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Social and environmental sustainability of banks in India - An analytical study

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Abstract

Sustainability is meeting “the needs of the present without compromising the ability of future generations to meet their own needs” The study on Social and Environmental sustainability of banks is based on survey, descriptive and analytical method of research. The research study comprises the three categories of banks operating in Karnataka and Maharashtra states and located in Mumbai, Pune, Bangalore and Mangalore centers (known as banking hubs) namely, public sector, private sector and foreign banks as sampling units with top level management (n=20), bank managers (n=4) and banks staff (n=40) as sampling units from each sectors to the tune of 192 (20+4+40=64X3) numbers as sample size.

The research study analyses the banking policy, culture, philosophy, programmes, vision, mission, goals and objectives of sample public sector, private sector and foreign banks. For the analysis causal relationship between independent and dependent variables have been appropriately aligned. For the measurement of sustainability, scaling techniques and statistical tools and techniques such as averages, percentages, standard deviation, factor analysis, t-test, chi-square test, cross correlation, multiple regressions and Cronbach's alpha, have been used. To make the data presentable in a meaningful way, wherever necessary tables, charts, diagrams, graphs have been made use of. The qualitative data under the study have been quantified by using Likert's scale.

Keywords: Sustainability, banks sustainability, social sustainability, environmental sustainability, equator principles, sustainable finance, SEMS

Introduction

In today's competitive business environment, banks crave for their sustainability. There is financial sustainability, internal and external sustainability, human resource sustainability, social and environmental sustainability, that are to be taken care by the banks operating in India under turbulent business conditions. Public sector banks despite the constraints are moving forward to achieve and sustain the multiple sustainability paradigms. Private Banks and foreign banks sustainability is managed by them rigorously apart from complying with the norms of the regulatory agency, RBI. For this purpose they invented new products and services most of them are customized. The present study is all about knowing and analyzing the Social and Environmental sustainability banks operating in India encompassing public sector, private sector and foreign banks.

This research article highlights the essence of Social and Environmental sustainability of banks, which includes those variables which are affecting the banking business within the ambit of banks organisation design, which mainly includes; The dimensions are economic, social and environmental sustainability factors, environmental and social compliance of sample banks environmental and social drivers, social issues affecting sustainability of banks, social and environmental management system (SEMS model) and environmental and social risk factors. The detailed analysis is as follows.

Statement of the Problem

Bank's Sustainability dimensions serves as a guide for strategic planning for banking institutions that want to improve their competitive advantage by integrating internal, external, financial along with social and environmental sustainability concepts, policies, practices, management systems, products and services into their businesses.

Of late, all over the world there is a growing consensus to combat global warming. The environmental sustainable projects are the mainstay in all sectors of the economy. Banking sector is no exception. Modern bankers have realized to fund social and environmental related projects.

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In a study conducted by the international finance corporation, it was found that banker's emphasis of funding changed from economic projects to social and environmental projects.

Operational Definition of Concepts

Sustainability: Sustainability is about ensuring long-term business success while contributing towards economic and social development, a healthy environment, and a stable society'¹

Sustainability in Banking Business

Sustainability in banking business is a dynamic state that occurs when a banking company creates ongoing value for its shareholders and stakeholders, which creates sustainable value.

Sustainable banking can be defined as a decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities (2001) ^[2].

Literature Survey

Marcel Jeucken's (2002) ^[3] article 'Sustainable Finance and Banking' states that, Banks began addressing the issue of sustainability by considering firstly environmental and then social issues and attempting to incorporate them by established policies for the environment and society". Bank Managers can argue that they accomplish their social duties by creating added value through standard activities, activities that generate an impossible profit, but it's reasonable for the society to determine corporations to act responsible and be implied in social activities.

Marcel Jeucken (2004) ^[4] reiterates that internal environmental care means dealing with the environmental factor as carefully as possible in one's own production process. Banks have a relatively limited environmental impact per product unit. Due to the huge volumes with which they work, however, the total environmental impact of banks is not insignificant. Banks occupy huge amounts of office space, devour large amounts of paper, have transport facilities, and consume energy and water. Cost cutting could therefore be considerable.

International Finance Corporation (IFC) and World Bank Group (2012) ^[5] explains that banks are increasingly adopting global standards for environmental and social risk management and developing sustainable finance products. By effectively managing environmental and social opportunities and risks together, financial institutions create long-term value for their business. Business models that address these two dimensions are helping financial institutions differentiate themselves from competitors, improve their reputation among key customers and stakeholders, attract new capital, and generate goodwill and support from stakeholders through increased transparency.

A Bank Track Manual (2012) ^[6] the do's and don'ts of

Sustainable Banking propounds that the discernible shift that many banks have made in recent years towards addressing the environmental and social impacts of their financial services is a welcome and important first step in this direction. More and more banks realize that ignoring social and environmental issues could considerably increase their exposure to credit, compliance and reputational risks. The progress banks make in this field, however, will be measured not by good intentions or even by strong policies on paper. To advance sustainability, banks must seek improved performance and results on the ground in affected communities and environments.

International Institute for Sustainable Development (IISD) (2012) ^[7] opines that while banks play a crucial role in promoting sustainable development, the industry got off to a late start in acknowledging sustainability as an item on its agenda. In the 1990s, however, it started to play a more active role in sustainable development. The major shift happened when bankers realized poor environmental performance on the part of their clients represented a threat to their business success. This article helps this study in acknowledging sustainability as an item on its agenda to achieve sustainable development.

IFC (2005) ^[8] survey of banks found that 65 percent reported tangible benefits from sustainable policies, including developing business in new areas and obtaining first-mover advantage. One of the attractions of sustainability were seen primarily in terms of reputational risk-avoiding the attentions of pressure groups that might campaign against a company for some perceived environmental or social malpractice.

Equally, banks must be aware of where future talent, infrastructure and lifeblood have to be nurtured and protected. The UK Social Investment Forum says, 'As sustainable development becomes an ever-greater consumer, political and regulatory concern, financial institutions risk lagging behind their clients and competitors in understanding global environmental and social changes. This may expose investors and financiers to industries in long-term decline and missing out on growth opportunities in financing emerging ones'. This article helps this study in acknowledging the responsibility of banks which must be aware of where future talent, infrastructure and lifeblood have to be nurtured and protected to achieve sustainable development.

Fiona Harvey (2006) ^[9] in the review article titled 'Sustainable Banking-Lender see profits in Responsibility' reports that, the increasing interest in environmental and social concerns from banks comes amid mounting evidence that seeking sustainability makes sound commercial sense. This article helps to this research study in analyzing the increased interest of banks in environmental and social concerns which of more commercial sense at present to achieve sustainability.

David St. MaurSheil (2007) ^[10] in his research article expressed the fact that as many banks remain in a reactive mode to sustainability, it is likely that all will see a growing divide between the leaders and laggards, with

¹ International Finance Corporations' Report -2005 (IFC-World Bank Group)

² Bouma, Jeucken, and Klinkers (2001)

³Eburon academic publishers Nederland, ISBN90597203691-405

⁴Sustainability in Finance - Banking on the Planet, <http://www.sustainabilityinfinance.com>

⁵IFC's First for Sustainability Financial Institutions: Resources, Solutions and Tools

⁶ A Bank Track Manual (2012)6 - the do's and don'ts of Sustainable Banking

⁷https://www.iisd.org/business/banking/sus_banking.aspx

⁸IFCs,survey report 2004 -Emerald group publishing company Ltd. ISSN 0258-0543, vol.23, No.6,2007 pp 35-38

⁹Fiona Harvey a special report in Financial times 12th June 2006, pp1-6, ISSN:0307-1766

¹⁰Director and Co-Founder, The Association for Sustainable & Responsible Investment in Asia (ASRIA)

environmental, social, and governance risks becoming ever more concentrated in the loan books of the laggards. Meanwhile, proactive banks will have the potential to tap into new consumer and product-driven market niches. This article helps to this research study that the banks are switching from reactive mode to proactive mode to tap into new consumer and product-driven market niches.

Chris Coulter(2007) ^[11] expounds in his research paper on the role of Banks in a society is currently going through a transition that presents important opportunities and, in many ways, is being felt most strongly in developing economies. Expectations are highest in the developing world for the private sector to go beyond core business lines to help improve education and health systems, address poverty, protect the environment and reinforce human rights.

By responding effectively to these expectations, local companies can not only protect and enhance their reputations, but also ensure that they are on equal footing with Banks entering their global markets. This article helps in this study in assessing the interface between the corporates and the banks in achieving sustainability.

Khaled Bassiouny (2007) ^[12] envisages that prosperity, environmental protection, and social justice are considered to be the core of every economy. Developing the human resources of banking and financial institutions in order to create sound, efficient, and responsive financial institutions that are environmentally and socially sustainable can help achieve substantial business benefits.

Christine Coupland, Matthew Gwyther and Others (2007) ^[13] a web based reviewed article titled 'Funding ethical causes is no joke' – Banks find profit in morality and sustainability and lenders see profit in responsibility; clearly indicates the changing attitude of banks towards caring for the planet through their changed role, where the big banks have a unique and vital role and responsibility in promoting sustainable social and environmental behaviors' throughout the world.

Many banks voiced themselves on their websites where matters such as sustainability, corporate social and environmental responsibility, ethics and values are to be found among the more commercial aspects of the message. Most of the banks are adhering to the 'doing good, being good and funding good', standards – called 'Equator principles'- voluntary guidelines for managing social and environmental issues related to the financing of development projects. This article narrates essence of 'equator principles' in banking sector under this study.

International Finance Corporation (IFC) (2007) ^[14] gives in the report that sustainability is now increasingly recognized as central to the growth of emerging market economies. For the private sector, this represents both a demand for greater social and environmental responsibility as well as a new landscape of business opportunity. The financial sector has

been late to respond to this trend but is emerging as an important driver across all sectors in an economy. In the banking sector, new standards and codes of conduct promote corporate accountability, transparency, and consideration of impacts on environment and society. One clear example is the Equator Principles, based on IFC's social and environmental performance standards and adopted by an increasing number of banks that operate in developing countries. This article narrates essence of 'equator principles' in banking sector as central to the growth of emerging market economies under this study in India.

