

Green Banking Disclosure Practices in Emerging Economy

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Abstract

Green banking is burning issue in both traditional banking and digital banking. The involvement of green banking ensures the customer loyalty, customer satisfaction and investors retention. The study is conducted to explore the green banking spending by the commercial banks in the emerging economy. A thematic approach has been applied to identify the green banking disclosure by the listed commercial banks. An one to one approach has been applied to identify the green banking disclosures by the selected banks. It is found the green banking spending by the commercial banks in Bangladesh are increasing although some of the banks do not perform any remarkable green banking disclosure. The results of the study portray the holistic green banking disclosure scenario in the context of an emerging economy Bangladesh. It is expected that the findings of the study will entice the management of the banks to disclose more green banking disclosure related information in both online and offline media.

Keywords: Green banking disclosure, Emerging economy, Listed bank.

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1. Introduction

The most important themes of twenty first century are the green safety and sustainable ecological balance. It has become a vital issue that must be considered by all functional areas including banking. Green banking involves environmental and social responsibility. Bangladesh is one the most environmentally affected country in the world; keeping this in mind Bangladesh Bank developed a Green Banking Policy in 2011. This study aims at studying the present status of the banks in complying with Bangladesh Bank policy to save the environment as well as to increase financial sustainability. Green banking activities include using all of the banks resources with responsibility and care, avoiding waste and giving priority to choices that take sustainability into account. In response to the global initiatives of Green Banking Bangladesh Bank has instructed banks in Bangladesh to implement green in Iterative through BRPD Circular 02 dated February 27, 2011 and advised all banks in the country to lay down the foundation of green banking. In accordance with the Bangladesh Bank's guideline, Green Banking Policy for all has prepared which was duly approved by the Bangladesh Bank.

Green banking as a term covers several different areas, but in general refers to how environmentally friendly your bank is, and how committed to green and ethical policies they are. In this article, we're taking a look at green banking in more detail, including how you can find out exactly how green your bank or building society .Banking is accepting deposits from public for lending or investment. Taking the environment and climate change into consideration in what we do is important. So too is extending that sentiment to some of the more unlikely facets of our daily lives. Banking and finances is probably one of the areas you might not think you can do anything about, but there's a surprising amount that you can do to ensure that your money and finances are being managed in a green, ethical way.To implement Green banking in Bangladesh schedule banks must follow the policy guideline issued by the Bangladesh Bank. Specific deadline should be followed mention in the policy guideline for effective implementation of green banking. Green banking all the social & environment factors along with financial priorities with an aim to protect the environment as well as foster the economic development in a friendlier environment friendly way . It is an opportunity to make a positive contribution to environmental & social concern by creating policies designed so that the business operation does not degrade the environment is not harmful to society. It covers a multitude of areas from a bank being environmentally friendly to how their money is invested. Bangladesh is at a vulnerable stage in terms of climate change. In line with global development and response to the environment degradation the financial sector in Bangladesh should play an important role as one of the key stakeholders. The banking sector in Bangladesh took step in this regard particularly in the field of green financing but the activities gained new momentum after the issuance of policy guideline for green banking. As a consequence the study investigates quality of green banking disclosure of commercial banks in Bangladesh. These held key on the aspects of Green Banking (GB) disclosure of commercial bank in Bangladesh and thought to be appropriate for the study.

2. Literature review

Global warming, which is one of the most burning & discussed issues, has the worst impact on the climate of the planet as a whole. The rapid change in climate will be too great to be adapted by the eco-systems, since the change

have already made direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. As such, issue of global warming calls for a global response. Due to unusual weather pattern, rising greenhouse gas, declining air quality etc. society demands that business also take responsibility in safeguarding the planet. Thombre (2011) argued that environmental impact of bank's external activity is huge though difficult to estimate. Thus, encouraging environmentally responsible investments and careful lending should be one of the responsibilities of the banking sector (Sahoo and Nayak 2008). The Bank should go green and play a pro-active role to take environmental and ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. Hayder & Verma (2012) stated that Indian banking is gradually coming to realize that there is need from a shift from the 'profit, profit and profit motive to planet, people and profit. GB involves pursuing of financial and business policies that are not hazardous to environment and help to protect environment. The purposes of GB are to use resources with responsibility avoiding waste and giving priority to environment and society.

