

# Sustainable Development through Green Banking and CSR Practices of Bank of Baroda

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## Abstract

### *Purpose*

*The goal of this article is to investigate green banking and CSR practices, methods of adoption and the significance of practicing green banking and CSR for sustainable development.*

### *Design/Methodology/Approach*

*The current study work is conceptual in nature, drawing on a thorough literature assessment, bank's website and literature reviews among other sources. Website of Bank of Baroda was accessed and reviewed to learn about various green banking and CSR practices at the national level as well as their contribution to sustainable development.*

### *Findings*

*Governments, businesses and individuals all play a role in building a more sustainable future. People must engage with financial institutions, particularly banks, which play an important role in this environment by facilitating the establishment of a strong and successful low-carbon economy. They should use more environmental data to offer credit and make investment decisions. The study will help them to proactively improve their environmental performance while also bringing long-term value to their business. Consequently, CSR and green banking have established themselves as standard operating procedures contributing to sustainable development that benefits banks, businesses and the environment at large.*

**Research Limitations/Implications**

*This study is particularly useful for the banking industry in assessing the breadth of green banking and CRS initiatives in sustainable development. Green banking is still in its early stages in India, yet it has a significant impact on sustainable development. The study links green banking and CSR practices to sustainable development while also investigating green banking practices at India's primary public sector bank. It identified areas where bank might make progress toward greener and more sustainable development. It also assists bank in realising the significance of green initiatives and CSR practices in enhancing sustainability. Despite the significant contributions made by this study, many limitations must be addressed in future research. The current study was chosen for comfort, it was limited to the green banking and CSR practices of Bank of Baroda which limits the conclusion and interpretation of the data to some extent. Future research may include a study and comparison of the top green banks or the world's cleanest countries.*

**Originality/Value**

*This study identifies the significance of green banking and CSR practices in sustainability. It also outlines the concept of green banking and CSR practices while defining certain methodologies and examining green banking and CSR initiatives by Bank of Baroda.*

**Keywords**

*Green Banking, Corporate Social Responsibility, Sustainable Development, Environment friendly, India*

**Introduction**

As the world confronts the challenges of climate change, environmental degradation and social inequality, the banking industry has become a critical player in promoting sustainable development. Green Banking and Corporate Social Responsibility (CSR) have emerged as key strategies through which banks contribute to environmental sustainability and social welfare. These initiatives are not only aligned with global sustainability goals, such as the United Nations' Sustainable Development Goals (SDGs), but they also reflect a growing recognition of the banking sector's influence in shaping a greener and more inclusive economy.

Green Banking involves the adoption of environmentally friendly policies, products and services. Banks are reducing their carbon footprints by embracing digitalization, financing clean energy projects and offering green loans that encourage eco-friendly business practices. By promoting sustainable investments and supporting industries that contribute to environmental conservation, banks are actively driving the transition toward a low-carbon economy.

CSR practices further enhance the role of banks in sustainable development. Through CSR initiatives, banks invest in community development, healthcare, education and poverty alleviation. These efforts not only fulfil their social obligations but also create long-term value for both the banks and the societies they serve. By supporting social welfare projects and addressing pressing societal issues, banks are fostering inclusive growth and economic resilience. Together, Green Banking and CSR practices demonstrate the banking industry's capacity to be a driving force for positive environmental and social change, contributing to sustainable development while ensuring profitability and long-term growth.

Green Banking initiatives at Bank of Baroda are designed to reduce the bank's carbon footprint while encouraging environmentally friendly practices among its customers and stakeholders. By promoting paperless banking, financing renewable energy projects and supporting eco-friendly infrastructure, the bank aligns itself with global sustainability goals. Moreover, through its CSR activities, Bank of Baroda extends its commitment to social

well-being by focusing on critical areas such as education, healthcare and community development. The bank's CSR efforts are not just philanthropic in nature but also strategic, aiming to uplift communities while supporting long-term economic growth.

