

# **AN INTERNSHIP REPORT**

**ON**

## **“Green Banking Practice of Agrani Bank Limited”**

This Report is submitted to the Department of Accounting, Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur as a partial requirement for the fulfillment of Master of Business Administration (MBA) Program -2016.

### **PREPARED BY**

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**DEPARTMENT OF ACCOUNTING**

**HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY  
UNIVERSITY (HSTU), DINAJPUR-5200, BANGLADESH**

**JULY-2016**

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**HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY  
UNIVERSITY (HSTU), DINAJPUR-5200, BANGLADESH.**

JULY- 2016

Dedicated  
To  
My Beloved  
Mother  
&

Honorable  
Teachers

## LETTER OF TRANSMITAL

21<sup>th</sup> July, 2016

Md. Reiazul Haque

Supervisor & Assistant Professor

Department Accounting

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur-5200.

Subject: Submission of Internship Report.

Dear Sir,

I am so glad to submit my Practical Study Paper to you on **“Green Banking Practice of Agrani Bank Limited”**. To prepare this internship report, I have gathered what I believe to be the most complete information available. Reading different books, articles, annual report, and web site etc. related to the banking insurance & manufacturing arena, I have collected adequate information to fulfill my research objective.

The experience, I have gathered during this period will remain as an invaluable asset in my life. I have worked hard preparing this report and I hope it will satisfy my course requirement for MBA Program. I will be always available for answering any query on the report. I request you to excuse me for any mistake that may occur in the report despite of my best effort. I will be grateful if you kindly accept it.

Sincerely yours

---

Mahejabin

Student No. 1505130

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HSTU, Dinajpur.

## **SUPERVISOR’S DECLARATION**

This is to certify that Mahejabin, a student of MBA major in Accounting and Information Systems, Session 2015, bearing Student No. 1505130 under a internship report entitled on **“Green Banking Practice of Agrani Bank Limited”** under the supervision of me.

I also certify that I have gone through the draft copy of the report. Thoroughly found it satisfactory for submission to the department as a partial fulfillment of MBA program.

Again, I recommend the report to submit for awarding the Master of Business Administration (MBA) Program.

I wish her every success for the days to come.

---

Md. Reiazul Haque

Supervisor & Assistant Professor

Department of Accounting

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur-5200



## **CO-SUPERVISOR'S DECLARATION**

This is to certify that Mahejabin, a student of MBA major in Accounting and Information Systems, Session 2015, bearing Student No. 1505130 under a internship report entitled on **“Green Banking Practice of Agrani Bank Limited”** under the supervision of me.

I also certify that I have gone through the draft copy of the report. Thoroughly found it satisfactory for submission to the department as a partial fulfillment of MBA program.

Again, I recommend the report to submit for awarding the Master of Business Administration (MBA) Program.

I wish her every success for the days to come.

---

Saiful Islam

Co-Supervisor & Assistant Professor

Department of Accounting

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur-5200



## **CHAIRMAN’S DECLARATION**

I hereby declare that the concerned report entitled “**Green Banking Practice of Agrani Bank Limited**” is an original work made by Mahejabin, a student of MBA major in Accounting and Information Systems, session 2015, bearing Student No. 1505130, completed her internship report submitted for the partial fulfillment of the requirement of the Master of Business Administration (MBA) at Hajee Mohammad Danesh Science & Technology University, Dinajpur.

I wish her every success for the days to come.

---

Md. Mamunar Rashid

Associate Professor & Chairman

Department of Accounting

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur-5200

## **STUDENT’S DECLARATION**

I hereby declare that the research report entitled embodies the result of my own research works and efforts, prepared under the supervision of Md. Reiazul Haque, Assistant Professor and Saiful Islam, Assistant Professor, Department of Accounting, HSTU, Dinajpur.

I further affirm that work and information reported in this report is original and any part or whole has been submitted to, in any form, any other University or Institution for any degree or any other purpose.

---

Mahejabin

Student No. 1505130

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## ACKNOWLEDGEMENT

Firstly, I am very much grateful to the Almighty Allah that I am going to complete my internship report successfully within due time & remained physically fit. I reserved patience & undergone all incidences while preparing this report. Here, I would like to express my kindness to my **beloved parents** whose continuous inspiration encourages me to make a right movement in my life.

At the very beginning, I would like to take this opportunity to express my gratitude to my internship report respected supervisor **Md. Reiazul Haque** along with my respected co-supervisor **Saiful Islam** for their continuous inspiration, supervision, patience, motivation, and immense knowledge. Their guidance helped me in all the time of research and writing of this internship report. I could not have imagined having better advisors and mentors for my internship report. Besides my advisors, I would like to thank the rest of my honorable teachers Md. Mamunar Rashid, Associate Professor and Chairman, Dr. Shaikh Mostak Ahammad, Associate Professor, Mohammad Mazibar Rahman, Lecturer, Mohammad Main Uddin, Lecturer, Department of Accounting respectively, incited me to widen my research from various perspectives. I also congratulate all of my friends and assistances for helping me in this regard.

A warm gratitude goes to my respondents who have helped me besides their acute busyness. Their information, conversation was valuable in this concern. My sincere thanks also goes to the authors, researchers, and article writers, whose Books, Reports, and Journals have helped me to prepare my internship report successfully. I am very much grateful to them, without those support it would not be possible to conduct this research.

May Allah bless all them.

**“The Author”**

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

Environmental pollution and climate change leading to global warming are one of the three most discussed issues worldwide. These issues, mostly caused by human activities, are not only affecting our economy and our living standards, but our very existence is dependent on the efficient management of these issues.

The geographic location of Bangladesh makes it one of the most climate vulnerable regions of the world. Lack of awareness, environmental education, compliance and negligence on the part of the business and the mass people are also resulting in fast deterioration of the environment.

This situation can only be improved through coordinated efforts from the government, private sector, and individuals. And banks and FIs are well positioned to act as catalysts to support and supplement these efforts aimed at a greener environment.

‘Green Banking’ is the operation of the financial sector with special focus on the environmental, ecological and social factors, targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment friendly projects and practices and reduction of the overall carbon footprint from both its financing and in-house operations. Through green banking, the FIs are not only required to improve their own standards, but also play an active role in demanding the same from its stakeholders as well. In Bangladesh, perhaps no worth mentioning study was conducted especially on the sustainability of the green banking. Realizing the significance of sustainability of said sector in Bangladesh, the researchers have become ardently engrossed to conduct an in-depth research study on this drone issue of modern economy.

## **1.2 Objectives of the study**

The objective of the green banking policy will be to contribute to the national interest through establishing an environment friendly banking system which may be achieved through proper utilization of human & physical resources and encouraging channeling of fund to businesses those expose no or very little risk to the environment.

### **The main objectives of the study are as follows:**

1. To analyze the green banking practices of Agrani Bank Limited
2. To justify the prospects of green banking practices in Bangladesh
3. To provide some suggestions in this regards.

### **The other objectives of the study are as follows:**

- i) To take active initiatives for environment friendly financing for conservation of environment for the future generation.
- ii) To promote sustainable environment friendly initiatives undertaking through adoption of a set of principles and strict adherence to those principles.
- iii) To contribute to the national interest through avoidance of financing in specific industry, project, process, business ,being harmful or tend to be causing harm to the environment even if They are financially viable;
- iv) To create an atmosphere for the bank and its both existing and potential clients to work within an ideal business environment through innovative marketing of innovative banking products;
- v) To encourage the employees, the existing and potential clients and other stakeholders to develop, practice & promote for developing & using Environment friendly or Green Technology, products, production process;
- vi) To develop the attitude among the employees to motivate, encourage the stakeholders through initialization of appropriate in-house environmental risk management system through introduction of appropriate technology;
- vii) To sponsor awareness programs for environment friendly products or technology through practice of Corporate Social Responsibilities (CSR);

### **1.3 Methodology**

The research is conducted on the basis of secondary data and these data are collected from different research journal and annual report of Agrani Bank Ltd. The study examines major aspects concerned with Green Banking.

