



**Sonargaon University (SU)
Dhaka, Bangladesh**

Thesis Paper

On

**Green Banking Practices in Bangladesh: A Case Study
on Islami Bank Bangladesh PLC.**

Submitted by:

Jakia ara mim

ID: MBA2501034023

Semester: Fall- 2025

Major: Human Resource Management (HRM)

Program: Masters of Business Administration

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Dhaka-1215

Date of submission:

3rd January 2026



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Supervised to

Shahnaz Sharmin

Lectuer

Department of Business Administration

Sonargaon University (SU)

Date of submission:

3rd January 2026

Letter of Transmittal

3rd January 2026

Shahnaz Sharmin.
Lecturer,
Department of Business Administration
Sonargaon University, Dhaka.

Subject: Submission of Thesis Paper on Green Banking Practices in Bangladesh: A Case Study on Islami Bank Bangladesh PLC.

Dear Madam,

With due respect and honor, I would like to inform you that, I have successfully completed the requirements to entitle myself for the thesis paper, which is a mandatory requirement to completion of the MBA program. This is a great pleasure for me to submit the thesis paper on, **“Green Banking Practices in Bangladesh: A Case Study on Islami Bank Bangladesh PLC.”** Here I gathered what I believe the most completed information available. I believe that it will provide a clear scenario of the HRM polices of the prominent bank institution Islami Bank Bangladesh PLC.

This report is all about to synchronize my theoretical learning from MBA program with the real corporate world. I attempted my every move to go through all the necessary materials, documents, guidelines, and other subsequent reports which fulfill the requirements of this thesis paper. I have placed my most effort on preparing this term paper and tried to leave no stone unturned to make the report a vivid and comprehensive one despite a lot of limitations. I sincerely believe that it will serve the required purposes. I will always be obliged to furnish any clarification regarding this paper, if required.

I humble request you to accept this report for your kind evaluation.

Kind regards,
Very truly yours,

Jakia ara mim

ID: MBA2501034023

Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

I, Mrs. Shahnaz Sharmin, Lecturer, Faculty of Business Administration, Sonargaon University (SU) hereby certify that the Thesis work entitled as “**Green Banking Practices in Bangladesh: A Case Study on Islami Bank Bangladesh PLC.**” has been prepared by Jakia ara mim, ID: MBA-2501034023, Department of Business Administration, Sonargaon University (SU) and submitted as a requirement for the partial fulfillment for the degree of the Master of Business Administration (MBA) with major in HRM. To the best of my knowledge, the above-mentioned work has been conducted by the student himself. Any option and/or suggestion made in this study are entirely that of the author of this thesis paper. The report is an original work and prepared as a partial requirement of the degree the Master of Business Administration (MBA).

Shahnaz Sharmin

Lecturer

Department of Business Administration

Sonargaon University (SU)

Student's Declaration

This is **Jakia ara mim**, a student of Master of Business Administration, **ID: MBA 2501034023** from Sonargaon University (SU) would like to solemnly declaration here that this report on **Green Banking Practices in Bangladesh: A Case Study on Islami Bank Bangladesh PLC.** has been authentically prepared by me under supervisor of **Shahnaz Sharmin**, Lecturer, Department of Business Administration, Sonargaon University.

I didn't breach any copyright act internationally. I am further declaring that I did not submit this report anywhere for awarding any degree, diploma, or certificate.

Sincerely Yours,

Jakia ara mim

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Major: Human Resource Management (HRM)

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Acknowledgment

I would like to extend my gratitude for the invaluable assistance and sincere cooperation provided by various individuals in the preparation of this report. It's impossible to adequately thank all the wonderful people who directly or indirectly contributed to the successful completion of this report. I am deeply appreciative of their kind collaboration and support.

First and foremost, I would like to express my thanks to the almighty Allah. Additionally, my foremost appreciation goes to my supervisor, Shahnaz Sharmin, Lecturer of Business Administration at Sonargaon University (SU), for her crucial guidance, scholarly insights, and unwavering support throughout my study period.

I am also indebted to (VP), Janab Md. Shah Alam (SPO) and other staffs of Islami Bank Bangladesh PLC who kindly spared for me much of their precious time in giving me support and information. During the thesis I was treated so cordially by the Islami Bank Bangladesh PLC officials and staffs that I feel the office like my second home.

Finally, my deepest gratitude and love to my parents for their support, encouragement, and endless love.

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Abstract

Islami Bank Bangladesh PLC has become a renowned and popular bank in Bangladesh over its 43-year journey, primarily because of its superior services. As a market leader in the private banking sector, the bank has introduced several significant schemes in the country, among which **Green Banking** is a notable initiative. Although green banking is a relatively new concept in Bangladesh, it is rapidly gaining global acceptance as a standard for ensuring environmentally sustainable and socially responsible business practices.

This report highlights the major green banking initiatives undertaken by Islami Bank Bangladesh PLC and examines how these practices enhance the bank's overall effectiveness. The primary objective of the study is to analyze the bank's green banking activities aimed at contributing to the economic, social, and environmental development of Bangladesh and its citizens.

The study incorporates both primary and secondary data. Primary data were collected through oral and informal communication, personal observations, and qualitative feedback. Secondary data were obtained mainly from the bank's annual reports, relevant articles, websites, Bangladesh Bank publications, newspapers, journals, and magazines.

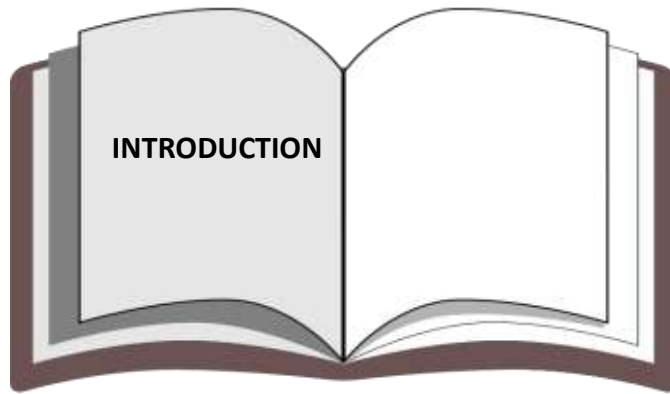
Findings of the study indicate that Islami Bank Bangladesh PLC has integrated green banking into its core business strategy to promote shared prosperity within the community. The bank is highly conscious of its internal responsibilities before extending its efforts to external stakeholders and communities. As the largest private commercial bank in the country with a vast number of stakeholders, Islami Bank possesses considerable potential to promote environmental awareness. It is effectively utilizing this potential to educate the public about environmentally friendly practices essential for sustaining the planet.

However, in a developing country like Bangladesh, it is unrealistic to abandon all economic activities solely due to environmental concerns. The adverse effects on employment, income, and poverty must also be considered. Therefore, it is crucial to identify specific sectors or industries that should continue to receive financing despite their environmental impact. Long-term strategies must be developed for these industries to address environmental challenges effectively, and all related policies must remain consistent.

