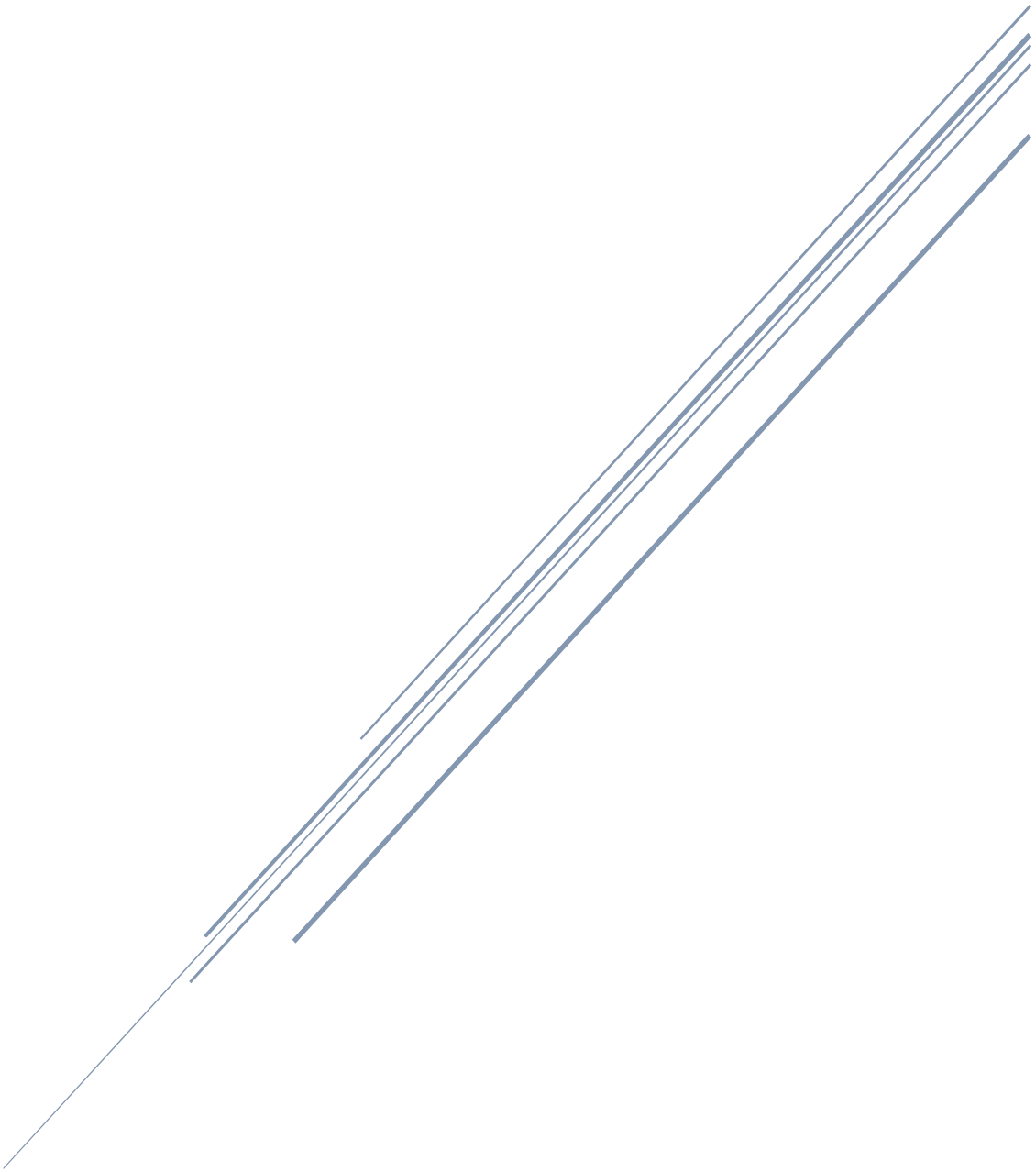
Green Banking Practices & Corporate Social responsibilities in Bangladesh: A Case Study on Islami Bank Bangladesh Limited.



Thesis Paper

Thesis Paper

On

Green Banking Practices & Corporate Social responsibilities in Bangladesh: A Case Study on Islami Bank Bangladesh Limited.

Submitted by:

Md. Tajuddin Khan

ID: MBA2102023010

Semester: Spring- 2022

Major: Human Resource Management

Program: Master's of Business Administration

Supervised to:

Department of Business Administration

Sonargaon University (SU)

Dhaka-1215



Sonargaon University (SU)

Dhaka, Bangladesh

Date of submission:

25th April - 2022

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Md. Rasel Hawlader

Lectuer

Department of Business Administration

Sonargaon University (SU)



Sonargaon University (SU)

Dhaka, Bangladesh

Date of submission:

25th April - 2022

Letter of Transmittal

January13, 2022

To,

Md. Rasel Hawlader.

Lecturer Department of Business Administration

Sonargaon University, Dhaka.

Subject: Submission of Thesis Paper on Green Banking Practices & Corporate Social responsibilities in Bangladesh: A Case Study on Islami Bank Bangladesh Limited.

Dear Sir,

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 & Corporate Social responsibilities in Bangladesh." 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 Limited.

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,

Md. Tajuddin Khan

ID: MBA2102023010

Department of Business Administration

Sonargaon University (SU)

Letter of Authorization

I, Mr. Md. Rasel Hawlader, Lecturer, Faculty of Business Administration, Sonargaon University (SU) hereby certify that the Thesis work entitled as "Green Banking Practices & Corporate Social responsibilities in Bangladesh: A Case Study on Islami Bank Bangladesh Limited." has been prepared by Md. Tajuddin Khan, ID: MBA-2102023010, 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).

Md. Rasel Hawlader
Lecturer
Department of Business Administration
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Student's Declaration

This is **Md. Tajuddin khan**, a student of Executive Master of Business Administration, **ID: MBA 2102023010** from Sonargaon University (SU) would like to solemnly declaration here that this report on **Green Banking Practices & Corporate Social responsibilities in Bangladesh: A Case Study on Islami Bank Bangladesh Limited.**has been authentically prepared by me under supervisor of **Md. Rasel Hawlader**, 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,

Md. Tajuddin khan
ID: MBA 2102023010
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Acknowledgment

At the very beginning, I would like to express my indebtedness and deepest sense of gratitude to Supervisor **Md. Rasel Hawlader**, Lecturer of Business Administration, Sonargaon University for his encouragement, thoughtful suggestions, proper guidance, and supervision throughout the progress of my thesis work. This report **'General Banking Practices & Corporate Social Responsibilities of Islami Bank Bangladesh Limited'** has been prepared to fulfill the requirement of MBA degree. I am very much fortunate that I have received sincere guidance, supervision and co-operation from various persons. I would like to express my heartiest gratitude to my thesis supervisor of Department of Human Resource Management, Sonargaon University, for his continuous guidance, encouragement, and patience, and for giving me the opportunity to do this work. His valuable suggestions and strict guidance made it possible to prepare a well-organized report.

I am also indebted to (VP), Janab Md. Shah Alam (SPO) and other staffs of Islami Bank Bangladesh Limited 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 Limited 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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Summary

Islami Bank Bangladesh Limited has become a renowned & popular bank within a journey of 40 years in Bangladesh because of its better services. It has launched many important schemes in our country as the market leader in private banking sector. Corporate Social Responsibility (CSR) & Green Banking term are two of them. Green banking is totally new concept in our country and corporate social responsibility (CSR) is gaining global acceptance very fast as a standard to assume environmentally sustainable and socially equitable business practices. As the pioneer of Welfare Banking Stream in Bangladesh, Islami Bank Bangladesh Ltd. has shown their heartiest activities in CSR obligations by establishing "Sadaqah Fund", which was mainly a charitable fund, on 4th July 1983.This paper examines the practices and driving philosophy of corporate social responsibility (CSR) & variety of green banking activities, major performance of green banking by Islami Bank in Bangladesh and to evaluate the need to modify CSR program & Green Banking practices of the organization to enhance its effectiveness. The main objective of the report is to analyses the CSR Role & Green Banking practices of Islami Bank Bangladesh Limited targeted to contribute in the economic, social and environmental betterment of Bangladesh as well as for its citizens. The data collection method of this study considered of both primary and secondary sources. I have explored both qualitative & quantitative information through oral & informal communication, personal observation, analysing internet information & so on. Majority of the information was collected from secondary data such as annual reports of the bank, relevant articles, websites, Bangladesh Bank publications, newspaper, journal and magazines. This study found that the Islami Bank Bangladesh had linked its CSR program as core business strategy to grow business with shared prosperity with its surrounding community and The Bank is well aware of its responsibility inside organization before it reaches out its external stakeholders and communities. Being the largest private sector commercial bank and having the maximum stake-holders, Islami Bank Bangladesh Limited has the ample scope for promoting the awareness about environment friendly activities and it is utilizing the scope for disseminating awareness amongst the masses according to keep the globe eligible for habitation. There is no doubt that a country like Bangladesh cannot afford

to discard all projects or economic activities only for environmental causes. Significant negative impact of production/economic activities on employment, income, and poverty cannot be ignored.

