



Daffodil
International
University

Internship report

On

**“An analysis of Green Banking practices of Islami
Bank Bangladesh Limited”**



Islami Bank
Bangladesh Limited



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International
University

Internship report
On
**“An analysis of Green Banking practices of Islami
Bank Bangladesh Limited”**

Submitted To

Md. Alamgir Hossan
Senior Lecturer
Department of Business Administration
Daffodil International University

Submitted To

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ID: 171-11-414
Program: BBA
Major: Finance
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**This Internship report is submitted to the Department of Business Administration,
Daffodil International University for the fulfillment of Partial Requirement for the
Degree of Bachelor of Business Administration (BBA)**

LETTER OF TRANSMITTAL

30 march 2021

Md. Alamgir Hossan
Senior Lecturer
Department of Business Administration
Daffodil International University

Subject: Submission of internship report on “an analysis of green banking practices of Islami bank Bangladesh limited.”

Dear Sir,

With due regard, the application is to inform you that, The Study has finished my Internship report entitled: “An analysis of green banking practice of Islami bank Bangladesh limited “The Study has mainly depended on secondary data available through the internet. This study might help to understand the need for green banking as well as provide relevant information about Islami bank. While preparing the report, The Study has attempted to adhere to your Instruction based on systematic guidelines.

I earnestly believe that this report may reach your approval and also respond to your expectation. The Study will get your kind attention concerning the acceptance of this report.

Sincerely Yours,

.....
Irani tanzeem Meem
ID: 171-11-414
Major: Finance
Department of Business Administration
Faculty of Business & Entrepreneurship
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Acknowledgment

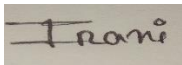
My most profound thanks to almighty Allah have already gone back and forward, with which the study won't likely take an enormous to set up this report.

Motivation, aspiration, and guidelines always play an important role in every fortune story. I convey my earnest thanks to my supervisor Md. Alamgir Hossan, Department of Business Administration, Faculty of Business & Entrepreneurship Daffodil International University) for his inestimable help and guideline. And also thanks for furnishing me the opportunity to finish my entry-level position report on reality, no enthusiast can achieve inoffensiveness without the backing of the researcher. Furthermore, a standby can never be impeccable without the assistance of an adequate instructor. So I am very thankful for his guideline, correction, and inestimable support. My appreciation goes to the entire Business Administration Department, of Daffodil International University for organizing an Internship Program that facilitates the incorporating of theoretical and mathematical wisdom with a real-life situation. And I am always thankful for the whole business faculty for their immeasurable help and support

STUDENT'S DECLARATION

The Study declares that the work submitted in that internship report was done by me and was not recently submitted for academic qualification to any other University/organization. The pieces the study has submitted don't violate existing copyrights and no part of this report has been duplicated from work done beforehand.

I also undertake to compensate the ministry for all misfortunes and damages caused by a violation of past obligations.



.....

Irani tanzeem Meem

ID: 171-11-414

Major: Finance

Department of Business Administration

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SUPERVISOR'S DECLARATION

It gives me inestimable contentment to assert that the expected report titled "An analysis of green banking practices of Islami bank Bangladesh limited " has been completed by Irani Tanzeem Meem ID:171-11-414, BBA program, Faculty of Business and Entrepreneurship, Daffodil International University, Ashulia, Savar, Dhaka under my monitoring and steering. As somewhat far away as the study, it is an authentic and genuine work, not distributed in a journal or submitted to an assembly or branch for a diploma or degree

.....

Md.Alamgir Hossan

Senior lecturer

Department of Business Administration

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Abstract

In the past Pollution, overpopulation, change in politics, change in calamity, deforestation, early marriage, child labor, etc. those all are the hindrance to our economic development. But at present our government and organization take some proper steps to recover this situation and green banking policy is one of them which helps not only our economic sector but also our environment sector. And by this policy slowly but surely helps to assists our government to manage those issue. Green banking is not a new thing in Bangladesh. This study is all about green banking with considering Islami bank data to utilize their investment and return from green banking. Green banking is the investment in green activities like wastage management, solar energy, recycling, etc. this investment is not only helpful for the organization but also the country. Now the industry is increasing rapidly they are the main factor of development and also they took part on pollution. Green banking helps to recover this pollution as well as provide income sources by reengineering. This study aims to provide information about the importance of green banking, the Contribution of Islami bank, Economic development, and Bangladesh bank policy. Secondary data has been used to disclose the result. And the result of this paper shows that if every financial institution and business institution both come together to save our environment by considering green banking strategy, our country gradually becomes a developed country. Islami bank create a standard in their policy that is remarkable and inspiration for other organization. We could save our environment from destroying if we walk step by step toward the green way.

Keyword: Green banking, Green investment, Calamity Risk Fund, Islami bank, Private Commercial Bank, Green banking policy, Green banking activities.

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Abbreviation

Env RR: Environmental Risk Return

EDD: Environmental Due Diligence

CSR: Corporate Social Responsibility

PLS: Profit-Loss Sharing

SOB: State Owned Bank

CRF: Calamity Risk Fund

PCB: Private Commercial Bank

BB: Bangladesh Bank

SPSS: Statistical Package for the Social Science

SME: Small Medium Enterprise

Chapter: 1

Introduction

1.1 Introduction

Change in calamity, global warming, pollution are the main threat to our environment as well as our existing. Bangladesh is a developing country with a huge population day by day its population increasing rapidly and this increasing population is the main cause of environmental pollution, such as carbon emission, air pollution, water pollution, etc. Besides Banks is the main sources of investment for any industry such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc. And this industry is the main cause of carbon emission and other pollution while this banking sector can perform a mediating function between economic growth and environmental protection. For encouraging environmentally durable and socially responsible investment Green banking refers to the investment which is mainly used in environmental issue and this type of investment is not only helpful for the environment but also the growth of a country. Bangladesh considers as a developing country with a huge population, day by day density of the population is increasing in this our environment faces the greatest problem and green banking will help us for our sustainable development. The green banking idea developments in Bangladesh since 2011 and now almost every bank follows this idea for not only their development but also our economic development. Bangladesh is distressing from various enormous issues like political, environmental, social, economic, etc. these points are the main hindrance of economic development and also these issues play the main role of development. In Bangladesh, 56 Banks out of 57 have at least one online branch and 46 banks have opened an internet banking facility up to September 2018. Islami bank is one of the most popular and largest banks in Bangladesh. They have a great impact on our financial sector as well as our economic growth. Their total asset is 1142.18 billionwith14000 employees. They are sharia-based. They have 352 listed branches. They have an immeasurable contribution in green banking and they have invested in all sectors such as solar energy, ecofriendly products biogas, and Energy Efficiency, Waste Management, Recycling & Recyclable products, Environment-friendly Bricks Production & Green Establishment. The main goal of the Banks is utilizing their resources with the obligation to grow trade, commerce, service, industry, income, employment generation, business, and other economic activities. The bank is societally liable, environmentally appreciative, and follows a path of durability with computerization and effectively is called Green Bank. After Observing global warming, secondly enhanced change of carbon indentation, thirdly other environmental pollutions, and finally overall global environment adversities. And hence ensure the seriousness to secure the globe for feasible environmental calamities and to assure an ongoing supply of the insufficient natural resources for future generation a new method for Green Banking practices has been established by Bangladesh Bank through recently circulated “Policy Guidelines for Green Banking” regard BRPD Circular No. 02 dated 27 February 2011. The Green Banking Road Map of the regulators of Bangladesh has been isolated into three phases that have to be

adopted by the Banks within 2013. The following practices are to be performed in 2012 as the adherence to the Phase-II of the policy.

