



**“A Report on  
The Green Banking practices of commercial banking of Bangladesh:  
A Study on Social Islami Bank Limited”**

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BBA Dissertation  
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# Letter of Transmittal

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**Subject: Submission of Internship Report The Green Banking practices of commercial banking of Bangladesh: A Study on Social Islami Bank Limited.**

Dear Sir,

With due respect, I would like to inform you that it is a great pleasure for me to submit the report on “**The Green Banking practices of commercial banking of Bangladesh: A Study on Social Islami Bank Limited. At Uttara Branch**” as a mandatory requirement for BBA Program. This internship program was my first on-the job exposure and provided me with learning experience and knowledge in several areas. The whole experience of this internship program enabled me to get an insight into the real life situation. I have tried my level best to make a full fledged report by analyzing all the requirements you have asked for.

I am grateful to get the opportunity to prepare this report under your guidance. I will remain deeply grateful if you kindly give your valuable time to go through the report and evaluate my performance. I will be very happy to provide any further explanation if necessary.

Sincerely Yours,

.....

**M.M. Saad Habib**

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## Student's Declaration

I am M.M. Saad Habib, the student of Bachelor of Business Administration major in MARKETING, ID: **010221330201** would like to somberly declaration that the internship report on **The Green Banking practices of commercial banking of Bangladesh: A Study on Social Islami Bank Limited** At Uttara Branch has been authentically prepared by me. While preparing this report, I didn't breach any copyright act intentionally. I am further declaring that I didn't submit this report anywhere for awarding any degree, diploma or certificate.

I also confirm that the report is only prepared to my academic requirement not for any other purposes. It will not be used with the interest of opposite party of Islami Bank Bangladesh Limited.

Sincerely Yours,

.....

M.M. Saad Habib

ID No. 010221330201

Major: MARKETING (BBA)

Department of Business Administration

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## Supervisor's Declaration

This is to certify that internship report on **The Green Banking practices of commercial banking of Bangladesh: A Study on Social Islami Bank Limited At Uttara Branch**” has been submitted for the fulfillment of the degree of Bachelor of Business Administration (BBA) at IBAIS University, carried out M.M. Saad Habib, the student of Dept. of MARKETING under my supervision. He has done his job according my supervision and guidance. To the best of my knowledge and as per him declaration, any part of this report has not been submitted for any other degree, diploma or certificate.

He is permitted to submit the internship report. I wish great success of him future career path.

Best regards.

.....

**Mohammad Aminul Islam**  
**Assistant Professor**  
**Department of Business Administration**  
**IBAIS UNIVERSITY**  
**Dhaka, Bangladesh.**

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# Chapter – 1: INTRODUCTION

## 1.1 INTRODUCTION

An internship program is a very good approach to co-relate the practical work experience with the theoretical knowledge because it provides an individual the great opportunity to work in an organization with some specific objectives. As a result, it bears great importance in case of business graduates.

As an intern it was a great opportunity for me to work in one of the reputed private commercial banks of Bangladesh, the Social Islami Bank Limited. During this period, I had the opportunity to work in the Green Banking Unit at the Uttara branch of Social Islami Bank Limited.

Green Banking or Sustainable Banking as a concept is not very new around the world. Global warming, unusual weather pattern, rising greenhouse gas etc. has always urged the business world to take some responsibilities in safeguarding the planet. Consequently, environment friendly banking practices emerged in many western countries.

However, in our country, the central bank of Bangladesh, Bangladesh Bank has taken the real initiative to make the financial industry more environment friendly and responsible by Green Banking Policy Guideline in February 27, 2011.

Formulating a detail Now, the main objective of my internship program was to evaluate the Green Banking practices of the Social Islami Bank Limited and this report is basically a result of experience in the Green Banking Unit of the Social Islami Bank Limited.



## 1.2. SIGNIFICANCE OF THE REPORT

As a part of the Bachelor of Business Administration (BBA) course requirement, it is a 12 weeks long internship program to introduce the students with the real life business administration. I took the internship with Social Islami Bank Limited which stands a prominent name in banking industry. I have chosen to do my internship report titled "**The Green Banking practices of commercial banking of Bangladesh: A Study on Social Islami Bank Limited.**" It will increase the knowledge to know the corporate world and will tend to apply theoretical knowledge in the practical life. I am proud to work as an intern with SIBL and this experience will surely help me in my future career. This advance working report has been prepared as a part of the Internship Program. Being an intern the main challenge was to translate the theoretical concepts into real life experience.

The internship program and the study have following purposes:

1. To get and organize detail knowledge on the topic.
2. To experience the real business world.
3. To compare the real scenario with the lessons learned at IBAIS University.
4. To fulfil the requirement of BBA Program.

## 1.3. OBJECTIVE OF THE REPORT

The main objective of this report is to identify the initiatives that have been taken by Social Islami Bank to introduce Green Banking in Bangladesh.

**The specific objectives are:**

- a) To discuss strategies and guidelines for the Green Banking.
- b) To find out how green banking works at Social Islami Bank.
- c) To understand and manage risks that arises from environmental concerns.
- d) To evaluate alternative sources of energy that is environment friendly.
- e) To explain how Green Banking can be adapted with solar and Bio-gas energy sources.
- f) And finally to identify the major areas of efficiency or inefficiency of the bank regarding its Green Banking initiatives.

## 1.4. METHODOLOGY

Methodology describes the manner in which data is collected, analyzed and interpreted. I have collected the information/data from the following sources, which has helped me to make this report. The source is divided into two parts:

- a) Primary Source
- b) Secondary Source.

### 1.4.1 PRIMARY SOURCES

Data collected for the first time is called primary data. The methods used to collect such data include:

- a) Collected from with the concerned employees of the bank.
- b) Conversations with my classmates.
- c) Practical work experience in the Green Banking Unit under the Risk Management Division of the bank.

### 1.4.2 Secondary Sources of data

The secondary data sources are annual reports, manuals, and brochures of Social Islami Bank limited and different publications of Bank. To identify the implementation, supervision, monitoring and repayment practice- interview with the employee and extensive study of the existing files. Methods used to collect secondary data include:

- a) Annual Report of SIBL Ltd
- b) Official website of SIBL Ltd
- c) Some brochures and related articles of SIBL Ltd.

## 1.5. SCOPE OF THE STUDY

In my internship period, the scope of the work was as vast as I was assigned to work in every departments of the bank in Uttara Branch, I have tried to observe and understand the green banking activities. I also tried to understand different topic from the bank personnel.

## 1.6. LIMITATIONS OF THE STUDY

Almost every research work has to face some limitations in its completion. Limitations of a study are those issues that if analyzed could be more helpful for the study. This internship report is not also out of limitations. For the purpose of acquiring data to prepare this report I faced some constraints that are listed below:

- a) **Lack of PubliHed Materials:** PubliHed materials was provided so difficult for me this report is a lack some specific reference papers in the appendix part.
- b) **Time Constraint:** Covering the entire Green Banking performance of the bank was a difficult task within the time allowed for the internship program.
- c) **Lack of Experience:** Preparing a formal document like an internship report requires some prior experience in this field. I have tried my level best to reduce the distortion or biasness of information that I have used in this report.

# Chapter – 2: LITERATURE & THEORYTICAL OVERVIEW

## 2.1 LITERATURE REVIEW

The term Green Banking is now popular worldwide now-a-days. It is for stopping the environmental degradation and making this planet habitable. The concept of Green Banking was developed in the western countries. Green banking is a general term, which can cover a multitude of areas from a bank being environmentally friendly to how and also where their money is invested. Though Green Banking is popular, several literatures and studies have been found regarding 'Green Banking' in USA, Europe, China, India and Bangladesh from 2000 to 2012. Among them some popular studies have been reviewed and explained here to support this paper and make the paper literally viable and sound.

