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Contemporary Musings on Green Banking: Emerging Challenges and Opportunities in India

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Abstract

This research paper aims to focus on the changing trends in Green Banking and the emerging challenges in introducing or implementing it in India. The industrialization is tapping the ever-increasing needs & desires of individuals and it's a gesture of development of mankind. On the other hand, it is evident that the exploitation of the nature, which in turn has disturbed the natural balance. The banking sector is an unavoidable segment of human life which has also had contributions to such exploitation of nature. Green banking is a brilliant strategy the by banking sector to maintain the environmental stability which emphasis on eco-friendly technology, adoption of paperless operations etc. The green banking is an excellent initiative in the field of banking and plays a pivotal role in the holistic reduction of the bottlenecks to the environment and to promote the effective and efficient banking services to society. But it is evident that to adopt this operandi in a multi-diversified Indian society there are certain barriers and obstructions. In spite of 75% literacy rate in the country Green banking remains as an alien concept to millions. This paper attempts a constructive discourse on Green Banking and its challenges it also offers insights to successfully implement it in our day to day life.

Key words: Green banking, Eco-friendly, Paperless operations, Digitalization.

Introduction:

It is evident that the industrialization and globalization has added a lot of comfort luxury to human life. The advent of science and technology in diverse fields has reduced the human labor; saves time provides information which is accurate and authentic. On the other hand, people in this techno savvy world grow idle and turn indifferent to the environmental issues. Majority of the people believe that banking sector is always associated with loans, savings, investments and other money transactions but hardly muse on the fact that it can preserve or conserve the environment in myriad ways. Green Banking is one of the brilliant measures introduced by the banking sector for the betterment of environment and mankind. Banking sector plays a crucial role in the economy which promotes sustainability of money circulation; it's obvious that the banks require lot of paperwork for administration and management. Green Banking is a form of banking which helps in the reduction of external carbon emission and internal carbon footprint.

India is a country with 135 crore population, 80% of people are directly depended on banking sector and 20% of people are indirectly depended on banking sector. It's obvious that the banks requires lot of paperwork for administration and management, the amount of paper spent in single bank unit may be less but in India there are more than 1.3 lakh individual units are in operation, when we think from this perspective the amount of paper consumed by banker is more compared all the other sectors of the economy. To overcome from the use of paperwork and to promote the techs and eco-friendly models bank has adopted green banking which promotes sustainable development of economy and environment. The concept of Green banking has a motive of 3 P's i.e. planet, people and profit, where objective to promote environment protection (planet), promoting efficient service (people) and making profit in ethical way.

In general, Green banking/ethical banking/sustainable banking is a way of performing banking activities without harming the environment and economy and also to promote the manufacturing sects which doesn't harm the society. Green banking is a banking which considers all social and environmental factors. Green Banking started with a mission of protecting and promoting the environment.

Review of literature:

Extensive research has been done on this innovative strategy in banking sector. For instance, the research paper titled "*Green banking trends in India*" authored by Paramasivan C highlights the concept and benefits of green banking. Kavitha Vardale in her research paper titled "*Green Banking initiatives by Indian public and private sector banks*" attempts to do a comparative study on the use of Green Banking Products in banking sector and examine the green banking initiatives by top three Public and Private Sector Banks in India which resulted that both banks have effectively initiated green banking initiative.

On the basis of review of literature, it's clear that majority of research papers are adducing on green banking products of bank, challenges, opportunities and so on. This research paper not only explains the concept and threats involved in green banking but also provides solutions or alternate methods with suitable illustrations in order to implement the strategy both in rural and urban areas. Thus, it emphasis on the challenges and opportunities to the various green products and also tries to suggest possible overcoming strategies.

Objectives of the study:

1. To understand the concept of green banking.
2. To identify the challenges involved in green banking
3. To muse on the opportunities in green banking

Research methodology:

The present study and findings has been incorporated based on the collection of the published data which includes journals, magazines, research articles and reports of the various banks and websites are used in this study. Survey method and interview is used to find the impact of green banking in current Indian society and to analyze both the pros and cons of this method.