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CHAPTER ONE



1.1 Concept and Background

In a developing country like Bangladesh, the Islamic banking system as a whole has a vital role play in the process of economic development. We, the people of Bangladesh are deeply committed to Islamic way of life as we enshrined in the Holy Quran & the Sunnah. Naturally, it remains a deep pride in our hearts to fashion & design our economic live in accordance with the perception of Islam. Islamic bank provides the highest quality financing at comfortable facilities to fulfil the needs of the millions of people of our country. With this commitment to fulfil wounded pride of people, Islami Bank Bangladesh PLC has started its journey on March 13, 1983. The establishment of this bank is the true reflection of the inner urge of its population which started functioning with effect from March 30, 1983. It has completed its journey of 40 years while striving to achieve superior financial performance, to be a leading Islami Bank by reputation, performance & competent manpower. Islami Bank Bangladesh PLC has introduced the welfare oriented banking system while recognizing the Sharia'h compliance. It is playing an important role of employment to the unemployed youths and in the employment in the Human Resources Development regarding green investment.

Islami Bank Bangladesh PLC. by its morale exercises the environment friendly banking from its inception. The Bank is committed to acting sustainability by its morale exercises the environment friendly banking from its inception. The Bank extends its business in renewable energy, recycling & manufacturing of recycling goods, green agriculture, environment friendly brick production, environment & social risk management, CSR in climate risk fund etc. In 2024, IBBPLC. disbursed Tk.21,607 million in green finance sector.

1.2 Origin of the Report

Thesis program is a partial program for MBA. For fulfilling the requirements, I have done the 2 months' thesis Program at Islami Bank Bangladesh Ltd, Nawabganj, Dhaka. In the study period, mainly student gain theoretical knowledge. Before getting into job, student should have some real world experience in the major field of study on the career choice that interests him/her. The academic world and the working world are two completely different setting. The knowledge and experience is gain from working at a company helps anyone when it comes to attain a full time worker. The major targets to offer thesis in our University are as following:

Student break free from the theoretical world of textbook and class courses and lead into the real world of applications of knowledge. The student's competency and efficiency in the working environment can be accessed from this course. Helping students to express dependability, initiative, resourcefulness and professionalism in the tasks they are assigned. Enabling the students to affectively interact in a work environment within a hierarchy of employees. The efficiency of working in groups and under higher authorities is tested. To enable students to pick up skills from the experience and projects of other employees to apply in their own tasks. It is extremely important for the person to be able to learn and apply the skill at the same time.

1.3 Objectives of the Study

There are two main objectives behind this report. The primary objective of this report is to use the theoretical concept gained in the classroom situations with the real life scenarios. This is also a partial requirement of the MBA program to fulfil. The objective is basically met by remaining attached with a reputed organization and by gaining some real life experiences, so that it adds value to the knowledge base of me. In case of this report, the objectives are:

- ❖ **General Objective:** The core objective of the report is to find out the green Banking activities of Islami Bank Bangladesh PLC to contribute in the economic, social and environmental betterment of Bangladesh as well as for its citizens and to find out the actual performance of Islami Bank Bangladesh PLC in the context of green banking

❖ Specific Objectives

- a. To know the green banking concept clearly.
- b. To know the sectors of green Banking activities of Islami Bank Bangladesh PLC
- c. To know the formulated policy, principles, objectives of Islami Bank Bangladesh PLC regarding with Green Banking.
- d. To get familiarity with the banking activities and environment.
- e. To evaluate the present condition of the bank regarding green banking policy.
- f. To recommend some necessary steps to Green Banking investments and their reporting.

1.4 Methodology

Methodology refers to the essential part of the study and the process of collecting information and arranging it in terms of the relevant issues of the study. It is designed in a way so that it correspondent to achieve the objectives of the study. It is a systematic method of finding solutions to problems. It is essentially an investigation, a recording and an analysis of evidence for the purpose of gaining knowledge. Research comprises of defining and redefining problem, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, reaching conclusions, testing conclusions to determine whether they fit the formulated hypothesis.

The study uses two types of method in case of data collections, one is qualitative method and another is quantitative method. Qualitative method indicate that data would not be presented in terms of money, which means all kind of theoretical practices of Green Banking in IBBL would be presented here. And Quantitative method indicate that data would be presented in terms of money, which means all kind of money related practical practices of Green Banking in IBBL would also be discussed here.

❖ Area of the Study

The study was done on the green banking and green banking activities of investment in various sectors of Islami Bank Bangladesh PLC

❖ Research Design

Research design is a framework or blueprint for conducting any research project. It specifies the details of the procedures necessary for obtaining the information needed to structure and/or solve the research problems. Actually it is a conclusive research. According to the

Malhotra & Dash, a conclusive research is designed to assist the decision maker in determining, evaluating, and selecting the best course of action to take in a given situation.

❖ Data Collection Methods

In order to make the study more meaningful and presentable, two sources of data and information will be used widely. The data collection method of this study considered of both primary and secondary sources. Majority of the information was collected from secondary sources. The sources of data are:

❖ Secondary Sources:

From working in this organization, I've got the facility to go through maximum of the record file related to the Green Banking. So many important data were been collected from there. Some data I've collected from the website. Other than that, it was easy for me to make a positive relation with the Operation Manager & Manager of Nawabganj branch and director, course coordinators of IBTRA & to collect all annual reports and Green Banking related files and magazines from them. The sources of secondary data given here in brief:

- Annual report of Islami Bank Bangladesh Ltd.
- Files and documents of the branch about Green Banking
- Website of Islami Bank Bangladesh Ltd.
- Website of Bangladesh Bank.
- Theoretical book provided by IBTRA (Islami Bank Training and Research Academy).
- Published materials from Bangladesh Bank regarding Green Banking
- Different types of books published by IBBL, conference paper, training papers, manuals, online papers & publications, newspapers and journals books, articles,
- speeches, reviews, research reports, periodical reports, website and so on.

1.5 Tools and Techniques Used for Data Analysis

Tools: The tool those I've used to implicate the techniques for analysing data, are simple MS Word & MS Excel.

Techniques: Data-collection techniques allow us to systematically collect information about our objects of study (people, objects, phenomena) and about the settings in which they occur. In the collection of data we have to be systematic. If data are collected haphazardly, it will be difficult to answer our research questions in a conclusive way.

Data analysis & reporting: Analysis of data is a process of inspecting, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making.

1.6 Limitations of the Study

Almost every research work has to face some limitations in its completion.

