

**An Internship Report
on
Green Banking Activities of Rupali Bank PLC: A Study on
HSTU Corporate Branch, Dinajpur**

This report is submitted to the Department of Marketing, Hajee Mohammad Danesh Science and Technology University, Dinajpur for the partial fulfillment of the degree of Master of Business Administration (MBA) in Marketing



Prepared By
Md. Mostofa Shihab Prodhan
Student ID-1703107
MBA in Marketing
MBA Batch 14th
Faculty of Business Studies
HSTU, Dinajpur.

Supervised By
Dr. Md. Jamal Uddin
Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

**Hajee Mohammad Danesh Science and Technology University
Dinajpur-5200, Bangladesh.**

May, 2024

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Md. Mostofa Shihab
Prodhan
Student ID–1703107
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MBA Batch 14th
Faculty of Business Studies
HSTU, Dinajpur.

Approved by

Supervisor
Dr. Md. Jamal Uddin
Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

Co-supervisor
Shekh Md. Sahiduj Jaman
Assistant Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.



**Hajee Mohammad Danesh Science and Technology University
Dinajpur–5200, Bangladesh.**

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Acknowledgment

It is a great opportunity for me to write about subject like “Green Banking Activities of Rupali Bank PLC: A Study on HSTU Corporate Branch, Dinajpur”. At the time of preparing this term paper I am gone through different books and websites which help me to get acquainted with new topics. I am actually focusing on those topics which are important for me to understand about this subject easily.

Firstly, I express my gratefulness to Almighty ALLAH who has enabled me to pursue my study.

I acknowledge with gratitude to my respective teacher and also my supervisor Dr. Md. Jamal Uddin, Professor and my co-supervisor Shekh Md. Sahiduj Jaman, Assistant Professor, who has always been sincere and helpful in making me, understanding the different system of legal research and conceptual problems in my report paper. Apart from me this report paper will certainly be immense importance for those who are interesting to know about this subject. I hope they will find it comprehensible.

I would like to thank Md. Amran Hossain, Manager (SPO), Rupali Bank PLC, HSTU Corporate Branch, Dinajpur and all the colleagues of the bank who had been a great support during my Internship period.

I have tried hard and soul to gather all relevant documents regarding this subject. I don't know how far I am able to do that. Furthermore I don't claim all the information in this report paper is included perfectly. There may be shortcoming, factual error, mistaken opinion which are all mine and I am alone responsible for those but I will try to give a better volume in future.

.....
Md. Mostofa Shihab Prodhan
Student ID: 1703107
MBA in Marketing
MBA Batch 14th
Faculty of Business Studies
HSTU, Dinajpur



রূপালী ব্যাংক লিমিটেড
RUPALI BANK LIMITED



হাজী মোহাম্মদ দানেশ বিজ্ঞান ও প্রযুক্তি বিশ্ববিদ্যালয় (হাবিপ্রবি) কর্পোরেট শাখা, দিনাজপুর।

e-mail: br-5074@rupalibank.org; Phone: 0531-64328

Ref. HSTU cor/Intern/MBA/2024

Date: 28-04-2024

TO WHOM IT MAY CONCERN

This is to certify that, **Md. Mostofa Shihab Prodhan**, having student ID No. 1703107, MBA in Marketing, a Student of Hajee Mohammad Danesh Science & Technology University (HSTU), Dinajpur, has successfully completed his internship from 01/01/2024 to 18/04/2024 total 90 (Ninety) working days internship program at Rupali Bank Limited, HSTU Corporate Branch, Dinajpur. During his internship period found his good moral attitude and sound behavior.

We wish him every success in life.


Md. AMRAN HOSSAIN
Md. Amran Hossain
Senior Principal Officer
& Manager
Rupali Bank Limited
HSTU Corporate Branch
Dinajpur-5200

জেনারেল অফিস: নরদীন গ্রাউন্ড (২য় তলা), চান্দাবাড়ি মোড়, গণেশতলা, দিনাজপুর-৫২০০। ফোন-০৫৩১৬৫১৭১, ৬৭৭১০; ই-মেইল: WS-dinajpur@rupalibank.org.
বিভাগীয় কার্যালয়: ৪১/১, ইসলামাবাদ, আর. কে. রোড, রংপুর; ফোন-০৫২১-৬৩৫৯০, ই-মেইল: do-rangpur@rupalibank.org;
প্রধান কার্যালয়: রূপালী ভবন, ৩৪ বিলকুশা, বাণিজ্যিক এলাকা, ঢাকা-১০০০, website: www.rupalibank.org

Certificate of Supervisor

I hereby declare that the concerned report on “Green Banking Activities of Rupali Bank PLC: A Study on HSTU Corporate Branch, Dinajpur” is a work done by Md. Mostofa Shihab Prodhan, bearing Student ID: 1703107, MBA in Marketing, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. He has performed his internship report under my supervision and submitted this internship report for the partial fulfillment of the requirement of the degree of Master of Business Administration.

I wish him every success in life.

.....
Dr. Md. Jamal Uddin
Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

Certificate of Co-supervisor

I hereby declare that the concerned report on “Green Banking Activities of Rupali Bank PLC: A Study on HSTU Corporate Branch, Dinajpur” is a work done by Md. Mostofa Shihab Prodhan, bearing Student ID: 1703107, MBA in Marketing, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. He has performed his internship report under my co-supervision and submitted this internship report for the partial fulfillment of the requirement of the degree of Master of Business Administration.

