



**A STUDY ON SUSTAINABLE BANKING IN INDIAN ECONOMY SERENDIPITY
FOR A DENOUEMENT ON SUSTAINABLE BANKING**

Dr.Harshali Gomase¹, Dr.Dayanand Surwade¹, Dr.Narendra Deshmukh¹

1 Matrix School of Management Studies pune, Adhalrao Patil Indsitute of Management & Research, Landewadi
Pune, Dattakala Institute of Management, pune

E-mail Id: harshali.gomase@gmail.com, dr.surwade@yahoo.com, npdeshmukh76@gmail.com

Emerging as one of the leading sustainable banks isn't just a tag but a major step in proving how development of any sort can also be healthy and suitable for the environment and the people around. As we refer always that foreign countries are developing and development and are advance etc. but how much of this have, we acquired or learnt or innovated ourself? This is where our answer lies! This paper thoroughly explains as to how we compare the practices of sustainable development of banks in foreign countries and in India and how we as Indians can adopt to some of the ideas, twist and re-phrase some practices in accordance to our type of development and routine. In this world of endless development and innovation, somewhere we've moving towards more carelessness of understanding the need of the hour in saving the mother environment from all sorts of hazards and diseases. Responsibility and maturity is the key to educate oneself and others to simultaneously move like parallel lines of both development and sustainability. Talking about Indian banks are the YES bank, IDFC and SBI bank who come under sustainable banks of India while the other PSB and private banks are focused towards internal sustainability. This research indicates to how all the banks should break the barrier of internal and explore the external. Use of smart technology than a complicated one, understanding the Indian patterns as implementing something takes time, so planning such practices that are easier to adopt yet much better than the foreign tools to beat the speed of outer countries and emerge as most suitable sector and become so capable where in one day the outer counties come to us to and adopt to our practices.

Keywords: Sustainability, Banking, Responsibility, Maturity, Environment, Society.

- Starting off with the basic definition of what sustainable banking means in the simplest form is a bank that not only is beneficial for it or the customers but a bank that proves to be ethical towards the society and the environment around. Any bank in the banking industry follow basic ethics so as to function effectively with at most senses for sustainability.
- Since the year 2020 proved to be one of the toughest challenges arising period, we here lean to understand how this proved to be advantageous or disadvantageous for banks. As a result, we must indulge in the importance of understanding the phrase of this phase and how the banks have approached



towards it. There are many sources from which economic process can emanate, but within the end of the day the speed of sustainable growth majorly depends on:

- 1) The growth and productivity of the labor force.
- 2) The rate at which any of the economies efficiently channels the domestic savings including capital attracted from overseas and Indulge in new and innovative kind of technology and replaces the dying out capital equipment at extent to which an economy's infrastructure is maintained and developed to deal with growing transport, communication and energy needs.

Studying sustainable banking in India is quite an interest as it has proved to be healthy and robust by achieving economic development. This paper shows studies to prove the matter as India has taken the pace up in improving sustainable practices because of healthy changes in the demographics of the economy. The bifurcation of private and public sector banks gives a magnification view to understand the various practices they exercise in condition to their functioning and thought and also the difference in approach of each sector so mentioned. This clearly helps us identify the structural architecture that shapes the country with real economist of national priorities and imperatives of growth. This paper deeply studies that how well the banks around adopt to such practices from foreign countries as well as from world banks in the recent years and the tools so used and the extent to which it has proved to be a successful attempt proving to be pellucid and roborant at thought.

Review of Literature

Sustainability has become one of the most important challenges to any bank. However, currently there is not a well-defined framework present in order to evaluate a sustainable banking business model. The results of this research show that the Norwegian and German banks have better sustainability banking business models than banks of any other country. Sustainable Banking offers several other benefits like reduction in cost and Brand recognition apart from profit maximization. (Nosratabadi, Pinter, & Mosavi, 2020)

Banking is the center part for providing the correct path towards sustainable developments. This research studied 27 public sector banks of India and the results concluded that none of the banks are up to the mark and lags behind in several aspects of sustainability. This study also showed that Indian banks lie in the defensive and preventive banking stage. There is an acute need for standardization and guidelines for sustainable banking in India. (Srivastava & Kumar, 2018)

Over the last few years people have become more worried about environmental and social causes. World's Financial service leaders are exploring ways to promote more and more environmentally

Friendly practices. This study shows the integration of sustainable banking operations along with innovative ideas in order to promote sustainable banking. The financial sector is slowly heading towards sustainable operations. The organizational goal is no more limited to profit maximization only, it includes social and



environmental goals as well. Banking sector can become a role model for sustainable business practices provided with support of government, consumers and shareholders. (Carlesso, 2020)

The 2008 Financial crisis led to distrust in the conventional banking system which accelerated the development of a sustainable banking system. The aim of sustainable banking is to attain social and environmental goals along with transparency and a democratic management system. The banks which are following a sustainable banking model have shown more liquidity and solvency. (Martinez, Rambaud, & Oller, 2020)

Research Methodology

The main objective and focus of the paper relies on the data collection and its accuracy to determine and establish an effective conclusion on the chosen topic to identify process and analyze the information and allow the reader to evaluate the study conducted. Secondary data was collected referring to various articles, publications and websites. Keeping in mind the pandemic situation, all rules and guidelines have been followed. The data is chronologically based on the

data comparison, analysis and interpretation of data for effective conclusion and determine the effective solutions for a rock solid environmental sustainability and growth and prosperity for society and surrounding.