Chaitanya Kali (2011) ^[15] is of the opinion that's some multinational banks and financial institutions incorporate sustainability in their functions by supporting clean technologies and embedding the concept in their core business processes - risk management and decision making. They also implement environmental conservation and betterment of community initiatives within their operations. Most often, a separate foundation or organization is instituted in India under the broad corporate structure of an entity, which is then entrusted with this responsibility. This article helps this research study in incorporating the social and environmental sustainability factors along with financial, internal, external and technological factors in their functions

Jan Willem van Gelder and Myriam Vander Stichele (2011) ^[16] strongly feel that Banks and other financial institutions play a fundamental role in allocating financial resources. Society expects banks to make their financial resources available for the real economy and to provide products and services that serve rather than harm the public interest. Therefore, it is of utmost importance that banks actively access and manage their impact on social and environmental sustainability. The products of banks, as well as the products and production processes of companies financed by banks, are naturally prone to sustainability risks.

Robert G. Eccles and George Serafeim(2013) ^[17] propounds that our problem with banks, insurance companies, and other financial institutions that tout their commitment to sustainability by focusing on energy and water in their sustainability reporting is that these issues are simply not material to the sustainability of the institution itself. Thus this focus is not material to shareholders and a vast range of other stakeholders including employees, customers, counterparties, and society itself which depend upon a stable financial services sector to create jobs and responsible economic growth. Financial institutions should be environmentally responsible in their own operations. But they and we shouldn't be confused that this is the key to sustainability in the financial services sector. Mistaking financial institutions' green gestures for a true commitment to sustainability will be costly. Investors and other stakeholders should be a lot less concerned about the energy efficiency of some banker's building than the irresponsible products the company is developing that create great returns at unacceptable risk.

¹¹Vice-president, Globe Scan Inc. (international public opinion researchers).

¹²Director, Business Development, Department Arab Academy for Banking and Financial Sciences.

¹³ Christine Coupland, Critical perspective on Accounting, Vol.17 No.7, pp865-81, Nov.ISSN:1045-2356 & Matthew Gwyther - Management Today, April pp40-43 ISSN 0025-1925

⁶⁶VOL.23 NO.6 2007, pp.35-38 @Emerald Group Publishing Limited, ISSN 0259-0543

¹⁴ Banking on Sustainability Financing Environmental and Social Opportunities in Emerging Markets

¹⁵Sustainability — the way ahead for banking and financial institutions

¹⁶Friends of the Earth Europe Why to integrate Sustainability criteria in financial regulation?

¹⁷ Green Harvard Business Review May 15, 2013

Objectives of the Study

1. To identify the factors that influence banks sustainability in the Indian context;
2. To examine and analyse the social and environmental sustainability of select public sector, private sector and foreign banks operating in India.
3. To analyse the impact of overall sample banks social and environmental sustainability practices on their performance; and
4. To validate the data and offer constructive suggestions on the topic.

Research Methodology

The study on social and environmental sustainability of banks is based on survey, descriptive and analytical method of research. The research study comprises the three categories of banks operating in Karnataka and Maharashtra states and located in Mumbai, Pune, Bangalore and Mangalore centers (banking hubs) namely, public sector, private sector and foreign banks as sampling units with top level management (n=20), bank managers (n=4) and banks staff (n=40) as sampling units from each sectors to the tune of 192 (20+4+40=64X3) numbers as sample size.

A thorough review of literature identified the topic “Sustainability of Banks in India-An Analytical Study”. The independent, dependent and extraneous variables have been identified. There after objective-wise and hypothesis based questionnaire was drafted. The pre-testing of questionnaire provided directions and strengthened the questions relating to the study. The data collected from top management authorities, branch managers and bank staff has been tabulated, analysed and interpreted appropriately. Based on the analysis and interpretation major findings, conclusion and suggestions have been enumerated, discussed and incorporated. It is a fact finding study on the banks sustainability in regard to sample public sector, private sector and foreign banks.

The research study analyses the banking policy, culture, philosophy, programmes, vision, mission, goals and objectives of sample public sector, private sector and foreign banks. For the analysis causal relationship between independent and dependent variables have been appropriately aligned. For the measurement of sustainability, scaling techniques and statistical tools and techniques such as averages, percentages, standard

deviation, factor analysis, chi-square test, cross correlation KMO and Bartlett's Test and Croanbach's alpha, have been used. To make the data presentable in a meaningful way, wherever necessary tables, charts, diagrams, graphs have been made use of. The qualitative data under the study have been quantified by using Likert's scale.

Analysis and Interpretation of Primary Data

Table 1: Variables under Social and Environmental Sustainability of Banks

S. No	Variables
1	Economic, Social and Environmental Sustainability factors
2	Environment and Social Compliance and Sustainability of Banks
3	Environment and Social Drivers and Sustainability of Banks
4	Social issues and Sustainability of Banks
5	SEMS Model
6	Environmental and Social Risk factors

(Source: Primary Data)

An attempt has been made to know what constitute Social and Environmental Sustainability of Banks and how the variables of external sustainability are working in three categories of banks under study. There are six factors that play significant role in Environmental and Social Sustainability of banks operating in our country and Bangalore as well. The data are tabulated and analysed as follows;

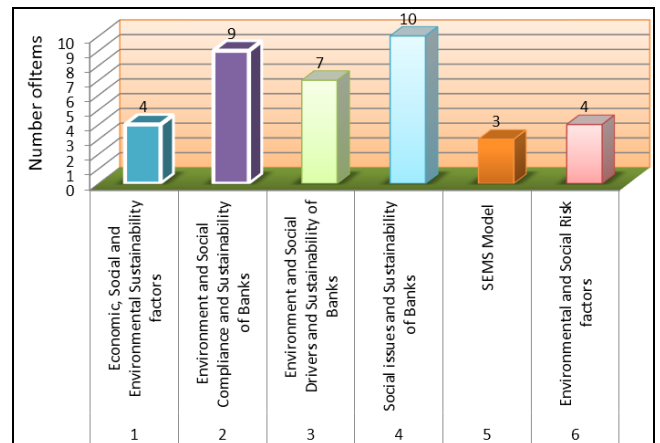


Fig 1: Variables under Social and Environmental Sustainability of Banks

Table 2: Economic, Social and Environmental Sustainability factors

S. No	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	Social, Economic and Environmental Sustainability are like a 'three legged stool' that represent a banks' sustainability.	SA	7 (35%)	2 (50%)	15 (38%)	8 (40%)	2 (50%)	17 (43%)	8 (40%)	2 (50%)	16 (40%)	4.0573	1.079
		A	8 (40%)	2 (50%)	16 (40%)	8 (40%)	2 (50%)	17 (43%)	8 (40%)	2 (50%)	17 (43%)		
		N	2 (10%)	-	4 (10%)	1 (5%)	-	2 (5%)	2 (10%)	-	2 (5%)		
		D	2 (10%)	-	3 (8%)	2 (10%)	-	2 (5%)	1 (5%)	-	3 (8%)		
		SD	1	-	2	1	-	2	1	-	2		

			(5%)		(5%)	(5%)		(5%)	(5%)		(5%)		
2	Sustainability of Banks' encompasses economic growth, social progress and environmental protection dimensions	SA	6 (30%)	1 (25%)	12 (30%)	5 (25%)	1 (25%)	12 (30%)	5 (25%)	-	11 (28%)	3.4115	1.3776
		A	7 (35%)	1 (25%)	13 (33%)	6 (30%)	1 (25%)	13 (33%)	4 (20%)	1 (25%)	10 (25%)		
		N	3 (15%)	1 (25%)	9 (23%)	2 (10%)	1 (25%)	9 (23%)	2 (10%)	1 (25%)	3 (8%)		
		D	2 (10%)	1 (25%)	3 (8%)	4 (20%)	1 (25%)	3 (8%)	4 (20%)	1 (25%)	8 (20%)		
		SD	2 (10%)	-	3 (8%)	3 (15%)	-	3 (8%)	5 (25%)	1 (25%)	8 (20%)		
3	Sustainable banking can be defined as a decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities.	SA	4 (40%)	-	9 (9%)	4 (20%)	-	8 (20%)	4 (20%)	-	7 (18%)	2.8699	1.4503
		A	5 (25%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	7 (18%)	4 (20%)	1 (25%)	6 (15%)		
		N	2 (10%)	1 (25%)	5 (13%)	2 (10%)	1 (25%)	5 (13%)	3 (15%)	1 (25%)	4 (10%)		
		D	4 (20%)	1 (25%)	9 (23%)	5 (25%)	1 (25%)	13 (33%)	4 (20%)	1 (25%)	12 (30%)		
		SD	5 (25%)	1 (25%)	7 (18%)	5 (25%)	1 (25%)	7 (18%)	5 (25%)	11 (25%)	11 (28%)		
Mean Score			3.5000	3.5000	3.55	3.3833	3.5000	3.575	3.3167	3.3167	3.3000		
Std.Deviation			1.3839	1.3143	1.3275	1.4508	1.3141	1.4035	1.3326	1.4900	1.4035		

(Source: Primary Data) [Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.] [TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

75 percent and 80 percent each of sample banks in three sectors belonging to top level management indicated the fact that social, economic and environmental sustainability are like a 'three legged tool' that represent the sample banks sustainability. Cent percent of branch managers, 73 to 78 percent of bank staff representing the three categories of select banks endorsed the responses of top level management authorities concerned. Economic factor alone will not suffice the total banking functions rather as a responsible banker; they have to concentrate on social and environmental projects too. On a five point scale, this view received the mean score value 4.0573 and standard deviation value is 1.079.