The 16th century religious ethics, the environment and local community provided the main framework for both life and economy and therefore influence businesses and the financial sector as well. During the 19<sup>th</sup> century credit unions and financial cooperatives worked on the criteria that were used as sustainability criteria later. (Weber n.d., p. 2)

These banks used some of the principles of the credit unions and co-operatives but added an ethical perspective to their business. Because of higher energy and waste management prices it was worthwhile for a service sector as well to be eco-efficient in order to reduce costs. At about the same time new environmental regulations influenced the responsibility of business for its environmental impact. After mainly managing costs and risks connected with environmental issues the financial sector began to explore business opportunities connected with sustainable development as well. Weber (n.d., p. 3) also stated that in the beginning of the 1990 the first sustainability mutual funds, indices and other financial products and services were launched. Since then their market share is increasing. They changed the landscape of financial products and services as they re-integrated non-financial issues like the environment or sustainability into financial decision making processes and product development Weber (n.d., p. 3) again explained that another event that influenced the financial sector to consider environmental responsibility was the launch of the Kyoto Protocol on climate change mitigation. Because financial instruments were needed to reduce carbon emissions, the financial sector engaged in creating products and services around carbon reduction, carbon offsets and financing projects under the Kyoto Protocol mechanism. However, today the view about social or environmental responsibility in changing from managing environmental risks into creating positive impacts on sustainable development by

using different financial products and services. This new view is reflected in the Global Impact Investment Network (GIIN) and in the Global Alliance for Banking on Values (GABV) both of which emphasizes the positive role that the financial industry can play in fostering sustainable development. For consumers, high upfront costs often make clean energy technology unattractive to adopt despite declines in clean energy technology costs. Historically, the clean energy sector has depended on taxpayer-funded grants, rebates, tax credits, and other subsidies to drive market development.

According to World Commission on Environment and Development (WCED), "Sustainable development is development that meets the needs of the present without compromising about the ability of future generations to meet their own needs" (Smith, Rees, and Gareth 1998). In order to ensure sustainable development, world environmentalist groups consider that green banking would be one of the valuable arms. As a result, today's environmental stakeholders are pushing financial community to strictly implement Green Banking policy which they consider will help to protect the environment. "Green Banking is generally defined as promoting environmentally friendly practices that aid customers in reducing their carbon footprint through their banking operation activities. These practices include such things as online banking, statements, bill payments, and account opening. Banks also invest in internal initiatives to reduce their own carbon footprint" (Schmidheiny and Zorraquin 1996). While Green Banking is not yet a key reason for most customers to select one financial institution over another, customer demands and greater environmental awareness are driving a number of financial institutions to go green (Nigamananda Biswas, 2011).

The factors like customer demand and environmental awareness are also influencing Bangladeshi Banks to adopt more environmentally friendly business policies. However, the effect of Green Banking on variables such as image has not yet been examined. Chang and Fong (2010) do in fact examine the notion of Green Brand Image (GBI), but only as a driver of satisfaction and loyalty, not as a result of green banking activities. According to their survey on consumers who had the experience of purchasing green or environmental products in Taiwan, a green corporate image exerts a positive effect on green customer satisfaction and green customer loyalty. On the other hand, Chen (2010) suggests that companies develop green banking in order to comply with

environmental pressures, obtain competitive advantages, improve corporate image, seek new market opportunities and enhance their product value.

However, Chen (2010) does not actually test the relationship between Green Banking and Green Image. Moreover, his study is not related to the banking sector but to information technology products. Hartmann; Ibáñez; and Sainz (2005) relate green banking to green image by testing the green branding effects on attitudes towards the brand. They support that a well implemented green positioning strategy can lead to more favorable perceptions of the brand, indicating a positive relationship between Green Marketing and Green Image. However, their research is limited to an experimental online setting.

**Alice Mani (2011)** indicated that as Socially Responsible Corporate Citizens (SRCC), banks have a major role and responsibility in enhancement of governmental efforts towards substantial reduction in carbon emission. Banks can practices and initiatives of Green Banking for sustainable development. The author examined and compared the green lending policies by banks in India in the light of their compliance and commitment to environment protection and environment friendly projects.

Bangladesh Bank is the first central bank in the world which has taken real initiatives, according to a definite agenda in its vision and mission to play a specific role in Green Banking by taking responsibility in safeguarding the planet from unusual weather patterns, rising greenhouse gas and declining air quality. Green Banking is not limited only to in-house green activities, but extends to facilitating Green Financing. Green Financing through due diligence checklists under Environmental Risk Management (ERM) Guidelines is not intended to squeeze investment; rather it is for sustainable finance. Green financing under Green Banking activities can make a great contribution to the transition to resource efficient and low carbon industries, i.e. green industry and green economy in general.

Bangladesh Bank has undertaken different steps to make Green Banking a reality. “Bangladesh Bank has launched the Tk. 2.0 billion Green Banking Refinance Scheme in August 3, 2009 to fund renewable energy projects in the country that has been reeling under chronic power cut” ([www.thefinancialexpress-bd.com](http://www.thefinancialexpress-bd.com)). According to Bangladesh Bank, “People are not aware of our

green financing fund. They even do not know from where it is available. This is mainly responsible for the poor disbursement," ([www.thefinancialexpressbd.com](http://www.thefinancialexpressbd.com)).

Another initiative that Bangladesh Bank has taken is about the interest rate related to Green Banking loan. "Bangladesh Bank (BB) has increased the interest rate for green banking aiming to encourage the commercial banks to strengthen disbursement of the loan under its refinance scheme, officials said" ([www.thefinancialexpress-bd.com](http://www.thefinancialexpress-bd.com)). Despite the factors like customer demand and environmental awareness, there are some other factors that influence banks to implement green banking. Cost saving is one of the important benefits of green banking (Heim and Zenklusen 2005). In few cases the environmental management system resulted in lower risk, greater environmental stewardship and increase in operating profit (Jeucken, 2001). In future, market will reward those industries or the companies, which emerge as the efficient users of the energy and raw materials and will penalize the less efficient one. Further, the investors in the stock market are equally aware of environmental pollution and would take a stand against those industries/institutions that do not comply with pollution norms (Gupta, 2003; Goldar, 2007). According to Nigamananda (2011) "Some other benefits of green banking are: It will rationalize the paper use by giving free access to do all the banking transactions through Internet Banking, SMS Banking, Phone Banking and ATM Banking. Free Electronic Bill Payment Services and E-Remit services for remitting funds to the customers' home country. This is a unique service."

According to Bangladesh Bank, "Implementing green banking policy will generate the following benefits for the banks: (1) increase goodwill or improve brand image by showing their commitment to save and protect the environment; (2) reduce giving loans to certain environmentally harmful projects; (3) check the necessary environmental due diligence factors before lending a loan/investment; (4) make efficient and effective use of resources and channel financing in an environment friendly manner; (5) introduce new technology in banking operations that would not only benefit our customers but also increase the productivity of our employees; (6) reduce carbon foot print in all branches and Head Offices of all banks; and (7) create awareness amongst the stakeholders about environmental and social responsibility enabling them to adopt environmental friendly business practices (Bangladesh Bank Green bank policy guideline)."



Different FIs of Bangladesh have carried out different projects under Green Banking scheme. One such project is Brac Bank SME loan to Solaric, a local solar manufacturing company which has been producing almost all solar components in the country taking SME loan from the BRAC Bank. The Bank has opted for green energy to run its offices for Small and Medium Enterprises (SME), the bank officials said. It has already installed solar panels in 22 SME Unit Offices across the country. ([www.thefinancialexpress-bd.com](http://www.thefinancialexpress-bd.com)). Banks such as Social Islami Bank Limited (SIBL), Islami Bank Bangladesh Limited (IBBL), Mutual Trust Bank Limited (MTBL), Export Import Bank of Bangladesh (EXIM Bank), Brac Bank etc. have adopted the paperless banking policy under the scheme of Green Banking policy as per the direction of Bangladesh Bank. Rajshahi Krishi Unnayan Bank (RAKUB) has adopted Green Banking scheme and has also decided that it will not invest in the factories polluting natural environment through emitting black smoke, ash and harmful sound. On the contrary, the bank will encourage more production and marketing of bio-fertilizer, biogas and solar panel ([www.thefinancialexpressbd.com](http://www.thefinancialexpressbd.com)).

The Bank has specially focused on green banking to safeguard the mother planet. The concept of Green Banking has been adopted by reducing paper work to a great extent. More and more Green Banking activities have successfully been done in 2016. During the year 2016, a sum total of Taka 19,824.23 million was disbursed under ETP, Solar Plant/ Energy Renewable Plant, HKK and other Green Industry compared to Taka 8977.34 million in 2015. As on 31.12.2016, total outstanding Investment amount was Taka 3,751.61 million in Green Finance Project compared to Taka 1,536.99 million in 2015.

