

# Recent Trends in the Green Banking Products and Services in India

Dr. D. Murugan

Department of B. Com (BM & CS), School of Business Studies, Hindustan College of Arts and Science, Padur, Chennai  
Corresponding Author: drmurugan1987@gmail.com

**Abstract**— The goal of green banking, often known as ethical banking, is to safeguard the environment and lessen the carbon footprint left by banking operations. By integrating operational improvements and technological know-how into banking business operations, it helps banks to make environmentally friendly investments. Priority lending has been established by green banking for sectors that are already green or are making efforts to become green. Using biodegradable materials and improving energy efficiency are two goals of turning green. The success of banks is heavily reliant on the success of their customers. Banks must carefully verify that all legal and environmental requirements are being met by the customer's projects because failing to do so could result in nonperforming assets for the banks. Going green is a new idea in India, and Indian banks have embraced it in many different ways.

**Keywords** — Green Banking; ATM; Green Mobile Banking; Green Credit Cards; Green Mortgage Loan.

## 1. Introduction

Online banking services are now being offered by banks. India's banking industry is vital to the survival of the country. It is India's largest financial sector. Indian banks could get to the fifth-largest status in the world by 2020 and the third-largest status by 2025. It has experienced a variety of highs and lows and has learned to adapt to the shifting environment.

Green banking is distinct from typical banking since it is based on the idea of supporting national sustainable development. The financial industry is experiencing a new trend called "green banking," which focuses on socially and environmentally conscious investing. Global warming is one of the most important challenges facing everyone in the globe in the age of globalisation. The damage of the climate changes that have affected the world's resources of land, water, and people has been determined to be caused by the consequences of global warming. Organizations have begun carrying out their corporate social responsibilities as society's concern over the depletion of natural resources grows..

## 2. Meaning and Concept of Green Banking

Climate change is a very complex topic in today's society. People are more aware of global warming today and its negative effects on human life (Sharma, 2013). Therefore, change is necessary in the current ecosystem to ensure survival, and ongoing attempts are being made to manage the environment (Elkington, 1994) sustainably. The government, direct polluters, as well as other stakeholders like financial institutions, are all concerned about it. This includes banks, which have a significant impact on how society develops. Even while banks activities have no direct environmental impact, their

external effects on the consumers are very important to them.

Banks must support the goods, procedures, and technology that conform to it in order to significantly minimise their carbon impact. As a result, banks are incorporating green practises into their operations, investments, and financing plans. The definition of banking was altered by the numerous changes that the Indian banking sector through and the numerous technology advancements that were made (Curry and Moutinho, 1993). In addition to the essential ones, the process comprised numerous more functions. However, during the twentieth century, when sustainable development was the talk of the town, the banking business saw yet another transformation.

## 3. Commencement of Green Banking

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## 4. Commencement of Commercial Banking

The Indian economy did not have commercial banking in the past. However, a number of knowledgeable individuals' and travellers' narratives mention the existence of traders and moneylenders (Dadabhoy, 2013). They were wealthy and operated a form of an unorganised banking

system, but primarily for the purpose of lending money. There were no other activities. In the past, people used to store their money in readily robbed gold. As a result, the gold was securely stored in the temples. Moneylenders and wealthy merchants gained a key position for providing and facilitating the exchange of trading instruments throughout the Mughal era. Finally, during the British era, these rogue bankers were moved into a position that was somewhat akin to that of commercial bankers. They made these bankers.

## 5. Green Banking Products and Services

Due to ongoing planning and initiatives in the industry, India has a larger potential for green banking. According to the Happy Planet Index, India is steadily lowering its carbon emissions. According to the ranking, India now ranks 90th in the effort to cut carbon emissions, up from 90th in 2006. India rose up the same index in 2009, climbing from 90th to 35th place, demonstrating an improvement in its standing. India wants to continue its efforts by cutting carbon emissions by 20–25% through 2020. Thus, it demonstrates that the nation's economy, particularly the banking industry, has been trying to stop additional environmental damage by cutting carbon emissions.

## 6. Green Banking Financial Products and Services

**Green Deposits:** If clients want to conduct their banking activities online, banks will give greater rates on commercial deposits, money market accounts, checking accounts, and savings accounts.

**Green mortgages and loans:** A green mortgage is a sort of debt provided to consumers in order for them to make their homes more environmentally and energy-efficient. For homes that use less energy, banks provide green mortgages with better terms or rates. In an effort to go green, the Ministry of Non-Renewable Resources, in collaboration with some nationalised and scheduled banks, offered low-interest loans to customers who wanted to build homes or buildings with energy-efficient designs and instal environmentally safe technology like solar equipment, energy-efficient windows, geo-thermal heating, or water heaters.

**Green Credit Cards:** Green credit cards are useful in lowering each client's own carbon footprint. The primary goal of the programme is to encourage more people to utilise debit and credit cards in place of cash. A green credit card enables cardholders to accumulate rewards or points by using it to make donations to nonprofits that support the environment.

**Green Reward Checking Accounts:** Reward checking accounts are a type of bank product that reward consumers for going green by giving them a bonus. By utilising additional online banking features including online bill payment, debit cards, and online statements (Roux, 2015), this account reduces its environmental impact. Customers that meet monthly requirements, such as getting electronic statements, might benefit from higher checking account rates.

## 7. Conclusion

By introducing Green Banking financial products and services, which aim to promote environmentally friendly practises and lessen the carbon footprint of banking activities, Green Banking is a relatively recent phenomenon in the world of finance. Online banking, mobile banking, ATM banking, green credit cards, green mortgages and loans, green deposits, and green rewards checking accounts are just a few of the green banking products and services available. The environmental impact of actions is quantified by carbon footprint. It has to do with how many Green House Gases (GHG) are produced every day when fossil fuels are burned for transportation, heating, power, and other purposes.

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