

**INDIA'S SUSTAINABLE BANKING SYSTEM - A CASE STUDY OF THE STATE BANK  
OF INDIA**

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**Abstract**

The banking system is one of the most important factors in economic growth and development. It guarantees capital formation in the economy. It contributes to the development of the country by bringing various advances in economic activity. The current digital financial revolution has spawned a large body of research examining the sustainability of the banking sector in the economy. State Bank of India is India's largest public sector bank. The current study aims to analyse the sustainability activities of the National Bank of India over the past three years.

**Keywords:** Banking system, Capital formation, Progress, Sustainable activities, State Bank of India.

**Introduction**

2021 is here. A term often used in the financial services industry is sustainable banking. It is therefore important to understand exactly what the term means and how banks and governments are tackling this issue. Sustainable banking or sustainable finance refers to all forms of financial services that integrate environmental, social and governance (ESG) criteria into business or investment decisions to create lasting benefits for both customers and society at large. Leading financial services firms are beginning to recognize the importance of adapting their business practices to the most pressing needs of our time. This includes promoting energy efficiency, social integration and combating global inequality. Banks play such an important role in society that they can have a very large impact on the chain of events. Importantly, they are beginning to realize that their commitment to sustainability is not just good for the planet, but good for their business. The proposed reorganization is significant and potentially complex.

As Indian banks embrace technological change, it is the responsibility of the banks to seamlessly and securely integrate multi-generational legacy systems across branches, ATMs and online banking networks into a whole. Banks should really seek to know their customers, their backgrounds their stated activities or occupations, their characteristic way of working, and their digital footprint in the case of online transactions. This allows banks to create robust customer profiles and red flag any exceptions to their standards.

The move towards sustainable banking is not only being driven by the private sector, but there is widespread recognition of the urgent need for action by governments. To that end, financial sector regulators have made real strides towards sustainable policy initiatives. In October, the International Finance Corporation, part of the World Bank Group, released its second Global Progress Report on Sustainable Banking Networks. The report documents important steps taken by emerging markets around the world to implement sustainable monetary policies in their countries. Twenty-two emerging market countries have adopted such policies, representing significant progress since the first report was published two years ago. Another major sustainable finance initiative comes from the European Union. The EU has set up a technical expert group to develop a green bond standard that will serve as a benchmark for low-carbon investment strategies. A report released earlier this year lists five advantages of green bonds: transforming the bond market into green bonds; enabling the transition of companies and institutions; investing in green and climate-friendly bonds; facilitating the political debate on green finance; This standard provides a clearer understanding and better verification of green projects. With this framework, the EU will create greater environmental responsibility and ultimately increase capital flows for responsible investment. You no longer have to sacrifice profitability for the pursuit of wealth. Banks that lack a clear plan to address the most

pressing issues of our time are at risk of falling behind. Banking can be a real competitive advantage. A 2018 paper by three researchers from Cyprus International University showed that sustainable banking has a direct and positive impact on bank loyalty and corporate image. Environmental and social trends show no signs of slowing down in 2020. Customers appreciate companies and banks that focus on planet, people and profit. Now is the time for financial institutions to shape the future we all live in – one that is inclusive, sustainable and just.

Green Banking aims to eliminate waste, reduce the bank's operating costs, minimize the bank's funding risk, improve the bank's image in society, and contribute to environmental sustainability. It makes sense to raise awareness and motivate people to choose an online bank. Concluding remarks He concludes that increasing CO2 emissions and reckless development have led to climate change. Banks also contribute directly and indirectly to their environmental footprint through investments in corporate clients. Green banking is a collective term for practices and policies that make banks economically, environmentally and socially sustainable. Green banking is a way to reduce pollution, protect the environment and contribute to sustainable economic growth. Before deciding to fund a project, banks must identify environmental risks and ensure that project stakeholders have implemented environmental security measures into their plans, including recycling plants and smoke and gas recovery equipment there is. Responsible Banking Incentives and Pollution Incentive Frameworks are essential elements in the development of green banking.

As India's largest public sector bank, SBI recognizes the need for responsible financing and its valuable role in achieving tangible, lasting and positive change. To this end, we make strategic investments and innovations that help drive sustainable growth. SBI recognizes the role its funds play in promoting sustainable projects and businesses.