The environmental changes that green house is going to cause is also about to discuss and also tried to reason out why and how the banks are adopting.

### **1.4 Limitation of the study**

In spite of having the wholehearted effort, there were some limitations, which acted as a barrier to conduct the program.

The limitations were:

- Green Banking activities & environmental risk management systems was not sustain every branches.
- Bank is a sophisticate business sector. So bank do not interested to provide me confidential data.
- Transportation facilities are not available in every branch.



## **CHAPTER TWO**

### **OVERVIEW OF AGRANI BANK LIMITED**

#### **2.1 Introduction of Agrani Bank Limited**

Agrani Bank Limited, a leading commercial bank with 879 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being as a Public Limited Company on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007. Agrani Bank Limited is governed by a Board of Directors consisting of 13 (thirteen) members headed by a Chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 25 Divisions in head office, 62 zonal offices and 879 branches including 27 corporate.

#### **2.2 History of Agrani Bank Limited**

Agrani bank, in pursuance of Bangladesh banks (nationalization) order 1972 (P.O. No-26 of 1972) came into being in 1971 taking over the assets and liabilities of the east while Habib bank ltd. And commerce bank ltd. Functioning in the then East Pakistan. The bank started operation with 249 branches with its head office in Dhaka. In principle, it changed its motto from class banking to mass banking. As there had been poor banking structure and it failed to build sound banking infrastructure by local entrepreneurs before independence and the newly born independent country was down with enormous economic problem, the new govt. Agrani Bank being one of the largest nationalized commercial bank must shoulder the responsibility of expanding its network in rural area.

Presently bank has its 561 branches out of total 891 branches located in rural areas implementing as many as 29 programs targeting rural people. During my internship at Agrani Bank Ltd, I was placed in the Principal Branch under Head office of ABL. I enjoyed my total working with the young, skilled & professional employees and earn my knowledge regarding financial and non-financial performance of Agrani Bank.

### 2.3 Vision and Mission

To become the best leading state owned commercial bank of Bangladesh operating at international level of efficiency, quality, sound management customer service and strong liquidity.

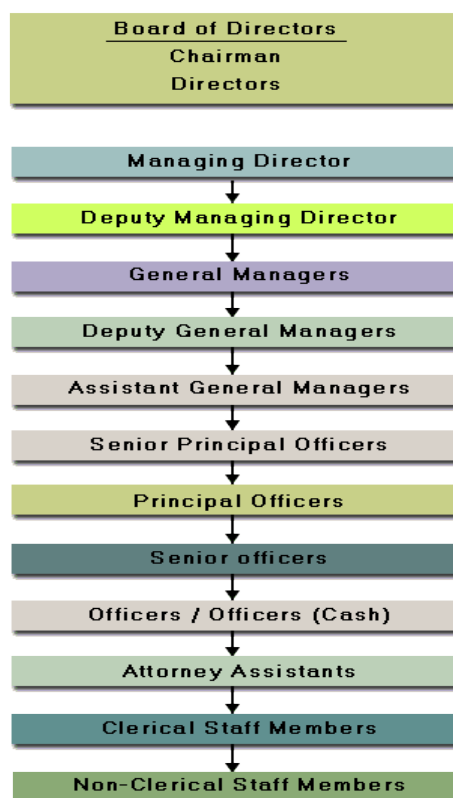
#### Vision of ABL

To become the best leading state owned commercial bank of Bangladesh operating at international level of efficiency, quality, sound management, customer service and strong liquidity.

#### Mission of ABL

To operate ethically and fairly within the stringent framework set by our regulators and to assimilate ideas and lessons from best practices to improve our business policies and procedures to the benefit of our customers and employees.

#### Hierarchy Of Agrani Bank



## **2.4 Strategic Objectives of the Bank**

- Winning at least 6.50 percent share of deposits and 5.50 percent share of loans and advance of Bangladesh market.
- Gaining competitive advantage by lowering overall cost compared to that of competitors.
- Overtaking competitors by proving quality customer service.
- Achieving technological leadership among the peer group.
- Strengthening the Banks brand recognition.
- Contributing towards the economic well-being of the country by focusing particularly on SME and agricultural Sectors.
- Strengthening research capability for innovative products.

## **2.5 SWOT Analysis of Agrani Bank Limited.**

SWOT Analysis is the detailed strategy of an organizations exposure and potential in perspective of its strength, weakness, opportunity and threat. This analysis used the organization to make their existing line of performance also foresee the future to improve their performance in comparison to their competitors.

By SWOT Analysis, an organization can also observe their current position. It can also be considered as an important tool for making changes in the strategic management of the organization. SWOT is an acronym for the internal strength and weakness of a firm and the environmental Opportunity and Threat facing that firm. So if we consider Agrani Bank as a business firm and analyze its strength, weakness, opportunity and threat the scenario will be as follows:

### **Strength:**

- Energetic as well as smart team work
- Good Management
- Lending rate is relatively competitive
- Cooperation with each other
- Good banker-customer relationship
- Strong Financial Position

- Huge business area
- Service charges are comparatively reasonable
- Strong corporate identity
- Young enthusiastic workforce
- Empowered Work force

**Weakness:**

- Lack of proper motivation, training and job rotation
- Lack of experienced employees in junior level management
- Lack of own ATM services
- Tendency to leave the bank in quest of flexible environment
- Lack of proficient manpower in some department
- Limited advertising and publicity of banks products and activities
- Absence of strong marketing activities
- Office environment is not good as private bank environment
- High charges of L/C

**Opportunity:**

- Growth of sales volume
- Change in political environment
- Launching own ATM card services
- Expansion of banking services into other different services
- Expansion branches of online
- Experienced Managers

**Threats:**

- Upcoming Banks/Branches
- Different services of FCB'S (Phone Banking/Home Banking)
- Similar products are offered by other banks
- Default Loans
- Financial Crisis
- Existing card services of Standard Chartered Bank or other private Bank
- Daily basis interest on deposit offered by HSBC

- Government has been controlling industrial credit
- Recession of global economy Intensification of competition in the industry

Slogan of Agrani Bank Limited:

The Slogan of Agrani Bank Limited is “Committed to serve the nation”



## 2.6 Product, Price, Promotion & Place (4p's of ABL)

In this section the product & services offered by Agrani Bank Limited along with the price is briefly discussed. Besides that, the place of the bank and the promotional activities the bank conducts in order to attract customers are also discussed

### **Product & Price:**

The success of a company depends exclusively on the products & services it offers with a reasonable price compared to the competitor. It is the main source to attract customers. Banks are operating in the service industry & their business would become successful only when they can offer quality services to the customers within an affordable price. The savings rate in Bangladesh is one of the lowest in the world rate of domestic saving being 17.78 %. In order to improve the savings rate, financial Institutions responsible for mobilization of savings should offer attractive Savings Schemes so that the marginal propensity to save increases. The savings do not, of course, depend only on the quantum of income but largely depend on the habit of savings of the people.

