

A Comparative Study on Green Banking Initiatives of SBI & ICICI Bank

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Abstract:

Global warming and other environmental damage have grown to be serious concerns as a result of increased industrialization. It is a worldwide concern rather than a personal economic issue, and the only way to see rapid economic growth is for all industries to play a part in maintaining a sustainable environment. Banks can make a significant contribution to a greener and create more sustainable environment. Green banking is the practice of conducting standard banking operations with environmentally friendly technology. Environmentally conscious banking has gained popularity across the globe in the last few decades. India is also making every effort to support banks who adhere to environmental responsibility. The purpose of this article is to present a thorough comparative analysis of the green banking efforts implemented by two renowned Indian banks: SBI & ICICI Bank. According to the study, Indian banks now provide more services than only internet banking, such as waste management, carbon neutralization, support for green projects, and other pertinent areas. It has been suggested that more green banking activities should be promoted in India so that a variety of small banks can also significantly contribute to green banking. The outcomes of the study may assist regulatory organizations, including banks, assess how much green banking in India has room to develop.

Keyword: Green Banking Initiatives, SBI & ICICI Banks, GHG Emission, Comparative analysis, Carbon Neutralization

1. INTRODUCTION

In the current scenario, the banking industry globally has been transformed towards a sustainable state, with increased focus on environmental green practices and accountability. In the banking sector, green banking is bringing about operational & technical changes. It refers to encouraging eco-friendly behaviours and lowering the carbon footprint of banking activities. Banks ought to support procedures, technologies and financial product, that significantly lessen the environment's carbon imprint. Nationally and internationally, a number of guidelines have been established for reporting on banks sustainability initiatives like recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), Integrated Reporting (IR) framework of the International Integrated Reporting Council (IIRC), Sustainability Report on Global Reporting Initiative (GRI) standards, disclosure of Bank's ESG performance on the nine principles of National Guidelines on Responsible Business Conduct (NGRBC), Business Responsibility and Sustainability Report (BRSR) as per SEBI guidelines.

The objective behind doing a comparative study on green banking initiative of SBI & ICICI bank is the need of assessing the effectiveness of various approaches within the Indian banking sector. The comparison of the green banking strategies of SBI and ICICI Bank adds to the larger conversation in the banking sector about sustainable finance and corporate social responsibility (CSR). It offers insightful information about how banks may better align their business models with environmental objectives, promote innovation in sustainable finance products, and increase accountability and transparency in their day-to-day operation.

2. LITERATURE REVIEW

Abdullah Al Mamun, Masud Rana (2020), determined the connection between and effect of green financing, or green banking, on Bangladesh's commercial banks' profitability. The findings showed a positive correlation between profitability and green finance. It suggests that a rise in Green financing will boost the yield on Bangladesh's commercial banks.

Park & Kim, (2020), gives a summary of the expanding field of "green banking," which benefits private sector banks strategically and generates new business prospects while simultaneously putting more pressure on regulators and central banks to protect the financial system.

Xin Zhang (2022), assessed the primary advantages and difficulties of implementing green banking and environmental performance. Data from 352 respondents was obtained via convenience sampling. Using a SEM technique, empirical

research shows that green banking operations have a significant and favourable impact on a bank's environmental performance as well as the green sources of finance available to the bank.

Prasad Mahale, Dr. Hebbar C.K (2023), Researchers attempt to define ecologically friendly banking and its advantages in this work. An example of case study is carried out on SBI about staff and client knowledge of green banking, in besides the difficulties they have when utilizing these services.

V. Santoshi, (2023), conducting the comparative analysis on SBI & ICICI by focusing on the essential aspects of green banking i.e. policy framework, product offering, stakeholder engagement & environmental performance metrics. Various analytical tools are used to conduct analysis like regression analysis, quality coding & descriptive statistics, SPSS & R software package are used.

3. RESEARCH OBJECTIVE

- a) To study the various Green Banking Initiatives offered by the SBI & ICICI Bank
- b) To evaluate & compare the Green Banking Initiatives of Selected Public (SBI) & Private sector Bank (ICICI).