I wish him every success in life.

.....
Shekh Md. Sahiduj Jaman
Assistant Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

Student's declaration

I hereby declare that the report work entitled “Green Banking Activities of Rupali Bank PLC: A Study on HSTU Corporate Branch, Dinajpur” has prepared by me internship which is supervised by Dr. Md. Jamal Uddin, Professor, Department of Marketing, Faculty of Business Studies, HSTU, Dinajpur.

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

.....
Md. Mostofa Shihab Prodhan
Student ID–1703107
MBA in Marketing
MBA Batch 14th
Faculty of Business Studies
HSTU, Dinajpur.

Abstract

The study aims to evaluate the green banking activities of Rupali Bank PLC. The study also showed to identify the degree of green banking activities of Rupali Bank and identify the further scope of green banking activities for Rupali Bank. The environment is the most difficult issue the world is threatening. The world has seen much concentration on financial development, and the symptoms of this have caused environmental change and damage. An important role between economic growth and environmental protection is played by the banks. It means joining advancement and changing client inclinations in sparing saving banking business. Green keeping money practices will be helpful for the environment as well as lead to cost reductions in managing an accounting exercise. To decrease the outer carbon discharges, the bank ought to back green innovation and pollution-sinking activities. To save the environment green banking is part of a green initiative taken by stakeholders. This paper has endeavored to highlight the systems, opportunities, difficulties, and advantages of green banking policies of Rupali Bank. Avoids paper works as much as possible by way of rely on electronic / on-line transaction in its Banking activities. Green Banking adopt and implement environmental standards for lending, which is really a proactive area that would enable eco-friendly business practices which would benefit our future generations.

Keywords: Environment, Bank, Green Banking and Rupali Bank PLC.

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Chapter 1

Introduction

1.1 Prelude

Green banking is a process of promoting environment friendly practices by different banking activities. Bangladesh is a most climate change vulnerable country in the world and green banking is a tool for acquiring reputation. Green bankers are concerned about sustainable development and it is a special agenda to take care of environment of the earth. Green banking is a proactive and effective step with a vision for future sustainability. Green banking activities are sustainable banking, ethical banking, green money market account, mobile banking, waste management, remote deposit and green financing. Green banking focuses on green transformation of internal operations of all banks.

Bangladesh falls into the group of most climate change countries in the world comparison with other developing and developed countries. Bangladesh Bank issued green banking policy guideline in February 2011 to conduct environment friendly banking activities in the country (Bangladesh Bank, 2011). According to these guidelines, all financial institutions and banks need to take effective measures to conduct environment friendly banking activities in Bangladesh. Bangladesh Bank issued a common reporting format to all commercial banks to report green banking activities in a structured way. Banks and other financial institutions have to submit a quarterly report to Bangladesh Bank on their performance of green banking activities. According to green banking policy of Bangladesh bank, banks have to determine vision, mission and strategic planning covering in house green banking activities like follow green architecture, use energy saving technologies, reduce dependency on grid power and green financing practices like providing green loan to promote solar energy, bio gas plants, develop green banking products for clients, increase online and mobile banking etc.

Rupali Bank PLC performs several green banking activities like in house environment management, green financing like installation of EFT, Bio gas plant, establishment of solar panel etc. Rupali Bank PLC also involves in green marketing activities to ensure

environment friendly activities like plant tree, finance in environment friendly projects, pay bill via online, be paperless etc.

1.2 Rationale of the study

Climate change is the most complicated issues in global world and Bangladesh is one of the most climate change vulnerable country in the world. Climate change has compelled us to think about protection of environment and conservation of energy. To reduce pollution and save energy, green banking activities are very important in Bangladesh as well as in the whole world. I have chosen the topic titled “Green Banking- Way to Sustainable Development: An Evaluation on Rupali Bank PLC” for providing overall ideas about green banking activities, green banking policy, green banking unit of Rupali Bank PLC. This study topic is very worthy of study because it provides guidelines of green banking activities, procedures and ways to sustainable development in Bangladesh.

1.3 Scope of the study

This report has been prepared for determining green banking activities of Rupali bank and how it helps to increase sustainable growth. Overall knowledge of green banking activities of Rupali Bank PLC has been determined by this study. Several procedures and ways of sustainable growth are found by determining appropriate green banking activities of Rupali Bank PLC. Further scope of green banking activities of Rupali Bank PLC also critically analyzed in this study.

1.4 Objectives of the study

There have been some objectives set forward in doing this report. These objectives help to determine Bank’s green banking activities to maintain sustainable development growth. The objectives are given bellow-

- To provide an overview of green Banking activities of Rupali Bank Ltd .
- To know the funds for green banking activities of Rupali Bank PLC.

1.5 Methodology of the study

Methodology means the widespread actions of investigation in my internship report. This study peruses the impact of Green Banking on the profitability of Rupali Bank in Bangladesh. The study is accomplished based on the information collected from balance sheet and income statement from annual report by using a specific methodology.

1.5.1 Data Type:

This report is founded on both on Primary and Secondary data

1.5.2 Primary:

The primary data are those which have not been collected by someone else which have been collected through the first attempt. Sources of primary data consist of personal communication, face to face conversation, practical work etc.

