the higher monthly mortgage payments and save money in the long run.

(iii) Green Credit Cards: A green credit card can help cardholders to earn rewards or points which can be redeemed for contributions to eco-friendly charitable organizations. These cards usually offer an excellent incentive for consumers to use their green card for their expensive purchases.

(iv) Green Reward Checking Accounts: A bank product called reward checking accounts allows a bonus rate for customers who go green. Customers can earn higher checking account rates if they meet monthly requirements that might include receiving electronic statements, paying bills online or using a debit or credit card. This banking product combine higher rates along with eco-friendly living.

(v) Mobile Banking: Mobile banking is the most widely used green banking services of the banking industry. This product allow the customers to check balances, transfer funds or pay bills from mobile phone. It also saves time and energy and in reducing massive use of energy and paper of the bank. Most of the banks in India have introduced this paper-less facility.

(vi) Carbon Footprint Reduction: Carbon foot-print can assess of the impact of our day to day activities on the environment. It relates to the amount of Green House Gases (GHG) we are producing...
in day-to-day business while burning fossil fuels for electricity, heating, transportation etc. Banks can reduce their carbon footprints by adopting the following measures-

(a) **Paper-less Banking**: computerised banking help in paperless banking widely. By switching over to electronic correspondence and reporting, banks can reduce consumption of huge quantities of paper for office correspondence, audit reporting, recording public transactions etc. Banks should encourage their customers to switch over to electronic transactions and popularize e-statements.

(b) **Energy Consciousness**: Developing energy consciousness, adopting effective office time management and automation solutions and using compact fluorescent lighting (CFL) can help banks save energy consumption considerably. Banks should conduct energy audits in all of their offices for effective energy management. They can also switch over to renewable energy (solar, wind etc.) to manage their offices and ATMs.

(c) **Using Mass Transportation System**: Banks can become fuel efficient organization by providing common transport the staff posted at one office.

(d) **Green Building**: The Indian banking industry uses more than two lakhs premises for their offices and residential houses throughout the country. These banks should develop and use green buildings for their office and employee accommodation.

(e) **Online banking**: This banking services helps in additional conservation of energy and natural resources. Online banking facilities include Paying bills online, remote deposit, online fund transfers and online e-statements. It allows savings in terms of less paper, less energy and less expenditure of natural resources from banking activities. Customers can also save money by avoiding late payments of fees and save time by avoiding standing in queues and paying the bills online from home.

(f) **Save Paper**: Banks are using recycled paper products with the highest post consumer waste content possible and this includes monthly statements, brochures, ATM receipts, annual reports, newsletters, copy paper, envelopes etc. Indian banks are also employing vegetable-based inks instead of less environmentally friendly oil-based inks.

(g) **Use of Solar and Wind Energy**: Using solar and wind energy is one of the decent cause for going green. State Bank of India (SBI) has become the first bank in the country to start 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.

5 Initiatives of the new private sector banks in India towards Green Banking

The private-sector banks in India represent part of the Indian banking sector comprise of both private and public sector banks. In case of private sector banks greater parts of stake or equity are held by the private shareholders and not by government. Banking in India has been dominated by public sector banks since the 1969 when all major banks were nationalised by the Indian government. However after introduction of liberalised banking policy in 1990 by the GOI, old and new private sector banks have re-emerged. They have grown faster & bigger over the two decades since liberalisation by using latest technology, providing contemporary innovations and monetary tools and techniques. The private sector banks are split into two groups by financial regulators in India, old and new. The old private sector banks existed prior to the nationalisation in 1969 and kept their independence because they were either too small or specialist to be included in nationalisation e.g. City Union Bank, Federal Bank, Jammu and Kashmir bank, ING Vysya bank etc. The new private sector banks are those that have gained their banking license since the liberalisation in the 1990s e.g. Axis Bank, ICICI bank, Kotak Mahindra Bank, HDFC bank (Wikipedia).
The present study has made over four new private sector banks namely – ICICI bank, HDFC bank, Axis bank and Kotak Mahindra bank. Green Banking initiatives of the banks are discussed below -

- **ICICI Bank Limited**

  A multinational financial service company based in India started their operations as a completely owned subsidiary in the year 1994; earlier it was formed in 1955 as a joint teamwork of World Bank together with Public sector banks and public sector insurance firms of India. At present it is the largest bank within the private sector and second largest bank among the private and public sector banks in India taken together. As on 31st March 2014, the bank jointly operates in eighteen different nations round the globe. The bank includes a widespread network of 3,354 branches and 10554 ATMs across the country and around 81,390 staff employed in its offices. It offers a wide range of banking product and services to corporate as well as retail consumers. The bank is also attached with varied welfare activities with prime focus on achieving economic development through human development and environmental awareness campaign with the help of its ICICI foundations. As a part of their Green Banking initiatives, the bank has taken the following steps:

  (i) Providing green banking facilities such as mobile banking, on line banking which reduces the use of paper as well as save the consumer time helping the bank to improve its earning through carbon footprint.

  (ii) The bank is continuously working with Green Business Centre in collaboration with other business organization having focus on promoting green building, energy efficiency, recycling etc.

  (iii) The bank has helped varied activities that assisted in widespread of the ISO: 14000, which is associated in providing Environment Management System Certification. They are also working with industries like textiles, pulp, cement and paper for encouraging them in this method of certification.

  (iv) Providing 50% renouncement on the processing fee of selective car models that uses alternate mode of energy like LPG (Liquefied petroleum Gas) & CNG (Compressed Natural Gas).

  (v) Recently the bank has given a loan fund of INR One billion to the companies venturing into energy economical and environment friendly process. Alongside that bank has additionally served and promoting the use of unpolluted technology in STBSS coal washer; Reva electric Car Company. Source: ICICI communities, Green Initiatives [6].