### **Place:**

The location of the organization plays a significant role in how the organization is performing. Before setting a location for, the organization should keep some important things in mind, especially the accessibility of the location, the target market, transportation facility, business prospectus etc. In case of the Agrani Bank Limited., the Head Office is located in Motijheel commercial area. This is a very suitable place for business, has good transportation facility. The area is business oriented so it is possible

to capture the target market. Lots of Industries & organization are located in that commercial area, so it is not too hard to attract clients.

### **Branch Networks:**

Agrani Bank Limited has 902 existing branches and some other proposed branch all over the Bangladesh to provide better service to their valuable customers. the target market, transportation facility, business prospectus etc. In case of the Agrani Bank Limited., the Head Office location.



*Figure 1:* Branch Network of Agrani Bank Limited

### **Promotion**

A broad range of product with attractive price and a suitable location is not enough for a business to survive. It is very important to make the people aware about the existence and operation of that organization. This is why the promotional activity is very vital. Agrani Bank Limited is engaged in various kinds of promotional activity. From time to time ABL sponsors cricket tournament in national level. The bank advertises on newspaper, TV, billboard etc. It also participates in social activities, for example, for the cold stricken poor people of North Bengal.

ABL also has souvenirs for example, wallet, key ring, diary, desk calendar, wall clock etc. that work as promotional activity. To attract and retain corporate clients, the Head

Office maintains personal relationship with the clients; arrange party or events in various occasions. These are the main promotional activity conducted by Agrani Bank Limited.

## **CHAPTER THREE**

### **BASIC CONCEPTS OF GREEN BANKING**

#### **3.1 Green Banking**

Global warming is an issue that calls for a global response. The rapid change in climate will be too great to allow many eco-systems to suitably adapt, since the change have direct impact on bio-diversity, agriculture, forestry, dry land, water resources and human health. Society demands that business which also takes responsibility in safeguarding the planet. In this circumstance, the banks have come forward with an eco-friendly financing program. Eco-friendly activities related with banking jobs are known as ‘Green Banking’. Green Banks or environmentally responsible banks not only improve their own business but also reflect socially responsible behavior of their other banking activities. A Green Bank is also called an ethical bank, a socially responsible bank or a sustainable bank.

#### **3.2 Broadly, green banking comprises five pillars.**

- First one is related to the ‘Green Vision’ of a bank. It is the basic principle. Practically, activities and operations of banks cannot completely discard environmental harm.
- Second and third pillars are connected with banks in-house operations and with financing. These are connected with banks’ green efforts to minimize environmental risks and save scarce resources.
- Fourth pillar is concerned with supporting and cooperating other stakeholders. The growing environmental concern has brought about a new era of communication and cooperation between the businesses, banks and the NGOs worldwide.

Green banking is a component of global initiatives by a group of stakeholders to save environment. 'Conserving Environment' through operation and financing is at the center of the green banking activities of a bank. An increasing number of banks around the world are going green by offering innovative green products, saving resources and supporting the activities that help to protect environment. Environmental finance is a part of both 'Environmental Economics' and the conservation movement. Environmental economics is also called 'Ecological Economics'. It is the proper use of various financial instruments to protect bio-diversity. Green finance, as a part of green banking, makes a great contribution to the transaction of resource-efficient and low carbon industries i.e., green industries and green economy in general.

Some banks of the USA and the EU are among the frontrunners that have joined together to protect environment, loss of open space and loss of bio-diversity. In addition, Bangladesh is one of the most climate change vulnerable countries. Here, banks hold a unique position in an economic system that can affect production, business and other economic activities through their financing program. Bangladesh Bank has been helping government in implementing the provisions of key environmental regulations related to the financial sector. From time to time Bangladesh Bank has been issuing environment related circulars and guidelines. Especially, their circular on 'Policy Guidelines for Green Banking' in 2011 is a remarkable step on the way to developing green banking practices in the financial sector of Bangladesh. A separate guideline on 'Environmental Risk Management' by Bangladesh Bank is also in place. In addition, Bangladesh Bank has introduced refinancing schemes and a few incentive measures to encourage banks to undertake green activities. Banks in these countries are encouraged to follow various guidelines and they work with environmental NGOs to improve social and environmental conditions. Several big banks have sustainable policies and commitment to climate change, carbon mitigation, bio-diversity, land conservation and internal use of resources. Moreover, energy and water efficiency and waste reduction are of high concern for many big banks. The condition of environment of Bangladesh is rapidly deteriorating. The key areas of environmental degradation cover air pollution, water pollution and scarcity, encroachment of rivers, improper disposal of industrial, medical and house-hold waste, deforestation.

### **3.3 History of Green Banking**



Green Banking is any form of banking from that the country and nation gets environmentally benefits. An orthodox bank becomes a green bank by directing its core operations toward the betterment of environment. The banking sector can play an intermediary role between International Journal of Economics, Finance and Management Sciences 2015; 3(1):34-42 35 economic development and environment protection by promoting environmentally sustainable and socially responsible investment. The concept of green banking was developed in the western countries. Green Banking was formally started in 2003 with a view to protecting the environment. Then the Equator Principles (EPs) were launched and were initially adopted by some leading global banks, such as Citigroup Inc., The Royal Bank of Scotland, Westpac Banking Corporation. In March 2009, Congressman Chris Van Hollen of USA introduced a Green Bank Act with the aim of establishing a green bank under the ownership of the US government. After introduce the Green Banking initial decision was to minimize the paper use in banking works because to make all kinds of papers need to cutting trees as raw materials (its minimize the green forestation) and for this reason naturally its reduce the Oxygen and increase the carbon-dioxide in airspace/ globe. There are two ways of green banking practices. One is in-house green banking; another is practice by the bankers in their business area. Creating clean and hygienic banking environment, green building, reforestation, online banking, waste management, installation of solar panel on the rooftop of the bank and using high mileage vehicles, reducing sound pollution, using webcam for video conferencing instead of physical meetings, online statements, emailing documents are included in the in house Green Banking .Financing the green projects like Biogas Plant, Solar/Renewable Energy Plant, Bio-fertilizer Plant, Effluent Treatment Plant (ETP), Projects having ETP etc, working on specific green projects, voluntary activities of banks are major practices by the bankers in their business areas. Green banking undertakes proactive measures to protect environment and to address climate change challenges while financing along with efficient use of renewable, non-renewable, human and natural resources.

### **3.4 Features**

Some important features of green banking operations are as follows:

- Banks can help environment through automation and online banking.

- Green banking focuses on social safety and security through changing the negative impacts of the society.
  - In financing, it always gives priority to investments / loans which consider risk factors regarding environmental conditions.
  - It always cares for sustainable and green growth in industrialization and for social purposes.
  - It creates a congenial atmosphere inside and outside the bank.
  - It considers the clients as its family members, and as such, guide and supervise the projects to reduce pollution and thus implement scientific methods in the real sense by implementing environmental due diligence (EDD) checklist. It reduces cost and energy, thus saving money and increasing GDP of a country. It changes the mental faculties of the officials and customers, in line with green sensibilities.
- It helps institutions, men and the nation in general live with dignity.

### **3.5 Green Banking Strategies**

- Engage with the key stakeholders and create awareness of environmental issues and their impact on the economy, the environment, and the society. Also, explain to them the business and environmental value and the necessity of greening the bank processes, products, and services.
- Conduct energy audits and review equipment's purchases and disposal policies and practices. Assess IT's environmental and cost impact and identify areas to be "greened".
- Set SMART (Specific, Measurable, Attainable, Realistic, and Timely) green goals as the internal targets to reduce your carbon footprint along with timelines. Develop criteria for measuring progress towards the goals.
- Develop and implement a green policy that aims to achieve higher utilization of systems while reducing energy use and lessening their environmental impact.
- Encourage, motivate, and energize the workforce to follow the green path and to come up with and implement their own ideas. In addition, also encourage clients, suppliers, and outsourcers to adopt green practices.