- i. Practical desk work.
- ii. Face-to-face conversation with the respective officers and staffs of the local office.
- iii. Relevant file study as provided by the officers concerned.
- iv. Facing some practical situation related with the day to day activities.

1.5.3 Secondary:

- Monthly declaration of RBL.
- Official records
- Newspaper, articles, journals and websites.
- Text books.
- Other manual information.
- Annual report of RBL

1.6 Literature Review

In conducting a research work, importance of literature review is beyond question. It helps to get comprehensive knowledge about the study topic. It is always beneficial for research to consult available literature to assess the stock of knowledge and receive future guidelines for conducting further research in the particular area. Moreover to ensure basic understanding of different aspects of the study, a literature review has great importance. Different books as well as published and unpublished journals and research papers, which are relevant to the study, are consulted. Internet searching is also done to get latest data and ideas.

Bangladesh Bank (2011) made policy guidelines regarding Green banking. As per the Guidelines, there is a common reporting format set by Bangladesh Bank to all the scheduled commercial Banks. Currently regarding Green Banking activities all

scheduled Banks and other Financial Institutions submit a quarterly report to Bangladesh Bank. Biswas, N. (2011) highlights Green Banking still not the deciding factor for most of the Customers to select their preferred Financial Institutions. He said that by increasing customer demands and greater environmental awareness Financial Institutions can be forced to go for taking green initiatives.

Chen et al. (2018) highlight the present status of green banking practice, progress, and different green initiatives taken by the Bangladeshi banks to keep the environmental sustainability. Through content analysis of the annual reports of Bangladesh Bank (the Central Bank of Bangladesh), quarterly review report of green banking activities and annual review report of CSR activities, the study discovers that Bangladeshi banks are doing well in practicing sustainable banking with maintaining the specific guidelines of Bangladesh Bank. Hossain et al. (2016) find after the introduction of the green banking program of Bangladesh Bank (the central bank of Bangladesh) in 2011, the banks started reporting on their green banking activities. The level of disclosure increased over the years up to 2013. The study concludes that though the banks started reporting on this issue, their reports lack consistency because of the absence of a standardized reporting guideline. Bhardwaj et al. (2013) find the various models of green banking practices adopted by Indian companies to grow. The research study finds that the banks which are adopting the green banking practices influence the performance of the organization.

Sudhalakshmi et al. (2014) highlight the major benefits, confronting challenges, strategic aspects of Green Banking. Banks should go green and 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. This paper tries to find out the ways to Go Green through 'Green Banking'. Ullah (2014-15) finds the policy initiatives for GB are numerous; however, one-size fits all policy, weak enforcement of environmental laws, unpreparedness of the banks, market imperfection and ignorant customer group are the major hinderances in doing GB. The coordinated efforts of Bangladesh Bank, banks, government, consumers and pressure groups are essential to attain the vision of a green economy in Bangladesh. Islam et al. (2015) examine the planning of the green strategic and implementation, the house activities, the activities of the mobile banking, the online banking activities, green financing, and some instructions for green banking practices. Ullah (2013) highlight a comparative analysis has been initiated among different types of

banks [SCBs, SDBs, PCBs and FCBs] in operation in Bangladesh to see whether they adopted green banking policy guided by BB. The study concluded that only PCBs, FCBs have adopted green banking guideline and financed some of green banking based projects on the other hand SCBs and SDBs initiatives are not remarkable. MD. MASUKUJJAMAN et al. (2013) find Bangladesh is far behind their counterparts from the developed countries. By taking care of its infrastructure development and accelerating its existing green movements, banks can ensure sustainability for itself and greener world for communities.

Md. Mustafizur Rahman et al. (2016) examine banks can be green through bringing changes in six main spheres of banking activities. Those are Change in Investment Management, Change in Deposit Management, Change in House Keeping, Change in the Process of Recruitment and Development of Human Capital, Corporate Social Responsibility (CSR), and Making Consciousness Among Clients and General Mass. Md. Omar Faruque et al. (2016) find there is nothing but “Green Banking” which is the most talked topic in the recent banking activities and responsibilities to promote sustainable economic growth and environmental protection in order to prove banks as environment friendly and socially accountable institution. To aid the reduction of carbon emission bank should finance green technology and pollution reducing sectors. Islam et al. (2013) highlighting the mobile banking, online banking, green financing, and guidelines for green banking practices as well as green banking unit. Green Banking is a new way of conducting the banking business through considering the hygienic environmental issue as well as corporate social responsibility (CSR). The study concludes that green banking practices in Bangladesh is not satisfactory at all. Islam et al. (2015) examine the people of Bangladesh have little awareness about environment, air and water pollution, industrial and medical, and household wastes. In this way, green banking is nothing but an 'ecofriendly socially responsible banking system' which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. Shakil et al. (2014) analyze the Green Banking practices among SCBs, SDBs, PCBs and FCBs in Bangladesh. The study finds that 47 banks have adopted the Green Banking policy, formed Green Banking Unit, allocated and utilized budget for green banking. But the allocation and utilization of budget of SCBs and SDBs are not satisfactory. Islam et al. (2013) examine the emission of Carbon in density and due to green house affects, the temperature of the whole world is increasing day by day. To

come out from this hazardous situation, the Green Banking active ties taken by millions of banks of the world may play a vital role. Hoque et al. (2019) find 44 out of 57 banks and 13 out of 33 NBFIs, to a varying degree, have exposures in direct or indirect green financing. But only 45 banks and 25 NBFIs conducted environmental risk rating. The study finds that green banking disclosures in their annual reports exceed that in their websites.