Benefits of green banking:

1. Elimination of paperwork:

It is crystal clear that documentation and paperwork plays a vital role in the field of Banking. With the advent of science and technology lot of information and data is computerized thus reducing the manual labor and paperwork and provides details ever ready. The Green banking is the adoption of technology to perform the banking which influences to reduce the paper work. For instance, every transactions were recorded or written then which increased the use of paper whereas technology offers a provision of storing the data and also delete the same when it not necessary. The passbook was updated or printed regularly to have clarity in transaction. An individual is expected to visit the bank and carry his/ her passbook for a transaction. With the help of Green Banking an individual is licensed to transact at any place. SMS, Email, OTP helps the person to check his account though he is not able to visit the bank. Paper work is limited to certain extent with this initiative.

2. **Reduction in cost:**

   To execute a transaction a bank should have to spent certain amounts which are associated with execution of such transaction. When a transaction executed with e-means the entire costs interlinked with execution of transaction is reduced.

3. **Loans at a concessional rate:**

   Banks provide loans to the individuals based on lending principles of banker, certain manufacturing sectors of the economy will not have such eligibility to get loans, green banking initiative offer less rate loans to certain renewable sources like solar energy, afforestation etc.

4. **Creating awareness:**

   Green banking creates awareness among the individuals about the use of environment friendly products and also takes the initiatives to provide healthy environment to future generations.

Green Banking- its dynamics and challenges:

1. **Online banking/Go-online:**

   Online banking includes Internet Banking, mobile banking, RTGS, NEFT which allows the individuals to operate account (payment) through the electronic means. The challenge for such tech is acceptability among the people, who prefers to pay their obligations in the form of money only. Go-online is efficient but is not used by individuals

2. **Online bank account:**

Online Bank Account is an account which allows the individuals to open an account with the use web portal of bank and they can operate that account just like normal account. Challenge for this green product is that though individual registered with web portal bank obtains the physical documents.

3. **Paperless statements:**

Individuals are allowed to extract the various term based reports of their account through the use of online portal which is valued like physical report and those reports are not accessible without the use of required password. Only with proper authentication holder can access this statements are more effective than physical reports but not gained the attention from the individuals because individuals always want their reports on physical form for various reasons.

4. **Card based transactions:**

Variety of cards have been offered by the banks to the individuals which allows them to access their funds but the major challenge for such card is acceptability among people because most of the people are depended on unorganized retail sector where card based transactions are not used. Limitations or the transaction limit is also a major hindrance in card based transactions. Loss of cards, passwords, CVV number etc. would result in unauthorized access to account also holder can lose money.

5. **Green finance:**

Bank provides financial assistance to the environment friendly projects. The challenge for such advances is that internal management. Not all banks encourage or motivate the eco-friendly organizations or the firms. When it comes to the profit of the banks very few banks take this initiative of green banking. It also depends upon the firm's willingness, turnover, dedication and contribution. Green finance is one of the effective measures adopted in the banking sector to help eco-friendly systems but not gained the attention from industries which are doing such environment friendly initiatives.

6. **Use of renewable resources:**

Use of solar power to operate the ATM, UPS, rain water harvesting system etc. The major challenge for the above mentioned facility is that it is not trendy one in India which is not gaining the attention from the individuals. Proper awareness should be given to the people to implement the changes in the society similar to the western countries. It also interlinked with startup costs and environmental changes also a challenge to equip facilities with solar plantations.

Suggestions:

1. **Creating awareness:**

It is highly important for the banks and the government to create awareness through proper channels. Now a day's government takes several steps to promote digital banking through television and print ads. Until Demonetization, people were not serious or hardly knew about the green banking. Digital banking is a secure method to be explored but a proper orientation to the techniques should be provided to use it effectively.

2. **Innovative financial solutions:**

To promote the debit and credit cards and loans the banks follow lot of advertisement strategies but there is not such initiations to promote green banking, the bank should adopt such kind of innovative promotional strategies for the sake of green banking

3. **Training to the employees:**

In certain banks like RRB's, co-operative banks the concept of green banking is not adopted, the industry have to take initiative and have to provide regular training to the employees about the green banking, because if they know the working of green banking means they can work industry in well-defined manner.

4. **Imparting education:**

Technology based learning is required to adopt in the countries education system to nurture the safe life of mankind and also to influence the sustainable growth of economy and environment.

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