

## SUSTAINABLE BANKING: AN EVALUATION OF SBI'S GREEN INITIATIVES

\*Bhavna Sharma \*\*Meenakshi

\*Assistant Professor, School of Commerce, Finance & Accountancy, Christ University, Delhi NCR

\*\*Assistant Professor, Babu Anant Ram Janta College Kaul, Kaithal,

### Abstract

The rising emphasis on environmental sustainability has prompted financial institutions to implement green banking initiatives. Green banking involves the integration of eco-friendly practices within banking operations to support environmentally responsible projects, minimize carbon footprints, and promote sustainable economic growth. This study examines the State Bank of India's (SBI) green banking strategies, policies, and contributions toward sustainability. Utilizing a comprehensive review of secondary data sources, including sustainability reports, academic literature, and industry publications, this research underscores SBI's commitment to environmentally responsible banking practices, energy-efficient operations, and green financing. The findings suggest that SBI has played a pivotal role in fostering sustainability while maintaining operational efficiency and economic growth.

**Keywords:** [Green Banking, Sustainable Finance, State Bank of India, Renewable Energy, Eco-friendly Banking, Green Bonds, Digital Banking]

### INTRODUCTION

Green banking is a progressive approach in the financial sector that incorporates environmental considerations into banking activities. As financial intermediaries, banks can significantly contribute to sustainability by funding eco-friendly projects, reducing their carbon footprints, and implementing environmentally responsible policies. With growing global concerns regarding climate change, financial institutions are increasingly expected to align their operations with sustainability goals. The State Bank of India (SBI), India's largest public sector bank, has been a pioneer in adopting green banking practices. SBI has introduced a range of strategies to align its operations with global sustainability standards (Kumar and Prakash, 2019). The bank's initiatives include financing renewable energy projects, developing energy-efficient banking infrastructure, promoting digital banking, and engaging in corporate social responsibility (CSR) programs focused on environmental conservation. This study aims to analyze SBI's environmental sustainability efforts and assess their impact on the banking sector and the broader economy. Green banking emerged as a response to the increasing global concerns over environmental degradation, climate change, and the need for sustainable economic development. Financial institutions have a crucial role in funding projects that either contribute to or mitigate environmental

challenges. As the largest public sector bank in India, SBI has proactively integrated green banking policies into its operations. This study analyzes SBI's green banking initiatives and identifies challenges in implementing green banking initiatives and provides recommendations for improvement (Sharma and Kumar, 2024).

### LITERATURE REVIEW

The concept of green banking has gained prominence globally as financial institutions recognize their role in promoting sustainability. Several studies highlight the importance of integrating environmental considerations into banking operations to mitigate climate change and encourage sustainable economic growth. According to Saxena et al (2021) green banking involves incorporating environmental and social considerations into financial services. Banks can contribute to sustainability by investing in eco-friendly projects and promoting paperless banking, which reduces carbon footprints. Rai and Gupta (2017) emphasized that banks, as financial intermediaries, have a crucial role in supporting sustainable development by financing environmentally responsible businesses and implementing green operational strategies. Sharma and Singh (2017) indicated that Indian banks have increasingly adopted green banking initiatives, such as paperless transactions, green loans, and financing renewable energy projects. However, challenges such as high costs and lack of awareness persist. Kumar and Prakash

(2020) highlight SBI's pioneering role in green banking in India. The bank's investment in renewable energy, issuance of green bonds, and digital banking transformation have positioned it as a leader in sustainable finance. Menon et al (2017) argued that while green banking initiatives contribute significantly to environmental conservation, banks must overcome regulatory barriers, technological constraints, and customer reluctance to fully integrate sustainability into their operations. The literature review provides a foundation for analyzing SBI's green banking initiatives, demonstrating the broader trends, benefits, and challenges associated with sustainable finance in the banking sector.