Sustainability of banks covers economic growth, social progress and environmental protection dimensions. On a five point scale the mean score and the standard deviation

values are 3.4115 and 1.3776 respectively. The international definition of sustainable banking in relation to environmental and social consideration is defined as 'a decision by banks to provide products and services only to borrowers who considers his economic project impact on social and environmental considerations in the society'. This means to say how far an economic project funding would contribute social progress and environmental protection, the prudent banker must measure this impact. Among twelve sample banks from three select sectors the responses have been tabulated. The mean score and the standard deviation values are 2.8699 and 1.4503 respectively. This implies the fact that the sample banks to great extent are not measuring the social and environmental impact of the projects which are lent by the sample banks. (See table-1.1).

Table 3: Environment and Social Compliance and Sustainability of Banks

S. No	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	Banks' face a large number of challenges such as economic, social, cultural, technological, political, legal and other interests. Under the circumstance a bank has to comply with all these external requirements to stay sustainable and competitive.	SA	6 (30%)	1 (25%)	12 (30%)	5 (25%)	--	11 (27.5%)	5 (25%)	1 (25%)	10 (25%)	3.3491	1.3823
		A	6 (30%)	2 (50%)	16 (40%)	5 (25%)	1 (25%)	12 (30%)	6 (30%)	1 (25%)	13 (32.5%)		
		N	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	6 (15%)	2 (10%)	1 (25%)	4 (10%)		
		D	3 (15%)	-	4 (10%)	4 (20%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	7 (17.5%)		
		SD	3 (15%)	-	4 (10%)	4 (20%)	1 (25%)	5 (12.5%)	3 (15%)	-	6 (15%)		
2	Under Economic Sustainability dimension of a bank, poverty alleviation is incredibly important through loans and advances to priority sector	SA	8 (40%)	2 (50%)	18 (45%)	4 (20%)	-	6 (15%)	3 (15%)	-	4 (10%)	3.1563	1.4459
		A	8 (40%)	2 (50%)	18 (45%)	5 (25%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	5 (12.5%)		
		N	2 (10%)	-	2 (5%)	4 (20%)	1 (25%)	4 (10%)	2 (10%)	-	7 (17.5%)		
		D	1	-	1	4	1	13	8	2	13		

			(5%)		(2.5%)	(20%)	(25%)	(32.5%)	(40%)	(50%)	(32.5%)		
		SD	1 (5%)	-	1 (2.5%)	3 (15%)	1 (25%)	11 (27.5%)	4 (20%)	1 (25%)	11 (27.5%)		
3	Reputation and branding has become the top reason for many banks to integrate sustainability considerations into their management practices	SA	3 (15%)	-	5 (12.5%)	5 (25%)	2 (50%)	14 (35%)	7 (35%)	2 (50%)	17 (42.5%)	3.4375	1.4276
		A	4 (20%)	1 (25%)	6 (15%)	5 (25%)	1 (25%)	17 (42.5%)	8 (40%)	2 (50%)	17 (42.5%)		
		N	2 (10%)	1 (25%)	5 (12.5%)	2 (10%)	1 (25%)	3 (7.5%)	1 (5%)	-	3 (7.5%)		
		D	5 (25%)	1 (25%)	12 (30%)	4 (20%)	-	3 (7.5%)	2 (10%)	-	2 (5%)		
		SD	6 (30%)	1 (25%)	12 (30%)	4 (20%)	-	3 (7.5%)	2 (10%)	-	1 (2.5%)		
4	There is a need to increase banks credibility and reputation which form the main reason to consider social and environmental issues	SA	7 (35%)	2 (50%)	15 (37.5%)	4 (20%)	-	7 (17.5%)	3 (15%)	-	9 (22.5%)	3.1719	1.4817
		A	7 (35%)	2 (50%)	16 (40%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	8 (20%)		
		N	2 (10%)	-	3 (7.5%)	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	4 (10%)		
		D	2 (10%)	-	3 (7.5%)	5 (25%)	1 (25%)	11 (27.5%)	6 (30%)	1 (25%)	9 (22.5%)		
		SD	2 (10%)	-	3 (7.5%)	5 (25%)	1 (25%)	10 (25%)	5 (25%)	1 (25%)	10 (25%)		
5	Banks for their sustainability are providing loans for environmental improvements in waste collection and treatment as well as microfinance to rural communities and women	SA	7 (35%)	2 (50%)	18 (45%)	3 (15%)	-	7 (17.5%)	3 (15%)	-	6 (15%)	3.0885	1.5135
		A	8 (20%)	2 (50%)	18 (45%)	3 (15%)	-	8 (20%)	4 (20%)	-	6 (15%)		
		N	1 5%	-	2 5%	2 10%	1 25%	4 10%	1 5%	1 25%	2 5%		
		D	2 (10%)	-	1 (2.5%)	6 (30%)	2 (50%)	11 (27.5%)	6 (30%)	1 (25%)	13 (32.5%)		
		SD	2 (10%)	-	1 (2.5%)	6 (30%)	1 (25%)	10 (25%)	6 (30%)	2 (50%)	13 (32.5%)		
6	Banks are adopting best practice measures to assess social and environmental risk in their projects, and publish a sustainability report	SA	7 (35%)	2 (50%)	15 (37.5%)	6 (30%)	2 (50%)	14 (35%)	6 (30%)	2 (50%)	14 (35%)	3.8490	1.2207
		A	8 (40%)	2 (50%)	17 (42.5%)	7 (35%)	2 (50%)	14 (35%)	7 (35%)	2 (50%)	15 (37.5%)		
		N	2 (10%)	-	4 (10%)	2 (10%)	-	4 (10%)	2 (10%)	-	4 (10%)		
		D	1 (5%)	-	2 (5%)	3 (15%)	-	4 (10%)	3 (15%)	-	4 (10%)		
		SD	2 (10%)	-	2 (5%)	2 (10%)	-	4 (10%)	2 (10%)	-	3 (7.5%)		
7	Banks are to implement more socially and environmentally responsible lending policies	SA	7 (35%)	2 (50%)	13 (32.5%)	4 (20%)	-	6 (15%)	4 (20%)	-	6 (15%)	3.1042	1.4470
		A	8 (40%)	2 (50%)	14 (35%)	4 (20%)	1 (25%)	7 (17.5%)	4 (20%)	1 (25%)	7 (17.5%)		
		N	1 (5%)	-	5 (12.5%)	4 (20%)	1 (25%)	5 (12.5%)	5 (25%)	1 (25%)	5 (12.5%)		
		D	2 (10%)	-	4 (10%)	4 (20%)	1 (25%)	11 (27.5%)	4 (20%)	1 (25%)	11 (27.5%)		
		SD	2 (10%)	-	4 (10%)	4 (20%)	1 (25%)	11 (27.5%)	3 (15%)	1 (25%)	11 (27.5%)		
8	Banks have to commit high standards for managing social and environmental risk in its private sector investments.	SA	3 (15%)	-	6 (15%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	-	5 (12.5%)	2.7708	1.4361
		A	4 (20%)	1 (25%)	8 (20%)	5 (25%)	1 (25%)	9 (22.5%)	4 (20%)	1 (25%)	6 (15%)		
		N	3 (15%)	1 (25%)	5 (12.5%)	3 (15%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	5 (12.5%)		
		D	5 (25%)	1 (25%)	11 (27.5%)	4 (20%)	1 (25%)	10 (25%)	5 (25%)	1 (25%)	10 (25%)		
		SD	5 (25%)	1 (25%)	10 (25%)	4 (20%)	-	9 (22.5%)	5 (25%)	1 (25%)	14 (35%)		
9	Social and environmental considerations are becoming vital in ensuring competitiveness and	SA	7 (35%)	2 (50%)	15 (47.5%)	4 (20%)	-	8 (20%)	5 (25%)	-	5 (12.5%)	3.1667	1.4699
		A	7 (35%)	2 (50%)	16 (40%)	4 (20%)	1 (25%)	8 (20%)	6 (30%)	1 (25%)	5 (12.5%)		
		N	2		4	3	1	5	3	1	4		

differentiating banks in increasingly competitive markets		(10%)	-	(10%)	(15%)	(25%)	(12.5%)	(15%)	(25%)	(10%)		
	D	2 (10%)	-	3 (7.5%)	4 (20%)	1 (25%)	9 (22.5%)	3 (15%)	1 (25%)	13 (32.5%)		
	SD	2 (10%)	0 (0%)	2 (5%)	5 (25%)	1 (25%)	10 (25%)	3 (15%)	1 (25%)	13 (32.5%)		
Mean Score		3.5389	4.0278	3.6778	3.0442	2.9722	3.075	3.1056	2.9444	2.9667		
Std.Deviation		1.3998	1.0278	1.3233	1.4640	1.3199	1.4749	1.4512	1.3721	1.4887		

(Source: Primary Data) [Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.]
[TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

Sustainability of banks extends to environmental and social compliance. this combines both business environmental factors and natural environmental factors. Banker has to comply with political, legal, technological, economic, social, cultural and natural factors. The eco-system of bank comprise business environmental segment too. These external variables have considerable impact on the sample bank performances in all three sectors of banks. 60 to 75 percent of sample respondents in all three sectors ratified the given statement. On a five point scale the mean score value fixed at 3.3491 and standard deviation at 1.3823. This implies the fact that the sample bankers are struggling hard to comply with ever changing political, technological, socio-cultural scenario in India. From the inception of India's independence the Government of India and the Government of Karnataka ceaselessly working hard to alleviate poverty and un-employment. The national employment programmes are channelized and delivered through the vehicle called 'public sector banks'. This apart priority sector lending's are also made through public sector banks. In the circumstances sustainability of banks for the said sector is a struggle. In respect of private sector banks and foreign banks these programmes are anathema. Therefore the mean scores stands at 3.1563 at five point scale. The standard deviation which measures the variation among three banks fixed at 1.4459.

Reputation and branding is the cause for sustainability. It is

fully agreed by foreign banks whereas private and public sectors banks responses ranging from 40 to 55 percent of all three categories of respondents negated this statement. Banker needs to increase credibility and reputation to solve social and environmental issues. Sustainability is also achieved through micro-finance portfolio and loans are channelized for rural communities and women. This also by public sector banks more prominently (mean score 3.0885 and standard deviation 1.5135).

