
Green Banking in Bangladesh: How Much Implemented by the Practitioners?

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Abstract

While the traditional banking mostly focused only on the economic motive, the Green Banking (GB) highlighted on economic, social and environmental motives simultaneously. From the realization of green banking practice, Bangladesh Bank (BB) took several initiatives in favor of green banking, particularly BB issued a GB Policy Guideline in February 2011 towards banks to protect environmental degradation and maintain sustainable banking practices. As per circular of BB, most of banks practiced according to their GB guidelines under three phases by December 2013. This paper aims to know GB practices of some selected scheduled banks of Bangladesh. Based on primary as well as secondary data on five sample banks, most of the sample banks were found in top ten banks as declared by BB, but each sample bank was not found active in all areas of GB. This study recommends for positive attitude toward green banking, strong coordination among stakeholders, developing environmental governance within the bank, environmental awareness among employees and clients, viable production technology, automation of banks, uniform reporting of banks and proper feedback to practitioners etc. Finally, this study will carry an enormous value to academicians, bankers, policymakers and environmentalists etc.

Key words: Bangladesh, Commercial Banks, Green Banking.

Global warming is a commons that affects the global communities, therefore, calls for a global response. Changing climate affects directly on biodiversity, agriculture, forestry, dry land, water and human health that allows many eco-systems to suitably adapt. High temperature, frequent precipitation, extreme weather events and sea level rise have already made lives and livelihoods of millions of poor people vulnerable. In this regard, Bangladesh falls into the group of most climate change vulnerable countries in the world despite the share in Green House Gas (GHG) emission is much lower than other developed and developing

countries. According to Article 4.4 and 4.9 of United Nations Framework Convention on Climate Change (UNFCCC), Bangladesh is not bounded to mitigate or reduce GHG and developed countries should give special priority to Least Developed Countries (LDCs) in relation to funding for adaptation. Nevertheless, Government of Bangladesh consciously opted for low carbon industry path. Banks hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities. Moreover, energy and water efficiency and waste reduction are of high concern for many big banks. Green banks or environmentally responsible banks do not only improve their own standards but also affect socially responsible behavior of other business. The term “Green” means a broad range of social, ethical and environmental dimensions. Generally, “Green Banking” refers to the efforts of the Banking sector to keep the environment green and to minimize greenhouse effects through rationalizing their strategies, policy, decisions and activities pertaining to banking service, business and in-house operational activities. Bangladesh Bank (BB) in line with global norms has introduced Green Banking and sustainable practices at all the scheduled banks in Bangladesh. In this connection, BB circulated policy guidelines for Green Banking. This paper aims to know the Green Banking practices by scheduled banks in Bangladesh.

This paper is organized as: section 2 presents the research objectives, section 3 reviews literature, section 4 discusses methodology, section 5 gives an overview of Green Banking in Bangladesh, section 6 discusses the results, and concluding words in the last section.

Research Objectives

The following objectives will be fulfilled through this study:

- To give an overview of green banking in Bangladesh;

- To know the green banking practices of sample commercial banks and identify barriers to green banking for smooth functioning of those banks in Bangladesh.

