

Green Banking Practice of National bank Limited



Report

On

Green Banking Practice of National bank Limited

Submitted to:

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UNITED INTERNATIONAL UNIVERSITY

Letter of Transmittal

December 01, 2018

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Subject: Submission of the report on “Green Banking Practice of National Bank Limited”.

Honorable Ma'am,

With due respect I beg to approach you that, I am a student of Business school under the department of BBA at United International University. This report has been prepared as part of prerequisite for the completion of internship course. It is an immense satiety to submit the report titled “Green Banking Practice of National Bank Limited”. I hope you will judge the report to be systematic and reliable.

I have tried my level best to contain as much information and applicable reasons as possible and tried to pursue the directions as you have suggested making the report applicable and feasible so that it will be as effective as it was expected to be.

I pray and hope that, the inaccuracy of the report may have, will be kindly pardoned. I beg your merciful consideration for evaluating this report.

Sincerely Yours,

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Acknowledgements

With Immense please, I am Md Fuad Hasan presenting ‘‘Green Banking Practice of National Bank Limited’’ Internship report as part of requirement for the completion of internship course. I would like to express my deepest appreciation to everyone who gave me unending support.

First and foremost, praises and thanks to Allah, the Almighty, for showering Blessings throughout the work and giving me enough capacity to complete the report. I would like to show my grateful feeling to my supervisor Ms. Nusrat Farzana who once supervised me and was my instructor and more prominently for his enthusiastic fervor and valued advices during the completion of my internship.

In a nutshell, I would like to thank United International University, national bank Limited for giving me this great opportunity in which I have flourished myself both mentally, professionally and socially.

Executive summary

Green Banking is a revolutionary move to change business practice in the banking sector for the sustainable expansion in future. These days, banks have started to think about being green. An interrogatory may arise that what is the necessity of the “Green Movement” to their own bank? The answer lies in the phrase ‘Green’ which refers a broad opportunity of communal, moral and environmental extent. In connection of the ultimate goal of this report is to analyze largely Green Banking focusing the environmental features. “Green” is essentially to illustrate banks’ which impacts on the environment, environmental conscientiousness and eco friendly performances in their activities. Policy was developed for Green Banking and imposed upon all scheduled banks by Bangladesh Bank on February 27, 2011. From that period NBL has formed a Green Banking Policy Implementation unit and lounged green policy and successfully operating an effective Green unit comprising officials headed by one Deputy Managing Director and the unit is acting to implement Green Banking activities in the Bank.

In addition, this responsive policy helps to compose effective and far-reaching market oriented solutions to trace a range of ecological dilemmas. Those dilemmas including alteration of atmosphere, deforestation, biodiversity hammering and air inferiority issues. At the same time green banking strategy is introduced and protecting new business probability which ultimately facilitate the entrepreneurs. Green banking emphasizes ecological issues. Its aim is to ensure a good ecological and social business practices. On the whole, this process is really a good initiative for people to raise awareness about global warming. Entrepreneur will bestow a great deal to the environment for making this earth a healthier place to live.

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CHAPTER-1: INTRODUCTION

1.1 Concept of Green banking Practice

Green Banking in 21 century, can be said as an innovative thought in today's earth which materially refers to as an undeniable banking, publicly responsible banking or moral banking that indorse environment amicable practices and alleviating carbon foot print from business activities. Like other sectors, banking sector also has its responsibility to save from environmental harm. Banks usually facilitate fanatical public services for profits. It is trusted that income should not be acquired at the expense of the world's most pressing ecological matters. Global warming; which is now a day's one of the most uttered issues, has the clobber impact on the climate of the planet as a whole. Because of unnatural weather pattern, greenhouse gas is flourishing and simultaneously air quality is going downwards. The prime intention of Green Banking is to guarantee the exercise of resources in support of the environment and humanity. Green banking as a thought is proactive and vivid way of thinking with a vision for posterior sustainability of our only Spaceship universe.