Thus, it is important to identify the sectors or industries where banks should continue financing in spite of their negative impact on environment. There should be long-term planning for these industries to handle environmental issues and all relevant policies should be consistent in this regard. Thus the banks should go green and play a pro-active role to take environmental and ecological aspects as part of their lending principle, which would force industries to go for environmental management, use of appropriate technologies and management systems & further advancements as well.

The Bank should undertake few alternative livelihood programs by assessing local needs to generate the long-lasting impact of their CSR program. For example, it could provide a community with a soft loan or economic aid to start a mini-farm, cattle and poultry raising or fish farming, or to modernize land farming, etc. Moreover, IBBL is playing a vital role for development of the society through Islami Bank Foundation, which was established for providing financial assistance to the poor and needy people through various healthcare, relief and rehabilitation, education, humanitarian and special program.

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CHAPTER -1

INTRODUCTION

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 Limited 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 Limited 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.

Corporate Social Responsibility (CSR) is gaining fast global acceptance as a standard to assume environmentally sustainable and socially equitable business practices. As the pioneer of Welfare Banking Stream in Bangladesh, IBBL has shown their heartiest activities in CSR obligations by establishing "Sadaqah Fund", which was mainly a charitable fund, on 4th July 1983. On June 01, 2008, Bangladesh Bank addressed a circular letter to the CEOs and MDs of all scheduled banks and financial institutions to incorporate CSR activities in their businesses (Rahman, 2013). By following this order, IBBL launched a separate division entitled "Corporate Social Affairs" on 16th July, 2009.

The objective of the study is to assess the CSR activities of Islami Bank Bangladesh Limited (IBBL) and its comparative contribution in the banking industry. This study was conducted based on 2018 annual reports of the scheduled banks and Bangladesh Bank's publication for CSR activities. The study made a list of top performers in the CSR fields of the country and made a sector-wise comparison among the banks and found that, IBBL holds a significant performance in every sector of CSR and made a respectable contribution.

This paper contains the concept of CSR both in conventional and Islamic perspectives, CSR activities of IBBL and comparative scenario in CSR contribution of IBBL andthe overall banking sectors of Bangladesh.

1.2Origin 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.

1.3Objectives 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 CSR activities of Islami Bank Bangladesh Limited 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 Limited in the context of green banking.

❖ Specific Objectives

a) To know the green banking concept clearly

b) To know the sectors of social welfare activities of Islami Bank Bangladesh Limited

c) To get the importance of CSR from an organization's point of view & know the green banking and green banking activities of investment in various sectors of Islami Bank Bangladesh Limited

d) To know the formulated policy, principles, objectives of Islami Bank Bangladesh Limited regarding with Green Banking.

e) To identify the CSR activities served by Islami Bank Bangladesh Ltd.

f) To compare the IBBL CSR activities with another bank.

g) To get familiarity with the banking activities and environment.

h) To critically synchronize the result of the performance or profit after practicing CSR of IBBL.

i) To evaluate the present condition of the bank regarding green banking policy.

j) To recommend some necessary steps to boost CSR activities & 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 CSR and 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 & CSR in IBBL would also be discussed here.

❖ Area of the Study

The study was done on the different types of welfare activities & responsibilities of Islami Bank Bangladesh Ltd. in various areas of Bangladesh. It also disclosed the green banking and green banking activities of investment in various sectors of Islami Bank Bangladesh Limited

❖ 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 & CSR. 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 CRS 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 & CSR
- Islami Bank Magazine on CSR activities
- 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.

1.6 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.

1.7 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 analysed, 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

CHAPTER - 2

PROFILE OF THE ORGANIZATION

2.1 An Overview of Islami Bank Bangladesh Limited

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) mode significant contributions towards introduction of Islamic Bank in the country. Islami bank Bangladesh limited (IBBL) was incorporated as the first Sariah based interest free Bank in south-east Asia on 13th March 1983 as a Public Company with limited liability under the company act, 1913 with 58.03% foreign shareholding having largest branch network (236Branches & 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 12thAugust 1983.owards

introduction of Islamic Bank in the country. Islami Bank Bangladesh Limited is a Joint Venture Public Limited 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.

2.2Mission, 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, 2020) **(Financial Information)**	
Authorized Capital	20,000.00 million TK.
Paid-up Capital	16,099.91 million TK.
Equity(2020)	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,	Prof. Md. Nazmul Hassan, Ph.D.
Managing Director	Mohammed Monirul Moula

Company Secretary	J.Q.M. Habibullah, FCS
Number of Zones	16
Number of Branches	373
Number of Sub Branch	162
Number of AD Branches	61
Number of SME/Agriculture Branch	30
Number of ATM Booth (own) & CRM	1752
A Number of Agent Banking Outlet	2273
Number of Shareholders	33869
Number of Manpower	18621
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 2021}
Net income :	৳19.80 billion(US$257 million) (December 2021)
Total assets :	৳653.72 billion(US$8.4 billion) (July 2021)
Legal Status	Public Limited 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: ❖ Local Shareholders ❖ Foreign Shareholders	33869 57.38% 42.62%
Market Category	A

Table : IBBL at a Glance

Islami Bank Bangladesh Limited Nawabganj Branch at a Glance:

Bank details	**Islami Bank Bangladesh Ltd.**
Branch Name	Nawabganj Branch (Authorized Diller)
Address	Thana Road, Nawabganj, Dhaka
Established	November 2, 1989
Manager	Mohammad abul(VP)
No. of Departments	3
Human Resource of Bank	67
Telephone	02 7765235
Fax	0622556235
S.W.I.F.T	IBBLBDDH130
Branch Code	130
E-mail	Nawabganj@islamibankbd.com
Website	www.islamibankbd.com

