

Green Banking Activities



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Green Bank and Green Banking

Green Bank

- an ethical bank*
- a socially responsible bank*
- a sustainable bank*

Green Banking to provide/support

- innovative green products*
- the activities that are not hazardous to environment and help conserve environment*



Green Banker

→ More than a Banker

→ Not an individual

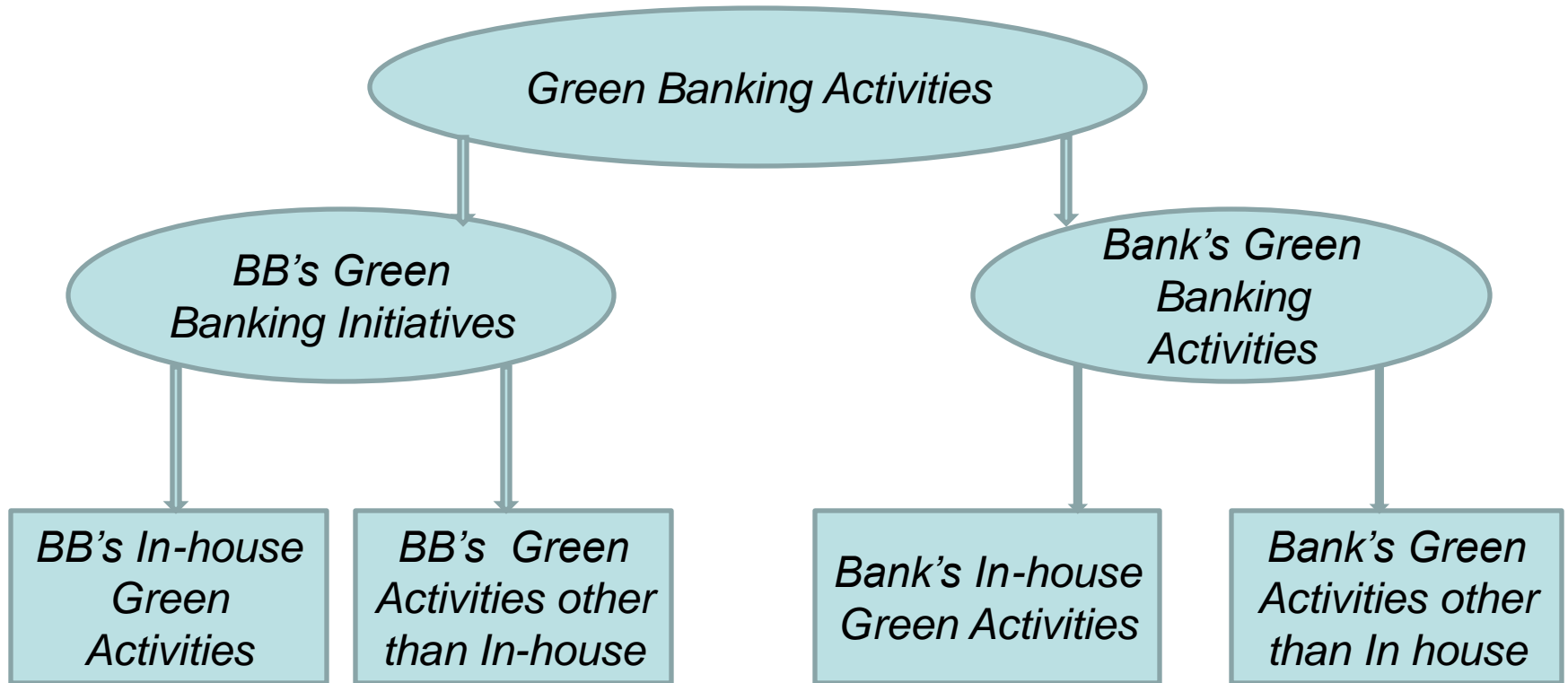
→ A Unit or a Group or a Team

Green Banker →

*A banker + An Environmentalist + A Social
Responsible Person+as like
as a Total Footballer/an All Rounder*



Green Banking Activities



BB's Green Banking Initiatives

- *BB installed 8 kilowatt solar power system on its rooftop in March 2010.*
- *A move towards to encouraging green banking in Bangladesh.*



BB's Green Banking Initiatives

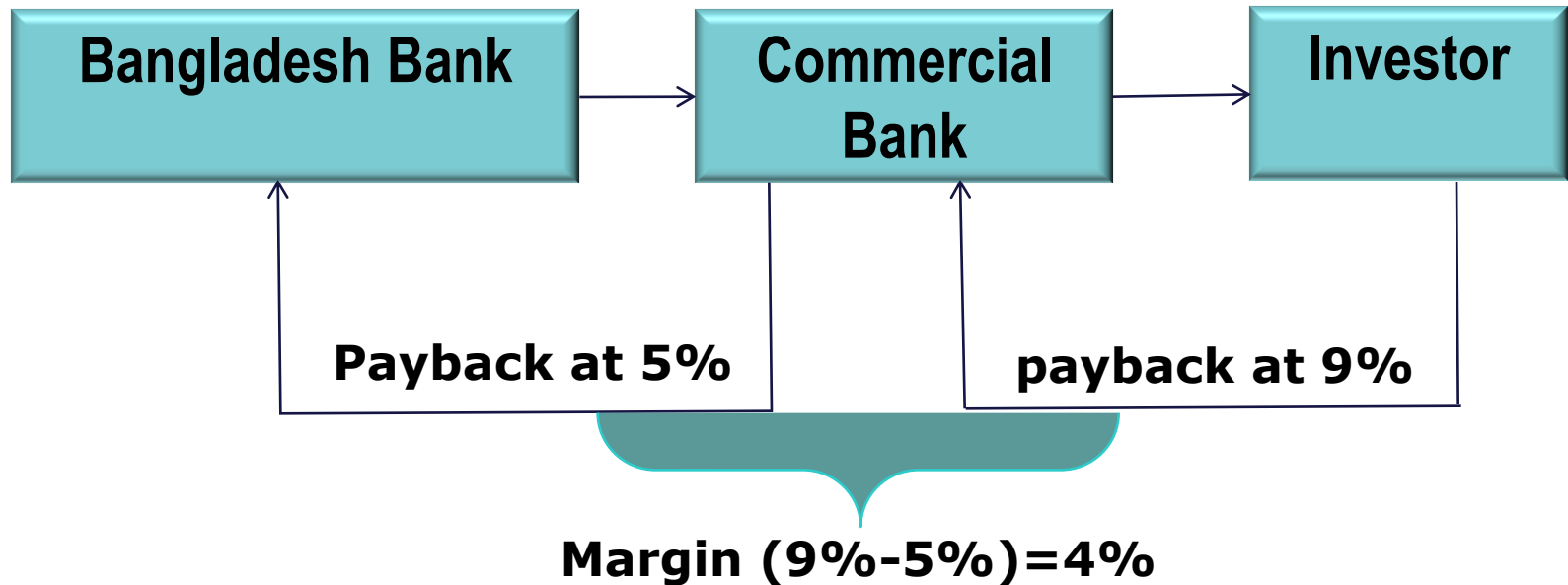
- *Environmentally harmful incineration of non re-issuable damaged bank notes is being phased out, resorting instead to shredding.*
- *All the departments of Bangladesh Bank Head Office and its nine Branch offices have already been brought under a computer network (LAN/WAN), connecting almost 3,100 PCs.*
- *Implementation of Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN), Enterprise Resources Planning (ERP)*
- *Credit Information Bureau online facilities*
- *Enterprise Data Warehouse (EDW) for an electronic data bank*
- *Bangladesh Bank with his Network package is now activated on web based e-tendering system*
- *E-Recruitment, Online salary and other necessary advice, personal file updated information, office orders, notification on-line balance statements for all members employee of BB, Electronic pass for visitors and such many are instantly available.*