Thus the perception of green banking lies in answer to the global scheme to save environment. It is like a safe banking for the society at large, it explains to be green in daily operations and financing of nature preservation projects. Society claims that business should also take accountability in protecting the planet. So attempt can be made to pursue activities of commercial banks in parallel with global green banking implantation. Furthermore, by taking care of its informative growth and accelerating its existing green movements, banks can give surety of sustainability for itself and greener world for communities.

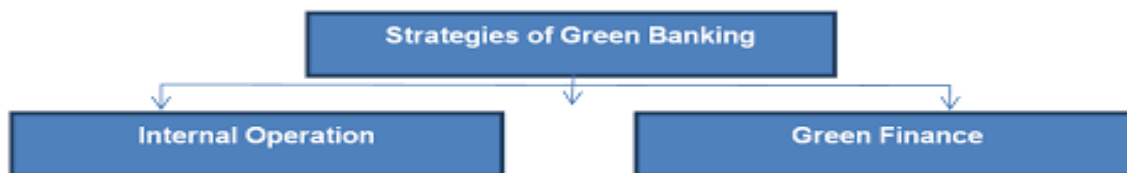


Chart: 1.1 strategies of Green Banking

- **Transformation of Internal Operation:** Banks can adopt applicable ways to utilize renewable energy sources, automation and other dimension to minimize carbon usage in banking activities.

- **Environmentally Responsible Financing Policy:** In addition, banks should also consider environmental manifestation with utmost value while financing or investing in project.

1.2 My Internship Experience in the Green banking Unit at NBL:

Internship curriculum is an excellent obtainment to co-relate the applied working knowledge with the academic learning because it provides a student the great scope to work in an association with some definite purpose. Gaining work knowledge is key for boosting one's employability, particularly as a business student.

As an intern it was a great scope for me to work in one of the reputed private commercial banks of Bangladesh, the National Bank Limited. It allows me to learn by doing in a setting where I was supervised by a work place professional and have the scope to acquire my own learning goals, without the responsibilities of being a permanent employee. The opportunity assists me to development skills such as teamwork, formal communications and attention to detail. It also taught me to work with a mentor - not only in the internship but throughout the walks of my life. It exposes me to the corporate environment and expectations of representation on the part of accountants in professional practice.

I and my fellow academic interns were not there in the expectation of getting an employment with the bank later, but rather we were there to become acquainted and understand the inner service of there. Fortunately, during this period I had the opportunity to work in the Green Banking Unit at National Bank Limited.

My Internship learning: Before my internship I lacked courage in a working environment. I had little sagacity and I was very nervous coming into a big bank with no experience of finance. In National Bank I did not get any formal training, what I have learnt from observing the officers. Before starting any work my respected supervisor showed me how to do the work. Verbal training and skills training I got most of the time to accomplish a specific task assigned on me. This internship curriculum was my opening on the job exposure and provided me with learning experience and knowledge in diversified areas. Within the first few days of my internship period, I was able to get accustomed to the working environment of National Bank Limited. As the

internship continued, I was not only cultured about the activities of banking, but also acquired knowledge about the basic business activities of banking within the first one month of my internship period.

Green Banking as a notion is not something very new around the world. Global warming, unnatural weather pattern, increasing greenhouse gas etc. has always propelled the business world to take some responsibilities in safeguarding the planet. As a result environment friendly banking practices introduced in many western countries.

However, in our country, Bangladesh Bank has taken the true persuasive to make the financial industry more environments convenient and responsible by formulating an explicit Green Banking Policy Guideline in June 27, 2011.

I gained a new consciousness of professionalism and a transparent view of what it meant to be in the professional environment. I would advise everyone to take the opportunity and do an internship. Now, the prime intention of my internship program was to assess the Green Banking practices of the National Limited and this report is essentially a result of experience in the Green Banking Unit of the National Limited.

1.3 Origin of the Report

As a compulsory portion of the BBA program, all the students of the faculty of Business Studies, United International University have to endure a three month long internship program with a purpose of providing an ‘on the job’ exposure to the student and an opportunity for translation of theoretical conceptions in real life situation.