SIBL is concerned to implement the concept of Green Banking in its day to day banking business. The bank has introduced e statement which has remarkably reduced the usage of hard copy. This statement is generated by the system and sent to the customer automatically at specified interval with full authentication and security. Launching of E-statement is a process to support the concept of Go-Green to save the natural environment. SIBL is using the most energy efficient IT equipments like IBM Rack Server which consumes less power, less space with maximum capacity. Most of the documents of the banks are converted into softcopy.

## 2.2 HISTORY OF BANK

The history of banking began with the first prototype banks where the merchants of the world, who made grain loans to farmers and traders who carried goods between cities. This was around 2000 BC in Assyria and Sumeria. Later, in ancient Greece and during the Roman Empire, lenders based in temples made loans, while accepting deposits and performing the change of money. Archaeology from this period in ancient China and India also shows evidence of money lending activity.

In Bangladesh Nationalized Commercial Banks (NCBs) were the first banks established in 1972 through amalgamation of twelve commercial banks that were operating in pre-independent Bangladesh allowing the poor access to fund, reducing capital flight to foreign countries, and increasing domestic investment were some of the basic objective of this nationalization.

## 2.3 ABOUT THE GREEN BANKING

Green Banking is one of the revolutionary concepts in today's business world which basically refers to as sustainable banking, socially responsible banking or ethical banking that endorse environment-friendly practices and reducing carbon footprint from banking activities. The main objective of Green Banking is to ensure the use of organizational resources in favor of the environment and society. Green banking as a concept is proactive and smart way of thinking with a vision for future sustainability of our only Spaceship earth. Green Banking means banking practices that foster environmentally responsible financing practices as well as using environmentally sustainable internal processes.

In the present day, business is all about being green. Everybody from Wal-Mart to Apple is discussing how green their method, bundling, or strategies are. At the same time, green business is truly in its early stages, and the ultimate chance of being green will most likely dies-till down to some clearly understandable and perceptible objectives and practices. Bankers may question that the importance of the “green movement” to their own bank. The term ‘Green’ refers a wide scope of social, ethical and environmental dimensions. Instead of, the final goal of this study is to implement the overall green banking which look into environmental aspect. “Green” is mainly to describe banks’ which impacts on the environment, environmental responsibility and environmental performances in their activities.

Green banking is generally defined as promoting environmentally friendly practices that aid customers in reducing their carbon footprint through their banking operation activities. These practices include such things as online banking, statements, bill payments, and account opening. Banks also invest in internal initiatives to reduce their own carbon footprint”, (Schmidheiny and

Zorraquin 1996). While green banking is not yet a key reason for most customers to select one financial institution over another, customer demands and greater environmental awareness are driving a number of financial institutions to go green (Nigamananda Biswas, 2011).

Bai (2011) argued that Green Banking is similar to an ordinary bank. The aim of this ordinary bank is to protect the environment and support natural resources which consider all the social and environmental or ecological factors. It is also so-called an ethical bank or a sustainable bank.

As a bank green bank promotes environmental and social responsibility. But it operates as a traditional community bank. It provides outstanding services to investors and clients. It has adopted sustainability practices through all lines of the institute including- employees, facilities, products & services, and governance.

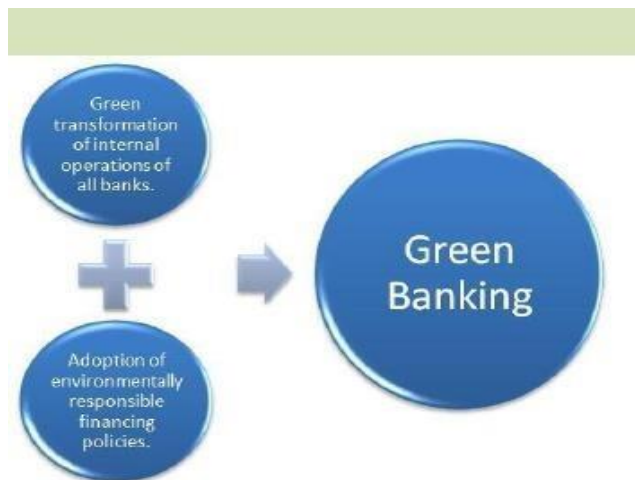
This banking system helps to make effective and far-reaching market-based solutions to address a range of environmental problems. These problems including environment change, deforestation, biodiversity loss and air quality issues. At the same time green banking system recognize and protected new business chances which benefit to customers. Green banking gives more loads to ecological issues. Its aim is to provide good ecological and social business practices. Overall this banking is really a good way for people to get more consciousness about global warming. Individually businessman will donate a lot to the environment in addition to create this earth a better place to live

### **Transformation of Internal Operation:**

Firstly, banks can adopt appropriate ways to utilize renewable energy sources, automation and other measures to minimize carbon usage in banking activities.

### **Environmentally Responsible Financing Policy:**

Secondly, banks should consider environmental issues with utmost importance while financing or investing in project



## **2.4 COMPONENTS OF GREEN BANKING**

The scope of Green Banking is huge- leading to the way of Green Economy in a broad sense. So determining all the components of Green Banking is a difficult task. However, the following can be a short checklist of the components of Green Banking.

1. Online Banking
  - a. Paying bills online
  - b. Remote deposits/bkash
  - c. Online fund transfers
  - d. E statements
  - e. Automated clearing house.
2. Green Accounts (ATM service)
3. Green Financing.
4. Power Savings Equipment's.
5. Green Debit Cards/Credit Cards.
6. Save Paper.
7. Mobile Banking.

## 2.5 CHALLENGES TOWARDS GREEN BANKING

Although the concept of Green Bank is considered as a sustainability issue but it is true that achieving the actual response of Green Banking initiatives is associated with some major challenges like:

### 2.5.1 DIVERSIFICATION MATTERS

Green banks will be screening their customers and naturally, they will be limiting and restricting their business to those entities that qualify. With a smaller pool of customers, they will automatically have a smaller profit base to support them. If they focus their loans on certain industries, they open themselves up to being much more vulnerable to economic shifts.

### 2.5.2 THESE BANKS ARE STILL STARTUPS

Apparently, it takes 3 to 4 years for a typical bank to start making money. Many green banks in business today are very new and are still in startup mode. It doesn't help that these banks are trying to get their footing during a recession.

### 2.5.3 BANKS ARE "SPECIALIZED"

Again, while the main goal of a green bank is to do good by supporting those who are taking care of the environment, the question here is — just how much money is there in these businesses and in the eco-friendly industry? Saving the environment does not necessarily equate to “making a profit”. Hopefully though, this premise is proven wrong in this case and that green banks prove that they can survive, even as they face restrictive requirements for doing business.

### 2.5.4 OPERATING EXPENSES AND COSTS ARE HIGHER

Green banks require specialized talent, skills and expertise as well, due to the kind of customers they are servicing. Employees, such as loan officers, need to have additional background and experience in dealing with green businesses and consumers. Plus, giving breaks to such clients via discounted loan rates can eat at their profit margins.

### 2.5.5 REPUTATION RISK

In all likelihood, due to growing awareness about environment safety, banking institutions are more prone to lose their reputations if they are involved in big projects, which are viewed as socially and environmentally damaging.

## 2.6 BANKS' IN-HOUSE GREEN ACTIVITIES

Major natural energy sources such as trees, water, wind, sun have been ensured in each floor.

- a) Using sensor lighting equipment for saving electricity;
- b) Common use of table stationeries instead of individual use;
- c) Use of paper on both sides for internal consumption;
- d) Introduction of e-statement for customers instead of paper statements;
- e) Use of online communication in the best possible manner;
- f) Using more daylight instead of electric lights and proper ventilation in lieu of using air conditioning;
- g) Using energy saving bulbs;
- h) Use of Eco Font for printing light impression on both sides;
- i) Efficient use of printer cartridges, photocopy toner, office stationary, etc.
- j) Sharing electronic files, voice mail and e-mail instead of paper memos;
- k) Use of solar energy/ renewable energy sources, and
- l) More concentration on developing a Green Office Guide for reducing the information gap/reducing hazards/increasing efficiency/awareness/reducing pollution/developing Green Banking for sustainable finance.

