

Impact of Inexperienced Banking

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ABSTRACT

Industry plays a very important role in the economic process and environmental protection by promoting environmentally property and socially accountable establishments. The amendment is that they want for survival altogether spheres. Inexperienced banking may be a kind of banking from that the country and nation gets environmental edges. a traditional bank becomes an inexperienced bank by leading its core operations towards the betterment of surroundings. Inexperienced banking has become a buzzword in today's banking world. Adopting inexperienced banking practices won't solely be helpful for surroundings however additionally profit in bigger efficiencies, lowers manual error, fraud, and price reduction in banking activities. This paper focuses on inexperienced banking activities, concepts, impacts, challenges, edges and suggestions for implementing inexperienced banking in the banking sector in the Indian economy.

Keywords: Environmental production, social responsibility, green banking, betterment, cost reduction.

INTRODUCTION

Banks play an awfully pivot role within the society. As a financier to major biological process comes their role within the society and impacts on the surroundings can't be neglected. The banking sector is taken into account as a clean sector that is technologically robust with minimum negative impact on the surroundings and therefore the society. Internal operations of the banks might increase greenhouse emissions, like energy consumption from lights, use of computers and ATM machines, water, waste disposal, business travels etc. The direct impact of banks' energy, waste, and paper use on the surroundings is relatively lower than several alternative sectors however since the dimensions of the banking sector is giant, their impact on the surroundings as an entire sector can't be neglected. Banks area unit that specializes in their roles within the society and that they have realized to figure towards their company

social responsibility. CSR and moral banking area unit the most drive towards inexperienced banking idea. Depository financial institution of India is that the initial bank in our country to adopt inexperienced power by putting in a windmill. As a neighbourhood of its inexperienced banking initiative, it put in ten windmills in Tamilnadu and Maharashtra. This study tries to analyze the idea of inexperienced banking, merchandise of inexperienced banking and to seek out the impact of the adoption of inexperienced banking on Indian economy. This paper focuses on the importances of inexperienced banking and therefore the challenges visage by the banks to adopt inexperienced banking.

Objectives of the study:

- ✓ To study the concept of Green banking.
- ✓ To know the Products of green banking.

- ✓ To identify the importance of Green banking
- ✓ To find out the challenges of Green banking
- ✓ To analyse the impact of Green banking on the economy.

RESEARCH METHODOLOGY

This study mainly includes literature review from secondary data. It includes different articles, their relative information published from the bank and other internet sites. The study is based on earlier research done in this particular aspects. This study is a descriptive study based on findings of other researchers.

Meaning: Green banking means promoting environmental friendly practices and reducing carbon footprint from banking activities. This may be in way of using online banking instead of branch banking, paying bill online instead of mailing them, opening up cds and money market accounts at online banks instead of large multi ranch banks. It is like a normal bank which considers social and environmental factors. It is also called ethical banking which aiming at protecting the environment and controlled by same authorities as what a traditional banks do. Self ATM pin generation, mobile banking

transaction record, online Banking through internet, SMS, phone and ATM, free electronic bill payment services, e-remit services, e-statements, online account opening and cash backs for new customers for opening green accounts application are some of the examples of green banking.

Definition: Institute for Development and Research in Banking Technology defines Green banking as “it is an umbrella term referring to practices and guidelines that make banks sustainable in economic, environment, 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.” IDRBT offers guidelines for Green banking in two levels.

- ❖ Making day-to-day business operations, banking products and services greener by following simple practices and making them environmentally friendly.
- ❖ Making IT infrastructure (including data centre) and physical infrastructure (including buildings) greener and taking initiatives so that a bank could itself generate electricity for its own consumption.

Products of green banking:



Advantages of green banking: Green banking refers to the initiatives taken by the banks to encourage environment-friendly investment. Thus, it is important that Indian Banks should realize their responsibilities towards the environment as well as the society in order to compete and survive in the global market.

RBI, State bank of India, ICICI Bank, IDBI Bank, Union bank of India, Yes bank, Indus Bank and other banks have adopted Go Green Concept.