4. RESEARCH METHODOLOGY

This work is descriptive in nature and solely uses secondary data as its foundation. The data was collected from the annual reports, website of the banks, Published Research paper, journals, articles, newspaper. The current analysis is carried out using the most recent information available about the environmental activities carried out by the banks from their annual reports and other pertinent reports, such as sustainability reports (FY 23-24), ESG Report (FY 23-24) and corporate social responsibility reports (FY 23-24), which are posted on their official websites.

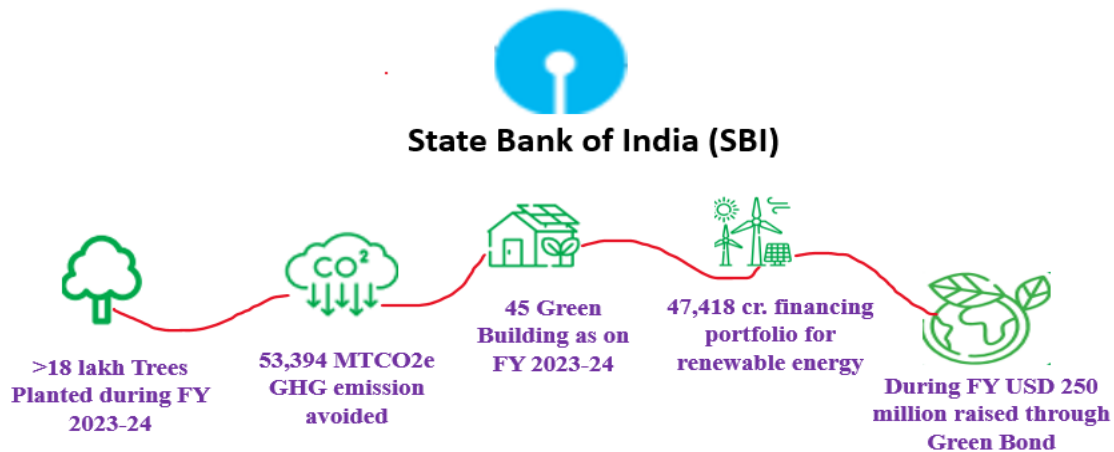
The study has taken to select top leading bank of Public and Private sector i.e. SBI and ICICI Bank.

5. RESEARCH ANALYSIS

5.a. i. Green Banking Initiatives Offered by SBI Bank:

Over the years, the bank has launched a number of strategic projects to improve the environment and raise stakeholder awareness. Some Key Initiatives of the SBI as follows:

- The Bank has launched the "SBI Green Rupee Term Deposit"(SGRTD) deposit program to raise funds for bank to support environmentally friendly projects.
- SBI was able to raise USD 250 million through green bonds during the year, as per the Framework for ESG Financing. The Bank has established a Policy about the issuing of Green Deposits and Structure of Financing in compliance with RBI norms.
- The ESG & Climate Finance Unit (ESG & CFU), a consolidated and specialized unit, was founded as a horizontal business unit with the goal of the Bank achieving a net-zero pathway (Scope 1, 2, and 3) by the time it celebrates its centennial in 2055 and having at least 7.5% of its loan portfolio be "green" by 2030.
- Through YONO travels, around 884.23 lakh sheets of paper were saved.
- A digital bank inside the Bank, YONO 2.0 is designed to provide a variety of financial services, and plays important role in banks Sustainability agenda.
- 538 rainwater harvesting systems were installed at its facilities in order to conserve water.
- 27 Sewage Treatment Plant (STPs) are set up for waste water treatment.
- In an effort to reduce plastic waste, Bank has placed about 20 PET bottle crushing machines throughout India.
- Approving four new initiatives to restore ecosystems by planting over 17 million trees in 15 areas in Punjab, Tamil Nadu, Maharashtra, and Madhya Pradesh
- At eighteen of its major locations, SBI uses open-access DISCOMs to procure green power. So, SBI by procuring 1.74 crore units of green power, 11,375 tCO₂ e of emissions are avoided.
- Bank has 48 EV chargers installed at its major sites to maximize the use of electric cars by employees.
- Ten windmills with a combined capacity of 15 MW have been installed in the states of Tamil Nadu, Maharashtra, and Gujarat as part of the green banking project.