Literature Review

Very few studies were conducted in the field of GB activities in Bangladesh. To discuss green banking practices in Bangladesh, Islam and Das (2013) mainly collected secondary data from commercial bank's annual reports and BB's publications and highlighted on fund allocation to green banking, green finance, mobile banking, online banking etc. As they reported, GB practice is a new way of conducting banking business which will be a part of hygienic environmental issue and corporate social responsibility (CSR). And the concept of green banking is relatively new in Bangladesh and yet to get momentum, but in the developing countries it is passing through a mature stage. The study concludes that green banking practices in Bangladesh is not satisfactory at all. Ullah (2013) mentioned that the stakeholders of GB initiatives covers government, capital market, Bangladesh Bank, NGO's, International Financial Institutions, Bank Association, National Council on Climate Change, Environmental Authority, Rating Agencies and customers etc. In his study, a comparison was done among different types of banks such as State-own Commercial Banks (SCBs), State-own Specialized Development Banks (SDBs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs) and 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. Choudhury, et. al. (2013) identified a set of stakeholders to calculate their ability to influence in developing green banking products. The findings suggest that 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. After using both descriptive and inferential statistics, this study also advocates for the necessity of stakeholder's influences in green banking practice and recommend some indication for Government, the whole banking sector and for the business community. Rahman, et. al. (2013) focused on the green banking prospects in Bangladesh in their paper. 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. Such an initiation can ensure a safe residence for upcoming generation. Authors reemphasized on supporting BB's initiatives by raising our voice, keeping hand over hands, thinking in positive way and working in collective manner to make our life green. These earlier works mainly discussed on practices and potentials of green banking in general. This paper focuses on green banking practices of five selected banks of Bangladesh.

Research Methodology

This is an exploratory research study that has been conducted by following BB green banking guidelines (Kothari, 2008). Population of the study belongs to the whole banking industry of Bangladesh. Currently, 45 banks formulated GB policies and 46 banks established GBU in Bangladesh (BB, 2012). To know the GB activities of sample banks, literature survey were done from various sources.

To conduct this study, five scheduled commercial banks have been chosen as sample banks purposively, namely BASIC Bank Limited (BASIC), EXIM Bank Limited (EXIM), Islami Bank Bangladesh Limited (IBBL), Bank Asia Limited, Social Islami Bank Limited (SIBL). Reason behind choosing those banks are the data availability on GB activities. Another ground of choosing those

banks is proactive role of PCBs and FCBs on adopting green banking guideline and financing green projects over the SCBs and SDBs (Ullah, 2013).

This paper was prepared on the basis of primary and secondary data. Secondary data were collected from annual report of Bangladesh Bank, official website of Bangladesh Bank, annual report of sample banks, bank's daily notes, academic journals, official website of sample banks, and internet. To collect primary data, personal interview was conducted with head, staffs and clients of selected branches of sample banks following pre-designed semi-structured schedule. Telephone interview was also conducted with some selected clients when necessary.

The collected data were processed, tabulated and interpreted in a meaningful manner. To analyze data, we did mostly descriptive analysis. For some parameters, dummy-typed answer e.g. yes-no answering was allowed to measure Green Banking practices.

Overview of Green Banking In Bangladesh

From the view of environmental sustainability, Bangladesh Bank (BB), the central bank of Bangladesh, adopted and promoted green banking practices throughout the financial sector. BB is responding to climate change in a diversified ways. With a move towards encouraging green banking in Bangladesh, BB installed a 8-kilowatt solar power system on its rooftop in March 2010, which has been providing necessary energy supply for the executive floor along with emergency security lights in the BB premises (BB, 2012). This is now being extended to cover more areas. A recent initiative has been taken to convert the 30-storied building of the bank into a 'Green Building' with the modern facilities of rain water harvesting, waste water recycling and motion sensor energy efficient bulbs supported by window based solar panels. Under the said program, this bank then extended her hand to financial institutions, particularly to other commercial banks. Finally, BB has issued a three phased policy guidelines for green banking in 2011 as

shown in Figure 1 (BRPD Circular No. 02, February 27, 2011). Bangladesh Bank “is probably the only central bank, which has issued such an indicative guideline for green banking” (Rahman, 2013). In Phase-I, Banks are to develop green banking policies and show general commitment on environment through in-house performance. Under phase-II, banks need to formulate Sector Specific Environmental Policies for different environmental sensitive sectors. In phase-III, banks are expected to address the whole eco-system through environment friendly initiatives and introducing innovative products, and publish independent Green Annual Report targeting their stakeholders that will be verified by an independent agency or acceptable third party.