BB's Green Banking Initiatives ***(BB's refinance line for Renewable Energy)***

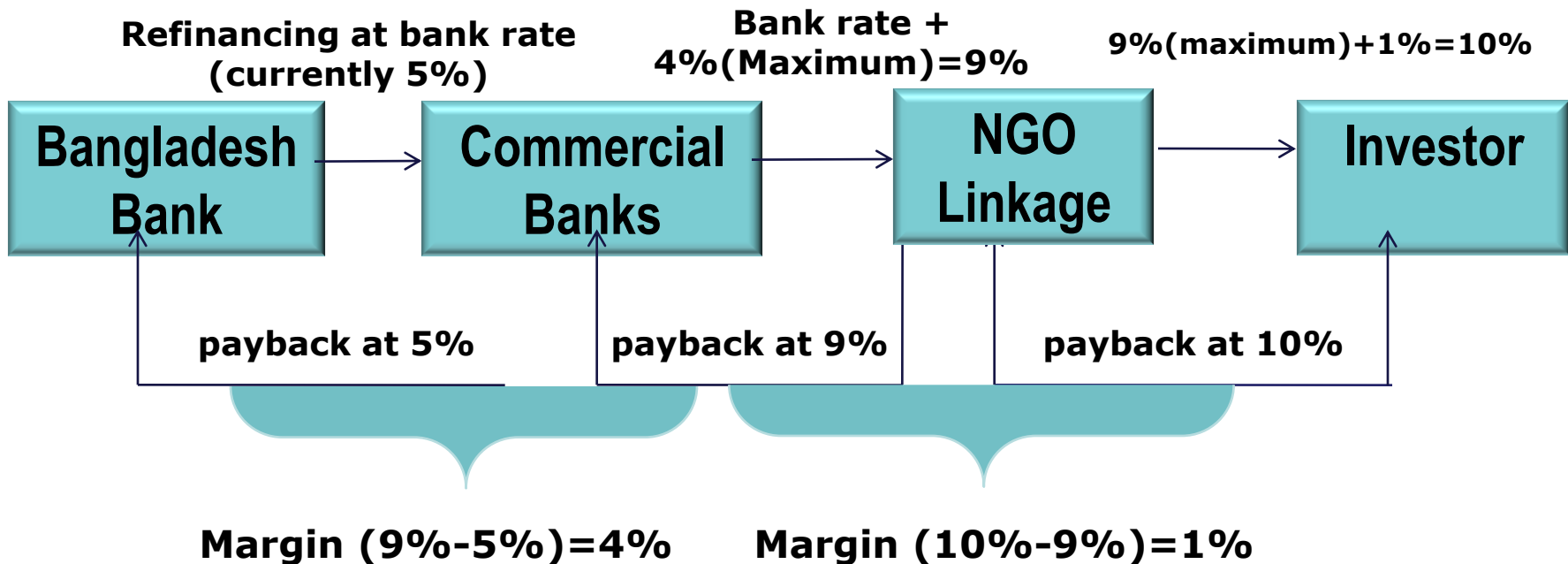
BB has introduced Taka 2 billion refinance line at only 5% rate of interest.

Refinancing at bank rate (currently 5%)



BB's Green Banking Initiatives (BB's refinance line for Renewable Energy)

Credit wholesaling through NGO linkage



BB's Green Banking Initiatives

(BB's refinance line for Renewable Energy)

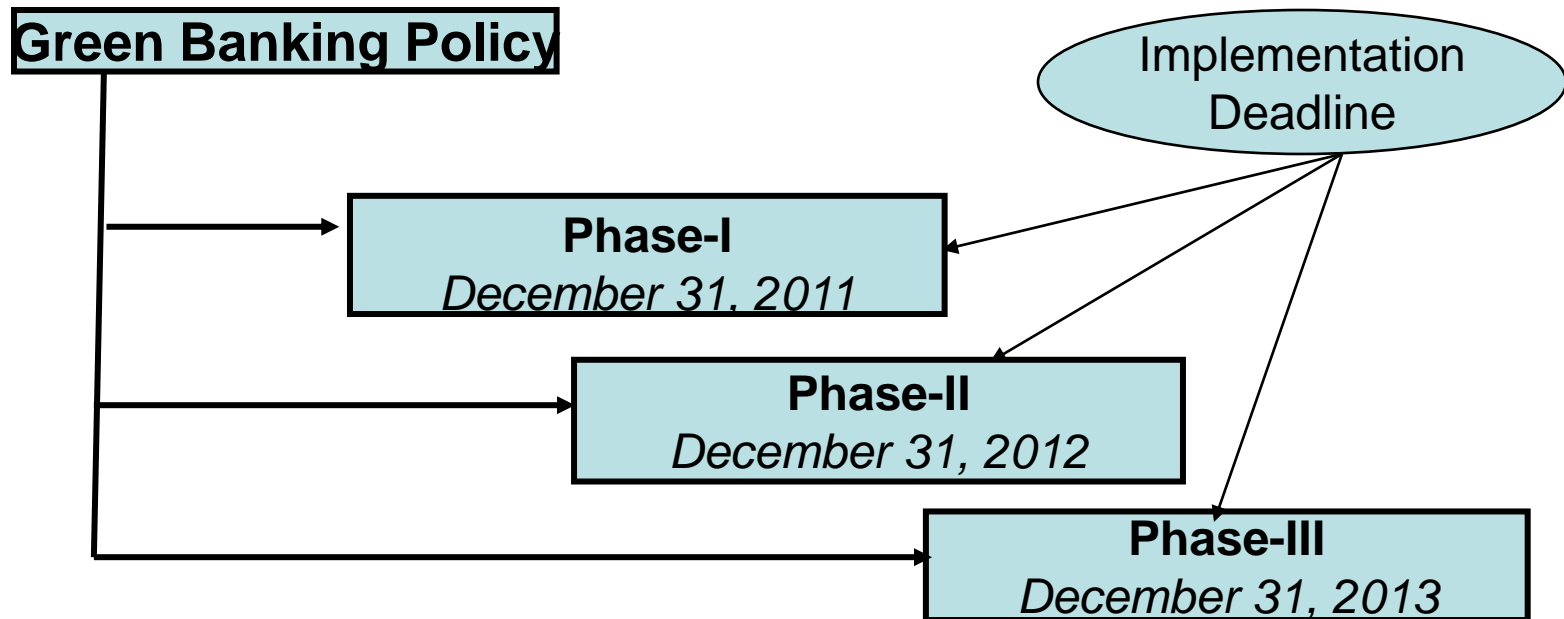
(in million taka)		
	<i>December, 2011</i>	<i>April, 2012</i>
<i>Solar irrigation pumping station</i>	18.87	18.87
<i>Solar home system</i>	59.37	59.86
<i>Biogas</i>	132.21	132.41
<i>ETP</i>	20.78	26.96
<i>HHK</i>	20.00	20.00
<i>Solar PV module assembling plant</i>	<i>Nil</i>	248.8