## 2.7 Common Green Banking Slogans of Banks

- a) Save paper, save trees;
- b) Conserve energy, conserve natural resources;
- c) Pay your bills online;
- d) Turn off the tap when not needed;
- e) Always use a cloth bag;
- f) Reduce, reuse and recycle;
- g) Digitize yourself;
- h) Think before you press the button;
- i) Everything has two sides;
- j) Be paperless- kick the habit;

- k) Use car pools to go to work, and
- l) Unplug electronic devices while not in use.

## 2.8 GREEN STRATEGIC PLANNING

Banks in Bangladesh are required to set green strategic planning up to 2018 and beyond. Vision and Mission has to be in the strategic planning so that both in-house green banking activities and green banking activities other than in-house are covered. Banks will look for policy formulation for proper selection of unit/project and location under different categories, proper analysis of environmental risks and concentration therein as per Environmental Conservation Act (ECA) 1995, ECR (Environmental Conservation Rules (ECR) 1997, ERM and Green Banking guidelines and other relevant instructions issued time to time. Banks will also prepare sector specific environmental guidelines taking ECR 1997, Environmental Due Diligence (EDD) checklists and current environmental and climate change condition into consideration. Banks will prepare sector specific environmental guidelines only for the sectors covered in the respective bank's portfolio. There must be a policy decision(Y/N) to finance in the red category. Detailed review is required for a decision to finance in the red category where the most polluting industry units belong to. Banks should also have policy for procurement and effective utilization of energy efficient products, electronic compliances, motor vehicles etc. for ecofriendly atmosphere. Automation and improved in house green activities, required and rigorous training program for top/mid/lower level management and at the same time clients as well need to be carried on. Board/Competent authority should be aware and updated of the current green banking activities and development.

## 2.9 OBJECTIVES OF GREEN BANKING

- A.** The broad objective of the Green banks is avoiding waste and giving priority to environment and society.
- B.** Focusing on environment-friendly initiatives by providing innovative financial and ensure sustainable development.
- C.** Using organizational resources with responsibility.
- D.** keeping the world livable for a long period of time.



- E.** To minimize paper works as much as possible inside and outside the bank.
- F.** To achieve cost and time efficiency.



## 2.10 IMPORTANCE OF GREEN BANKING

The public concern at the state of the environment has been growing significantly in the last few years, mostly due to apparently unusual weather patterns, rising greenhouse gases, declining air quality etc. Banks hold a unique position in an economic system, and can affect production and businesses through their financing activities.

However, if green banking simply means incurring additional costs by a bank, it might never be accepted as common business practice by the global banking industry. Though, positive relationship between green banking strategy and profitability has not always been the case, there is evidence that socially and environmentally responsible banks can also be financially successful and have growth rates similar to, or even better than, those of their conventional competitors.

Moreover, banks that mainly do business with the depositors' money cannot avoid responsibility to the society. When the common people take care of banks in their bad days, banks must be made responsible to take care of the society as well.

Banks that were once seen only as profit motive institutions have been adjusting to a more demanding market and a more socially conscious society over the last two decades. Environmental concern is at the center of the green banking strategy. An increasing number of global banks around the world are going green by launching environmental friendly initiatives and providing innovative green products.

In the long run, the trend towards green banking will be largely driven by consumer behavior. Common people and consumers are becoming increasingly aware of the responsible behavior of businesses.

## 2.11 ROLES OF GREEN BANKING

The people of the whole world are concerned about the environmental degradation, especially the rising of global temperature and thereby melting of glaciers and ice-berg in the polar region and consequently rising of sea level, which will directly affect the low lying countries of the world. The world conscious people are also concerned about the increase of Green House Gases and Chlorofluorocarbons (CFCs) and there by depletion of Ozone layer. As such, every person and especially the professionals must have greater role to check the environmental degradation.

Bankers are the important professional group who has interaction with the other groups of people and also with general masses. They can adopt different green activities within their in-house environment and also can initiate the protection of the air pollution, water pollution by their clients. Bankers can finance the green projects, which are environmental friendly and discourage the projects that damage the environment. It will be obligatory for each person to show respect to the environmental issues. Otherwise, the environments where the concerned person lives will be inhabitable and as whole the country and the globe will no longer be safe place. We have to use resources carefully and keep in the mind that the reserve of the resources is not unlimited and its excessive use may endanger the future generation. We have to think that each of our activity has a specific impact on the environment. As a best creation of Almighty, we have greater role to conserve the environment, maintain biodiversity, not

to endanger other fauna and flora and above all a green, healthy planet for safe and sound living of our future generations. Since banking industry is a virtual institution in the economic and business activity round the world, bankers cannot remain indifferent to this burning issue. A banker banking industry may address many issues to save environmental digression and conserve the ecological balance. Green banking is a good way of making people aware of global warming. Each businessman will contribute to the environment and make this earth a better place to live and enjoy. In condition, it is envisaged that this institution is going to work towards reducing the country's dependence on foreign energy sources, fighting climate change and creating additional jobs through the provision of healthier energy generation facilities. Green finance may cover all the financial services related to the promotion and development of green industry and green economy where the environmental benefits in terms of reduced carbon dependency or reduced ecological scarcity are the most significant. Green banking practices of banks are connected with both internal operation and product ecology. Some banks are engaged in carbon offsetting, which refers to the effort of canceling out the climate-changing effects of its own greenhouse gas emissions. Banks, by using their commercial lending and securities underwriting, may catalyze the necessary transition to an economy that minimizes greenhouse gas pollution and relies on energy efficiency

There is no doubt that the combined threats associated with climate change and biodiversity loss call for a deeper commitment of resources and investment from all stakeholders. In the endeavor of emission reduction and conservation, stakeholders have been contributing in different ways in different countries and regions. Green banking is just one of the initiatives by stakeholder - banks and financial institutions. The environmentally responsible banks do not only improve their own standards but also affect socially responsible behavior of other businesses. The banks will have to go for online banking by eliminating paper waste, saving gas and carbon emission, reducing printing costs and postage expenses.

## 2.12 GREEN BANKING PRACTICES

### 2.12.1 PRACTICES OF IN HOUSE GREEN BANKING

#### **Waste Management:**

A green banker must be cautious about wastage and waste management. We should try to control the wastage of resources like water, gas, electricity, paper, foods etc. For example, if we draft our letters on a computer rather than in paper, it will save millions of paper as well as thousands of trees that provide raw materials for paper production. Similarly, if we select a location of the branch of a bank with sufficient access to light and air, it will save huge electricity and create a healthy environment. Wastages must be grouped like organic and inorganic wastage. Organic materials like food, vegetables, animals etc. can be recycled for manure, gas and electricity etc. The inorganic material like paper, bottles, pots etc. can be recycled. Wet and degradable materials can be processed directly keeping under the soil. The recycling materials should be disposed of at the respective disposal site and the rotten items should be buried under the soil and as such, pollution can be protected.

#### **Clean and hygienic environment:**

A green banker will not throw any waste, bottles or packing materials here and there. Each group of waste should be kept in a separate place, which does not pollute the environment and all the wastes must be disposed of separately. A green banker will not spit or cough on the floor, walls or on the road.

#### **On line statements, emailing documents:**

We must send account statements and balance confirmation etc. to the clients through online and through email, which will save paper, time, cost and above all the environment. We may use these technologies for our clients as well as interbank correspondence.

**Sound Pollution:**

We should keep our voice low when we converse and also convince our clients maintain this for the sake of healthy working environment in the branches.

**Installation of solar panel in the rural branches and using high mileage vehicles or using shared vehicles instead of personal vehicle:**

Since Bangladesh is an energy deficit country we can install solar panels in all Branches as an alternative energy source. We can also use the vehicles which consume less fuel which will save huge fuel import of the country. We can also use big vehicles to carry the employees of the Banks instead of personal vehicle to reduce fuel as well traffic jam in the roads.

