

Green Banking: An Approach Towards Environmental Management

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Abstract

The world has witnessed much focus on economic progress but has also neglected environmental issues. This negligence today has led to huge losses in terms of climate change, biodiversity, environmental degradation, rising green house gases, loss of forests and water resources, and so forth. This degrading situation of the environment has led to a call by the society for taking responsibility to safeguard the planet. The corporates, thus have shifted their focus from the single bottom line, that is, profit to the wider approach of “triple bottom line” in lieu of achieving economic, social, and environmental performance simultaneously for attaining sustainable development. Today, every sector of the world economy is talking about their approach towards protection of the environment, and the financial sector moving towards their 'going green' approach in no exception. Various financial services which have adopted green approach in their businesses are banks, stock brokerages, insurance companies, and consumer finance companies. This paper aimed at finding out the various initiatives taken by the Indian banking industry to protect the natural environment and bring about sustainable development in the society.

Keywords: green banking, sustainable development, environment, environmental issues, Indian banking industry

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In the present times, sustainability is becoming an integral part of the business fraternity. So, the question arises as to how the banking industry is responding to the challenges of sustainability? Industrialization and commercialization of the service sector have led to the development in many areas, but has also created problems in the path of sustainable development. The participation of the financial sector, especially the banks, in attaining sustainable development is important because they act as the intermediaries between people and various organizations. Their activities also have an important effect on the environment (Peeters, 2003).

It is seen that the banking sector has not responded very positively towards green activities as compared to many other sectors (Bhardwaj & Malhotra, 2013). There exists the conception that it is already an environmentally friendly sector (Jeucken & Bouma, 1999). However, it is environmentally friendly only in terms of emissions and pollution (Biswas, 2011). The present study has shown that the concern for the environment in the banking sector, though not high, can be seen increasing (Bhardwaj & Malhotra, 2013). This increasing concern has given rise to the term “green banking,” which is a much talked about term in the banking sector nowadays. The present paper aims to understand (a) the response of the Indian banking sector towards green banking ; (b) aims to understand the various benefits and opportunities that the banks get by adopting the green banking philosophy.

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Green Banking

Green banking is like normal banking, where all the environmental and social factors are taken into consideration in providing its services with the aim of protecting the environment (Bai, 2011; Jha & Bhome, 2013). Today, it has become a global initiative taken by various banks to save the environment. Green banking is also called ethical banking and banking that promotes corporate social responsibility (Bihari, 2011). It involves the promotion of environmental and social responsibility through various banking services like using online banking instead of branch banking, opening of online banks and not large multi-branch banks, encouraging the bank's activities which use less paper, and so forth. Green banking covers: sustainable banking, ethical banking, green mortgages, green loans, and so forth (Islam & Das, 2013). The first bank which was set up with the aim of sustainable banking is Triodos Bank, Netherlands. This bank finances only those organizations which work on social, cultural, and environmental values like in the field of health care, social business, renewable energy, social housing, and so forth. This bank has been a pioneer in launching of "green fund" for financing green projects (Dash, 2008).

In the financial sector, banks play an important role in financing different companies for their projects. So, they have a very significant influence on their clients' operations. Thus, banks should handle such clients very strictly, which have the potential to generate negative impact on the environment.

Green Banking and Sustainable Development

The NSSD (2011) stated that sustainable development implies the selection and implementation of a development option which allows for the achievement of appropriate and justifiable social and economic goals without compromising the natural system on which it is based (Department of Environmental Affairs, Republic of South Africa, 2011). One of the major economic agents influencing overall industrial activity and economic growth are the financial institutions such as the banking sector. Thus, the banks should go green and play a proactive role to make environmental and ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, and use appropriate technologies and management systems.

A green bank or a sustainable bank has many labels: corporate social responsibility (CSR), corporate responsibility (CR), corporate citizenship, environmental and social governance, where a proper balance of everything has to be maintained. Approach towards green activities not only benefits the environment, but also the organization which performs these activities in many ways. Studies show that there is a positive correlation between the environmental performance and the financial performance (Horváthová, 2010; Iwata & Okada, 2011). These eco-friendly approaches by the organizations also lead to operating profit, competitiveness (Bansal & Roth, 2000), and cost savings (Ruth, 2009).