BB's Green Banking Initiatives

An indicative Green Banking Policy and Strategy framework has been developed.

Implementation of Green Banking Policy in 3 phases.



Bank's Green Banking Activities

- *Policy Formulation & Implementation*
- *Budget Allocation & Utilization*
- *Green Banking Unit Formation*
- *Environmental Risk Rating*
- *Green Financing*
- *Climate Risk Fund Utilization*
- *Green Marketing and Capacity Building*
- *Online Banking*
- *In-house Environment Management*
- *Sector Specific Environmental Policy*
- *Green Strategic Planning*
- *Environmental Risk Management Plan*
- *Disclosure and Reporting*



Policy Formulation & GBU Formation

41 banks have formulated Green Banking Policy

6 banks are yet to formulate policy for Green Banking

Rupali Bank Ltd

Habib Bank Ltd.

National Bank Ltd

Citibank N.A.

Brac Bank Ltd

Bank Alfalah Limited

45 banks have established Green Banking Unit(GBU)

2 banks are yet to establish Green Banking Unit(GBU)

Habib Bank Ltd and Citibank N.A.



Budget Allocation & Utilization

Budget Allocation:

- *Budget for Green Finance*
- *Budget for Climate Change Risk Fund*
- *Budget for Marketing & Capacity Building for Green Banking*

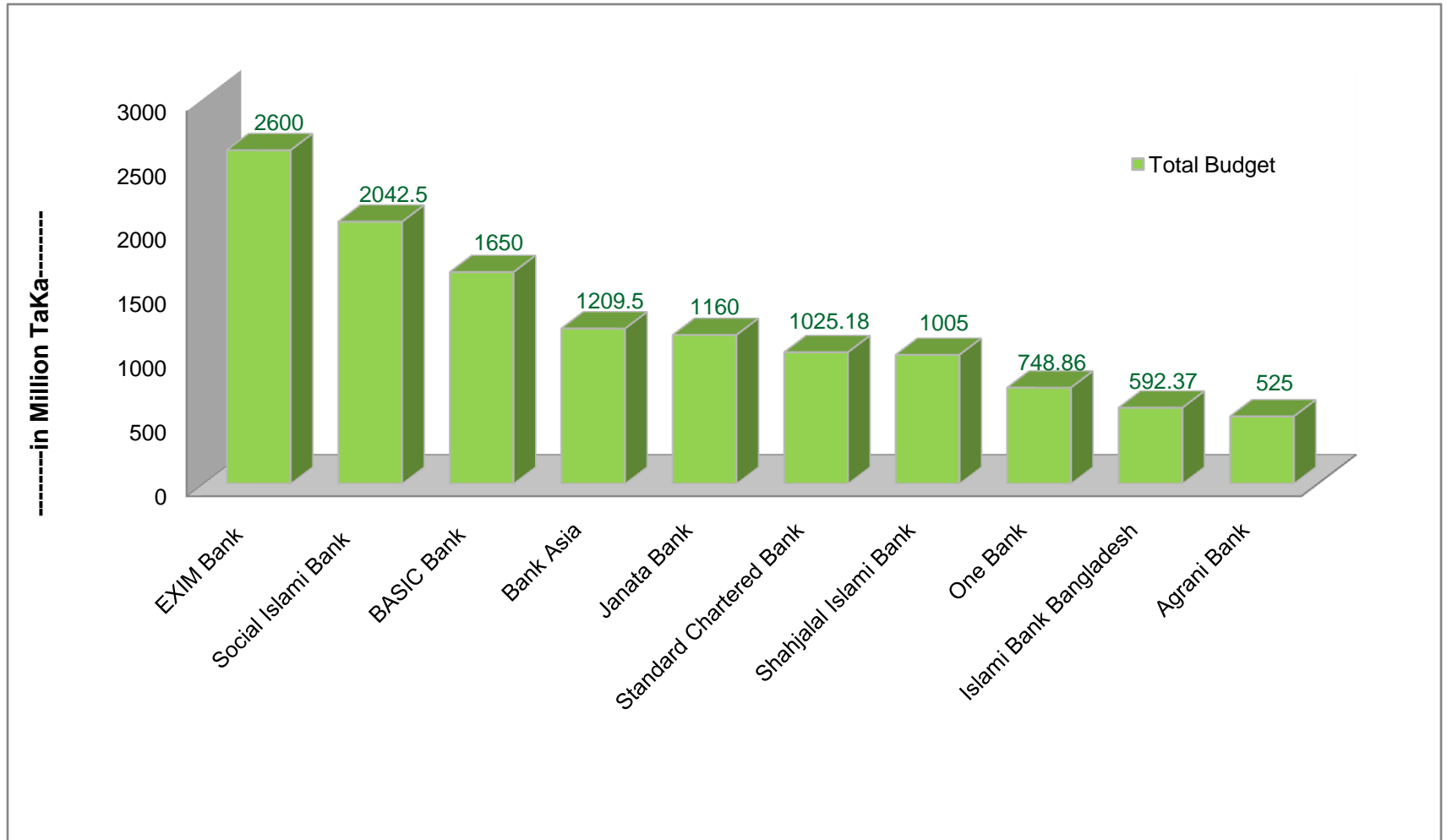
Bank's Annual Budget Allocation for 2012 → Tk. 14444.90 million

- (i) Green Finance →Tk. 11349.24 million*
- (ii) Climate Change Risk Fund →Tk. 1704.40 million*
- (iii) Marketing and capacity building → Tk. 231.25 million*

Janata Bank Ltd. could not show the segregation out of their total budget allocation of Tk. 1160 million