#### **GREEN BANKING INITIATIVES BY SBI**

SBI has implemented various green banking initiatives to support sustainable development. Key initiatives include Green Financing; SBI has provided financial support for renewable energy, waste management, and energy efficiency projects, including funding solar energy projects nationwide, Supporting Wind energy projects, financing industries that generate energy from renewable sources and offering concessional loans for electric vehicles and charging infrastructure.

#### **Paperless Banking and Digital Initiatives**

SBI has encouraged digital banking to reduce paper consumption through Internet and mobile banking: Promoting online transactions to minimize paper use. YONO (You Only Need One): A digital banking platform enabling paperless transactions and account management. Electronic Fund Transfers (EFT), UPI, and NEFT: Facilitating cashless transactions to lower environmental impact.

#### **Green Bonds**

SBI has issued green bonds to raise capital for eco-friendly projects, including renewable energy projects such as wind, solar, and hydropower, energy-efficient buildings and sustainable infrastructure, clean transportation initiatives, including metro rail and electric mobility projects (Deshpande And Bhople,

2023).

#### **Energy-efficient Banking Infrastructure**

SBI has incorporated green infrastructure strategies to enhance sustainability in banking operations: Constructing and certifying eco-friendly office spaces under LEED and IGBC standards, Installing LED lighting across branches and offices, implementing solar energy solutions in bank branches, implementing rainwater harvesting and wastewater recycling initiatives.

#### **Sustainable Corporate Social Responsibility (CSR) Activities**

SBI's CSR programs focus on environmental conservation through tree plantation drives to counter deforestation and air pollution, funding groundwater recharge and rainwater harvesting initiatives, organizing workshops and training programs on sustainability, partnering with organizations focused on environmental protection (Karanth, 2024).

#### **FINDINGS OF THE STUDY**

- **Significant Investment in Renewable Energy:** SBI has emerged as a major financial supporter of renewable energy projects, providing substantial funding for solar, wind, biomass, and hydroelectric power projects. These investments have played a crucial role in reducing reliance on fossil fuels and promoting clean energy adoption in India.
- **Reduction in Paper Consumption through Digital Banking:** SBI's promotion of paperless transactions, including the use of internet banking, mobile banking, and digital financial platforms like YONO, has contributed to a significant decline in paper usage. This shift towards digital banking has helped reduce the bank's overall environmental footprint.
- **Issuance of Green Bonds:** SBI has successfully raised funds through green bonds to finance eco-friendly projects, allowing for more investment in sustainable infrastructure and renewable energy ventures.
- **Energy-Efficient Banking Infrastructure:** The implementation of green buildings, solar-powered

branches, LED lighting, and water conservation measures across SBI's offices and branches has resulted in reduced energy consumption and operational efficiency.

- **Increased Customer Awareness and Participation:** SBI's initiatives, including environmental awareness programs, partnerships with non-governmental organizations (NGOs), and financial literacy campaigns, have contributed to greater customer engagement in green banking practices.
- **Challenges and Barriers:** Despite its progress, SBI faces obstacles such as high costs associated with green banking implementation, regulatory constraints, limited customer awareness, and the need for stronger governmental incentives to further promote sustainable finance.

#### IMPLICATIONS OF THE STUDY

The study will be helpful for financial institutions as it highlights the importance of integrating sustainability into banking operations. Other banks can learn from SBI's strategies and adopt similar green banking initiatives to enhance their contribution to environmental conservation and corporate social responsibility. It will also be useful for policymakers and regulators as the study underscores the need for stronger regulatory frameworks, incentives, and policies that encourage banks to invest more in sustainable projects. Government policies supporting green bonds, tax benefits for renewable energy investments, and stricter environmental compliance regulations can further accelerate the adoption of green banking. The study will be helpful for companies that rely on financial assistance for their operations can benefit from SBI's green financing initiatives by investing in renewable energy and adopting sustainable business practices. Increased corporate participation in green finance can contribute to a more environmentally responsible economic landscape. Increased awareness and incentives can encourage customers to actively participate in sustainable banking practices, further amplifying the

impact of green banking initiatives. SBI's commitment to green banking serves as a model for how financial institutions can contribute to global sustainability efforts. The reduction in carbon footprints, increased investment in clean energy, and promotion of eco-friendly banking practices collectively contribute to the mitigation of climate change and environmental degradation.