The regulatory authorities have made it a point for the banker operating in India to publish the sustainability report concerning social and environmental risk of the projects where finance is sought. The lending practices shall also be for eco-friendly projects say the majority of respondents ranging from 40 percent to 100 percent. The modern sensitized sample banks have committed themselves to high-standards for managing social and environmental risks in private sector investments (mean score 2.7708 and standard deviation is 1.4361). For achieving increased competitiveness bankers are chasing the same amount of customers. This has produced enhanced competition. Thus it can be inferred that the present bankers have to take care of socially and environmentally related projects lending. Environmental protection, social progress and banker's sustainability must go hand in hand for survival and existence.

Table 4: Social and Environment Drivers and Sustainability of Banks

S. No	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	The banking sector is using innovation to play a role in addressing global concerns. Significant environmental threats and growing demand for action on social issues are causing both private and public sector banks to seek new ways of doing business.	SA	6 (30%)	1 (25%)	12 (30%)	5 (25%)	-	7 (17.5%)	4 (20%)	-	7 (17.5%)	3.1354	1.4371
		A	7 (35%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	10 (25%)	5 (25%)	1 (25%)	7 (17.5%)		
		N	2 (10%)	1 (25%)	4 (10%)	4 (20%)	1 (25%)	4 (10%)	3 (15%)	1 (25%)	5 (12.5%)		
		D	3 (15%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	9 (22.5%)	4 (20%)	1 (25%)	11 (27.5%)		
		SD	2 (10%)	-	5 (12.5%)	2 (10%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	10 (25%)		
2	Environmental and Social management systems are integrated into overall banking business objectives	SA	5 (25%)	-	7 (17.5%)	4 (20%)	-	8 (20%)	4 (20%)	-	9 (22.5%)	2.9583	1.4465
		A	5 (25%)	1 (25%)	7 (17.5%)	5 (25%)	1 (25%)	11 (27.5%)	5 (25%)	-	8 (20%)		
		N	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	5 (12.5%)	4 (20%)	2 (50%)	8 (20%)		
		D	4 (20%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	8 (20%)		
		SD	4 (20%)	1 (25%)	12 (30%)	5 (25%)	1 (25%)	8 (20%)	3 (15%)	1 (25%)	7 (17.5%)		
3	The global banking industry has experienced a significant transformation in which social and	SA	7 (35%)	1 (25%)	12 (30%)	5 (25%)	-	12 (30%)	7 (35%)	-	11 (27.5%)	3.5521	1.2852
		A	8	1	12	5	1	13	7	1	10		

	environmental responsibility has become increasingly central to business performance.		(40%)	(25%)	(30%)	(25%)	(25%)	(32.5%)	(35%)	(25%)	(25%)	3.1615	1.3459
		N	2 (10%)	1 (25%)	10 (25%)	4 (20%)	2 (50%)	5 (12.5%)	4 (20%)	1 (25%)	5 (12.5%)		
		D	2 (10%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	5 (12.5%)	1 (5%)	1 (25%)	8 (20%)		
4	Sustainability elements contribute to a continuous process in which banks improvements in social and environmental management lead to greater business benefits	SA	5 (25%)	1 (25%)	8 (20%)	4 (20%)	-	8 (20%)	4 (20%)	-	10 (25%)	3.1615	1.3459
		A	5 (25%)	1 (25%)	7 (17.5%)	5 (25%)	1 (25%)	8 (20%)	5 (25%)	1 (25%)	10 (25%)		
		N	5 (25%)	1 (25%)	8 (20%)	5 (25%)	2 (50%)	10 (25%)	4 (20%)	2 (50%)	8 (20%)		
		D	3 (15%)	1 (25%)	8 (20%)	3 (15%)	1 (25%)	8 (20%)	3 (15%)	1 (25%)	8 (20%)		
		SD	2 (10%)	-	9 (22.5%)	3 (15%)	-	6 (15%)	4 (20%)	-	4 (10%)		
5	Pursuing sustainability related market opportunity does not automatically mean that, a bank will reduce its social and environmental risks.	SA	8 (40%)	1 (25%)	14 (35%)	6 (30%)	-	13 (32.5%)	6 (30%)	-	12 (30%)	3.6354	1.3074
		A	6 (30%)	2 (50%)	13 (32.5%)	8 (40%)	1 (25%)	13 (32.5%)	7 (35%)	1 (25%)	13 (32.5%)		
		N	2 (10%)	1 (25%)	7 (17.5%)	4 (20%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	4 (10%)		
		D	2 (10%)	-	3 (7.5%)	1 (5%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	6 (15%)		
		SD	2 (10%)	-	3 (7.5%)	1 (5%)	1 (25%)	5 (12.5%)	1 (5%)	1 (25%)	5 (12.5%)		
6	Social and environmental risk management improves the quality of a bank's portfolio and lowers insurance liabilities and compensation claims.	SA	6 (30%)	-	12 (30%)	6 (30%)	-	10 (25%)	6 (30%)	-	9 (22.5%)	3.3646	1.3814
		A	7 (35%)	1 (25%)	10 (25%)	6 (30%)	1 (25%)	12 (30%)	5 (25%)	1 (25%)	10 (25%)		
		N	3 (15%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	6 (15%)		
		D	2 (10%)	1 (25%)	5 (12.5%)	2 (10%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	8 (20%)		
		SD	2 (10%)	1 (25%)	5 (12.5%)	2 (10%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	7 (17.5%)		
7	Sustainable banking practices by the banks improve brand value and reputation, including improved community relations.	SA	5 (25%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	10 (25%)	5 (25%)	1 (25%)	9 (22.5%)	3.4115	1.3965
		A	5 (25%)	2 (50%)	15 (37.5%)	5 (25%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	10 (25%)		
		N	2 (10%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	4 (10%)		
		D	4 (20%)	-	4 (10%)	4 (20%)	1 (25%)	5 (12.5%)	3 (15%)	1 (25%)	8 (20%)		
		SD	4 (20%)	-	4 (10%)	3 (15%)	-	5 (12.5%)	2 (10%)	-	5 (12.5%)		
8	Banks are moving from defensive banking—where management of social and environmental impacts is seen as an additional cost—to sustainable banking—where sustainable development is seen as an advantage and an opportunity for growth.	SA	6 (30%)	1 (25%)	16 (40%)	6 (30%)	1 (25%)	14 (35%)	5 (25%)	1 (25%)	16 (40%)	3.7813	1.2550
		A	7 (35%)	2 (50%)	17 (42.5%)	7 (35%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	16 (40%)		
		N	2 (10%)	1 (25%)	2 (5%)	2 (10%)	1 (25%)	5 (12.5%)	2 (10%)	1 (25%)	4 (10%)		
		D	2 (10%)	-	3 (7.5%)	3 (15%)	1 (25%)	4 (10%)	4 (20%)	1 (25%)	2 (5%)		
		SD	3 (15%)	-	2 (5%)	2 (10%)	-	4 (10%)	3 (15%)	-	2 (5%)		
9	Reputation and branding is the top reason that banks in emerging markets integrate social and environmental considerations into their management practices	SA	6 (30%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	7 (17.5%)	6 (30%)	1 (25%)	14 (35%)	3.5104	1.3728
		A	5 (25%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	15 (37.5%)		
		N	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	5 (12.5%)	2 (10%)	1 (25%)	4 (10%)		
		D	4 (20%)	1 (25%)	4 (10%)	3 (15%)	1 (25%)	8 (20%)	2 (10%)	1 (25%)	4 (10%)		
		SD	3 (15%)	-	4 (10%)	3 (15%)	-	7 (17.5%)	4 (20%)	-	3 (7.5%)		
Mean Score			3.5056	3.5556	3.5250	3.4167	2.9444	3.3167	3.3778	2.8611	3.2667		
Std.Deviation			1.3843	1.070	1.3659	1.3696	1.1450	1.1450	1.3829	1.1748	1.4225		

(Source: Primary Data) [Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.][TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

Now-a-days, the sample banks which are operating in India are working in consonance with global standards in respect of lending policy pertaining to social and environmental related projects. The global standards call for innovative strategy to combat the alarming scenario in respect of environmental pollution. As a strategic part, the banks to a varying degree are concentrating on social and environmental created projects. These are the new ways of doing business by the sample banks. Fifty percent to three-fourth of total respondents of top level management, branch managers and banking staff in three sectors have endorsed this new found strategy. On a five point scale the responses have been captured the mean score value and standard deviation value are 3.1354 and 1.4371 respectively (see table 7.4)

The sample banks in all three sectors have aligned their environmental and social management system in to overall business strategy. The banking industry at national level and at global level are experiencing the aforesaid transformation and the way of doing business incorporating

social and environmental portfolio management for enhancing business performance. Accordingly sustainability elements are brought in. In fact, the new portfolios have started to contribute the sustainability of sample banks in their own way. They have also discerned the fact that not making use of the opportunity will lead to social and environmental risks. Further, social and environmental risk management improved the quality of sample banks portfolio. It lowered insurance liabilities and compensation claims. This apart, brand value and reputation, community relations have increased significantly in the name of sustainable banking practices. Banks are moving from defensive banking where management of social and environmental is seen as an additional cost to sustainable banking, while sustainable development is seen as an advantage and an opportunity for growth. For all the nine statements the mean score ranged from 2.8542 to 3.7135 and the standard deviation from 1.3728 to 1.3965.