Top 10 Banks in Budget Allocation

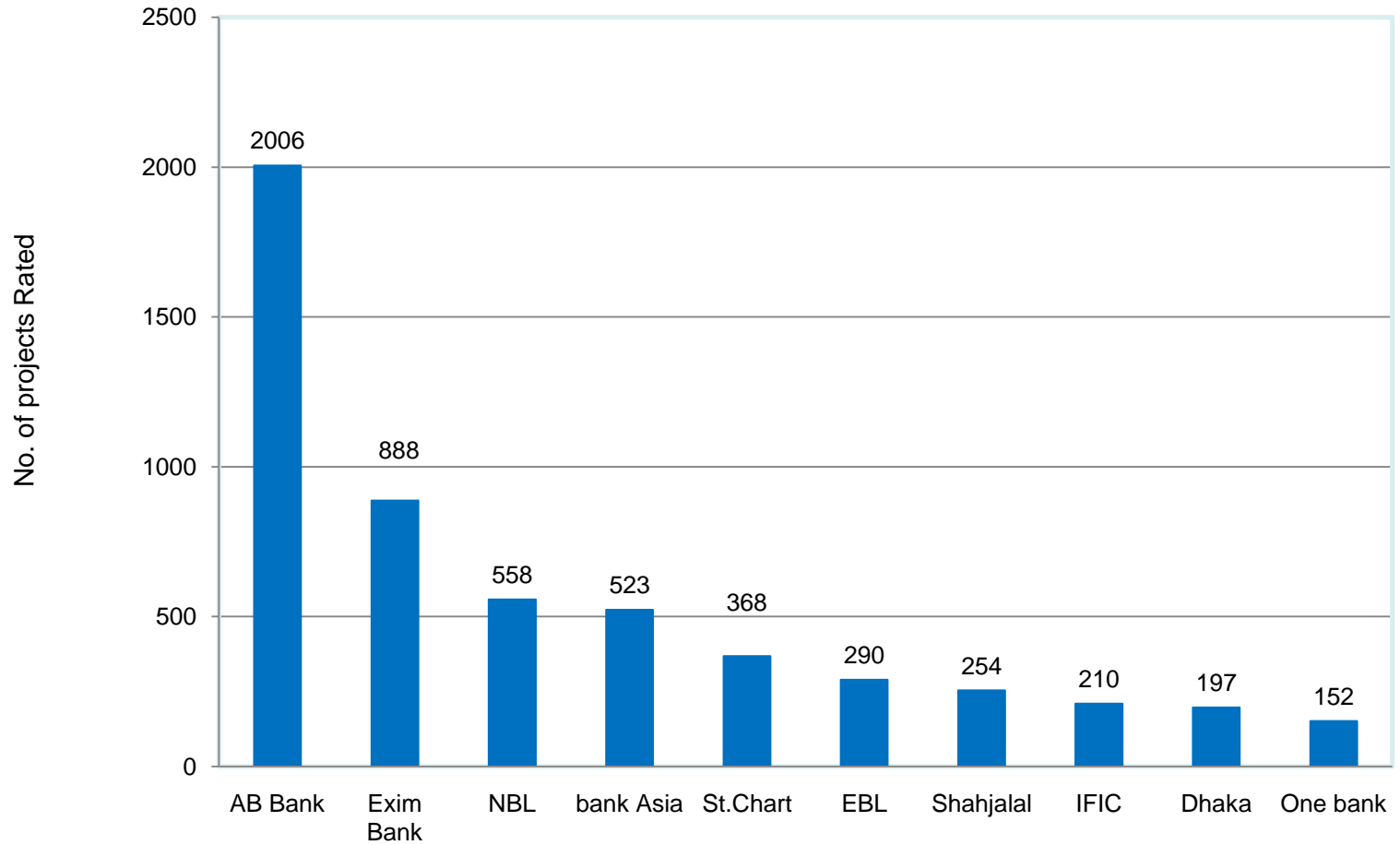


Environmental Risk Rating(EnvRR)

Upto March 2012	April - June 2012
<i>EnvRR has been done for 7165 projects</i>	<i>EnvRR has been done for 3703 projects</i>
<i>6896 projects have been financed by banks</i>	<i>3966 projects have been financed by banks</i>
<i>Banks have disbursed Tk. 504557.61 million for these projects</i>	<i>Banks have disbursed Tk. 289003.64 million for these projects</i>



Top 10 Banks in EnvRR



Green Finance

Budget Allocation and Utilization

In Million Tk.

<i>Bank Category</i>	<i>Budget Allocation</i>	<i>Budget Utilization (April – June '2012)</i>
SCBs	500.00	9.56
PCBs	8581.54	1555.35
FCBs	1017.70	38.00
SDBs	1250.00	206.46
Total	11349.24	1809.36



Green Finance

<u>Upto March, 2012 (in Million Taka)</u>					
<i>Green Projects/Events</i>	<i>SCBs</i>	<i>PCBs</i>	<i>FCBs</i>	<i>SDBs</i>	<i>Total</i>
<i>ETP</i>	77.68	3134.80	705.97	1.00	3919.45
<i>Projects having ETP</i>	5758.74	122694.64	19726.55	0.00	148179.73
<i>Bio-gas Plant</i>	28.31	219.76	0.00	0.00	248.07
<i>Solar/Renewable Energy Plant</i>	229.77	756.02	0.00	0.00	985.79
<i>Bio-fertilizer Plant,</i>	0.00	4.50	0.00	0.00	4.50
<i>Hybrid Hoffman Kiln (HHK)</i>	112.40	795.17	0.00	0.00	907.57
<i>Others</i>	5249.70	5.20	220.00	42.80	5517.70



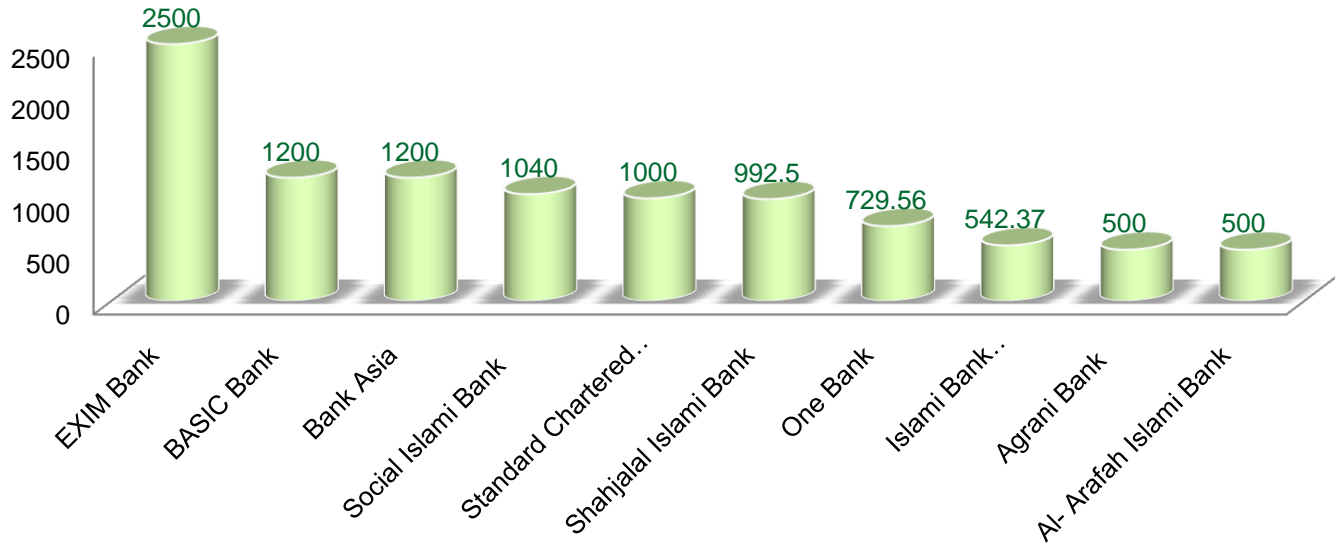
Green Finance

April-June , 2012 (in Million Taka)