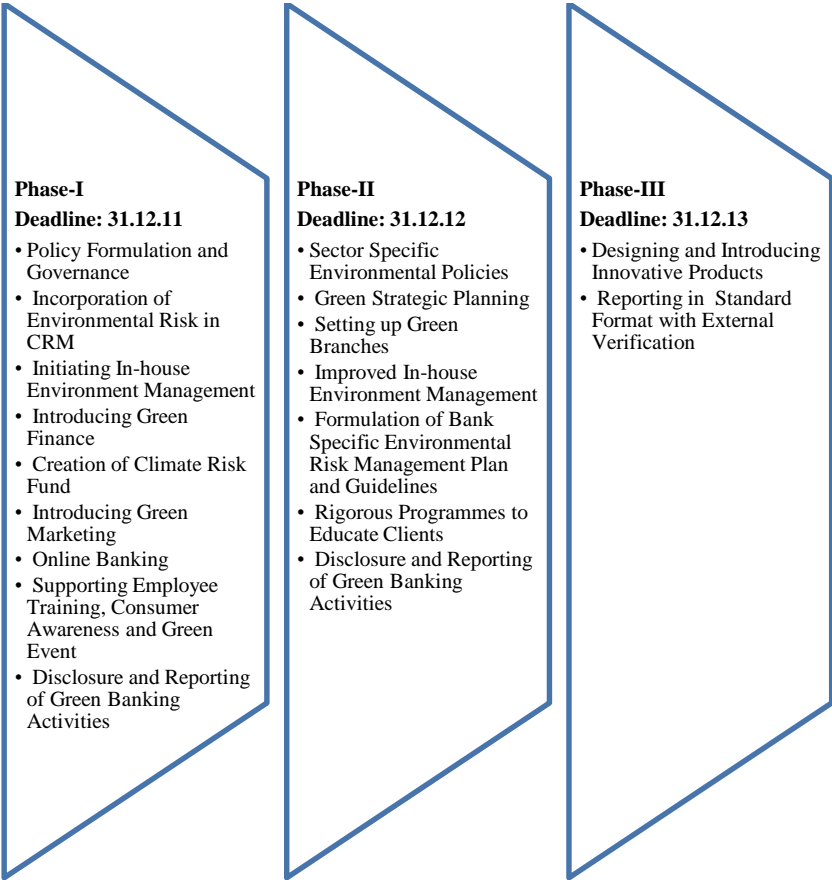


Figure 1. GB Guideline Formulated by Bangladesh Bank.

Banks shall keep their annual report and websites updated with the disclosures on GB activities. The preferential treatments for compliant banks practicing Green Banking are: Green Banking practices impacts positively on CAMELS rating of a bank; BB declares the names of the Top Ten Green Banks in the BB websites; BB will actively consider green banking activities of a bank to give permission for opening new bank branch etc.

In line with the GB policy developed by Bangladesh Bank, commercial banks of Bangladesh have undertaken initiatives to implement this policy. Up to 2012, 41 banks have formulated GB policy, 45 banks have established GBU, 41 banks have introduced a Green Office Guide (BB, 2012). Environmental Risk Rating (EnvRR) has been done by banks for 7165 projects up to March 2012, and 3703 projects during April-June 2012. 185 branches/SME unit offices are powered by solar energy up to March 2012. 3042 branches have been facilitated with online banking up to March 2012. During the second quarter of 2012, 5 banks have utilized Tk. 90.77 million from climate change risk fund. In this quarter, banks have financed Tk. 62026.47 million as Green Finance including projects having Effluent Treatment Plant (ETP). Finally, at least 2 banks have created two trust funds for rewarding individuals and corporate for their outstanding contributions towards raising consciousness and addressing issues related to climate change (Millat et. al., 2012). Banks and other financial institutions are now submitting a quarterly report on prescribed format regularly to BB on their performance of GB activities.

Results and Discussion

From our sample banks, namely BASIC Bank Limited, EXIM Bank Limited, Islami Bank Bangladesh Limited, Bank Asia Limited, Social Islami Bank Limited, the following results were found.

