

Green Banking Practices in India as an environmental perspective- with reference to SBI and ICICI

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Abstract

Indian banking sector plays key role in the protection of environment. Implementation of Green Banking helped both customers and environment. Using green banking initiatives customers can perform their banking activities at their comfortable place. Also it helps to control the wasting of resources. This paper focused on the role of both SBI and ICICI towards protection of environment and its resources and the measures taken using a weapon called Green Banking. The study is descriptive in nature. The data is collected from secondary sources like related articles, books, and websites of banks and other yearly reports of the banks. The study found that both selected banks are successful in adopting and implementing Green Banking successfully

Keywords: Environment, Carbon footprint, Eco-friendly, Sustainability, Green banking.

Introduction

Banking is the process of lending and Borrowing of funds on time and demand basis. Banks play key role in the growth of GDP. Banking being a major service sector, this helps to contribute most of its income towards the development of country as a whole. Now day's environmental concern is becoming the key aspect of all sectors in the economy. Banking sector also took the initiation towards protecting the environment from its degradation with an instrument called Green Banking. Green Banking is nothing but encouraging eco-friendly activities and reducing the carbon foot prints from its banking activities. Green banking is also called as sustainable banking, which integrates environmental, social aspects into traditional banking system. Sustainability over environment is considered as a driver for the growth of economy.

Green Banking

Green Banking means promoting environmental friendly practices and reducing carbon foot prints from its activities, which comes in many forms like using online banking instead of branch banking, paying bills online instead of mailing them. Green Bank is a normal bank but which considers environmental and social factors into consideration. Originally banks are not considered as polluting sectors but part of its banking activities involves over use of natural resources. So Green banking is a transformational change

from traditional banking to modern banking system. In India most of the private and public sector banks are making their services Green. Green Banking comes in many forms like:

- ✓ Mobile banking using smart phones like payment of bills online and easy transfer of money from one account to another.
- ✓ ATM –Automatic Teller machine, helps to withdraw and deposit money using its debit card.
- ✓ NEFT and RTGS are the modes of bulk transfer of money through online mode.
- ✓ Green Channel Counters helps to transact money without using any pay in-slip, withdrawal forms, cheque books or remittance forms.
- ✓ Online Banking, conducting financial transactions using internet ,also called as web banking. etc

Literature Review

Ramila, et al (2015) Author stressed on the impact of Green Banking initiatives on the level of carbon foot print and also to examine the impact of green banking initiatives on the level of carbon foot print. Author also framed hypothesis to know the existence of influence on the retail electronic payment system (ECS, NEFT, and Debit card & credit card usage) on the level of carbon foot print and study is based on secondary data. Research methodology used is empirical study and also multiple regression analysis. The study concluded that the usage of debit & credit card transactions play a major role in implementing Green Banking by reducing the level of carbon foot prints. But ECS & NEFT / EFT also reduce the level of carbon foot print but it is not that much effective compare to card based transactions.

Reeta (2016) discussed the trends of E-banking in banking sector and enormous changes from traditional banking to E-banking are an amendment in banking sector. Author attempted to explore the sundry online customer services. And also discussed the growth rate and future prospects of the e-banking services provided by Indian banks. Purpose of the study is to identify the various e-banking products and services and to study the various challenges faced by the Indian banks to adopt technology and to recommend to tackle the challenges. The study is based on the secondary data and it is an analytical and exploratory study.

Youssef, et al(2017) Researcher study the application and effect of E- banking in market and challenge of E-banking in economy and Its benefits to economy. Objective is to study the adoption of E-banking in different countries to know its use in their respective countries. The study concluded that E-banking have spread at a fast rate among all banks all over the world. The data collected is secondary in nature.

Objectives of the study

1. To study the Green initiatives of SBI and ICICI bank
2. To analyze the role of Green banking towards environmental protection.

Research Methodology

It is descriptive based study. For this the data is collected using secondary methods of data collection through Literature review and much of the data is collected from Sustainability report of SBI for the year 2019-20 and ESG Report of ICICI bank for the year 2019-20. and also from various published and published books, magazines, newspapers and articles.