Data Analysis and Interpretation

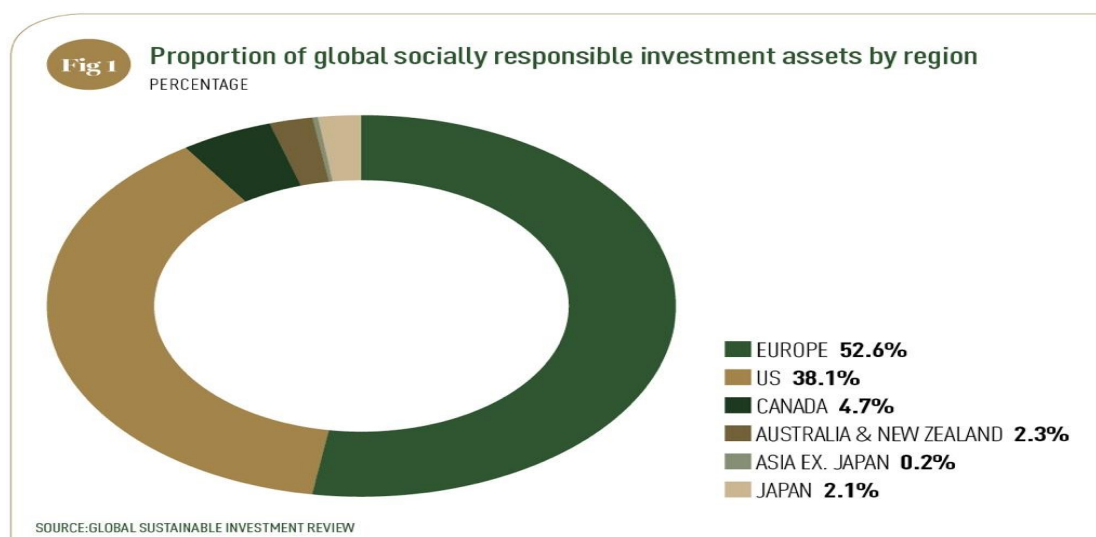


Diagram 1

This figure shows the Proportion of global socially responsible investment assets by region it explains region wise sustainable banking practices. German, Norwegian and other European banks have



Outperformed banks from any other region. And, to conclude we can say that banks of Asian Countries need a lot more efforts towards sustainable banking.

Percentage of Private Sector Banks

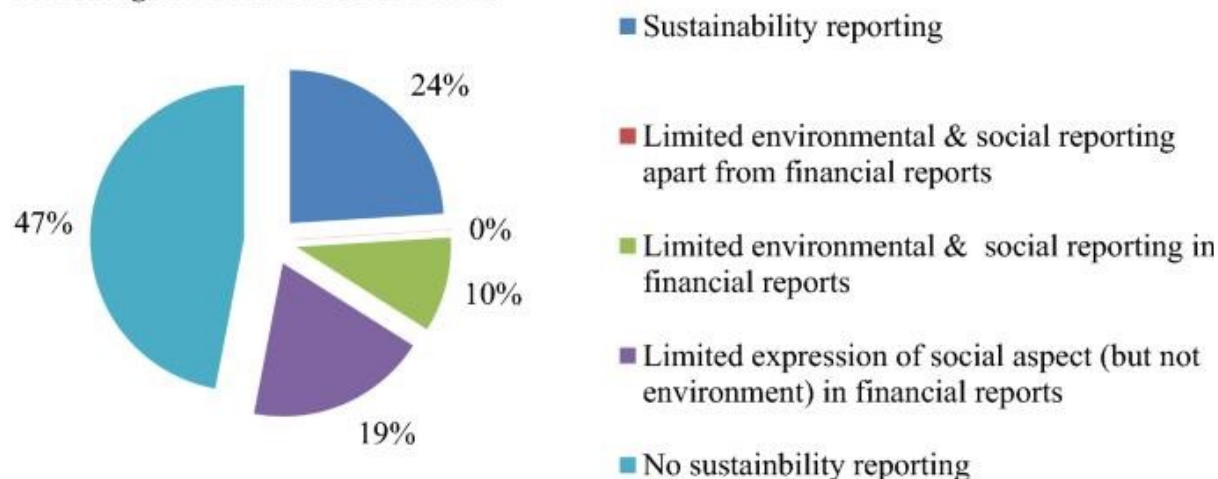


Diagram 2

This figure represents the results collected from different private sector banks of India on sustainability reporting. 47% of the banks do not follow any sustainable model while only 24% of the banks have reported sustainability.