Table : Islami Bank Bangladesh Limited Nawabganj Branch

2.3 Organizational Structure

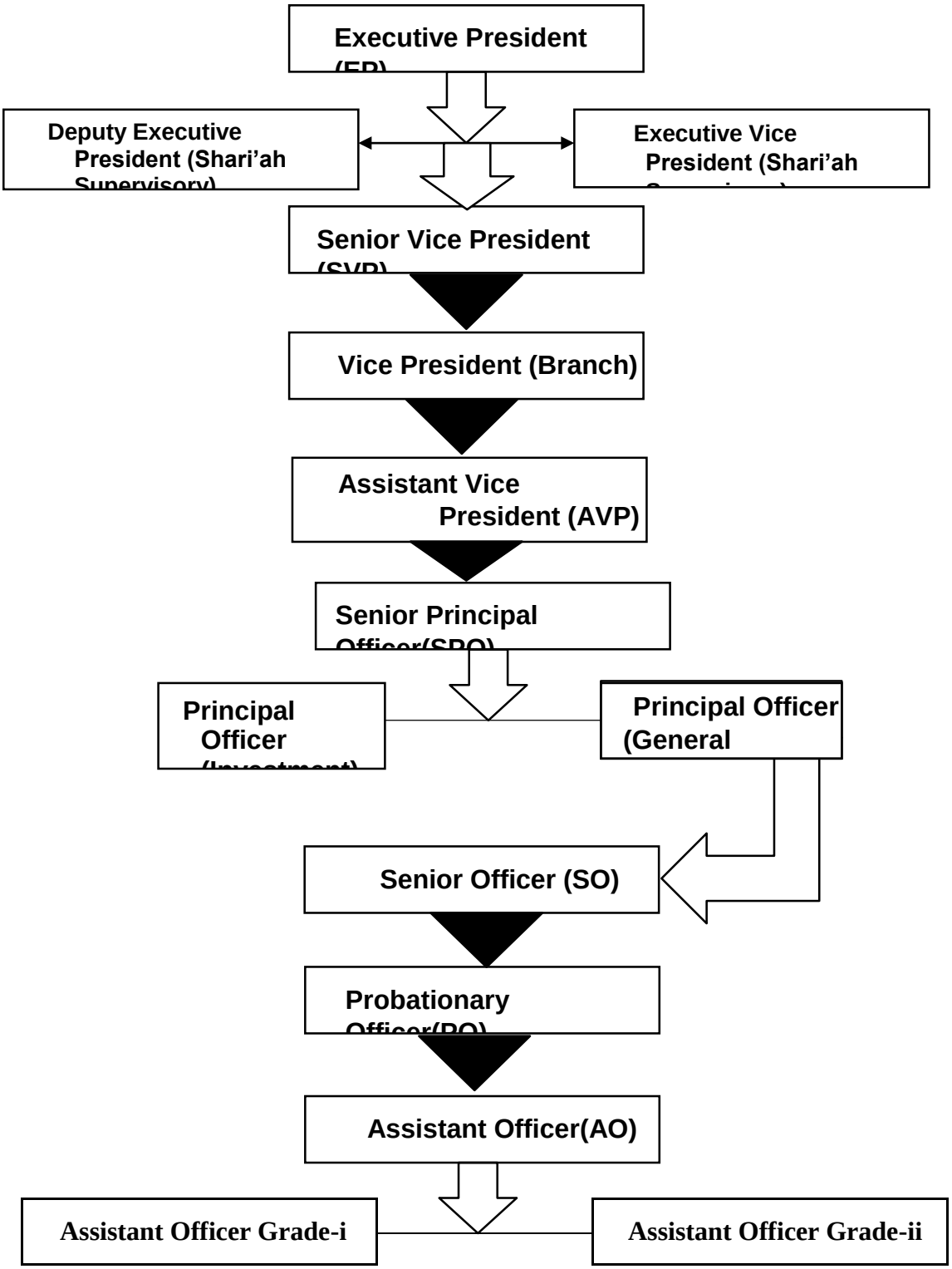


Figure : Organizational structure

❖ **Corporate Structure:**

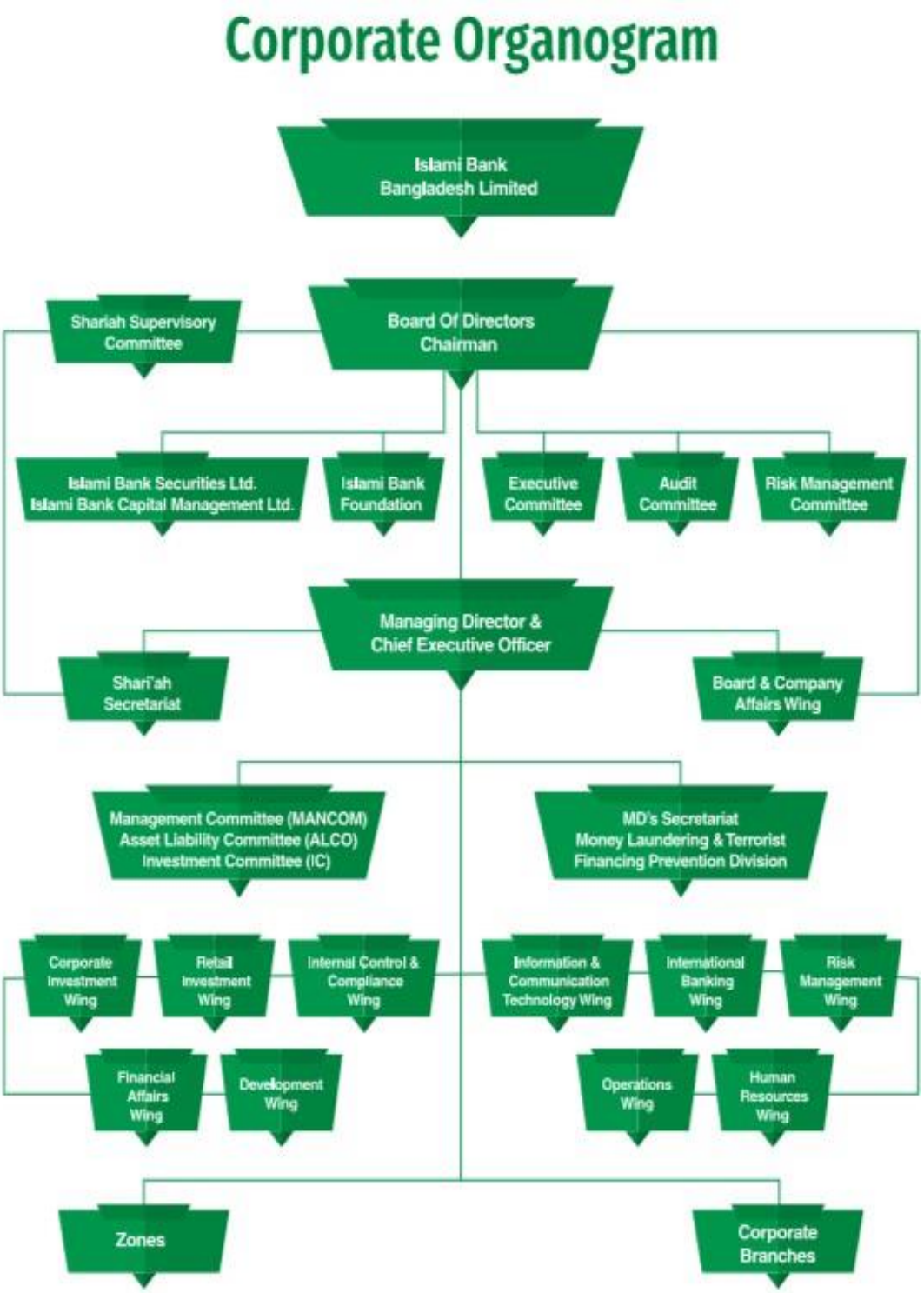


Figure : Corporate structure

2.4 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 Limited is presented here:



Figure 2.4: SWOT Analysis of IBBL

❖ Strengths

- Adequate Fund & Finance: Islami Bank Bangladesh Limited 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 Limited 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 Limited 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 Limited.
- Innovative Customer Service: It has introduced more innovative and modern customer service.
- Right Recruitment System: Islami Bank Bangladesh Limited 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 -3

LITERATURE REVIEW

3.1 Corporate Social Responsibility

CSR is defined in many ways and no universally accepted definition is in place, however, the scope of CSR in corporate board rooms to be management ranks have pervaded and continue to gain momentum. Hill (2006) Explained that CSR is a set of practices that form a part of good management or business practices much of it is about transparency and disclosure. Many organizations find that in actuality they already do much of what is considered "CSR" but often do not have formalized systems to report on those activities. Further CSR should not be viewed as an add – on activity as it is a concept of good practice that cuts across an organization (e.g. in HR, Purchasing, Customer Services etc.).

Corporate social responsibility as a construct that ''...encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.'' Carroll (1979). In his definition, Carroll argued that these responsibilities are not only performed for the firm's sake but also for the sake of society at large. This means that organizations by their very existence can be viewed as entering into a social contract that obligates the corporation to take the interests of society into consideration when making decisions (Andreasen and Drumwright, 2001). Many firms seek to ensure that their employees feel attached to their organization in order to ensure a low turnover rate. Toward this end, a good corporate social responsibility (CSR) reputation can generate positive attention from both current and prospective employees (Turban & Greening, 1996). Hussain and Hussain (2005) provided a constructive picture between consumer's perception and organization's spending pattern on different CSR activities. They also figured out whether consumers expect to incorporate only brand name, or only company name or both brand and company name while organizing CSR activities.

The construct CSR has four intimately related facets – economic, legal, ethical and philanthropic – with organizations striving to achieve all four at all times. Based on these components, a socially responsible firm ''should strive to make a profit, obey the law, be ethical, and be a good corporate citizen'' (Carroll, 1991). In 1979 he offered a conceptual model that comprehensively describes essential aspects of corporate social performance. He addressed three aspects of the model major questions of concern to academics and managers alike: (1) what is included in corporate social responsibility? (2) What are the social issues the organization must address? And (3) what is the organization's philosophy

or mode of social responsiveness? Mohr, Webb and Harris (2001) viewed corporate social responsibility as a company's commitment to minimizing eliminating any harmful effects on society and maximizing its long term beneficial impact.