To fulfill this objective I was appointed to National Bank limited (NBL), as an intern in this consideration under the supervision of two supervisors. One is intestinal from the institute and another is from the organization for three months. I have started my internship at the National Bank Limited, Jatrabari Branch, Shaheed Faruque Road, Dhaka, on 2nd October 2018. On the basis of working experience for this period I have completed my internship report titled “ Green banking Practice at National Bank Limited” under supervision and guidance of Ms Nusrat Farzana, Assistant Professor B.B.A program, Department of Business Administration, United International University.

1.4 Objective of the Report

The objective of this report can be investigated from two perspectives.

- I. General Objective
- II. Specific Objective

General Objective: The objective of the study is to analyze the scenario of green banking practice of National Bank Limited. The practical direction gives as an opportunity to co relate the four years long bookish acquaintance of BBA Program with the practical experience.

Specific Objective: If we think in a specific way the objectives of this report are-

- To examine the historical origin of Green Banking practice at National bank Limited.
- To examine the logic behind introducing Green Banking.
- To examine the thought of the NBL's management about Green Banking.
- To scrutinize the elements of Green Banking their usefulness of National Bank Limited
- The contribution of NBL's CSR activity as a responsible Banking

As a final point to recognize the key areas of competence or inadequacy of the bank pertaining its Green Banking initiatives.

1.5 Scope

The scopes of preparing the report can be described as bellow:-

- The Information needed for the resolution was raised from the National Bank's websites, databases, annual reports of National Bank, Internal Crowd base network, and social network.
- Geographic area of preparing the report is confined within Bangladesh market.

1.6 Methodology

Methodology means the widespread actions of investigation in my internship report. This study peruses the impact of Green Banking on the profitability of National 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.

Qualitative Analysis: A small number of informal interviews were taken, in-depth interview of some of the employees, Clients end managers were conducted to get proper imminent about the practice.

Data Type: This report is founded on both on Primary and Secondary data

Primary: Primary data on Internet, social media is collected from surveying of target group and personal opinion inspection.

Secondary:

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

1.7 Limitation of the study:

This study is faced with a large number of contraventions; begin from bank official's reluctance to disclose necessary paper and information required for this study since they felt this information is confidential to them and that disclosing them might be harmful to their business. Personal hindrance such as inability to understand some terms were also a constraint.

Time Limitation: Completing the entire Green Banking recital of the bank was not an easy task within the time acceptable for the internship program.

Lack of familiarity: Making a proper internship report needs some earlier experience in this field. I have tried my level preeminent to ease the misrepresentation or biasness of facts that I have used in this report.

1.8 Ethical Consideration

Ethical consideration considers all the social and environmental/ecological issues in it normal banking actions with an aim to keep the environment and save normal resources. Like:

- ✓ All the data used to make this report will be reserved confidential.
- ✓ This Report is prepared only for the study purpose.

CHAPTER-2:INDUSTRY SCENERIO

2.1 EVOLUTION OF THE CONCEPT OF GREEN BANKING FROM INDUSTRY PERSPECTIVE:-

Even though the notion of Green Banking is not very prehistoric, footstep can be vestiged from the primitive banking and financial exercises. During the 16th century religious principles, the environment and society structured the main skeleton for both livelihood and economy and therefore dominated businesses and the financial segments as well. Besides, during the 19th Century credit alliances and monetary cooperatives worked on the criterion that were used as sustainability criteria later.