- **HDFC Bank Limited**

  HDFC Bank was incorporated in August, 1994 by Housing Development Finance company and was among the first companies to receive approval from Reserve Bank of India to set up a bank in the private sector. The bank has total of 3488 branches and 11426 ATMs spread across the country in 2231 Indian town and cities with employee strength of 66,576. It is the fifth largest bank in India by total assets. The bank provides a wide range of services which includes consumer banking, corporate banking, private banking, assets management, equity to finance and insurance. The bank is also attached with community welfare services and activities such as empowerment of the lower class by helping them in education, health, water facilities etc. that will help the bank to maintain a good image in terms of corporate social responsibility. Green Banking initiatives of the bank are outlined below:

  (i) Reduction in massive paper usage by issuing e-transaction advices to corporate customers & encouraging e-statements among retail customers.
Energy conservation by conventional light options by CFLs and establishing green data centers.

Tying up with vendors for paper and plastic recycling & IT policy is strictly followed for disposing the IT assets due for retirement.

For exploring the renewable energy 20 solar ATMs have been set up in the Bihar as the pilot test and furthermore action in this regard is awaited.

Focusing on green procurement by purchasing energy star rated electronic products & purchasing diesel generator set and air conditioner that are meeting the norms of central pollution control Board (PCCB). Source: HDFC Bank, Business Responsibility Report 2013-2014 [7].

• Axis Bank Limited
Axis Bank is the third largest private bank in India and one of the first new generation private sector bank to have started operation in 1994. The bank was promoted in 1993, jointly by Specified Undertaking of Unit Trust of India (SUUTI) (the then known as Unit Trust of India), Life Insurance Corporation of India (LICI), General Insurance Corporation of India (GICI), National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India Insurance Company Ltd. The shareholding of Unit Trust of India was subsequently transferred to SUUTI an entity established in 2003. The whole spectrum of financial services is provided by the bank such as retail as well corporate banking. The key areas of the bank include wholesale/corporate banking, investment banking, retail and business banking. The bank has a large footprint of 2402 domestic branches (including extension counters) and 12922 ATMs spread across the country as on 31st March 2014. The bank is also engaged in various corporate social responsibility (CSR) activities through its trust- The Axis Bank Foundation. The bank donates one percent of its total annual net profit annually for the social initiatives and the betterment of the society through its foundation. Green Banking initiatives of the bank are as follows-

(i) For the purpose of Green banking initiatives, the bank using the slogan – ‘Reduce, Recycle and Reuse’. The recycling activities have helped the bank to use around 26000 kilograms of dry waste during the year 2013.

(ii) The bank is also providing facilities like Online banking, mobile banking to reduce the use of paper and earn carbon credit point for the bank.

(iii) Providing the facility of e-statement registration to the customers and on each registration bank donates a notebook to the backward class people.

(iv) Various green initiatives such as distribution of tree saplings and creating awareness among society have been taken by the bank [8].

• Kotak Mahindra Bank
Kotak Mahindra Bank was previously established as Kotak Mahindra Finance Limited in 1985. In the year 2003 the company was given a license by RBI (Reserve Bank of India) to run the banking business, the first ever in the banking history of India to convert into a bank. In India about twenty thousand workforce is employed in its 450 branches. Overseas branches of the bank are located in London, San Francisco, New York, Dubai, Singapore and Mauritius. The services of the bank includes deposit account, treasury loans, banking solutions, credit card, demat, insurance and financing. The bank is also providing services related to CSR for solidifying its banking business. Various Green Banking Initiatives of the bank are as follows -
(i) To encourage the customers, the bank has taken ‘Think Green’ initiatives. On behalf of the bank, every e-statement is signed and affixed with a stamp having a tree sign.

(ii) Facilities such as online banking, SMS based transaction detail for customers are provided by the bank that help in paperless banking and reduce the carbon footprint.

(iii) As per the direction of Ministry of Corporate Affairs, Government of India (MCA) the bank encouraging the shareholders for opting the electronic form of the annual report.

(iv) An agreement of US$5 million has been signed between IBM and Kotak Mahindra Bank Limited that will help the bank to build and maintain energy-efficient & highly reliable green data centre and it will also help the bank to save over US$1.2 million in operational efficiency and will lessen energy costs for the upcoming five years [9].

6 Conclusion
The private sector banks except ICICI bank are mainly inclined towards green initiatives such as on-line banking, mobile banking which are needed by the bank to match with the competitors as all the banks are providing these facilities. The environmental friendly activities such as using energy efficient appliances, implement green data centres help in improving their operational efficiency as well as cost saving in the long run. Whereas ICICI bank along with various public sector banks in India are taking various initiatives such as promoting environmental awareness among society, giving more weight-age to environmentally friendly commercial projects, supporting various pollution control measures, promoting Environment Management System Certification etc. along with fundamental green initiatives such as on-line banking, energy efficient products recycling, etc.

Learning from their western counterparts, the Indian banks (more particularly the private banks) have understood necessity of eco-friendly environment along with the economic progress of a nation and they are adopting various environmental practices and initiatives in their day to day business operations through Green banking for maintaining ecological balances. But the Indian banking sector is still at the nascent so far green banking initiatives is concern. Most of the banks are adopting and focusing only on those green activities which provides win-win situation for the bank i.e. on one hand help them to show the concern for the environment and on the other providing the bank improved operational efficiency through cost saving. Therefore creating awareness among society and helping smaller firms to change their process of Green initiatives will widespread the attitude of the banks for the same. Future research may also be conducted to study the impact of green practices on consumer willingness to purchase green products of various Indian banks.

References
