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A STUDY ON ESG CONSIDERATIONS IN SUSTAINABLE BANKING WITH YES BANK

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ABSTRACT: Sustainable Finance is the concept of integrating environmental, social and governance (ESG) considerations into the business objectives and working procedures of financial institutions, with an aim to invest and promote sustainable economic activities and projects. ESG is an important undertaking for the entire banking and corporate sector, but it is especially significant for the banking sector, given the vital role it plays in the global financial and economic system. Embedding ESG considerations into the banking and finance sector and its business objectives is critical for driving its adoption into the larger economy and eco-friendly banking.

Eco Friendly Banking is a parameter which considers the factor of safe and environment friendly investments. Green Banking is a term which sates about the Banking sector's determination to stand up for Green environment and to reduce greenhouse effects through justifying their operations, policy, strategies and other related activities of banking services, performances and internal operations. Green Banking encourages environment friendly investments and prioritize those industries which are already into green services and helps them to sustain and restore the gone by natural environment.

Sustainable Banking aims at zero or minimal impact of negative impact on the environment by encouraging clean energy projects with reduced emission.

The banks in India has initiated certain Green Banking Practices by introducing Online Banking, Mobile Banking, Solar ATM's, e-statement procedures Gift vouchers, etc.

The study mentions different green initiatives taken by multiple banks and related proceedings.

INTRODUCTION

Sustainable Banking is a bank which promotes environmental / ecological factors with an intension to save environment and conserve natural resources. It refers to the environment friendly practices with a target to reduce bank's carbon footprint. The green bank synonyms are ethical bank or sustainable bank. In the era where the capital requirements are huge and diversified, this practice helps the institutions to adopt towards a right and eco-friendly investments. This helps in achieving a healthy survival with a purpose.

Sustainable banking is referred as a sustainable banking by some of the organizations as it a state of survival with environmental safety and protecting resources which ultimately builds up the brand image for the same organization. Here, organizations give priority for the eco-friendly way of transactions which helps in reduction in the usage of natural resources and avoid its wastage.

Sustainable banking is a concept where the internal and external operations of a bank leads towards safe methods of banking towards society and environment. It also refers to adopting technical and upgradation of banking actives and procedures by introducing some changes like paperless transactions, investments/ loans towards environmental safety projects.

Sustainable banking is an effort by the banks to make the industries grow green and in the same process they can restore the natural environment. The main areas of green banking can ne technical upgradation, right project investments, employer and employee acceptance, customer satisfaction and so on.

Sustainable banking can be more effective by using online methods of banking like introducing –

- E-statements
- Cheque mode of payments
- Green accounts
- Internet banking/ online transactions.

The prominent methods which are rooting towards a green bank are E-Commerce and its models with a major contribution towards online banking. Now-a-days traditional banking is easily replaced by latest and technical methods (paper-free methods) of banking.

The other major contribution towards green banking is UPI system of banking which is handy, easy and pocket-friendly banking mode. The turnover of UPI transactions is rapidly increasing and traditional banking methodology is going green with a popular and safe banking methodology.

OBJECTIVES OF THE STUDY:

- To promote ESG Considerations as a sustainable banking concept.
- To understand eco-friendly banking and its working.
- To understand and acknowledge ESG applications.
- To analyse long-term benefits of ESG considerations as sustainable banking.
- Lime light the banking procedures that are part of Sustainable Banking.
- To prioritize the role of Green Banking in safe-guarding the natural resources.

NEED OF THE STUDY:

ESG considerations under Green Banking is an initiative by Central Bank to take up certain measures to save environment and improve in-house environment management by using the resources in an effective and efficient way. Green Banking helps us in achieving sustainable development goals by investing through new financial instruments like green bonds, carbon-free market instruments. Green bank's new fiscal policy can also conserve forest resources by limited use of paper and ink, converting to online services, etc.

SCOPE OF THE STUDY:

The study is related to the ESG considerations as sustainable Banking taken as an initiative towards eco-friendly banking system, environmental development and safe guard of natural resources. It describes about the way of YES Bank working with green banking initiatives and procedures adopted in achievement of eco-friendly banking. The study focuses on history of green banking in YES Bank and also other Indian banks which have adopted green banking and their contributions.