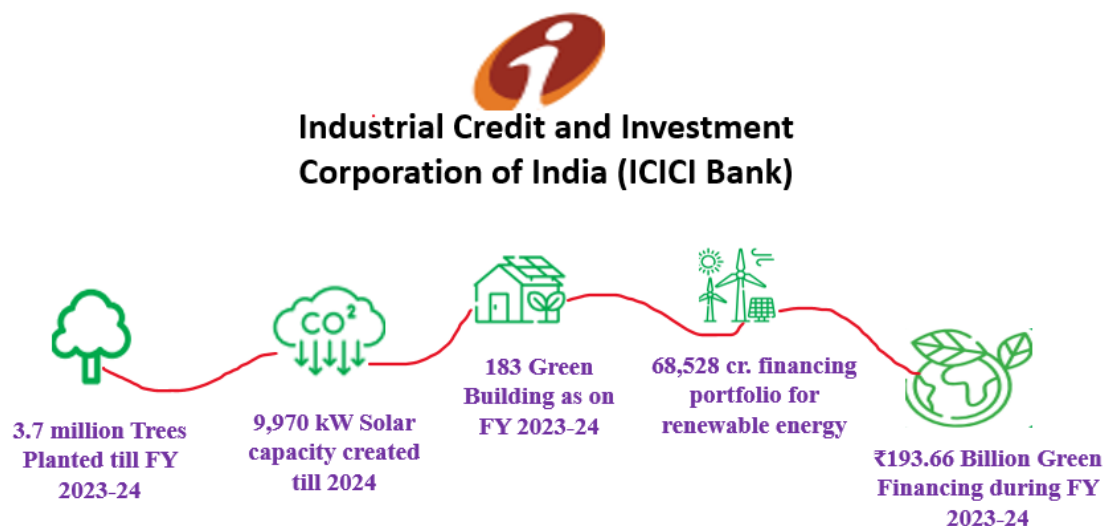


(Figure 1: Key Green Initiatives Taken By SBI Bank)
(Source: Author's own creation)

- Bank continuous working on recycling the waste. In the F.Y. 23-24 36.07 MT of e-waste was recycled and 154.7 MT was given to authorised e-waste vendors
- Approving two new initiatives for environmentally friendly trash management that will handle 8,542 dry waste and 11,480 biodegradable garbage in Panna City, Madhya Pradesh, and 10 Gram Panchayats in the Dakshin Kannada region of Karnataka.
- Financing solar photovoltaic pump sets (helps fund the purchase of solar water pumping systems in alignment with the PM Kusum Yojana),
- A total of >26 MW of solar roof top installations were present on 795 buildings and 3534 ATMs across India as of March 31, 2024.
- 45 Buildings get green Building Certification by IGBC.
- 31,787.66 MW capacity of renewable energy financed in the FY 2023-24.
- Many Schemes offered by SBI:
 - YONO Krishi Safal Dairy Loan
 - Financing Polyhouse
 - Aditya Shakti Rooftop Solar Loan
 - Finance for Biofuel Projects
 - Green Car Loan
 - Surya Shakti Solar Finance
 - SBI e-Mudra
 - Compressed Biogas (CBG) under SATAT Scheme
 - Grid-Connected Rooftop Solar PV Projects

5.a. ii. Green Banking Initiatives Offered by ICICI Bank

- The Bank has worked in 53 forest reserves to address important concerns pertaining to conflict between humans and wildlife. It has also planted over 3.7 million trees and generated 25.8 billion liters of potential water harvesting.
- In fiscal 2024, 29 fresh sites totalling more than 500,000 square feet will be IGBC-certified. As of March 31, 2024, 32% of the Bank's buildings had IGBC certification.
- Regarding staff awareness of sustainability, sixty workers passed the IGBC-conducted AP (Accredited Professional) exam.