Green Banking initiatives of SBI

Banks and other financial institutions in India are taking initiatives for sustainable development. State Bank of India also taking part in the spread of green banking awareness. SBI is aware of the fact that the direct impact of various activities on environment cannot be controlled. That's why environmental management is considered as a key objective of each and every business organisation and financial institution. Therefore the banks approach towards environmental management is considered as a twofold aspect:-

- i.** Managing environmental and social impact on Bank's operations and
- ii.** Management of organisational activities that it finances.

Key initiatives of State Bank of India are as follows:

Bank has undertaken several strategic initiatives over the period to create positive impact over the environment and create awareness among its stakeholders.

1. Green Buildings

Green Buildings are those that are designed and build in a way that has minimal environmental impact and the construction of green buildings are applicable to any kind of building like residential homes, schools, office buildings, laboratories etc. Here SBI has received certification from Indian Green Building Council (IGBC) for seven of its establishments that have incorporated eco-friendly initiatives. Two of these are, State Bank Institute of Credit and Risk Management (Gurugram) and a Residential colony (Navi Mumbai), have been accorded the highest rating-platinum.

2. Swachhatha Hi Seva

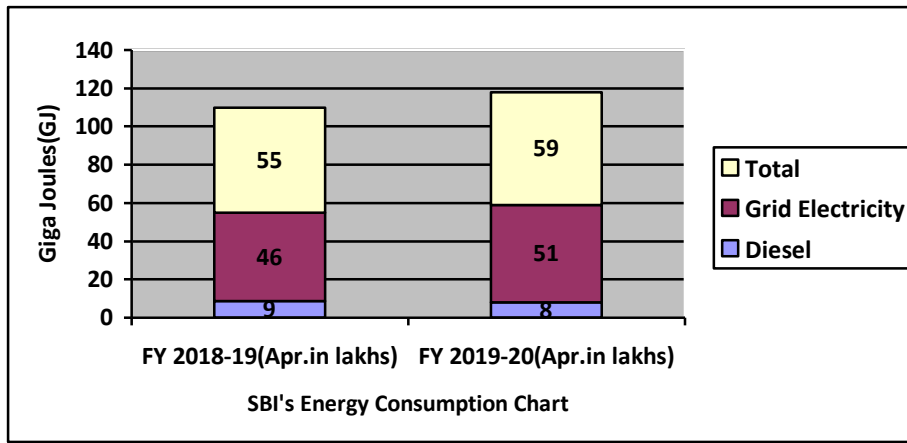
Nothing but plastic waste management ,the bank stress on the mantra of reduce, refuse and reuse to get rid of the use of single-use plastic. Part of this initiative banks several activities like distribution of cloth bags, awareness campaigns, cleanliness drives and adopting villages to help them transition to being plastic free.

3. Green Marathon

The bank has organised the 3rd edition of the SBI Green Marathon in the Financial Year 2019-20 with the objective of promoting a sustainable lifestyle, which everyone must adopt for a greener future. The run aimed at spread of awareness about the need of a cleaner and greener society. This is stimulated by every participant as an agent of change for a sustainable planet.

4. SBI's Energy Consumption and Management

SBI ventures into energy conservation, utilisation, of clean energy and reduction of GHG emissions. The primary mode of energy consumption by the bank contributes by purchased electricity. So for this bank has installed renewable energy with a capacity of 35 MWp by Bank offices, branches and ATMs as on 31st March 2020.



(Source: SBI Sustainability report 2019-20)

An amount of Rs. 1,413.12Crore has been spent on energy consumption during the reporting year, which corresponded to approximately 4.63 million GJ of electricity consumption and 0.88 million GJ of diesel consumption.

5. Energy Conservation Initiatives

Energy conservation plays a vital significant role in the Bank's towards carbon neutrality and mitigation of risk of climate change. Various energy conservation initiatives have been carried out by the Bank to lower the level of level of energy consumption.