Table 5: Social issues and Sustainability of Banks

S. No.	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	Social responsibility fuels the sustainability of a bank because the financial interest and social interest go together for long-term development.	SA	6 (30%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	15 (37.5%)	6 (30%)	1 (25%)	14 (35%)	3.7344	1.3054
		A	6 (30%)	2 (50%)	17 (42.5%)	7 (35%)	1 (25%)	17 (42.5%)	6 (30%)	1 (25%)	16 (40%)		
		N	2 (10%)	1 (25%)	2 (5%)	2 (10%)	1 (25%)	2 (5%)	2 (10%)	1 (25%)	2 (5%)		
		D	3 (15%)	-	3 (7.5%)	2 (10%)	1 (25%)	3 (7.5%)	3 (15%)	1 (25%)	4 (10%)		
		SD	3 (15%)	-	4 (10%)	3 (15%)	-	3 (7.5%)	3 (15%)	-	4 (10%)		
2	Banks' are socially responsible and therefore should develop ethical policies combining environmental and social aspects. This ensures their sustainability	SA	6 (30%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	15 (37.5%)	5 (25%)	1 (25%)	14 (35%)	3.7135	1.2969
		A	6 (30%)	2 (50%)	15 (37.5%)	7 (35%)	2 (50%)	16 (40%)	6 (30%)	2 (50%)	14 (35%)		
		N	2 (10%)	-	3 (7.5%)	2 (10%)	1 (25%)	2 (5%)	4 (20%)	1 (25%)	4 (10%)		
		D	3 (15%)	1 (25%)	4 (10%)	2 (10%)	-	4 (10%)	3 (15%)	-	4 (10%)		
		SD	3 (15%)	-	4 (10%)	3 (15%)	-	3 (7.5%)	2 (10%)	-	4 (10%)		
3	NGOs are turning more attention to banks. rather than simply criticize, NGOs are increasingly seeking to collaborate and advocate change in banks' social and environmental policies and practices.	SA	4 (20%)	-	7 (17.5%)	4 (20%)	-	8 (20%)	4 (20%)	1 (25%)	10 (25%)	2.8542	1.4863
		A	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	-	8 (20%)		
		N	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	4 (10%)		
		D	4 (20%)	1 (25%)	11 (27.5%)	5 (25%)	1 (25%)	11 (27.5%)	5 (25%)	1 (25%)	9 (22.5%)		
		SD	6 (30%)	1 (25%)	10 (25%)	5 (25%)	1 (25%)	9 (22.5%)	5 (25%)	1 (25%)	9 (22.5%)		
4	Pressing environmental issues as well as the need to alleviate poverty and protect human rights remain priorities in bank's sustainability programmes.	SA	5 (25%)	1 (25%)	8 (20%)	4 (20%)	-	8 (20%)	4 (20%)	-	9 (22.5%)	2.9219	1.1684
		A	5 (25%)	1 (25%)	7 (17.5%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	9 (22.5%)		
		N	2 (10%)	1 (25%)	3 (7.5%)	5 (25%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	3 (7.5%)		
		D	4 (20%)	1 (25%)	12 (30%)	4 (20%)	1 (25%)	11 (27.5%)	5 (25%)	1 (25%)	10 (25%)		
		SD	4 (20%)	-	10 (25%)	3 (15%)	1 (25%)	9 (22.5%)	5 (25%)	1 (25%)	9 (22.5%)		

5	The scope of responsibility for banking institutions is widening– from environmental protection to social inclusion of underprivileged groups and consideration of other social issues, such as labour practices, protection of indigenous populations, and preservation of cultural heritage.	SA	7 (35%)	1 (25%)	13 (32.5%)	4 (20%)	-	7 (17.5%)	3 (15%)	-	7 (17.5%)	3.0833	1.4734
		A	8 (40%)	1 (25%)	14 (35%)	4 (20%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	8 (20%)		
		N	2 (10%)	1 (25%)	4 (10%)	3 (15%)	1 (25%)	3 (7.5%)	4 (20%)	1 (25%)	3 (7.5%)		
		D	1 (5%)	1 (25%)	4 (10%)	4 (20%)	1 (25%)	12 (30%)	4 (20%)	1 (25%)	13 (32.5%)		
		SD	2 (10%)	-	5 (12.5%)	5 (25%)	1 (25%)	12 (30%)	5 (25%)	1 (25%)	9 (22.5%)		
6	A growing cluster of opportunities has evolved and includes renewable energy, energy efficiency, cleaner production processes and technologies, biodiversity conservation, microfinance, financial services targeted to women, and low-income housing.	SA	5 (25%)	-	11 (22.5%)	4 (20%)	-	7 (17.5%)	4 (20%)	-	7 (17.5%)	2.8906	1.4664
		A	5 (25%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	6 (15%)		
		N	2 (10%)	1 (25%)	2 (5%)	3 (15%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	4 (10%)		
		D	4 (20%)	1 (25%)	9 (22.5%)	4 (20%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	13 (32.5%)		
		SD	4 (20%)	1 (25%)	8 (20%)	5 (25%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	10 (25%)		
7	The scope of responsibility for banking institutions in India is widening from environmental to social inclusion.	SA	6 (30%)	1 (25%)	11 (27.5%)	5 (25%)	-	7 (17.5%)	3 (15%)	-	8 (20%)	3.0365	1.4485
		A	6 (30%)	1 (25%)	11 (27.5%)	5 (25%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	7 (17.5%)		
		N	2 (10%)	1 (25%)	4 (10%)	3 (15%)	1 (25%)	5 (12.5%)	4 (20%)	1 (25%)	4 (10%)		
		D	3 (15%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	11 (27.5%)	4 (20%)	1 (25%)	12 (30%)		
		SD	3 (15%)	-	6 (15%)	3 (15%)	1 (25%)	9 (22.5%)	5 (25%)	1 (25%)	9 (22.5%)		
8	Social inclusion lending includes, alleviating poverty and protecting human rights remain top priorities in emerging markets including India.	SA	8 (40%)	1 (25%)	18 (45%)	3 (15%)	-	8 (20%)	3 (15%)	-	6 (15%)	3.1563	1.5474
		A	7 (35%)	2 (50%)	17 (42.5%)	3 (15%)	-	8 (20%)	3 (15%)	-	6 (15%)		
		N	2 (10%)	1 (25%)	2 (5%)	4 (20%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	3 (7.5%)		
		D	2 (10%)	-	2 (5%)	6 (30%)	2 (50%)	9 (22.5%)	5 (25%)	2 (50%)	10 (25%)		
		SD	1 (5%)	-	1 (2.5%)	4 (20%)	1 (25%)	11 (27.5%)	7 (35%)	1 (25%)	15 (37.5%)		
9	Local banking institutions are being called upon to help and address a variety of social concerns through their core services, such as labour practices, protection of indigenous populations, and preservation of cultural heritage.	SA	4 (20%)	-	8 (20%)	3 (15%)	-	8 (20%)	3 (15%)	-	7 (17.5%)	2.7292	1.4827
		A	4 (20%)	1 (25%)	9 (22.5%)	4 (20%)	1 (25%)	8 (20%)	3 (15%)	-	7 (17.5%)		
		N	3 (15%)	1 (25%)	2 (5%)	3 (15%)	2 (50%)	4 (10%)	2 (10%)	2 (50%)	8 (20%)		
		D	4 (20%)	1 (25%)	10 (25%)	6 (30%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	3 (7.5%)		
		SD	5 (25%)	1 (25%)	11 (27.5%)	4 (20%)	-	10 (25%)	8 (40%)	1 (25%)	15 (37.5%)		
10	Virtually now a days the commercial banks consider social and environmental issues, either by managing risks, developing business opportunities, or both.	SA	7 (35%)	1 (25%)	16 (40%)	5 (25%)	1 (25%)	13 (32.5%)	5 (25%)	1 (25%)	14 (35%)	3.7344	1.2563
		A	8 (40%)	1 (25%)	16 (40%)	6 (30%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	16 (40%)		
		N	2 (10%)	1 (25%)	4 (10%)	4 (20%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	3 (7.5%)		
		D	2 (10%)	1 (25%)	2 (5%)	3 (15%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	4 (10%)		
		SD	1 (5%)	-	2 (5%)	2 (10%)	0	4 (10%)	3 (15%)	-	3 (7.5%)		
Mean Score			3.4050	3.3250	3.4425	3.1100	2.900	2.9350	2.9350	2.8750	3.0975		
Std.Deviation			1.4462	1.2066	1.4463	1.4463	1.2362	1.4771	1.4771	1.2234	1.5326		

(Source: Primary Data) [Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.][TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

Social responsibility fuels the sustainability of the sample banks because; the financial interest and social interest are integrated for long-term development. As a responsible banker, the sample banks have developed ethical policies combining environmental and social aspects. Non-governmental organizations are turning more attentions to banks seeking to collaborate and at the same time

advocating changing banks social and environmental policies and practices. Moving further, through micro finance poverty alleviation and human rights protection programmes are sponsored by the sample banks. The umbrella of banking business is widening to include social and environmental protection project finance. As a result, one can see the social inclusion of under-privileged groups.

The banker found new products to invest in renewable energy projects, energy efficiency, cleaner production processes and technologies, biodiversity conservation, to micro finance services targeting women and low income housing borrowers. This embarks on the great social and cultural concern. Banks are shouldering the responsibility of social progress and environmental protection with safeguarding economic interest too. The government policy lays down that the local banking institution shall help and address a variety of socio-economic concerns through their core services. It is an opportunity to enhance the banking network to rural areas of India. In the present thesis it is found that not all banks are efficiently and willingly

working towards the cause of social and environmental programmes. The public sector banks have no other go but cater to government induced social and environmental programmes implementation. It has been found that the opinions given by the top level management authorities, branch managers and banking staff have the fragmented opinions on the issue concerning social and environmental management services (SEMs). The ten conscious and well orchestrated statements on five point scale received the responses in terms of mean score and standard deviation results. The least mean score is 2.7292 and highest being 3.7344. The standard deviation ranged from 1.1684 to 1.4863 (see table 7.5)