A compelling argument behind why firms are motivated to invest in CSR programs comes from the domain of stakeholder theory (Argandona, 1998). Stakeholder theory suggests that organizational survival and success is contingent on satisfying both its economic (e.g. profit maximization) and non-economic (e.g. corporate social performance) objectives by meeting the needs of the company's various stakeholders.

Chowdhury (2004) believes that, as a part of corporate governance. Corporate governance refers to the system of structures, rights, duties, and obligations by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the actions, policies and decisions of corporations. Governance involves the alignment of interests among the stakeholders. Corporate governance and monitoring is an important control device. The independent roles of nonexecutive directors in a society are dependent on economic, socio
– political and cultural factors of that society. Asia particularly china, Japan, India, Bangladesh, Malaysia and Indonesia is characterized by collectivism and paternalism where there is high loyalty to senior people and juniors and subordinates obey seniors' wishes and desires.

Three major themes in research on corporate social responsibility (CSR) of particular interest Identified by Zahra (1987); however, is the potential link between CSR and organizational effectiveness (OE). Data collected from 410 college graduate and undergraduate students were used to examine that relationship. Using factor analysis, eight dimensions of CSR and three components of OE were extracted. They performed Canonical analysis. The result supports the proposition that specific CSR practices affect select OE outcomes.

McGuire (1988) Using Fortune magazine's ratings of corporate reputations analyzed the relationships between perceptions of firms' corporate social responsibility and measures of their financial performance. They found a firm's prior performance, assessed by both stock-market returns and accounting-based measures, was more closely related to corporate social responsibility than was subsequent performance. Measures of risk were more closely associated with social responsibility than previous studies had suggested.

Wartick and Cochran (1985) traced the evolution of the corporate social performance model by focusing on three challenges to the concept of corporate social responsibility: economic responsibility, public responsibility, and social responsiveness. They also examined social issues management as a dimension of corporate social performance. Their research concluded that the corporate social performance model is valuable for business and society study and that it provides the beginnings of a paradigm for the field.

The concept of CSR first emerged in 1950 by Bowen. After its emergence, the meaning and aspects of CSR have evolved over the decades and many researchers and Institutions has tried to define CSR from dynamic perspective or context. For example, Backman (1975) identified CSR activities as: "employment of minority groups, reduction of pollution, greater participation in programs to improve the community, improved medical care, improved industrial health and safety etc. that are designed to improve the quality of life are covered by the broad umbrella of social responsibility". Later, European Commission (2002) defines CSR as a concept whereby companies integrate social and environmental concern in their business operations and interaction with their stakeholders on a voluntary basis. Archie B. Carroll (1979) defined the purview of CSR to encompass the economic, legal, ethical and discretionary (philanthropic) expectations of the society from the business organizations in order of priority at a given point in time.

Maignan and Ralston (2002) viewed corporate social responsibility as a medium to enhance firms' acceptance in the eyes of their stakeholders and to develop favorable images. In recent times social responsibility usually refers to the strategic goals that should be included in the business simultaneously with the economic performance (e.g., profits) goals. An example can be taken as of banking industry. Across the globe, its stakeholders including shareholders, investors, media, NGOs and customers have been heavily scrutinizing the business ethics and responsibility in its mode of operation (Du, S. Bhattacharya, C.B. Sen, S. 2010). Wise and Ali (2009) showed CSR as an evolving

framework for corporate executives within which to formulate and administer corporate policies to support organization's strategy and to meet the requirement of its stakeholders. (Dusuki, A.W. and Dar, H, 2005). Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) expressed their view on Corporate Social Responsibility (CSR) for IFIs that all their activities should fulfill its religious, economic, legal, and ethical standards and should discharge its discretionary responsibilities as financial intermediaries for individuals and institutions. In this instance, concerned management should honor all the principles of Islam regarding business activity.

Following the global trend, CSR is also gradually making its way in the corporate culture of Bangladesh even though this item still remains as one of the major ethical dilemmas for business executives of the financial sectors which are relatively ahead in corporate governance due to the ambivalent consequence of corrupt corporate practice in Bangladesh. Nonetheless, the role of CRS is getting clearer over time with the establishment of CSR center in Bangladesh. The expectations from CSR was well echoed in the launching remark of the CEO of CSR center in Bangladesh that CSR goes beyond philanthropy and is a comprehensive strategy to link core business strategy to the issues of environment, human rights and labor welfare, good governance and sustainable social investment measures (Shahamin S. Zaman, CEO, BCSR Center). The underlying business rationale or operating principles guiding CSR activities in the Islamic finance sector in Bangladesh can be widely different from generally understood principles by early researchers. To explore any existence of such gap between Islamic finance sector and other non-Islamic corporations, this study also undertook some literature reviews to understand few fundamental reasons to undertake CSR program by non-Islamic organizations. Corporations are found motivated to conduct CSR to increase market share and brand image due to the belief that most of the buyer prefers products of socially responsible firms over others and are willing to switch their brands accordingly (Maignan, Ferrell, and Hult, 1999). Another survey in the USA showed that almost 43% customers displayed their positive impression by the information of donations made for social welfare and development activities by firms (Hess, D. and Rogovsky, N. Dunfee, T.W.
2002). McWilliams and Siegel (2001) indicated that business entities practicing true CSR

CSR from the western perspective has evolved since more than half a century ago; meanwhile CSR from an Islamic perspective has just started to make an appearance in the modern literature for not more than a decade, although the features and traits discussed are

already practiced since the era of our Rasul Allah (SAW) (Chapra, 2000; Nor & Austay, 2011). The Al Qur'an always links business success and economic growths which are highly influenced by ethical entrepreneurs in their business. Allah (SWT) said in the Qur‟an: “Give full measure when ye measure, and weigh with a balance that is straight: that is the most fitting and the most advantageous in the final determination” (al Isra, 17:35)
The Rasul Allah (SAW) has said in the hadith narrated by Malik ibn Anas (RA):

“A worker/employee is entitled to at least get good food and clothing with a decent size and is not burdened with ability to work outside the limits. (Malik, 795, 2: 980)

The hadith above concludes that minimum wages should allow a worker or employee to

obtain good food and feasible clothing, reasonable amount for himself and his family without to work hard. Dusuki (2008) proposed CSR as a 5 level continuum labeling Irresponsible, Minimalist, Apathetic, Tactical and Taqwa-Centric1. This should naturally manifest in business activities as well as their relationship with their all stakeholder (Hossain & Siwar, 2009). These supplementary elements are rububiyyah (oneness of Allah (SWT)), ukhuwwah (brotherhood), „adl (justice) and tazkiyyah (purification and development) (Nor & Austay, 2011) which create a sense of belongings that motivates and guides our attribute of love, passion and justice among each other (Iqbal, 2005; Yousri, 2005 :). Allah (SWT) says, It is He (Allah) who hath made you (His) agents, inheritors of the earth: He hath raised you in ranks, some above others: that He may try you in the gifts He hath given you: for thy Lord is quick in punishment: yet He is indeed Oft-forgiving, Most Merciful. (Al Qur'an 6: 165).

3.2Concept of CSR in Islamic Banking

Yusuf and Bahari (2011) identified six criteria‟s of CSR in Islami Banking Institutions (IBI), namely,

- Shari‟ah compliance;
- equality,
- responsible in work;
- guarantee of welfare;
- guarantee of environmental sustainability and
- Charity for preservation of virtue.