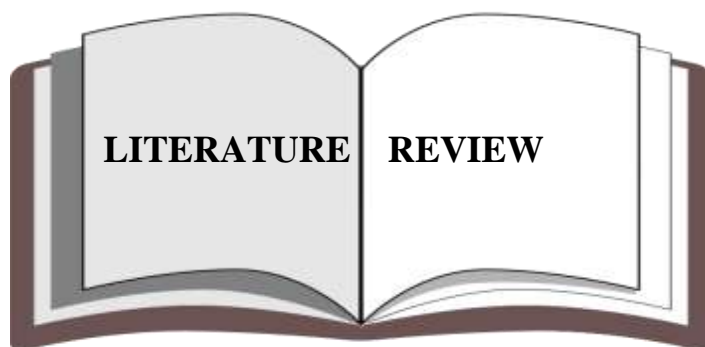
Limitations of a study are those issues if those are analyzed, could be more helpful for the study. This thesis report is not also out of limitations. For the purpose of acquiring data to prepare this report I faced some constraints that are listed below

- Lack of Materials
- Time Constraint
- Lack of Experience

I.



CHAPTER TWO



2.1 Green Banking Practices

It is imperative for the banking institutions in the present context to consider environmental performance in deciding whether to invest in companies or advise clients to do so. There are also few cases where environmental management system has resulted in cost savings, increase in bond value etc. In 2005, Heim Getal concluded that there are studies showing positive correlation between environmental performance and financial performance. In few cases, Jeucken shows that the environmental management system resulted in lower risk, greater environmental stewardship and increase in operating profit. The banking and they finance or invest. Though Schmidheiny and Zorraquin concluded that banks are not hindering the achievement of sustainability, banks can also play a hindering role for sustainable development. In 2010, Habib Pandit Mizan in their research paper, “Environmental Responsibilities of Banks: A Proposed Framework for Banking sector of Bangladesh” have found out that Environmentally Responsible banking is a concept that is gradually receiving attention and acceptance from the depositors and investors who are not only searching for a place to save and invest their money safely, but also a place where their money will be channeled to productive activities which are free from elements that contribute to the deterioration towards standard of living and environmental aspects. The article, “Developing Green Products: Learning from Stakeholders”, researched by Polonsky, Rosenberger and Ottman in 1998, examines the process for producing new green product, and the strategies for making greater involvement from stakeholders. They focused a point of view where there is PLC formal communication between firms and its stakeholders with high influencing abilities and they are learning from others with less green product expertise. The paper, “Green Banking practices in Bangladesh” written by Islam and Das (2013), portrays the green baking practices in Bangladesh. Study is mainly based on secondary data highlighting the mobile banking, online banking, green financing, and guidelines for green banking practices as well as green banking unit.

The research gap is found that there are some important sections of green banking which is not emphasized although this concept is not new in the world. Besides, about all the article conceiving overall concept of green banking. But like our country, we have to focus also on the matter like as the advantage, prospect, acceptance & so on of a concept as a whole. In this study, it is tried highly to reduce the research gap as much as possible & the advantage, prospect, possibility & so on are analyzed & emphasized.

2.2 Benefits of Green Banking

Green banking is like a normal bank, also termed as an ethical bank or a sustainable bank, which considers all the social, environmental & ecological factors with an aim to protect the environment and conserve natural resources. So, it is obvious that there has a great benefit in the practicing of green banking philosophy.

- **Avoids Paper Work:** Green banking concept lets the bankers to avoid paper works as much as possible by relying on electronic & on-line transaction in its banking activities.
- **Encouraging Responsibility:** Awareness among the business people about environmental and social responsibility is raised by the green banking concept through enabling them to do an environmental friendly business practice.
- **Enabling Eco-Friendly Business Practice:** Green banking adopts and implements environmental standards for lending, which is really a proactive area that would enable eco-friendly business practices which would benefit our future generations.
- **Covering Whole Nation:** Green banking activities advance the banking services to its customers & cover the whole nation.
- **Proactive Way for Safe Well-Being:** Green Banking as a concept is a proactive and smart way of thinking with a vision for future sustainability of our earth and contribute to higher and safe standard of living.

2.3 Objectives of the Green Banking Policy

The broad objectives of green banking are to use resources with responsibility avoiding waste and giving priority to environment and society. But it also covers some other areas with the objectives;

- To promote sustainable environmental friendly initiatives undertaking through adoption of a set of principles and strict adherence to those principles effectively & efficiently.
- To avoid financing in the industry, project, business which may be threat to the environment despite their financially viability.
- To encourage the employees, the existing and potential clients and other stakeholders to develop, practice & promote environmental friendly green technology, green products & also green production process.
- To develop the attitude among the employees to motivate, encourage the

- stakeholders through initialization of appropriate in-house environmental risk management system through introduction of appropriate technology.
- To sponsor awareness programs for environmental friendly products or technology through practice of Corporate Social Responsibilities (CSR) in every single step of banking activities.

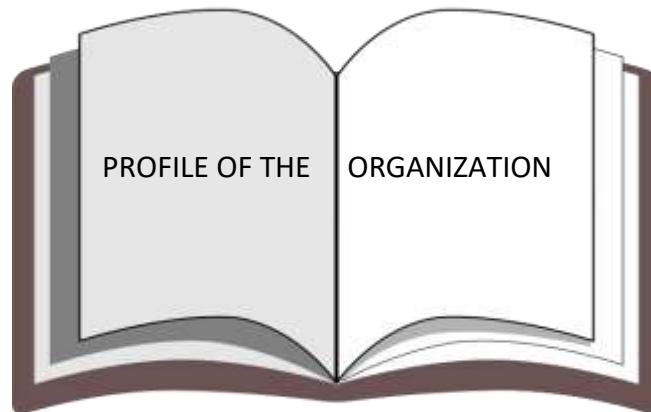
2.4 Green Banking at Islami Bank Bangladesh PLC

Islami Bank Bangladesh PLC recognizes the importance of Green Banking philosophy & launching different initiatives in this direction through strategic planning, operations and risk management along with formulating the rules & regulation of Bangladesh Bank. Islami Bank Bangladesh PLC, being a Sharia'h compliant welfare bank, emphasizes on human rights, social involvement, ecological impact and social welfare & takes various initiatives and steps for performing Green Banking activities.

Islami Bank Bangladesh PLC is always conscious about the environment & having enlisted everywhere related to nature. It was ranked as 1st in Climate Risk Fund Utilization activities in 2012. Besides. It ranked among top ten banks in Bangladesh for Green Banking Activities as published in the Annual Report on Green Banking 2012 by Bangladesh Bank. It is always enthusiastic in participating and arranging various programs on green banking concept and environmental issues. As a recognition of its better Green Banking practices, this bank was selected for presenting a paper for the seminar on “Green Banking: Opportunities & Initiatives in Bangladesh” held on 23 January 2014 organized by Bangladesh Bank Training Academy.