The study would like to research about the customer perception towards the green banking and their opinions towards the parameters that contribute sustainability of green banking.

YES BANK PROFILE:

YES BANK AT A GLANCE

YES BANK, a full-service commercial bank headquartered in Mumbai, offers a wide array of products, services, and digital solutions, catering to Retail, MSME, and Corporate clients. The Bank operates its Brokerage business through YES SECURITIES, a wholly-owned subsidiary of the Bank. The Bank has a Pan-India presence including an International Banking Unit (IBU) at GIFT City, and a Representative Office in Abu Dhabi.

Committed to sustainable finance

YES BANK views the emergence of sustainable finance as an important opportunity for the banking sector to contribute to and drive long-term sustainable development. The Bank continues to integrate ESG considerations into its business and align its objectives to global and national, sustainability-linked frameworks such as the National Guidelines for Responsible Business Conduct (NGRBC), SDGs, the Paris Climate Agreement and the Principles for Responsible Banking (PRB), amongst others.

YES BANK has taken significant steps to integrate ESG considerations into its business strategy:

- The Bank has strengthened its ESG and climate governance by constituted a Board level, Corporate Social Responsibility and Environmental Social & Governance Committee in addition to a Management Level Sustainability Council, chaired by the MD & CEO

- It has instituted domain-specific ESG KPIs for the Top Management to ensure that sustainability is embedded into the Bank's decision-making process
- The Bank has instituted an Environment and Social Risk Management System (ESMS) to assess and mitigate environment and social (E&S) risks of its financing activities, serving as a structured approach towards responsible lending
- The Bank has announced a target to achieve net zero emissions from its operations by 2030 and has begun sourcing 100% renewable energy to power key facilities such its corporate office, YES BANK House, in Mumbai
- YES BANK is the first Indian Bank to measure and report financed emissions of its electricity generation loan portfolio and develop targets to align with global decarbonisation pathways
- The Bank works to provide an inclusive, open and healthy workplace for its employees and has set a target to achieve for 25% gender diversity by FY 2024-25
- YES BANK is the first Indian Bank to be a Founding Signatory to UNEP FI Principles for Responsible Banking, striving to align its business strategy with the Paris Climate Agreement
- YES BANK has also developed and brought to market a number of new financial instruments such as India's first Green Bond in 2015 and India's first Green Fixed Deposit in 2018
- The Bank continues to mobilize finance towards sustainable sectors such as renewable energy and electric mobility, and deepen the reach and access of formal financial services amongst unbanked, hard to reach, and vulnerable communities

Strategic approach to sustainable financing

YES Bank's strategic approach to sustainable financing.

- Responsible lending
- Aligning portfolio to Principles for Responsible Banking
- Sustainable finance products

Focus on Sustainability Sectors

Supporting SDG-aligned sectors

- Renewable energy
- Clean transportation
- Financial inclusion

RESEARCH METHODOLOGY:

The research design for GREEN BANKING - DESCRIPTIVE RESEARCH. Descriptive research merely examines 'What is'. Descriptive research usually makes use of descriptive statistic to help the user understand the structure of the data and significant pattern that may found in the data.

The research is on Green Banking; what is Green Banking, sustainability of green banking and YES Bank working procedures with green banking. Therefore, it is a descriptive research design.

DATA COLLECTION

Data collection is a systematic procedure of collecting information in order to analyse and interpret the data. The data can be collected through two principal sources viz.

1) Primary data
2) Secondary data

PRIMARYDATA:

It is the information collected directly without any reference. The data required for accomplishment of this project has been collected mainly by conducting interviews, with concerned officers and staff either individually (or) collectively and some of the information had been verified (or) supplemented conducting personal observation method.

SECONDARY DATA:

The secondary data is the data which is already available. It is obtained from Annual reports. Internal records, in-house magazines, journals, books and websites.

REVIEW LITERATURE:

GREEN BANKING IN INDIA – Suresh Chandra Bihari and Bhavna Pandey (Academic Journals.org)

Article Number - 7A7F42B49595

Vol.7(1), pp. 1-17 , January 2015 https://doi.org/10.5897/JEIF2014.0599

Received: 02 September 2014 Accepted: 03 December 2014 Published: 31 January 2015

According to this study analysis, banks are also experiencing a "Green Fever," with green banking being the most recent advancement in the banking industry. According to the authors, green banking influences other businesses' socially conscious actions in addition to raising bank standards. Indian banks should plan and execute their green strategy on a regular basis, with both short- and long-term goals.