<i>Green Projects/Events</i>	<i>SCBs</i>	<i>PCBs</i>	<i>FCBs</i>	<i>SDBs</i>	<i>Total</i>
<i>ETP</i>	0.00	29.51	0.00	16.05	45.65
<i>Projects having ETP</i>	0.00	40247.05	19403.90	564.26	60215.21
<i>Bio-gas Plant</i>	4.23	65.50	0.00	7.00	76.73
<i>Solar/Renewable Energy Plant</i>	1.48	242.32	38.00	141.15	422.95
<i>Bio-fertilizer Plant,</i>	0.00	0.40	0.00	0.00	0.40
<i>Hybrid Hoffman Kiln (HHK)</i>	1.87	484.29	0.00	30.23	516.39
<i>Others</i>	1.98	717.03	0.00	12.03	731.04
<i>Reduced Rate of Interest</i>	0.00	16.30	0.00	0.00	16.30

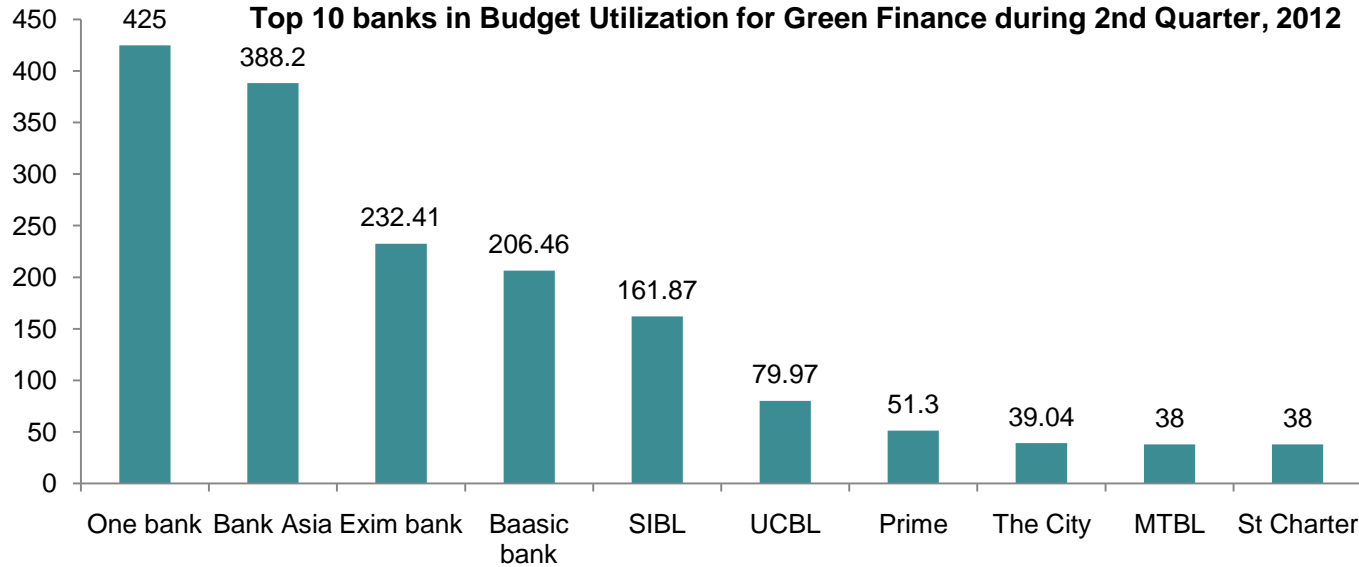


Top 10 banks in Budget Allocation for 2012 for Green Finance



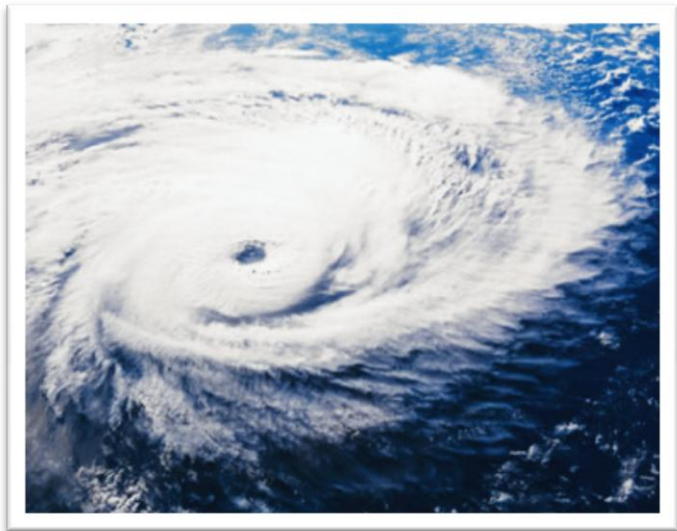
(in million taka)

Top 10 banks in Budget Utilization for Green Finance during 2nd Quarter, 2012



Climate Change Risk Fund

The Climate Change Risk Fund will cover (i) Fund for part of CSR activities (event) that are related to Climate Change Risk/Condition and (ii) Fund for part of CSR activities(project) that are related to Climate Change Risk.



Climate Change Risk Fund may be required for the banks as part of their CSR activities that relate to climate change conditions.

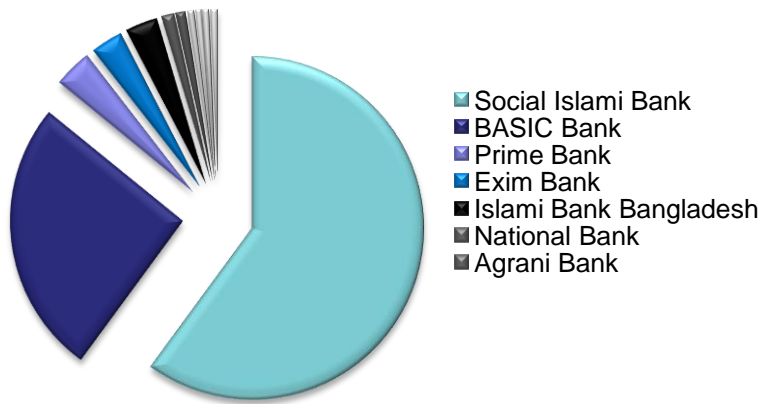
Climate Change Risk Fund as part of CSR activities may also be required for precautionary measure for possible safeguards and mitigating hazards due to climate change.