❖ Carbon Neutrality Project

The Bank has installed solar power systems at branches and offices throughout the country as replacements for generous sets. The solar system will enable remote monitoring, so that effective utilisation can be achieved. SBI plans to expand its captive RE Power Capacity, which presently stands at approximately 35MWp.

❖ Installation of solar power plant at SBIL, Kolkata

All the buildings of state Bank Institute of Leadership (SBIL), Kolkata are fitted with solar-powered cells. These cater to the power requirements of the building and are also used to power auxiliary equipment such as streetlights, and in the process, help to bring down the expenditure towards electricity.

6. Waste management

SBI has increased its focus on waste management during the current period. As on 31st March 2020, a total of 68 Waste management units have been setup across the bank's various branches, offices and other establishments.

➤ **Plastic waste reduction** by replacing it with equivalent equipment made up of glass, steel and copper. The waste is put into biodegradable plastic bags before it is disposed. During events and conferences, the practice of using plastic flex and standee material has also been discontinued with the introduction of standees.

➤ Installation of vermicomposting machine

A Vermicomposting machine installed at State bank institute of consumer banking (SBICB), Hyderabad for decomposing food waste collected from canteen. They also collects dry leaves, later those can be converted into manure by machine. Vermicompost formed from the breakdown of

organic matter by earthworms is used in the gardens, it is cost effective and it leads to enhance the quality of the plants.

7. Green Connect

SBI has pledged to the mission of making India swachh by taking a step towards effective waste management and a plastic-free nation, also they identified more than 3 year old housing societies across the top 100 major centres, and enlightened them about household segregation.

8. Water Management

SBI has strengthened its endeavours to create consciousness over reduction in water consumption and bank has taken steps to safeguard the reduction in water consumption in water consumption. Also bank has taken steps to safeguard the resource through small measures, such as turning off taps that are not in use. As on 31st March 2020, the bank had 248 rainwater harvesting systems set up across its branches, offices and other establishments.

- Additionally SBI has taken measures to reduce the consumption of water and to save the the ground water through establishment of plant for waste water management.
- Rain water harvesting of water stored in underground tanks and surface water ponds, for domestic requirements and for landscaping efforts.

9. Natural Resource management through Innovation

- i. **Innovation in IT Infrastructure** It is undertaken to reduce the usage of paper and simplify the bank processes and promote green banking SBI has implemented it at all its branches.
- ii. **Green Banking Channels** using YONO app SBI has implemented the green banking successfully as it helped in reduction in number of visits to the branch and correspondence use of paper. The app also enables swift processing of pre-approved personal loans(PAPL)without the need of lengthy physical documentation. This in turn helps to save the natural resources in the financial year 2019-20 as follows:
 - The Bank was able to save 300 tonnes of paper through opening of 69 lakh accounts
 - Pre- approved loans(PAPLs) amounts to 6,43,889 Accounts.
 - It contributes to save an estimated 7900trees being cut.
 - The life-cycle of paper sheets, this is estimated to reduction of 26,800 m³
 - Reduction of waste generation by 177 tonnes and
 - Carbon emissions reduction by 2700 tCO₂e.

So the increased use of YONO app for these activities compared to last year has effectively increased paper savings by 114%.
- iii. **Green Remit Cards(GRCs)** , 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. On an average, over one lakh transactions in FY 2019-20 were directed through GRCs each day.

iv. **Green PIN**

Green PIN is an easy and convenient way of generating debit card PIN through various channels like ATM, Internet Banking, IVR and SMS. This benefits customers by avoiding delays and visits to the branch for submitting requests for regeneration of ATM PIN.