## 2.12.2 PRACTICES BY THE BANKERS IN THEIR BUSINESS AREA

**Financing only the green projects:**

Bankers must be aware of the environmental issues and they must go for financing the projects that do not pollute the environment. The industries that are financed by the banks must have effluent treatment plant (ETP), recycling facilities and smoke and gas arresting unit. The industries must not release any kind of effluents, chemicals or smoke to the environment. Banks must not finance any dirty project that pollutes the environment.

**Voluntary activities of Banks:**

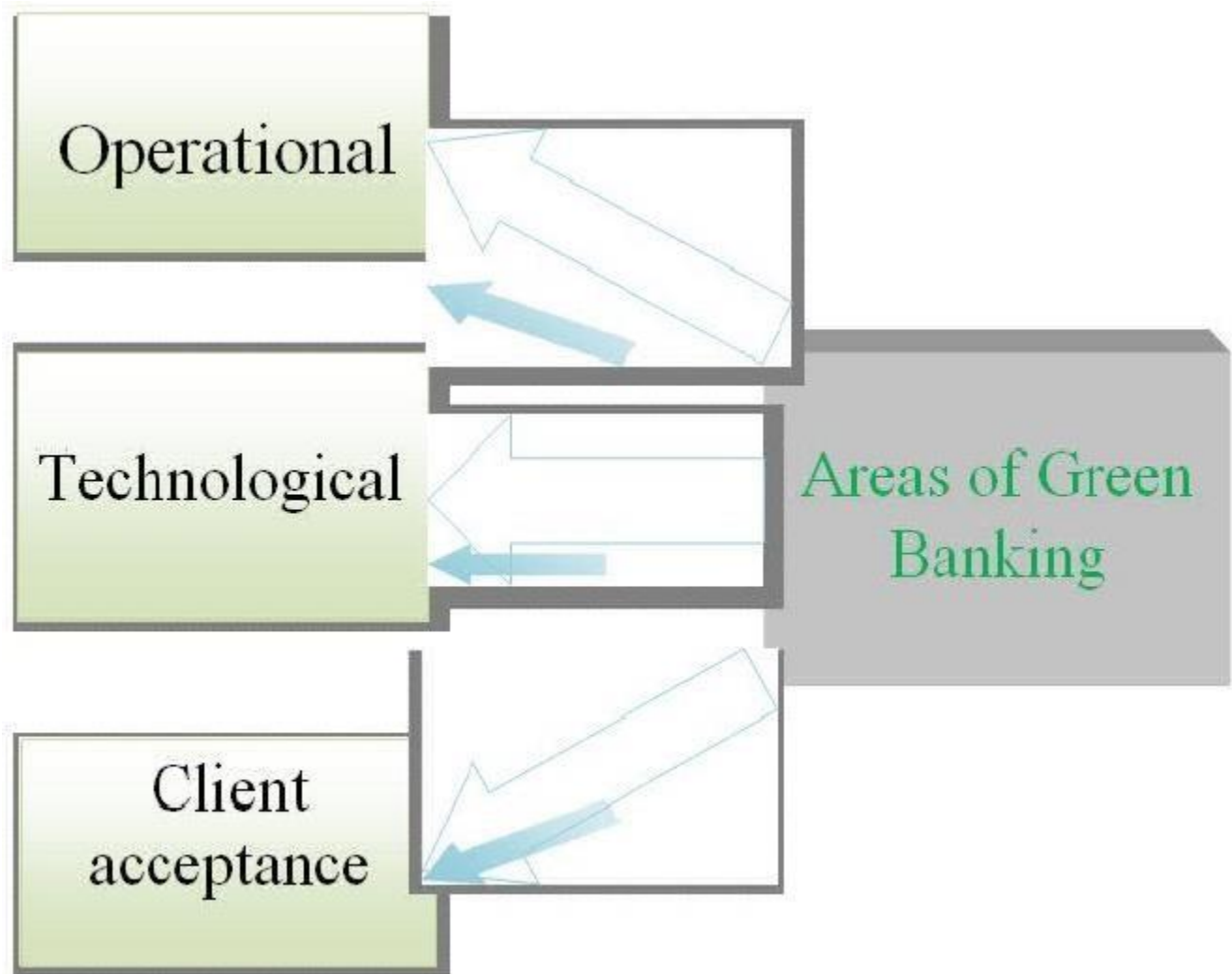
Banks should take initiative to make their clients aware by organizing seminar and symposium. They can organize awareness campaign in schools and colleges. They can participate in the tree plantation and cleanliness programmes in city areas.

**Working on specific green project:**

Our country has lot of problems of proper waste management, drainage and sanitation, and affected by river pollution, water pollution by pesticides etc. Every bank can undertake a specific green project for removal of existing polluting substances from the ecosystem.

## 2.13 AREAS OF GREEN BANKING

Green Bank comes in many forms. Using online banking instead of branch banking. Paying bills online instead of mailing them. Opening up CDs and money market accounts at online banks, instead of large multi-branch banks. Green Bank looks at green banking in three areas - operational, technological and client acceptance. Banks have made improvements in the operational area such as replacing our daily courier service with scans and electronic delivery. All employees receive paychecks and reimbursement checks electronically.



## 2.14 GREEN BANKING PRODUCTS AND SERVICES

Financial institutions are rushing to market with new or re-packaged product and service offerings from green auto insurance to innovative pro-eco mortgages and new sustainability-backing investment funds.

### **Green Deposits:**

Banks can offer higher rates on CDs, money market accounts, checking accounts and savings account if customers opt to conduct their banking activities online.

### **Green Mortgages and Loans:**

A green mortgage offers better rates or terms for energy efficient houses. Green mortgages can allow home buyers to add as much as an additional 15 percent of the price of their house into loans for upgrades including energy-efficient windows, solar panels, geo-thermal heating or water heaters. The savings in monthly energy bills can offset the higher monthly mortgage payments and save money in the long run. The Energy Efficient Mortgage (EEM) is a type of HUD- approved green mortgage that will credit you for your home's energy efficiency in the mortgage itself. Many home improvements also qualify for the energy tax credit. Anyone undertaking an energy-saving house project should shop around for a bank that offers a special rate for a green mortgage or loan.

### **Credit Cards Green:**

A green credit card allows cardholders to earn rewards or points which can be redeemed for contributions to eco-friendly charitable organizations. These cards offer an excellent incentive for consumers to use their green card for their expensive purchases. Imagine the millions of dollars that could be raised for worthwhile environmental groups if green credit cards really took off.



### **Green Reward Checking Accounts:**

A product called reward checking accounts pays a bonus rate to customers who go green. Customers can earn higher checking account rates if they meet monthly requirements like receiving electronic statements, paying bills online or using a debit or check card. With this banking product higher rates and eco-friendly livings go hand-in-hand.

### **2.15 PROSPECTS OF GREEN BANKING**

The banking sector may also have significant impacts on biodiversity while providing financial support to high impact sectors such as forestry, mining, oil and gas, fisheries, and infrastructure. In project finance, banks may exercise their powers through assuming roles as environmental policeman to ensure that their borrowers comply with the environmental standards, and could enter into a partnership with different industries and encourage companies to be more sustainable.

Regulatory enforcement by governments, pressure from the civil society and consumers, voluntary support, and responses by the business entities are preconditions for creating a congenial atmosphere for offering and accepting productive green banking services. A common platform or unique approach by the policy makers and civil society groups in all countries or regions would give the best result. However, creating a common platform and launching a uniform approach would require major political effort by all global economies - a tough job. Bangladesh Bank has already provided Tk. 200 crore for renewable energy in which the share of green energy would be 2 per cent in total energy.

# Chapter – 3: SOCIAL ISLAMI BANK LTD. OVERVIEW

### 3.1 BACKGROUND OF SIBL

Social Islami Bank Limited (SIBL) was incorporated on 5th July, 1995 as a result of dedicated effort of a group of established Bangladeshi entrepreneurs and internationally important personalities. The bank started commercial operation on 22nd November, 1995 with a clear manifesto to demonstrate the operational meaning of particularly economy, banking and financial activities as an integrated part of Islamic code of life. Targeting poverty, SIBL is indeed concept of 21st Century participatory several sector banking modes. The bank has been entrusted with the responsibility of undertaking various steps related to the development of the country's commercial, industrial and agricultural sectors. The banking sector of a country is called the economic barometer of the country. As a pioneer commercial bank in the private sector in Bangladesh, Social Islami Bank provides considerable financial helps to the business sector that imports industrial goods and/or exports excess production outside the country for profit. Thus for imports the Social Islami Bank provides LIM (Loan against Import Merchandise) and LTR (Loan against Trust Receipt) facility and for exports provides both pre shipment and post shipment finances. Thus with these bank helps the prospects in the business sector has increased more than ever before. The formal corporate sector, this Bank would, among others, offer the most up-to date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills effecting domestic and international transfer, leasing of equipment and consumer durables, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industrial, agricultural, transport, educational and health projects and so on. In the Non-formal non-corporate sector, it would, among others, involve in cash Waqf Certificate and development and management of WAQF and MOSQUE properties, and Trust funds.