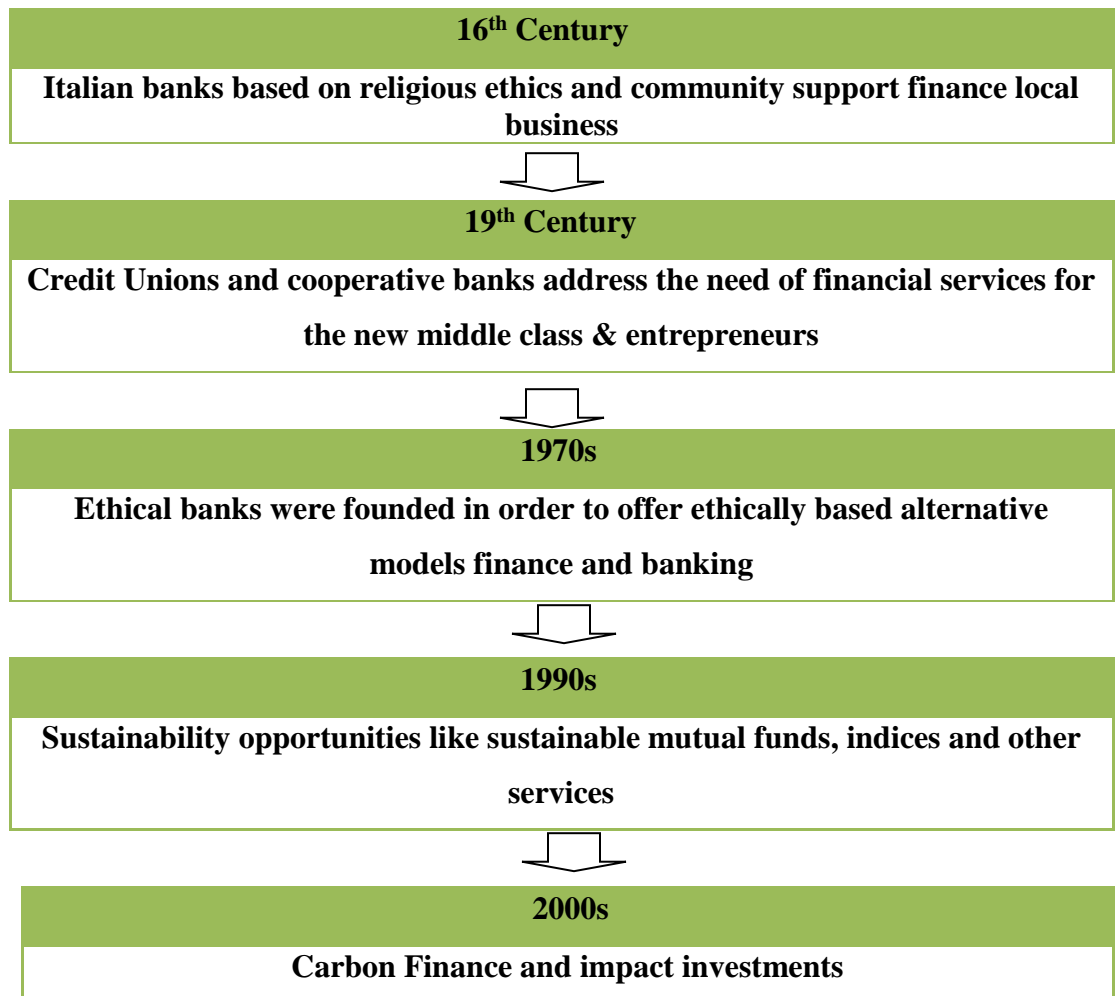


Chart: 2.1 Evolution of Green Banking

The economic progression of any country is insatiably connected with ecological issues as operations of financial institutions may make better wealth maximization as well as environmental deterioration. As one of the least blooming countries Bangladesh is the most terrible sufferer of world environmental contamination through industrialization of the westerly countries. Under such utmost ecological intimidation, the financial sector of Bangladesh is playing a key role as one of the significant stake-holder of the economy introducing the businessmen/ entrepreneurs of the country to plan their various activities keeping the ecological issues in mind.

Realizing the severity of environmental exigency the the Central bank of Bangladesh is fully aware about this fact and has played a proactive role to enhance ways of doing business trying to reduce menace to the environment. The idea of green banking is the result of banks implantation to protect the environmental deterioration. Basically, the idea is performing banking activities in a sustainable way so that the banks can do business profitably by utilizing the favor of technology.

Regulations Governing Green Banking in Bangladesh:

In order to encourage sustainable growth in Bangladesh, Government has developed two essential acts namely the ‘Environmental Conservation Act 1995’ and the ‘Environmental Conservation Rules 1997’. These Two provisions basically make the prime rules for Green Banking in Bangladesh.

According to Bangladesh Bank Annual report (2016-17), Green banking comprises; Sustainable banking, roof gardening, Ethical banking, banking, green loans, green credit cards, green savings accounts, waste management, green checking accounts, green money market accounts, mobile banking, green mortgages online remote deposit, and green financing. Bangladesh is in need of proper edition and utilization of green banking.