Each criteria has an impact on the stakeholders; and each criteria is based on the principles derived from al Qur'an and al Sunnah. Six criteria for CSR at IBI are to ensure operational terms and implement shari'ah correctly (Khan and Karim, 2010). The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) issued its Governance Standard No.7 entitled Islamic Finance CSR Survey (Dinar standard, 2011) that deals with guidelines for Islamic Financial Institutions on CSR which include:

a) Screening clients
b) Responsible dealing with clients
c) Earnings and expenditures prohibited by Shariah
d) Employee welfare
e) Zakah

f) Quard Hasana
g) Reduction of adverse impact on environment
h) Social, development and environment based investment quotas
i) Customer service
j) Micro, small business and social savings &investments
k) Charitable activities
l) Waqf Management

3.3Importance of CSR

The business grew rapidly. In the initial growth phase of a business, the natural emphasis and attention is on developing from a financial perspective. As a business matures there becomes a greater responsibility to give back to employees, clients and the wider community. This is an ethos which has been prevalent throughout our business: a desire to make a difference and so early on we made the important decision to execute an extensive corporate social responsibility (CSR) programmed. CSR is an important way to increase a business' competitive advantage, protect and raise brand awareness and build trust with customers and employees. Maintaining this trust isn't simple and is something which can easily be damaged or lost. To be successful in the long-term, companies need to think beyond what's affecting them today and start focusing on what's going to happen tomorrow. This isn't just about addressing changes to technology or the needs of the customers, but also taking into account changes in social, environmental and governance

issues. In today's digital, fast speed world, each business, small or big, needs to have a CSR program in place. If CSR is not yet part of your daily business practice, you must act fast. Or else you'll lose the trust of the people who are important to your business. Believe it or not but the expectations of your staff, customers and the wider community have changed. You are no longer in control. They are.

Satisfied employees

Employees want to feel proud of the organization they work for. An employee with a positive attitude towards the company, is less likely to look for a job elsewhere. It is also likely that you will receive more job applications because people want to work for you. More choice means a better workforce. Because of the high positive impact of CSR on employee wellbeing and motivation, the role of HR in managing CSR projects is significant.

Satisfied customers

Research shows that a strong record of CSR improves customers' attitude towards the company. If a customer likes the company, he or she will buy more products or services and will be less willing to change to another brand.

Costs reductions

Yes, you read this correctly. A CSR program doesn't have to cost money. On the contrary. If conducted properly a company can reduce costs through CSR Companies reduce costs by:

- More efficient staff hire and retention.
- Implementing energy savings programs.
- Managing potential risks and liabilities more effectively.
- Less investment in traditional advertising

Positive impact in the community

Keeping social responsibility front of mind encourages businesses to act ethically and to consider the social and environmental impacts of their business. In doing so, organizations can avoid or mitigate detrimental impacts of their business on the community. In some cases, organizations will find ways to make changes in their services or value chain that actually delivers benefits for the community, where they once didn't

community, or directly through the organization's own activities, such as volunteerism and philanthropy.

Creation of brand differentiation

CSR can help build customer loyalty based on distinctive ethical values. Some companies use their commitment to CSR as their primary positioning tool. Some companies use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions as another form of advertising.

3.4Criticism Associated with Corporate Social Responsibility (CSR)

- **Firstly,** CSR allows businesses to project positive image by doing very little.
- **Secondly,** the level of publicity associated with the concept of CSR creates an impression that the majority of businesses are seriously engaged in CSR-related activities, whereas the reality is quite different.
- **Thirdly,** CSR activities engaged in by some businesses contradict with their actual

business practices and tendencies of their businesses.

- **Fourth,** the influence of large businesses and multinational corporations increases in society with their active engagement in CSR issues.
- **Fifth,** CSR is an empty promise and it is only an effective public relations tool.

3.5 Corporate Social Responsibilities & Ethics

CSR or ethical business means taking account of the organization's impact socially, environmentally, economically and in terms of human rights. CSR considers people external to the firm - perhaps working in partnership with local communities and development groups, e.g. sponsoring local events or ensuring opportunities are advertised locally, or funding charity campaigns abroad. CSR involves socially responsible investment (SRI) and indeed governance.

3.6 Benefits & Costs of having CSR

Proponents of CSR argue that company can benefit from having CSR, such as enhancing reputation, generating greater employee and customer loyalty and retention (Lance, 2001). Firstly, CSR can generate reputation and then create business value to the socially responsible company (Bebbington et al., 2008). CSR can maintain customer loyalty which is important for company because it is more costly to attract new customers than to retain existing customers (Mandhachitara & Poolthong, 2011). Secondly, adopting

CSR can make company profitable. Company can increase sales revenue by gaining customer support and reduce cost by having environmentally friendly approach in production. More tax reduction will be obtained by using environmentally friendly machinery or making charitable donations (Doukakis et al., 2005). Having environmental-friendly production can also achieve cost efficiency position (Gyves & Higgins, 2008). Thirdly, CSR has positive impact on strategic decision of the company. CSR facilitates product differentiation strategy to be successful and a higher price can be charged for the product (Cruz &Boehe, 2008). For instance, differentiating through the use of CSR resources like recycled products or organic pest control (McWilliams & Siegel, 2001). Company can also gain competitive advantage since the company shows the uniqueness of the value to community (Holme, 2010). However, implementing CSR is not without costs. Firstly, using new machinery in production will involve intensive capital investment which may then result in liquidity problem (Yeoh, 2007). Higher capital cost may shake the position of cost leadership of the company (Lanoizelee, 2011). Secondly, company may hire additional staff to advocate and conduct CSR through affirmative action, community outreach, and improved labour relations (McWilliams & Siegel, 2001), therefore higher wages and benefits have to be provided. Thirdly, CSR may require higher cost of materials or inputs from suppliers. For instance, Body Shop purchases special ingredients and formulas that have not been animal tested (McWilliams & Siegel, 2001).

3.7Relevant Theories

For a better understanding of the bank's relationship with CSR Garriga and Mele's typology can be referred, which suggests that the most relevant CSR approaches are focused on one of the following aspects of social reality: economics (Instrumental theories), political (Political theories), social integration (Integrative theories) and ethics (Ethical theories). IBBL's CSR activities falls under all four theories of Garriga and Mele, as described below:

❖ Legitimacy Theory

The theory is close to the social contract theory. Here, the corporations constantly seek to ensure that they operate within the limits and norms of their respective societies and the outside parties perceive their activities as being legitimate.

"Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it." This principle developed by Davis's (1973) is commonly known as the Iron Law of Responsibility. It expresses legitimacy as a societal-level concept and describes the responsibility of business as a social institution that must avoid abusing its power. Thus, this principle expresses a prohibition rather than an affirmative duty, and it applies equally to all companies, regardless of their particular circumstances.

❖ Instrumental theories

In this group of theories, CSR is seen only as a strategic tool to achieve economic objectives and, ultimately wealth creation. Representative of this approach is the well- known Friedman (1970) views that "the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country."

❖ Political theories

A group of CSR theories and approaches focus on interactions and connections between business and society and on the power and position of business and its inherent responsibility. They include both political considerations and political analysis in the CSR debate.

❖ Integrative theories

This group of theories looks at how business integrates social demands, arguing that business depends on society for its existence, continuity and growth. Social demands are generally considered to be the way in which society interacts with business and gives it a certain legitimacy and prestige.

❖ Ethical theories

There is a fourth group of theories or approaches focus on the ethical requirements that cement the relationship between business and society. They are based on principles that express the right thing to do or the necessity to achieve a good society.

❖ Social Contract Theory

This theory dates from the classic period of history but it took its modern form between the sixteenth and eighteen centuries with the best-known philosophers like Thomas Hobbes, John Locke and Jean Jacques Rousseau who talk on social contract. Rousseau, in fact, conceptualized the individual-society relationship as a symbiotic situation whereby the two parties mutually confer some right to the state in order to maintain social order which makes human life and cohabitation better and to gain benefits of community and safety. In parallel to the social contract, the corporate social theory, pertaining to a firm's indirect social obligations, has been advanced as a theoretical basis to explain the practice of CSR by corporations. Accordingly, businesses are bound by the social contract whereby they consent to perform various socially desired actions in return for approval of their objectives and other rewards. This ultimately guarantees its continued existence.

❖ Stakeholder Theory

A key feature of CSR involves the way that a company engages, involves, and collaborates with its stakeholders including shareholders, employees, debt-holders, suppliers, customers, communities, non-governmental organizations, and governments. Companies can use stakeholder engagement to internalize society's needs, hopes, circumstances into their corporate views and decision-making. While there are many questions about how far a company's responsibilities extend into communities relative to the roles of governments and individual citizens, there is a strong argument that CSR can effectively improve a company's relations with communities and thereby produce some key features that will improve business prospects for its future.

❖ Agency Theory

This theory comes to explain the relationship that exists between the owners/shareholders and the management. As such the latter is the agent which appointed by the principal (owner/subsidiary) and problems such as the potential moral hazard and conflict of interest are likely to occur. CSR comes as a middle way so that both parties can maximize their gains. As such, when CFP is strong, managers may reduce social expenditures in order to

maximize their own short term private gains whereas when CFP weakens, managers will try to offset their disappointing results by engaging in conspicuous social programs, hence increasing their own wealth and that of shareholders as well, pursuant to the managerial opportunism hypothesis by Preston & O'Bannon (1997).