- Monitor the progress regularly; watch industry trends and new developments. Revise the green policy as required.
- Publicize your environmental policy, actions, and achievements and thereby get credits and accolades from customers, peers, industry groups, environmental advocates, government agencies, and society at large.

### **3.6 Green Products and Services**

Banks are developing new products and services that respond to consumer demand for sustainable choices. Following are some of the options that banks should offer to their customers, if they are not offering already:

- Electronic and telephone banking, facilitating customers to perform most of their banking needs anytime, anywhere
- Automatic payments reduce the need to write and send cheques by mail
- Electronic (paperless) statements, product information, guides and annual reports to customers and stakeholders
- Offering and promoting mutual funds that focus investment in 'green' companies
- Offering a special line of credit to help homeowners invest in energy-efficiency upgrades for their home
- Offering credit cards co-branded with environmental charities.

### **3.7 Steps in Green Banking**

The following are some of the steps that can be taken for going green in banking:

#### **1. Go Online**

Online banking is the developing concept in young and corporate Bangladesh. Online banking helps in additional conservation of energy and natural resources. Online Banking includes: a. Paying bills online, b. Remote deposit, c. On line fund transfers and d. Online statements. It creates savings from less paper, less energy, and less expenditure of natural resources from banking activities. Customers can save money by avoiding late payments of fees and save time by avoiding standing in queues and paying the bill from home online.

#### **2. Use Green Checking Accounts**

Customers can check their accounts on ATM or special touch screens in the banks. This can be called as green checking of account. Using a green checking account helps the

environment by utilizing more online banking services including online bill payment, debit cards, and online statements. Banks should promote green checking by giving some incentives to customers by giving higher rate of interests, waiver or discount in fees etc.

### **3. Use Green Loans for Home Improvements**

The Ministry of Non-renewable Resource in association with some nationalized and scheduled banks undertook an initiative to go green by paying low interest loans to the customers who would like to buy solar equipment. The rate of interest is as low as 4% p.a. Before you undertake a major home improvement project, study if the project can be done in an eco-friendly manner and if you might qualify for a green loan from a bank. Green loans are perfect for energy saving projects around the house.

### **4. Power Savings Equipment**

Banks can directly contribute to controlling climate change and as an initial step they intend to start a campaign to replace all fused CFL bulbs, in all owned premises offices and residential. Banks can also make a feasibility study to make rain water harvesting mandatory in all the Bank's owned premises.

### **5. Use Green Credit Cards**

Some of the banks introduced Green Credit Cards. The benefit of using a green credit card is that banks will donate funds to an environment-friendly non-profit organization from every taka you spend on your credit card to a worthwhile cause of environment protection.

### **6. Save Paper**

Banks should purchase recycled paper products with the highest post-consumer waste content possible. This includes monthly statements, brochures, ATM receipts, annual reports, newsletters, copy paper, envelopes etc. Whenever available, vegetable-based inks are used instead of less environmentally friendly oil-based inks.

### **7. Use of Solar and Wind Energy**

Using solar and wind energy is one of the noble causes for going green. Bangladesh Bank has become the first bank in the country to venture into generation of green power by installing windmills for captive use.

## **8. Mobile Banking**

Mobile banking is tricky. On the one hand, it is great to have the ability to check balances, transfer funds or pay bills from your phone. On the other hand, it saves time and energy of the customers. It also helps in reducing use of energy and paper of the bank. Most of the banks introduced this paper-less facility. The basic concept we can understand from green banking are :- Basically Green banking avoids as much paper work as possible and rely on online/electronic transactions for processing so that we get green credit cards and green mortgages. Less paperwork means less cutting of trees. It also involves creating awareness to banking business people about environmental and social responsibility enabling them to do an environmental friendly business practice.

-Green Ethical banks adopt and implement environmental standards for lending, which is really a proactive idea that would enable eco-friendly business practices which would benefit our future generations.

- When we are awarded with a loan, the interest of that loan is comparatively less with normal banks because green banks give more importance to environmental friendly factors - ecological gains.

- Natural resources conservation is also one of the underlying principles in a green bank while assessing capital/operating loans to extracting/industrial business sector.

-Green Banking as a concept is a proactive and smart way of thinking with a vision for future sustainability of our only Spaceship Earth - as design science explorer Richard Buckminster Fuller called our Earth.

-The value proposition for corporations to go green includes many of the same issues as that for individual consumers but on a much large scope and with additional concerns. Corporations may share a desire to reduce carbon footprint and enhance security by eliminating paper waste, but they are also extremely concerned with eliminating or decreasing errors due to manual processing and with creating a profitable bottom line. For these reasons and more, corporations are actively pursuing green programs, many companies are taking active steps to reduce waste, implement sustainability measures and increase profitability by going green.

### **3.8 Marketing and Strategy Opportunities for Green Financial Products**

- Financial institutions could establish a structured branding approach to green financial products and services.
- Financial institutions should attempt to understand and design green and conventional banking products in the same manner. This is particularly true when considering key product enhancing features, such as: flexibility, user friendliness, virtual access, ease of personal management, bundled package options and low-risk.
- Financial institutions should identify and address barriers to green financial product and service uptake. These barriers may include lack of product information and stakeholder awareness, inflexibility of product design, or uncertainty on costs versus returns.
- Financial institutions should undertake market research and analyses on the environmentally related needs and desires of individual customer segments, in order to ascertain which groups are most likely to consider eco-products as complimentary to their lifestyles, interests and financial goals.
- Financial institutions can attempt to overcome perception barriers and stimulate demand for green products and services through creative, educational marketing campaigns.

### **3.9 Banks' In-house Green Activities**

#### **A. Common in-house Green activities as reported by banks are as follows:**

- Common use of table stationeries instead of individual use
- Use of paper on both sides for internal consumption
- Introduction of e-statement for customers instead of paper statements
- Use of online communication in the best possible manner
- Using more daylight instead of electric lights and proper ventilation in lieu of using air conditioning
- Using energy saving bulbs
- Use of Eco Font for printing light impression on both sides of the paper.

- Setting defaults like “Thinking twice before printing.”, “Printing only it really needs”,
- “Please check your environmental responsibility” etc. in email correspondences.
- Video/Audio conference in lieu of physical travel
- Conversion of Banks vehicles (pool) into CNG and use of energy efficient electronic Equipment’s
- Efficient use of printer cartridges, photocopy toner, office stationary, etc.
- Sharing electronic files, voice mail and e-mail instead of paper memos
- Use of solar energy/ renewable energy sources
- 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.

