

GREEN BANKING (A CASE STUDY OF INDUSIND BANK)

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ABSTRACT

The world has seen much focus on economic progress and Bank is also not the exception for this. This paper tries to find out the ways to Go Green through 'Green Banking'. Green banking means promoting environmental friendly practices and reducing carbon footprint from banking activities. The present paper aims to highlight Indian initiatives by IndusInd bank adopting green banking in India. Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries Green banking is a component of the global initiative by a group of stakeholders to save environment.

KEYWORDS: 'Green Banking', Government Agencies, IndusInd Bank

INTRODUCTION

In Enterprises are now increasingly interested in establishing and implementing strategies that will help them to address environmental issues and also pursue new opportunities. The reasons for going green are manifold, and the key among them are: increasing energy consumption and energy prices, growing 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. For instance, investors have started discounting the share prices of companies that poorly address the environmental problems they create. When making purchasing, leasing or outsourcing decisions, many customers now take into consideration the company's environmental records and initiatives. Investors are increasingly placing 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 enterprises regarding their carbon footprint and their environmental initiatives and achievements. As a result, enterprises with the technology and vision to provide products and services that address environmental issues will enjoy a competitive edge.

OBJECTIVES OF THE STUDY

The main objectives of the study are as follows

- The primary objective of taking up this study is to analyse various aspects of green banking in India.
- To know about green banking and its advantages.
- To suggest ways to promote green banking in India.

RESEARCH METHODOLOGY

The paper explores the various dimensions attached to the concept of green banking. It looks into some of initiatives taken in India, takes up the case study of IndusInd bank. This paper is a descriptive study, where the data has

been collected from various secondary sources. It has been extracted from among different published sources such as journals, magazines, research articles

Defining green banking is relatively easy. Green Banking means promoting environmental – friendly practices and reducing your carbon footprint from your banking activities. Using online banking instead of branch banking. Paying bills online instead of mailing them. Opening up accounts at online banks, instead of large multi-branch banks. There are many differences compared with normal banking, Green Banks give more weight age 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.

Green Processes

A Green Bank requires each of its functional units and activities to be green – environmentally friendly and help to improve environmental sustainability. Several opportunities are available for banks to green their functional units and activities. Key among them is:

- Supply Chain Management
 - Adopt techniques and plans to minimize inventory and wasted freight
 - Adopt networked design using a carbon footprint.
 - Enterprise Resource Management
 - Facilitate paperless transactions
 - Adopt techniques for workforce and parts optimization as well as intelligent device management.
- Customer Relationship Management
 - Use electronic means, wherever possible, to maintain contact with and correspond with customers and potential customers and minimize paper-based correspondences.
- Sourcing and Procurement
 - Select vendors by the sustainability rating of their products, services and operations.
- Product Life Cycle Management
 - Design and offer banking products and services in such a way that consume less resources and energy and thereby reduce carbon footprint.
 - Implement effective systems for product end-of life management that have minimal impact on the environment.

Green Products and Services

Banks are developing new products and services that respond to consumer demand for sustainable choices. Following are some of the options that banks should offer to their customers, if they are not offering already.

- Electronic and telephone banking, facilitating customers to perform most of their banking needs anytime, anywhere.
- Automatic payments reduce the need to write and send cheques by mail.
- Electronic (paperless) statements, product information, guides and annual reports to customers and stakeholders
- Offering and promoting mutual funds that focus investment in 'green' companies
- Offering a special line of credit to help homeowners invest in energy-efficiency upgrades for their home.
- Offering credit cards co-branded with environmental charities.

Green Banking Strategies

Conduct energy audits and review equipment purchases and disposal policies and practices. Assess IT's environmental and cost impact and identify areas to be "greened"

- Set SMART (Specific, Measurable, Attainable, Realistic and Timely) green goals as the internal targets to reduce your carbon footprint along with timelines. Develop criteria for measuring progress towards the goals
- Engage with key stakeholders and create awareness of environmental issues and their impact on the economy, the environment, and the society. Also, explain to them the business and environmental value and the necessity of greening the bank processes, products, and services
- Encourage, motivate, and energize the workforce to follow the green path and to come up with and implement their own ideas. In addition, also encourage clients, suppliers, and outsourcers to adopt green practices
- Monitor the progress regularly; watch industry trends and new developments. Revise the green policy as required