CHAPTER THREE



3.1 An Overview of Islami Bank Bangladesh PLC

In August 1974, Bangladesh signed the Charter of Islamic Development Bank and committed itself to reorganize its economic and financial system as per Islamic Shari'ah. Earlier in November 1982, Bangladesh Bank, the country's Central Bank, sent a representative to study the working of several Islamic Banks abroad. In November 1982, a delegation of IDB visited Bangladesh and showed keen interest to participate in establishing a joint venture Islamic Bank in the private sector. They found a lot of work had already been done and Islamic banking was in a ready form for immediate introduction. Two professional bodies- Islamic Economics Research Bureau (IERB) and Bangladesh Islamic Banker's Association (BIBA) made significant contributions towards introduction of Islamic Bank in the country. Islami Bank Bangladesh PLC (IBBL) was incorporated as the first Shariah based interest free Bank in south-east Asia on 13th March 1983 as a Public Company with PLC liability under the company act, 1913 with 58.03% foreign shareholding having largest branch network (236 Branches & 30 SME/Krishi Branches i.e. total 266 Branches) among the private sector Banks in Bangladesh. The Bank started functioning with effect from 13th March 1983. The establishment of this bank ushered a new area in Bangladesh, The first branch of the bank i.e. local office, Motijheel, Dhaka. The bank was formally inaugurated on 12th August 1983.

Introduction of Islamic Bank in the country. Islami Bank Bangladesh PLC is a Joint Venture Public PLC Company engaged in commercial banking business based on Islamic Shari'ah with 63.09% foreign shareholding having largest branch network (total 334 Branches) among the private sector Banks in Bangladesh. It was established on the 13th March 1983 as the first Islamic Bank in the South East Asia. It is listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. Authorized Capital of the Bank is Tk. 20,000.00 Million and Paid-up Capital is Tk. 16,099.90 Million having 33,686 shareholders as on 31st December 2016.

3.2 Mission, Vision, Strategy Objectives

Mission

To establish Islamic Banking through the introduction of a welfare oriented banking system and also ensure equity and justice in the field of all economic activities, achieve balanced growth and equitable development in through diversified investment operations particularly in the priority sectors and less developed areas of the country. To encourage

socio-economic upliftment and financial services to the loss-income community particularly in the rural areas.

Vision

The vision of IBBL is to always strive to achieve superior financial performance, be considered a leading Islamic Bank by reputation and performance.

- The goal is to establish and maintain the modern banking techniques, to ensure soundness and development of the financial system based on Islamic principles and to become the strong and efficient organization with highly motivated professional, working for the benefit of people, based upon accountability, transparency and integrity in order to ensure stability of financial systems.
- We will try to encourage savings in the form of direct investment.
- We will also try to encourage investment particularly in projects which are more likely to lead to higher employment.

Strategic Objectives

- To ensure customers' satisfaction.
- To ensure welfare oriented banking.
- To establish a set of managerial succession and adopting technological changes to ensure successful development of an Islamic Bank as a stable financial institution.
- To prioritize the clients' welfare.
- To emerge as a healthier & stronger bank at the top of the banking sector and continue stable positions in ratings, based on the volume of quality assets.
- To invest in the thrust and priority sectors of the economy.
- To strive hard to become an employer of choice and nurturing & developing talent in a performance-driven culture.
- To pay more importance in human resources as well as financial capital.
- To motivate team members to take the ownership of every job.
- To ensure development of devoted and satisfied human resources.
- To achieve global standard.
- To strengthen corporate culture.
- To ensure Corporate Social Responsibilities (CSR) through all activities.
- To promote using solar energy and green banking culture and ecological balancing.

Core Values

- Trust in Almighty Allah
- Strict observance of Islamic Shari'ah
- Highest standard of Honesty, Integrity & Morale
- Welfare Banking
- Equity and Justice
- Personalized Service
- Adoption of Changed Technology
- Proper Delegation, Transparency & Accountability

Commitments

- To Shari'ah
- To the Regulators
- To the Shareholders
- To the Customers
- To the Employees
- To other stakeholders
- To Environment

IBBL at a Glance

Organization Overview (as on: 31st December, 2024)	
(Financial Information)	
Authorized Capital	20,000.00 million TK.
Paid-up Capital	16,099.91 million TK.
Equity(2024)	87,252.72 million TK.
Reserve Fund	43,902.99 million TK.
Deposits	1,179,476.48 million TK.
Investment (including investment in share)	1,109,395.31 million TK.
(Foreign Exchange Business)	
Import	419,046.00 million TK.
Export	224,970.00 million TK.
Remittance	786,274.00 million TK.
(Organizational Information)	
Chairman,	Professor Dr. M. Zubaidur Rahman
Managing Director	Md. Omar Faruk Khan
Company Secretary	Md. Habibur Rahman
Number of Zones	16
Number of Branches	400
Number of Sub Branch	271
Number of AD Branches	79
Number of SME/Agriculture Branch	30
Number of ATM Booth (own) & CRM	1752+
A Number of Agent Banking Outlet	2783
Number of Shareholders	27788
Number of Manpower	21,864

Head Office	Islami Bank Tower, 40, Dilkhusha C/A, Dhaka-1000, Bangladesh.
Products:	Banking services, ATM services, Internet Banking, Payment
	Gateway, Mobile Banking, Consumer Banking, Corporate Banking, Investment Banking
Revenue :	Tk. 27.413 billion, US\$0.352 billion. {November 2024}
Net income :	₳19.80 billion(US\$257 million) (December 2024)
Total assets :	₳653.72 billion(US\$8.4 billion) (July 2024)
Legal Status	Public PLC Company
Company Registration No.	Dated March 13, 1983
Tax Payer Identification Number (TIN)	376764873732
Bangladesh Bank License No.	BL/DA/4290/83
SWIFT	IBBLBDDH
E-mail	info@islamibankbd.com
Website	www.islamibankbd.com
Shareholders:	27788
❖ Local Shareholders	82.1132%
❖ Foreign Shareholders	17.8868%
Market Category	A