1.2 Background of the study: Bangladesh bank provides some policies as initiating green banking in 2011. To support green banking it's providing some guidelines. Firstly Environmental Risk management, which is categorized based on a polluted scale. first of all industrials risk is rated 4 sections 1) Green (less polluted) 2) Orange A medium scale 3) Orange B large scale polluted and 4) Red means most polluted. Second of all EnvRR a low moderator and high level of pollution. Final assessment which suggests a qualitative basis. Secondly, Green banking guideline which will be described as environmental due diligence (EDD) checklist. Environmental risk management is part of green banking and a quarterly reporting system. Finally, the quarterly reporting system Bangladesh bank evaluates policy formation and implication, budget allocation and utilization, the activity of green banking units of a bank. Bangladesh bank address green banking in different ways, firstly Bangladesh bank green banking initiative in which includes internal and external activities. And it will support by policy, refinance line, and in-house green activities. Secondly, Banks green banking activities also include internal and external activities. And their activities are included such as environmental risk rating, green finance, CSR activities for green projects and green events, capacity building, research, and development. Green banking and corporate social responsibility are not the same things, but both CSR and green investment float in the same boat. Green banking is an investment to save the environment besides CSR is the responsibility to society by a company. Green Banking is a policy that is determined by Bangladesh Bank and all banks and the financial institution, follow this besides CSR is the policy taken by the company itself. Green banking issues include internal and external sides of the firm. Internal issues, mainly include the internal environment, paperless banking, using the solar panel, saving energy, managing wastages, recycling wastages, etc. and external issues like the external environment, for example, providing loans toward environmental development sectors, invest in recycling firm, solar panel firms, etc. So green banking is not only an internal process but also an external process. Green banking is only for helping our environment to provide a better place. Green banking investment is including all investments towards environmental development sectors. If the bank uses solar panel for power supply those are their investment besides if the bank provides a loan to solar panel firm that will also consider as a green investment, in some consciousness green project like recycling or wastage management not only helps the environment but also helps to the firm they manage their wastages as well as earn profit from them. The economy is based on the environment and other factors. Environment plays important role in developing the economy. Green banking provides the opportunity for every firm to grow with environmentally friendly products. The economy will develop if industry and business firms increase. Human resources are the main reason behind all development and people

could use their skills if the environment is in their favor, and Green banking provide the employee a better place to use their skills. Day by day importance of green banking is increasing because of pollution and climate change. People have become more conscious about our environment and green banking is the way of building a path between business and environment as well as economy. To keep the balance of nature green banking plays an important role. Helps to manage wastage and also provides earnings from wastages. Save energy and also efficiently use of energy. Paperless banking. All of them help our environment and our environment helps our economy. Green banking practice will make people's life easier and make a better place to live Bangladesh's banking sectors consist of various forms of institutions. The central bank of Bangladesh is called the Bangladesh bank and it's the main regulatory authority in the banking sector as well as the money market (short-term financial instruments). In Bangladesh, there is a total of 33 standard PCBs are now operating in the banking industry. They conventionally operate the banking functions like interest-based operations. There are also ten Islami Shariah-based PCBs in Bangladesh and they perform banking activities according to the Islamic Shariah-based fundamentals Profit-Loss Sharing (PLS) model.

1.3 Literature review:

Importance of Green banking

There are several important of the green banking system. Firstly, green banking effective use of costs, secondly minimize the risk, thirdly, increase banks reputations, and finally provide for the common good of environmental durability. So it serves both the commercial purpose of the bank as well as its social responsibility. To add more Ullah, M. M. (2013) Cited some important attributes of green banking operations, which are as follows: firstly Banks can help the environment via computerization and online banking Secondly, It relentlessly informed to create friendly surroundings internal and external side of the bank Thirdly, In financing, the bank should always provide precedence for investments considering environmental issues fourthly It always cares for long-term green expansion in industrialization and greater society. However, SM Mahfuzur, R., & Barua, S. (2016) focus on the impact of climate change on economics, especially banks, is that this paper uses the theory of change at the sector-wide, establishment, and concerted levels as a tool to determine barriers to green banking and examine the actions required to discourse those obstacles and achieve intended results and belongings. After all Masukujjaman, M et al (2017) focus on their analysis which is proved that the concerned bankers considered green banking as environmental banking which desires of defending the environment although higher endorsement costs. Also, Green Banking and Islamic Banking seemed to be rational and attached as Islam subsidizing resource rescuing, purity, morality, and social responsibility, these are also the mottos of Green Grameen Bank. The analysis is based on questionnaires' from 48 Islami bank employees. Finally Burhanudin, B., Ronny, R., &

Sihotang, E. T. (2020). The results of this paper suggest that blame drives consumer efficiency and negative grapevine about banking projects that neglect environmental concern but not attitudes toward green banking. Negative word of mouth, but not the attitude against green banking, mediates the effect of customer execution as the purpose of consumption green banking services

Green banking impact considers other commercial banks in Bangladesh:

In Bangladesh commercial banks both government and private bank both play their role properly since 2011. 3,688 branches of government, commercial banks out of 3,762 which is 98.03 percent make the step into online services until June 2019, nevertheless, it was only 5.49 percent out of a total 3,442 in 2012. Besides private commercial banks, all 5,097 branches provide performance online services apart from only one, and all 60 branches of foreign commercial banks the same for a long time. To add something about commercial bank Islam, M. S., & Das, P. C. (2013). According to their survey, the average bank spends taka 2,000 on green banking since October is 7 657.67 million. In 2012, tk. 6.4 million has been allocated for the following green projects. For 2012, banks have allocated 20,000, 0.44.59 million for green financing, for which tk. 3273.69 million was used from January to September 2012. The idea of a green bank is comparatively new in Bangladesh and has not yet obtained impetus, nevertheless, evolving countries are at a mature stage. Julia, T., & Kassim, S. (2019) This paper's goal to highlight the financial viability of the proposed commercial banks for green financing proposed in Bangladesh from 2012 to 2014. The study found that no bank fully complies with the green/sustainable policy; However, Islamic banks are at the forefront in preserving faith, intelligence, and wealth management. Lalon, R. M. (2015) this paper aims to on the green banking activities of commercial banks in Bangladesh and why they tested to substantiate this strategy was adopted and make a compares the green banking practices of commercial banks. Approach guidelines will also be explored. Provisions for green banking are also being examined. Shakil, M. H et al (2014) the study found that there are about 47 banks that consider green banking strategy, forms, and green banking units, distribution and uses funds for green banking. Nevertheless, the budget exploitation and utilization of SCB and SDB is not adequate. Online banking and ATMs The benefits of SCB and SDB are not good. It has also been determined that there is a keen raise in loaning an Eco-friendly plan by the bank. SM Mahfuzur, R., & Barua, S. (2016) analysis based on analysis 42 banks out of 54 surveys found that most banks are ensnared in the inferior limits of accomplishment cupidity. State-owned banks have less execution than foreign banks. Foreign banks have reached considerable success. The paper determines several issues for the poor success and performance of banks and proposes remedial measures.

Bangladesh Bank green banking policy and guideline:

Chen, Z., Hossen, M. M. et al (2018) Study Innovation that Bangladeshi Bank Doing perfectly in sustainable baking usage, though maintaining the certain guidelines

provided by Bangladesh Bank. And all banks follow the instruction given to consider their policy, most banks set their information about green activities, Investments, and success and an announcement in their annual report to Bangladesh Bank Masud, M.et al (2018) their analysis get a shortage of clarity in the green report on the condition of external inspection as well as the absent global report. Besides, they have attested that the BB's regulation drop under threat of legitimacy due to legal, political, corporate, and social accountability. Therefore, they terminate so that they could overcome all possible vulnerabilities and risks, the BB should examine all potential provisions for an overall international reported structure when in consideration of the clear financial area. Bose, S.et al (2018) found that the dispatch of green banking usual guidelines of the Central Bank of Bangladesh in 2011 certainly influenced the level of manifestation of green banking. They further said that the technic of the appearance of green banking in the banking sector has changed over time and become a normal process. Nevertheless, their study finds no relationship between the presence of individual directors on the board and the disclosure of green banking.

Green Banking

Shampa, T. S., & Jobaid, M. I. (2017). This paper search to boost clients, Expectations with the Bank's green strategies to assure durable growth and environmental preservation. Consumer concern in eco-friendly products and infrastructure is increasing. The findings gained based on the first five various sectors to determine their results. Firstly "Information Availability and Customer Needs, secondly "Spirit of Ethics and High Yield Saving, thirdly Energy Efficiency fourthly Product Benefits finally Integration and personalization. Ullah, M. A. (2020) also adds in his research this paper discovers that Bangladesh is in the process of variation through banking diversity and grounding periodically. It is motile onward without interruption. There are many more provisions for them to provide a variety of green money on the path of long-term improvement of Bangladesh. Harsh, effective, and In this case, the collaborative efforts of the banks demand days. Dewi, I (2017) furthermore this paper used SPSS for analysis based on secondary data. The analysis of the hypothesis test found that the execution of green banking was efficient to reinforce the relationship between corporate social responsibility and confidential concern of banking companies on the Indonesian Stock Exchange. SM Mahfuzur, R., & Barua, S. (2016) The focus of their study on the impact of climate change on economics, especially banks, is that this paper uses the theory of change at the sector-wide, establishment and concerted levels as a tool to determine barriers to green banking and examine the actions required to discourse those obstacles and achieve intended results and belongings Masukujjaman, M et al (2017)They also add that their analysis proved that the concerned bankers considered green banking as environmental banking which desire of defending the environment although higher endorsement costs. Also, Green Banking and Islamic Banking seemed to be rational and attached as Islam subsidizing resource rescuing, purity,

morality, and social responsibility, these are also the mottos of Green Grameen Bank. The analysis is based on questionnaires' from 48 Islami bank employees. Burhanudin, B., Ronny, R., & Sihotang, E. T. (2020). The results of this paper suggest that blame drives consumer efficiency and negative grapevine about banking projects that neglect environmental concern but not attitudes toward green banking. Negative word of mouth, but not the attitude against green banking, mediates the effect of customer execution as the purpose of consumption green banking services.

1.4 Objectives of the study:

General objective: This report is mainly based on the impact of green banking on the sustainable development of Bangladesh. Secondly, find out the importance of green banking. Thirdly, show the impact of green banking on environmental pollution and economic development.

Specific objectives:

- 1) To identify the major significances of green banking practices of Islami Bank Bangladesh Limited.
- 2) To address the relationship between natural environment and economic environment regarding green banking policies of Islami Bank Bangladesh Limited.
- 3) To acquire knowledge about policies and practices of green banking in the banking sector of Bangladesh.

1.5 Scope of the study

- ❖ This report shows different types of green investment, green products, and policy and also discussed Bangladesh bank green banking policy. I have also solely tried to focus on Islami bank's green banking activities as well as its policies.
- ❖ The study might be able to help us to understand the different necessary roles of green banking and green banking products and their impacts on the economic and environmental development of Bangladesh.
- ❖ Besides the report discuss the current situation of Islami bank's green banking process as well as PCB contribution in the green project and how green banking policies are making an impact on organizational performance as well as helps to create a suitable environment.
- ❖ Finally, I have discovered that green banking policy couldn't be understood by physical attendance because of its high-level operations and high-level policy. But the result of green banking enjoys all classes of people.

1.6 Significance of the Study

- ❖ To find out some recommendations and measures to improve green banking policy for further environment. Green banking practices save our environment from pollution. And how to adopt green investment instead of profitable investment.
- ❖ To improve knowledge about the green banking policy of Islami bank and Bangladesh bank.
- ❖ To show the impact of the green banking policies on both HR and organizational performance toward industrial development.
- ❖ To know the company policy properly
- ❖ To implement the policies of green banking properly.
- ❖ To identify the relationship between green banking with organizational performance and economic development.
- ❖ To fulfill my partial academic requirement.

1.7 Methodology

This paper is quantitative but qualitative in nature. It's based on secondary data collected from (Islami bank's annual report of 2014 to 2018). Graph, chart, and diagram have been used to disclose the result properly. There are also used primary data from bank staff. To make the report understandable, meaningful and presentable I tried to use both primary data as well as secondary data. I prepared a stand read and conducted a conversation with the employee to the selected employee and their customer which mainly helped me to collect primary data of the report. Besides, secondary data is collected from the internet. Also their annual report, articles, different journals, and regular reporting.

Primary data: primary data has been collected in various ways questionnaires and personal interviews. And I personally observe their policy as well their working environment to gather information and their working quality.