2.2 Historical Background of National Bank Limited:

National Bank Limited is recognized for its flourishing past, excellent present, coming up future and under conducting ventures and exercises. Established as the first private bank entirely build up by Bangladeshi entrepreneurs, NBL has been booming as the biggest private division Bank with the evolution of time in the arouse of confronting numerous anxiety and twist. The administration of the Bank consists of a team led by experienced bankers with decades of experience in national and international markets. The members of board of directors are inspired and international economists. To keep updated and in accordance with countrywide and worldwide pecuniary business and for exposing every present day management, NBL has automated all its branches with Personal computer arranges as per the navel business part of time. Also, bearing in mind its anticipated future, the foundation of the Bank has been revising. The desire of all class legislative body, business community and overall inhabitants is a great deal more to NBL. At present NBL have 199 branches under its branch scheme. Similarly, it is their influential and amplified way to deal with potential clients and taking business opportunities. Moreover, considering it's forth - coming potential the network of the Bank has been much more to NBL and going forward as frenziedly practice to go with new clients by creating and growing country.

The appearance of National Bank Limited in the particular sector is a significant incident in the banking area of Bangladesh. At what time the state was facing severe recession, the ideologists took the intuitive to permit in the classified sector to revitalize the financial system of the state. Numerous dynamic Business people came forward for building up a bank with a motto to revive the economy of the country. As a consequence, National Bank Limited was supposed as the initial 100% Bangladeshi occupied Bank in the private area. Hence the establishment of National Bank Limited in the existing banks in the private sector was an indispensable occasion in the Banking stadium of Bangladesh. From the very initiation, the strength of the mind of NBL was so strong to play a decisive role in the national economy. NBL has determined to bring back the long ignored taste of bank management, and flavors. NBL proceeds with the continuation that they need to provide every one instantly and with a feeling of assurance and dedication.

2.3 Corporate logo



Figure: 2.1

2.4 VISION OF NATIONAL BANK LIMITED

Confirming the most prominent standard of customer service through most excellent exploitation of latest data innovation, making assurance to the state economy and developing ourselves determinedly at country and overseas as a front positioning bank of the nation are our respected vision.