The Global Framework

What should the banking sector do for creating a sustainable environment? Internationally, there are several initiatives to create a common protocol for environmental management. Amongst all, the two principles that guide in this respect are United Nations Environment Programme Finance Initiative (UNEP-FI) and the Equator Principles. In the year 1991, a small group of commercial banks joined with the United Nations Environment Programme (UNEP) to increase awareness of environmental protection among the banks. The main objective of UNEP-FI is to develop a linkage between sustainability and financial performance. It aims at protecting the natural resources and the environment by promoting environmental friendly bank practices and reduction of carbon footprints from various banks' activities. In this respect, UNEP-FI (2007) stated that a sustainable bank considers the effects of its services and operations on the ability of the current and the future generations to meet their needs. UNEP-FI seeks to encourage better implementation of sustainability principles at all levels of operations in financial institutions through the incorporation of environmental, social, and governance factors in

risk analysis. It has 200 signatories across the globe.

Equator Principles were launched in the year 2003. These are a set of voluntary guidelines for assessment of social and environmental risks in project financing. These principles are based on the International Finance Corporation Performance Standards on social and environmental sustainability and on the World Bank Group Environmental, Health, and Safety guidelines. Currently, 78 financial institutions in 32 countries have officially adopted Equator Principles, covering over 70% of the international project finance in the emerging markets. In December 2007, RBI issued a circular (RBI 2007-2008/216) highlighting the importance of banks to act responsibly and contribute to sustainable development. But till now, none of the Indian banks are signatory to UNEP-FI, and none of the banks in India have adopted the Equator Principles.

Until the very recent past, banks did not lay any emphasis on the environmental activities of their clients. However, now, banks have realized the need to focus on environmental issues because of the indirect costs that the banks need to pay due to environmental degradation. For example, under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) in 1980, banks in U.S. had to suffer a huge loss (Jeucken & Bouma, 1999). The Act holds the banks also responsible for the environmental pollution activities of their clients. Many banks in U.S. had to pay huge remediation cost for the misconduct (Jeucken & Bouma, 1999).

Environmental Impact of Banks

The environmental impact of banks is basically of two types- direct and indirect. Direct impact is also called as internal impact. A bank, through its proactive approach, can help attain energy conservation, waste reduction, and so forth, and in this way, it can make its internal activities more environmental friendly. The indirect environmental impact is also called the external impact, which refers to the impact of the activities of the banks's clients who avail financial services and support from the banks. These impacts of banks are concerned with activities of the banks's customers.

A bank performs a number of external activities and maintains a large customer base, especially in terms of providing loans. So, the banks have started becoming prudent in their lending activities, but they still need to become more serious in prioritizing their lending processes. They should emphasize on the investments which are environmentally responsible, that is, the industries which have already become green and those on the path of becoming green should be given priority. This priority of the banks has given rise to the term called green financing. Hayder (2012) stated that Indian banks should realize the importance of green banking and should consider environmental aspects in their lending principles that would force the organizations to be environmental friendly with respect to technology and management. Banks can play a very significant role in saving the environment by financing only environmentally sound projects of their clients. The banks should prioritize on providing loans to the sectors that promote various environmental protection activities ("Green banking comes to focus," 2010). Thus, the banks can have a significant influence on their clients's operations.

Importance of Green Banking

Banks are exposed to a diverse portfolio of customers. So, they have reoriented their activities to a risk based approach for their lending and investment activities. Financial institutions are exposed to three types of risks, which arise from various social and environmental issues of the banks's clients. These risks are credit risk, legal risk, and environmental risk. Biswas (2011) and Chakraborty (2011) stated that banks are responsible and accountable if their clients's portfolio has any negative influence on the environment. The banks's function of being a risk assessor plays an important role in achieving sustainability. Banks, being a major source of funds, can play a crucial role in encouraging the reduction of carbon footprints emissions by the industries to whom they provide loans. If the banks do not fulfill the environmental criteria in their lending processes, then they can face various risks involved with the lending process, which are discussed in the following section :

[1] Credit Risks : Credit risks occur to the banks in the following situations: (Dlamini, 2010; Guo, 2005 ; Jeucken & Bouma, 1999) :

(1) If banks lend to the companies whose businesses get adversely affected because of some changes in the environmental regulations, and the companies are not able to meet the costs of new environmental requirements, and,

(2) If banks provide loans to any real estate firm whose property value deteriorates because of the emerging environmental issues.