Table : IBBL at a Glance

3.3 Organizational Structure

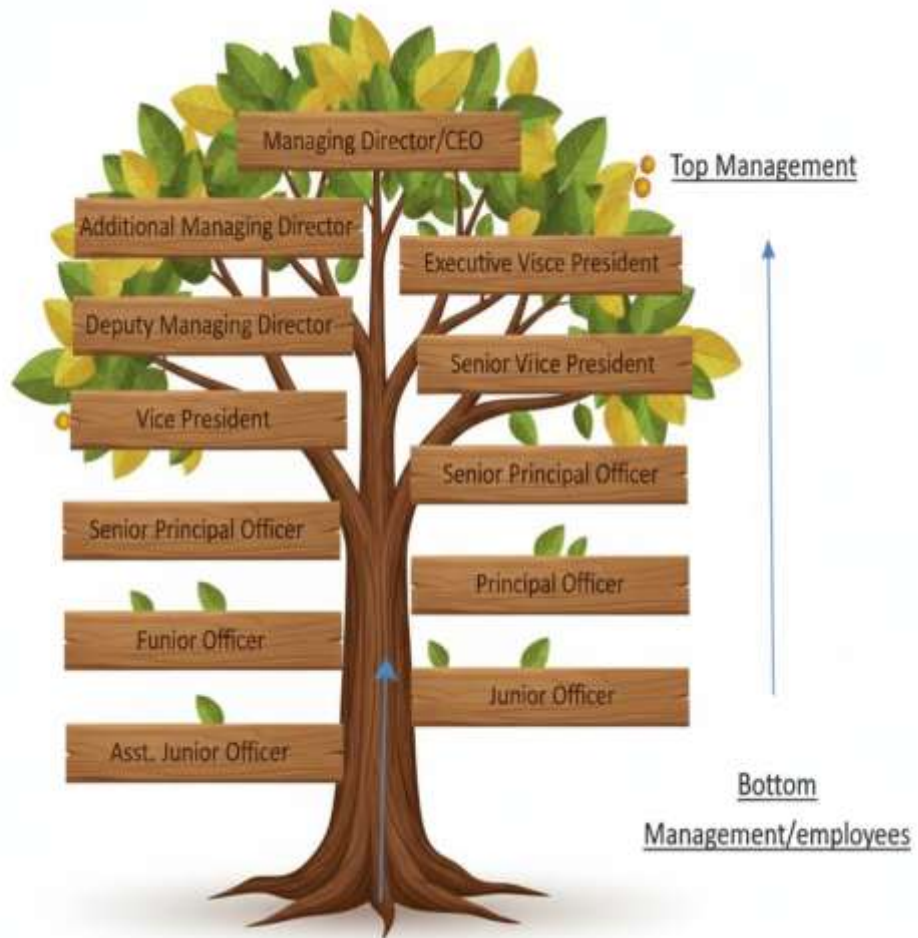


Figure : Organizational structure

Corporate Structure:

Corporate Organogram

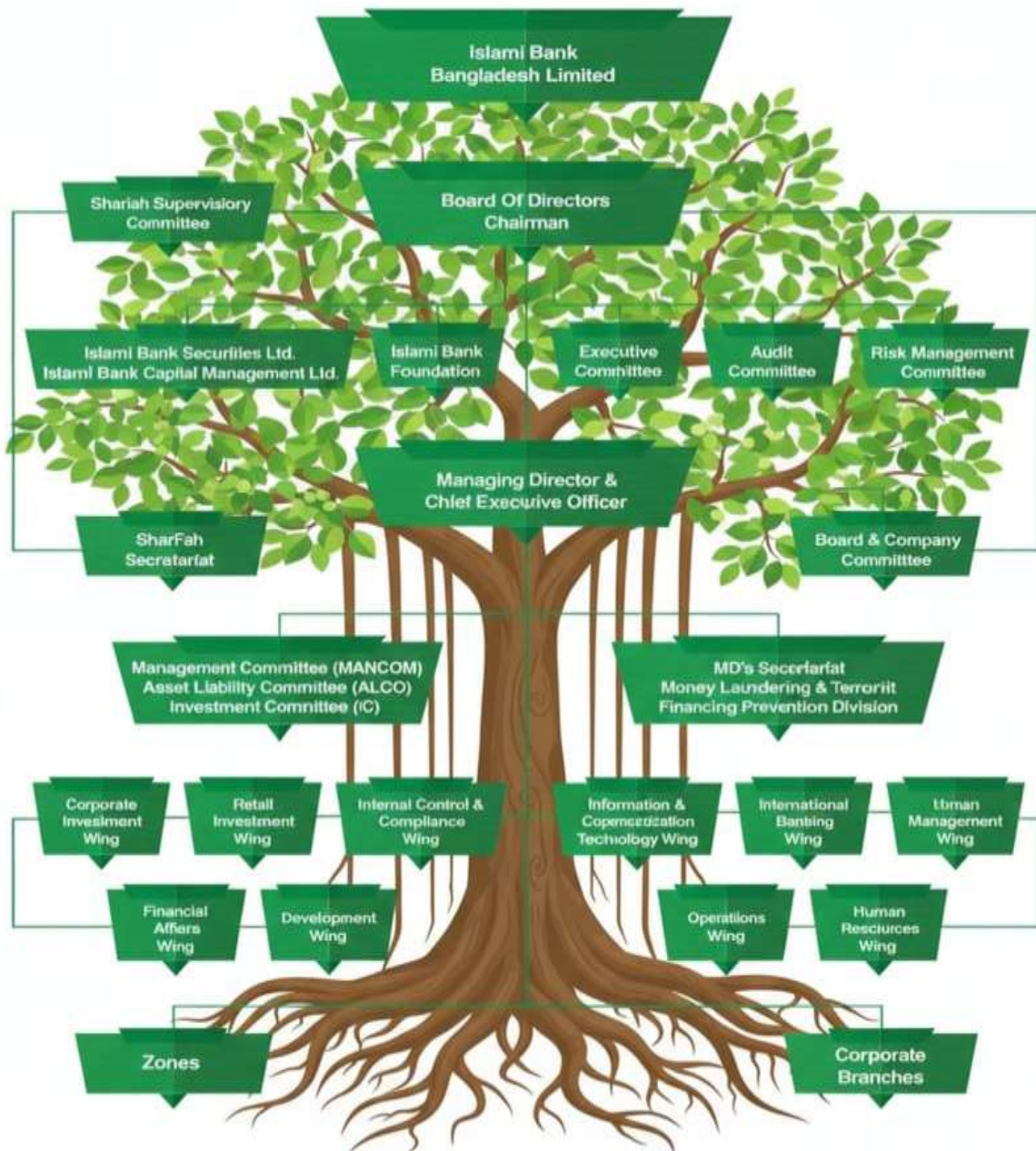


Figure : Corporate structure

3.4 SWOT Analysis of IBBL

SWOT Analysis is an important tool for evaluating the company's Strengths, Weaknesses, Opportunities and Threats. It helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help the organization to navigate in the turbulent ocean of competition. The SWOT analysis of Islami Bank Bangladesh PLC is presented here:



Figure 2.4: SWOT Analysis of IBBL

❖ Strengths

- **Adequate Fund & Finance:** Islami Bank Bangladesh PLC has adequate finance. That's why they need not to borrow fund from Bangladesh Bank or any other financial institution.
- **Honest & Reliable Employees:** All most every employee of Islami Bank Bangladesh PLC is honest, reliable & devoted highly to better customer service. The turnover rate of the employees is less than other organization.
- **High Experience:** Islami Bank Bangladesh PLC has vast years of experience since its establishment.
- **Great Goodwill:** The bank has already achieved a good will among its clients.