A Study on Green Banking in India – an Overview (Dr. R. JANAKIRAMAN Assistant Professor PG and Research Department of Commerce Vriddhachalam – 606 001 Dr. S. KARTHIKEYAN Assistant Professor PG and Research Department of Commerce Thiru Kolanjiappar Govt. Arts College (Grade I) Vriddhachalam – 606 001) Volume-5, Issue-11, November - 2016 • ISSN No 2277 - 8160

The report covers innovations in the banking industry as well as green initiatives. According to some, a green bank, often known as an ethical bank, is just a regular bank that takes social and environmental issues into account. According to the report, the RBI and the Indian government should play a significant role in developing the financial incentives and green policy guidelines required for the successful implementation of green banking.

GREEN BANKING IN INDIA Dr. Ruchi Trehan Assistant Professor in Commerce and Management Deptt. Apeejay College of Fine Arts, Jalandhar (Journal of Poverty, Investment and Development www.iiste.org ISSN 2422-846X an International Peer-reviewed Journal Vol.14, 2015)

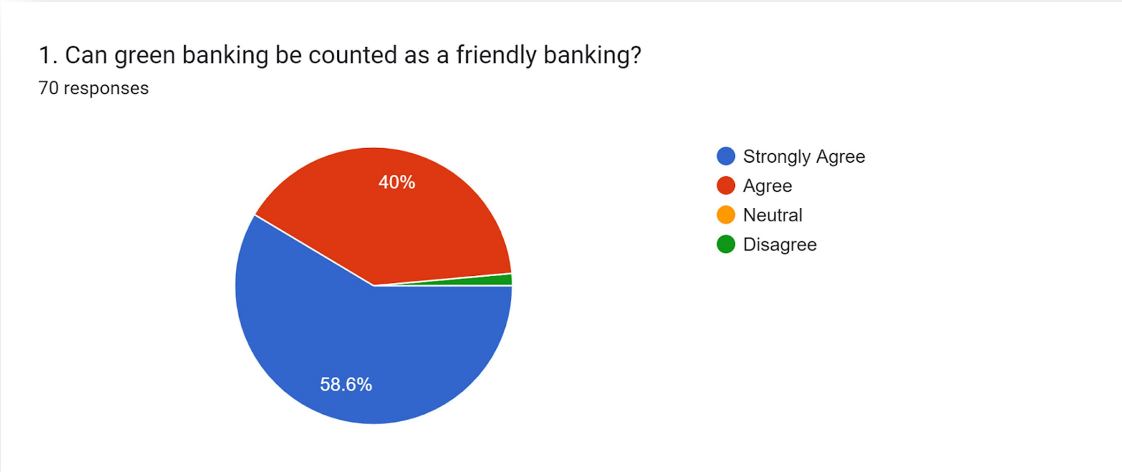
According to the study's author, green banking is the encouragement of eco-friendly practices that will guarantee the greening of companies and help banks improve the quality of their assets. The significance and relevance of green banking as an institutional regulatory mechanism are further explained by the study. The author claims that despite being vital to the developing Indian economy, banks haven't taken many measures. In addition to funding for the initiatives, the report states that equator principles and rules about parameters that are sensitive to the environment must be adopted.

Green Banking in India: A Study of Various Strategies Adopt by Banks for Sustainable Development
Dipika, Department of Management Studies, Ganga Institute of Technology and Management, Kablana, Jhajjar, Haryana, INDIA **Paper ID:** IJERTCONV3IS10062
Volume & Issue : NCETEMS – 2015 (Volume 3 – Issue 10)
Published (First Online): 24-04-2018

According to the report, green banking helps to enhance the environment and fosters economic expansion. When it comes to green banking policies, Indian banks lag well behind those in industrialized nations. Indian banks that want to expand internationally must acknowledge their social and environmental obligations. Green banking is advantageous to the economy, banks, and industry. Indian banks should immediately embrace green banking as a business model for sustainable banking.