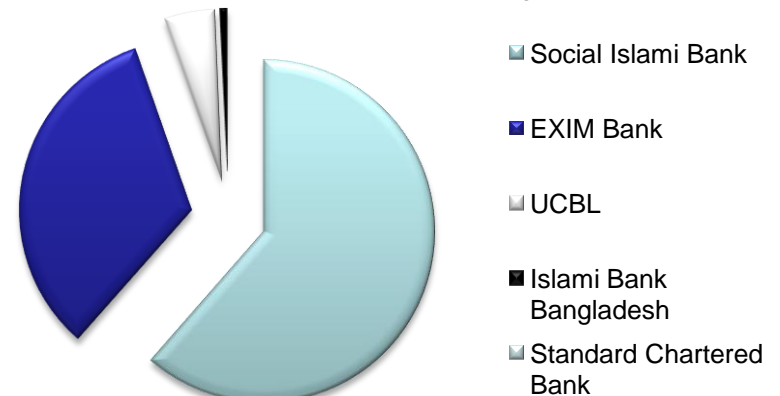
Climate Change Risk Fund

Bank Category	Budget Allocation	Budget Utilization (April – June '2012) In Million Tk.
SCBs	15.00	0.00
PCBs	1243.10	90.75
FCBs	16.30	0.02
SDBs	430.00	0.00
Total	1704.40	90.77

Top 10 Banks in Budget Allocation for Climate Risk Fund



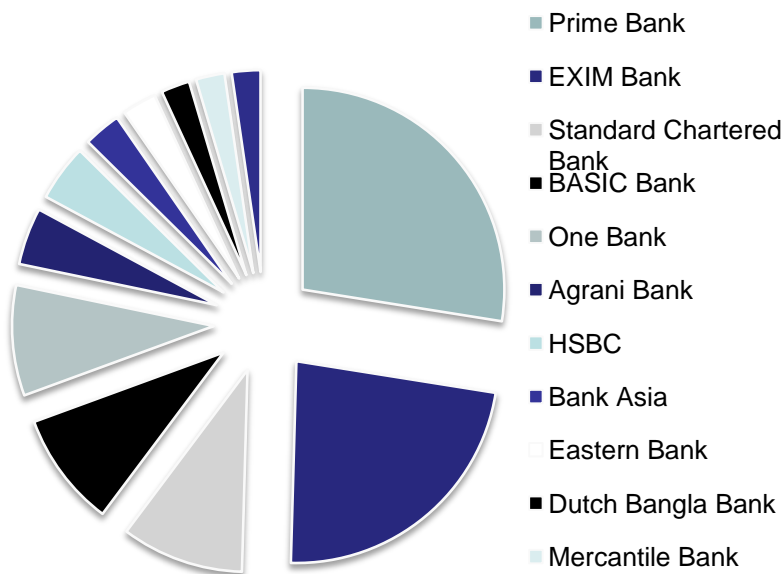
Major Contributors in utilization of Climate Risk Fund during 2nd Quarter ,2012



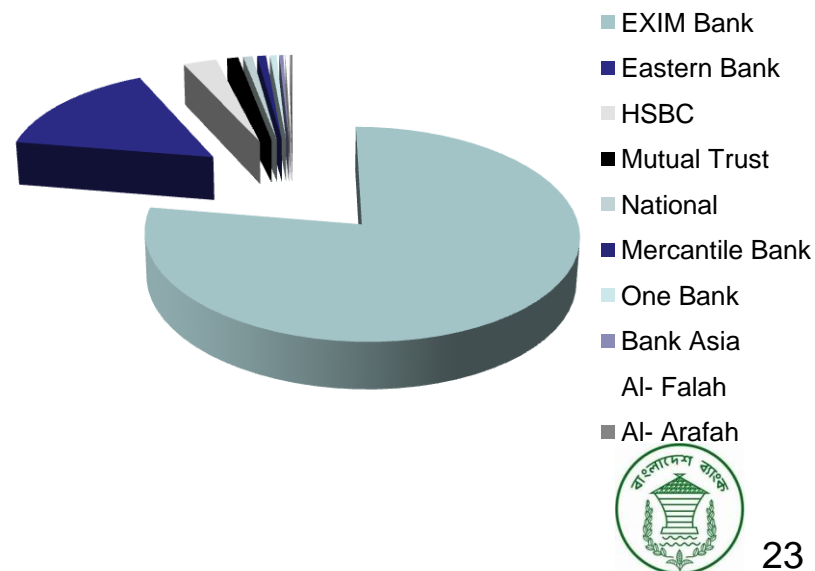
Marketing, Training & Development

Bank Category	Budget Allocation	Budget Utilization (April – June '2012)
SCBs	10.00	0.00
PCBs	167.98	24.95
FCBs	33.28	0.83
SDBs	20.00	0.00
Total	231.25	25.78

In Million Tk.



Top 10 Banks in Budget Allocation For Marketing, Training & Development



Banks in Budget Utilization For Marketing, Training & Development



Online Banking

- *3967 no. of branches out of 8059 (38.03%) are equipped with online banking services.*
- *38 banks are fully automated and offering online banking services in each of their branches.*
- *91.50% of the total branches of PCBs have been brought under online banking coverage.*
- *7.19% of SCBs branches are facilitated with online banking coverage.*
- *All the branches of FCBs are providing with online banking services*