Raad Mozib Lalon (2015) focuses on the Green Banking activities of the commercial banks of Bangladesh and we also tried to reason why this policy was adopted and make a comparison among the green banking practices of the commercial banks as well. The policy guidelines will also be focused. Aubhi (2016) covers almost all the important information regarding Bangladesh Bank's initiatives, banks' policy formulation and governance, bank's annual budget allocation and utilization for their green finance, climate risk fund, Composition of the Green Banking Unit (GBU), Pin Points of Green Office Guide, Data on Environmental Risk Rating (EnvRR), and Data on Green Finance (amount disbursed for ETP, amount disbursed for the projects having ETP, bio-gas plant, solar/renewable energy plant, Hybrid Hoffman Kiln, and others.). Rahman et al. (2016) examining 42 of total 54 scheduled banks of Bangladesh, find that most banks are trapped in the lower boundaries of the performance greed. The state owned banks rank low in performance while the foreign banks have considerably better achievements. The paper also identifies a number of reasons for the banks' poor performance and proposes corrective measures. Ahmed (2012) examines the contemporary green banking initiatives taken globally and more specifically in Bangladesh. In Bangladesh, solar home system, solar irrigation pumping station, biogas plant, effluent treatment plant, green credit card, etc. are already in the offering. Recommendations such as building awareness, incorporating green banking consideration in bank lending decisions, developing green reporting and rewarding frameworks were suggested. Shampa (2017) finds information availability and customer needs, spirit of ethics and high yield savings, energy efficiency, product benefits as well as integration and personalization- these five prominent factors are responsible for influencing customers' expectations towards green banking practices in Bangladesh. Choudhury et al. (2013) find banks should go green and play a pro-active role to take environmental aspects for functional improvements and changing client habits in banking business. Use of appropriate environmental technologies and management systems will not only be useful for environment, but also provide benefits

as greater operational efficiencies. Nath et al. (2014) highlight the green rating standards given by RBI, the World Bank's environmental and social norms, the initiatives taken by public and private sector banks in India in the adoption of Green Banking practices and to enlist the significant strategies for adoption of Green Banking.

It is obvious from the above discussion that a number of studies on Green Banking practices have been conducted in different areas of Bangladesh and also abroad. But there are no specific study about Green Banking practices at Rupali Bank PLC has conducted. For this reason this study has been conducted to know the practices of Green Banking at Rupali Bank PLC in Bangladesh.

1.7 Limitations of the study

Almost every study report has to face some limitations in its completion. I also face some constraints to make this report. These constraints are described here. To make a comprehensive report of green banking activities and determine ways to sustainable development, I require a great deal of experience and banking knowledge. As a MBA student, I do not have that kind of knowledge and experience.

1.8 Organization of the report

This report will be described about overall activities, scope, problems and some possible solutions of green banking activities of Rupali Bank PLC. Introduction part describes rationale of the study, scope of the study and main limitations of this study. 2nd part is literature part and literature part is evaluative report of information found in the literature related to my selected area of the study: Green banking- Way to sustainable development: an Evaluation on Rupali Bank PLC.

In Methodology part of the report, I will be provided an accurate description of the materials and procedures used to develop this study. This study will be both quantitative and qualitative study because different facts and figures are needed to discussed and analyzed here.

Organizational overview is the next step of developing this study. In this stage, descriptions of Rupali Bank PLC like history, mission, vision, present conditions of bank will be provided.

In Findings and discussion stage, the results of this study will be found in summary basis and this result will be presented descriptively by using tables, graphs or figures. In

discussion section, I critically evaluate my findings and assess the accuracy, representativeness and significance of findings. Conclusion and recommendation part will be described the outcomes of this study and given some suggestions for further research action to be taken.

Chapter 2

Green Banking Activities

2.1 Green-Banking Concept in Bangladesh

The word ‘Green’ is used to covers social obligation of banks as corporate citizens and the term ‘green banking’ means ensuring a complete banking operations which will make sure sustainable economic development. In other sense, it is an effective step to renovate client habits in the banking sector for the sustainable growth in future. It is to encourage environment friendly operations and to minimize the carbon footprint from banking operation. From the current ranking Bangladesh is now the 8th most populated country in the world and also one of the most ill-treated countries of environment pollution. Green banking in Bangladesh emanates from the basic opinion that inaugurates all businesses as corporate people and requires them to have responsibilities towards the community just like the ordinary citizens. This deviates from the conventional school of thought that considers businesses as existence organized to do business profitably on the investments of their shareholders. The financial mediators performing an important role in allocating resources in today’s globalizing world. A mass portion of all companies and governments is reliant on the financial services of private banks; these financial intermediates perform a significant role in every section of human activity. The banks, therefore, stand at a central point where they can be dominating agents of change towards a more sustainable future by responsibly allocating their financial services to such initiative which are beneficial to the environment, human rights, and social equity. The banking sector has its own rational reasons for promoting green which includes financial reimbursement, avoidance of undesired negative promotion from community groups and fulfillment of the regulations. It will be screening their customers naturally and will limit and control their business only to the qualified. With a minor group of customers, they’ll routinely have a lesser profit base to maintain them. If they focus their credits on certain business, they open themselves up to being much more susceptible to monetary shipment. From the regulatory viewpoint green banking entails long term profitability in the form of elasticity of banking system and the sustainable growth.