THE **GABV** PRINCIPLES OF SUSTAINABLE BANKING



TRIPLE BOTTOM LINE

DESIGNING PRODUCTS AND SERVICES TO MEET THE NEEDS OF CUSTOMERS, PROTECT THE ENVIRONMENT AND GENERATE PROFIT FOR THE BANK



CLIENT CENTRED

BANKS BETTER UNDERSTAND THEIR CLIENTS, AND THEIR CLIENTS' ACTIVITIES AND RISKS, IF THE TWO OF THEM HAVE A LONG-TERM RELATIONSHIP



TRANSPARENCY

NOT JUST HAVING AN ACTIVE RELATIONSHIP WITH SHAREHOLDERS AND MANAGEMENT, BUT ALL OTHER STAKEHOLDERS AS WELL



REAL ECONOMY

SUSTAINABLE BANKS ARE THOSE THAT OPERATE WITHIN THE LOCAL ECONOMY AND SERVE THE NEEDS OF THEIR LOCAL COMMUNITIES



LONG-TERM RESILIENCY

TO ANTICIPATE AND WITHSTAND ANY EXTERNAL SHOCKS, IT IS VITAL THAT FINANCIAL INSTITUTIONS MAINTAIN A LONG-TERM OUTLOOK



CULTURE

ALL OF THESE PRINCIPLES HAVE TO BE EMBEDDED IN THE PRACTICES AND STRUCTURES OF A FINANCIAL INSTITUTION IF THEY ARE TO HAVE ANY EFFECT

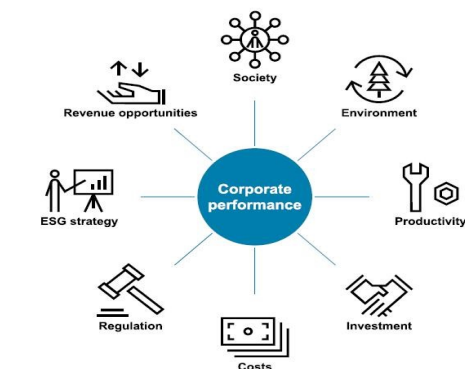
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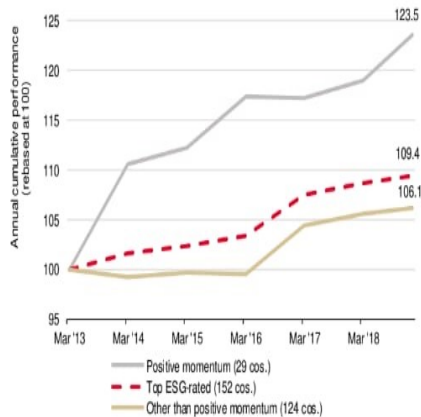
Diagram 3

The Global Alliance for Banking on Values have given six principles to be followed for attaining sustainability in banking sector. Banks in India can follow these six principles or they can create their own principles and set of guidelines in order to become sustainable.

The Links Between ESG And Financial Performance



Stocks with improved ESG ratings (positive momentum) outperformed the top 30% ESG stocks



Source: SG Cross Asset Research/ESG (performance from March 15 '13 to Jan 15 '19 relative to STOXX 600)

Diagram 4

The above diagram is showing links between Financial performance of the banks who all have improved their Environmental, Social and Governance policies. With improved ESG ratings, the stocks have gone up. This shows that institutions which have invested in ESG activities have received more trust from consumers and shareholders and simultaneously made more profits than other institutions.



Diagram 5

The International Finance Corporation have rolled out six best practises for developing sustainable finace in International Development Association countries. The principles are helping IDA countries in attaining sustainable finance as well as reducing poverty and tackling

environmmntal issues. The rural areas of India can follow or apply these principles and together we can step up towards the future of sustainable banking.

Conclusion

Making various decisions about appropriate and right finance tools for all sustainable energy, agriculture, protected areas, or forests, research shows that the four sectors are more alike than not. Regardless of the world , effective financial tool implementation relies on three critical

capacity factors: financial, technical and infrastructural. As evidenced by the discussion and case studies below, the opportunities are many, but so are the barriers. For every value proposition that shows the

potential for a high rate of return, there are even as likely to be a number of hurdles to beat from the political to the educational. However, with the acceptable investments in capacity, research proves that finance tools in developing countries can succeed and supply both sustainable development and acceptable financial, social and environmental returns. There are many sources from which economic process can emanate, but within the end of the day the speed of sustainable growth majorly depends on :-

- the growth and productivity of the labour force.



- the rate at which any of the economies efficiently channels the domestic savings including capital attracted from overseas and indulge into new and innovative kind of technology and replaces the dying out capital equipment at extent to which an economy's infrastructure is maintained and developed to deal with growing transport, communication and energy needs.

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