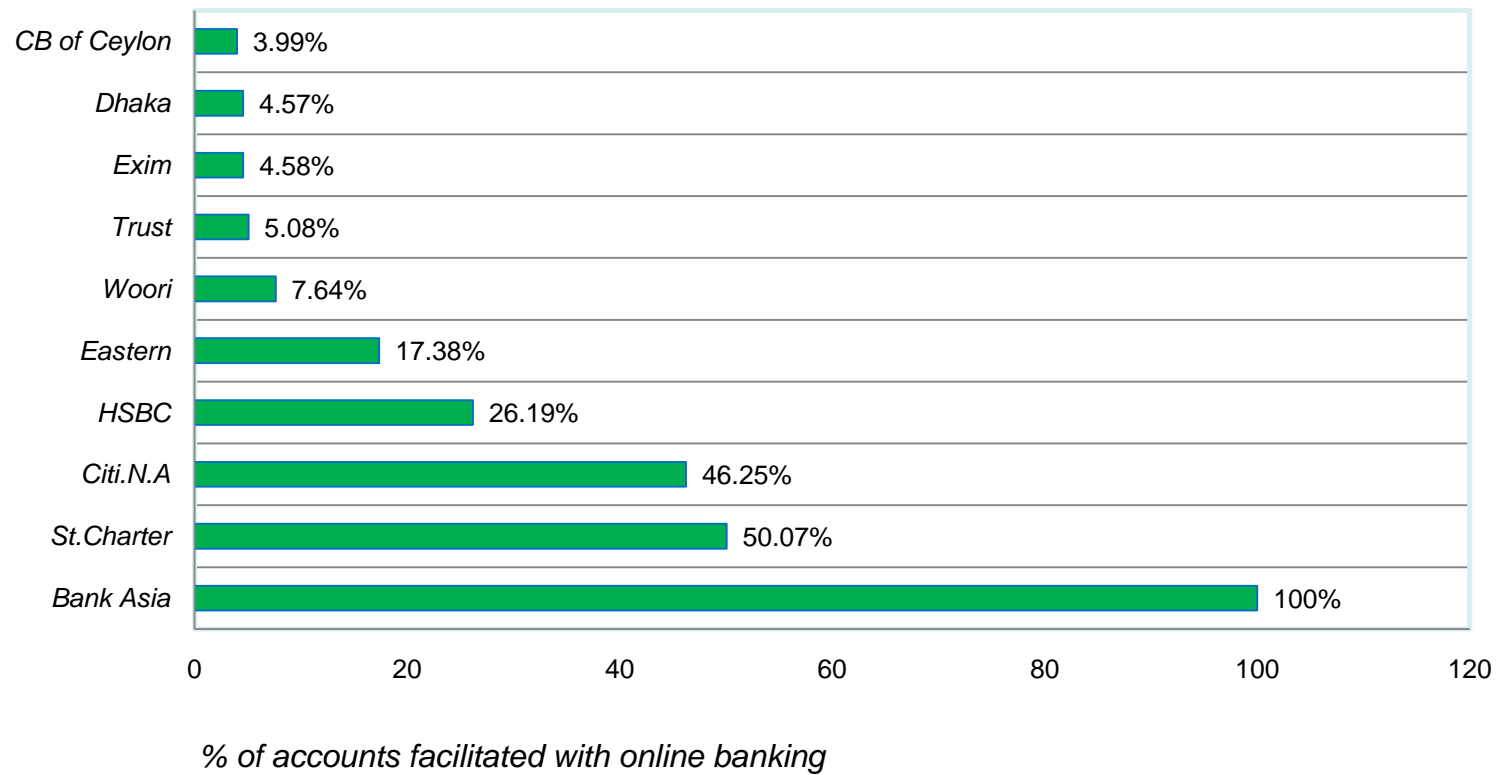


Online Banking

<i>Type of Banks</i>	<i>Total number of Branches</i>	<i>Number of branches with Online banking facility</i>	<i>% of branches with Online banking facility</i>
<i>SCBs</i>	<i>3442</i>	<i>189</i>	<i>5.49%</i>
<i>PCBs</i>	<i>3188</i>	<i>2917</i>	<i>91.50%</i>
<i>FCBs</i>	<i>74</i>	<i>74</i>	<i>100.00%</i>
<i>SDBs</i>	<i>1415</i>	<i>49</i>	<i>3.46%</i>
<i>Total</i>	<i>7998</i>	<i>3042</i>	<i>38.03%</i>



Top 10 banks having accounts facilitated with online banking

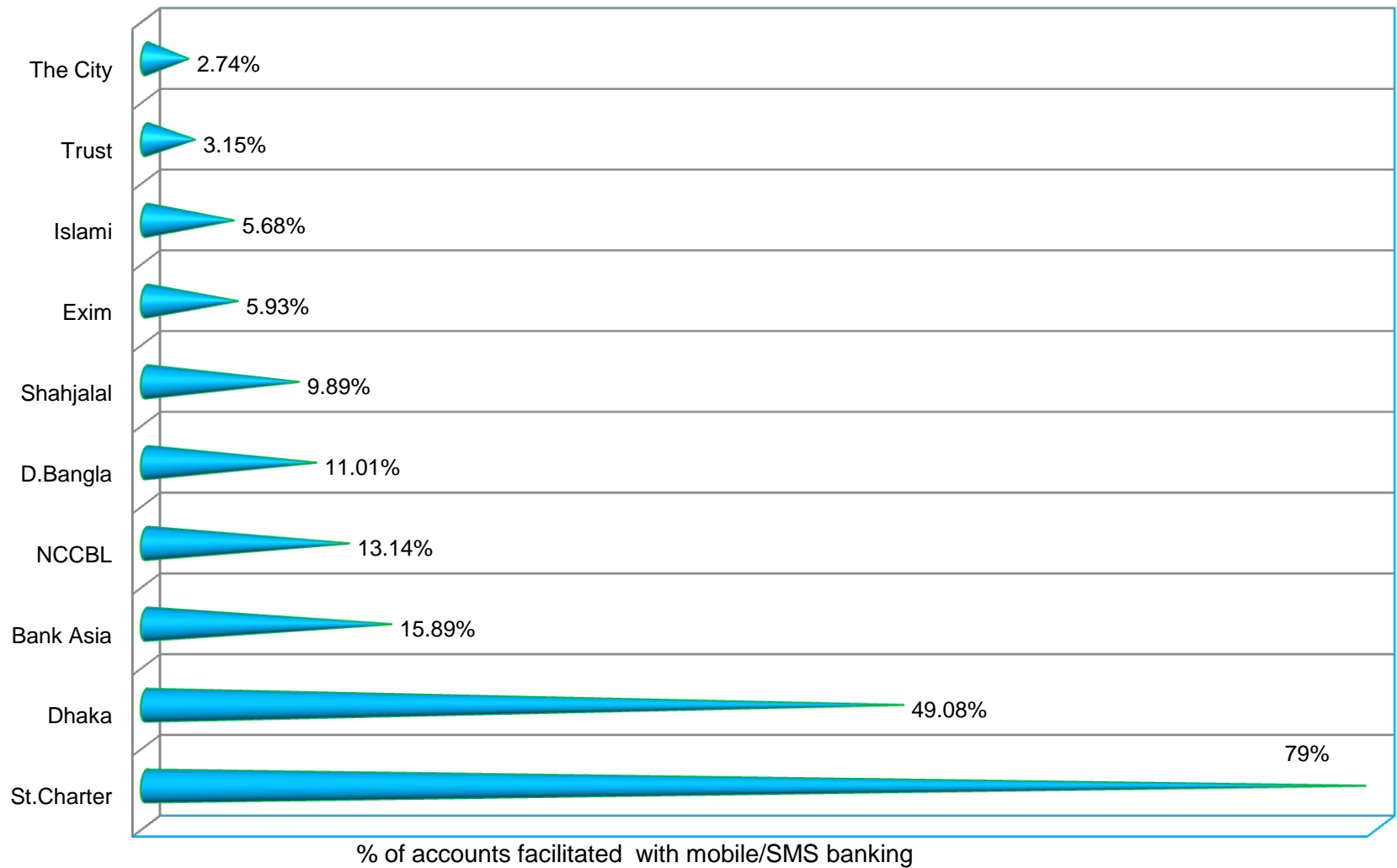


Internet & Mobile/SMS Banking

<i>Type of Banks</i>	<i>% of accounts facilitated with Internet banking</i>	<i>% of accounts facilitated with Mobile/SMS banking</i>
<i>SCBs</i>	<i>00.0%</i>	<i>0.06%</i>
<i>PCBs</i>	<i>1.39%</i>	<i>1.37%</i>
<i>FCBs</i>	<i>52.61%</i>	<i>43.23%</i>
<i>SDBs</i>	<i>0.00%</i>	<i>0.00%</i>