## **Review of Literature**

Mehta A. M. and Handriana T. (2024) examined the connection between CSR, customer involvement and green customer loyalty, concentrating on Pakistan's banking sector. The results show that CSR has a beneficial impact on customer loyalty and that this link is somewhat mediated by customer engagement. The analysis emphasizes how crucial legislative actions are for encouraging green banking practices nationally. This study offers insightful information on the complex relationships between digital green banking, customer involvement, customer perceptions and CSR.

Ve and Mishra (2024) examined banks' commitments to environmental sustainability through green banking practices. According to the study, green money is now required environmental protection. As a result, banks should be transparent about their green banking operations in their reports. To stimulate sustainable development among the general population, banks should offer more creative green products.

Rahman, M. H., Rahman, J., Tanchangya, T., and Esquivias, M. A. (2023) evaluated green banking practices, initiatives and possibilities in India and Bangladesh to investigate how green money might aid in meeting the Sustainable Development Goals. The study compared the green banking practices and activities of Bangladesh Bank (BB) and SBI. The findings indicate that SBI has implemented more green initiatives and spent more in green projects than BB. Both banks and their respective governments are committed to reaching SDGs 7 and 13 by increasing funding for green projects, promoting the clean energy transition, reforming banking processes and developing new green finance-focused products.

Mir A. A. and Bhat A. A. (2022) studied the green banking practices of the top public sector Bank of India and top commercial bank of Malaysia. They mentioned that green banking is the order of the day, a source of sustainable development that will definitely help banks, industries, and the environment in general. Green banking practices are still in their early stages in India, yet they have a substantial impact on long-term growth. In fragile developing nations like Bangladesh and India, green banking activities are critical for long-term growth and environmental conservation, particularly in the face of increased climate change concerns.

Rajesh S (2022) examined opportunities for green banking in India, including growing demand for sustainable financial products, legislative support and potential for improving corporate social responsibility. Despite these benefits, the report identifies a number of barriers to widespread implementation of green banking practices in India. These problems include low client knowledge, a lack of standardized green banking frameworks and financial limits. In conclusion, the report makes ideas for overcoming these barriers and fully achieving the promise of green banking in India.

Neeraja and Joseph (2021) analysed green banking from the perspective of clients. The buyers' awareness level of various green products is investigated. Customers are surveyed to assess the benefits and satisfaction of green banking. The survey concludes that clients have a positive awareness of green banking. An in-depth review of the bank's green banking offerings revealed that respondents are aware of mobile and online banking.

Sharma and Choubey (2021) investigated that more than 60% of respondents agreed that green banking activities played a beneficial influence in rebuilding customer trust by improving the green brand image. With a scarcity of studies on green banking in India, the current qualitative study adds to the body of knowledge and lays the path for future research into green banking for sustainable development.

Singh and Paul (2020) demonstrated a variety of CSR practices, including equal opportunities for employees, customer and employee satisfaction, occupational safety and health of employees, social benefits for employees, environmental protection and degree of interest in CSR. Their primary goal has been to evaluate customers' awareness and preferences regarding green banking products. They made an effort to investigate CSR as a potential new green banking trend. The study aimed to investigate the significance of CSR and its influence on Green Banking in accomplishing its goals. The study has also made recommendations for enhancing the Green Banking service mechanism and the function of CSR in achieving the goal of Green Banking.

Kaur and Sandhu (2019) examined advancements implemented by the SBI through the use of internet banking. The document is based on qualitative data gathered from many articles, research papers, reports, and more. The bank has proactively taken the initiative to push towards green banking. Both internal and external strategies are being used to raise awareness and change clients' banking practices.

Mekala K. (2019) studied the green banking practices of SBI in Coimbatore district and observed that the general public has yet to come forth to follow these practices due to a lack of awareness. Banks should educate their customers on green banking practices and implement eco-friendly solutions.

Dipika (2015) discussed new innovations made by Indian banks for sustainable development, as well as the obstacles that banks confront when implementing them. There is an urgent need to raise awareness, implement, and promote green banking in today's corporate world with breakthrough technologies in order to make our environment more humane and to enrich sustainability.