2.2 Green Products in Banking Industry of Bangladesh

An effective Green Banking policy can envelop massive areas from a Bank being ecologically responsive to how their money is used. Green Banking envisages all the environmental as well as biological factors with a hope of shielding the environment and safeguarding natural resources. A bank can expand specific products for promoting actions that would effectively minimize carbon foot-print of the economy. For example banks can develop products including Green mortgages, Green CDs, Green loans, Green savings and checking accounts, Green credit cards, and Green money market etc. By limiting its services, the bank cannot maximize its potential profit but can balance objectives of sustainable banking with product diversification.

2.3 Environmental Index linked investments & deposits:

Among the categories of funding a socially responsive bank may offer deposits accounts whose return is connected to the performance a selected environmental index.

2.3.1 Formation of Climate Risk Fund:

A socially responsive bank will finance the projects and commercial actions of the cyclone, flood, and drought facing areas at the ordinary interest rate without imposing extra risk premium associated with ecological risk. For instance, bank will judge the biological risks for financing the sectors in different areas in order to create a Climate Risk Fund. Such fund will be applicable only in case of urgent situation. The bank would make sure regular flow of financing in these endangered areas. Those funds could be raised as division of banks' CSR expenses.

2.3.2 Charity Contributions:

Under Green Banking policy interest charge of loans could be relatively a lesser amount than typical rate of interest as Green Banking emphasizes on environment responsive factors.

2.3.3 Social Responsibility:

The socially responsive activities may also be done by the current and savings accounts products. The bank can guarantee its customers that the money deposited in those accounts will be used only for aiding entrepreneurs in green and socially responsible areas.

2.3.4 Reduced Paperwork Products:

One of the easiest ways in which banks can practice green banking is by the application of online banking. Online banking facilitates minimizing paperwork and the need to travel to the branches of that bank. It is good for environment. This facility is useful for banks, as it minimizes business expenses and increases efficiency.

2.3.5 Green Mortgages:

An Environmentally responsive bank facilitates its clients with relatively lower interest rates comparing to the market interest rates for its customers who shows willingness in building energy saving homes or invest in any environment convenient project that involves in energy savings appliances or green power. Banks basically provides green mortgages by covering the cost of shifting a house from conventional to green power, as well as include this customer benefit when marketing the product. In other sense, Green mortgages can also be referred as Energy Efficient Mortgages.

2.3.6 Green Car Loans:

A green policy to provide car loans gives confidence to the entrepreneurs of car makers, which may results in higher fuel efficiency.

2.4 Limitation of Green Financing

Green Banking is a sustainable banking process but it is not so easy to achieve the exact response of Green Banking initiatives is connected with some major risk like.

- Reputational Danger: If we assume banks are investing in some projects that are very harmful for the environment they are losing their reputation. There is very little scope where environmental management system is cost effective and that increase in bond value. A damaging project for environment is also prone to loss of their own reputations also.
- Diversification Problem: Businesses that qualified in the selection process done by green bank screening process can obtain green credits. With a smaller target customer Groups they will have a smaller base to maintain them.
- Start-up face: Commercial banks in green business are very new. However, it takes 2 to 5 years for a bank to reach at a profitable position.
- Credit Risk: Businesses whose are affected by the cost of contamination, affects environmental regulation and new conditions of emission level generally arises credit risk.

- High operating cost: To maintain a Green banking unit it requires some extra expenditure like training, counseling and making employees experienced so that they can provide proper services to customers.

2.5 Inter Rupali initiative towards Green Banking

From my Internship experience till now, I came to know that banks are careful enough environment friendly and do not shock the environment significantly through their own ‘internal’ operations. However major sources of investing in diversified industrial projects such as steel producing industry, power supply industry, paper making industry, cement, chemicals, fertilizers, textiles, etc. which are considered seriously responsible for carbon production. Hence the “Indirect” operations of banks could have substantial impacts on the environment through their customer’s activities. Consequently, the idealists of the society the world demand that banks should play an intermediary role between economic expansion and simultaneously the protection of environmental, for promoting socially responsible ventures. To minimize of external carbon emission, banks could finance green ventures and pollution alleviating projects. The initiative of Corporate Citizenship and Environmental responsibilities of banks first took place in 1950s and 1960s when the investors started considering social and environmental factors in their investment policies. After then financial institutions have been endeavoring to alleviate social and ecological hazards by implementing different ecological convenient policies and actions.

2.5.1 Establishment of UNEP

With the aim of integrating environment friendly ventures into the customary business investment, asset execution, and other business actions of the banks the “United Nations Development program” was established in the early 1990s which is formally known as UNEP Finance Initiatives.

2.6 Banking Facility for Green banking In Bangladesh

Financial institutions are supposed to play role in adopting green policy. Bangladesh Bank knows very well that banks financing to other projects causing environment polluted. Along with the Govt. banks Commercial Banks are also now required to take essential measures to protect environmental degradation while investing in a new project or allowing loans to any enterprise that can cause harm. Banks are required to ensure their clients with supreme care in opening Letter of Credit for industrial units. Besides

being, In order to promote green banking activities, Bangladesh bank as a Central Bank of the country has taken charge of various initiatives.