- ❖ Face to face conversation with their employee
- ❖ Conversation with the branch manager
- ❖ The question to their customer

Secondary data: data has been collected from the website, paper, and personal opinion of bank staff.

- ❖ Their website
- ❖ Their Facebook page
- ❖ Google scholars
- ❖ Bangladesh bank website
- ❖ Google
- ❖ Publication and reports.

The implication of data: Data is used for theoretical diagrams as well as numerical results. First of all, gather information after that process of inspecting data after that transform the data into a legal document make the data usable. It aims to gather accurate and meaningful information and after using the data for analysis and shows the meaningful result.

1.8 Limitation of the study:

- 1) This paper is based on mainly secondary data. And the result is also based on mainly secondary data.
- 2) This paper is only focused on green banking influence rather than other objects that influence green banking.
- 3) Focused only on the positive sides of green banking.
- 4) Primary data could add realistic information (higher-level employee)
- 5) Primary data is focused only on branches.
- 6) Lack of time and lack of experience
- 7) Coronavirus situation also creates some hindrance to complete this report.

Chapter: 2

Organizational overview

2.1 Islami Bank: Islami Bank Bangladesh Limited is a Joint Venture Public Limited Company which is involved in commercial banking business established on Islamic Shari'ah with 63.09% foreign shareholding having foremost branch system (total 373 Branches, 162 Sub-Branches, and 2283 Agent Outlets) among the private sector Banks in Bangladesh. It was established on the 13th March 1983 as the first Islamic Bank in South East Asia. It is included with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. Authorized Capital of the Bank is Tk. 20,000.00 million and Paid-up Capital is Tk. 16,099.91 million having 33,686 shareholders as of 31st December 2019.

2.2 Objective: The objective is specific firstly to develop Islamic Banking through the introduction of a welfare-oriented banking mechanism and also assure equity and justice in the area of all economic activities. Secondly, reach unbiased expansion and rightful improvement through miscellaneous investment activity specifically in the major sectors and the least developed aspect of the country. Finally To inspire socio-economic upliftment and financial services to the loss-income society, specifically in the rural areas.

2.3 Vision: Their vision is to always seek to obtain superior financial efficiency, be explored a steering Islamic Bank by reputation and performance. They intend to ascertain and sustain the modern banking techniques, to assure wisdom and the improvement of the financial procedure premised on Islamic principles, and to become an intense and proficient organization. With extremely stimulated specialists, working for the welfare of people, based upon responsibility, clearness, and completeness to assure constancy of financial systems. They always try to stimulate savings in the form of direct investment. They will also try to stimulate investment specifically in projects which are more likely to lead to higher employment.

They are committed to all sectors and all class people to distribute their services and ensure economic development with a quality product. Specifically, they are committed To Shariah To their Regulators (Bangladesh bank) secondly their Shareholders thirdly their Community fourthly the Customers (ensuring quality services) fifthly their Employees (ensure their rights) sixthly their other stakeholders (who are directly and indirectly involved), and finally Environment.

2.4 Core Values: core value means a standard that they follow or the moral standard that makes them different from other organization

- ❖ The Trust in Almighty Allah (Islamic sharia-based)
- ❖ They Strictly observance of Islamic Shari'ah
- ❖ They maintain the highest standard of Honesty, Integrity & Morale Welfare Banking
- ❖ They treat all customer Equally and provide the same Justice
- ❖ They are Environmental Consciousness
- ❖ They provide Personalized Service

- ❖ For the change of time, they Adopt new Technology (ability to adopt new technology)
- ❖ They provide Proper Delegation, Transparency & Accountability in every sector.

2.5 Strategic Objectives

- ❖ Ensure customers' satisfaction in every sector.
- ❖ Maintain welfare-oriented banking.
- ❖ Establish a set of managerial succession and adopting new technology
- ❖ Assure successful development for stable banking process
- ❖ Prioritize their client's welfare in a standard way.
- ❖ Assure healthier & stronger banks among the banking industry and continue stable positions in ratings, which is based on the volume of quality assets and quality services.
- ❖ Diversification of their service as Sector, Size, Economic purpose & geographical location wise Investment and expansion need-based Retail and SME/Women entrepreneur financing.
- ❖ Assure their investment in green business enterprise
- ❖ Value their employee and motivate them, lead them toward objectives with a proper return.
- ❖ Provide more attention to the human resources sector as well as the financial market.
- ❖ Assure attractive facilities, lucrative career path, and excellent working environment for their employee.
- ❖ Ensure zero tolerance compliance on negligence issues regulatory issues.
- ❖ Assure proper training & development to their human resources simultaneously & provide adequate materials to satisfy their customer's need.
- ❖ Become excellent in the least developed community and area to serving the cause.
- ❖ Motivate and provide responsibility with power to their team members to take ownership of every job.
- ❖ Assure continuous development to their human resources.
- ❖ Motivate and encourage the future generation to become pro-active
- ❖ Achieve standard which is recognized globally.
- ❖ Assure Corporate Social Responsibilities (CSR) in every activity.
- ❖ Buildup, promote, and encourage people to use solar energy and green banking culture and ecological balancing.

2.6 Products offering by Islami bank: There are three types of products offer by Islami bank.

- 1) **Deposit Products:** the bank mobilizes deposits through different types of accounts. Such as Al-wadeah and Mudaraba accounts
 - ❖ Al- wadeah is a current account that is based on the principle of wadhea. The bank commits to refund the deposit money based on the demand of the