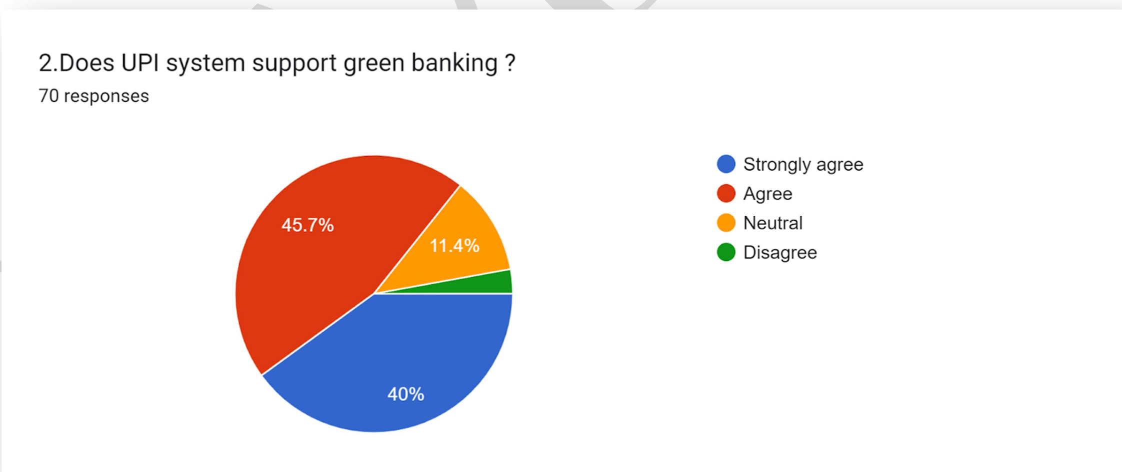
ANALYSIS OF THE STUDY:

According to the research analysis, green banking is unquestionably an environmentally friendly method of banking that contributes to the improvement of the environment and the efficient use of natural resources. Customers believe that government marketing requirements, banking policies and processes, paperless or UPI banking, and investments in safe and environmentally friendly initiatives all help to the development and safety of the environment, according to the report. Additionally, customers believe that green banking might be a greater endeavour toward an environmentally friendly banking system, which will undoubtedly help us in the long run by protecting the environment.



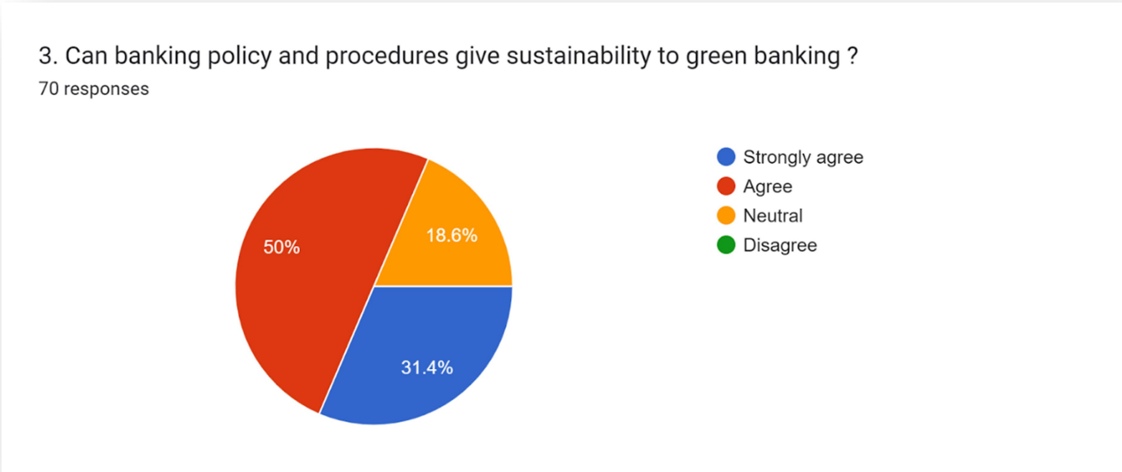
INTERPRETATION:

Most of the customers have chosen 'strongly agree' by putting up their opinion towards considering green banking is friendly in nature towards all the banking purposes.