Policy Formulation and Governance

As per order of Bangladesh Bank, all of the sample banks formulated GB policy and approved by Board of Director. All of the sample banks formed Green Banking Unit (GBU) in the beginning. In the year 2013, EXIM Bank has fixed the theme “Be Green, Remain Green, & Patronize Green” for accelerating green banking activities through its operation (EXIM, 2013).

Table 1

Policy Formulation, Governance and Budget for Green Banking 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
GB Policy Formulation	Yes	Yes	Yes	Yes	Yes
GBU	Yes	Yes	Yes	Yes	Yes
Budget Allocation	Tk. 1650 million (3 rd)	Tk. 2600 million (1 st)	Tk. 592.37 million (9 th)	Tk. 1209.5 million (4 th)	Tk. 2042.5 million (2 nd)

Note. Yes = Responded; No = Not responded; N/A = Not available.

As in the Table 1, the highest budget for GB was allocated by EXIM Bank and all of the sample banks have placed in top ten banks (BB, 2012).

Environmental Risk Management

All of the sample banks incorporated Environmental Risk Rating (EnvRR) into Core Risk Management (CRM) to their branches. In addition, BASIC Bank has circulated categories of industries as per Environmental Conservation Rules 1997 (GBPIU Circular Letter No. 03, BASIC Bank Ltd.). EnvRR were done for 414 projects by BASIC Bank in 2012 (BASIC, 2012) which was not sufficient to place in the top ten banks declared by BB.

Table 2

Environmental Risk Management in Core Risk Management 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
EnvRR	Yes	Yes	Yes	Yes	Yes
Number of Projects Rated (Position)	414	888 (2 nd)	N/A	523 (4 th)	N/A

Note. Yes = Responded; No = Not responded; N/A = Not available.

In the Table 2, EXIM Bank has placed second highest position in 2012 by rating environmental risks of projects (BB, 2012). Though IBBL follows a systematic process of assessing project's environmental, social and ethical risks (IBBL, 2012), the number of rated projects could not place in the year 2012 while in 2013, IBBL rated 4428 projects/ exposures, out of which the bank released Tk. 373054 million, Tk. 27957.27 million and Tk. 21825 million on 2126, 1319, and only 37 number of low, moderate and high EnvRR projects (IBBL, 2013). This indicates that the bank prioritized those projects having low EnvRR. Bank Asia conducted EnvRR for 523 projects which was forth highest number among the banks of Bangladesh. For few projects, SIBL conducted Environmental Risk Rating under CRM (BB, 2012).

In-house Environment Management

A General Instruction checklist for In-house Environment Management has circulated by BASIC Bank, IBBL and SIBL as seen in Table 3. EXIM Bank, Bank Asia and IBBL have already issued "Green Office Guide" to all of their employees. All sample banks manage their inventory so that paper usage, consumption of water, electricity and energy could be reduced. Most of the sample banks practice online communication system to circulate circular, office order and transfer order etc. IBBL introduced auto shutdown of electrical equipment. It has also introduced use of scrap or one side used papers for note pad (IBBL, 2012). This bank used Tk. 8.82 million in 2012 and Tk. 10.35 million in 2013 for the consumption of water in the offices (IBBL, 2013). Bank Asia is saving 40%

electricity by using daylight in their corporate office. During the period 2013, Bank Asia spent Tk. 17.24 million for the consumption of paper and Tk. 178.25 per employee per month for safe drinking water. (Bank Asia, 2013b). Offering E-statement, SMS Banking, SMS alert, Net Banking, E-fund transfer, Digital attendance and E-mail corresponding this bank saved paper consumption by Tk. 6.77 million in 2012 (Bank Asia, 2012), while it was Tk. 11.15 million in the year 2013 (Bank Asia, 2013b). SIBL has started E-Circular system and introduced E-Newsletter instead of paper book (SIBL, 2012).

Table 3

Description of In-house Environment Management 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
Green Office Guide/ General Instruction	Yes	Yes	Yes	Yes	Yes
* <i>Inventry</i> undertaken	Yes	Yes	Yes	Yes	Yes
Solar Powered Branches (Number)	6	N/A	22	7	N/A

Note. Yes = Responded; No = Not responded; N/A = Not available.