### Literature of review

1. Jha and Bhome (2013) conducted a survey similar to the one above, conducting interviews and using questionnaires specially designed for the survey to test consumer attitudes towards green banking and created by outlining the specific steps required for green banking. Online banking green checking accounts (ATMs, special touch screens), green loans to support green housing projects (low interest rates for those who want to buy solar panels), low power devices, green credit cards, paper Saving money mobile banking is just a few steps they suggest. Green Banking ensures your organization's path to sustainability.
2. Sharma, Gopal et al. (2014) seeks to examine consumer perceptions of India's green banking initiatives, with particular reference to Mumbai. The term green banking primarily refers to online bill payment and cash deposit systems. Other aspects of green banking, such as green CDS, solar ATMs, and green bonds, are among the few that consumers are unaware of.
3. K. Kumar, A. Prakash (2019) Purpose Sustainable development is recognized as a cornerstone that should revolve around development activities. Banking is an important part of this and the adoption of sustainable banking by various banking institutions is also a strong driver.
4. 4. T. Julia, S. Kassaim (2019) .... Configuration with .BB has three phases. The first phase focused on developing bank-specific green guidelines and establishing a green banking unit.
5. S Nosratabadi, G Pinter, A Mosavi, S Semperger-Sustainability, (2020) Sustainability is the European banking business model. Delphi methods are used to identify sustainable components of banking business models.
6. AB Setyowati, (2020) Taylor & Francis Sustainability, They prefer instead to emphasize the philanthropic and corporate social responsibility (CSR) aspects of sustainable finance.
7. TCC Nepormuceno, CDaraio Applied Economics (2020) Directional Distances for Decomposing Decompenstating Policies for Sustainable Banking Efficiency. Application to Brazil's Federal Savings Bank highlights the contribution of the proposed approach to the classification of sustainable entities, the identification of sustainable practices and processe.

Federal Saving Bank highlights the contribution of proposed approach to classify Sustainable units ,identify sustainable practices, processes...

8. J Bouma, M Jeucken, L Kinkens (2017) This comprehensive addition to the debate on the debate on sustainable development has been produced in order to take a global pulse on the financial services sector is responding to the growing challenge of shareholder and stakeholder expectations on social.

### Objective of the study

1. To Study the changes in the number of transactions of different methods of Sustainable Banking system for the last 3 years.
2. To find out effectiveness of sustainable banking movement of SBI for the last 3 years.

### Data collection

This study is based on secondary data only. The research was conducted at SBI using trading statistics for the past three years from SBI's website and annual reports. A comparative analysis of different modes is done to know how different transactions impacted the bank's sustainability.

**Table 1. Table showing sustainability Highlights of SBI 2019 -2020**

1	Solar Project	1,744 Crore
2	Data Management	22,963 data servers
3	Corporate social responsibility (CSR activities)	27.47 Crore
4	Green Board	800 Million
5	Enaixion Reduction (SBI GHG Emission)	1.6 million tons
6	E- Vehicle	1,100
7	Energy Saving	44 GWH
8	Gender Equality	3500 branches headed by women
9	Rural Training	152.institues
10	Financial Literacy	29,995 Camps
11	Paper Saving	300 tons
12	Agricultural Loan	4.78 Lakh
13	Linkage	1.32 crore
14	Green PIN	6.41 crore
15	Employee timing	56.23 Average hoURS

From the above table it is understood that SBI is promoting different sustainable banking transactions which will not only help the society at large but also to the bank in particular to improve their image and reputation in the society.

**Table 2. Table showing Economic Performance of SBI for the last 3 years**

	2019-20	2018-2019	2017-18
Eco Value	87288	73974	64586
Eco Value Retained	2,15,257	205670	200578

From the above table it is analysed that the Economic value and Economic value retained is increasing year by year. It tells that SBI is adding value to shareholders wealth which is an alternative to the traditional performance measurement.

**Table 3. Table Showing Rural Banking activities for last 3 years**

	2019-20	2018-2019	2017-18
No. of rural banking branches	7975	8080	8042
No .of BC Outlets	61,102	57467	58274
No-of-Transactions in BCS	4929	3975	3121

The above table shows that in SBI the number of rural branches, BC outlets and number of transactions in these outlets are increasing year wise year. Thus SBI is not only catering urban needs but also of the rural population.

**Table 4. Total No. of Internet Banking Users (in Lakhs )**

2019-20	2018-2019	2017-18
604	479	327

The number of internet users in the year 2019-20 is almost double of internet users in the year 2017-18. It tells that SBI is giving importance to online banking which is also one of the parameter of sustainable banking.

**Table 5. Showing Loan Disbursement for different categories (In Crores)**

	2019-20	2018-2019	2017-18
Educational Loan	22,893	20799	20718
Personal Loan	1,96,189	1,53,698	1,19,379
Home Loan	4,55,865	400377	3,41,013
Agricultural Loan	1,77,473	1,56,385	1,66,819
SME Loan	2,67,674	2,88,583	2,69,875

The above table shows that the loan disbursement to different sectors of sustainable banking is increasing over the year. Apart from different types of loan to individuals, SBI also extending stable loan to agriculture and SMEs which helps in sustainable banking.

### **Limitations of the study and scope for the future research**

The current study is limited to the State Bank of India only. This can be further extended to other banking and non-banking sectors. The data used in the current study relate to 3 years only. This research is limited to several methods of sustainable banking. For future research, cointegration relationships between banks can be analyzed. Governments and banks should plan more green banking deals and investor education. Because an informed investor base can make the financial sector more sustainable.

### **Conclusion**

A survey of the various transactions of state-owned banks reveals an increase in the number and value of transactions, demonstrating the contribution of SBI to the social and environmental well-being of the economy increase. It also helps in increasing bank revenue. We can therefore boldly say that a sustainable approach to banking, or green banking, has the potential to promote sustainable development of the economy.

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