#### RECOMMENDATIONS

To further strengthen and enhance the effectiveness of SBI's green banking initiatives, the following recommendations should be considered: SBI should diversify its green financing portfolio by investing in emerging renewable energy sources such as hydrogen energy and carbon capture technology. Additionally, concessional loan schemes for sustainable businesses and startups could incentivize greater participation in green projects. Increased Collaboration with Government and International Organizations: By partnering with national and international institutions focused on sustainability, SBI can access additional funding and technical expertise for green banking initiatives. Engagements with global organizations such as the World Bank and the United Nations Environment Programme (UNEP) could further strengthen SBI's sustainability efforts. SBI should work closely with policymakers to advocate for enhanced regulatory support and incentives, such as tax benefits for green investments and increased subsidies for renewable energy projects. Clearer guidelines and incentives from regulatory authorities will encourage more banks to adopt similar sustainability measures. SBI should leverage artificial intelligence (AI), blockchain, and big data analytics to improve efficiency in green financing. AI-powered risk assessments can ensure more accurate evaluation of green projects, while blockchain can enhance transparency in green investments and carbon credit trading. SBI should intensify its efforts in educating customers about green banking through targeted marketing campaigns, financial literacy

programs, and incentives for adopting eco-friendly banking solutions. Providing rewards for customers using digital banking services and offering green credit card benefits can further drive sustainable financial behavior. It should continue to enhance its digital banking platforms to further reduce reliance on physical banking operations. More investment in mobile banking apps, AI-powered chatbots, and automated customer service solutions can improve accessibility while reducing energy consumption associated with traditional banking. SBI should continue and expand its CSR programs focused on environmental sustainability, including afforestation, water conservation projects, and eco-friendly community development initiatives. Greater participation in environmental conservation projects will enhance SBI's reputation as a leader in sustainable finance. It should implement robust monitoring and reporting mechanisms to evaluate the effectiveness of its green banking initiatives. Regular sustainability reports, audits, and impact assessments will ensure continuous improvement and accountability in green banking operations.

### CONCLUSIONS

The State Bank of India (SBI) has established itself as a frontrunner in the adoption of green banking practices, demonstrating a strong commitment to sustainable financing, digital banking solutions, energy-efficient infrastructure, and corporate social responsibility (CSR) initiatives. Through its extensive efforts in financing renewable energy projects, issuing green bonds, promoting digital transactions, and implementing eco-friendly banking infrastructure, SBI has significantly contributed to environmental conservation and the broader sustainability agenda in India. Despite these commendable initiatives, several challenges persist, including high implementation costs, regulatory hurdles, and the need for greater customer awareness and participation in green banking practices. Addressing these challenges requires continuous innovation, strategic investments in emerging green

technologies, and a more robust policy framework that supports the expansion of sustainable banking operations. To further enhance its impact, SBI should explore opportunities for collaboration with global financial institutions, governmental bodies, and private sector enterprises to strengthen its green banking initiatives. Additionally, leveraging advanced technologies such as artificial intelligence (AI) and blockchain for sustainable finance solutions could enhance operational efficiency and transparency in green investments. Expanding financial literacy programs and targeted marketing campaigns could also encourage greater adoption of green banking practices among customers. Future research should focus on conducting comparative analyses between SBI and other financial institutions, both domestically and internationally, to identify best practices in green banking. Additionally, exploring the long-term economic and environmental impacts of green banking initiatives can provide valuable insights for policymakers and financial institutions aiming to integrate sustainability into their core strategies. By fostering innovation, collaboration, and regulatory support, SBI can continue to play a pivotal role in advancing green banking and contributing to a more sustainable financial ecosystem in India and beyond.

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