[2] Legal Risks: Banks are at legal risks in the following situations (Dlamini, 2010; Guo, 2005; Jeucken & Bouma, 1999) :

(1) If banks do not comply with the environmental regulations,

(2) If there are inadequate environmental practices by the debtors, and

(3) If banks take possessions of any collateral property which is a pollution causing asset.

[3] Reputational Risk : Banks also bear the reputational risk when they finance any project which can cause environmental degradation. There is a lot of increasing awareness among the general public for the environment. So, the industries which pollute the environment are - many times - being forced by the general public to shut down. Such a situation leads to both credit risk as well as reputational risk to the banks which have provided loans to such an industry (Dlamini, 2010; Guo, 2005; Jeucken & Bouma, 1999). So, if the banks become pro-active with reference to environment management systems (by controlling their lending activities), they can manage to be safe from these risks.

Green Banking Products

Now-a-days, banks have started providing many services to their customers like sending e-statements, providing electronic bill payment services, and so forth. Due to technological advancements, banks have come up with a number of products like ATMs, mobile banking, Internet banking, and so forth. These products are not only convenient to use, but are also environment friendly. This has changed the banking operations and has led the banks to think in the green context like green banking, green products, green financing, and so forth (Singh & Kaur, 2012). Various green products of banks are online banking, ATM facility, mobile banking, green financing, green deposits, green credit cards, remote deposits, and so forth.

Sustainability Issues and Opportunities for Banks

The issue of sustainability provides various innovative strategic opportunities to the banks to get the competitive edge along with protecting the natural environment. Some key strategies for sustainability are as follows:

(1) Paperless Banking : Banks have computerized their branches, and this has increased the scope for paperless banking. Banks use a huge quantity of paper for recording public transactions, and for various office correspondence, and so forth. Banks now have started switching to electronic correspondence and reporting. Banks should also encourage activities like sending e-statements to the customers and services like mobile banking, online banking, e-remit services, and so forth (Bahl, 2012a ; Dua, 2013).

(2) Corporate Social Responsibility : Many Indian banks have initiated various social responsibility services such as tree plantation camps, pollution check-up camps, and so forth.

(3) Green Buildings : Banks should develop and use green buildings for their offices and for the accommodation of their employees . This will help banks reduce their carbon footprint and save the operational costs. Green buildings use a reasonable amount of water and energy and produce less waste (Bahl, 2012a ; Nath, Nayak, & Goyal, 2014).

(4) Green Financing : Banks are the major financiers of projects in the economy. Banks must focus on financing projects which are environmentally friendly. Banks are providing concessions on the interest rates to environment-friendly projects (Mehtar, 2014).

(5) Green Retail Banking Products : Banks have developed innovative green banking financial products which reduce the carbon emissions and save paper. Some such products developed by banks are mobile banking, online banking, green reward checking accounts, green credit cards, remote deposits, and so forth (Mallya, 2012).

(6) Sustainability Reporting : Sustainability reports document an institution's economic, environmental, and social parameters. In India, only two banks are performing their non-financial reporting (Kalia, 2011).

(7) Efficient use of Resources : Banks must use energy-efficient equipments like CFL lights, energy-efficient computers, and so forth. Banks should also focus on the use of natural resources like solar energy for various office activities. Banks must focus on energy efficient activities like tele-video conferencing, encourage car pooling among employees for reducing business travel for fuel conservation, and so forth (Mallya, 2012).

(8) Carbon Credit Business : Banks in India have a huge potential for carbon credit businesses. Banks can set up carbon credit businesses and get fee-based income, and in parallel, can also contribute to environmental protection. In India, SBI and IDBI Bank have started performing this business. IBDI has set up a carbon credit desk to provide services to clean development projects. This bank has entered into a partnership with the buyers of carbon credit like IFC, Washington and Sumitomo Corporation, Japan and reputed domestic technical experts like MITCON. HDFC Bank has signed an agreement with Cantor CO2E India Pvt. Ltd. and MITCON Consultancy Services Limited (MITCON) for providing carbon credit services (Onlinecarbonfinance.com, n.d.).