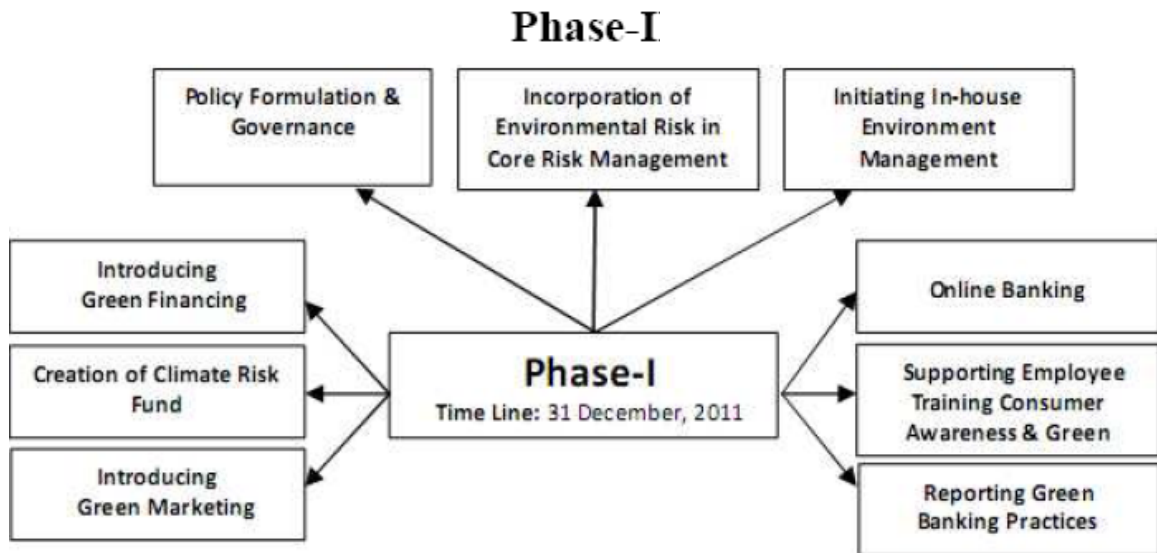
#### **B. Some Green Banking Slogans of Banks**

- Save paper, save trees
- Conserve energy, conserve natural resources
- Pay your bills online
- Turn off the tap when not needed
- Always use a cloth bag
- Reduce, reuse and recycle
- Digitize yourself
- Think before you press the button
- Everything has two sides
- Be paperless- kick the habit
- Use car pools to go to work
- Unplug electronic devices while not in use

#### **3.10 Adopting Green Banking Policy**



Now it is the high time for the banks to adopt a comprehensive Green Banking Policy in a formal and structured manner in line with global norms so as to protect environmental degradation and ensure sustainable banking practices. Green Banking Policy needs to be covered through time frame work which will be segregated into 3 phases.



Source: Bangladesh Bank, BRPD circular NO 02, 2011

**Figure 2.** First Phase of implementing green banking.

Banks are to develop green banking policies and show general commitment on environment through in-house performance. The time lining for the actions to be taken under Phase-I should not exceed December 31, 2011.

***Policy Formulation and Governance***

Bank shall formulate and adopt broad environmental or Green Banking policy and strategy approved by their Board of Directors. A high powered Committee comprises of directors from the Board in case of scheduled Bangladeshi Banks and a high powered committee comprises Regional Chief of Global Office and members from the top management including CEO in case of Foreign Banks should be responsible for reviewing the banks environmental, strategies and program. Bank shall approve considerable fund in their annual budget allocation for green banking. Banks are required to establish a separate Green Banking Unit or Cell having the responsibility of designing, evaluating and administering related green banking issues of the bank. A senior

executive should be assigned with the responsibility of heading the unit. The unit will report to the powered committee time to time.

### ***Incorporation of Environmental Risk in CRM***

Banks shall comply with the instructions stipulated in the detailed guidelines on Environmental Risk Management (ERM) in consideration of a part of the Green Banking Policy. Bank shall incorporate Environmental and Climate Change Risk as part of the existing credit risk methodology prescribed to assess a prospective borrower. This will include integrating environmental risks in the checklists, audit guidelines and reporting formats. All of this will help mainstream Environmental Risk that cover possible sources of Environmental Risk such as Land use, Climate change related events (cyclone, drought), animal diseases/pathogens such as avian influenza, solid waste including waste feed, animal waste, carcasses, sediments, wastewater discharges, hazardous materials, etc. will be reviewed under Environmental Due Diligence (EDD) checklists.

### ***Initiating In-house Environment Management***

Banks shall prepare an inventory of the consumption of water, paper, electricity, energy etc. by its offices and branches in different places. Then it should take measures to save electricity, water and paper consumption. A 'Green Office Guide' or at least a set of general instructions should be circulated to the employees for efficient use of electricity, water, paper and reuse of equipment's. In place of relying on printed documents, online communication should be extensively used (where possible) for office management and make sure that the printers are defaulted to duplex for double-side printing to save papers. Banks may apply Ecofont in printing to reduce use of ink, use scrap paper as notepads and avoid disposable cups/glasses to become more eco- friendly. Installation of energy efficient electronic equipment's and automatic shutdown of computers, fans, lights, air coolers etc. will help reducing electricity consumption. Energy saving bulbs should replace normal bulbs in branches/offices of the banks. Banks should make to use solar energy at their premises to save electricity. Bank should take steps to save energy from corporate business travel and encourage employees to purchase energy efficient cars (that consume less fuel) can reduce gas and petroleum consumption.

### ***Introducing Green Finance***

Eco friendly business activities and energy efficient industries will be given preference in financing by bank. Environmental infrastructure such as renewable energy project, clean water supply project, wastewater treatment plant, solid & hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant should be encouraged and financed by bank. Consumer loan programs may be applied for promoting environmental practices among clients.

### ***Creation of Climate Risk Fund***

Bank should finance the economic activities of the flood, cyclone and drought prone areas at the regular interest rate without charging additional risk premium. However, banks should assess their environmental risks for financing the sectors in different areas for creating a Climate Change Risk Fund. This will be used in case of emergency. The bank would ensure regular financing flows in these vulnerable areas and sectors. The fund could be created as part of banks' CSR expenses.

### ***Introducing Green Marketing***

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. It refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way. Banks should use environmental causes for marketing their services to consumer. Green marketing is expected to help awareness development among common people.

### ***Online Banking***

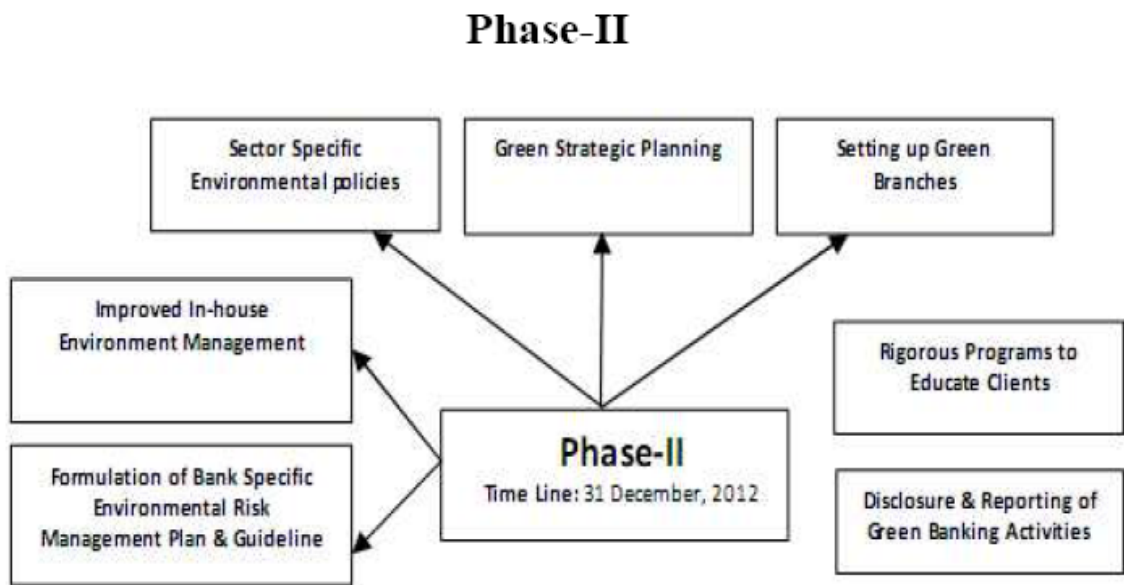
Online banking is the practice of making bank transactions or paying bills via the Internet on a secure website of the respective bank that allows the customers to make deposits, withdrawals and pay bills. Banks should give more emphasis to make the easiest way to help environment by eliminating paper waste, saving gas and carbon emission, reducing printing costs and postage expenses.