Table 6: Social and Environmental Management System-SEMS Model

S No	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	To manage both risks and opportunities strategically and comprehensively, banks need to integrate a systematic approach—a social and environmental management system (SEMS)—into their processes and operations.	SA	6 (30%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	13 (32.5%)	3.6667	1.2957
		A	7 (35%)	2 (50%)	16 (40%)	6 (30%)	1 (25%)	14 (35%)	7 (35%)	1 (25%)	12 (30%)		
		N	3 (15%)	1 (25%)	3 (7.5%)	3 (15%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	5 (12.5%)		
		D	2 (10%)	-	4 (10%)	2 (10%)	1 (25%)	6 (15%)	2 (10%)	1 (25%)	6 (15%)		
		SD	2 (10%)	-	3 (7.5%)	3 (15%)	-	4 (10%)	3 (15%)	-	4 (10%)		
2	To be truly effective, a social and environmental management system must become a part of a bank’s overall management system.	SA	6 (30%)	1 (25%)	14 (35%)	7 (35%)	1 (25%)	14 (35%)	5 (25%)	-	13 (32.5%)	2.7240	1.3659
		A	6 (30%)	2 (50%)	15 (37.5%)	7 (35%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	14 (35%)		
		N	3 (15%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	5 (12.5%)	3 (15%)	1 (25%)	3 (7.5%)		
		D	2 (10%)	-	4 (10%)	2 (10%)	1 (25%)	4 (10%)	3 (15%)	1 (25%)	6 (15%)		
		SD	3 (15%)	-	4 (10%)	2 (10%)	-	3 (7.5%)	3 (15%)	1 (25%)	4 (10%)		
3	Banks need to take their social and environmental management systems beyond written policies to achieve tangible results	SA	5 (25%)	1 (25%)	13 (32.5%)	5 (25%)	-	13 (32.5%)	5 (25%)	-	10 (25%)	3.3802	1.4202
		A	6 (30%)	1 (25%)	14 (35%)	5 (25%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	11 (27.5%)		
		N	2 (10%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	3 (7.5%)		
		D	4 (20%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	5 (12.5%)	4 (20%)	1 (25%)	8 (20%)		
		SD	3 (15%)	-	4 (10%)	4 (20%)	1 (25%)	5 (12.5%)	3 (15%)	1 (25%)	8 (20%)		
Mean Score			3.4833	3.8333	3.7583	3.4667	3.1669	3.7083	3.6000	3.1667	3.4750		
Std.Deviation			1.3838	0.9374	1.2894	1.4317	1.2673	1.2990	1.6177	0.9374	1.4140		

(Source: Primary Data)[Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.]
 [TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

The public sector, private sector and foreign banks numbering twelve responded to the existence or otherwise and related practices in relation to social and environmental management system model (SEMs Model). This model states that managing risks and opportunities strategically

and comprehensively, calls for integration of social and environmental management system into the banking processes and operations. The responses reveal the fact that forty five percent of the sample banks are practicing these programmes without SEMs Model. Foreign banks to the

extent of fifty-five percent are aware of SEMs Model but not all criteria are practiced. To be truly effective, a social and environmental system must become a part of banks' overall management system. Bank needs to take the system beyond written policies to achieve tangible results. This called for top level

management commitment and engagement. It has been found that certain amount of unwillingness is persisting. This is because; economic interest stalls the SEMs at times. The mean score for three statements is between 2.7240 to 3.802 and standard deviation ranged from 1.2957 to 1.4202.

Table 7: Environmental and Social Risks Factors

S. No	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	For Banking institutions, managing social and environmental risks in strategic decision-making and lending is very significant.	SA	5 (20%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	9 (22.5%)	5 (20%)	-	12 (30%)	3.4323	1.3597
		A	5 (20%)	1 (25%)	14 (35%)	5 (20%)	1 (25%)	13 (32.5%)	5 (20%)	1 (25%)	13 (32.5%)		
		N	2 (10%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	4 (10%)	4 (20%)	1 (25%)	6 (15%)		
		D	4 (20%)	1 (25%)	5 (12.5%)	4 (20%)	1 (25%)	7 (17.5%)	3 (15%)	1 (25%)	9 (22.5%)		
		SD	4 (20%)	-	5 (12.5%)	3 (15%)	-	7 (17.5%)	3 (15%)	1 (25%)	10 (25%)		
2	In the name of sustainability banks can strengthen their portfolio by systematically evaluating social and environmental project risks in the loan or investment appraisal process.	SA	6 (30%)	1 (25%)	8 (20%)	5 (20%)	-	12 (30%)	5 (20%)	-	13 (32.5%)	3.4375	1.3367
		A	6 (30%)	1 (25%)	14 (35%)	5 (20%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	13 (32.5%)		
		N	2 (10%)	1 (25%)	6 (15%)	2 (10%)	2 (50%)	4 (10%)	4 (20%)	1 (25%)	4 (10%)		
		D	3 (15%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	6 (15%)	2 (10%)	1 (25%)	8 (20%)		
		SD	3 (15%)	-	4 (10%)	4 (20%)	-	5 (12.5%)	3 (15%)	1 (25%)	2 (5%)		
3	Banks are shifting their focus and re-orienting their activities. They are increasingly moving from avoiding risks to creating opportunities in social and environmental projects.	SA	5 (20%)	1 (25%)	13 (32.5%)	5 (20%)	1 (25%)	12 (30%)	6 (30%)	1 (25%)	13 (32.5%)	3.5521	1.3488
		A	5 (20%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	16 (40%)	6 (30%)	1 (25%)	14 (35%)		
		N	3 (15%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	3 (7.5%)		
		D	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	5 (12.5%)	2 (10%)	1 (25%)	4 (10%)		
		SD	3 (15%)	-	2 (5%)	3 (15%)	-	3 (7.5%)	4 (20%)	-	6 (15%)		
4	Banks in emerging markets have increased their awareness about the risks and potential benefits associated with social and environmental issues.	SA	6 (30%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	13 (32.5%)	5 (20%)	1 (25%)	14 (35%)	3.5729	1.3594
		A	6 (30%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	13 (32.5%)	5 (20%)	1 (25%)	14 (35%)		
		N	2 (10%)	1 (25%)	3 (7.5%)	3 (15%)	1 (25%)	4 (10%)	3 (15%)	1 (25%)	4 (10%)		
		D	3 (15%)	1 (25%)	5 (12.5%)	3 (15%)	1 (25%)	5 (12.5%)	4 (20%)	1 (25%)	4 (10%)		
		SD	3 (15%)	-	5 (12.5%)	2 (10%)	-	5 (12.5%)	3 (15%)	-	4 (10%)		
Mean Score			3.3250	3.5000	3.5750	3.3750	3.3375	3.5250	3.3375	3.2500	3.6812		
Std.Deviation			1.4563	1.1547	1.3296	1.4403	1.0878	1.3688	1.4226	1.000	1.2806		

(Source: Primary Data) [Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.] [TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

As far as environmental and social risks factors are concerned, the sample banks are cautiously managing these risks through effective strategies. Banks are in the practice of assessing the risk factors arising out of loans given to social and environmental related projects. The systematic investment appraisal is done by the committee consisting of analysts. Environmental and social projects lending are creating opportunities and at the same time prone to risks in the event of projects failure. Therefore, banks are acting

cautiously before the investment amount is sanctioned. The strict test prevents the banker from NPAs. The responses indicate fragmented opinions whether to invest in environmental and social related projects or not and therefore, the mean score ranged from 3.4323 to 3.5729. It can be concluded that public sector, private sector and foreign banks have started to concentrate on economic, social and environmental sustainability through regulatory compliance and voluntary programmes. The social

inclusion and environmental protection are the triggers for the investment and lending activities in the said sector. The sector, though contributes to the mankind, but risk factors are hindering the bankers to go for lending. In course of time, one has to see how the total integration of social and environmental project portfolio into overall banking portfolio will work and stabilize (see table 7.7).

Thus, it can be concluded that, the global warming, un-employment, poverty, rural-urban divide, ozone-layer depletion require banks to go for social and environmental projects lending. The repayment risk is very less and that reduces the level of non-performing assets. The international financial corporation in their mega study concentrated on social and environmental related project

lending of 46 countries. The developed countries are more into social and environmental related project lending. In our country too the public sector banks to a larger extent and private and foreign banks to some extent are lending to these neglected sectors. It also amounts to banks social and environmental responsibility. As a rule banks have to comply with environmental and social norms of the RBI and Government of India. In fact they are bringing social and environmental compliance report to acknowledge the fact that, they are very much concerned about the issues in these sectors.

Impact Study

Table 8: Impact of Social and Environmental factors on Sustainability of Banks

S No	Statement	Scale	Responses									Mean Score	S.D
			Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)				
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	The business case for sustainable banking is strong. There are positive changes as a result of steps taken by the banks to integrate social and environmental issues in their business.	TFE	4 (20%)	-	5 (12.5%)	3 (15%)	-	8 (20%)	3 (15%)	-	5 (12.5%)	2.7135	1.4458
		TGE	5 (25%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	11 (27.5%)	3 (15%)	1 (25%)	7 (17.5%)		
		TME	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	7 (17.5%)	4 (20%)	1 (25%)	5 (12.5%)		
		TSE	3 (15%)	1 (25%)	5 (12.5%)	5 (25%)	1 (25%)	5 (12.5%)	4 (20%)	1 (25%)	8 (20%)		
		NTL	4 (20%)	1 (25%)	16 (40%)	5 (25%)	1 (25%)	9 (22.5%)	6 (30%)	1 (25%)	15 (37.5%)		
2	The integration of sustainability into management systems and practices brings tangible benefits, including new lines of business, new clients, greater access to financing, greater shareholder value, and improved reputation and goodwill.	TFE	5 (25%)	1 (25%)	11 (27.5%)	4 (20%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	9 (22.5%)	3.3333	1.3394
		TGE	6 (30%)	1 (25%)	10 (25%)	6 (30%)	1 (25%)	13 (32.5%)	5 (25%)	1 (25%)	8 (20%)		
		TME	3 (15%)	1 (25%)	8 (20%)	5 (25%)	1 (25%)	8 (20%)	6 (30%)	1 (25%)	8 (20%)		
		TSE	2 (10%)	1 (25%)	7 (17.5%)	3 (15%)	1 (25%)	5 (12.5%)	3 (15%)	1 (25%)	6 (15%)		
		NTL	4 (20%)	-	4 (10%)	2 (10%)	-	4 (10%)	2 (10%)	-	9 (22.5%)		
3	There is a reduction in risk as a result of considering social and environmental issues by the Commercial banks by virtue of sustainability practice	TFE	3 (15%)	-	8 (20%)	2 (10%)	-	7 (17.5%)	2 (10%)	-	6 (15%)	2.7604	1.4173
		TGE	5 (25%)	1 (25%)	11 (27.5%)	5 (25%)	1 (25%)	6 (15%)	4 (20%)	-	9 (22.5%)		
		TME	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	5 (12.5%)	5 (25%)	1 (25%)	3 (7.5%)		
		TSE	3 (15%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	4 (10%)	4 (20%)	2 (50%)	3 (7.5%)		
		NTL	5 (25%)	1 (25%)	3 (7.5%)	5 (25%)	1 (25%)	18 (45%)	5 (25%)	1 (25%)	11 (27.5%)		
4	The bank's sustainability practice brought about improved access to international capital, improved brand value and reputation, new business, and improved community relations.	TFE	2 (10%)	-	1 (2.5%)	3 (15%)	-	2 (5%)	4 (20%)	1 (25%)	8 (20%)	2.4583	1.4173
		TGE	2 (10%)	-	3 (7.5%)	4 (20%)	-	6 (15%)	5 (25%)	1 (25%)	11 (27.5%)		
		TME	4 (20%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	5 (12.5%)	5 (25%)	1 (25%)	7 (17.5%)		
		TSE	3 (15%)	1 (25%)	9 (22.5%)	3 (15%)	1 (25%)	6 (15%)	3 (15%)	1 (25%)	5 (12.5%)		
		NTL	9 (45%)	2 (50%)	21 (52.5%)	6 (30%)	2 (50%)	21 (52.5%)	3 (15%)	-	9 (22.5%)		
5	Improved access to international capital contributing to poverty and un-employment alleviation, environmental protection, social progress in the locality where sample banks functions.	TFE	5 (25%)	1 (25%)	10 (25%)	3 (15%)	1 (25%)	6 (15%)	2 (10%)	-	4 (10%)	3.2448	1.2226
		TGE	8 (40%)	1 (25%)	16 (40%)	5 (25%)	1 (25%)	10 (25%)	4 (20%)	1 (25%)	8 (20%)		