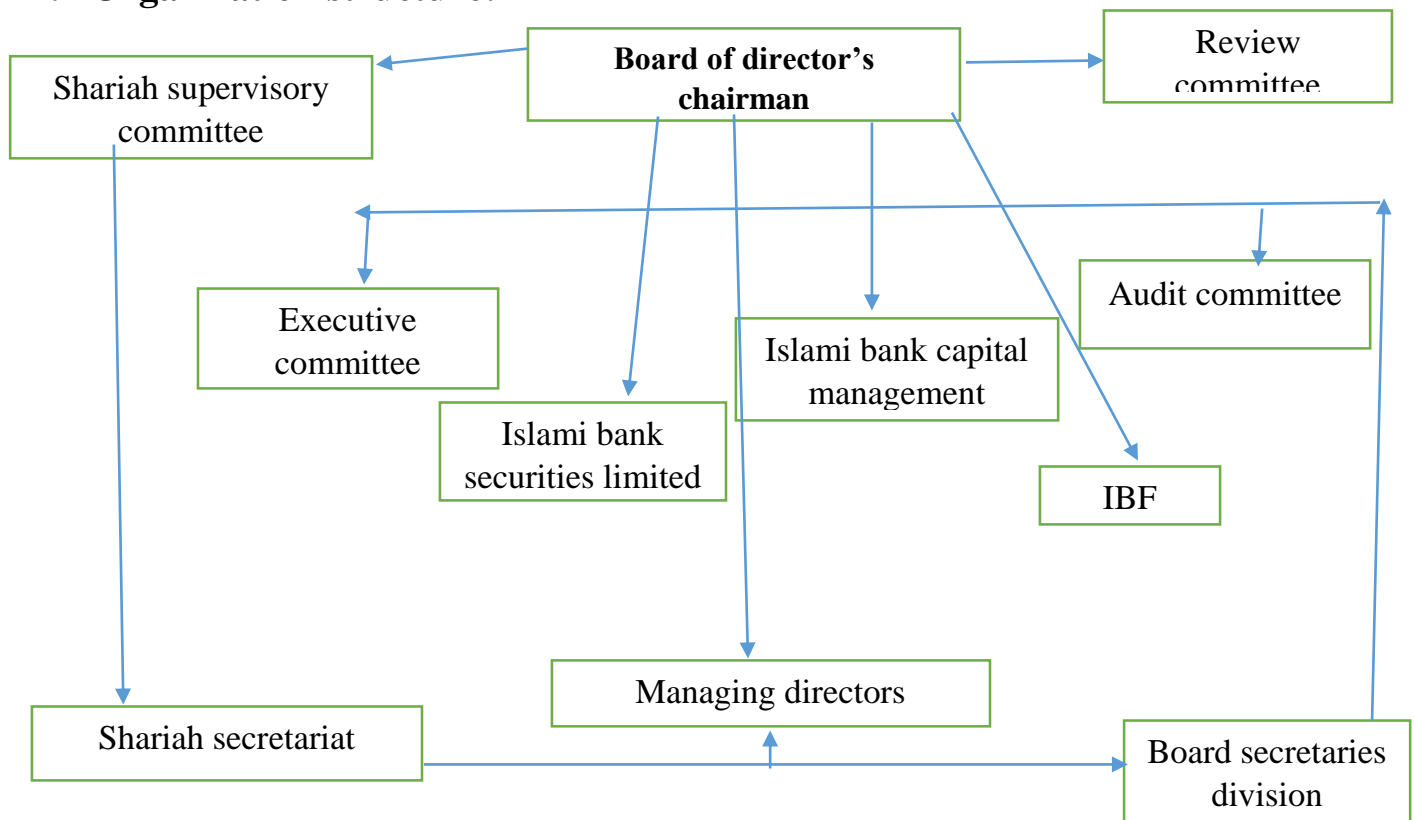
customer. Bank also takes permission from the customer to utilize their deposit. The customer won't get any profit from the deposit as well they do not bear any loss.

- ❖ **Mudaraba:** where bank is 'mudarib' and customers are shahib Al-Mal. the bank invests a minimum of 65% of the deposit amount on behalf of the customer. And customers can control the account.

2) **Investment:** Because of sharia-based banks the special or core feature of their investment policy is that they invest based on a profit-loss sharing system. Earning profit from investment is not the only motive they also assure another attribute like create employment opportunity.

3) **Rural development scheme:** In Bangladesh 40% of people living poverty line and 18% living absolute poverty line. And in the country majority living in rural areas. It's hard to get privileged because of guidelines and education. And this scheme will provide training, employment opportunities in the agricultural and rural areas. There is also some objective of this scheme. First of all, extend investment facilities for agricultural and other farming and off-farming activities in the rural areas. Secondly, finance and train to be self-employment and income-generating activities of the rural people, specifically the rural unemployed youths and the rural poor. Thirdly enlarge investment facilities for rural housing, keeping in view the needs of housing facilities of the rural dwellers. Finally To provide educational services and safe drinking water, sanitation & Medicare facilities to the downtrodden people.

2.7 Organization structure:



Chapter: 3

Green Banking Practices in IBBL

3.1 Green banking projects:

Solar Energy: Solar energy. Solar energy can be defined as the light and heat that comes from the sun and humans can utilize the sun's energy for a few various purposes. As electricity, which is used for heating buildings and cooking, helps to salt away from seawater. It is used by plants in the method of photosynthesis Islami bank. The Bank has a strong commitment to using renewable energy resources in its operations and as such installed solar panels at Head Office and 34 branches in 2016, it increased 50 branches. in Islami bank, their Maximum area, including its Head Office is functioning below the solar panel approach and its 58 branches out of 367 all over the country are interpreting services below the solar panel system

Waste Management: Waste management means the activities and process which is necessary to handle waste from its initiation to its ultimate disposition Islami Bank emphasizes the waste reduction of its property and centrally piling up its e-wastes and other solid wastes from every operational unit and disposes of centrally through e-tendering that is environmentally friendly and safe. In 2015, the Bank earned Tk.2.40 million from the sale of its e-wastes. In 2016, the Bank earned Tk.4.50 million, in 2017, the Bank earned approximately Tk.1.13 million, in 2018, and the Bank earned Tk.3.45 million. Recycling substance is a package that contains recycled material, besides recyclability can be defied as the likelihood that the stuff we recycled will be entirely sorted and transformed into a new item.in 2018 they invest 1,247.24 which is remarkable.

Energy Efficiency: The Bank always advises the bureaucracy to endorse an energy and water competent strategy. The offices attempt to assure proficient use of gas, fuel, electricity, and water to propose to diminish carbon emission. Energy productive equipment like energy-saving bulbs, less sound, electricity generators, etc. is used in the offices. Energy consumptions of the Bank for 2014 were as under. In 2018 the bank has 235.05 disbursed amount on energy efficiency

Biogas: The definition of biogas can be the mixture of gases generated by the collapse of natural matter in the deficiency of oxygen, principally comprised of methane gas and carbon dioxide. It can be manufactured from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste, or food waste.

Green training: Islami bank also provides green training for people to understand green banking properly and to help the environment. In this program, Islami bank trains people to invest in green projects and to understand the importance of green projects.