* *Inventry* includes water, paper and energy.

IBBL installed Solar panel in Head Office and 21 branches which is highest number among sample banks (IBBL, 2012). Bank Asia and BASIC Bank has installed solar panel in 7 and 6 (partially) Branches respectively (BASIC Bank's website; Bank Asia, 2012). During the year 2012, Bank Asia has provided Tk. 10 million loan for setting up of Solar Home Systems (SHS) in different rural off grid areas (Bank Asia, 2012). From January-June 2013, Bank Asia has lent Tk. 30 million for the installation of SHS through micro-finance institutions (Bank Asia, 2013). EXIM Bank has installed energy efficient solar panel at its some premises to save electricity (EXIM, 2011). SIBL has installed Solar panel in some branches (SIBL, 2012).

Green Finance

All sample banks encouraged eco-friendly business activities and energy efficient industries through green financing. BASIC Bank has allocated Tk. 1200 million for Green Finance which is the second highest budget allocation in the country in 2012 as presented in Table 4. During second quarter of 2012, BASIC Bank has actually utilized Tk. 206.46 million for Green Finance which is the top fourth amount in the country (BB, 2012). Up to March 31, 2013, the bank has already financed 02 ETP amounting Tk. 445.46 Million and on 18 projects having ETP numbers of amount Tk. 7383.30 million. Bank has already financed 03 Bio Gas plant amounting Tk. 604.78 million. Bank has already financed 01 Solar Panel amounting Tk. 132.78 million. Bank also financed 18 Brick field using 5 HHK (Hybrid Holfman Kiln) and 13 Zigzag kiln technology amounting Tk. 581.48 million as project loan and working capital (BASIC Bank's website).

Table 4

Allocation and Utilization of Fund for Green Finance 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
Green Finance	Yes	Yes	Yes	Yes	Yes
Budget Allocation (Position)	Tk. 1200 million (2 nd)	Tk. 2500 million (1 st)	Tk. 542.37 million (8 th)	Tk. 1200 million (3 rd)	Tk. 1040 million (4 th)
Budget Utilization (Position)	Tk. 206.46 million (4 th)	Tk. 232.41 million (3 rd)	N/A	Tk. 388.2 million (2 nd)	Tk. 161.87 million (5 th)

Note. Yes = Responded; No = Not responded; N/A = Not available.

The highest budget for Green Finance has been allocated by EXIM Bank in Bangladesh and third highest budget has been

utilized for Green Finance (BB, 2012). In 2013, EXIM Bank has disbursed Tk. 70.1 million for installation of ETP and Tk. 14054.6 million in projects having ETP (EXIM, 2013). The bank has also disbursed Tk. 72.4 million in different environment-friendly sector such as renewable energy project, clean water supply project, waste water treatment plant, solid & hazardous waste disposal plant, biogas plant, bio fertilizer plant etc. Among other activities, IBBL has allocated Tk. 542.37 million (eighth position) for Green Finance in 2012, but utilization of fund is not found sufficient in the second quarter of 2012 (BB, 2012). Budget allocation for green finance by IBBL was Tk. 542.37 million in 2012 that was Tk. 45000 million in 2013. On the other hand, budget utilization was Tk. 44457 million for green finance in the year 2013 (IBBL, 2013). Among other eco-friendly technologies, highest number of installation by IBBL was 28 Zig Zag brick Kiln and 17 solar energy plant for which Tk. 1509.09 million and Tk. 117.78 million were disbursed respectively. As part of commitment for Green Economy, Bank Asia financed Tk. 1432.59 million for renewable energy and carbon offset projects to 80876 farmers during the year 2013 (Bank Asia, 2013b). The bank also disbursed Tk. 30 million for installation of 1500 solar panels in rural Off-Grid areas of the country. In term of Allocation of fund, Bank Asia is top third-ranked bank while in terms of utilization it is the second-ranked bank for Green Finance in the country. SIBL has utilized Tk. 161.87 million out of total allocation Tk. 1041 million for Green Finance (BB, 2012).