### **Need of the Study**

In the context of the aforementioned literature review, there is no study on green banking and CSR practices of Bank of Baroda. Previous research has indicated that Indian banks make a relatively small contribution to CSR and green banking practices. Certain types of banks are required by the Indian Companies Act, 2013 to allocate at least 2% of their average yearly net profit over the previous three years to CSR initiatives. To learn more about the CSR expenditures of Indian banks for sustainable development a case study on sustainable development through green banking and CSR practices of Bank of Baroda is being conducted. This research will assist bank in implementing additional CSR initiatives and green baking practices.

### **Objectives of the Study**

- To ascertain the respondents' level of familiarity with the ideas behind CSR and green banking initiatives.
- To evaluate respondents' opinions about using green banking channels.
- To investigate consumer perceptions of CSR's involvement in green banking and offer recommendations.

### **Research Methodology**

This research is based on both on primary and secondary data. Primary data were gathered by means of personal interviews, questionnaires and observation techniques. The secondary data were gathered from books, journals, magazines, newspapers, internet and reports. Convenience sampling was used to pick a sample of 50 respondents from Pune district of Maharashtra. The utmost care has been taken when choosing the sample to make sure that respondents of various ages, religious backgrounds, educational backgrounds and household incomes are included. Questions were framed in order to learn more about consumers' views, issues and status with relation to green banking and CSR. Several methods, such as percentage methods and averages have been used to analyse the data in accordance with the objectives of the study. The interpretation of data involves painstaking efforts intended to achieve the objectives of the study.

## Data Analysis and Interpretation

**Table 1: Awareness of Concept and CSR Practices of Bank**

Sr.	Awareness	No. of Respondents	Percentage	Cumulative
1	Yes	32	64	64
2	No	10	20	84
3	Partially	3	6	90
4	Don't Know	3	6	96
5	Not Applicable	2	4	100
	<b>Total</b>	<b>50</b>	<b>100</b>	

(Source: Primary Data)

Table 1 shows that 64% of respondents are fully aware of the notion of CSR, compared to 20% who are not. The majority of respondents are aware of CSR and just a small percentage of respondents are not. Therefore, we should focus our education efforts on educating the remaining small percentage of respondents on the concept of CSR.

**Table 2: Opinions about Green Banking Initiatives**

Sr.	Attribute	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Energy Efficient Lighting System	18	22	3	7	0
2	Paperless Banking	16	23	5	4	2
3	Water Harvesting	12	18	14	5	1
4	Focus on Construction of Green Workplaces	10	12	20	6	2
5	Carbon Neutrality	9	9	26	4	3
6	Encouraging Recycling	30	14	1	3	2
7	Using Sustainable Materials	15	12	8	9	6
8	Minimising Waste	18	21	6	4	1

(Source: Primary Data)

Table 2 shows the views of customers about green banking initiatives on the basis of attributes such as energy efficient lighting system, paperless banking, water harvesting, focus on construction of green workplaces, carbon neutrality, encouraging recycling, using sustainable materials and minimising waste for local environmental initiatives and green banking services. It is observed that more than 50 per cent customers were strongly agree or agree about green banking initiatives except carbon neutrality and focus on construction of green workplaces. Based on the research above, it can be inferred that respondents' opinions are moving more toward agree or strongly agree side. It demonstrates the significance of paperless operations, water harvesting, recycling, waste minimization, and energy-efficient lighting systems for green banking activities in the banking industry.

**Table 3: Opinion about Usage of Green Banking Channels**

Sr.	Green Banking Channel	Nature of Responses					Total
		Very High	High	Moderate	Low	Not at All	
1	Green Loan	20	10	5	7	8	50
2	Green Mortgage	23	12	7	5	3	50
3	Green Savings Account	25	14	4	6	1	50
4	Green Checking Account	22	16	3	7	2	50
5	Green Credit Card	31	15	3	2	1	50
6	Mobile Banking	43	6	1	0	0	50
7	Online Banking	40	5	3	2	0	50
8	ATM	45	5	0	0	0	50
9	Paperless Transaction	37	7	4	2	0	50
10	Remote Deposit Capture	15	8	7	8	12	50

(Source: Primary Data)

This table presents a survey or feedback on different ‘Green Banking Channels’ based on the responses of 50 participants. Each banking channel is evaluated across five response levels: ‘Very High’, ‘High’, ‘Moderate’, ‘Low’ and ‘Not at All.’

