

Contents

Acknowledgments — VII

Appreciation Message — IX

Foreword — XI

Preface — XIX

Chapter 1

Introduction — 1

- 1.1 Economic Agents and Environmental Actions — 1
- 1.2 Financial Institutions and Environmental Actions — 2
- 1.3 Green Banking and Environmental Causes — 3
- 1.4 Objective of the Book — 4
- 1.5 Organization of the Book — 4

Chapter 2

Environmental Risk, Sustainability, and Banking — 5

- 2.1 Introduction — 5
- 2.2 Environmental Risk and Sustainability — 5
- 2.3 How Environmental Risk and Sustainability is Measured — 6
- 2.4 Environmental Risk and Sustainability Threats Generated by Corporations — 7
- 2.5 Measuring Corporate Environmental Impacts — 10
- 2.6 Environmental Sustainability and Banks — 11
 - 2.6.1 Financing — 14
 - 2.6.2 Engaging — 15
 - 2.6.3 Internal Practice — 15
- 2.7 In the Endeavor to Go Green — 16
 - Discussion Questions — 16
 - Application in Focus – I — 16
 - Application in Focus – II — 17
 - References — 18

Chapter 3

Trends in Environment-Friendly Banking — 21

- 3.1 Introduction — 21
- 3.2 The Evolution of Environment-Friendly Banking — 21
- 3.3 Global Patterns for Environment-Friendly Banking — 22
- 3.4 World's Greenest Banks — 23

3.5	The State of Environment-Friendly Banking in Selected Economies — 26
3.5.1	China (Asia) — 26
3.5.2	Bangladesh (Asia/South Asia) — 27
3.5.3	India (Asia/South Asia) — 28
3.5.4	Korea (Asia) — 29
3.5.5	United States (North America) — 30
3.5.6	Brazil (South/Latin America) — 32
3.5.7	Nigeria (Africa) — 33
3.5.8	Netherlands (Europe/EU-15) — 34
3.5.9	United Kingdom (Europe/EU-15) — 35
3.5.10	Australia (Oceania) — 36
3.6	Conclusion and Key Takeaways from the Global Green Banking Efforts — 36
	Discussion Questions — 37
	References — 37

Chapter 4

The Meaning of Green Banking — 39

4.1	Introduction — 39
4.2	What Green Banking Means — 40
4.2.1	Theoretical Perspectives on Green Banking — 41
4.2.2	Operational Perspectives on Green Banking — 43
4.3	Further Examples of the Conceptualization of Green Banking Internationally — 45
4.4	Conclusion — 47
	Discussion Questions — 47
	Application in Focus — 47
	References — 48

Chapter 5

The Need and Impact of Green Banking — 51

5.1	Introduction — 51
5.2	Banks and Sustainability — 52
5.3	The Need for Green Banking — 53
5.3.1	Regulatory Perspective on the Need for Green Banking — 53
5.3.2	Banks' Perspective on the Need for Green Banking — 56
5.4	Green Banking to Achieve the Sustainable Development Goals — 60
5.5	Conclusion — 61
	Discussion Questions — 61
	Application in Focus — 61
	References — 62

Chapter 6**The Principles of Green Banking — 65**

- 6.1 Introduction — 65
- 6.2 Global Initiatives and Principles on Sustainable Finance — 65
 - 6.2.1 Equator Principles — 65
 - 6.2.2 The Principles of Responsible Investment (PRI) — 65
 - 6.2.3 The Principles of Responsible Banking — 68
 - 6.2.4 The Principles of Collevocchio — 68
- 6.3 The 10 Principles of Green Banking — 69
 - 6.3.1 Management/Board Level Principles — 69
 - 6.3.2 Operational Level Principles — 71
- 6.4 Putting Principles into Practice — 74
- 6.5 Conclusion — 75
 - Discussion Questions — 75
 - Application in Focus — 75
 - References — 78

Chapter 7**Green Banking Intervention and Adoption Process — 79**

- 7.1 Introduction — 79
- 7.2 Green Banking Adoption Process — 79
- 7.3 Greening Traditional Banking Activities at the Operational Level — 84
 - 7.3.1 External Activities — 84
 - 7.3.2 Internal Activities — 86
- 7.4 A Functional Department Approach to Green Banking Integration — 87
- 7.5 Green Banking Intervention in a Basic Bank Business Model — 91
- 7.6 Conclusion — 92
 - Discussion Questions — 92

Chapter 8**Green Banking and Risk Management — 93**

- 8.1 Introduction — 93
- 8.2 Environmental Risk and Banks — 93
- 8.3 Green Banking and Traditional Bank Risks — 94
- 8.4 Conclusion — 98
 - Discussion Questions — 99
 - Application in Focus — 99
 - References — 100

Chapter 9

The Green Banking Regulatory and Policy Framework — 101

- 9.1 Introduction — 101
- 9.2 Approaches to Green Banking — 101
- 9.3 Sources of Green Banking Policy — 103
 - 9.3.1 Central Bank-Led Policy — 104
 - 9.3.2 Market/Industry-Led Policy — 104
 - 9.3.3 International Agency-Led Policy — 105
 - 9.3.4 Banks' Self-Formulated Policy — 105
- 9.4 Green Banking Instruments for Central Banks — 105
 - 9.4.1 Green Monetary Policy Instruments — 106
 - 9.4.2 Green Credit Allocation Policy Instruments — 107
 - 9.4.3 Green Macprudential Policy Instruments — 108
 - 9.4.4 Other Green Central Banking Initiatives and Activities — 110
- 9.5 The Green Banking Policy Framework for Commercial Banks — 112
 - 9.5.1 General Green Banking Policy — 112
 - 9.5.2 Sector-Specific Environmental Policies — 113
- 9.6 A Regulatory Approach to Commercial Green Banking Policy Formulation — 113
- 9.7 The Limits to a Sustainable Development Role of Central Banks — 113
 - 9.7.1 Conflicting Objectives — 114
 - 9.7.2 Interference and Conflicts of Interests — 114
 - 9.7.3 Resistance to Change from Within the Central Banking Community — 115
- 9.8 Conclusion — 115
 - Discussion Questions — 116
 - Application in Focus — 116
 - References — 118

Chapter 10

Green Banking: Future Challenges and Way Forward — 121

- 10.1 Introduction — 121
- 10.2 Challenges in Green Banking Adoption — 121
 - 10.2.1 Lack of Awareness and Education — 121
 - 10.2.2 Potential High Cost of Implementation — 122
 - 10.2.3 Too New to Implement Fast — 122
 - 10.2.4 Less Opportunity of Diversification — 123
 - 10.2.5 Start-Up Phase — 123
 - 10.2.6 Less Priority by the Board and Management — 123
 - 10.2.7 Inadequate Commitment of Resources — 123
 - 10.2.8 Policy Uncertainty and Externalities — 124

10.2.9	Maturity Mismatch —	124
10.2.10	Lack of Quality of Environmental Information and Consistent Standards —	124
10.3	Some Ways to Overcome Green Banking Challenges —	125
10.3.1	Consistency in Green Banking Framework —	125
10.3.2	Promotion and Education —	125
10.3.3	Prioritize and Commit Resources with a Long-Term Approach —	126
10.3.4	Emphasize Research, Innovation, and Development —	126
10.3.5	Regulatory and Policy Coherence —	126
10.4	Conclusion —	127
	Discussion Questions —	127
	References —	127

List of Tables — 129

List of Figures — 131

List of Acronyms — 133

About the Author — 135

Index — 137