### 3.2 VISION OF SIBL

Working together for a caring society.

### 3.3 MOTTO/SLOGAN OF SIBL

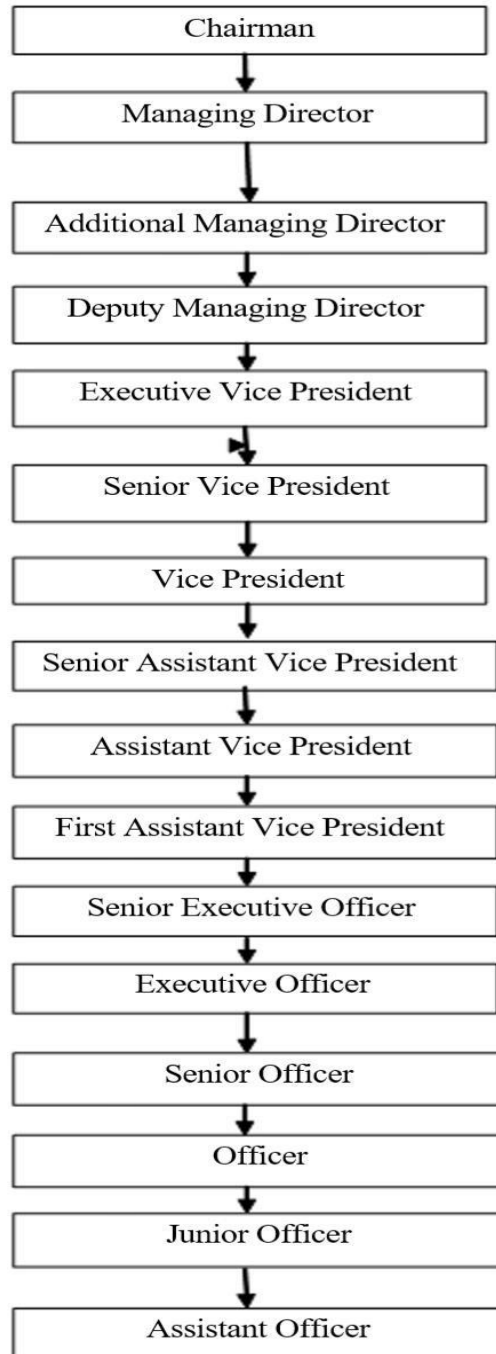
The slogan of SIBL Bank is "Utkorsho obiram". These two words are Bengali words that denote "Journey towards Excellence" on the organization.

### 3.4 MISSION

- a) Establishing Three Sector Banking Model
- b) Transformation to a service oriented technology driven profit earning Bank
- c) Fast, accurate and satisfactory customer service
- d) Balanced & sustainable growth strategy
- e) Optimum return on shareholders' equity
- f) Introducing innovative Islamic Banking Products
- g) Attracting and retaining high quality human resources
- h) Empowering real poor families and creating local income opportunities
- i) Providing support for social benefit organizations by way of mobilizing funds and social services

### 3.5 ORGANOGRAM

The organogram of SIBL is highlighted in the chart below:



**Figure:2.6 Organogram of SIB**

### 3.6 VALUES OF SIBL

**a) Honesty**

To be honest is ordained by the scripture – we stick to this value in all our service provision.

**b) Transparency**

Remaining transparent in all acts is a virtue that's builds trust - we adhere to it.

**c) Efficiency**

Efficiency implies perfection in any job done - we strive to render full satisfaction with it.

**d) Accountability**

To be accountable is to be responsible and above any suspicion - we are dutifullythere.

**e) Religiousness**

SIBL enhances economic wellbeing with regard to the bliss of religious ethics.

**f) Innovation**

Our minds and eyes are open to the evolution in quality of life to innovate further benefits for the service takers.

**g) Flexibility**

Flexibility leads to better understanding and greater satisfaction - we pursue the quality.

**h) Security**

Customers must feel secure with all our products and services - we keep on ensuring it.

**i) Technology**

Modern life is technology dependent - we keep looking for the latest development to provide the best in ease to our clients.

## 3.7 PRODUCT & SERVICES OF SIBL

### 3.7.1 DEPOSIT PRODUCTS

- a) Mudaraba Scheme Deposits
- b) Al Wadiah Current Account
- c) Mudaraba Savings Deposit
- d) Mudaraba Term Deposit
- e) Mudaraba Notice Deposit
- f) Cash Waqf. Deposit

### 3.7.2 INVESTMENT PRODUCTS

- a) Bai-Muazzal
- b) HPSM
- c) HPSM- Ijara
- d) Murabaha
- e) Musharaka
- f) Bill Purchase
- g) Bai-Salam (PC)
- h) Quard

### 3.7.3 FOREIGN EXCHANGE PRODUCT

- a) Foreign Remittance
- b) Import Finance
- c) Export Finance

### 3.7.4 SERVICE PRODUCE

- a) SIBL Credit Card
- b) Visa Islamic Credit Card (Dual)
- c) Visa Islamic Credit Card (Local)
- d) SIBL Zameel Debit Card
- e) Payment Card Security
- f) Internet Banking
- g) Mobile Banking
- h) SMS Banking

### 3.8 DIFFERENT DEPARTMENTS OF SIBL

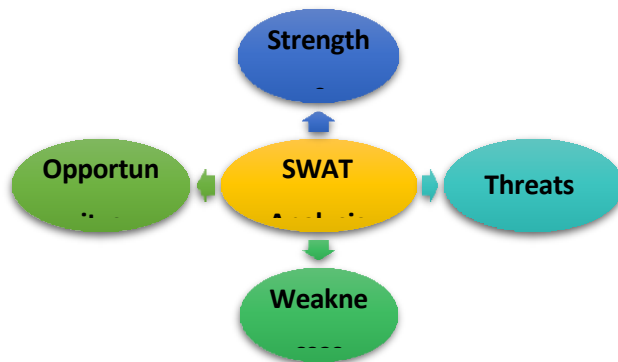
In recent times management has brought a change in the organizational structure in view of need of time. There are few departments. The departments are:

- a) Human Resources Division
- b) Personal banking Division
- c) Treasury Division
- d) Computer and Information Technology Division
- e) Credit Division
- f) Operation Division
- g) Card Division
- h) Finance & Accounts Division
- i) Audit & Risk Management Division
- j) Risk Management Unit



### 3.9 CHALLENGES AND PROPOSED COURSE OF ACTION IDENTIFIED IN THE ORGANIZATION

In my Internship. A SWOT analysis Social Islami Bank Ltd. has been done below:



**Figure:** SWOT analysis

<b>Strengths</b>	<b>Weaknesses</b>
First-class service management	Heavily dependent on head office for decision making.
Initially being a specialized bank, it caters to the needs of an entire target market	Some foreign branches
Low customer base ensures dedicated attention to each customer.	Most of the branches are situated in urban areas.
Low service charges with no hidden cost.	Low rate of interest on deposits
Strong internal co-ordination	Very few ATM Booths
Friendly environment	Small range of offerings
Comparatively less risky	Not enough promotional activities

**Table:** SWOT analysis Strengths & Weaknesses

Opportunities	Threats
Enlarging business by opening new branches in rural areas	Increased competition by foreign and local banks
Innovation of new service	Political involvement in decision making
Increasing demand for account opening, loan, import, export and L/C through proper promotional activities	Forecast of low growth in national economy due to adverse world economic situation and recession
Fully utilizing incentives provided to Islami banks	

**Table:** SWOT analysis Opportunity & Threats

# Chapter – 4: GREEN BANKING IN SIBL

## 4.1 DRAFT GUIDELINE OF GREEN BANKING IN BANGLADESH

Bangladesh Bank (BB) has prepared a draft policy guideline for introducing green banking global development and response to the environmental degradation. The guideline, posted on the central bank web site, outlines a three-stage roadmap for green banking, requesting public feedback by January 25, 2011. The guideline, *in the first phase*, suggests all banks to develop green banking policies and establish separate green banking cells and incorporate environmental risk management strategies. In this phase, the banks are also advised to introduce green and create climate risk funds to finance flood, cyclone and drought prone areas at regular interest rate without charging additional risk premium.