### ***Supporting Employee Training, Consumer Awareness and Green Event***

Employee awareness development and training on environmental and social risk and the relevant issues should be a continuous process as part of the bank's Human Recourse Development. Awareness development among consumers and clients would be a continuous job of a bank under its public relation department.

***Disclosure and Reporting of Green Banking Activities***

Banks shall report on the initiatives/practices to BB and disclose in their respective websites.



Source: Bangladesh Bank, BRPD circular NO 02, 2011

***Figure 3. 2<sup>nd</sup> Phase of implementing green banking.***

The time lining for the actions to be taken under Phase-II should not exceed December 31, 2012.

***Sector Specific Environmental Policies***

Banks need to formulate strategies to design specific policies for different environmental sensitive sectors such as Agriculture, Agri-business (Poultry & Dairy), Agro farming, Leather(Tannery), Fisheries, Textile and Apparels, Renewable Energy, Pulp and Paper, Sugar and distilleries, Construction and Housing, Engineering and Basic Metal,

Chemicals (Fertilizers, Pesticides and Pharmaceuticals), Rubber and Plastic Industry, Hospital/Clinic, Chemical Trading, Brick Manufacturing, Ship breaking etc.

### ***Green Strategic Planning***

A bank should determine green targets to be attained through strategic planning. Bank should determine a set of achievable targets and strategies, and disclose these in their annual reports and websites for green financing and in-house environment management as well. For in-house environment management, the target areas should cover attaining energy efficiency in the form of the use of renewable energy, reduction of electricity, gas, and petrol consumption, reduction of Green House Gas(GHG) emissions, issuance of e-statements, electronic bill pay, saving papers, environment friendly office buildings etc. For Green Financing, the target areas should cover reducing loans for certain environmentally harmful activities, attaining a particular percentage of environmental loans as percentage of total, introducing eco-friendly financial products etc.

### ***Setting up Green Branches***

A Green Branch should be featured by the provision of the maximum use of natural light, use of renewable energy, use of energy saving bulbs and other equipment's, reduced water and electricity use, use of recycled water etc. Such a branch of a bank would be specifically designated as a 'Green Branch'. A Green Branch will be entitled to display a special logo approved by Bangladesh Bank. The criteria for certification of a 'Green Branch' will be circulated by Bangladesh Bank in due course of time.

### ***Improved In-House Environment Management***

Strategy of reuse, recycling of materials and equipment's, and source reduction and waste minimization strategy should be part of in-house environmental management in Phase-II. Banks should increasingly rely on virtual meeting through the use of video conferencing in lieu of physical travel which would help saving cost and energy.

### ***Formulation of Bank Specific Environmental Risk***

#### ***Management Plan and Guidelines***

A bank should develop and follow an environmental risk management manual or guidelines in their assessment and monitoring of project and working capital loans. In

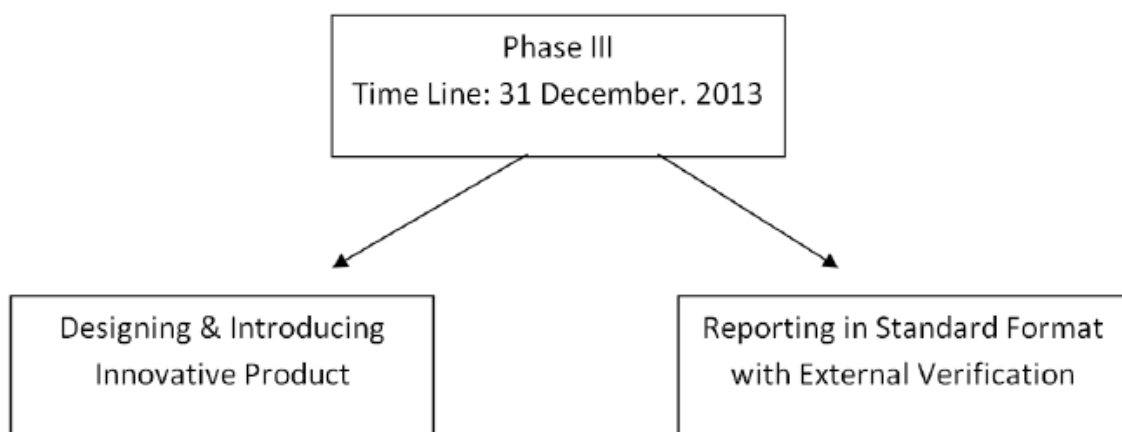
addition to the compliance of national regulation the bank may set internationally accepted higher environmental standards. In this connection, Green initiatives by a group of banks will not only be effective but will also offer competitive advantage. Bank alliances may prepare standard and guidelines for themselves for improving Green Banking practices.

***Rigorous Programs to Educate Clients***

Clients and business houses should be encouraged and influenced to comply with the environmental regulations and undertake resource efficient and environmental activities. Banks should introduce rigorous programs to educate clients.

***Disclosure and Reporting of Green Banking Activities***

Banks should start publishing independent Green Banking and Sustainability reports showing past performances, current activities, and future initiatives. Updated and detailed information about banks environmental activities and performances of major clients should be disclosed.



Source: Bangladesh Bank, BRPD circular NO 02, 2011

***Figure 4. 3rd Phase of implementing green banking.***

A system of Environmental Management should be in place in a bank before the initiation of the activities of Phase-III. Banks are expected to address the whole eco-system through environment friendly initiatives and introducing innovative products. Standard environmental reporting with external verification should be part of the phase.

The time lining for the actions to be taken under Phase-III should not exceed December 31, 2013.

### ***Designing and Introducing Innovative Products***

Alongside avoiding negative impacts on environment through banking activities, banks are expected to introduce environment friendly innovative green products to address the core environmental challenges of the country.

### ***Reporting in Standard Format with External***

#### ***Verification***

Banks should publish independent Green Annual Report following internationally accepted format like Global Reporting Initiatives (GRI) targeting their stakeholders. There should be arrangement for verification of these publications by an independent agency or acceptable third party.

### ***Bangladesh Bank's Earlier Initiatives:***

BB is well aware of the environmental degradation situation as mentioned above and has already given time to time directions to all scheduled banks. Commercial Banks are now required to ensure necessary measures to protect environmental pollution while financing a new project or providing working capital to the existing enterprises. Banks have been advised to facilitate their clients with utmost care in opening Letter of Credit (L/C) for installation of Effluent Treatment Plant (ETP) in the industrial units. Banks have been advised to finance in Solar Energy, Bio-gas, ETP and Hybrid Hoffman Kiln (HHK) in brick field under refinance programme of MB. A comprehensive guideline on Corporate Social Responsibility (CSR) has been issued where banks have been asked to concentrate hard on linking CSR at their highest corporate level for ingraining environmentally and socially responsible practices and engaging with borrowers in scrutiny of the environmental and social impacts. Banks have been brought under the purview of E-commerce with a view to providing the customers with online-banking facilities covering payments of utility bills, money transfer and transactions in local currency through internet as well. Considering the adverse effects of Climate Change, banks have been advised to be cautious about the adverse impact of natural calamities and encourage the farmers to cultivate salinity resistant crops in the salty areas, water resistant crops in the

water locked and flood prone areas, drought resistant crops in the drought prone areas, using surface water instead of underground water for irrigation and also using organic fertilizer, insecticides by natural means instead of using chemical fertilizer and pesticides.