(Figure 2: Key Green Initiatives Taken By ICICI Bank)

(Source: Author's own creation)

- 5.19 billion was allocated to corporate social responsibility programs, with an emphasis on societal development, healthcare, the environment, and ecology. As of March 31, 2024, 12.8 million people had benefited from CSR programs.
- In fiscal 2024, the share of renewable energy in total energy consumption from the grid and on-site solar climbed from 9% in fiscal 2023 to 35%.
- Bank offered paperless services for export & import solutions i.e. e-Docs, i-Docs and e-Softex, foreign exchange solutions, digital letter of credit facility, electronic bill of lading (e-BL) and Trade Online i-BOE.
- Bank offered Digital channel for ease of banking services by iMobile Pay: One App Strategy, iLens - ICICI Bank's Lending Solution (India's first digital lending platform), InstaBIZ: 'All-in-One Business Banking' app provides all services to help the customers with their daily business needs,
- To facilitate recycling and trash reduction at its service centre at BKC in Mumbai, Maharashtra, ICICI Bank has implemented a number of initiatives. As a result of these actions, the Service Center received a "Net Zero Waste" grade from IGBC in the fiscal 2024 "Net Zero Waste to Landfill (Operations)" category.
- The Bank has switched to utilize recycled paper certified by the Forest Stewardship Council (FSC) for preprint forms at its branches. Additionally, the Bank is purchasing BIS ECO-Mark paper, which is produced using agro-farming. In volume terms, these accounted for 59% of all the paper that the Bank purchased.
- By fiscal 2032, the Bank pledges to cut its Scope 1 & Scope 2 emissions from internal operations and achieve carbon neutrality.
- Parivartan Samajik Sanstha (PSS) received funding from CICI Bank to help with the installation of rainwater harvesting systems (RWH) in 30 villages in Kalamb taluka, the aspirational district of Dharashiv in Maharashtra. PSS aims to create 1,055 RWHs system.
- The ICICI bank Rural Livelihood Programme initiated a large-scale afforestation project called "Parijat Udyan" (flower garden) at Fatehpura village in the Jaipur district of Rajasthan. The project's objective is to create orchards and a forest on 125 acres of abandoned land.
- Installed 58 solar panels with 85 kVA capacity till March 31, 2024 towards creating grid-free forests.

5.b. Comparative Analysis on Green Banking Initiatives of SBI & ICICI Bank

A comparative analysis on green banking initiatives taken by the top leading bank of public & private sector. The basis of Comparison is common initiatives taken by the SBI & ICICI Bank.

Table 1

Comparison of Green Banking Initiatives by SBI & ICICI Bank

Basis	State Bank of India (SBI)	Industrial Credit & Investment Corporation of India (ICICI)
Goal of Carbon Neutralization (Scope 1 & Scope 2 emission)	SBI aim to become carbon neutralized bank in scope 1 & 2 emission by 2030 & By 2055 vision to achieve Net Zero Target (Scope 1,2 & 3)	ICICI goal of becoming carbon neutralized bank in Scope 1 and Scope 2 emissions by fiscal 2032
Planting Trees	More than 18 lakh trees Planted.	3.7million trees planted since 2022 to 2024.
Solar Power	A total of >26 MW of solar roof top installations were present on 795 buildings and 3534 ATMs across India as of March 31, 2024	3,180 schools now have 9,970 kW of solar capacity installed since fiscal year 2022. Out of this 1950Kw Solar capacity created in FY 2024. On site Solar generation was 3.20 million kwh
Paper & Plastic Waste Management & E-Waste recycling	153.08MT Plastic waste recycled, 675.13 MT Paper waste recycled and 36.07 MT of e-waste was recycled and 154.7 MT was given to authorised e-waste vendors.	176.52 MT waste recovered through recycling, reusing & other recovery operation. ICICI Bank BKC Service Centre received 'Net Zero Waste' rating in Net Zero Waste to Landfill (Operations) by the Indian Green Building Council (IGBC) in FY2024. Certificate implies that zero waste is going to landfill from the certified site.
Green Finance/Bond Portfolio	Bank has raised \$250 million in green bonds during FY24 in accordance with the framework.	Through its green financing portfolio, ICICI Bank lent ₹193.66 Billion in fiscal year 2024.
Collaboration with other organisation for Sustainable Environment	SBI had collaboration with agencies for sustainable Finance projects these are- AFD Agence Française de Development, European Investment Bank (EIB), KfW German Development Bank, The World Bank	Tata Power Solar Systems, Sauramandala Foundation, Savitribai Phule Mahila Mandal, Parivartan Samajik Sanstha (PSS)
Saving Paper	The Bank's use of less paper is greatly aided by the digitization of its procedures and products through YONO. Approx. 88.42 million pages saved.	Through current and new digital initiatives, Bank saved around 27.5 million A4-sized paper during FY2024.
Green Building	As of March 31, 2024, the Indian Green Building Council (IGBC) had certified 45 of the bank's buildings as green.	A of March 31 2024, 183 Offices with 4.95 million sq. ft. area is IGBC-certified that create a green space. Out of these 29 sites are certified in FY24.
For ESG Initiative- CDP climate change score	Bank received the score B for Carbon Disclosure Project	Bank received the score C for Carbon Disclosure Project
Energy consumption from Renewable sources	Total Energy consumed from renewable sources are 2,68,461.61 Gigajoules (GJ)	Total Energy consumed from renewable sources are 272,638.18 Gigajoules (GJ)
Energy consumption from Non-renewable sources	Total Energy consumed from Non-renewable sources are 36,96,755 GJ	Total Energy consumed from Non-renewable sources are 609,707.03GJ
Capacity of Renewable Energy	31,787 MW capacity of renewable energy financed.	1640 MW (i.e. 1.64 GW)