		TME	4 (20%)	1 (25%)	8 (20%)	8 (40%)	1 (25%)	16 (40%)	6 (30%)	1 (25%)	12 (30%)		
		TSE	2 (10%)	1 (25%)	4 (10%)	2 (10%)	1 (25%)	4 (10%)	4 (20%)	1 (25%)	8 (20%)		
		NTL	1 (5%)	-	2 (5%)	2 (10%)	-	4 (10%)	4 (20%)	1 (25%)	8 (20%)		
6	Improved access to international capital for sample banks paved way for the reduction of global warming by financing carbon credit projects	TFE	4 (20%)	1 (25%)	8 (20%)	2 (10%)	-	4 (10%)	6 (30%)	2 (50%)	14 (35%)	3.0463	1.1940
		TGE	6 (30%)	1 (25%)	12 (30%)	4 (20%)	1 (25%)	8 (20%)	8 (40%)	1 (25%)	14 (35%)		
		TME	8 (40%)	1 (25%)	15 (38%)	6 (30%)	1 (25%)	10 (25%)	6 (30%)	1 (25%)	8 (20%)		
		TSE	2 (10%)	1 (25%)	3 (8%)	4 (20%)	1 (25%)	10 (25%)	-	-	4 (10%)		
		NTL	-	-	2 (5%)	4 (20%)	1 (25%)	8 (20%)	-	-	-		
Mean Score			3.1412	2.7083	3.0250	3.1417	2.7083	2.8583	3.1417	3.0417	3.0125		
Std.Deviation			1.3860	1.2676	1.3051	1.3860	1.2676	1.4277	1.3860	1.3015	1.4333		

(Source: Primary Data) [Key: TFE: To full extent, TGE: To a great extent, TME: To a moderate extent, TSE: To a small extent, NTL: Not at all.] [TLM= Top Level Management, BM= Branch Managers, BS=Bank Staff]

Modern banks whether public, private or foreign one, have started to finance social and environmental related projects. This segment immensely contributes to the banks' sustainability. In addition to economic interest, banks have discerned the fact that without social progress and environmental protection, the growth is incomplete. Alarmed by social inequality and environmental degradation, the country is suffering and concentrating on lop-sided human development. The international financial corporation in its survey and study (2012) covering 120 countries of the globe highlighted the fact that the present banking system must integrate social and environmental management system in to overall business strategy of the banks. In this connection the impact of environmental and social factors on sustainability of sample banks assumes relevance.

The thesis through thorough review of literature and discussions with bankers of three sectors under the study enumerated six parameters concerning the impact of environmental and social factors on sustainability of sample banks (see table 8.3).

The business case for sustainable banking at present is strong. There are positive changes as a result of steps taken by the banks to integrate social and environmental issues in their businesses. The integration varies from sector to sector under the study. It is smaller to moderately pronounced in sample public sector banks. In respect of private and foreign banks the said integration is still emerging and evolving. Therefore, the responses reveal moderate mean score (2.7135, n=12) and greater variation reflected through standard deviation (1.4458) (see table 8.3).

The integration of environmental and social management systems into business strategy of sample banks lead to tangible benefits including new lines of business, new clients, greater access to financing, greater shareholder value, improved reputation and goodwill for all the twelve banks under the study (mean score 3.3333 and standard deviation 1.3394).

There is a reduction in risk as a result of considering social and environmental issues by the sample banks in three

sectors. It is by virtue of sustainability practice. Not all three banks reduced their total risks on account of the inclusion of lending towards the projects concerning social and environmental ones. They have other mechanisms to mitigate the risks. The funding of social and environmental projects to a great extent reduces the non-performing assets risks (mean score 2.7604 and SD 1.4380).

The sample banks that are into environmental and social projects gained access to capital from international financial institutions improved their brand value and reputation, new business and community relations across the globe (mean score 2.4583 and SD 1.4173).

Improved access to foreign capital, the sample banks especially public and private banks wielded their funds to social and environmental projects in India. This helped to reduce social inequality and to increase environmental protection progress. Banks under the study, more so the public sector channelized the government scheme funds for poverty and unemployment alleviation, amelioration of rural poor, and sectional including social imbalance. Further, the global warming issue has been mitigated to some extent by providing loans and advances to carbon credit trading and ventures by the sample banks under the study (mean score 3.0463 and SD 1.1940).

Thus, it can be concluded that the internal, external and financial sustainability of sample public sector, private sector and foreign banks have profound impact on banks' business performances and social and environmental issues

Inferential Statistical Results

To corroborate the descriptive facts and figures evidenced by mean scores and standard deviation scores applicable to the given statements social and environmental sustainability of sample public, private and foreign banks, the inferential evidences have been fortified by using parametric and non-parametric statistical tools such as Cross-correlation, chi-square and factor analysis. The internal consistency of questions contained in each construct is verified on the basis of Cronbach Alpha results. The detailed results are as follows.

Table 9: Cross Correlation Values of Sample Banks' Economic, Social and Environmental Factors

Variable	<i>Social, Economic and Environmental Sustainability are like a 'three legged stool' that represent a banks' sustainability.</i>	<i>Sustainability of Banks' encompasses economic growth, social progress and environmental protection dimensions</i>	<i>Sustainable banking can be defined as a decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities.</i>
Social, Economic and Environmental Sustainability are like a 'three legged stool' that represent a banks' sustainability.	1	.840**	.791**
		.000	.000
Sustainability of Banks' encompasses economic growth, social progress and environmental protection dimensions	.840**	1	.902**
	.000		.000
Sustainable banking can be defined as a decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities.	.791**	.902**	1
	.000	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

There is significant relationship between Sustainability of Banks' encompasses economic growth, social progress and environmental protection dimensions and Social, Economic

and Environmental Sustainability are like a 'three legged stool' that represent a banks' sustainability at one percent level of significance.

Table 10

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.738
Bartlett's Test of Sphericity	Approx. Chi-Square	553.225
	Df	3
	Sig.	.000

Rotated Component Matrix^a	
Statement	Component 1
Social, Economic and Environmental Sustainability are like a 'three legged stool' that represent a banks' sustainability.	.925
Sustainability of Banks' encompasses economic growth, social progress and environmental protection dimensions	.966
Sustainable banking can be defined as a decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities.	.949

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

The parameter extracted from the above factor analysis is Sustainability of Bank's encompasses economic growth, social progress and environmental protection dimensions

and this factor influences the other two variables indicated in the rotated component matrix

Variables	X₁	X₂	X₃	X₄	X₅	X₆	X₇	X₈	X₉
X ₁	1	.776**	.693**	.813**	.800**	.904**	.891**	.867**	.874**
		.000	.000	.000	.000	.000	.000	.000	.000
X ₂	.776**	1	.286**	.838**	.951**	.746**	.921**	.749**	.921**
	.000		.000	.000	.000	.000	.000	.000	.000
X ₃	.693**	.286**	1	.425**	.324**	.708**	.492**	.708**	.439**
	.000	.000		.000	.000	.000	.000	.000	.000
X ₄	.813**	.838**	.425**	1	.845**	.735**	.866**	.762**	.847**
	.000	.000	.000		.000	.000	.000	.000	.000
X ₅	.800**	.951**	.324**	.845**	1	.758**	.916**	.761**	.937**
	.000	.000	.000	.000		.000	.000	.000	.000
X ₆	.904**	.746**	.708**	.735**	.758**	1	.839**	.810**	.817**
	.000	.000	.000	.000	.000		.000	.000	.000
X ₇	.891**	.921**	.492**	.866**	.916**	.839**	1	.858**	.954**
	.000	.000	.000	.000	.000	.000		.000	.000
X ₈	.867**	.749**	.708**	.762**	.761**	.810**	.858**	1	.844**
	.000	.000	.000	.000	.000	.000	.000		.000

X ₉	.874**	.921**	.439**	.847**	.937**	.817**	.954**	.844**	1
	.000	.000	.000	.000	.000	.000	.000	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

Key to Variables

X₁ = Banks’ face a large number of challenges such as economic, social, cultural, technological, political, legal and other interests. Under the circumstance a bank has to comply with all these external requirements to stay sustainable and competitive.

