

Green Banking



Green banking means promoting environment friendly practices and reducing carbon footprint from banking activities. Its aim is to protect the environment for the benefit of current and future generations.

Green banking aims at improving the operations and technology along with making the clients habits environment friendly in the banking business.

It is like normal banking along with the consideration for social as well as environmental factors for protecting the environment. It is the way of conducting the banking business along with considering the social and environmental impacts of its activities.



What is a Carbon footprint?

When you use fossil fuels, like heating oil to keep your house warm or gasoline for your family's car, these things create carbon dioxide, also called CO₂. Carbon dioxide is called a greenhouse gas. Many scientists believe that greenhouse gases are making the earth too warm. Your carbon footprint is the total amount of CO₂ you create. A big carbon footprint is bad for the planet.

Green Banking uses new technologies, industries, financial products and services that take into account the environment, energy efficiency, reduction of pollutant emissions, recycling etc. For this reason, green banking is the intersection of financial industry, environment and economic growth.

This comes in many forms: Using online banking instead of branch banking, paying bills online instead of mailing them, opening up account at online banks, instead of large multi-branch banks etc.



Green Banking products and services:



Green Deposits:

Banks offer higher rate on checking accounts and saving accounts, if customers conduct their banking activities online.



Green Mortgages:

Banks offer green mortgage with better rates or terms for energy efficient houses.



Green Loan:

Giving loans to a project or business that is considered environmentally sustainable.





Green Credit Cards:

These cards offer an excellent incentive for customers to use their green card for their expensive purchases, and by using it the banks will donate funds to an environment friendly non-profit organization.



Green Reward Checking Account:

Customer can earn higher checking account rates if they meet monthly requirement that might include receiving electronic statement, paying bills online or using debit card.



Green Saving Account:

In case of green saving accounts, banks made donations on the basis of savings done by customers'. The more they save, the more the environment benefits in form of contributions or donations done by banks.



Mobile banking and online banking:

These new age banking forms include less paper work, less mail, and less travel to branch offices by bank customers, all of which has a positive impact on the environment.

Benefits of Going Green

Green banking offers the following benefits:

- (1) Green banking avoids paper work and makes use of online transactions such as Internet banking, SMS banking and ATM banking. Less paper work means less cutting of trees.
- (2) Green banks adopt environmental standards for lending which would benefit future generations.
- (3) Green banks gives more importance to environmental friendly factors like ecological gains thus interest on loan is comparatively less.
- (4) Free electronic bill payment services.
- (5) Creating awareness to business people about environmental and social responsibility enabling them to do a environmental friendly business practice.



Green Banking Strategies

Green banking activities involve two major approaches i.e., green transformation of internal operation and environmentally responsible financing.

- **Green Banking through internal operations:**

- It means all bank should adopt green banking activities in their day to day operations.
- These include adopting appropriate ways to use renewable energy, automation and minimizing their carbon footprint.
- In their day-to-day business operations, banks ordinarily generate carbon emissions through the usage of paper, electricity, stationary, lighting, air conditioning and electronic equipment. As an example for green banking, the banks should incorporate paperless technologies in their internal operations to help the environment as well as provide their customers efficient and better services.



- **Green Finance:**

- Green Finance refers to banks that provide financial assistance to environmentally responsible projects.
- The purpose is to provide financial assistance to green technology and pollution reduction projects to reduce external carbon emissions.
- The bank support industries that are resource efficient and emit low carbon footprint. Priority is given to financing eco-friendly business activities and energy efficient industries such as renewable energy projects, hybrid car projects and so on.



Benefits of green banking for the customers:

Green banking practices are very convenient, easy, cost effective and time saver for the bank customers. Customers don't need to go to the bank for banking transaction; hence they can save time as well as money. It is a type of anytime-anywhere banking.



Benefits of green banking for bankers:

Green banking can reduce the need for expensive branch banks. From a bank's perspective, it can reduce costs, increase the speed of service, expand the market, and improve overall customer service.

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Benefits of green banking for the environment:

Adoption of green banking practices will benefit the environment in many ways. Banks can do much more to help the environment by just promoting green banking.

Use of green banking practices will result savings of energy, fuel, paper as well as water.





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