In order to promote sustainability initiatives, banks offer green loans which are financial solutions that facilitate environmentally beneficial projects like installing renewable energy sources or upgrading to more energy-efficient models. Most participants rate it as ‘Very High’ (20) or ‘High’ (10). However, there are notable responses in the lower categories, with 8 saying ‘Not at All’, indicating mixed opinions.

An offer of special terms on a green mortgage is made by a bank or lender to a buyer who can provide proof that the property they are borrowing for satisfies specific environmental requirements. A newly constructed house with a green roof that is good for the environment or solar panels are two examples of this. This channel is generally well-regarded, with a higher concentration of ‘Very High’ (23) and ‘High’ (12) responses. Fewer people rate it ‘Low’ (5) or ‘Not at All’ (3).

An ecologically friendly savings account called Green Savings is well-positioned to provide people with the options and confidence to make sustainable decisions that help them save for a better future while hastening the transition to a more sustainable way of living. A majority of respondents rated this very positively, with 25 selecting ‘Very High’ and 14 ‘High’. Very few respondents rated it ‘Low’ (6) or ‘Not at All’ (1).

For clients who want paperless statements, green checking is ideal. Because e-statements do not need to be mailed in, they're not only more secure but also environmentally sustainable. This channel also has strong positive feedback with 22 selecting ‘Very High’ and 16 selecting ‘High.’ Lower categories (Low/Not at All) received few responses (7 and 2 respectively).

A credit card labelled as ‘green’ encourages eco-friendly behaviour. This can be achieved by the resources that go into making the card, including renewable or recycled plastic, or through the rewards program that may help ethical or sustainable consumption. A highly rated channel with 31 ‘Very High’ responses, though a few participants rated it moderately or lower. Only 1 rated it ‘Not at All.’

An ATM or branch visit is not necessary when using the Remote Deposit Capture service to deposit checks into a personal checking account. Anywhere using a smartphone, you can make this mobile deposit. This channel is



exceptionally well-regarded, with 45 rating it 'Very High' and 5 'High'. No respondents rated it 'Moderate' or lower.

The process of doing financial transactions using a mobile device-a tablet, smartphone, etc. is known as mobile banking. Mobile banking is an online banking service that banks offer to their existing clients. It allows users to access their bank accounts and conduct various transactions using a mobile device-such as a smartphone or tablet-anytime they are online. As a result, the bank is using less energy, power and paper. Numerous banks have made an effort to use this paperless facility. The above table shows an overwhelmingly positive response, with 43 rating it 'Very High' and 6 'High'. No one rated it lower than 'Moderate'.

It is feasible to do banking transactions online via a website or specialized app while using online banking, which can be accessed through a bank or online-only bank. Customers of online banking have immediate access to a wide range of services via their computer or mobile device. Similar to mobile banking, this channel received strong feedback with 40 'Very High' and 5 'High' responses. Very few participants rated it negatively. Paperless transactions recorded mostly positive feedback, with 37 'Very High' responses. A few rated it 'Moderate' (4) or 'Low' (2). The remote deposit capture has the most diverse responses, with fewer 'Very High' ratings (15) and a noticeable number of lower ratings, including 8 'Low' and 12 'Not at All', suggesting mixed or lukewarm sentiment.

**Table 4: Mean, Standard Deviation and Variance about Usage of Green Banking Channels**

Response Category	Mean	Std. Dev.	Variance
Very High	30.1	10.58	111.88
High	9.8	4.21	17.73
Moderate	3.7	2.26	5.12
Low	3.9	3.03	9.21
Not at All	2.7	4.08	16.68

The Very High response category has the highest mean, standard deviation and variance, suggesting a wider spread of values compared to other categories.

## Conclusion

Channels like mobile banking, ATM and online banking are overwhelmingly well-received with very few negative responses. Remote deposit capture has the most balanced range of responses with a relatively high number of low or negative ratings, suggesting it may not be as widely accepted or understood. Generally, green banking initiatives like loans, mortgages and savings/checking accounts are viewed positively, though there is some variation in lower ratings.

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