Promoting eco-friendly products, supporting training and events for raising awareness for environmental risk management are also suggested to include in the regular activities of the bank. In *the second phase*, the draft suggests banks to take specific policies for different environmental sensitive sectors such as agriculture, poultry, dairy, farming, tannery, fisheries, textile and apparels, renewable energy, pulp and paper, sugar and distilleries, construction and housing, engineering and basic metal, chemicals, rubber and plastic industry, hospital/clinic, chemical trading, brick manufacturing and ship breaking. During this period, all banks will also set up green branches to use maximum natural light, renewable energy, energy saving light bulbs and other equipment's. During the same period, they will have to determine a set of achievable targets and strategies, and disclose these in their annual reports and websites. They will have to set up green branches. The banks should increasingly rely on virtual meeting through video conferencing.

According to the draft guideline, banks will adopt a green strategic plan, determining their target for green banking. The draft says a system of environment management should be in place in all banks before they step into the third phase of green banking.

*In this final stage*, banks will focus on fine tuning of their green activities and will look for more innovative products and services to expand eco-friendly business and industries.

Commercial banks will have to adopt a comprehensive green banking policy as part of the central banks efforts to make banking practices more responsible to social and environment causes. The central bank will name top ten banks for their overall performance in green banking, and will take into account to give it permission to open new branches. In its policy guideline for green banking, the BB said co-friendly business activities and energy efficient industries should get preference in financing by the banks. The bank will have to inform the BB of their initiatives on a quarterly basis within 15 days after the end of a quarter. The first quarterly report has to be submitted by July 15, 2011. Besides avoiding negative impacts on environment through banking activities, the banks are expected to introduce environment friendly green products to address the core environmental challenges of the country.

The commercial banks will now require taking measures to protect environmental pollution while financing a new project or providing working capital to the existing enterprises. The guidelines advised the banks to facilitate their clients with utmost care in opening letter of credit for installation of effluent treatment plant (ETP) in the industrial units. They were also asked to finance in solar energy, biogas, ETP and Hybrid Hoffman Kiln (HHK) in brickfield under BB e - finance scheme.

## 4.2 GREEN BANKING IN BANGLADESH

Bangladesh Bank, the central bank, has a greater role in shaping up a concrete guideline for green banking practices in Bangladesh. According to central bank, each bank and financial institution can formulate a strategy and guideline for Green Banking and Green Financing. The commercial banks are to develop green banking policies and show general commitment on environment through in-house performances. A high powered committee will be responsible for reviewing the banks' environmental policies, strategies and programs.

The committee will be comprised of directors from the board in case of scheduled Bangladeshi banks and regional chief of global office and members from the top management including chief

executive in case of foreign banks. The banks will allocate a considerable fund in their annual budget for green banking, and set up a separate green banking unit. A senior executive should head the unit, which will report to the high-Powered committee time to time. They will have to comply with the instructions stipulated in the detailed guidelines on Environmental Risk Management. The banks will also incorporate environmental and climate change risks as part of the existing credit risk methodology prescribed to assess a prospective borrower. The banks should take measures to save electricity, water and paper consumption, according to the BB guidelines. A 'Green Office Guide' or at least a set of general instructions should be circulated among the employees. Instead of relying on printed documents, online communication should be extensively used (where possible) for office management.

Energy saving bulbs should replace the regular ones in branches/offices of the banks. They should make plans to use solar energy on their premises, and encourage employees to purchase energy efficient cars.

#### 4.3 TOP 10 BANKS PRACTICING GREEN BAKING DURING 2017

According to the report of Bangladesh Bank the top 10 banks in Green Banking activities by the end of the year 2012 are:

1. AB Bank Limited
2. Bank Asia Limited
3. Eastern Bank Limited
4. EXIM Bank Limited
5. IFIC Bank Limited
6. Islami Bank Bangladesh Limited
7. Prime Bank Limited
8. Rupali Bank Limited
9. Social Islami Bank Limited
10. Standard Chartered Bank Limited

#### 4.4 GREEN BANKING IN SOCIAL ISLAMI BANK

The Bank has specially focused on green banking to safeguard the mother planet. The concept of Green Banking has been adopted by reducing paper work to a great extent. More and more Green Banking activities have successfully been done in 2016. During the year 2016, a sum total of Taka 19,824.23 million was disbursed under ETP, Solar Plant/ Energy Renewable Plant, HKK and other Green Industry compared to Taka 8977.34 million in 2015. As on 31.12.2016, total outstanding Investment amount was Taka 3,751.61 million in Green Finance Project compared to Taka 1,536.99 million in 2015.

Green Banking is an emerging issue in the present banking arena. Green Banking is a holistic approach, which encourages environmental protection, sustainability, resource-savings and economic attitude in personal and professional life among others. Bangladesh Bank is emphasizing much on environment and environment friendly project. Green Banking issues are properly addressed at SIBL as per guidelines of Bangladesh Bank. Bangladesh Bank vide BRPD Circular no. 02 dated 27.02.2011 advised all banks to start Green Banking activities comprising a set of initiatives in 03(three) phases with specific time frame. Green banking is fast gaining momentum in Bangladesh since its official inception in the second-half of 2011. During short span of time, several policy interventions were taken by Bangladesh Bank (BB) for accelerating green growth of them country. Green Development and Inclusive Growth – are at the focal points in Green Banking.

#### 4.5 SUSTAINABLE FINANCE AND GREEN BANKING

Sustainable Banking refers to adopting environmentally responsible financing, weighing up environmental risks of projects before making financial decisions, financing spontaneously to various social development activities and supporting & fostering growth of upcoming green initiatives & projects. Sustainable Banking can also promote environmental friendly in-house practices within the Bank to reduce carbon footprint from its banking activities which is an ethical approach in banking practice as well.

Sustainable Development Goals (SDGs) which are declared by United Nations for the period of 2016-2030 refers to a range of social needs including education, health, social protection and job opportunities, while tackling climate change and environmental protection. Bangladesh Bank through its guidelines on Green Banking & CSR and newly introduced Sustainable Banking approach has been supporting the Banks for accelerating sustainable development activities in the country.

The main purpose of Sustainable Banking is to make the earth a safe habitat for the human being, animals, plants and other organisms in the ecosystem by upholding the ethical standards, promoting social welfare activities and taking appropriate measures for environmental protection & action plans on climate change related issues. This is an effort from banks' part to ensure peace & justice in the society, tackle the future incidents which may take place due to climate change and restore the environment on the earth as well.

In order to achieve Sustainable Development Goals (SDGs) and to comply with Bangladesh Bank's instructions vide SFD circular no. 02 dated 1st December, 2016 SIBL has formed a separate Sustainable Finance Department (SFD) headed by Head of Investment Risk Management Division to carry out Sustainable Banking (Green Banking & CSR, among others) activities of the Bank and also formed a Sustainable Finance Committee (SFC) headed by the most senior Deputy Managing Director of the Bank. As per Bangladesh Bank's guideline, the existing Green Banking Unit and CSR Unit of the Bank have been abolished very recently.

The organizational structure of newly formed Sustainable Finance Department (SFD) and Sustainable Finance Committee (SFC) [along with their Terms of References (ToRs)] has been approved by the Board of Directors of the Bank. As per the approved decision of the Board of Directors of the Bank, a new Committee titled Sustainable Finance Committee (SFC) with its 17 members (senior level Executives) has started functioning to oversee the sustainable finance activities of the Bank. Meanwhile, a separate Department titled Sustainable Finance Department (SFD) has also started its journey as per the set Terms of References (ToRs) of the Department.