Methods for Adopting Green Banking

Some of the activities that have helped banks in adopting the green banking approach are :

(1) Online Savings Accounts : This is a very clean and environment friendly approach towards green banking. It includes paying bills online, receiving electronic statements, electronic transfer of money, receiving of pay checks, and so forth. All these activities have a very strong control on the use of paper (Singhal, Singhal, & Arya, 2014).

(2) Credit and Debit Card : These cards are being very widely used by the customers for making the payments of various expenses without carrying hard cash (Singhal et al., 2014; Bahl, 2012b).

(3) Electronic Fund Transfer : This method uses electronic technology in place of cheques for various transactions (Bahl, 2012b).

(4) Mobile Banking : Customers can get many banking facilities on their mobile like checking balance and getting details of their various account transactions (Jha & Bhome, 2013). These functions can be performed through mobile and personal digital assistance (PDA).

(5) Online Banking : The banks also provide benefits for performing various banking transactions like cash transfer, bill payment, making shopping purchases through the Internet without visiting the branch of the banks

(Jha & Bhome, 2013). Banks, for this reason, provide an Internet banking ID and password to their customers. The customers also get the benefit of getting their bank statements electronically through a secure log-in. This not only saves paper but also reduces the chances of identity theft.

Government Initiatives Towards Green Banking

The Government's role in promoting green activities for protecting the environment is the need of the hour. In this regard, the Government has issued instructions to all public sector banks, financial institutions, and public sector insurance companies on green initiatives. The Government has issued guidelines on the following issues - like increased use of electronic payment, increased use of core banking solutions (CBS), increased use of video conferencing and offering of a centralized payment system through sub-membership route to all banks to facilitate direct electronic benefit transfer (Department of Financial Services, Ministry of Finance, Government of India, 2012).

Reserve Bank of India : Green Initiatives

The Reserve Bank of India (RBI) is India's central banking institution, which controls the monetary policy of the Indian rupee. The institution is also the regulator and supervisor of the financial system and prescribes broad parameters of banking operations within which the country's banking and financial system functions. On December 20, 2007, RBI came out with a notice for all the commercial banks titled "Corporate Social Responsibility, Sustainable Development and Non-financial Reporting- Role of Banks" (RBI Notification No: RBI/2007-2008/216; Verma, 2012). RBI also follows the following international initiatives:

- ✱ Global Reporting Initiatives,
- ✱ The Equator Principles,
- ✱ United Nations Environment Programme Finance Initiatives.

RBI has also emphasized on environmental issues like global warming, Happy Plant Index, and The Kyoto Protocol. It has also asked all financial services companies including the non-banking financial companies (NBFCs) to gradually stop the use of cheques and switch over to the electronic payment system. The RBI, in its publication, Policy Environment acknowledged the term "green banking" and outlined the implementation of green IT in all the areas of its work. Mor (2008) and Mallya (2012) stated that none of the banks in India are a signatory to the Equator Principles. According to Biswas (2011), very few banks in India have awareness of the Equator Principle.

Green Banking Initiatives in Indian Banks

There is a very strong relationship between banks and the economy of any nation. In India, the total contribution of banks to GDP was 5.7% in the year 2011-12. There has been a rapid increase in the asset of the Indian banking sector. It reached the level of ₹ 83 trillion in the year 2012 (Khan, 2013). The concept of green banking in India is in its initial phase. However, the positive aspect of the fact is that the banks are actively looking for ways to portray themselves as green banks. Various banks such as State Bank of India, Punjab National Bank, IDBI Bank, Bank of Baroda, and so forth have started financing projects on renewable energy. The Indian banks that have, till date, played a major role in the context of green banking are State Bank of India, ICICI Bank, NABARD, IndusInd Bank, and Yes Bank.