2.5 MISION OF NATIONAL BANK LIMITED

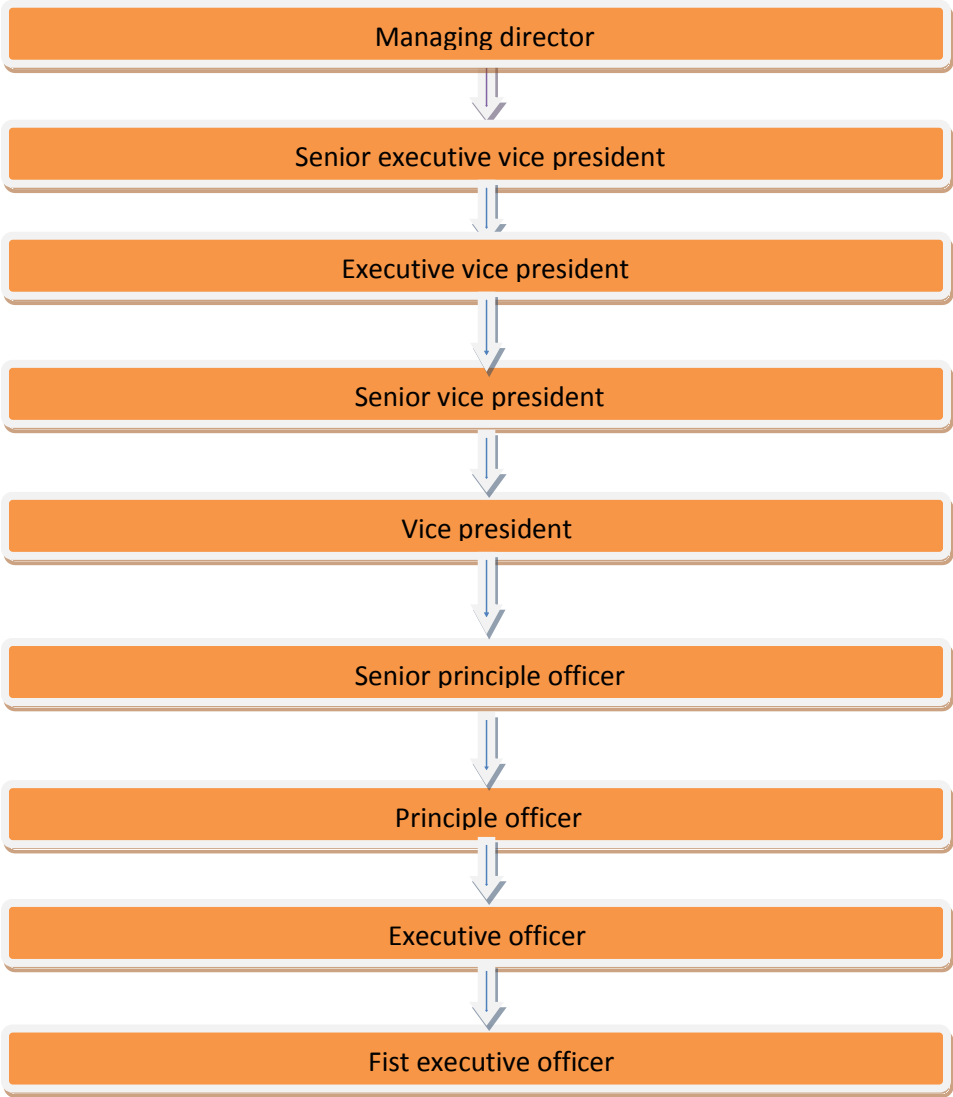
National Bank's mission is to carry on activities for spreading of their exercises at country and out of the country by accumulating new magnitudes to their outline of banking administrations which are being proceeded with unabated. In close proximity, they are likewise casting most elevated need in ensuring frankness, responsibility, and enhanced customer conveniences and also to their keenness to serve community through which they need to get closer and closer to the public of all layer. Engaging in a never-ending seat in the thought of the individuals as a minding assistant in stimulating the national monetary standard through constant up gradation and improvement of their customer base administrations in accordance with national and global requirements is the imaginary objective NBL needs to attain.

2.6 Branches of National Bank Limited

Division area	Branch Number
Dhaka Regional Office	83
Chittagong Regional Office	45
Rajshahi Regional Office	18
Sylhet Regional Office	19
Khulna Regional Office	17
Shariatpur Regional Office	11

Table: 2.1 Branches of NBL

2.7 Operational Network Of NBL



Flow Chart: 2.2 Operational Networks

Presently, National Bank Limited has been running its operation through its 199 branches throughout the country. Right from the starting, the bank endeavors much importance on overseas business conduct of homebound foreign remittance. It has sketching measures with 425 media in 75 countries of the world, as well as with 41 abroad Exchange Companies located in 15 countries. This bank is the first domestic bank to develop agency establishments with renowned Western Union.

2.8 SWOT Analysis of National Bank Limited

According to the scheme of Bangladesh bank and participated by all the Banks for rising responsiveness on Green financing and agriculture credit through banking operations from the date 26.06.2011 to 02.04.2017. National Bank Limited was selected as Lead Bank in this issue.

✚ In the SWOT analysis for NBL, I performed a SWOT analysis.

Strength	Weakness
• Customer satisfaction	• Discouraging small entrepreneur
• Service quality	• DBL has lack of ATM booth.
• Special skill & knowledge	• High cost for maintaining an account
• Positive public image.	• Subordinates absence in policy making.
• Competitive advantage	• Discouraging small entrepreneur
• Highly Motivated Workforce	
Opportunity	Threat
• Country wide network	• Competitors entering the market.
• Experienced manager	• Similar products are offered by other banks
• Huge population	• Promotion effectiveness.
• Usage of efficient software	
• Customer retention.	

Table: 2.2 SWOTS

The relationships are between positive internal factors with Negative internal factors along with the external factors and external forces that NBL uses to achieve the mission, goals, and objectives.