According to the Bangladesh Bank policy commercial Banks are advised to give loans in energy renewable projects like Solar Energy, Bio-gas plantation, ETP and Hybrid Hoffman Kiln in brick field. Banks are now adopting a comprehensive Green Banking Policy in a planned and well structured manner according to the guideline to guarantee sustainable banking exercise. The aim of developing green banking practices in the Bangladesh, an investigative Green Banking guiding principle has been urbanized for the banks in the following manner a broad guideline on CSR has been taken where banks are advised to focus on linking CSR at their maximum corporate level.

2.7 Bank in Bangladesh that practicing Green banking in year 2021

Table 4.1: List of Banks

Sl. No.	Banks Name
1	AB Bank Limited
2	EXIM Bank Limited
3	Social Islami Bank Limited
4	Prime Bank Limited
5	National Bank Limited
6	Standard Chartered Bank Limited
7	Rupali Bank PLC
8	Islami Bank Bangladesh Limited
9	IFIC Bank Limited
10	Eastern Bank Limited

Furthermore, by adopting changes in six main zone of banking practices banks can be green, those are Change in Deposit supervision, Change in tidiness, Change in the Process of Recruitment and improvement of Human resources, CSR, Investment Management, and Making realization among Clients and General gathering. In order provide green banking services to the customers, banks should adopt such changes in successful and proficient way.

2.8 Development and Monitoring

Above mentioned banks have formulated and have taken broad Green Banking policy and strategy accepted by their Board of Directors. It paves the way necessary actions for implementing green banking activities effectively along with their regular banking operation which would be also helpful in other countries. A separate management committee comprising counselors and decision makers from the board roughly designs, evaluates related green banking issues of the bank and in case of listed Bangladeshi commercials comprise of provincial head of Global Office are in charge for reviewing the banks environmental policies, strategies and actions.

2.9 Introducing In-house Environment Supervision

Generally, responsive banks arrange an inventory of the using up of water, electricity, energy and paper etc. by its top level management and branches in different places. The employees are aware of saving electrical energy, stream and paper spending. A 'Green management Guide' is provided to the human resources for efficient use of electrical energy, paper and recycle of utensils.

2.10 Introducing Green Marketing

The above mentioned responsive banks promote their green products that are supposed to be biologically safe. This Green promotional program incorporates a broad range of activities, including product variation, flexibility in the procedure and as well as modifying publicity. Basically it means the procedure of selling their services based on their environmental benefits. Such marketing of their environmental services give trust to the loan seekers to think in a new way.

2.11 Supporting Employee Training, Consumer Awareness and Green Event

All the mentioned banks involved in rising employee awareness on environmental and social risk and the related issues as element of the bank's HR enrichment. Some workshops on only the top officials of the bank from different unit participated.

Responsiveness development among clients would be a uninterrupted job for banks under its public relation department.

2.12 Relative Comparison of Green Banking Practice of Scheduled 10 Banks

Green Investments as a part of green policy contributes to allocate resources in well-organized way and especially low carbon industries like: green industry and green economy. The above mentioned banks think creatively before investing in projects which are environment friendly. Investments that can cause dreadful conditions or deterioration of the environmental issues are usually avoided.

Table 2.2: Relative Comparisons

Compare of Green Banking Initiatives of Mentioned 10 Banks										
Policy formulation	AB Bank	Exim Bank	Social Islami Bank	Prime Bank	National Bank	Standard Chartered Bank	Rupali Bank	Islami Bank	IFIC Bank	Eastern Bank
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Green Banking Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector Specific Policy										
Budget Allocation (million)	500	16276.16	1209.5	24016	4000	2620	1600	41700	20042.5	592.37
For Green Financing	380	16265.6	1200	2400	3000	2600	1500	41000	1040	445
For Climate Risk Fund	60	10.8	3	10	400	15	50	300	1002	50.37
For Marketing & Capacity Building	60		6	6	600	5	50	400		
Budget Utilization (Million)	3589	24934	31492	16589	52095	3040.97	17616	48450	55001	54290
For Green Financing	3589	24924	31490	16588	52091	3040	17570	48545	54000	54000
For Climate Risk Fund		10	1	1	3	0.8	31	5	1000	200
For Marketing & Capacity Building	0.03	0	1		1	0.17	15	0	1	90
Green Financing										
ETP	94.24	19.27	91.68	483	492	18	45	55	78	67
Bio Gas Plant	170.6	0			11	2		3		
Renewable Plant	0	17		256			4	1	5	9
Bio fertilizer Plant	0	0	377		4	3				
Solar Plant Project	0	11	488	111			1	4	4	6

Those responsive banks basically Invest in Effluent Treatment Plants (ETP) of Readymade Garments and textile industry having Renewable energy plant. According to the estimation of 2018, Those 10 banks invested an amount of Tk. 94.42 million for fixing ETP and Tk. 170.6 million for paying up projects facilitating ETP. Social Islami bank invested the highest in Bio Fertilizer plant and the amount is Tk.377 million. On the other hand, in Renewable plant sector Prime bank invested the highest. Nevertheless,

Rupali Bank has coverage in three areas including ETP renewable plant, Bio Gas plant and simultaneously in some other environment convenient project and has highest investment in the ETP. However the RBL has no investment in solar plant project, up to year 2017.