With respect to green initiatives, Indian banks have been working within the context, but until now, have not made huge successful attempts. According to Verma (2012), Indian banks are realizing the need to shift their vision from profit motive to motive of triple bottom line, that is, planet, people, and profit. The Indian Banks'

Association collaborated with the British High Commission to prepare the first ever document for making Mumbai, a carbon finance hub (Das & Swain, 2011). HSBC, ICICI Bank, and HDFC Bank have received “Green Leader Awards” for their contribution in the green banking initiatives. These banks have not only successfully lowered their carbon emission levels, but have also invested in various green energy projects. However, none of the Indian banks have so far adopted green banking business as a business model for sustainable banking. SBI and YES banks have generated additional income through carbon credit financing and advisory services (Bahl, 2012a). IDBI provides various services in the field of Clean Development Mechanisms (CDM) to its various clients. According to Mani (2011), banks are socially responsible corporate citizens and also play a major role in the reduction of carbon emissions.

Indian Case Studies

State Bank of India : Green Initiatives

State Bank of India (SBI) is a multinational India based bank. It is owned by the Government of India with its headquarters in Mumbai, Maharashtra. As of December 2012, it had assets of US\$501 billion and 15,003 branches, including 157 foreign offices (Yadav & Pathak, 2013). The following are the various green initiatives taken by the State Bank of India :

- ★ **Green Home Loan Scheme** : It aims at supporting environmental friendly residential projects and provides many concessions for the purpose. It will provide loans for projects, which are rated by the Indian Green Building Council (IGBC). It will give certain benefits like 5% concession on margin, 0.25% concession on the interest rate, and the processing fee will be waived off (Kumar, 2009).

- ★ **Green Project Loans** : To encourage customers to reduce emission of carbon footprints, SBI is providing project loans to its customers on concessionary interest rates (Das & Swain, 2011). SBI also encourages them to carry out environment friendly projects by adoption of clean technology. SBI also launched a pilot project to map the carbon footprints of banks to achieve sustainability.

- ★ **Green Channel Counter** : Green channel counter (GCC) facility was launched by the State Bank of India on State Bank Day, that is, on July 1 in the year 2010, at its 57 branches across India. GCC was adopted to increase the paperless activities in the bank. In July 2011, SBI expanded its GCC activity in more than 5000 branches in India. The various transactions which are facilitated through GCC are cash deposits, cash withdrawals, and fund transfer. The transaction amount has been fixed as ₹ 40,000/- . This process is not only convenient but also less time consuming (Mishra, 2013).

- ★ **Banking on Green Energy with Suzlon** : SBI is the first bank to involve in the generation of power by installing windmills by entering into a joint venture with Suzlon Energy Ltd., the world's third leading and India's largest wind turbine manufacturer (D'Monte, 2010 ; "SBI turns green, installs windmills", 2010 ; Suzlon, 2010).

ICICI Bank : Green Initiatives

ICICI Bank, which is the second largest commercial bank, has taken several initiatives to save the environment. ICICI Bank's “Go Green” initiative saved 30,000 trees in the year 2009-10 and 16 crore litres of water. It also saved 1,754 tonnes of paper, which helped the company save ₹ 7.36 crores in February 2010. The bank also supports other organizations in their green initiatives by funding green technology projects (Singh & Singh, 2013). The following are the various green initiatives adopted by ICICI Bank :

- ★ ICICI bank has set up its Technology Finance Group for implementing multilateral programmes on behalf of the Government of India in the areas of R&D, energy, environment, and health care (Mathur, 2012).