Other Green Initiatives of State Bank of India

- ✓ **Environmental day** every year SBI observes world environment day to spread awareness of eco-friendly lifestyle. They undertake various initiatives to spread awareness and conduct various environmental beneficial activities like Tree plantation and beach cleaning etc.
- ✓ **World soil day** Bank celebrates world soil day every year on 5th December to pay attention to the importance of healthy soil and advocate for the sustainable management of soil resources. Bank observed world soil day 2019 with a theme called stop soil erosion, save our future.
- ✓ **Tiger adoption** SBI's Hyderabad branch is working for reputed Nehru Zoological park for the conservation of wildlife. The Bank has adopted 15 tigers and desires to contribute to continue this rich legacy of the conservation of India's national animal.
- ✓ **Tree plantation** activity is the larger environmental initiative, which is conducted to celebrate the global sustainability awareness day. During the reporting period the bank has planted over four lack trees.
- ✓ **Installation of IPM+ desktop software** SBI has installed IPM+, is an intelligent power management utility software based on fine-grained power optimisation on idle components such as cores, graphic processing unit and user activity. This software used for optimising and use of electrical power in data centres and computer systems.it has been installed since May 2016 on all office desktops across the nation.
- ✓ **Branch server consolidation (BSC)**, The BSC Project is intended to consolidate all physical servers to a centralised location in a secured virtual environment. During the reporting period, 12,631 servers were migrated to virtual setup, adding to the 10,332 migrated till the previous year. This leads to reduce the energy consumption level and saved an annual cost of Rs.81.85 crore on account of reduction in cooling requirements alone.
- ✓ Banks also intends to create awareness on the ill effects of plastic pollution on our environment and community. Also SBI connected with 1000 housing societies across India over a period of two months as part of this initiative.

Green Initiatives of ICICI Bank

ICICI Bank is a top private sector bank in India. Its role and commitment towards sustainability is highly appreciable, it is enabled through various operations like optimizing energy consumption, reducing wastage of resources and recycling and reusing wherever possible. Building and maintaining Green workplace is key to the environment conservation strategy. They encompass a range of operations, which include energy conservation, increased usage of renewable energy, water management and waste management.

1. Adoption of Renewable Energy

ICICI Bank ensures the usage of renewable energy in order to reduce the carbon footprint in the fiscal year 2020, 7% of total electricity consumption was sourced from renewable sources.

- As on 31st March 2020 the total solar power installed at 2.8MWp. Also bank installed small capacity solar power plants at 554 rural branches at over 200ATMs.
- Signed Power Purchase Agreement(PPA) to purchase solar and wind energy for three of their large offices under the open access Mechanism for power sourcing. The total contracted capacity as on 31st March 2020 was 9MWp.

2. Water Management and Conservation

Water is the most scarcest and critical natural resource on the planet. Water is the key initiative in building sustainable future of both planet and country. The key principles of water conservation and management are Reduce, Recycle and Reuse.

- ✓ **Reduce consumption of water usage** in the fiscal year 2020 in 16 large cities by 6% compared to previous financial year and 25% less than the benchmark fixed by the Bureau of Indian Standards.
- ✓ **Recycle and Reuse** of waste water approximately saves 1.85lakh kilo litres per day.
- ✓ Rain water harvesting, ICICI has installed a rainwater harvesting plant at the newly constructed ICICI RSETI at Jodhpur.

3. Waste Management

Waste reduction and Management across all operations is an integral part of ICICI Bank's initiatives in managing our environmental foot-print. Waste management facilitates:

- ✓ Recycling of **Wet waste** at ICICI service centre.
- ✓ **Dry Waste** primarily arises from paper products.
- ✓ **E-Waste** primarily arises from electrical and electronic devices.

4. Other major Green initiative of ICICI Bank

India's first 'IGBC' platinum net zero rated new building, ICICI Banks constant struggle over environmental management about to establishment of state-of-the-art ICICI RSETI building which would not exploit scarce natural resources and would be net zero for water consumption and energy consumption and produce net zero waste for landfills. It uses only renewable energy and harnesses available natural resources. It also serves as a model construction for recycling and reusing of water waste, without comprising on aesthetics and functionality.

Architecture Highlights of ICICI RSETI, Jodhpur

The building is characterised by the following remarkable functional and innovative features as well as environment-friendly measures:

- ✓ Captive installation of 35 KWp Rooftop solar power plant.
- ✓ Energy efficient and eco-friendly phytoremediation sewage treatment plant.
- ✓ Facilities for drip irrigation.
- ✓ Rainwater harvesting system.