- **Less paper work:** Green banking avoids as much paperwork as possible and relay on online transactions for processing. Less paper work means less deforestation.
- **Creating environmental awareness:** Green banking creates awareness about environment among business people. It enables them to do an environmental friendly business practice. Green banks adopt and implement environmental standards for lending, which is really proactive idea that would enable eco friendly business practices which would benefit our future generations. Green banking saves Acacia, Bamboo, Neelgiri and other woods.

- **Saves time:** It saves time for both customers and bank. Customers can avoid personal visit to branches. By using green banking customer can check balances, transfer of funds or pay bills through the phone. Use of online banking instead of branch banking saves time and cost as well.
- **Corporate social responsibility:** CSR has become a standard of sustainable business practices. Green banking is like a normal bank, which considers all the social and environmental or ethical factors with an aim to protect the natural resources.
- **Faster services to the customers:** It enables faster service compared to branch banking.

Challenges of green banking: Challenges and Benefits of Green Banks were at start up mode and if they were restricting their business to a smaller pool of customers, then their profits will be impacted. Green Banks had higher operating expenses as banks, which are going green required specialized talent, skills, expertise due to the kind of customers they were servicing and also the reputation of the banks was impacted if they were involved in the projects emphasized on the confronting challenges of green banks.

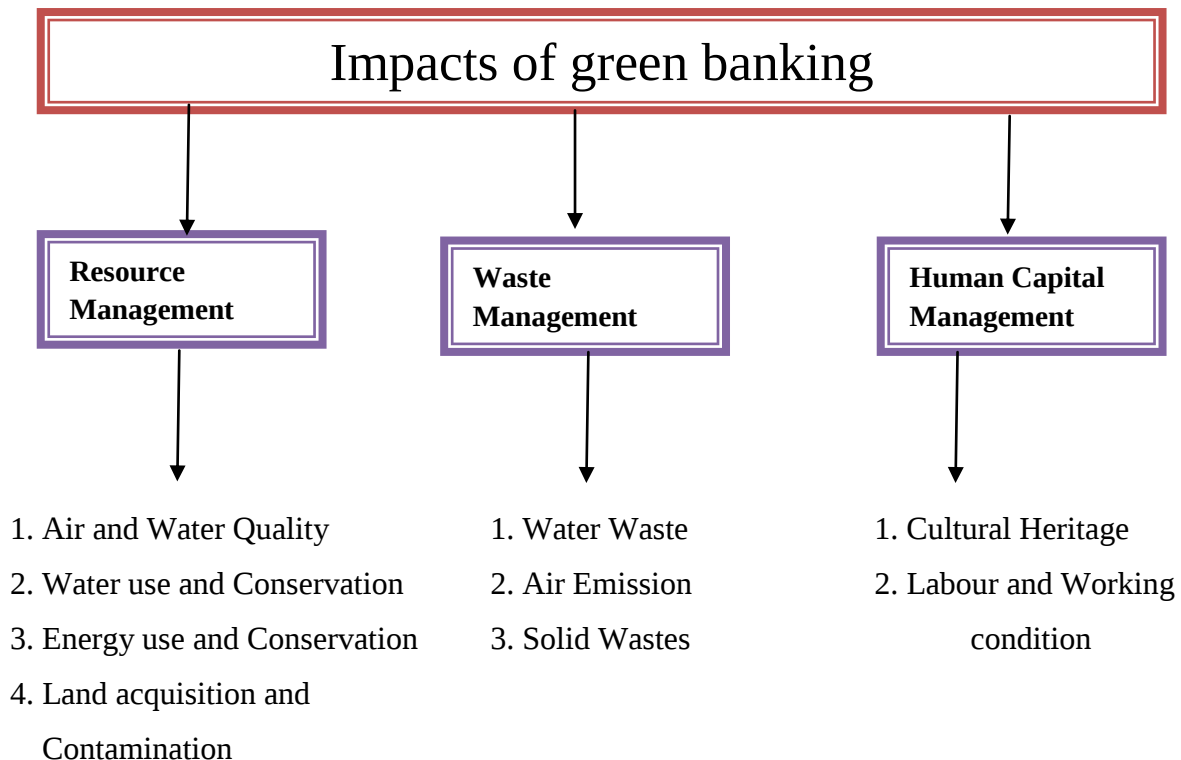
- ✓ **Diversification problems:** Green banks restrict their business transaction to those business entities who qualifies screening process done by green bank with limited number of customers they will have a smaller base to support them.
- ✓ **Start-up face:** Many banks in green business are very new and are in start-up face. All banks in India are not having the facilities which are needed for adopting it. To adopt green banking it may take time.
- ✓ **Higher operating cost:** Green banks require talented experienced staff to provide proper services to customers. Experienced loan officers need with additional experience in dealing with green business and customers.
- ✓ **Reputational risk:** If banks are involved in those projects which are damaging the environment they are prone to loose of their reputations. There are also few cases where environmental management system as resulted in cost saving.
- ✓ **Difficult to operate:** The people who are unaware of new technology, it is difficult to them to go green and adopt all the ways.