3.2 Direct green investment of Islami bank:

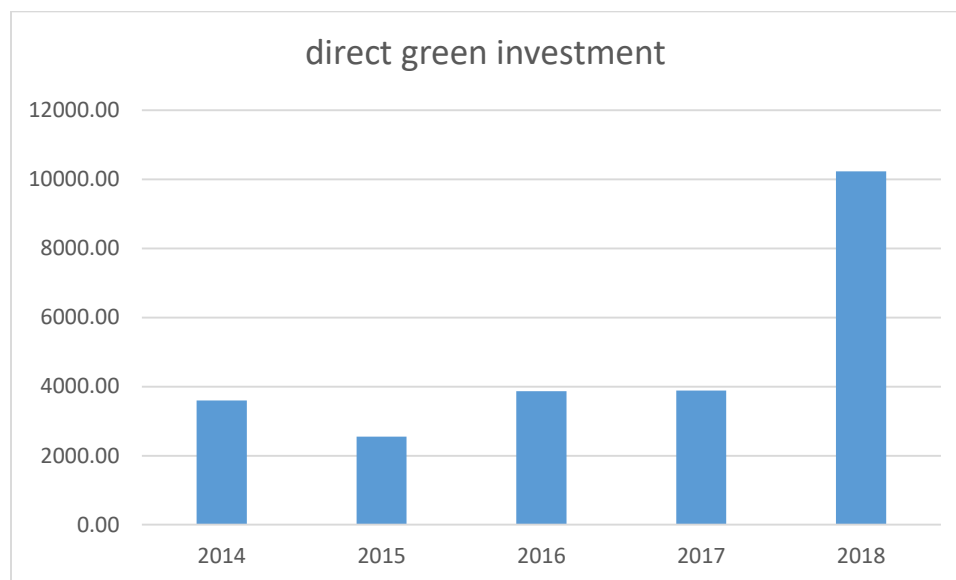


Fig 3 (Sources estimated)

Interpretation: This graph shows Islami bank's green banking activities over the year 2014 to 2018 and it's discovered that there is a fluctuation situation and in 2018 they invest more amount than in previous years. It seems they gradually increase their amount if we compare to other banks it's pretty high and considerable. Islami banks will be an inspiration for other private commercial banks and new banks.

3.3 Category of green investment (2018)

Sl. No	Sectors of Green Investment	Disbursed Amount
1	Solar Energy	188.42
2	Bio-gas	111.46
3	Energy Efficiency	235.05
4	Waste Management	2,197.71
5	Recycling and Recyclable Product	1,247.24
6	Environment-friendly Bricks Production	3,107.46
7	Green Establishment	281.43
8	Miscellaneous	2,857.51

Table 2 (sources estimated)

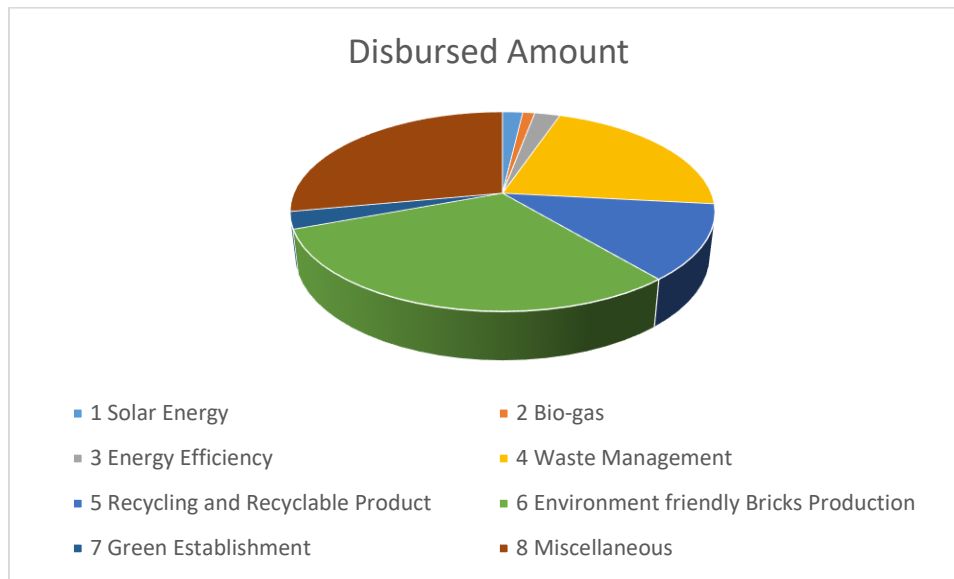


Fig 3 (sources estimated)

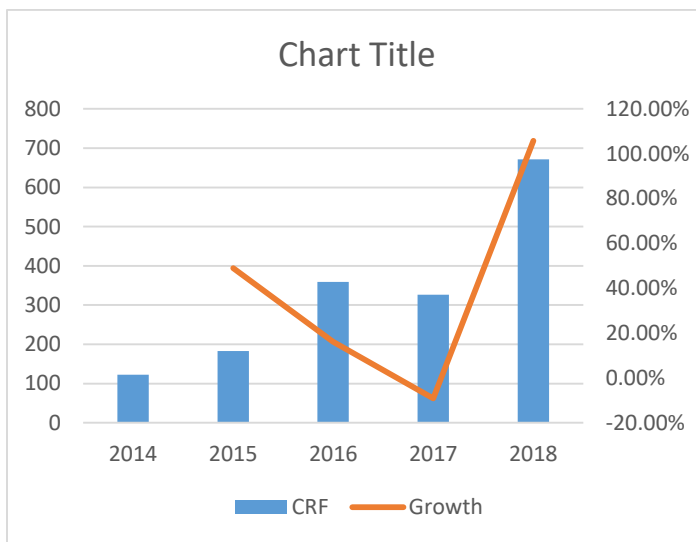
3.4 Some issues will be considered as green activities Islami bank do in recent years.

- In 2018 their 5.0% total disbursed funded investments in Direct Green Investments.
- In recent years they Expansion of i-Banking and ADC products coverage.
- They Use of Video Conferencing alternatively of physical movement.
- To reduce of using paper they use lesser paper and use of on-net communication.
- They also use E-tendering and E-recruitment.
- They are well known for Careful use of paper, water, electricity, gas, and other materials to reduce their carbon footprint as well as cost.
- They create more awareness among consumer, employee about green banking
- Also, create awareness toward business people about environmental and social responsibility influence them to do environment-friendly business practices.
- They categorize all their transactions based on their environmental and social risk.
- They monitor their clients, environmental and social performance.
- They succeed to manage their client's non-compliance with the bank's environment and maintain social standards.

Besides these issues, they also develop green marketing and awareness. They have undertaken some steps for green products and awareness development of the clients and public on environmental issues.

- **Motivation:** they motivate their Clients for making their products, productions, packaging process in an environment-friendly way.
- **Advertisements:** they also publish Advertisements in both print and electronic media to increase awareness about green banking products/issues.
- **Publications:** They also published many publications on green banking products and issues.
- **Public Events:** The Bank also organized many public events on green banking.