3.8 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 channelled 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 limited 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 analysed & emphasized.

3.9 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.

3.10 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.

3.11 Green Banking at Islami Bank Bangladesh Limited

Islami Bank Bangladesh Limited 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 Limited, 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 Limited 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 – 4

ANALYSIS OF THE STUDY

4.1Green 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 appeasing 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 Limited 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 Limited 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 Limited got a new embodiment & it has introduced the followings for proper & effective governance of the Green Banking activities of Islami Bank Bangladesh Limited:

- 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 Limited 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 Limited 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, iBanking 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

Bangladesh Bank (BB) fixed a minimum target of green disbursement at 5.00% out of total funded **term investment disbursement** (Circular no. 05 dated 09.09.2020) which was earlier fixed against total funded investment disbursement as a whole.

IBBL achieved 25.15% for the year 2020.

The Green Targets of 03 (three) major areas of the bank and achievement thereagainst in 2020 are given below:

(Amount in million Taka)

Particulars	Target for 2020					Achievement in 2020
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Target	
Green Finance (Investment)	14,102	14,067	14,037	14,862	**57,068**	**21,966.06**
Climate Risk Fund	50	30	40	30	**150**	**182.18**
Marketing, Training & Capacity Building	3.875	4.375	4.875	5.375	**18.50**	**0.83**
Total	**14,155.88**	**14,101.38**	**14,081.88**	**14,897.38**	**57,236.50**	**22,149.07**

Disbursement in Green Finance (Amount in million Taka)

Sl. No.	Sectors of Green Investment	Amount Disbursed (2020)
01.	Renewable Energy	120.19
02.	Energy Efficiency	3,663.54
03.	Waste Management	1,762.22
04.	Recycling and Recyclable product	4,435.88
05.	Environment Friendly Brick Kiln	4,029.49
06.	Others	7,954.74
Total		**21,966.06**

Climate Risk Fund (CRF) i.e. CSR activities for the climate change vulnerable people

Bank spends in CSR program for the welfare of the community/ country. A part from this expenditure, which is used for the programs and economic activities in the areas prone to natural disaster due to climate change, is treated as Green Banking. In 2020, Bank spent Taka 182.18 million as CRF which is 22.46% of the total CSR activities for the climate change vulnerable people.

Employees Training and Capacity Building

Arranging need based academic training and workshop on Green Banking and Environmental & Social (E&S) risks is a continuous process to enhance the capacity of Bank officials. GBD is trying to enhance the awareness and capacity on Green Banking and provided training to 1,187 numbers of employees during the year through virtual platform due to COVID-19 pandemic.

Environmental & Social Risk Management (ESRM)

IBBL considers both investment risk management and environmental & social risk management while financing the project. As per Bangladesh Bank's guidelines 'Environmental & Social Risk Management (ESRM)' is applicable in agriculture, retail, trade, microfinance, SME, corporate finance and project finance on all New/ Renewal/ Rescheduling/ Restructuring investment proposals. Total 29,533 numbers of projects have been rated under Environmental & Social Risk Rating (ESRR) out of which 10,531 projects have been financed and Taka 470,576.00 million has been disbursed thereagainst in 2020.

In-house management

In-house management plays an important role to ensure sustainable banking practice by reducing the costs of every possible banking operation as well as to reduce carbon emission. Vigorous efforts have been taken by Green Banking Department (GBD) by enhancing awareness among all of the functional units of the Bank and consequently the overall

expenditure is being reduced gradually. The consumption costs of electricity, fuel and paper have been reduced by 7.40%, 8.43% and 17.20% respectively over the previous year. To address the current pandemic situation and to maintain social distancing, all the training programs have been conducted through on line using various virtual platform and consequently the training cost is minimized at 56.90% in comparison to the year 2019.

Tree Plantation Report:

Sl. No.	Year	No. of sapling distributed	No. of beneficiary	Expenditure (Amount in Million Taka)
1	2019	644,814	644,814	24.56
2	2020	638,182	638,182	30.75

Automation towards Green Banking:

No. of accounts	No. of account using internet banking	No. of accounts using mobile/ SMS banking	No. of accounts using smart phone app based banking	No. of online branches	Total number of MFS accounts
14,288,077	562,548	7,527,961	333,720	373	487,024

Reporting

Green Banking Department (GBD) is to submit the "Quarterly Progress Report on Sustainable Finance Activities of IBBL" to Bangladesh Bank (BB) at the end of each quarter. The department also has to

report its monthly and quarterly progress report to Sustainable Finance Committee (SFC) and Risk Management Committee (RMC) respectively.

Disclosure

Bank's aforementioned environmental initiatives, activities and performances are being disclosed in IBBL website on yearly basis.

Major Achievements of Green Banking Department in 2020

- Use of virtual platform instead of physical meeting.
- Formation of Dedicated Sustainable Finance Help Desk with dedicated officials at our 60 (sixty) branches deemed potential for Green & Sustainable Finance.
- Development of Green Banking Software in eIBS.
- Taking initiatives for insertion of ESRR in CIPPS.
- Ensuring compliance of ESRR for respective clients.
- Enhancing the number of environment friendly brick kiln.
- Monitoring branches for proper compliance of regulatory requirements regarding Green Finance.

- Monitoring branches for proper compliance of the DOE's Industrial Categorization under "The Environment Conservation Rules, 1997" and the Bangladesh Bank Guidelines on "Environmental & Social Risk Management (ESRM)" for Banks and Financial Institutions in Bangladesh.

Strategic plan of Green Banking Department for 2021

- Achieving at least 15.00 % Green disbursement out of total funded term investment disbursed of IBBL.
- Reduce paper use and increase virtual communication.
- Reduce the emission of carbon footprint by carefully use of electricity, gas, paper and other utilities.
- To make the "Dedicated Sustainable Finance Help Desk(s)" more active and dedicated in following manner:
    a) To create more awareness among the customers and involve all the employees in the activities of Green & Sustainable Finance to achieve the target.
    b) To create awareness among business people about environmental and social responsibilities enabling them to do an environment friendly business practice.
- To conduct Environmental and Social Due Diligence (ESDD).
- Conducting physical branch visit to monitor the clients' Environmental and Social Risk Rating and other related issues.
- To manage/ handle clients' non-compliance with the bank's environmental and social standards.

4.10 CSR of Islami Bank Bangladesh Ltd

IBBL as a responsible corporate body has been playing a pioneering role in implementing social and philanthropic programs to help disadvantaged people of the country. Education, healthcare, human resource development, conservation of nature, creation of social awareness, rehabilitation of distressed people and such other programs to mitigate human sufferings are some of the important areas where the bank carries out its social and philanthropic activities.

As a responsible corporate citizen and one of the biggest Islamic Bank of the world, it is believed that IBBL has a responsibility to the stakeholders as well as to the communities in which IBBL work and live. The commitment is built on a deeply ingrained sense of social responsibility among the stakeholders, employees, customers alike and that is to grow stronger by serving the communities, improving business practices and individual lives around it.

4.11 CSR is the built in mechanism of IBBL

In order to popularize the concept of Islamic Banking, IBBL has started its charitable activities since inception through creation of ``Sadaqah Tahbil``. Thereafter, it was done through IBF converting the Sadaqah Tahbil into a full-fledged foundation since May 20, 1991. Further to its activities under IBF, IBBL established Corporate Social Affairs Department (CSAD) in compliance with the instruction of the Central Bank.

4.12 Role of IBBL in Performing CSR Activities

To date, IBBL engages itself in vast CSR activities. Though these activities are now termed CSR as per the Bangladesh Bank Rules, but the obligation to the stakeholders is the main aim of IBBL. The CSR program of IBBL aims at the welfare and well-being of the people of the earth, the planet itself and all its stakeholders. Keeping that in view of, IBBL designs its CSR program in 3Ps. P1- People, P2-Planet and P3- Profit. CSR activities of IBBL can be classified as shown in the figure below:

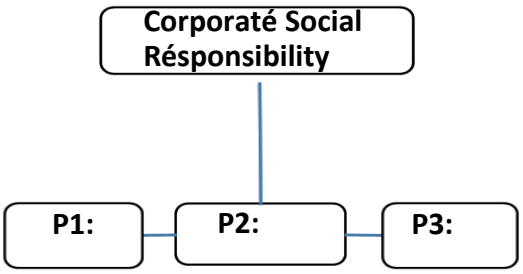


Figure 4.10: CSR activities of IBBL

4.13 P1: People

IBBL try to increase the welfare of its employees and the communities in which it lives and work

❖ Commitment to Employees

People are capital –no matter what their title and job function. They strive to make IBBL a great place to work and build a career. Employees describe the workplace as collaborative and collegial, where the views of all employees are taken into consideration. IBBL possesses value-driven culture, where good ideas are recognized regardless of the level of the employees.