❖ Weaknesses

- Supervising Projects: The procedure of credit facility is less supervises comparing to other banks.
- Employee Management: Employees are bound to transfer from one to other branch within every three years that causes harassment for the employees.
- Absence of structured marketing and credit policy

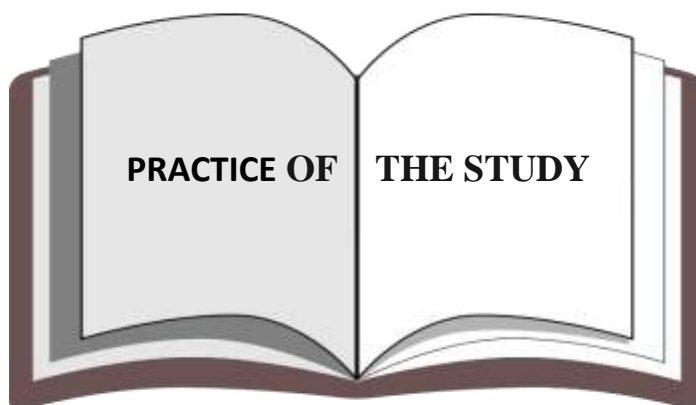
❖ Opportunities

- Emergence of I-banking: Emergence of I-banking has opened more scope for Bangladesh PLC.
- Innovative Customer Service: It has introduced more innovative and modern customer service.
- Right Recruitment System: Islami Bank Bangladesh PLC recruits experienced, efficient and knowledgeable work force as it offers good working environment.
- High chances to collaborate with the international banks.⁴

❖ Threats

- Worldwide Competitive Trend: The worldwide trend of mergers and acquisition in financial institutions can cause problems.
- Devaluation & Fluctuation of Currency: Frequent taka devaluation and foreign exchange rate fluctuation is the major threat.
- Threats of Local Competitors: Local competitors can capture huge market share by offering similar products.
- Many new banks are coming in the scenario with new service.

CHAPTER FOUR



4.1 Green Banking Concept

Green is a lively color which symbolizes renewal and growth. It is the color depicting the period when everything is alive and unrolling its natural processes. Whether banking is the act of bank by which financial services is provided to the customer. At the first sight, green banking seems as a green color bank or something like that. But actually, Green Banking means promoting environmental – friendly practices and reducing carbon footprint from banking activities. It is also called as ethical banking or a sustainable banking. It is a process practiced by the banks to make the earth environmentally appealing and safe habitable for all of the species on the earth. Green Banking policy enables an environmentally responsible bank to contribute in the economic system consisting of production, distribution business by conscious environmentally responsive finance, process, capacity building to promote pollution free environment and living standards. So it is the main focus of green banking to furnish the environment with the lively green & to offer a green nation at all.

Actually a Green Bank considers all the social, environmental & ecological factors in its normal banking operations with an additional agenda toward taking care of the earth's environment, habitats, and resources. It involves the tenets of sustainability, ethical investing, conservation and energy efficiency to protect the environment and natural resources. Indeed, Green Banking is the successful form of banking through which the country and nation gets environmental benefits.

4.2 4R Principles of Green Banking

- **Reduce:** Reduce refers to make something less in price, size, amount or hardship as well. Green banking concept motivates the workers to work so efficiently to reduce the as usual cost as far as possible. For example, use the both side of a paper after completing the need of one side.
- **Reuse:** Reuse is the action or practice of using something again, whether for its original purpose or to fulfil a different function. It means by taking previously used items – helps save time, money, energy and resources, but not reprocessing the items.
- **Replace:** Replace means to put out of a usual or proper place or into the place of another. It implies a filling of a place once occupied by something lost, destroyed, or no longer usable or adequate.

- **Recycle:** Recycling is the process of converting waste materials into new materials and objects. It is an alternative to "conventional" waste disposal that can save material and help lower greenhouse gas emissions.

4.3 Policy Formulation & Governance

Islami Bank Bangladesh PLC adopted the Green Banking Policy for the Bank approved by the Board. Having started its journey in 2011 under Head of Risk Management Wing, the Green Banking Department has circulated Green Office Guide, different instructions for all workforce to adopt appropriate green initiatives.

4.4 Implementation of Green Banking

Green Banking activities involve a wide variety of activities, which warrant the firm pledge of the workforce of an organization to carry out every activity taking the environment and society into account. Islami Bank Bangladesh PLC has been operating all of its activities with due consideration of total welfare, ethics, environmental cognizance, economic justice, shari'ah rulings etc. since inception. It was looking forward for a national policy to shape its activities and to make its welfare efforts a success because it feels that combined efforts are needed to bring the total welfare arid to make the earth green. After recent circulation of the Policy Guidelines for Green Banking of Bangladesh Bank, the Green Banking activities of Islami Bank Bangladesh PLC got a new embodiment & it has introduced the followings for proper & effective governance of the Green Banking activities of Islami Bank Bangladesh PLC:

- Establishment of separate Green Banking Department under the Bank's Risk Management Unit
- The Executive Committee has been assigned to supervise the Green Banking activities
- Formulation of a broad Green Banking Policy for the Bank
- Incorporation of Environment Risk Management in the Bank's Investment Risk Management Guideline
- Focus on greening IT infrastructure.

4.5 Investment Operations:

The investment policy of Islami Bank Bangladesh PLC has been prepared not only considering the profit goal but also considering the following ethical aspects:

1. Islamic Sharia'h
2. Social Desire & Economic Justice
3. Green Banking Policy of Bangladesh Bank
4. Protection of socially undesired goods production
5. Preference for investment to lower income group
6. Products invention by market segmentation for preferential sector
7. Bringing non-earning group of people into earning process etc.

Islami Bank Bangladesh PLC emphasizes on the investment clients to install water treatment plants where needed, effluent treatment plants, or hazardous waste treatment plants to qualify for the investments. It also gives high preference to environmental infrastructure projects like renewable energy plant, clean water supply project, wastewater treatment plant, bio-gas plant, bio-fertilizer plant etc.

4.6 Green Investment:

Green Investment implies investment to the economic activities that helps to recover the environmental degradations, prevent deterioration of the environment and are not harmful to the environment. Green Investment includes both Direct and Indirect Green Investment.

- Purchase, set up Green Products, establish Green Industry and transform existing traditional ones to environment friendly ones is enlisted direct green investment: Investment to the businesses to procure, as direct green investment.
- Indirect green investment: Working capital investment to environmental friendly plants, industry, products to carry out their businesses is considered as indirect green investment.

4.7 Green Investment in Finance:

Green Investments implies the financial services to the businesses and projects that help to prevent deterioration of the environment as well as which are not harmful to the environment. Green Investments combine both Direct and Indirect green investments. As per Bank's principles of giving preferences for eco-friendly business activities and energy efficient industries, it takes different steps for enhancing the green investment. The Bank to support environmentally friendly infrastructure will encourage the following projects while financing:

- Renewable energy project
- Clean water supply project

- Waste water treatment plants
- Bio-gas plant, Bio-fertilizer plant, Solar system
- Waste and hazardous disposal plant
- Eco friendly consumer loans
- Environment friendly brick fields
- Energy saving bulbs production plants
- Waste battery & paper recycling plant.