CHAPTER-3: TOPIC-PART

3.1 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.

3.2 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.

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.

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.

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.

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.

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.

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.

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.

3.3 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.

3.4 International 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. Simultaneously, the communal society and non-profit organizations also emphasized the banks to integrate environmental convenient ventures in

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.

3.5 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.

Bank in Bangladesh that practicing Green banking In year 2018

I. AB Bank Limited
II. EXIM Bank Limited
III. Social Islami Bank Limited
IV. Prime Bank Limited
V. National Bank Limited
VI. Standard Chartered Bank Limited
VII. Rupali Bank Limited
VIII. Islami Bank Bangladesh Limited
IX. IFIC Bank Limited
X. Eastern Bank Limited

Table: 3.1 List of Banks

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.

✚ Policy 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.

✚ 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.

✚ 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.

✚ 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.

CHAPTER-4:

4.1 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.

COMPARE OF GREEN BANKING INITIATIVES OF MENTIONED 10 BANKS										
	AB Bank	Exim bank	Social Islami bank	Prime bank	National bank	Standard Chartered bank	Rupali Bank	Islami bank	IFIC Bank	Eastern Bank
Policy formulation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Green banking policy										
sector specific policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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 Finance										
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

Table: 3.2 Relative Comparisons

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, National 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 NBL has no investment in solar plant project, up to year 2017.

4.2 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

	Profitability Measurement	Formula to Calculate
Depended variable	ROA	Net profit after tax/ TA
	ROE	Net profit after tax/ share holder Equity
	Green Investment	Formula to Calculate
Independent variable	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

Table: 3.3 Profitability Variables

✚ Formulation of Regression Analysis

Here the multiple regression formula considers productivity in equation -1 as Return On Asset of National 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.

$$ROA_{b,t} = \alpha + \beta_1 CRTLAR_{b,t} + \beta_2 CRNPLR_{b,t} + \beta_3 CRCAR_{b,t} + \beta_4 CRLVR_{b,t} + \epsilon_{b,t} \dots (1)$$

$$ROE_{b,t} = \alpha + \beta_1 CRTLAR_{b,t} + \beta_2 CRNPLR_{b,t} + \beta_3 CRCAR_{b,t} + \beta_4 CRLVR_{b,t} + \epsilon_{b,t} \dots (2)$$

At this point,

$ROA_{b,t}$ = return on asset of NBL (b) at time (t).

$ROE_{b,t}$ = return on equity of NBL (b) at time (t).

- α = intercept
- β = regression coefficient
- $CRTLAR_{b,t}$ = investment risk as Total loans and advance Ratio of NBL (b) at time (t)
- $CRNPLR_{b,t}$ = investment risk as Non performing loan ratio of NBL (b) at time (t)
- $CRCAR_{b,t}$ = investment risk as Capital Adequacy Ratio of NBL (b) at time (t)
- $CRLVR_{b,t}$ = investment risk as Leverage ratio of NBL (b) at time (t)
- $\epsilon_{b,t}$ = error term.

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.

4.3 Implementation of Green Banking In NBL

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

Implementation of Green Investment

NBL 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 eco friendly 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.

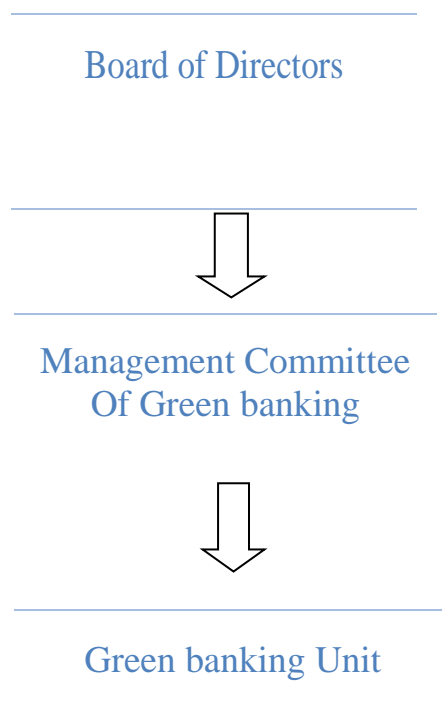
Bio Fertilizer plan: Organic fertilizer or what we know as Bio fertilizer is a good agriculture related business. National Bank Limited always encourages entrepreneurs of farmers in doing that type of business and supports them by financing.