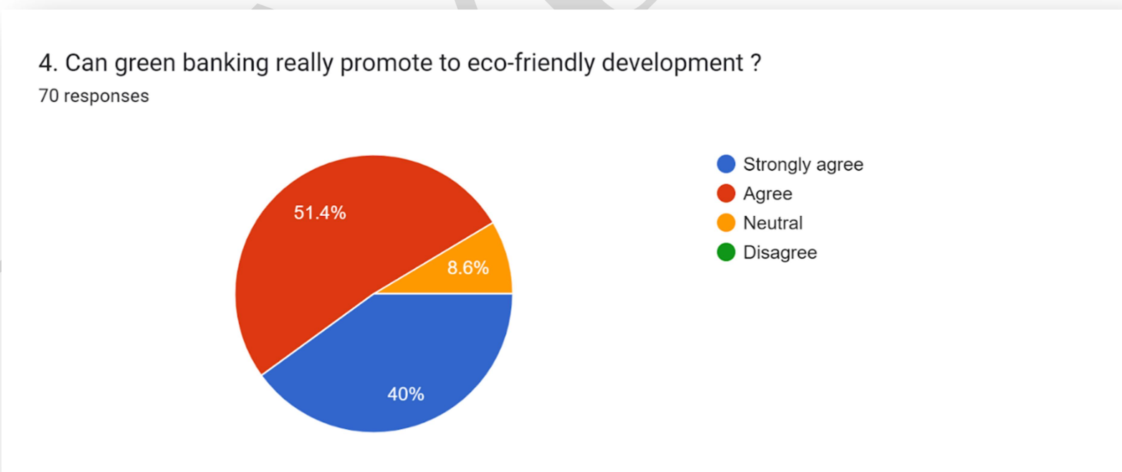
INTERPRETATION:

Almost 46% of the customers here have chosen 'Agree' as an option and 40% 'Strongly agree' as an option stating that the UPI banking system is a paperless banking and can be considered as a genuine part of Green banking.



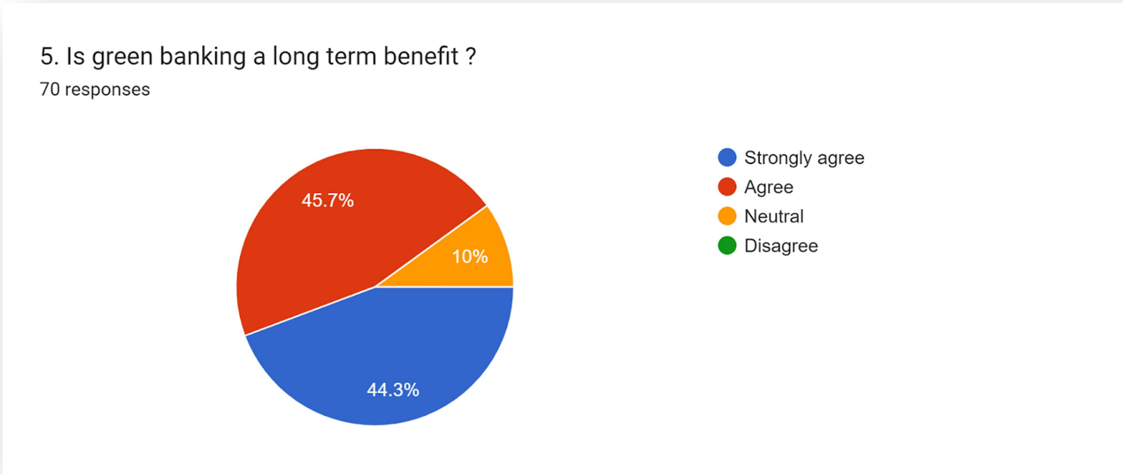
INTERPRETATION:

Here, 50% of the customers 'Strongly Agree' towards an opinion saying, banking policy and procedures gives sustainability to Green banking, 31% of the customers 'Agree' upon the same and 19% are neutral upon thinking not only policy and procedures but there can be other options too.