Bangladesh Bank Governor argued that all need to change mindset about environmental issues for making a better future through greening financial transactions to save our planet it is the time to take initiative for green banking. The banks should give priorities in providing loan to the sectors that encourage environmental practices (Rashid 2010). GB is not limited within branches green activities, but extends to facilitating green investment/financing so that a huge contribution to resource-efficient and low carbon industries, green economy in general can be made. Habib (2012) stated that much more is expected from NGOs and civil society organizations in the form of awareness development, research activities and business monitoring. Green Banking policy enables an environmentally responsible bank to contribute in the economic system consisting of production, distribution business by conscious environmentally responsive finance, process, capacity building to promote pollution free environment and living standards. All the commercial Banks Limited recognizes the importance and launching different initiatives in this direction through strategic planning, operations and risk management. This Green Banking Policy lays down the fundamental components of its roll-over. Green Banking requires a paradigmatic change in thinking about economics, business and finance. Its success would be greater if the world governors started to revise their economic paradigms from being "monetary economics" to "Ecological economics" and begin to transform their accounting principles from purely being financial into ecological, operational energy accounting patterns. Future green banking may transform in this direction.

The policy guideline for green banking has been devised on the basis of a green economy, which, in turn, is based on renewable energy (solar, wind, geothermal, maries including wave, bio-gas, and fuel cell), green buildings (green retrofits for energy and water efficiency, residential and commercial assessment, green products and materials, and LEED construction), clean transportation (alternative fuels, public transit, hybrid and electric vehicles, car sharing and carpooling programs), water management (water reclamation, grey water and rainwater systems).

Low-water landscaping, water purification, storm water management), waste management (recycling, municipal solid waste salvage, brown field land remediation, sustainable packaging), land management (organic agriculture, habitat conservation and restoration, urban forestry and parks, reforestation and forestation and soil stabilization). Green banking undertakes proactive measures to protect environment and to address climate change challenges while financing along with efficient use of renewable.

3. Methodology of the study

The study is performed to explore the green banking disclosure practices in the context of emerging economy, Bangladesh. From the literature review it was evident that banks and financial institutions, as providers of finance, could ensure that businesses adopted environment-friendly practices. The study required observation of how the organization used green technologies and adopted green practices, while adhering to the guidelines and policies of the central bank, for internal operation and investment decisions. Also, the study demanded how leveraging on the use of technology the organization could reduce the usage of resources such as paper, thereby striking a positive environmental impact. To execute the study 30 listed commercial banks has been used for the year 2012 to 2015. The study is exploratory in nature. The annual reports of the organizations are chosen due to their reliability and availability. Furthermore analyses for non-structured interviews are also executed to identify the green banking disclosures.

4. Findings and discussion

In 2015 Brac Bank invested in green banking 5500 million. Profit is 2384.41 million. , tax are 2425.43 Million, revenue are 8977.79 , current assets is 1620.86 million, current liabilities is 1433.20 Million, they also provide customer social responsibility long term assets 2937.11 Million & also long term liabilities are 1881.45 Million. Above all Brac Bank are involved in green Banking activities & service. In 2015 Agrani bank invested in green banking 500 million & disbursement are 143.15 Million, revenue are 6960.41 Million, tax are 1186 million & profit are 8934.50 Mil. There are CA are 3390.61 million, CL are 4392.54 million. The bank also provides the

CSR service & LTA are 1599.33 Million & also LTL are 2072.94 Million. In 2014, 2013 & 2012 green banking data given in the table. The Agrani bank provides most service in green banking in Bangladesh. In 2015 city bank budgeted for green banking 247 cores Tk & the profit of this bank 3578.88 million, tax are -9157.30 Million , revenue are 6673.11 million . The bank current liabilities in 2015 are 3028.04 million, current liabilities are 1437.28 Million & long term assets & liabilities are 8135.62 & 2550.91 million. The bank perform the social responsibility in every step to the customers. Finally city bank invested in solar energy, bio-gas & green marketing.