3.5 CRF (Calamity Risk Fund)



year	CRF	Growth
2014	122.57	
2015	182.67	49.03%
2016	359.4	16.19%
2017	326.47	-9.16%
2018	671.72	105.75%

Fig 4 & table 3 (sources estimated)

Interpretation: Changing calamity is the most troublesome fact that the whole world is facing. All over the world, there have been ongoing endeavors to calculate and diminish the risk of climate change generated by human activity. Bangladesh bank declared CRF is a CSR activity which is used below Environment-Friendly Banking for the activities related to averting of environmental pollution and abasement, reducing and alteration of climate transformation facts, mitigation of carbon emission rate, disaster management (averting & reclamation), etc. The total CRF employ of 2016 and 2015 was Tk. 670.77 million and Tk. 577.30 million, respectively. 16.19% growth in 2016. CRF utilization of 2016 and 2017 was Tk. 359.40 million and Tk. 326.47 million, respectively, -9.16% growth in 2017. Respectable CRF utilization of 2017 and 2018 was Tk. 326.47 million and Tk. 671.72 million, respectively, 105.75% growth in 2018. this graph shows in 2018 their growth rate is in the maximum position.

Chapter: 4

Analysis & Findings

4.1 Analysis and discussion

Change in the environment will change the economy. A country is known for its economy and its environment. In developed country their main focus is not to develop their economy they focus on the environment because they believe a sound environment will provide a sound economy.

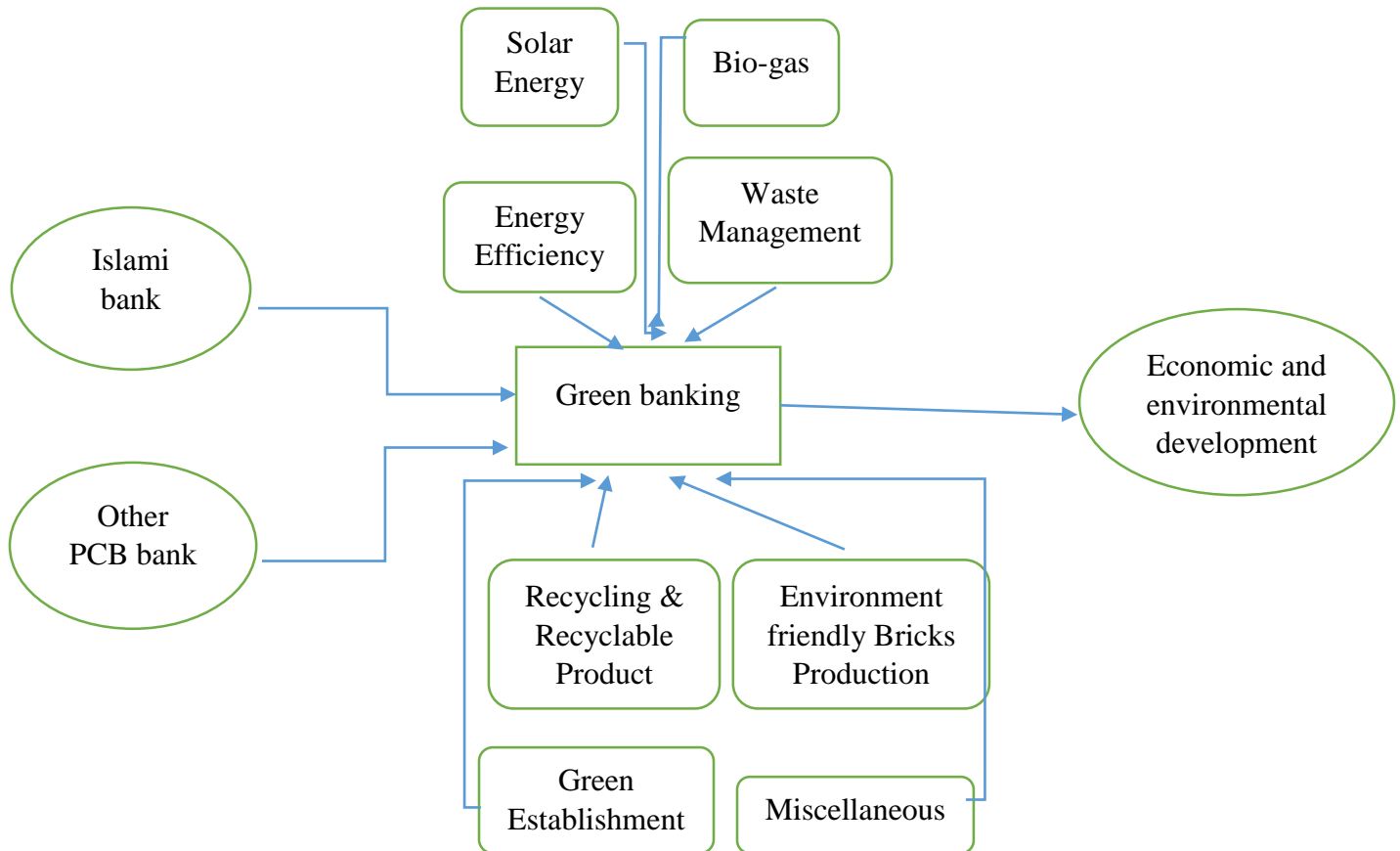
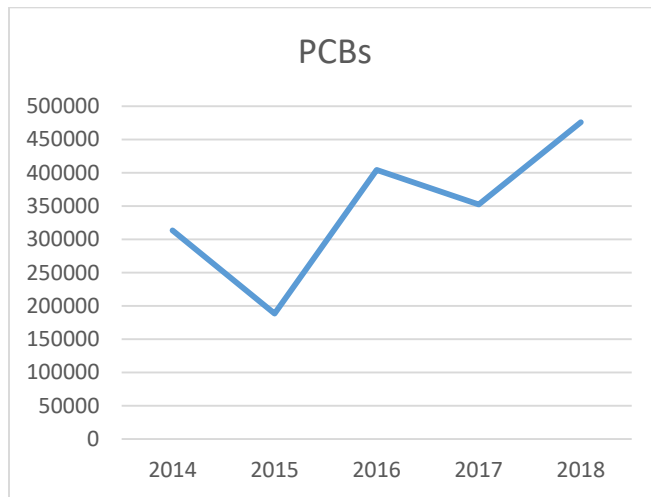


Fig 1 (sources estimated)

Interpretation: Bangladesh banks provide some rules, regulations, and guidelines for green banking, and all banks including private and public both follow the instruction based on their policy. Islami bank also belongs to private commercial banks and Islami bank invest above those sectors to contribute to our environmental and economic development. Islami Bank has distributed its green banking activities in those eight sectors. They have 56 Banks out of 57 have at least one online branch and 46 banks have opened internet banking facility up to September 2018. This graph shows how green banking helps to develop and improve the economic and environmental situation by providing environmentally friendly products. And Islami bank and other PCB help to develop this ecosystem to help our environment as well our economy.