Moreover, the overall activities of Sustainable Finance Department (SFD) and Sustainable Finance Committee (SFC) are being supervised by the Risk Management Committee. The Bank has sponsored a conference titled "Green Development Conference 2016" organized by Neo STAR Innovation. SIBL has been responding spontaneously to its social commitment. As part of Corporate Social Responsibility (CSR), Social Islami Bank Limited (SIBL) has been extending financial help to different orphanages, schools, madrasahs, social organizations & individuals who are suffering from fatal diseases like cancer, kidney failure, heart diseases etc.

## 4.6 SIBL STRATEGY FRAMEWORK OF GREEN BANKING

### **phase 1:**

- 1.1 Policy formulation and governance
- 1.2 Incorporation of environmental risk in CRM
- 1.3 Initiating in-house environment management
- 1.4 Introducing green house finance.
- 1.5 Creation of climate risk fund
- 1.6 Introducing green marketing
- 1.7 Online banking
- 1.8 Supporting employee training, consumer awareness and green event
- 1.9 Disclosure and reporting of green banking activities

### **Phase 2**

- 2.1 Sector specific environmental policies
- 2.2 Green strategic planning
- 2.3 Setting up green branches



2.4 Improved in-house environment management

2.5 Formation of bank specific environmental risk management plan and guidelines

2.6 Rigorous programs to educate clients

#### 4.7 GREEN BANKING PRODUCT OF SIBL

Recently, Bangladesh Bank has widened the number of green products under several refinance schemes to widen their outreach in green financing. Now, 50 green products are being offered in 11 categories, namely –

- a) Renewable Energy
- b) Energy Efficient Technology,
- c) Solid Waste Management,
- d) Liquid Waste Management,
- e) Alternative Energy Plant,
- f) Non-Fire Block Brick Manufacturing Project,
- g) Recycling Plant and Recyclable Product Manufacturing Plant,
- h) (viii)Improvement of Brick Kiln Efficiency
- i) Green Industry,
- j) Factory Work-Environment and Security Ensuring,
- k) (xi)Miscellaneous (Vermi-compost, Palm Oil Plant etc).

#### 4.8 Green banking initiatives of SIBL

Green Banking initiatives are multi-stake holder approach and are never ending process, the implementation is possible only when collective efforts of all are being made.

Particular	2019		2021	
	Disbursement	Outstanding	Disbursement	Outstanding
ETP				
Finance for installation of ETP	272.14	107.72	180.29	87.87
Projects financed having ETP	17215.67	2552.25	5568.09	495.07
Bio-gas plant	0.66	0.49	0.40	0.49
solar panel/Renewal energy plant	35.1	12.85	28.57	0
Hybrid Hoffman Klin (HKK)	313.69	73.35	82.42	43.23
Projects financed in brick fields having zigzag	653.9	193.99	2936.75	893.99
Hazardous waste treatment facility			103.06	9.54
plastic waste recycle plant	14.14	6.8	77.76	6.8
Other	1318.93	804.16	0	0
Total	19824.23	3751.61	8977.34	1536.99

<b>Green Banking Initiatives</b>	<b>Yr 2020</b>	<b>Yr 2018</b>
ATM (Number)	1906	1624
No of own ATM	66	36
No of share ATM	1840	1588
Online banking		
No of total branches	125	111
No of branch with Online coverage	125	111
Internet banking		
No of account facilitated With internet banking	0.32%	0.29%
No of account facilitated With mobile banking/ Sms alert banking	120498	68464
% of accounts facilitated With mobile banking/ Sms alert bankig	12.19%	8.32%
NO of training programs	10	5
Employees	508	80
Customers	-	-

#### 4.9 SIBL FUTURE PLAN ABOUT GREEN BANKING

SIBL has the plan to focus on the following areas of operation for promoting Green Initiatives:

- a) To popularize online banking.
- b) To increase internet, sms & mobile banking activities.
- c) To popularize video conferencing.
- d) To increase efforts forwards near paperless banking.
- e) To promote tree in plantation campaign.
- f) To promote green initiatives through advertisement print/electronic media.
- g) To rationalize use of consumption of paper, water, electricity and utilities.
- h) To reduce Emission of carbon.
- i) To conserve Environment.
- j) To protect Air/water pollution.

#### 4.10 GREEN OFFICE GUIDE

- a) Energy saving bulbs should replace normal bulbs in branches/offices of the banks.  
Issues should be taken steps to save energy from corporate business travel and
- b) Employees are encaged to avoid using vehicle to reduce gas and petroleum consumption
- c) Minimum utilization of electric bulb in day-time
- d) Minimum utilization of AC during the rainy season and winter.
- e) Avoiding use of electric appliance during peak SIBL.
- f) Keeping the temperature level of AC not below 20 degrees centigrade.
- g) Avoiding wearing of coat-tie during summer to lessen use of AC.
- h) Encage clients of take e-statements
- i) Encage the clients to use ATM cards instead of Cheque-Books.
- j) Advertising through electronic media avoiding the print Medias.
- k) Tele-Conference and Video conference should be arranged to avoid travels and reduce use of fossil fuel.
- l) Reduce wastage of water
- m) Use scrap paper as notepads.

# Chapter – 5: FINDINGS & RECOMMENDATIONS

## 5.1 FINDINGS

While working on Social Islami Bank, Banghshal Branch, I have attained a newer kind of experience. After collecting and analyzing data I have checked out some findings. These findings are completely based on my personal view.

- a) The branch should concentrate more on use solar energy to save electricity.
- b) There is a shortage of ATM booths in major cities with proper solar energy backup.
- c) The bank does not maintain or record of the consumption of water, paper, electricity etc. at their offices and branches.
- d) The bank may prepare an inventory of the consumption of water, paper, electricity, energy etc of the Offices and Branches.
- e) The bank does not encourage clients and business houses to comply with environmental regulation.
- f) The bank tries to set-up all branches according to green banking guidelines but still they are far away from their practices.

## 5.2 RECOMMENDATIONS

Social Islami Bank Ltd. Uttara Branch is one of the most potential Banks in the banking sector. It has a large portfolio with huge assets to meet up its liabilities and the management of this bank is equipped with the expert bankers and managers in all level of management. So it is not an easy job to find out the drawbacks of this branch. I would rather feel like producing my personal opinion about the ongoing practices in Uttara Branch. For more improvement of the service the following measures may be taken:

- a) The bank should apply better level of Green Banking Activities & Environmental Risk Management Systems.
- b) The bank may arrange more ATM's in bigger cities with proper solar energy backups.
- c) The bank should ensure Proper Communication System and Maintenance of Machineries.
- d) According to the legal framework of green banking, Social Islami bank should concentrate to prevent pollution from paper, gas, electricity or to close down or have to make necessary investment to comply with the standard.
- e) The bank may maintain the record of the consumption of water, paper, electricity energy etc. of the offices and branches to minimize pollution and environmental risk.

## CONCLUSION

Green banking is no longer a new concept. The term has become popular among the conscientious people in the backdrop of climate change. Human activities have caused serious damage to the environment. All have the responsibility to save the ecology by prudent activities. The professional segment of the population of every country has a greater role to play than the common man to check environmental degradation. Bankers are an important professional group which has interaction with all strata of people in the society. By adopting various green initiatives within their in-house environment and also initiating prevention of air and water pollution through their clients, bankers can contribute in a big way to this noble cause. In a rapidly changing market economy where globalization of markets has intensified the competition, the industries and firms are vulnerable to stringent public policies, severe law suits or consumer boycotts. This would affect the banks and financial institutions to recover their return from investment. Thus, the banks should play a pro-active role to take environmental and ecological aspects as part of their lending principle which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. Green Banking if implemented sincerely will act as an effective ex ante deterrent for the polluting industries that give a pass by to the other institutional regulatory mechanisms. There has not been much initiative in this regard by the banks and other financial institutions in Bangladesh though they play an active role in its emerging economy. The banking and financial sector should be made to work for sustainable development. As far as green banking is concerned, Bangladesh's banks and financial institutions are running behind time. None of them are signatory to the UNEP Financial Initiative statement. It is time now that Bangladesh takes some major steps to gradually adhere to the equator principles-guidelines that use environment-sensitive parameters, apart from financial, to fund projects.



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