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: NBL currently is not engaged with Solar Energy project. It is planning to build its own solar panel in all its branches. However, NBL 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.

4.4 Management of Green Banking Unit In NBL

The Department of Green Banking at NBL 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.

4.5 Eligibility for Green banking Credit Approval

+ Eligibility of Customer

- ✓ Loan seeker must have a Current/Saving Account at NBL.
- ✓ 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.

4.6 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 national bank limited is working under the Credit Supervision Division (CSD). Initially, Credit Management Divisions of NBL is responsible for evaluating the feasibility and the appropriateness of a project.

NBL supervises its GB unit following the policies interrelated to the eco friendly activities which proves its necessity with a detail documentation of the projects regarding feasibility and environmental sustainability. The promotional department of NBL cares about the improvement of Green Banking Products. NBL 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 NBL is alarmed about the scheme of GB implementation, as branch of formal initiatives the HRD generates thought from workforces for “Go Green” program at NBL.

CHAPTER-5:

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.

- NBL is not publishing self-regulating Green Annual Report along the lines of globally approved layout; like International Reporting Initiatives (IRI) highlighting the bank's share partners.
- NBL is not well assembled in climate risk fund to finance economic activities in flood, cyclone and drought prone zone.
- Although NBL has started its green journey because of lack of cooperation between stakeholders still now it is not contributing up to the expectation in climate challenges.
- Lack of awareness of development and advisory services can make the intention failure.
- NBL needs to manage a clarification of green lending procedure by an autonomous agency or satisfactory third party. This will enhance bank's dedication for green-banking goals and achieve a consistency in success.

Conclusion

Green Banking is a practical and neat way of working for future sustainability. It is very essential for the loan providing banks to be pro-active before any investment decision whether that project will have a positive impact in the growth of state. It is known to all, Bangladesh is an agricultural country. A huge portion of our GDP comes from the agriculture. From the study, in recent years the success or failure of Green Banking shows that, Green banking is making progress though its profit margins are considerably below than other commercial banks. This Banking policy basically requires a realistic change in thinking about economics, actions and investment. However the world governments would realize its real success only if the start to modify their fiscal paradigms from being ‘Monetary Economics’ to ‘ Ecological Economics’ and begin to convert their accounting attitude from purely being financial into ecological energy accounting patterns.

It is pleasure that Banks in Bangladesh have already lounged various green banking initiatives and already implemented practicing green banking on small level. They prioritize to finance different green projects such as bio energy generation project, alternate power generation project, solar energy, electricity through wind mill etc. Banks can make known and promote green banking policy as part of their CSR activities. Priority during credit approval and dispensation on loan for the clients especially on green projects or carbon lowering actions. This should be established considering that going green or practicing green banking and encouraging green projects will ultimately amplify the brand value of banks which in turn will make them familiar globally.

Recommendations

Although National Bank limited 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:

- ❖ Bangladesh bank should develop well organized guidelines and must monitor the obedience of those guidelines by the commercial and non-commercial banks.
- ❖ State should encourage the young entrepreneurs about green banking responsiveness through the electronic and print media.
- ❖ Coordination among apprehensive authorities can promote an effective green banking.
- ❖ Bangladesh Bank's supervision on instant concentration on sectoral lending policies and procedures can make sure prioritizing the green projects.
- ❖ Responsiveness of top management in the Green Unit could improve the service.
- ❖ It is the best way to encourage borrowers to go green.
- ❖ It is effective to pertain green banking and utilize environmental risk management (ERM) guideline in professional manner.
- ❖ Commercial banks can promote a culture within the association based on environmental governance.
- ❖ Banks, especially Commercial Bank should share information and technical expertise's with peer groups.
- ❖ A quantitative advancement for environmental risk rating can raise awareness.
- ❖ Furthermore, Government should carefully monitor and supervise the green banking practices in Bangladesh.

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