- ★ The bank worked on reducing the carbon footprints by providing customers facilities for e-branches, e-statements, online banking, and mobile banking. It also initiated the concept of dateless diaries and visiting cards made up of recycled paper (Singh & Singh, 2013).
- ★ ICICI Home Finance offers less processing fees to its customers who purchase a home in Leadership in Energy and Environmental Design (LEED) certified buildings (Nath, et al., 2014).
- ★ The bank provides waiver in processing fees of cars that use electricity and CNG by 50% (Verma, 2012). For the purpose, they have identified Reva electronic car, Tata Indica CNG version, Hyundai's Santro Eco, Mahindra Logan CNG version, Maruti's LPG Version of Maruti 800, and Versa and Omni (Nath, et al., 2014).
- ★ It has assisted various projects for promoting energy efficiency, renewable energy, biomass gasification, waste heat recovery, and so forth. It also assists organizations to undertake clean technology projects. ICICI Bank also promotes use of vehicles with zero emission by providing concessions to projects that are involved with the manufacturing of such vehicles (The Climate Group, 2010).
- ★ ICICI has set up its Technology Finance Group (TFG). It assisted in the introduction of environmental management codes (ISO 14000). It aided finance in the development of the first passenger car in India. In the fiscal year 2011, TFG assisted various projects on solar energy, nuclear energy, and drug recovery (Mathur, 2012).
- ★ ICICI Bank headed the corporate environmental stewardship programme with the Bombay Natural History Society for issues like biodiversity, environmental laws, and wildlife habitats (D'Monte, 2010).
- ★ It has also worked in the area of coal technologies. It has introduced the concept of deep beneficiation of coal and coal bed methane for the first time in India. It assisted the first coal washery for providing a solution to Indian coal as it has high ash content and is highly polluting in nature (D'Monte, 2010).
- ★ ICICI Bank started a programme called "My Saving Rewards" for various transactions done through the savings bank account. Reward points are offered to the customers for using Internet banking, online shopping, EMI payments for different loans, and so forth (Shankar, 2012).

ICICI Partnerships for Green Initiatives

- ★ ICICI Bank has associated with the Indian Government and the World Bank for financing SMEs (small & medium enterprises) for their green research initiatives. It also associated with Tata Power to conduct various energy awareness programmes in various schools. ICICI has partnered with Jindal Urban Infrastructure Ltd. to sponsor MSW processing plant in Delhi (Singh & Singh, 2013).
- ★ The bank associated with the Indian Army for various water management and energy conservation initiatives (Banknetindia.com, 2008).

IndusInd Bank : Green Initiatives

IndusInd Bank is a Mumbai based Indian Bank established in the year 1994. The bank offers commercial, transactional, and electronic banking products and services. The bank received the NASSCOM IT User Award 2012 for "Environmental Sustainability," The CII Environmental Best Practice Award 2012 for the "Most Innovative Project," and was awarded in the "Business Enterprise Services" category for running ATMs on solar power – organized by Panasonic Green Globe Foundation in 2012-2013 (IndusInd Bank, n.d.).

On December 18, 2009, IndusInd Bank Ltd. inaugurated its first solar-powered ATM in Mumbai under its "Hum aur Hariyali" green project campaign (D'Monte, 2010) and gave to the public a green office manual- A Guide to Sustainable Practices which was prepared by the bank in its association with the Centre for

Environmental Research and Education (CERE). The bank also took initiatives to reduce its carbon footprint by undertaking activities like e-archiving, e-waste management, paperless fax, thin computing, CNG cars. IndusInd's new solar ATM replaces the use of energy for 8 hours per day with eco friendly and renewable solar energy. The distinct feature of the solar powered ATM is its storage capacity and transmitting power on demand. The bank has collaborated with an NGO named CERE in Mumbai with the aim of promoting environmental sustainability through "Green Office Projects". Some other green initiatives of IndusInd Bank are as follows :

- ★ **Thin Computing at Karapakkam :** Under this initiative, the PCs are replaced by using diskless workstations. This saves paper by 60% and thus saves the environment (IndusInd Bank, 2011).
- ★ **Paperless Fax:** IndusInd Bank introduced paperless fax to reduce the use of paper. This initiative reduced the usage by 50,000 sheets of paper in 6 months only in its corporate office (IndusInd Bank, 2011).
- ★ **Document Management System and Workflow :** In this management system, the documents are scanned and the central processing units scrutinize them and proceed to open accounts. This has lead to saving of 60% cost on premises. Such approach of the bank has saved almost 13,30,000 sheets of paper for photocopying and 2,60,000 sheets for checklist (IndusInd Bank, 2011).
- ★ **Solar ATMs :** IndusInd's Solar ATM in Mumbai, is the first solar powered ATM in India. Autonic's solar UPS replaced the use of non-renewable diesel with renewable solar energy. The solar ATM uses photo voltaic cells which converts sunlight into electricity. The solar powered ATM will save energy of 1980 KW hrs per annum and reduce carbon dioxide by 1942s kgs per year (Mishra, 2013).
- ★ **Employee Awareness Programme :** IndusInd Bank aims at increasing green awareness among its employees. The green projects of the bank were headed by a group of employees, the "Green Champions". These green champions were empowered through various workshops and then they act as drivers of the various green projects of the bank (IndusInd Bank, 2011).
- ★ Besides these initiatives, the bank also replaced CRT monitors with LCDs with the aim of saving power by 50%. It also practices desktop video conferencing to reduce the travel expenses. It has introduced the usage of A4 bagasse paper in its corporate office. This activity is not just cost efficient, but is also environmental friendly. All the branches of the bank also use CFL bulbs (IndusInd Bank, 2011).