## CHAPTER FOUR

### GREEN BANKING INITIATIVES OF BANGLADESH BANK

#### 4.1 Green Banking initiatives of Bangladesh Bank:

Green banking initiatives of Bangladesh Bank broadly categorized into the following aspects: policy initiatives, monitoring of green activities of banks and NBFIs, refinance support from BB in diverse green products/sectors and BB's own initiatives in environmental management.

#### 4.2 Policy Initiatives

In January 2011, Guidelines on Environmental Risk Management was issued to all banks and NBFIs which was first official instruction of Bangladesh Bank regarding green banking. Policy Guidelines for Green Banking was issued to the scheduled banks in February 2011. Policy guidelines for Green Banking were issued to NBFIs in August 2013 and to the new banks in September 2013.

Bangladesh Bank aligned the phase out plan to implementation of policy guidelines for all banks in December 2013. Green banking and environmental risk management have been included into the terms of reference of the risk management committee of the Board of Directors of the domestic banks.

#### 4.3 Green Finance

A total amount of Taka 398.2 billion has been disbursed during FY14 by 42 banks involved in green finance. Sector-wise contribution of the total green finance shows that the PCBs played the main role (72.8 percent) followed by FCBs (21.4 percent), NBFIs (4.0 percent), SCBs (1.2 percent) and DFIs (0.7 percent). Product-wise and direct & indirect green finance by banks are given in Table 4.1 and Table 4.2 respectively.

Table 4.1 Green finance in different product: FY14								(million Taka)
Type of banks	ETP		Bio-gas plant	Solar panel /renewable energy plant	Bio-fertiliser plant	HHK	Others	Green finance at reduced rate of interest
	For installation of ETP	Projects financed having ETP						
SCBs	5.87	2,963.68	4.64	262.36	13.28	1,403.09	46.50	0.00
SDBs	2.00	2,466.09	2.14	0.84	0.00	23.08	77.61	0.00
PCBs	1,205.63	266,460.23	400.79	1,475.20	1.68	3,546.38	16,667.18	47.68
FCBs	1,193.43	75,335.17	0.00	624.69	0.00	0.00	0.00	7,984.00
<b>Total</b>	<b>2,406.93</b>	<b>347,225.17</b>	<b>407.57</b>	<b>2,363.08</b>	<b>14.96</b>	<b>4,972.55</b>	<b>16,791.29</b>	<b>8,031.68</b>

Source: Green Banking and CSR Department, BB.

Table 4.2 Direct and indirect green finance: FY14				
(billion Taka)				
Type of banks	Direct green finance	Indirect green finance	Total green finance	Sector wise contribution
SCBs	1.7	3.0	4.7	1.2
DFIs	0.1	2.5	2.6	0.7
PCBs	23.3	266.6	289.8	72.8
FCBs	9.8	75.3	85.1	21.4
NBFIs	9.2	6.8	16.0	4.0
<b>Total</b>	<b>44.1</b>	<b>354.2</b>	<b>398.2</b>	

Source: Green Banking and CSR Department, BB.

#### 4.4 Environmental Risk Management (ERM)

Environmental Risk can be a facilitating element of credit risk because of its connectivity with environmental condition and climate change. Environmental Risk Rating (ERR) is obligatory above the threshold as mentioned in guidelines on ERM for banks and NBFIs. ERR is applicable for the projects well as the credit facility that fall above the threshold limit. All banks have conducted environmental risk rating in FY14. The number of projects applicable for Environmental Due Diligence (EDD) during the year is 38,893. Total amount of Taka 1580.7 billion disbursed in 30540 rated projects out of 35890 rated projects in FY14 (Table 4.3).

Table 4.3 Environmental risk rating of banks and NBFIs: FY14			
Type of banks	No. of projects rated	No. of rated projects financed	Amount disbursed in rated projects (billion Taka)
SCBs	843	692	30.0
DFIs	1204	1204	24.4
PCBs	29023	25604	1344.3
FCBs	2649	1069	110.7
NBFIs	2171	1971	71.3
<b>Total</b>	<b>35890</b>	<b>30540</b>	<b>1580.7</b>

Source: Green Banking and CSR Department, BB.

#### **4.5 Climate Risk Fund and Green Marketing**

Total amount of utilization from climate risk fund by 22 banks and for green marketing by 29 banks were Taka 440.4 and 147.7 million respectively in FY14. For the financial institutions total amount of utilization from climate risk fund was Taka 102.4 million and total expenditure for green marketing was Taka 1.29 million in FY14. It is mentionable that there is no contribution by new banks either in climate risk fund and green marketing during FY14.

#### **4.6 Online Banking and Energy Efficiency**

Forty six out of forty seven banks have online branch(es) in FY14 whereas the number of banks was forty five in FY13. Online branches are 51.9 percent of total branches in FY14 which were 47.0 percent

## CHAPTER FIVE

### GREEN BANKING PRACTICES OF AGRANI BANK LIMITED



#### **5.1 Formation of Green Banking Division in ABL:**

Agrani Bank Limited started its Green Banking activities in the year 2011 by forming a 'Green Banking Unit' under its Rural Credit Division. From 9<sup>th</sup> September 2013, it has been upgraded into a separate and independent division named as 'Green Banking Division'. As a good corporate citizen, ABL is upholding environmentally responsible practices through designing its' CSR (Corporate Social Responsibility) activities into green banking practices. The bank has already launched several green financial products to facilitate an eco-friendly financial atmosphere in the country. ABL is going ahead with a forward looking green banking strategy. As per Bangladesh Bank's policy guidelines for Green Banking, ABL has already taken necessary steps to implement the 1st phase and the 2nd phase within December 2014.

Implementation of the 3<sup>rd</sup> phase within June 2015 is also in progress. The Division has taken the following effective measures in order to carry out green banking activities as per Bangladesh Bank's guidelines.

#### **a) Green Banking Committee**

With a view to execute the program, a Green Banking Committee has been formed comprising nine divisions of head office. These divisions are: Rural Credit Division, Industrial Credit Division, SME Credit Division, Card Division, Credit Policy and Credit Risk Management Division, Central Accounts Division, Information Technology and MIS Division, Planning Coordination and Marketing Division, HR Training Research and Development Division.

#### **b) In-house Green Banking**

All the branches of ABL have now internet connectivity which enables the Bank to avail easy use of BACPS (Bangladesh Automated Cheque Processing System), BACH

(Bangladesh Automated Clearing House) & BEFTN (Bangladesh Electronic Fund Transfer Network). Online banking is an important element of green banking strategy of ABL which is being started in the bank from 1st July 2010. Total number of online branches in ABL is now 309.

**c) Set up of green branch**

As a pilot project, Amin Court Corporate branch of Dhaka has been selected for converting it into green branch. Gradually all the branches of ABL will go under green branch. Three branches of maize development project in the districts of Dinajpur, Bogra, and Thakurgaon have been surveyed for the purpose of converting them into a green branch.

**d) Climate risk fund**

A climate risk fund of Tk. 4 crore has been created to assist two types of projects one is to assist projects which might be affected due to natural calamities and the other is to promote the projects like forestry, embankment, pure drinking water etc.