Climate Risk Fund

From the Table 5, it is seen that every sample bank has approved Climate Risk Fund. In 2012, BASIC Bank has placed second position in allocating budget for climate risk fund in Bangladesh (BB, 2012). The Board of EXIM Bank has allocated Tk. 50 million for Climate Risk Fund during the year 2012-2013 (Uddin, 2013), and is the second highest contributor among banks in utilizing this fund during second quarter of 2012 (BB, 2012).

Table 5

Allocation and Utilization of Climate Risk Fund 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
Climate Risk Fund	Yes	Yes	Yes	Yes	Yes
Allocation of Fund (Position)	N/A (2 nd)	Tk. 50 million	Tk. 50 million (5 th)	Tk. 3 million	N/A (1 st)
Utilization of Fund (Position)	N/A	N/A (2 nd)	Tk. 52 million (4 th)	N/A	N/A (1 st)

Note. Yes = Responded; No = Not responded; N/A = Not available.

Climate risk fund allocation of IBBL was Tk. 50 million in 2012 that was Tk. 145 million in 2013. Budget utilization for climate risk fund was Tk. 52 million in 2012 that was Tk. 116 million in the year 2013 (IBBL, 2012; 2013). IBBL has distributed Tk. 52 million for flood, Disaster, Health and Environment in the year 2012 (which was Tk. 48.05 million in 2011) among the climate victims due to devastating flood, chilling cold, severe drought etc in different parts of the country. As per BB ranking, IBBL has placed in fifth position in allocating budget for climate risk fund in Bangladesh while it has placed fourth position in utilization of fund (BB, 2012). In the Beginning of 2012, Bank Asia has allocated Tk. 3.00 million for Climate Risk Fund. The highest amount of fund was allocated by SIBL for Climate Risk Fund during the year 2012 and the bank is the highest contributor among banks in utilizing fund during second quarter of 2012 (BB, 2012). As the forest and forestry plays role in mitigating Green House Gas (GHG) emission, IBBL planted about 506 thousands of timber, fruit and medicinal trees all over the country in 2012 (IBBL, 2012), while SIBL distributed 11.5 million saplings across the country in 2011 (SIBL, 2012).

Green Marketing

Steps are being taken by almost all sample banks to introduce green marketing which incorporate a broad range of activities, including a product modification, change of the production process, packaging change as well as modifying advertising etc. In 2012, BASIC Bank stood fourth position in allocating budget for marketing, training and development, but finally did not utilize sufficient fund for the purpose (BB, 2012). The Bank has kept budgetary provision in the expenditure budget for the year 2013 to address marketing and capacity building (BASIC, 2012).

Table 6

Green Marketing, Training and Development 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
Green Marketing	Yes	Yes	Yes	Yes	N/A
Position in Fund Allocation	4 th	2 nd	Not in position	8 th	Not in position
Position in Fund Utilization	Not in position	1 st	Not in position	8 th	Not in position

Note. Yes = Responded; No = Not responded; N/A = Not available.

Both EXIM and IBBL has introduced Islamic Visa Debit card for customers that would reduce cash transaction and that's why paper currency (EXIM, 2013; IBBL, 2013). The Board of EXIM Bank has allocated Tk. 50 million for Marketing, Training and Capacity Building Fund during the year 2012-2013. From the second highest budget allocation, EXIM Bank has utilized highest amount of fund for Green Marketing, Training and Development as seen in Table 6 (BB, 2012). Budget allocation of IBBL was Tk. 42 million while utilization was Tk. 39 million on marketing, training and capacity building for the year 2013 (IBBL, 2013). IBBL has introduced various new green products as a part of Green marketing which will ultimately reduce carbon emission; i-banking, M-Cash, Online banking, SMS Banking, Call Center and Phone Banking are such products (IBBL, 2012). The green marketing expenditure of the bank was Tk. 37.51 million for the year 2013 (IBBL, 2013). Bank Asia launched Green products under Card Department in 2012

by which cost of paper usage has been reduced (Bank Asia, 2012). This bank has placed top eighth position both in allocation and utilization of fund for Green marketing, training and development (BB, 2012). SIBL could not show documented performance in Green marketing, training and development.