❖ Training and Development

To develop professional knowledge, skill and attitude of the employees, The Bank established its own training academy 'Islami Bank Training and Research Academy (IBTRA)'where training courses are conducted round the year. Employees are encouraged to complete 'Diploma in Islamic Banking' from IBTRA and 'JAIBB & DAIBB' from Institute of Bankers Bangladesh by allocating points for both the diploma in promotion criteria. Besides, each of the employees is given cash incentives for completing diplomas. IBBL has largest CDCS in the country which makes the bank a world valued bank.

❖ Remuneration and Benefits

The bank has developed a comprehensive pay-scale for the employees, the ratio of highest and lowest level in the pay-scale has been maintained at 10:1 (DMG: MCG). To meet the housing need and to ensure comfortable life, employees are provided with investment at a discounted rate under SHDS and SHDS. The executives of the bank are provided with car either from bank management or under "Car Scheme for Employees of the Bank". Apart from pay package, IBBL has polices for its employees to make their life secured during the superannuation period. Under the polices, contributory 'Provident Fund', 'Superannuation Fund' and 'Gratuity Fund' has been developed.

❖ Commitment to communities

IBBL is committed to being a responsible corporate citizen. It makes grants and support volunteerism in all the communities around the country. It takes several initiatives in individual and organizational level for the development of the community especially the less fortunate segments of the community,

It supports: (1) Education. (2) Health, (3) Humanitarian & Disaster Relief and (4) Sports, arts & culture.

An amount of Tk. 8868.72 million for 16,349,070 beneficiaries was spent by IBBL from 1983- 2020 in these areas. Out of which Tk. 2813.07 million for 279825 beneficiaries was contributed in 2020.

4.14 : Sector wise CSR expenditure of IBBL from 1983-2020

(Amount in million Taka)

	Humanitarian & Disaster Relief		Education		Health		Sports		Arts, Literature & Culture		Environment		Others		Total	
Year	Amount	Beneficiary	Amount	Beneficiary	Amount	Beneficiary	Amount	Beneficiary	Amount	Beneficiary	Amount	Beneficiary	Amount	Beneficiary	Amount	Beneficiary
1983-2009	217.61	452291	285.34	265,197	873.62	605,5481	60.83	413,622	68.75	187107	-	-	61.31	56,674	1,567.46	7,430,372
2010	64.06	158,760	67.80	98,787	64.11	721,160	12.00	2	11.22	41,964	7.36	15,240	11.87	655	238.42	1,036,568
2011	21.79	32,928	56.17	128,925	25.78	128,556	248.75	636	7.15	643	0.48	3	50.55	118,115	410.67	409,806
2012	87.93	597,866	83.80	3,014	39.75	19,230	1.61	144	8.24	11	12.48	493,822	75.38	34,438	309.19	1,148,525
2013	140.10	254,078	135.26	7,756	71.50	95,255	78.97	7	5.86	21	22.94	592,722	21.79	768	476.42	950,607
2014	190.16	498,768	161.34	7,928	89.47	125,079	40.20	5	15.21	17	21.12	723,673	7.02	51	524.52	1,355,521
2015	323.90	606,320	175.24	8,930	226.04	99,469	26.60	6	5.12	643	21.42	757,558	22.11	33	800.43	1,472,959
2016	425.95	481,644	161.00	14,235	16.84	209	0.00	0	0.12	4	26.39	690,251	40.47	751	670.77	1,187,094
2017	568.46	420,566	382.82	12,924	28.97	116	21.00	2	11.50	3	26.40	644,162	18.62	20	1,057.77	1,077,793
2018	647.72	271,958	2,118.57	7,792	1.75	22	8.20	3	22.59	14	1.05	4	13.20	32	2,813.07	27,9825
2019	180.04	421,485	585.66	'	0.86	4	0	0	150.00	1	0.45	3	114.14	7	1,031.15	430,358
2020	505.79	403,594	186.91	10039	15.75	18	0.8	1	145.37	10	-	-	0.62	3	855.24	413,665
Total	3,389.65	4,600,262	4,399.91	574,385	1,454.49	7,244,599	498.96	414,428	434.94	230,434	140.04	3,917,438	437.12	211,547	10,755.11	17,193,093

Table 4.14 : Sector wise CSR expenditure of IBBL from 1983-2020

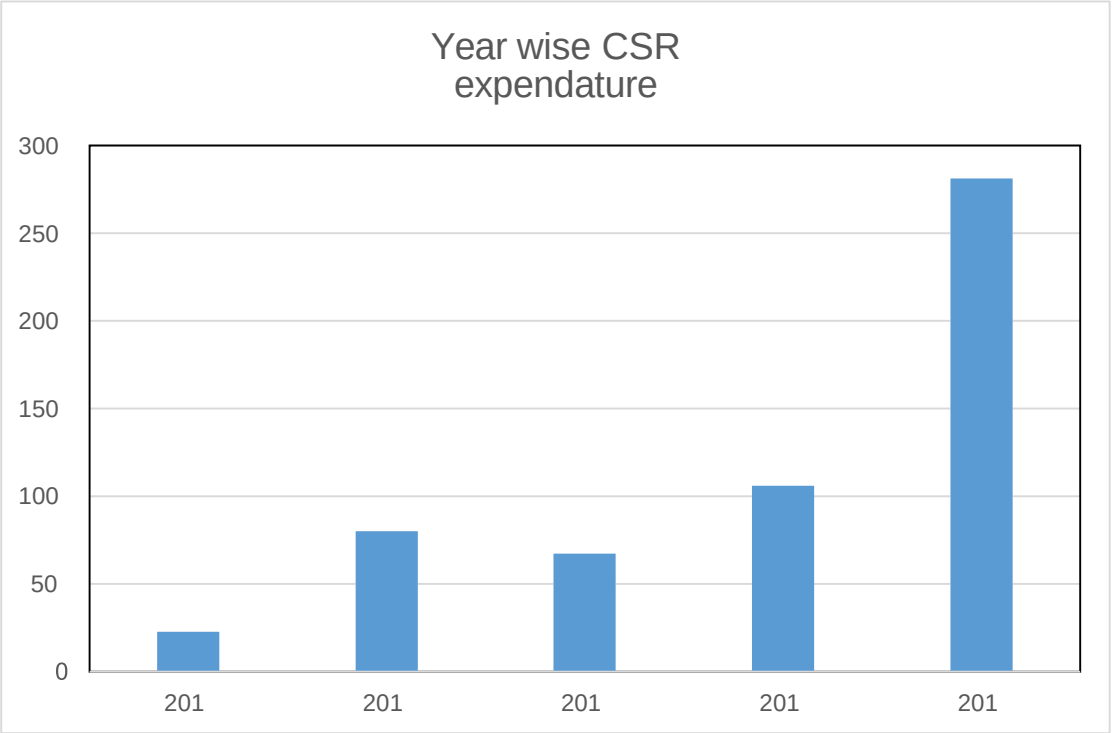


Figure 4.14: Year wise CSR expenditure of IBBL from 2014-2020

❖ Humanitarian and Disaster Relief

Disasters can strike anywhere. No country, rich or poor, is immune from risks of accidents and disasters causing deaths and injuries, destruction and damage to properties and assets; disrupting economic activities and livelihoods of individuals and households.

Over the year, people of this land are fighting with poverty and many other natural disasters. Being a corporate citizen of the country, IBBL always stands beside the distressed humanity. By devising special deposit products, extending financial inclusion and providing financial assistance, the Bank discharges its responsibilities towards the poor and less fortunate segments of the society. Disaster relief program includes winter cloths distribution, Donation to PM's relief fund, distribution of Tohfae-Ramadan, sacrificial meat distribution, rehabilitation program etc. An amount of Tk. 2687.68 million for 37, 75,179 vulnerable persons was spent by IBBL from 1983-2020. Out of which Tk.
647.72 million for 271958 beneficiaries was contributed in 2020.