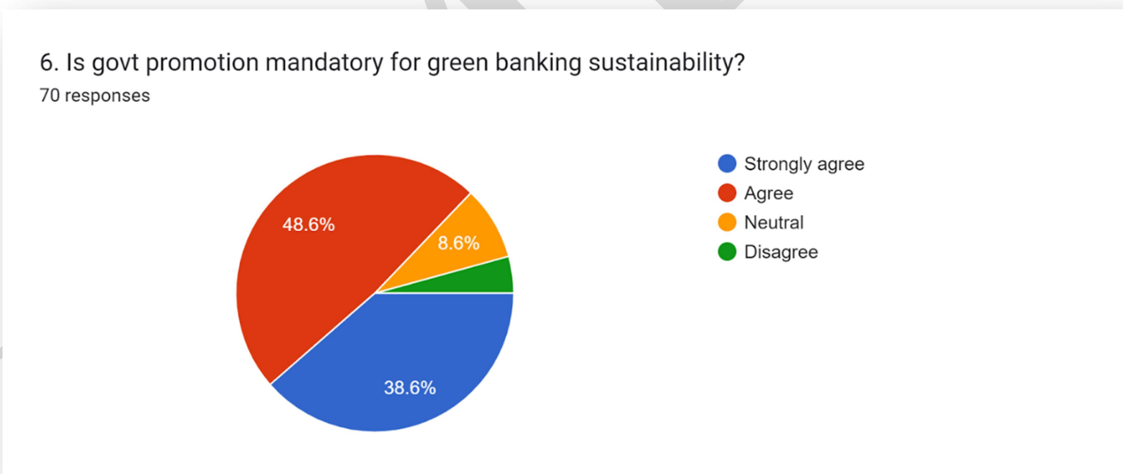
INTERPRETATION:

Here, almost 52% of the customers 'Agree', 40% 'Strongly Agree' as an opinion saying that green banking definitely promotes eco-friendly development.



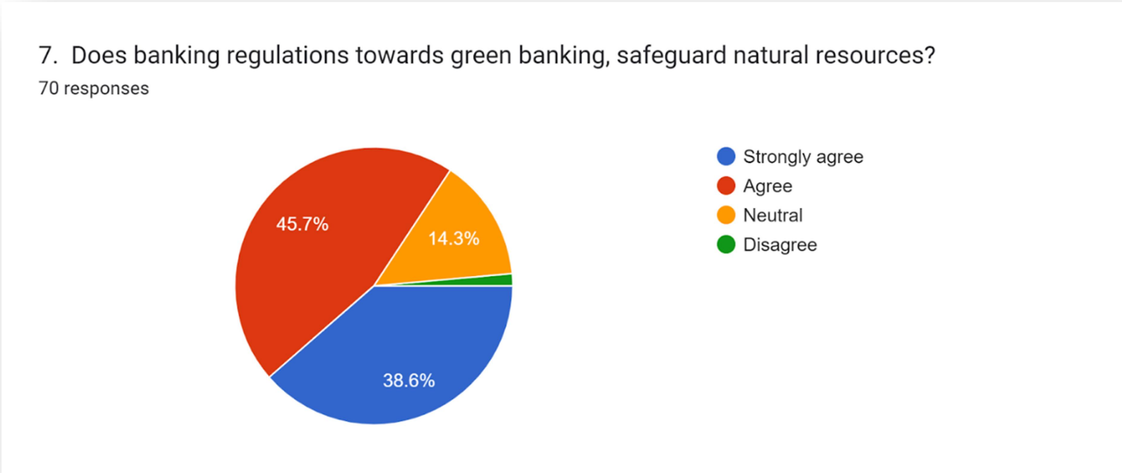
INTERPRETATION:

Here, almost 46% of the customers 'Agree', 44% 'Strongly Agree' as an opinion saying that green banking definitely contributes towards a long-term benefit towards the eco-friendly development.