2.13 Impact on Profitability of Green Investment

To evaluate the Green Investment impact on profitability, I will use here multiple Regression analysis to analyze the position between green investment and profitability and it will be represented through correlation matrix. Regression analysis here, will detect the impact of green investment on banks profitability. So the Green investment ratios are here as independent variables whereas the profitability measures are the dependent variables. The variables to analyze the impact of green investment on profitability are as follows

Table 2.3: Profitability Variables

Depended variable	Profitability Measurement	Formula to Calculate
	ROA	Net profit after tax/ TA
	ROE	Net profit after tax/ share holder Equity
Independent variable	Green Investment	Formula to Calculate
	Total loans and advance Ratio (Green investment)	Total green loans / total asset
	Nonperforming loan ratio (green Financing risk)	Total NP Green Loans/total Loans
	Capital Adequacy Ratio	Total capital/Total Risk weighed assets
	Leverage ratio	Total debt/Total assets

2.14 Formulation of Regression Analysis

Here the multiple regression formula considers productivity in equation -1 as Return On Asset of Rupali Bank operates as dependent variable where independent variables are Green Investment as Total green loan, Non performing green loan ratio, Capital adequacy ratio and leverage ratio and here α is cut off point and error term ϵ also exist if any error happens while running the regression. In equation -2 the Return on Equity, all independent variable will stay the same only the dependent variable will change.

$$ROAb, t = \alpha + \beta_1 CRTLARb,t + \beta_2 CRNPLRb,t + \beta_3 CRCARb,t + \beta_4 CRLVRb,t + \epsilon_{b,t}$$

..... (1)

$$ROEb, t = \alpha + \beta_1 CRTLARb,t + \beta_2 CRNPLRb,t + \beta_3 CRCARb,t + \beta_4 CRLVRb,t + \epsilon_{b,t}$$

..... (2)

At this point,

ROAbt = return on asset of RBL (b) at time (t).

ROEb, t = return on equity of RBL (b) at time (t).

- α = intercept
- β = regression coefficient
- $CRTLARb,t$ = investment risk as Total loans and advance Ratio of RBL (b) at time (t)
- $CRNPLRb,t$ = investment risk as Non performing loan ratio of RBL (b) at time (t)
- $CRCARb,t$ = investment risk as Capital Adequacy Ratio of RBL (b) at time (t)
- $CRLVRb,t$ = investment risk as Leverage ratio of RBL (b) at time (t)
- $\epsilon_{b, t}$ = error term.

2.15 Descriptive investigation

After scrutinizing the 10 banks' profitability analysis over the past five years data, the study shows that, there was a significant positive change in profitability after adopting green policy. All the variables, Loan-Advance ratio, non performing ratio, capital adequacy ratio and leverage ratios which are independent in nature and used as variables for descriptive scrutiny and to examine relationship between the variables and carry out regression analysis to show the impact of green investment on Profitability of the ten chosen banks.

2.16 Implementation of Green Banking In RBL

Rupali Bank PLC reconsiders Bangladesh bank's guiding principle for Green investment. This newly investment guidelines to be followed in mishmash with the ecological risk supervision.

2.17 Implementation of Green Investment

RBL as a strict follower of green banking helps entrepreneurs for eco friendly and energy efficient projects by financing them. This responsive bank basically very interested to

help ecofriendly infrastructure encourages the following projects while thinking to invest:

Bio Gas Venture: Loan for Bio Gas is a loan which basically supports in setting up of Bio Gas plant for cooking or for money-making purpose. Under this scheme the areas will get priorities which are out of natural gas networking coverage.

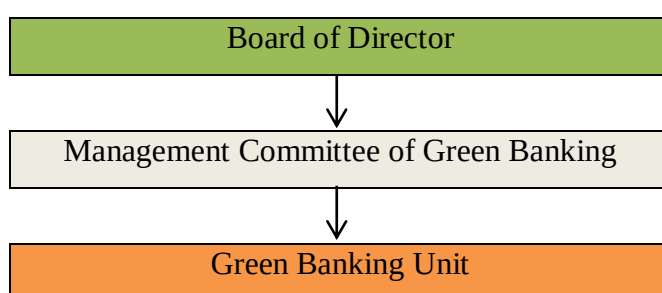
Bio Fertilizer plan: Organic fertilizer or what we know as Bio fertilizer is a good agriculture related business. Rupali Bank PLC always encourages entrepreneurs of farmers in doing that type of business and supports them by financing.

ETP financing: Industrially contaminated water purification covers a process to purify waters that have been polluted in however ways. The aim of ETP financing is to establish Effluent Treatment Plant to protect environment by purification of waste.

Solar Panel: RBL currently is not engaged with Solar Energy project. It is planning to build its own solar panel in all its branches. However, RBL has a loan scheme for solar project in which it facilitates the financial needs to buy Solar Panel with a view to spread out the consumption of Solar Energy in urban and rural areas for house hold or business use.

2.18 Management of Green Banking Unit In RBL

The Department of Green Banking at RBL is supervised under the Credit Supervision Division. The CSD comprising 18 members which are also the associates of the Green Unit. Branch Control Division monitors and supervises the departments along with all the department of Head Office site, IT, training and development unit, in accordance with Green Banking strategy. All the tasks of the Green Banking unit are maintained by a Management Committee regarding Green Banking and the decisions of any Green Banking initiatives are taken by the Board of Directors.