4.8 Green Promotion & Marketing

- **Online Banking:** Green banking is not always confined with green. Reducing the harassment of customers is also a part of green banking. In case of starting green banking facility, customers can get instant registration for i-Banking service. Here, I-Banking is designed to implement the commitment to green banking and to enable customers to do banking at their own convenience without visiting the branches. It facilitates the customer to bank from anywhere, anytime with total security and confidentiality.
- **Online Advertisement:** Islami Bank Bangladesh Ltd is increasingly focusing on online platforms like Face book, Websites etc. for promotional activities. All the products, offers, promotions, news are available on websites that reduce the dependency on print media. All these digital initiatives are reducing carbon footprints on day-to-day communication activities.
- **Selling Products and Services:** Islami Bank Bangladesh Ltd emphasizes selling products and services based on their environmental benefits. A number of such products and services like Automated Teller Machine, Debit Card, Visa Debit Card, Remittance Card, Khidmah Card, mCash, iBanking, i-recharge, SWIFT, call center, online banking, Short Message Service are being promoted through vigorous advertisements in both the electronic and the print media

4.9 Initiatives taken by the Bank:

Formation of Sustainable Finance Department In terms of Sustainable Finance Department of Bangladesh Bank Vide Circular Letter No.02 dated 01.12.2016 the Board of Directors of IBBL in its meeting held on 06.02.2017 has approved formation of “Sustainable Finance Department” under supervision of Head of Corporate Investment

Wing and Sustainable Finance Committee with the membership of different Wing/Divisional Head of the Bank.

Areas of Green Banking

1. General banking

The Bank uses the state-of-the art technology to provide various banking services on E-commerce platform. These products are like i-Banking, Phone Banking, Visa Debit Card, Khidma Credit Card, mCash, Cellfin, Call Centre and so on.

2. Green investment

Green Investment implies investment that helps recover the environmental degradations, prevent deterioration of the environment and are not harmful to the environment

Green Banking Report

“Green Banking” is the operation of the financial sector with special focus on the environmental, ecological and social factors targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly projects, businesses and reduction of overall carbon footprint from both of its financing and in-house operations.

IBBL formed Green Banking Department under Sustainable Finance Division following the Guidelines of Bangladesh Bank. We have already prepared Green Banking Policy & Strategies and Green Office Guide highlighting the efficient uses of resources and accordingly circulated among all of the branches.

Green Targets and achievement

The achievement of Green Term Investment Disbursement in the year 2023 was tremendous that exceeded more than four times of the 5% target fixed by Bangladesh Bank. On the other hand, 15.18% Sustainable Finance disbursement has been achieved against 20% target fixed by Bangladesh Bank. The detailed scenario of the sustainable and green finance disbursement during the year against BB target is given below in comparison to the previous year:

The Green Targets of 03 (three) major areas of the bank and achievement there against in 2024 are given below:

Green Term Investment Disbursement Target Achievement

(BDT in million)

Achievement Target (Bangladesh Bank fixed achievement target of green term investment disbursement in respect of total term investment disbursement)	Achievement-2023		Achievement-2024		Growth
	Volume	%	Volume	%	
5%	20,711.99	16.72%	21,606.95	22.50%	5.78%

Sector-wise Term Disbursement

(BDT in million)

Sl. No.	Sectors of Green Finance	2023	2024	Growth
1	Renewable Energy	83.63	80.99	(3.16)%
2	Energy & Resource Efficiency	5,363.86	4,564.49	(14.90)%
3	Alternative Energy	-	-	-
4	Liquid Waste Management	1,173.80	803.79	(31.52)%
5	Solid Waste Management	-	-	-
6	Circular Economy & Eco-Projects Financing	5,580.60	3,834.50	(31.29)%
7	Environment Friendly Brick Production	166.65	247.82	48.71%
8	Green/ Environment Friendly Establishments (with LEED certificates)	8,343.45	12,075.36	44.73%
Total		20,711.99	21,606.95	4.32%

Sustainable Investment disbursement target achievement

(BDT in million)

Achievement Target (BB fixed sustainable finance disbursement (including green term disbursement) achievement target in respect of total investment disbursement)	Achievement-2023		Achievement-2024		Growth
	Volume	%	Volume	%	
20.00%	166,737.11	11.72%	182,222.11	15.18%	3.46%

Sector-wise Sustainable Linked Investment Disbursement

(BDT in million)

Sl. No.	Sectors of Sustainable Linked Finance	2023	2024	Growth
01.	Sustainable Agriculture	90,352.24	72,299.93	(19.98)%
02.	Sustainable MSME	25,176.22	31,827.46	26.42%
03.	Working Capital & Demand Inv. for Green Products	23,564.28	49,649.49	110.70%
04.	Priority Green & Eco-Friendly Products for Trading Sector	6,932.38	6,838.28	(1.36)%
Total		146,025.12	160,615.16	9.99%

Major Achievements of Green Banking Department in 2024

- Achievement of 22.50% Green Term Investment Disbursement Target against the 5% target fixed by Bangladesh Bank.
- IBBPLC. has signed Participation Agreement with Bangladesh Bank for availing re-finance from GTF in BDT in addition to the GTF in euro.
- Special emphasis has been given to obtain more LEED certificates for green buildings/ industries by convincing new or existing investment clients.
- ICTW has completed the Software up gradation covering the total sustainable taxonomy.
- Initiatives have been taken for installation of Solar Panel for ATM/CRM services at branch/ office premises.
- All investment in-charges and dedicated officials for Green & Sustainable Finance Desks have been brought under training on Sustainable & Green Finance. A list of need-based training

Technological Advancement for Green Activities and Green Growth

The bank is practicing Online and Internet banking, ATM, CRM, Visa Card, Credit Card, CellFin, mCash, Call centre and all other types of innovative, modern and automated banking services that help environment friendly practices and reduce carbon footprint.

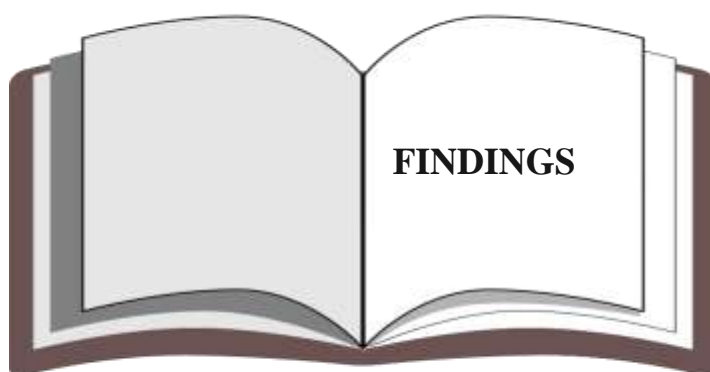
Strategic Plan of Green Banking Department for 2024

Giving special focus to achieve Sustainable Finance disbursement target.

- Keeping the high ranked position in banking sector in terms of Sustainability.
- Taking initiatives for carbon footprint measurements and disclosure of information about sustainability and climate related financial risks and opportunities in its annual reports step by step.
- Reducing utility consumption (electricity, gas, water and other utilities) to the reasonable level and prioritizing the installation of Solar panel for ATM/CRM services at branch/ office premises.
- Arrangement of Zone/ Branch wise special programs/ events for potential customers to build their awareness on environment friendly activities and sustainable/ green finance.
- Arranging EDPs & training programs regarding awareness and capacity building for the disclosure of sustainability and climate related financial risks and opportunities for all concerns of the bank.