Bank Asia invested in 2015 green banking sector in Bangladesh 2158.6 Million. The banks achieved profit in 2015 is-2573.92 million & give the tax of the Bangladesh government 1550.00 Million & get revenue 6005.66 million. The current assets of this bank are 1246.97 million, current liabilities are-1698.27 million also long term assets & long term liabilities are 5075.50 million & 1897.93 million. In respectively the bank 2014, 2013 & 2012 year data should given in the table. The banks also provide the CSR service. Above all the banks interested to invest in green banking sector in Bangladesh. Eastern bank invested in 2015 green banking sector in 2.5 Million. The banks get profit 3120.75 million, there is no tax given in this year & revenue are 4090.96 million. There are no current assets & current liabilities of the year 2015 are- 2074.16 million. The long term assets of the eastern bank are nil & long term liabilities of this bank are 3153.79 million. The banks should provide the customer social responsibility service. In the table 2014, 2013 & 2012 the revenue, tax & profit also current assets , current liabilities give , long term assets & long term liabilities given in the table. Dutch Bangla bank invested in green banking in 2015, 2014, 2013 & 2012 in respectively 5 Million. The profits in the 2015 are 3044.63 million, tax 3247.05 million, revenue are 6403.72 million. The current assets of the Dutch Bangla Bank 2285.29 million, current liabilities 1867.08 million & long term assets 4519.29 million & long term liabilities 1674.6 million. The customer social responsibility (CSR) also provided to the customer.

AB bank invested in green banking in Bangladesh the year of 2015, 2014 & 2012 are nil balance. It also invested in 2013 6.43% (projects are 2986). The bank profit in 2015 – 1143.75 million, the tax rate are 9494.34 million and the revenue in 2015 2444.86 million. The bank current assets are 7241.83 million & current liabilities are 2783.35 million .The LTA & LTL are respectively 1300.70 & 5733.03 million. The banks also provide the CSR. Exim bank invested in green Banking sector in 2015 is 250 million. The profit of this year 2192.73 Million, tax are 1565.24 million & revenue are 6348.56 million. The current assets of this bank in 2015 are 2598.91 million & current liabilities 2250.64 million, long term asset & long term liabilities are 5633.47 million & 2529.80 million. The 2014, 2013 & 2012 data are given in their annual report. IFIC Bank invested in Green Banking sector in 2015 3467.76 million & profit are 8869.81 million & revenue of this bank 3645 .70 million. The current assets of this bank are 1186.19 million & CL is 1468.19 million. These banks provide also the CSR service. The long term asset & long term liabilities are respectively 3230.36 Million & 1165.42 Million.

Islamic bank invested in green banking sector in 2015 is-2550.29 million. The profits of this bank in 2015 are 3029.07 million & tax are 5525.60 million & revenue is 1434.78 million. The CA & CL of this bank are 5525.6 Million & 6153.59 Million. The long term asset & liabilities are 1583.64 million & 4719.96 million. This bank also provided Customer social responsibility service (CSR). Janata Bank invested in Green banking sector in 2015 are-367.43 Million. The bank profit of this year is 4807.87 million & taxes are 1752.17 million also the revenue are 1072.05 Million. The banks current asset & current liabilities are 4254.68 million. In respectively the year of 2015 long term asset & liabilities are 1003.36 million & 4203.73 million. This Banks also associated with customer social responsibility service. Mercantile Bank invested in Green banking sector in 2012 to 2015 financed 10 million in respectively. The bank profits in 2015 are 1393.28 million & tax given to the government 1250 million. & also revenue of this bank is 1322.54 Million. The CA & CL of this bank in 2015 are 1322.54 million & 1478.16 million. The long term asset & liabilities are 3325.79 million & 1551.37 million. It also involves green banking and customer social responsibility.