This hierarchy helps the bank in utilizing their scarce resources in best decision of investment without causing natural environment harmed and overcoming challenges of sustainability in booming manner. The Management Committee makes sure the incorporation of ecological Risk supervision into Credit Risk Management. The Head of Risk Management Unit operates all the responsible performances.

2.19 Eligibility for Green banking Credit

Approval

Eligibility of Customer

- Loan seeker must have a Current/Saving Account at RBL.
- Organized original CIB Report.

Security for obtaining loan

- Authorized property of Land or Building for mortgage
- Personal Guarantee of the Owner(s)/ Directors.
- Company certification of the Related trade Concern
- Post dated cheque.
- Other properties as approved by the Bank

Repayment of Green Loan

- Monthly/Quarterly/Half Yearly Equal or Unequal Installments

Interest Rate

- Relatively lower interest than other loaning sector as per Govt rule.

Basic Documents Requirements

- Legal Trade License.
- NID
- Updated TIN Certificate.
- KYC
- Dictatorial papers
- Length of loan: 6 Months to 10 years.

Ideologists have said that eco-friendly financing or green technology will ensure sustainable economic growth and generate employment in Bangladesh.

2.20 Dimensions and Budget Allocation for Green Banking

In general sense, Green Banking covers all the actions and appropriate strategies of a bank that have a straight or tortuous impact on the atmosphere. Hence, it is very difficult task to recognize the arena associated with the coverage of Green Banking.

Green Banking Unit (GBU) in Rupali Bank PLC is working under the Credit Supervision Division (CSD). Initially, Credit Management Divisions of RBL is responsible for evaluating the feasibility and the appropriateness of a project. RBL supervises its GB unit following the policies interrelated to the ecofriendly activities which proves its necessity with a detail documentation of the projects regarding feasibility and environmental sustainability. The promotional department of RBL cares about the improvement of Green Banking Products. RBL has scheme of allocating Tk. 15 million per quarter for green promotional activity, training and skill development and finally in capacity building. However, the HRD of RBL is alarmed about the scheme of GB implementation, as branch of formal initiatives the HRD generates thought from workforces for “Go Green” program at RBL.

Chapter 3

Findings, Recommendation and Conclusion

3.1 Findings

During preparing my report, some findings came across to my mind. As far green-banking has evolved, Bangladeshi banks are very lag behind their counterparts from urbanized countries. If we look carefully the commercial banks started to implement and they are just at the beginning to understand the necessity of introducing green investment along with their mainstream business actions. This study shows that, a few commercial banks yet to set on its feet. A few commercial banks engaged in in-house management and ultimately facilitating eco-friendly investment through their green energy loan.

- i. Rupali Bank Limited most of employees are strongly agree to want training and education on environmental protection, energy saving etc.
- ii. Rupali Bank Limited employees are agree to environmental performance practices.
- iii. Most of Employees agree to environmental friendly factors and received less interest.
- iv. Green banking motivates the banking activities that reduces use of paper which create brand image and employees agree to reduce the paper uses.
- v. Online banking ATM facilities are regarded as the first step in implementing green banking and increasing the uses LED light, SWIFT transfer etc.
- vi. Rupali Bank Limited agree to e-waste management practices.

3.2 Recommendation

Although Rupali Bank PLC is doing good in promoting its green practice for a better future. It is facing with various problems which are difficult for the bank to fight without any external support. During preparing the report some recommendations came into my mind that I am sharing bellow:

- i. Need to apply green banking and use ERM (Enterprise Risk Management) guideline in an efficient manner.
- ii. Bank might provide available advertising and arrange more seminar about green banking and motivate clients by different way to follow the policy.

- iii. Bank might recruit green banking specialist, who gives available information about green banking to clients.
- iv. Need to feedback from the clients.
- v. Bank might increase ATM service, online service and internet services.
- vi. Apply quantitative approach for Environmental Risk Rating.
- vii. Improve eco-friendly production technology.
- viii. The online service might provide visa card as debit card service, so that the clients can purchase via online with this card.

3.3 Conclusion

Now when our environment fights us back and there is an urgent need to create awareness and follow green banking in today's business world of innovative technologies so as to make our environment human friendly. We are forced to rethink and improve our ways of living to become more eco-friendly. A new trend hence was given birth in our endeavor to become eco-friendly which many define as 'being green'. Green banking if implemented sincerely opens up new markets and avenues for product differentiation. 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. As green bank has rapidly expanded its operations, the challenge for its leadership has been on managing this growth successfully and prudently.

Bangladesh is one of the most climate change helpless countries to change climate in the world. From the overall discussion, it can be said that green banking practices in Bangladesh are not at a satisfactory level. According to global development and response to the global warming, green banking plays important roles. Government as well as every bank should take initiatives in respect of green banking practices for protecting our environment. Bangladesh bank will emphasize with significance of green banking activities/practices of a bank while according permission for opening new bank branches and approval for launching new bank. Government should also encourage the general people about the green banking practices. The central bank should monitor or supervise commercial banks whether they are practicing green banking or not. So, every bank has to participate and contribute to green banking practices in today's extreme national and global banking competition.

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