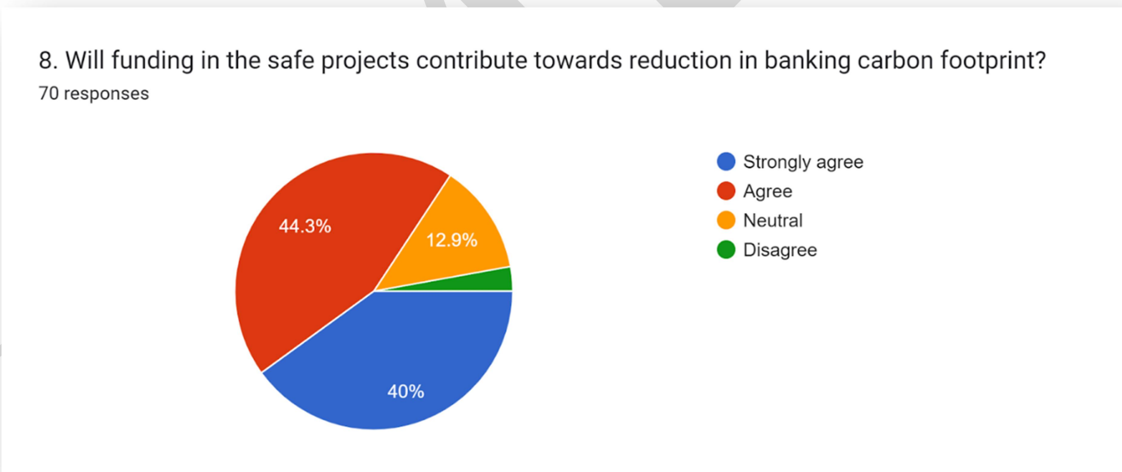
INTERPRETATION:

Here, almost 49% of the customers 'Agree', 39% 'Strongly Agree' as an opinion saying that Govt. promotion is mandatorily required for Green banking sustainability as long-term benefit.



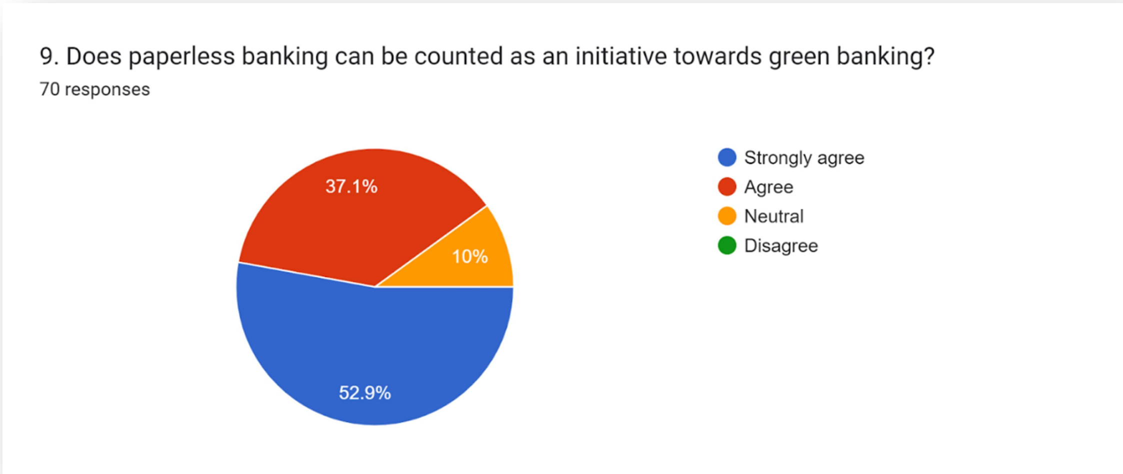
INTERPRETATION:

Here, almost 46% of the customers 'Agree', 39% 'Strongly Agree' as an opinion saying that Banking rules and regulations definitely helps in safe guarding the natural resources which ultimately helps environmental development, whereas 14% are neutral upon the same.