Top 10 banks having accounts facilitated with Internet & Mobile/SMS Banking



Banks' In-house Green Activities

- *Common use of table stationeries instead of individual use*
- *Use of paper on both sides for internal consumption*
- *Introduction of e-statement for customers instead of paper statements*
- *Use of online communication in the best possible manner*
- *Using more daylight instead of electric lights and proper ventilation in lieu of using air conditioning*
- *Using energy saving bulbs*
- *Use of Eco Font for printing light impression on both sides of the paper.*
- *Setting defaults like “Thinking twice before printing.”, “Printing only it really needs”, “Please check your environmental responsibility” etc. in email correspondences*
- *Video/Audio conference in lieu of physical travel*
- *Conversion of Bank’s vehicles (pool) into CNG and use of energy efficient electronic equipments*
- *Efficient use of printer cartridges, photocopy toner, office stationary, etc.*
- *Sharing electronic files, voice mail and e-mail instead of paper memos*
- *Use of solar energy/ renewable energy sources*
- *Efficient use of electricity, gas and water*



Banks' In-house Green Activities

Some Green Banking Slogans of Banks

- *Save paper, save trees*
- *Conserve energy, conserve natural resources*
- *Pay your bills online*
- *Turn off the tap when not needed*
- *Always use a cloth bag*
- *Reduce, reuse and recycle*
- *Digitize yourself*
- *Think before you press the button*
- *Everything has two sides*
- *Be paperless- kick the habit*
- *Use car pools to go to work*
- *Unplug electronic devices while not in use*



Sector Specific Environment Policy, Green Strategic Planning and ERM Plan

<i>Type of Banks</i>	Formulation of Sector Specific Environment Policy	Formulation of Green Strategic Planning	Formulation of ERM Plan
<i>SCBs</i>	0	0	0
<i>PCBs</i>	5	4	3
<i>FCBs</i>	2	0	3
<i>SDBs</i>	1	0	0
<i>Total</i>	8	4	6

- *Formulation of Sector Specific Environment Policy by BASIC, IFIC, EBL, Southeast, MTBL, Trust, St. Chartered, Woori.*
- *Formulation of Green Strategic Planning by IFIC, Southeast, Trust, Bank Asia*
- *Formulation of ERM Plan by The City, UBL, EBL, St. Chartered, SBI, Woori*



Major Green Banking Activities at a Glance

- 41 banks have formulated policy for green banking
- 45 banks have formed a Green Banking Unit`
- 41 banks have introduced a Green Office Guide
- EnvRR has been done for 7165 projects up to March 2012
- EnvRR has been done for 3703 projects during April-June 2012
- 6896 rated projects have been financed up to March 2012
- 3966 rated projects have been financed during April-June 2012
- 504557.61 million taka has been disbursed up to March 2012
- 289003.64 million taka has been disbursed during April-June 2012
- 185 branches/SME unit offices are powered by solar energy (up to March 2012)
- 37 banks are fully automated (up to March 2012)
- 38 banks are fully automated (as of June 2012)
- 3042 branches have been facilitated with online coverage (up to March 2012)
- 5 banks have utilized Tk. 90.77 million from Climate Change Risk Fund(during 2nd quarter, 2012).
- Banks have financed Tk, 1811.26 million as Green Finance other than projects having ETP (during 2nd quarter, 2012)
- Banks have financed Tk, 62026.47 million as Green Finance including projects having ETP (during 2nd quarter, 2012)



Green Strategic Planning

- *Green Banking is a never ending process and banks are required to set green strategic planning up to 2013 and beyond.*
- *Vision and Mission for Green Banking covering both in-house green banking activities and green banking activities other than in-house*
- *Formulation policy for proper selection of unit/project and location under different categories, proper analysis of Environmental Risks and concentration therein as per ECA 1995, ECR 1997, ERM and Green Banking guidelines and other relevant instructions issued time to time*
- *Preparing sector specific environmental guidelines taking ECR 1997, EDD checklists and current environmental and climate change condition into consideration. Banks will prepare sector specific environmental guidelines only for the sectors covered in the respective bank's portfolio.*
- *Policy decision(Y/N) to finance in the red category. Detailed review for a decision to finance in the red category*
- *Policy for procurement and effective utilization of energy efficient products, electronic compliances, motor vehicles etc. for eco friendly atmosphere*
- *Automation and Improved in house green activities need to be carried on*
- *Required and Rigorous Training program for Top/mid and lower level Management and at the same time clients as well.*
- *Board/Competent authority should be aware and updated of the current green banking activities .*



Preferential Treatments for Compliant Banks

- *BB will award points to banks on Management component while computing CAMELS rating where there will ultimately be a positive impact on overall rating of a bank.*
- *BB will declare the names of the Top ten Banks for their overall performance in green banking activities in the BB websites.*
- *BB will actively consider green banking activities/practices of a bank while according permission for opening new bank branch.*
- *BB will accord permission for SME branch subject to installation of solar panel in place.*
- *Separate treatment in existing guidelines of RBCA for Environmental Risk in computation of Adequate Capital by BB*



Challenges Ahead

Six Major Challenges

- *Coordination among all the concerned authorities for a green economy.*
- *Proper awareness and effective capacity building.*
- *Immediate concentration on sectoral lending policies and procedures.*
- *Need for applying a quantitative approach for a more justified rating.*
- *Shifting of different categories of industry (such as, Garments, Textiles, Tannery) to a proper location.*
- *Awareness of the Top Management*



Way Forward

- *Need to apply Green Banking and use ERM guideline in an efficient manner.*
- *Develop a culture within the organization based on environmental governance.*
- *Replicate global as well as local best practice.*
- *Share knowledge and technical know how with peer groups.*
- *Further integration with Credit Risk Management in the overall Credit Risk methodology.*
- *Apply a quantitative approach for Environmental Risk Rating.*
- *Need to develop a database for technical assistance/issues.*



End Remarks

“We envision Bangladesh as a mature advanced economy in 2050, with levels of human development and technological advancement sufficient to place her among leading Asian nations in terms of financial prosperity as well as social and environmental responsibility.”

— Dr. Atiur Rahman, Governor, Bangladesh Bank

-----Many Thanks-----

