

INNOVATIONS IN BANKING SERVICES - A STUDY WITH SPECIAL FOCUS ON SOCIAL AND SUSTAINABLE BANKING

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Abstract

Sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their needs. It is about preserving the environment and biodiversity for future generations, and about being cautious with our natural resources and climate. But sustainability is also about guaranteeing human rights and a life in dignity, free from want and poverty for all people living today. Digital infrastructures and corporate data management systems, a coordinated but distributed effort may be achieved with positive effects on social responsibility and sustainability for supply chains, data management, corporate reporting and regulatory issues. This paper conceptually understand what are the challenges banking sector works towards achieving sustainability by keeping the social thread in inclusivity and improvement.

Design/methodology/approach–The author review some of the literature and practice in banking services with due emphasis on social and sustainable banking.

Findings–The author propose a research question .i.e., specialists must adopt innovations in banking sector analyzing relevant trends and their implications for the future of banking services. These specialists must adopt change to foster enterprise performance, agility, creativity and innovation

Keywords: *banking, social and sustainability, responsibility, challenges, digital*

Introduction

The term social banking is increasingly used to refer to banking based on new ‘social’ media, such as the Internet and related software. In this context, the ‘social’ part mainly comprises of establishing a direct connection between lenders and borrowers - without necessarily aiming for a social impact. Second, particularly in developing countries, social banking is often understood as government or development banking. Third, and usually also with respect to developing countries, social banking is very commonly associated with microfinance or microcredit. Fourth, the term is used for banks that mainly or exclusively serve socially

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oriented or charitable clients. Finally, especially in the Northern hemisphere, the term social banking is used for banks that strive for only doing business with a “positive impact”.

Need for the study

- As most of the studies have been focusing on changing dynamic environment and working on upscale the efficiency of the banking services to improve their productivity.
- Today it is not also productivity there are many parameters mentioned in the recent studies of affecting the sustainability
- There is also an urgent need to upscale to attain sustainability, which has to be brought by developing the banking services innovations to meet out the complexities in of environment

Review of Literature

Ullah (2013) examined the nature and magnitude of CSR initiatives and practices by the commercial banks in Bangladesh. The study found that almost all of the banks in the country have more or less engagement in CSR activities. The areas of involvement in CSR activities include community investment, environmental banking, FI, and CSR reporting.

A report on **Green Banking (2013)** presented by Institute for Development and Research in Banking Technology, IDRB, (Established by Reserve Bank of India), in their publication, propagated the concept of Green Banking. The Publication explains various possibilities that exist in the Banking arena to increase energy efficiency and thereby to contribute their bit to the ongoing global efforts at ensuring sustainable development. It dwells on environment-friendly practices that banks can adopt with respect to its IT infrastructure and Green products and services. The case studies mentioned in this publication offer insight into what banks can potentially achieve by being environmentally proactive. Considering the nature of Banking processes and infrastructures, the publication offered guidelines for Greening Banking in two levels- i) Greening Processes, Products, Services, and Strategies, and ii) Greening Infrastructure. The report highlighted simple methods in the context of Green Banking which could be adopted by any bank for its building, data centre, internal processes, educating customers on technology-based transactions, saving energy, etc. The publication proposed the introduction of Green Rating Standards, coined the term of as “Green Coin Rating” for Green efficient Banks and Banking practices among Indian Banks. Under this rating system, banks are judged on the basis of carbon emissions from their operations, amount of Green projects financed by them, and on the amount of recycling, rewards or

recognitions given to borrowers for 80 turning their businesses Greener, refurbishment and reuse material being used in their building furnishings and in the systems used by them like servers, computers, printers, networks, etc.

GABV(2012)The role of banks in the economy calls for a greater sustainable approach to be adopted by firms in the industry. Sustainable banking can be seen as a progression of utilizing financial products and services in creating a prosperous environment

Guo, Hao (2005), in his thesis titled “Pathways to Sustainable Banking in China: from Environmental Risk Management to Green Financing”, explored the ways of incorporating Environmental Risk Management (ERM) system in Industrial and Commercial Bank of China (ICBC), which is currently using Credit Risk Management system. Specifically, the author analysed the most appropriate financing system for corporate customers in ICBC in the direction of sustainable development. The reason behind conducting the paper was to increase awareness among the ICBC’s managers about the sustainable banking. It helps in building awareness about the sustainable banking strategies like institutionalized in the near future. It provides benefits of sustainable banking for ICBC and other Chinese commercial banks. This research also presented suggestions for implementation of Green financing in the near future.

Chesbrough, H (2010) specified that the intermediary role of banks is said to be significant to the economy On the other hand, adopting a sustainable banking approach is considered to be synonymous with the adoption of sustainable innovative approaches in other industries

Donaldson, T.; Preston, L.E(1995) which has focused on taking into consideration the desires of the organization’s stakeholders as well as on ensuring a serene environment and society when proposing values Therefore, the core of any innovative model should revolve around the creation of values with economic, environmental, and societal benefits.

Schaltegger, S.; Hansen, E.G(2016) mentioned that. in relation to the principles of innovative sustainability, sustainable banking could be seen as an ideology motivated by the need for new and sustainable approaches that can be used in transforming the industry by applying innovative technologies that aid in the efficient and effective delivery of banking services The concept of sustainability in the banking industry has also been considered to be a philanthropic act whereby banks, through their services and products, create values that protect the well-being of society through positive or ideal investment

Challenges:

1. Lack of Digital Infrastructure: The first and foremost requirement of a digital economy is the penetration of internet and Smartphone.

2. One cannot expect an overnight change in the perception of a majority of Indians over the use of plastic money. Government needs to come out with awareness and incentive schemes to promote digitalization
3. While the specific innovations recognized often differ between these competitions, surprisingly a few organizations and geographic regions seem to excel each year
4. Lack of inclusion from the bottom of pyramid due to illiteracy and ignorance
5. Technology must reach every corner of the life this is still in ambiguous and insane state with regards to social awareness
6. Lack of philanthropic aspect is one of the challenging element where societal well being is depended

Conclusions:

1. Creating more awareness on Green Data centers and initiating action oriented decisions with immediate effect.
2. Encouraging real estate with go green conscious by establishing green buildings which will provide energy efficient, resource efficient and environmentally responsible, which incorporates design, construction and operational practices that significantly reduce or eliminate its negative impact on the environment and its occupant.
3. Eco-lobbying, eco-diversity, eco-friendly banking services
4. Trees transplanted and protected and integrated into building proposals
5. Paperless banking operations
6. Encouraging the bottom level citizens i.e, below poverty customers to adopt and utilize banking services and train them to be inclusivity in the prosperity by adopting technology
7. Creating

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