MTB invested in green banking sector in 2015 are 172.89 million & profits are 1364.17 million .The bank given tax to Bangladesh government 8611.50 million & revenue are 2672.22 million. The current asset & liabilities in 2015 are- 9472.11 million & 1186.86 million. The LTA & LTL in 2015 in respectively are 3070.52 million & 8955.88 million. It also provided the customer social responsibility service (CSR). National bank invested in green banking sector in 2015 are 365.17 million & profit are 3854.03 million also tax were 2489.22 million. The bank revenue is 8260.14 million. The bank's current assets & liabilities are 1876.68 million & 2221.12 million. The banks LTA & LTB are 2748.60 million & 3359. The banks also provided the CSR service. NCC bank invested in the green banking sector in 2015 is 6964.26 million & profit is 1363.81 million. The bank tax is 8388.90 million & revenue is 3866.26 million. The CA & CL are respectively 9276.60 million & 1127.22 million. The bank's long-term assets & liabilities are 2628.17 million & 1565.46 million. These banks also provided CSR services. Some respective reasons the year 2012 & 2011 CSR service are not available.

One Bank there is no investment in the green banking sector from 2015 to 2012 but this bank get profit in 2015 are 1922.63 million , tax rate was 7752.76 million & revenue was 4147.93 million. The current assets & liabilities are 1221.51 million & 1312.51 million. The long-term assets & liabilities of this bank in the year 2015 are 1492.74 & 1157.92 Million. These banks are also associated with customer social responsibility service.

Premier Bank invested in the green banking sector in 2015 is Tk. 3463.19 Million & profit at Tk. 9611.98 million & given the tax to Bangladesh Government 7440 Million & also revenue is 1963.19 million. The current assets & liabilities in 2015 were 8553.9 million & 1087 million. These banks also provided the CSR service. The long-term assets & liabilities are 2421.40 million & 1026.11 million. Prime Bank invested in 2015 & 2014 6467.7 & 6757.4 million. The bank's profits in the year 2015 were 2139.01 million, the tax rate was 6130.00 million, and the revenue was 5906.42 million. The bank's current assets & liabilities are 1746.1 million & 1948.25 million. The bank's Long-term assets & liabilities are 6516.42 million & 2641.50 Million. The banks also provided the CSR service. The year 2013 is not available on the website. Rupali Bank invested in 2015 in green banking sector Tk. 230.05 million & the profit of this bank in 2015 was 2,350.01 million, tax rate was 8258.27 million, & revenue was 2502.03 million. The current assets & current liabilities in 2015 are 1969.21 million & 2538.29 million. The long-term assets & liabilities are 1419.40 million & 1270.64 million. The banks also provided the CSR service. SIBL invested in the green Banking sector in 2015 is 8977.34 million, the profit are 2072.59 million, tax rate are 1406.57 million, revenue are 4849.82 million. The current asset & liabilities in 2015 are 1468.12 million & 1497.73 million. The long term asset & liabilities are 3072.03 million & 1295.03 millions.

SIBL invested in green banking the year of 2015 are 8977.73 million, profit are 2072.59 million, tax given to the government 1406.57 Million, revenue are 4849.82 Million. The current asset & liabilities are 1468.12 million & 1497.73 million. The long term asset & liabilities are 3072.03 million & 1295.03 million. The banks also provided the customer social responsibility. Pubali Bank invested in Green banking sector in 2014 are 1093.40 Million. The profit of this bank is 3070.13 million, tax is 3073.36 Million, revenue are 7081.39 million. The current assets of this bank are 1995.35 million & current liabilities are 1930.35 million. The long term asset & liabilities are 4024.57 Million & 2285.93 Million. These banks also provided the CSR service. Above all this bank associated with green bank financing, marketing. Sonali bank invested in green banking sector the year of 2014 are 30.40 Million & profit are 5864.98 million, tax are -2855 Million & revenue are 8650.95 Million. The current asset is 7047.76 Million & current Liabilities are 8660.12 Million. The long term asset & liabilities are 3301.60 Million. & 5,838.31 Million. The banks also provided CSR service. In 2015 Southeast bank invested in green banking 47 million & revenue are 3082.47 Million, tax are 2440.00 million & profit are 8043.94 Million. There are CA are 1599.69 million, CL are 2104.35 million. The bank also provides the CSR service & LTA are 7751.07 million & also LTL are 2722.49 Million. The Southeast bank provides most service in green banking in Bangladesh.