About IndusInd Bank

IndusInd Bank, which commenced its operations in 1994, caters to the needs of both Consumer & Corporate customers. It has a robust technology platform supporting multi - channel delivery capabilities. The Bank enjoys a patronage of 2 million customers and has a network of 210 branches and 497ATMs spread over 168 geographical locations in 28 states and union territories across the country. The Bank also has Representative Offices in Dubai and London. The Bank is driven by the state-of-the-art technology since its inception. It has multi-lateral tie-ups with other banks providing access to more than 21000 ATMs for its customers. It enjoys clearing bank status for both major stock exchanges - BSE and NSE - and three major commodity exchanges in the country - MCX, NCDEX, and NMCE. It also offers DP facilities for stock and commodity segments. The Bank has been bestowed with the mandate of being a Settlement Banker for auctions at Kolkata, Siliguri, Coonoor, Coimbatore and Guwahati.

In a pioneering initiative in 'Green Banking' project, the Bank became the first bank in Maharashtra to open a solar-power ATM. Subjects like sustainable development, social responsibility and climate change are fast becoming part of the corporate vocabulary and IndusInd is at the forefront of this change in the Indian banking sector.

In Q4, the Bank received a series of awards commencing with the prestigious 'Technology Bank of the Year-2009' award in the private and foreign bank category from the Indian Banks' Association (IBA). The State Forum of Bankers Clubs, Kerala, bestowed the "Excellence Award", as the second best new generation Bank in Kerala. Recently, it

has also been recognized as the Bank with the Best Credit Quality in FE India's Best Banks, a publication brought out in support by Ernst & Young, reflecting the robustness of Bank's credit assessment systems. The Bank has been awarded the highest P1+ rating for its Fixed Deposits and Certificates of Deposit by CRISIL. Recently, CRISIL has reaffirmed its P1+ rating of IndusInd Bank's fixed deposits and certificates of deposit program. This reflects significant improvement in its asset quality. The rating also factors in the Bank's resources and earnings profile, and average capitalisation levels

Indus Mobile will allow the customers to bank anytime anywhere through their mobile phone. Customers can access information and transact at absolutely no cost charged by the Bank and at high level of safety. Customers will also be able to book movie tickets, pay their bills and even perform Mobile to Mobile Funds transfer, NEFT and RBI's Inter-bank Mobile Payment Service (IMPS). IndusInd Bank is the only bank in India which allows its customers to initiate Card less Cash withdrawal transactions through the Mobile Application; which means the beneficiary can withdraw Cash from select IndusInd Bank ATMs without using an ATM/Debit Card.

IndusInd Bank inaugurated Mumbai's first solar-powered ATM as part of its "Green Office Project" campaign titled "Humaur Hariyali".

With the solar-powered ATM, the bank expects to save around 1,980 Kw of energy annually besides reducing carbon emissions by 1,942 kg. It also expects to save power bills of around Rs 20,000 per year in urban areas, where it replaces diesel generators with solar panels. In a bid to reduce the carbon footprint, Romesh Sobti, MD & CEO of IndusInd Bank, who describes "green banking" as his mission, has also introduced thin computing (which reduces the need for many personal computers), e-archiving, e-learning, e-waste management, paperless fax, energy conservation, CNG cars and supporting finance programmes with incentives to go green. Indus Ind Bank is just one of the several leading Indian banks with similar plans. "There is already a group of leading banks in India that recognise the importance of their role and the commercial advantage this will give them," says Emily Farnworth, senior advisor on the finance sector to The Climate Group, which acts as secretariat to signatories of the Climate Principles



Figure 1

Findings

Basically Green banking avoids as much paper work as possible and rely on online/ electronic transactions for processing so that we get green credit cards and green mortgages. Less paperwork means less cutting of trees. It also

involves creating awareness to banking business people about environmental and social responsibility enabling them to do an environmental friendly business practice. Due to green banking transaction cost of bank has been reduced in long run, which would help to increase its profits. Green banking protect our globe from global warming.

CONCLUSIONS

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. The Indian banks are still taking baby steps into this form of banking. Still, many of them are keen to actively pursue this strategy. The important role to play in going green by contributing to the creation of a strong and successful low carbon economy. They should expand the use of environmental information in the credit extension and investment decisions. the banks going green in the technologies and services that they are providing, will not only save their energy and water consumption but will also appraise them in the of environment supporting customers. The Green approach adopted by the banks will impact the customers in positive way.

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