Environmental and social Impact of Green Banking:

- Use of paper less banking results in reducing the carbon footprint from internal banking operations. It also leads to saving cost to the bank because through automation they can avoid the cost of storage of paper also the cost of courier and vehicle fuel consumption and emissions.
- Adoption of Green Street lending, which means offering low rate of interest to consumers and businesses for installing solar energy systems and energy saving equipments like solar hot water systems, highly efficient furnaces, heat pumps and replacement windows.
- Banks can change their routine operations through recycling programs, paperless banking, using energy efficient resources, and support for community events for reducing pollution and so on .

- Use of green and recycled material like office doors and cabinetry which are made from wheat boards or carpets and furniture which are made from waste material;
- Use of water and energy efficient products like dual flush toilets, low flow faucets, reflecting roofing material, solar shades that block direct sunlight without eliminating daylight and solar heating system;
- Recycling of construction waste like steel, cardboard and wood.

In short Impacts of green banking can be structured as below:



CONCLUSIONS

Green banking may be a proactive and sensible approach of thinking towards the future property. currently days it's important for the banks to adopt inexperienced banking for the growth of the economy. By adopting the environmental factors in their loaning activities, banks will recover the comeback from their investments and build the polluting industries become surroundings friendly. Banks have to be compelled to apply the morality of property and responsibility to their business model,

strategy formulation for his or her merchandise and services, operations and their funding activities and become stronger. For effective adoption of inexperienced banking, the run battled in and therefore the Indian government ought to play a major role and formulate inexperienced policy pointers and monetary incentive.

Now, it's a right time for banks to adopt the ways of implementing inexperienced banking. Some suggestions for the banks to encourage inexperienced banking are:

- ✓ Making inexperienced banking as a part of annual surroundings reports.
- ✓ The banks ought to amendment their routine operations through the adoption of paperless banking, online banking, and mobile banking.
- ✓ Training and development of relevant skills among bank staff.
- ✓ Banks will introduce inexperienced funds for purchasers UN agency would love to speculate in surroundings friendly come.
- ✓ Construct websites and unfold the news concerning their activities.
- ✓ Banks could formulate innovative monetary solutions to include an environmental perspective.
- ✓ The banks ought to begin to use of renewable energy generated through solar energy plants, energy star-rated lighting fixtures, motion sensors etc. it'll additionally improve the general public relations and worker satisfaction and thereby it reduces the rate of attrition of staff.
- ✓ The banks ought to begin finance in low carbon technologies and develop new property merchandise and services that may mitigate the risks of global climate change.

Banks will do rather more to assist surroundings than simply promoting online banking. It may implement energy economical operational procedures, giving transport facilities to staff and increasing their loaning in inexperienced comes like environmental friendly industries. however, as a part of revolution

inexperienced banking has its own positive impact on the economy.

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