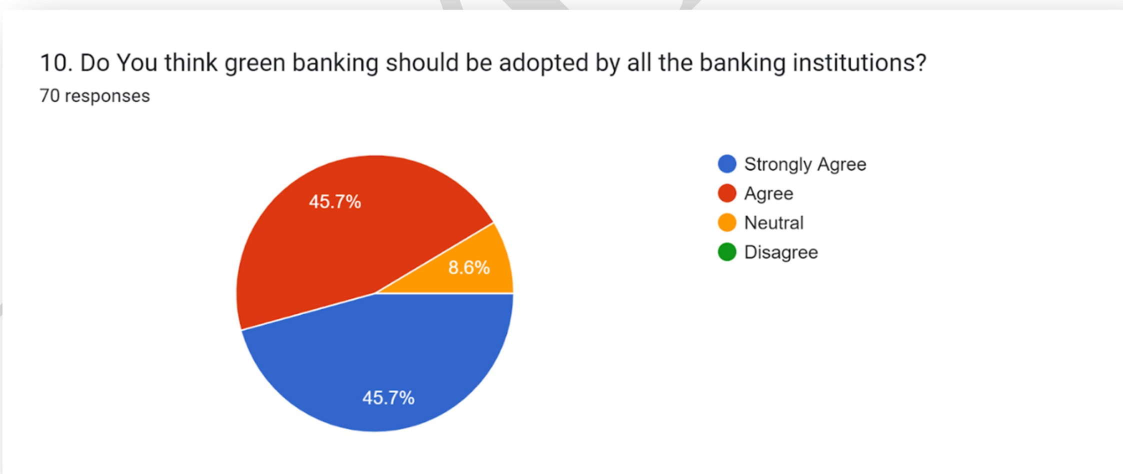
INTERPRETATION:

Here, almost 45% of the customers 'Agree', 40% 'Strongly Agree' as an opinion saying that funding in the safe &eco-friendly projects surely contributes towards reduction in banking carbon footprint, whereas 12% are neutral upon the same.



INTERPRETATION;

Here, almost 53% of the customers 'Strongly Agree', 37% 'Agree' as an opinion saying that paperless banking can be considered as an initiative towards green banking because it definitely leads to the reduction in usage of natural resources.



INTERPRETATION:

Here, almost 46% of the customers 'Strongly Agree' as well as 'Agree', as an opinion saying that green banking should be adopted by all the banking institutions as a contribution towards environmental development and safe guarding natural resources.

Find the Bank's latest Sustainability Reports

- YES BANK Sustainability Report - FY 2021-22
- YES BANK Sustainability Report - FY 2020-21
- YES BANK Sustainability Report - FY 2019-20
- YES BANK Sustainability Report - FY 2018-19
- YES BANK Sustainability Report - FY 2017-18
- YES BANK Sustainability Report - FY 2016-17
- YES BANK Sustainability Report - FY 2015-16
- YES BANK Sustainability Report - FY 2014-15
- YES BANK Sustainability Report - FY 2013-14
- YES BANK Sustainability Report - FY 2012-13

ESG Policies and Latest Disclosures

ESG related policies:

- Occupational Health And Safety Policy
- YES BANK's ESG Supplier Code of Conduct
- YES BANK's Tax Strategy
- Anti-Bribery & Anti-Corruption Policy
- YES BANK's Environment & Social Risk Management System
- YES BANK's Environment & Social Policy
- YES BANK's Environmental Management Policy
- Human Rights Policy
- Equal Opportunity Policy

Latest ESG disclosures:

- YES BANK Integrated Annual Report FY 2022-23
- YES BANK CDP Disclosure FY 2022-23
- YES BANK's ESG Strategy, Targets and Progress

FINDINGS:

- ESG banking considerations are supported by customers as an eco-friendly banking.
- YES Bank ESG considerations are very well needed contributions for environment safe development.
- Sustainable banking is an upgradation towards traditional banking system.
- E-Commerce and UPI plays a vital role in ESG and sustainable banking.

SUGGESTIONS:

- More awareness need to be brought towards the promotion of Green banking and ESG considerations.
- Need to be promoted and sustained in a consistent manner by all banking institutions.
- More possibilities need to be given to E-commerce and its models.
- More initiatives need to be taken in conservation of natural resources.

CONCLUSION:

To conclude, in today's world, banking sector is growing at a rapid speed with necessary adoptions to meet all possible enhancements. Indian banking sector is transforming from all its traditional methods of banking to digitalized nature of banking. Even though Indian banks are not meeting the pace of green banking at global level, have tried to keep up with a many possible green initiatives and are coming up with more advanced and eco-friendly developments in green banking. As, the paper is of descriptive nature, it contains most of the green measures adopted in different banks and YES Bank being the centre of banking sector has come up with an innovative green measures by maintaining ethical banking and distributes its green funds wisely to meet the initiatives taken.

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