**e) Awareness of eco-friendly banking**

A yearly amount of Tk.1 crore has been allocated to create awareness and eagerness among the public about green services and products of ABL. The bank will support public green events like campaigns, sponsoring educative program on environment, sponsoring tree plantations etc.

**f) Training on Green Banking**

A good number of officers and Executives have been trained on different Green Banking training programs held in BIBM and ABTI in the year 2013. One program about Training on Trainers (ToT) on Green Banking held in BIBM and two programs on 'Environmental Risk Management' have been carried by ABTI. Similar training programs are to be continued.

**g) Green Office Guideline**

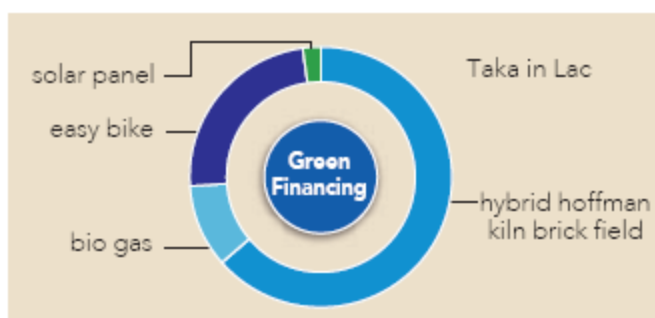
To adopt and follow in-house green activities by all employees of ABL, 'Green Office Guideline' is issued and distributed to all its offices and branches. This would enable the

staff-members of ABL for efficient use of electricity, fuel, water paper and to reuse of equipment's.

### **h) Green Financing**

ABL is giving onward emphasis to create a better and healthy environment in the country by introducing green financing in different sectors. Up to December 2014 disbursements of ABL's loans under green financing in different sectors are as follows:

Sectors	Disbursement	
	No	Taka in lac
1.Solar panel	128	69.25
2.Easy bike	371	263.32
3. Bio Gas	108	223.29
4. Hybrid Hoffman Kiln Brick field	9	1131.98
5. Varmi-compost	27	13.50
<b>Total</b>	<b>643</b>	<b>1701.34</b>



### **i) Other activities conducted by Green Banking Division**

The Green Banking Division is implementing a loan project under contract farming in maize cultivation. The maize loan project is being conducted by this division at monga affected area of greater Rangpur, Dinajpur and Bogra districts at two different interest rates i.e., subsidized rate at 4 percent and market rate at 10 percent. Under this project upto Tk 101.26 lac has been disbursed and Tk 53.18 lac has been recovered against this amount. The amount of outstanding loan in it is Tk 49.94 lac where rate of recovery is 95 percent.

## **CHAPTER SIX**

### **FINDINGS, SUGGESTIONS & CONCLUSIONS**

#### **6.1 Findings**

The findings of the research are given below:

- Green banking shuns as much paperwork as possible and rely on online/ electronic transactions for processing so that we get green credit cards and green mortgages. Less paperwork means less cutting of trees. It also involves creating awareness to banking business people about environmental and social responsibility enabling them to do an environmental friendly business practice.
- Green banks approve and implement environmental standards for lending, which is really a preemptive idea that would facilitate eco-friendly business practices which would benefit future generations.
- When a loan is granted, the interest on that loan is comparatively less with normal banks because green banks give more importance to environmental friendly factors-ecological gains.
- Natural resource conservation is also one of the underlying principles in a green bank while assessing capital/operating loans to extracting/industrial business sector.
- Green banking as a concept is a proactive and smart way of thinking with a vision for future sustainability.
- The value proposition for corporations to go green includes many of the same issues as that for individual consumers but on a much larger scope and with additional concerns. Corporations may share a desire to reduce carbon footprint and enhance security by eliminating paper waste, but they are also extremely concerned with eliminating or decreasing errors due to manual processing and by creating a profitable bottom line. For these reasons and more, corporations are actively pursuing green programs, many companies are taking active steps to

reduce waste, implement sustainability measures and increase profitability by going green.

## **6.2 Suggestions**

Banks in Bangladesh are continuously working on green banking policy to make themselves more responsible corporate citizen. This study reveals that the banks are pursuing green banking because of some multifaceted factors. The banks think that green banking is not going to erode its profitability rather it will help the bank to reduce its operating cost and also help to find some non-traditional sources of lending. As the consumers are becoming more concerned about the environment and they are realizing that banks can play a major role by stop investing in environmentally hazardous projects, inaction from the side of banks may deteriorate its brand value. The banks understand these things and that's why our finding tells the same story. This study reveals the above findings and the following suggestions are given to Bangladesh Bank:

- Bangladesh Bank should focus on all the key benefits of green banking to the commercial banks in order to fully implement green banking.
- Bangladesh bank should explain the economic benefits of green banking to the commercial banks in details.
- It should also remind the responsibility of all the commercial banks to protect the environment and explain how various measures under green banking can help protect the environment.
- It should also remind the legitimate power it has as a stakeholder of the banking sector and should apply as the last resort to enforce green banking completely.
- Government should carefully monitor and oversee the green banking practices in Bangladesh.
- Banks should finance in a project after assessing its environmental or climate risk. Investment should only be given after being assessed the environmental risks of particular project.
- Banks should introduce new environment friendly products such as Green Home Loan, Green Car Loan and others in this regard.



- Banks should ensure finance in projects those are environmentally friendly or ethical in nature. Investment should be increased for projects installing solar energy plant, bio-gas, bio-fertilizer plants, Effluent Treatment Plant (ETP), Hybrid Hoffman Kiln projects.
- The government should encourage the general people about green banking awareness through the electronic and print media.
- Banks should arrange several seminars and symposiums to make their clients conscious regarding Green Banking as well as to introduce their Green Products and services therein. This can eventually make the clients adapted to the Green Banking activities.
- Banks must adopt a strategic plan to perform green activities on long term basis as well as short term basis.
- Government should outline a broad guideline of green banking for environmental protection, conservation of biodiversity.
- Banks can conserve energy and natural resources by paying bills online, remote deposit, online fund transfers, and online statements. Online banking can create savings from less paper, less energy, and less expenditure of natural resources from banking activities.
- Banks can also use the vehicles which consume less fuel which will save huge fuel import of the country. They 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.
- Bankers must be aware of the environmental issues and they must go for financing the projects that do not pollute the environment.
- Consumers should be aware that banks offer green checking account because ultimately it helps their profits and not for purely altruistic reasons. They can profit customers as well because many reward checking accounts will pay a high interest rate to bank customers who meet certain monthly requirements.

### **6.3 Conclusion**

By the time, the banking sector in Bangladesh has transformed the way it used to run in the past. The banking sector is getting modernized and new amenities such as net banking, mobile banking are being prioritized at the place of outdated approaches. These innovative approaches adopted by the banks are useful to customers as well as banks themselves. Now the banks understood the importance and necessity of environment along with the economic development of a nation. Learning from their western counterparts the banks in Bangladesh are also adopting various environmental does and initiatives in their day today business operations for the environmental concern and playing an important role in conserving the ecological balance. But the Bangladeshi banking sector is still at the preliminary stage of green banking initiatives. As most of the banks are adopting and concentrating only on those green initiatives which gives win-win situation for the bank, that help to show the concern for the environment along with helping the bank in cost savings and better operational efficiency.

So the time demands a little focus on the initiatives such as making awareness among society, and helping smaller firms to change their process so they can be more environmentally friendly in nature and that will also widespread the concept of environmental sustainability. Future research may be conducted to study the impact of green practices on consume willingness to purchase green products of various organizations in Bangladesh.

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