Online Banking

All sample banks are running under online banking fully or partially. Though BASIC Bank claimed that the bank is running fully under online banking operation, data revealed the different scenario. In 2012, the bank could not place in top banks neither in online banking practices nor with internet and mobile/SMS banking (BB, 2012). There were 4.58% (eighth highest) of accounts facilitated with online banking while 5.93% (seventh highest) of accounts facilitated with Internet and Mobile/SMS banking in EXIM Bank (BB, 2012).

Table 7

Status of Online Banking and Mobile/SMS Banking 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
Online Banking	Yes	Yes	Yes	Yes	Yes
Number of Branches under online banking	62	N/A	276	74	N/A

Note. Yes = Responded; No = Not responded; N/A = Not available.

In 2012, a major change and development brought in automation of Banking. IBBL has installed IP-Phone services in the Head Office, Zonal Offices and at all AD Branches. As a result, all high Executives, Divisional In-charges and Branch Incumbents now easily communicate without physical travel which helps to reduce carbon emission (IBBL, 2012). Though IBBL could not go to top ten banks in providing online banking services, it facilitates with Internet and Mobile/SMS banking to 5.68% of total accounts which is the top eighth bank within the Banking sector (BB, 2012). Bank Asia has been one of the pioneers in introducing Online Banking

and it covers 74 branches/SME centers, 68 own ATMs, 2890 shared ATMs. Clients can also have access to their accounts through Internet & Mobile Banking (Bank Asia’s website). Bank Asia is the top most ranked bank facilitating 100% of accounts with online banking and third ranked bank in facilitating Internet and Mobile/SMS banking (BB, 2012). From January to December 2013, net savings of Bank Asia was Tk. 11.15 million by offering online banking facilities (Bank Asia, 2013b).

Employee Training, Consumer Awareness, and Green Event

Almost all the sample banks organized programs/events for their employees but no program/events were arranged for clients. For building awareness among employees, EXIM Bank has conducted 15 training programs exclusively on green banking and at least 1 session at every session arranged by EXIM Bank Training Academy (EXIM, 2013).

Table 8

Employee Training, Consumer Awareness, and Green Event 2012

Parameter	BASIC	EXIM	IBBL	Bank Asia	SIBL
Programs/Events for employees	Yes	Yes	Yes	Yes	Yes
Programs/Events for clients	N/A	N/A	No	N/A	N/A

Note. Yes = Responded; No = Not responded; N/A = Not available.

To promote and adopt the comprehensive idea on Green Banking activities, employees of IBBL attended at different training programs/workshops/seminars on Green Banking issues in 2012 organized by Islami Bank Training & Research Academy, Bangladesh Bank, and Bangladesh Institute of Bank Management (IBBL, 2012). IBBL spent Tk. 1.68 million to arrange 170 training courses/ programs, 3463 training courses for employees and 4533 awareness program for customers during 2013. Bank Asia arranged a workshop on “Green Banking” at its corporate office to

commemorate the World Environment Day on June 5, 2012 (Bank Asia, 2012). Moreover, a corporate advertisement was published on the 3rd page of the special supplement section by The Daily Star exclusively on observance of World Environment Day, 2013 (Bank Asia, 2013). In addition to this, the bank arranged 29 trainings and awareness building programs related to Green Banking, Environmental Risk Management, etc. and covered 9019 participants including clients and employees during the year 2013 (Bank Asia, 2013). SIBL focused the Green Banking concept in their Annual Calendar, 2013 (SIBL, 2013).