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YES Bank : Green Initiatives

YES Bank is a private bank in India with headquarters in Mumbai. YES Bank deals in corporate investment services, commercial banking, investment banking, and branch banking. The bank has more than 550 branches across the country and 1,158 ATMs. YES Bank won the Golden Peacock Award for Corporate Social Responsibility in 2013.

- ★ Yes Bank has instituted an Environmental Management Committee (EMC) to control issues of resource consumption and operational expenditure at the bank. The committee also aims at installing an intelligent environmental management system to track the resource consumption and develop to mitigate YES Bank's carbon footprints (Yes Bank, 2011).
- ★ Yes Bank is a signatory to the carbon disclosures projects and periodically reports its emissions. The bank has also won the FT-IFC Sustainable Banking Award (Yes Bank, 2011).
- ★ The bank works very strictly on the issues of energy and water conservation and reduction of carbon emissions. It also works very strictly on the conservation of natural resources by adopting the "3-R" (reduce,

reuse, recycle) approach. It also promotes “Green Procurement” to the maximum possible extent (Yes Bank, 2014).

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Conclusion

The study has shown that banks, as responsible corporate citizens, have taken several concrete steps to reduce their direct environmental impact and carbon footprint. However, banks should work more to leverage their indirect control over investment and management decisions. Green banking is a proactive way to deal with environmental sustainability. It will not only help banks, but will also help other industries and finally the economy as a whole in attaining sustainability. The banks need to focus on many more issues like creating awareness among employees, customers, and the society as a whole, and green financing can work as an important strategy to make the consumers become more and more aware about environmental sustainability. Further research can be conducted to ascertain the impact of these green initiatives on customers' willingness to purchase green products.

Managerial Implications

This study has several implications for bank managers. The study showed the key areas where the managers must focus their green orientations along with the ways of implementation. Since banks are the biggest intermediary in any economy, they can create a big impact on many other sectors and organizations to adopt a sustainability approach into their business activities. This can be made possible by the banks by simply adopting certain green considerations in dealing with their clients.

Indian banks, so far, have been very slow adopters of many green initiatives. The present study would help the managers to understand some best practices being followed by various banks and would definitely help them to adopt the most suitable initiatives for their banks. As the study shows, green banking is not only good for the environment, but it is also beneficial for the banks, customers, and the economy as a whole. It also helps in reducing the operating cost of the banks. So, by adopting these practices, the managers can take their banks into a more profitable position through improvement in the asset quality of the banks in the future (Bhardwaj & Malhotra, 2013).

This study also suggests that if the bank managers take initiatives to promote various green practices like mobile banking, online banking, ATM, and so forth for conducting various banking transactions, there definitely will be fewer footfalls of customers in the bank branches and thus, it will be easy for the bank employees to manage the customers visiting the branches. The study also revealed that none of the Indian banks have adopted various green guidelines like Equator Principles and UNEP-FI. The managers of the banks should start working in this direction as this is already instructed by the RBI. Proper adoption of various green initiatives would help managers to control the various risks like legal, reputational, and credit risks of the banks and this would lead to least loss in the field of financing as the chances for recovery of the financed money would become very high. All these steps would lead the banks to gain a good reputation among the public as well.

Limitations of the Study and Scope for Further Research

The present study is totally based on secondary data and the situation may vary from bank to bank. An empirical study on the application of the green initiatives is required to be carried out for different banks. This would give the actual status of green banking initiatives in Indian banks.

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