Trust bank invested in green Banking sector in 2015 is 900 Million. The profit of this year 1539.33 Million, tax are 1583.90 million & revenue are 3901.02 million. The current assets of this bank in 2015 are 1400.26 million & current liabilities 1508.54 million, long term asset & long term liabilities are 8275.51 million & 9512.04 million. These banks also provide the Customer social responsibility service. UCB invested in green banking the year of 2015 are 1454.90 million, profit are 3977.34 million, tax given to the Bangladesh government 3275.00 Million, revenue are 8402.34 Million. The current asset & liabilities are 1796.06 million & 2208.66 million. The long term asset & liabilities are 8586.73million & 2558.88 million. The banks also provided the customer social responsibility. The bank invested in 2015 are green banking sector amount rate are nil, profit are 5137.02 million, tax given to the Bangladesh government 1150.59 million, revenue are 1210.16 million. The current asset & liabilities are 1888.00 million & 2337.16 million. The long term asset & liabilities are 8322.88 million & 5145.64 million. The banks also provided the customer social responsibility. First security Islamic bank Limited invested in green banking sector in 2015 are 3.5million. The profits of this bank in 2015 are 8869.81 million & tax are Tk. 7279.82 million & revenue is Tk. 3645.70 million. The CA & CL of this bank are 1186.13 Million & 1468.19 Million. The long term asset & liabilities are 3230.36 million & 1165.42 million. This bank also provided Customer social responsibility service (CSR). Dhaka bank invested in 2015 green banking sector in Bangladesh 4668.76 Million. The banks achieved profits in 2015 are 1437.58 million & give the tax of the Bangladesh government 9384.00 Million & get revenue 3504.23 million. The current assets of this bank are 1496.63 million, current liabilities are 1390.68 million also long term assets & long term liabilities are 4099.98 million & 1338.80 million. The banks also provide the CSR service. Above all the banks interested to invest in green banking sector in Bangladesh.

5. Conclusion

The study concludes that in spite of a lot of opportunity in green banking. This study was limited to investigating Green Banking practices in Banks in Bangladesh because the data was collected from secondary sources but further investigations is required to find out the impact of Green Banking activities. As per entity concept banks are responsible corporate citizens. Banks believe that every small green banking steps taken today would go a long way in building a greener future and that each one of them can work towards to better global environment. Overall Green banking is really a good way for people to get more awareness about global warming; each businessman will contribute a lot to the environment and make this earth a better place to live. The study bring to a closed that in spite of a lot of prospect in green banking, are far behind in the implementation of green banking only some of the commercial banks. All the commercial banks have initiated towards green banking. But total scenario is very

insignificant according to BB policy. There is a lot of scope for all banks and they can not only save our earth but can transform the whole world towards energy conscious. Banks must educate their customers about green banking and adopt all strategies to save earth and build banks image.

This study investigates the quality of green banking disclosure of commercial banks in Bangladesh after issuance of guideline for green banking. Result showed in the finding and analysis part that the majority of banks formulated green banking policy & established green banking practice in Bangladesh. Allocation of budget by the central banks for 2012 for green finance & climate change risk fund are insignificant compared to the no. of the banks. In addition to that no significant investment was made in renewable energy line except ETP & solar PV module assembling plant in the 2012 green banking disclosure in Bangladesh.

6. References

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