Conclusion

It can be inferred that all of the sample banks got touch with GB practices but no bank was found active in all areas of Green Banking. As BB directed commercial banks to disclose Green Banking activities to their annual reports and update into their official website, information on their annual reports and websites are not sufficient. Among sample banks, only BASIC Bank formulated Sector-Specific Environmental Policy, and only Bank Asia formulated Green Strategic Planning. No sample bank formulated Environmental Risk Management (ERM) Plan yet (BB, 2012). Last but not the least; all scheduled banks are now reporting their activities to the Department of Off-site Supervision of BB on quarterly basis under Green Banking program. Major findings and recommendations are reported as:

Positive Attitude toward Green Banking: Most of the banks convey the head office as well as BB order as routine work regarding green banking. Different Government as well as non-government agencies should motivate bankers and entrepreneurs to shift from profit seeking to environment-friendly business. In this regard, they can make mass awareness toward sustainable business practices.

Coordination among Stakeholders: Weak coordination among stakeholders of green banking still exists. In this regard, a strong coordination amongst stakeholders such as Government,

Bangladesh Bank, National Council on Climate Change, Environment Protection Agencies, Bank Association, Capital Market, Rating Agencies, International Financial Institutions, Non-government organizations (NGOs) and Clients should be maintained. From account opening to investment return, government as well as non-government bodies should cooperate with banks and clients to conform green banking practices.

Mass Awareness about Green Banking: Still most of the clients are not well acquainted with green banking knowledge. Moreover, most of the banks do not take necessary steps to aware them. In some cases, clients still desire printed documents such as account statement. Banks should motivate clients to receive online banking service at every stage. Bank should arrange events for clients at the branch level. Sufficient events should organize for primary group i.e. clients for changing their attitude toward green banking.

Capacity Building: Staffs of each bank are not also well acquired of green banking knowledge. Very few banks arranged programs on green banking for employees at the branch level. Bank should arrange trainings and workshops on green banking for every staffs regularly.

Credit/ Investment Management: Few banks were found strict in following the environmental risk rating (EnvRR) in their core risk management (ERR). Some Banks follow the EnvRR strictly because of maintaining bank soundness. On the other hand, some other follows this rating in investment due to direct or indirect pressures from various agencies. Based on EnvRR , banks should show zero tolerance in investing fund on eco-friendly deals.

Eco-friendly Production Technology: Bank executives and clients opine that the high cost of installation and complex maintenance are the major obstacle to green production technology. Environment-friendly technology should, therefore, be low cost and better output providing technology that will be viable solution for

green banking. Competent authority may offer tax waiver or more subsidies over costs that would encourage adopting environment-friendly technology.

Environmental Governance within the Bank: Though every sample bank has its green banking unit at the head office, few banks maintain green officer at the branch level to monitor their GB compliance internally and externally. BB should ensure environmental governance within the branch by recruiting such personnel at the branch level.

Automation of the Bank: Banks as well as customers are very adaptive to online banking due to low operation costs of bank and easy accessibility to banking services of the clients. Some bank officials claim that online banking service is usually hampered that can be eliminated by recruiting highly skilled manpower with latest technology, which in turn will promote the green banking in the country.

Environmental Awareness among Bank Employees: Bank employees carry out the green banking concept from Bank to client. It can only be possible when employees will be environmentally aware.

Uniform Reporting by the Bank: BB should provide the format for reporting GB activities in the annual report by commercial banks. In this regard, each commercial bank should present their GB activities in their annual report according to uniform format.

Feedback from the Regulatory Agencies: Though banks report to BB about GB practices periodically, few bank staffs think that BB does not give proper feedback to the GB reporting. Reward or punishment in favor of/ against GB reporting should be realized very shortly among banks and customers.

Policy implication

This study will carry an enormous value to academicians, bankers, policymakers and environmentalists etc. of developing countries, particularly of Bangladesh.

Future research

Though there were data insufficiencies on green banking practices, future researchers may conduct an econometric study on green banking as a function of various determining factors.

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