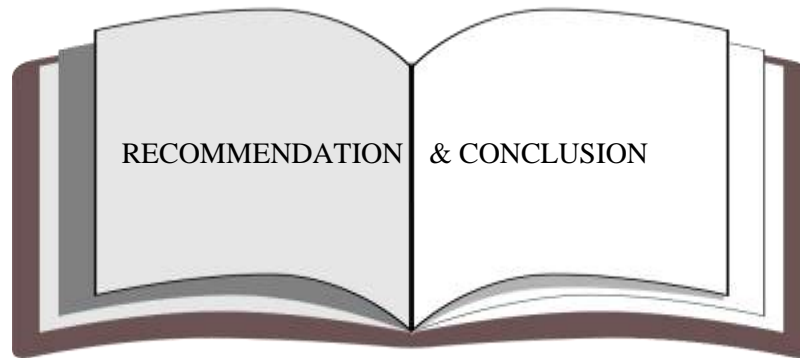
CHAPTER FIVE



Findings

- **Green banking still superficial / limited scale:** Research shows that while most banks (including IBBL) have green banking policy guidelines, many only practice limited parts (e.g. online banking, paper reduction) — “green banking” often remains more rhetorical than fully operational
- **Low share of “direct green financing” in loan portfolios:** Even though banks are urged to allocate a portion of loans to green projects, many banks (including Islamic ones) fail to allocate a meaningful percentage of total lending to green financing.
- **Lack of capacity/technical expertise:** There is often insufficient capacity (internal staff knowledge, project-appraisal expertise, environmental risk evaluation) among banks to design, assess and monitor green projects properly.
- **Insufficient incentives / weak enforcement:** The absence of clearly defined environmental standards, weak penalties for environmentally harmful financing, and insufficient rewards for “green projects” discourage large-scale adoption.
- **Limited demand from clients / lack of awareness:** Many potential borrowers — especially small and medium enterprises (SMEs) or small factories — lack awareness about green banking, or do not find it financially attractive (e.g. due to higher upfront cost of green technologies).
- **Poor disclosure, reporting and transparency:** Though green banking policies exist, disclosure of environmental risk, financed-emissions, or sustainability impact is often limited, semi-structured, or inconsistent across banks.
- **Green investments clustered in low-impact sectors:** According to sector-level data, much of green financing in Bangladesh goes to lower-impact categories like recycling or brick manufacturing, rather than high impact sectors like renewable energy or large-scale environmental remediation.
- **Implementation gap between policy and practice (especially at branch level):** Case studies of individual branches of IBBL show that while head-office may adopt green banking guidelines, many branches lack proper follow-through — due to shortage of data, lack of documentation or limited commitment.

CHAPTER SIX



Recommendations

- **Increase Green Financing:** Allocate more funds to renewable energy, eco-friendly industries, and energy-efficient technologies.
- **Strengthen Environmental Risk Assessment:** Integrate strict environmental screening in loan appraisal.
- **Build Staff Capacity:** Provide training on green project evaluation and sustainability standards.
- **Enhance Transparency & Reporting:** Publish detailed green-banking and sustainability reports regularly.
- **Develop Islamic Green Products:** Introduce Green Sukuk, green Mudarabah schemes, and Shariah-based solar financing.
- **Raise Customer Awareness:** Educate clients and SMEs about green technologies and offer incentives.
- **Improve In-House Green Practices:** Expand solar use, reduce paper, save energy, and promote recycling.
- **Strengthen Monitoring:** Regularly audit branch-level green activities and enforce compliance.
- **Partner for Sustainability:** Collaborate with govt agencies, renewable-energy firms, and climate-finance funds.
- **Create a Long-Term Strategy:** Prepare a 3–5 year green-banking roadmap aligned with national climate goals.

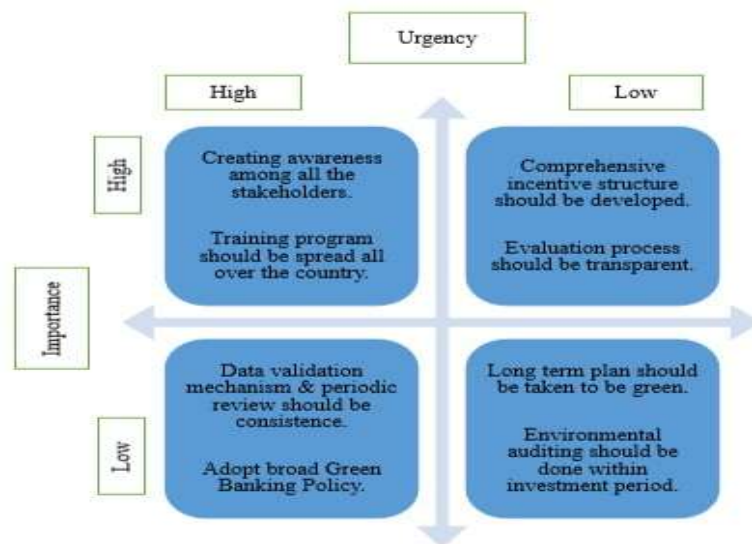


Figure 6.1: Prioritization matrix

Conclusion

Banking, Islami Bank Bangladesh PLC (IBB) gets less facilities in comparison with the other leading banks in our country in times of offer for the customers. Beside this, IBBL is successful to get more customer than many other competing banks. This is happened due to having a good customer relation and nice services for the customers. These excellent services can be summed up as like, Highest standard of Honesty; Integrity and Morale; Welfare Banking; Equity and Justice; Environmental Consciousness; Personalized Service; Adoption of Changed Technology; Proper Delegation, Transparency and Accountability. The study on the prospects, challenges & significance of the Green Banking practices in banking sector of Bangladesh shows that this sector is progressing steadily. Development of environmentally responsible practices by banks or green banking is the result of a collective effort of all stakeholders.

And banks are increasingly offering green loans, sustainable certificates of deposit and paperless checking rewards that dish out discounts and fee breaks. It's becoming mainstream as a way to make, save and lend money. Interestingly, online banking can also increase the efficiency and profitability of a bank. A bank can lower their own costs that result from paper overload and bulk mailing fees as more customers use online banking.

Besides, banks can do much more to help the environment than just promote online banking. A truly green bank will reduce their carbon footprint by building more efficient branches, implementing energy-efficient operational procedures, offering transportation services for their employees, promoting sustainable banking & increasing their lending in environment-sensitive industries. As per the above discussion, we can say that customers are becoming aware about various environmental issues and the hazardous effects of rapid industrialization, it is necessary for organizations to attain sustainable competitive

Advantage by creating eco-friendly products. Banks can protect themselves as a socially and ethically oriented organization by disbursement of loans merely to those organizations, which has environmental concerns. Besides, Government should take necessary steps to enforce existing environmental regulations and formulate appropriate rules to ensure 'Pollute Pays Principle' in the country. The Central Bank of Bangladesh can play a pro-

active role in formulating a national level ‘Green Credit Policy’ and creating a sound incentive structure for performing Environmental Risk practices by banks. A discount window may encourage the banks to undertake green financing.



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