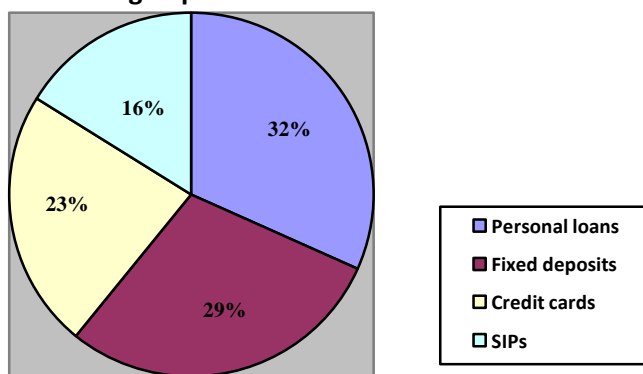
- ✓ Zero- energy vermicomposting pit.
- ✓ Single-use plastic free zone.
- ✓ Space-efficient, natural bamboo and babool furniture.
- ✓ Parking, accessibility ramp and washrooms for the differently abled.
- ✓ E-rickshaws and electrical vehicle charging points.
- ✓ Hydro energy water turbine, solar cooker and distiller and gravity lights.
- ✓ Central energy management system.

Digitisation initiatives of ICICI

ICICI bank has been exploring in digitisation of its activities and adopting new technologies. Digitisation has the capacity to promote sustainable business practices and ICICI bank aims at managing and reducing environmental footprint while creating superior and delightful banking experiences of their customers.

- Digitisation for customer convenience through reduction of paper based application forms, elimination of paper based transaction advice slips and encouraging customers to adopt digital account statements.
- Over 88% of savings account transactions in fiscal 2020 were done through digital channels, which include Internet banking, Mobile banking, point of sale(POS), touch banking, phone banking and debit card e-commerce transactions.

Digital sourcing of products in Fiscal 2020



(source: ESG Report 2020)

- Digitisation of operations by encouraging customers to adopt e-statements through constant communication and awareness programs. These efforts resulted in
 - 36% reduction in physical statements for liability products since fiscal 2017.
 - Achieved 47% reduction in physical credit card statements.
 - 61% reduction in the number of physical letters sent to credit card customers to register change in their address from fiscal
 - 61% decline in the number of physical letters sent to credit card customers to register change in their address from fiscal 2018 2020.
 - Increase in adoption of digital modes for receiving income tax certificates PIN for cards.
 - Migrated 100% of notifications for trade and remittances transactions to digital channels
 - Ensured most of the ATMs across the country are paperless.

- Also eliminated paper-based advice slips for corporate customers of banks effectively by leveraging digital platforms.

Findings of the study

- ✚ Green Banking as a new perspective which is adopted by both selected banks
- ✚ SBI being a top public sector bank has come up with many green banking initiatives.
- ✚ SBI has implemented the initiatives like financing of Green building, installation of solar power plants, plastic waste reduction, waste management and water management, carbon neutrality projects etc.
- ✚ ICICI as a top public sector bank has achieved things in implementing green banking like adoption of renewable energy, water conservation and management, waste management etc.
- ✚ Both SBI and ICICI are managing digitalising of banking activities like Mobile banking, online banking, ATM and other green banking activities with a view to save the paper etc.
- ✚ Provision of loans and advances towards financing Green projects.

Conclusion

Rapid industrial growth in India is opened for new business opportunities for potential business entities. Till now their primary focus was about profit making, later it cater to the needs of customer or service to customer but now the trend has changed completely because continuous dependency on nature and the increased use of its resources left the economy with the depleted natural resources. So each and every business organization and financial institutions undertaken measures regarding environmental protection. Though banks are not classified as polluting sectors but their activities may impact on the environment so Green Banking introduced into the banking. Green banking helps to reduce external carbon emissions and internal carbon footprint though online mode of banking. In Green banking everything is online, so it helps to reduce use of paper nothing but reduction in the cutting down of trees for paper manufacturing etc. helps to protect environment. Here both selected banks playing a pivotal role in implementing the Green Banking. Both banks are adopting new green initiatives and also financing so many green projects towards the development of economy.

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