X₂ = Under Economic Sustainability dimension of a bank, poverty alleviation is incredibly important through loans and advances to priority sector

X₃ = Reputation and branding has become the top reason for many banks to integrate sustainability considerations into their management practices

X₄ = There is a need to increase banks credibility and reputation which form the main reason to consider social and environmental issues

X₅ = Banks for their sustainability are providing loans for environmental improvements in waste collection and treatment as well as microfinance to rural communities and women

X₆ = Banks are adopting best practice measures to assess social and environmental risk in their projects, and publish a sustainability report

X₇ = Banks are to implement more socially and environmentally responsible lending policies

X₈ = Banks have to commit high standards for managing social and environmental risk in its private sector investments.

X₉ = Social and environmental considerations are becoming vital in ensuring competitiveness and differentiating banks in increasingly competitive markets

There exists the cross correlation among the variables such as social and environmental consideration becoming vital in ensuring competitiveness and differentiating themselves in increasingly competitive markets, the sample banks for

their sustainability have started to provide loans for environmental improvements in waste collection and treatment, providing micro-finance to rural communities and women for rural development, under economic sustainability dimensions of the sample banks especially the public sector banks, poverty alleviation is incredibly important, for this as a priority sector lending obligations, bankers are doing their jobs as compliance. Further, sample banks are adopting best practices to measure and assess the social and environmental risks in their projects and at the same time are publishing sustainability reports. There is a need to increase banks credibility and reputation by addressing the social and environmental concerns. Thus, five independent variables are highly inter-correlated. The remaining four parameters are moderately inter-correlated in so far as social, economic and environmental compliances are concerned (see table 8.15).

Hypothesis Testing

Table 12: In the present context, social and environmental sustainability of banks is significant.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.907
Bartlett's Test of Sphericity	Approx. Chi-Square	43.078
	Df	36
	Sig.	.000

For a degree of freedom 36 at 5 percent level of significance, the table values are 50.998. The calculated values are 43.78. Since the table value is greater than the computed value, the working hypothesis is significant and is accepted.

Table 13: Rotated Component Matrix^a

Rotated Component Matrix^a		
Statement	Component	
	1	2
Banks’ face a large number of challenges such as economic, social, cultural, technological, political, legal and other interests. Under the circumstance a bank has to comply with all these external requirements to stay sustainable and competitive.	.945	.183
Under Economic Sustainability dimension of a bank, poverty alleviation is incredibly important through loans and advances to priority sector	.908	-.357
Reputation and branding has become the top reason for many banks to integrate sustainability considerations into their management practices	.605	.776
There is a need to increase banks credibility and reputation which form the main reason to consider social and environmental issues	.894	-.167
Banks for their sustainability are providing loans for environmental improvements in waste collection and treatment as well as microfinance to rural communities and women	.920	-.321
Banks are adopting best practice measures to assess social and environmental risk in their projects, and publish a sustainability report	.906	.240
Banks are to implement more socially and environmentally responsible lending policies	.970	-.121
Banks have to commit high standards for managing social and environmental risk in its private sector investments.	.911	.216
Social and environmental considerations are becoming vital in ensuring competitiveness and differentiating banks in increasingly competitive markets	.959	-.178
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Table 14: Social and Environmental Performance of Sample Banks – Dependent Variables

Variables	The business case for sustainable banking is strong. There are positive changes as a result of steps taken by the banks to integrate social and environmental issues in their business.	The integration of sustainability into management systems and practices brings tangible benefits, including new lines of business, new clients, greater access to financing, greater shareholder value, and improved reputation and goodwill.	There is a reduction in risk as a result of considering social and environmental issues by the Commercial banks by virtue of sustainability practice	The bank's sustainability practice brought about improved access to international capital, improved brand value and reputation, new business, and improved community relations.	Improved access to international capital contributing to poverty and unemployment alleviation, environmental protection, social progress in the locality where sample banks functions.	Improved access to international capital for sample banks paved way for the reduction of global warming by financing carbon credit projects
	X1	X2	X3	X4	X5	X6
X1	1	.920**	.888**	.793**	.857**	.744**
		.000	.000	.000	.000	.000
X2	.920**	1	.892**	.763**	.903**	.763**
	.000		.000	.000	.000	.000
X3	.888**	.892**	1	.799**	.879**	.825**
	.000	.000		.000	.000	.000
X4	.793**	.763**	.799**	1	.639**	.830**
	.000	.000	.000		.000	.000
X5	.857**	.903**	.879**	.639**	1	.710**
	.000	.000	.000	.000		.000
X6	.744**	.763**	.825**	.830**	.710**	1
	.000	.000	.000	.000	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

Under the study inter-correlation results indicate that there are twelve independent variables influencing six dependent variables in relation to social, economic and environmental performance and compliance of sample public, private and foreign banks (n=12). Among twelve variables, seven of them were wielded significant influence on the four dependent variables. They are economic growth, social progress and environmental protection dimensions, Social, Economic and Environmental Sustainability as 'three legged stools', social and environmental consideration becoming vital in ensuring competitiveness and differentiating themselves in increasingly competitive markets, providing loans for environmental improvements in waste collection and treatment, providing micro-finance to rural communities and women for rural development, poverty alleviation schemes. Adopting best practices to measure and assess the social and environmental risks, publishing sustainability reports, increasing banks credibility and reputation by addressing the social and environmental concerns impacts the integration of sustainability in to management systems and practices and that catapulted the creation of shareholder value, improved reputation and goodwill, the business case for sustainable banking is strong as the banks have been integrating social and environmental issues in their businesses. There is reduction in risk as a result of considering social and environmental issues by the public, private and foreign banks by virtue of sustainability practices

Thus, in the thesis based on the descriptive and inferential statistics, a thorough analysis, and interpretation based on the statistical tools of Mean score, percentages, standard deviation, Cronbach alpha, cross-correlation, KMO Bartlett and Rotated component matrices it can be concluded that the modes and drivers financial sustainability, technological intervention, innovative banking products, transaction cost, meeting the diverse customer requirements, social economic and environmental

sustainability constructs are tested to present the real life scenario of the public, private and foreign banks sustainability in the competitive era.

Further, the impact of banks sustainability on its business performance and social and environmental performance is measured by using cross-correlation of independent variables influencing the dependent variables. The financial, technological, human resources, regulatory, internal and external sustainability parameters of sample public sector, private sector and foreign banks influence long-term returns, reducing risks, new business development, developing innovative and creative banking products, increase of market share, reputation, brand value, access to capital from international financial organisations and increasing shareholder value.

The sample sustainability also influences a strong business case for sustainable banking to integrate social and environmental issues with business of the bank. It also impacts the lending towards social and environmental related projects for the purpose of social progress and environmental protection. It is observed that in the coming future social and environmental projects lending will assume centre stage because it is necessary to balance social equity and environmental protection.

Findings

- Sustainability of banks extends to environmental and social compliance. This combines both business environmental factors and natural environmental factors. Banker has to comply with political, legal, technological, economic, social, cultural and natural factors. The eco-system of bank comprise business environmental segment too.
- The banker found new products to invest in renewable energy projects, energy efficiency, cleaner production processes and technologies, biodiversity conservation, to micro finance services targeting women and low

income housing borrowers. This embarks on the great social and cultural concern. Banks are shouldering the responsibility of social progress and environmental protection with safeguarding economic interest too (see table 7.5).

- As far as environmental and social risks factors are concerned, the sample banks are cautiously managing these risks through effective strategies. Banks are in the practice of assessing the risk factors arising out of loans given to social and environmental related projects. The systematic investment appraisal is done by the committee consisting of analysts.

Conclusion

With the above objective based findings and banks sustainability paradigms in the present context in mind, this research study aimed to build and expand on the previous research and provides for greater insight into the specific issues and drivers within the banking sector on sustainability. The thesis results as well as more detailed investigation of twelve sample banks, that help to strengthen the business case for sustainable banking in sample public, private and foreign banks and to show how progress has been made in the implementation of social and environmental sustainability helped to conclude this article as follows;

The sample banks sustainability also influences a strong business case for sustainable banking to integrate social and environmental issues with business of the bank. It also impacts the lending towards social and environmental related projects for the purpose of social progress and environmental protection. It is observed that in the coming future social and environmental projects lending will assume centre stage because it is necessary to balance social equity and environmental protection.

Considering risk alone will not be enough to generate new markets and profits. However, pursuing sustainability related, market opportunities do not automatically mean that a bank will reduce its social and environmental risks. Therefore a balanced approach is the need of the hour. Hence, a bank has to strike a balance between business project lending and socio-environmental projects lending for long-term sustainability.

Suggestions

This article offers the following objective based constructive suggestions to the bankers, customers of the sample banks, regulatory authorities, policy makers, government, the public, private and foreign banks under the study among others.

- Design business performance based sustainability models in banking industry including social and environmental management system (SEMS) that goes beyond written policies into action, such as allocating human and banking resources for implementation and training employees. The policy is a necessary but not sufficient step for implementing a strong management system. Other elements should reflect institutional structures and operations of the sample banks.
- Make social and environmental considerations part of overall market assessment and project appraisal. In choosing their approach, banks should define priority areas and focus on them. Avenues for engagement can include;

- Market research into sustainability-driven sectors
- Partnerships with communities, NGOs, and related organizations
- Identifying demand among existing customers for products with Social and environmental components, such as affinity credit Cards “Green or social trusts”.

Directions for the Future Research

Sustainable banking is a continuous process. It will always be a journey, never a destination. A bank may get close to reaching its sustainability objectives, but because we live in a dynamic world with ever-changing internal and external forces, it will never achieve all its objectives. Success criteria will change, and new challenges and new goals will emerge. However, as long as a bank takes care of all the sustainable factors in all its operations, it will be able to keep on top of its sustainability commitments.

Sustainable banking is a fertile ground for further research. Therefore, the following topics are suggested for the future researchers.

- Social and Environmental Sustainability of Banks - A Comparative Study of Banks in Developed and Developing Countries

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