Renewable energy financed Portfolio	47,418 Cr.	68,528 Cr.
Projects for reducing GHG emission	Initiatives reduced GHG emissions- Green Power through DISCOM, Power through wind, Solar Installations, e-waste recycling.	Older AC units, UPSs, DG sets, and stabilizers are constantly being replaced in offices and commercial centres. Installing more energy-efficient equipment lowers energy consumption, which in turn lowers greenhouse gas emissions.
CSR Funding	502.32 Cr CSR Spend	519 Cr. spend on CSR
Sewage Treatment Plant (STP)	27 STPs installed throughout the country	-

(Source: Author Compilation)

6. FINDING & CONCLUSION

In current scenario Indian banks are operating to fulfil their responsibilities for sustainable development through green initiatives. After analysing the top leading bank of private & public sector, it is concluded that the bank in both sectors is implementing many strategies for going green. A number of initiatives have been undertaken by banks, such as the provision of green loans, the use of energy-saving technologies, the installation of solar ATMs, and starting an awareness campaign etc. In some sectors ICICI performs well while in some other sector SBI doing tremendous job. For example, in creating green workspace ICICI performed well, their 32% of total area are converted into green space i.e. certified green building by IGBC, whereas SBI waste management in form of recycling paper, plastic or e-waste is more efficient. ICICI Planting many trees and also working on forest restoration whereas SBI is working on Sewage Treatment Plant but ICICI did not. SBI Bank have many international collaborations for financing green projects like AFD Agence Française de Development institution finance Climate Mitigation and Adaptation Projects in India, The World Bank funding for Grid connected Rooftop solar, Residential Rooftop Solar Program. Compare to ICICI Bank SBI bank implementing many projects for reduction of GHG emission. The disclosure policy of SBI have more transparent compare to ICICI Bank. SBI Vision of being carbon neutral in scope 1,2, & 3 till financial year 2055, while ICICI have not declared the zero carbon goal, their goal for only Scope 1 & 2 carbon neutral till FY 2032. SBI Energy consumption by non-renewable sources are more than the ICICI Bank, SBI intensity per rupee of turnover is 9.28 while ICICI's 5.52 (it is calculated as Total energy consumed / Revenue from operation, ₹ in crore), so bank have to work on that matter. Overall, it is clearly seen that SBI have superior performance and more Initiatives in sustainable banking compare to ICICI bank.

It is mandatory for banking sectors to implement many environmentally sustainable banking strategies through which the vision of India being Carbon neutral till 2070 can be achievable. By their green banking initiatives, they contribute to accomplish the vision of Viksit Bharat till 2047.

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