4.2 Private commercial Banks in Bangladesh:



year	PCBs
2014	313514.08
2015	188,744.08
2016	404,485.00
2017	352,544.41
2018	475,841

Fig 2 & table 1 (sources estimated)

Interpretation: There are 42 commercial banks in Bangladesh and each bank has their policy toward green banking strategy. And this graph shows their investment in green banking from 2014 to 2018. And this graph discovers that their contribution is increasing gradually. It seems private commercial banks are very dedicated to green banking. There are several reasons behind green banking: firstly Bangladesh bank regulation, secondly increasing social activity, thirdly promotional policy, fourthly their social responsibility toward society and the environment. And most of the banks have online banking services and they all provide home banking services.

4.3 SWOT analysis of green banking: Green banking is the policy to save our environment from various pollution as well as environmentally harmful activities. It has some internal strengths and weaknesses as well as some opportunities and threats which come from outside. Green banking SWOT analysis is given below with considering Islamic bank policy.

Strength:

Strengths are belongings that an organization does significantly well, or in other words, that differ one organization from other organizations and their competitors. Assume the core competency that an organization has over other organizations. These could be the staff motivation, ability to run certain materials and equipment, internal environment, strong set of production processes.

- ❖ Save our environment.
- ❖ Use solar energy and utilize natural resources properly.

- ❖ Cost efficiency.
- ❖ A suitable environment for employees and customers.
- ❖ It's work as advertising or promotion
- ❖ Wastages can be recycled as well as the environment
- ❖ Helps to develop our economy
- ❖ Environmental friendly activities.
- ❖ Profit from green investment

Weakness:

Weaknesses are elements that ward off the organization from assembly its mission and reaching full perspective. This weakness hampers organizational development and success. That could be their policy, employees' movement, lack of equipment, lack of skill, lack of motivation, etc.

- ❖ Internal politics
- ❖ Unconscious about environment
- ❖ Bureaucracy in investigation
- ❖ Proper rules and regulations
- ❖ Lack of knowledge about green banking.
- ❖ Lack of guidelines
- ❖ Proper technology
- ❖ Lack of employee training about green banking

Opportunities:

Opportunities arise from the external environment and they are chances of happening, something positive, but organizations should urge them for themselves. They usually come from outside situations in the organization and demand to observe what could arise in the future. They could arise as in the market developments, or in the technology improves. If the organization has the ability to patch and exploit opportunities can make a massive variation to the organization's capability to strive and take the lead in a specific market.

- ❖ Scope of future investment
- ❖ Governmental support
- ❖ Increasing customer
- ❖ New product opportunity
- ❖ International standard
- ❖ A disciplined and skilled employee
- ❖ Long term facilities
- ❖ A suitable environment for future investment
- ❖ Increasing public positive attitude

Threats:

threats also come from outside of the organization. Threats encompass anything that could negatively affect one's business from the outside, for certain problems in the supply chain, market requirements changes, or a lack of employability. It's important to preempt threats and prepare against them before they become a sufferer of them and develop stalls.

- ❖ Frequently change in calamity
- ❖ Change in government
- ❖ Unsustainable environment
- ❖ Local area people
- ❖ Illiterate people
- ❖ Government regulations
- ❖ Lack of knowledge among the public
- ❖ Change in public attitude

4.4 Findings:

The findings of this paper are based on the analysis and theoretical part of this paper. This paper is mainly emphasis on green banking, the contribution & practice of Islami bank.

- 1) Every green banking activity leads green projects toward environmental development as well as economic development.
- 2) Islami bank and private commercial bank both have positive thinking toward green banking.
- 3) There is a positive relationship between environmental development and economic development
- 4) Islami bank's green banking project is quite miserable and they disclose it properly.
- 5) There are two different sides of green banking positive and negative. The positive side is to the sustainable development of our economy and environment and the negative side is that banks think that green projects won't be profitable or the return from the green project is unpredictable.
- 6) There are several issues Islami bank has been considered in their green banking strategies such as biogas, energy efficiency, Recycling, and Recyclable products, wastages management, Environment-friendly Bricks Production, etc.
- 7) Islami bank take part on Calamity risk fund and utilize their investment properly that could help our environment when calamity change frequently.
- 8) Contribution of private commercial banks is increasing gradually

9) Islami bank mainly focused on its external environment.

10) Green Banking not only helps for the environment but also the bank like increases popularity, use as a promotional activity, return from the green project, increasing goodwill, etc.

11) Islami bank's green banking policies have some strengths and weaknesses in their own as besides some opportunities and threats arise from outside of the organization.

12) Green banking could save our life from pollution and other natural disasters and also helps business organizations to continue their activities smoothly.

Chapter: 5

Recommendations and conclusion

5.1 Recommendations:

This paper discloses Islami bank's green banking process and its impact on our sustainable environmental development as well as economic development. There are several recommendations based on this paper that could help to increase the impact of green banking

- 1) Bangladesh bank and other regulators authority should collaborate and provide some rules for all type of firms about green banking. And make restrictions toward the environmentally harmful organization.
- 2) All Private commercial banks should maintain their standards and policy and collaborate to maintain standards.
- 3) All banks should disclose their green banking strategy and activities that will inspire other banks
- 4) Islami bank should focus on other environment-friendly activities like agricultural areas and tree plantations.
- 5) They should increase their direct investment in green banking and make a standard for upcoming years.
- 6) Islami Banks should be focused on their internal environment that will motivate their employee as well as maintain customer service properly.
- 7) They could use green banking activities as a promotional way. By this, they could also increase other institutions as well.
- 8) Our government should take some steps to encourage business organizations as well as individuals to focus on environmental-friendly investments.
- 9) Pollution could be controlled by individual consciousness and their action.
- 10) All private commercial banks and financial institutions should follow one green banking policy and disclose their contribution.

5.2 Conclusion:

Green banking is not only facilitated to the company but also the environment as well as economy. The economy will change if its environment change and the environment will change if every sector of a country takes proper steps. As we know nature and the future is always unpredictable and to assists our nature and develop our future our organizations have to take proper steps otherwise by the change of time slowly but surely we destroy our environment and ourselves too. Human is the most critical assets for an organization and every organization run by a human. They start the revolution and they will end up it. And it's high time to take steps to protect our environment and develop ourselves too. As we know maximizing the profit is the ultimate goal of an organization but it won't be sustained if the environment changes frequently. This paper is based on green banking and the way green banking helps our environment to sustain our economic development. The result of this paper indicates that green banking helps our environment in many ways and makes our environment less harmful by considering industrial activities. Green banking also helps banking activities smoothly by providing a better environment to their customers and employee. Green investment not only profitable for the bank but also profitable for our environment. And green banking helps to use natural resources properly. Everything has its positive and negative sides this paper only focused on its positive sides. There are several limitations like not including the facts that affect green banking, and only used secondary data. Behind that limitation, this paper mainly focused on the importance and need of green banking. Islami bank follows the instruction given by Bangladesh bank and considers their policy and this paper shows the impact and their influence on green banking.

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