❖ Education

From the very beginning, IBBL engaged with promotion of education sector of the country. IBBL spent an amount of Tk 3,627.33 million for 555,488 beneficiaries from 1983-2020 for this purpose. Out of which Tk 4399.91 million for 574,385 beneficiaries was contributed in 2020.

(Amount in million TK)

Activities		Number	Beneficiary	Amount TK
i.	**Scholarship**	---------	366	27.32
ii.	**Academic Award**	--------	35,046	31.00
iii.	**Pre-Primary School**	360	9,082	15.47
iv.	**Maqtab**	350	9,012	10.32
	Total=	710	53,506	88.11

Table 4.12: CSR Contribution by RDS department of IBBL

❖ Scholarship Program

IBBL has been providing scholarship to the very poor 2,300 students (1500 in HSC and 800 in Graduation level) securing GPA 5 in SSC & HSC examinations under its Scholarship program. The Scholarship is provided to the students @ Tk. 2,000/- per month for 2 years for HSC level with Tk. 3,000/- at a time for purchasing Books per year. Tk.
4,500/- (Urban) & Tk. 3,000/- (Rural) per month for 3 to 5 years for Graduation level with Tk. 5,000/- at a time for purchasing Books per year. An amount of Tk. 98 million was spent for scholarship purpose in 2020.

❖ Support to the disable children

'PROYASH' is an institution run under the patronization of Bangladesh Army for the wellbeing of children with special needs and disability. During this period IBBL donate TK.35.00 million to 'PROYASH', Jessore. Considering the disabled children as asset of the society, the Bank stands beside the authority of Proyash for the fulfilment of their need.

❖ Support to the Educational Institution

During this period IBBL donate TK. 5.00 million Rabeya Ali school & college, Chandraw digolia, Gopalgonj, TK.5.00 million to Panchkola Mukti sena high school & college, Madaripur and TK. 2.5 million to Fakir Sohrab Ali College, Mymensingh.

❖ Health Program

Health care is a basic need of all societies. But people are facing here a perilous situation due to hazardous Medicare system of the country. Considering this, IBBL takes several initiatives in individual and organizational level for developing health sector of Bangladesh. IBBL spent an amount of Tk. 1454.49 million for 7,244,599 beneficiaries from 1983-2020 for this purpose. Out of which Tk. 1.75 million for 22 beneficiaries was contributed in 2020.

❖ Sports, Arts & Cultural Program

Sports, Arts & cultural programs make a nation physically and mentally sound and healthy. Engaging with this type of works young people could be able to avoid many bad things, as

like taking drugs, involving forbidden underworld parties, hijacking money from innocent people etc. This is why IBBL sponsors various sports & cultural events every year. IBBL encourages sports and cultural activities of its employees. An amount of Tk.
498.96 million was spent by IBBL from 1983-2020 for this purpose. Out of which Tk.

30.50 million was contributed in 2020.

❖ Tohfa-e-Ramadan

A unique step taken by IBBL for fasting people of the country named "Tohfa- eRamadan". Under this program IBBL provided food items to 57,800 poor and religious scholars families amounting of TK. 91.38 million during last Ramadan.

4.15 P2: Planet

❖ Environmentalism at IBBL

The main theme of environmental responsibility is to protect the environment from destruction with a view to keeping it healthy for future generation. Recently, the issue of climate change is being considered seriously all over the world. It is identified that Bangladesh being a country of southern delta is under serious threat from natural disaster. IBBL contributed an amount of Tk. 140.04 million to 3917,438 beneficiaries from 1983- 2020 for environmental issues of the country.

❖ Distressed Women rehabilitation center

The Bank has established a rehabilitation center for the distressed women namely “Islami Bank Distressed Women Rehabilitation Centre”. Distressed and destitute women are given shelter, education, and training and employment opportunities there. Under Rural Development Scheme and encouraged to make saving at least TK. 10 /- per week with the Bank. The Bank devised an investment scheme exclusively for the women namely “Investment Scheme for the Women Entrepreneurs".

4.16 P3 Profit

IBBL seeks to make country more prosperous through the development of the financial system based on Islamic principles and become the Global Leader of the Islamic Banking.

❖ Commitment to the customers

IBBL considers the customer as partner and develop long term sustainable relationship with them different need based welfare oriented investment schemes contribute to the well-being of the customers. To encourage financial inclusion, customers can open a savings account with TK.500/-, a current account with TK. 1000/-, and a special saving scheme (pension scheme) with minimum monthly instalment of TK. 100/- only. The rural poor are allowed to maintain savings account by depositing weekly instalment of TK. 10/-, only under Bank's Rural Development Scheme. The most important contribution of the Bank is the creation of

huge employment opportunities in its financed projects as well as in its own organization. At present more than 13000 inspired people are serving in IBBL, and millions in its financed projects. Through its wide- range network of 318 branches and utilizing mobile phone technology. IBBL serves a huge number of rural families by channeling foreign remittance. The customers of Bank have by now been extended online ATM services. The Bank has already started web portal, SMS Banking and Spot Cash services.

❖ Commitment to the shareholders

In the backdrop of volatile global and country politico economy as well as regulatory changes, Islami Bank Bangladesh Limited made excellent performance in different areas of Business. Although nowhere in its vision and mission statement profit maximization came as a priority issue, profitability has become the logical outcome of its performance. From the investor's perspective, the IBBL's stock always give high yield to its shareholders.

4.17 Sector wise CSR expenditures during the year 2020

Table 6.2 and Figure 7 illustrated the total contribution to CSR activities of six banks in the year 2020. Among the six banks IBBL has the highest contribution of Tk. 2813 million (31.08%). One of the leading contributors of CSR for the last few years,

IBBL is in the first position .Other banks contribution is quite in contrast to IBBL and DBBL. The lowest contribution made by Rupali Bank Ltd is 23.56 (1%).

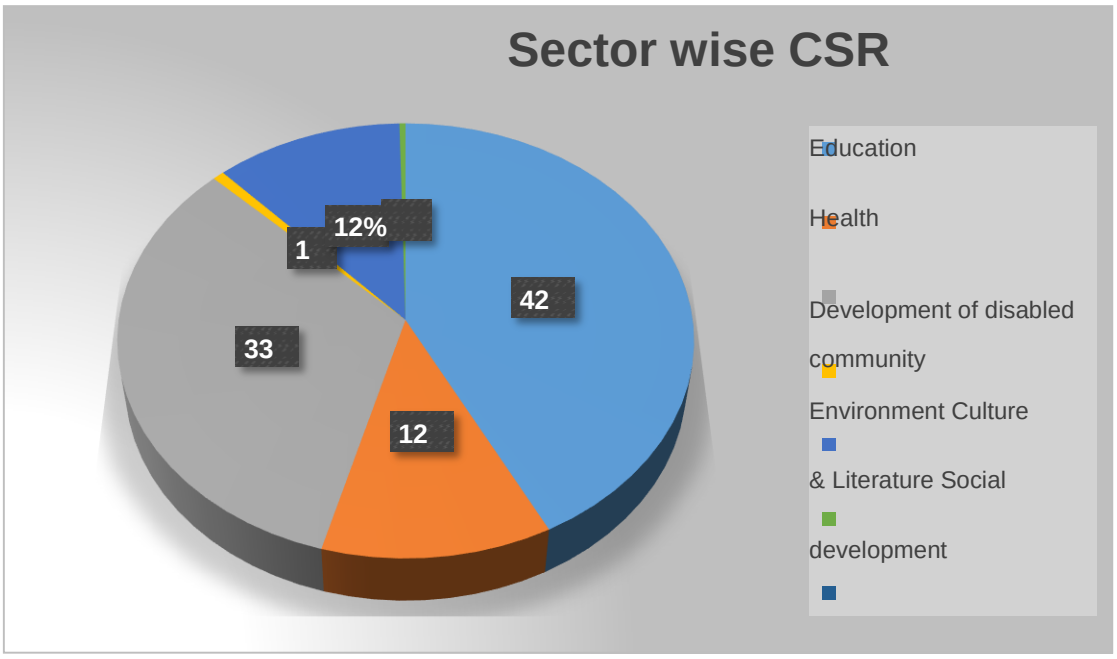


Figure 4.17: Sector wise CSR expenditures of different banks-2020

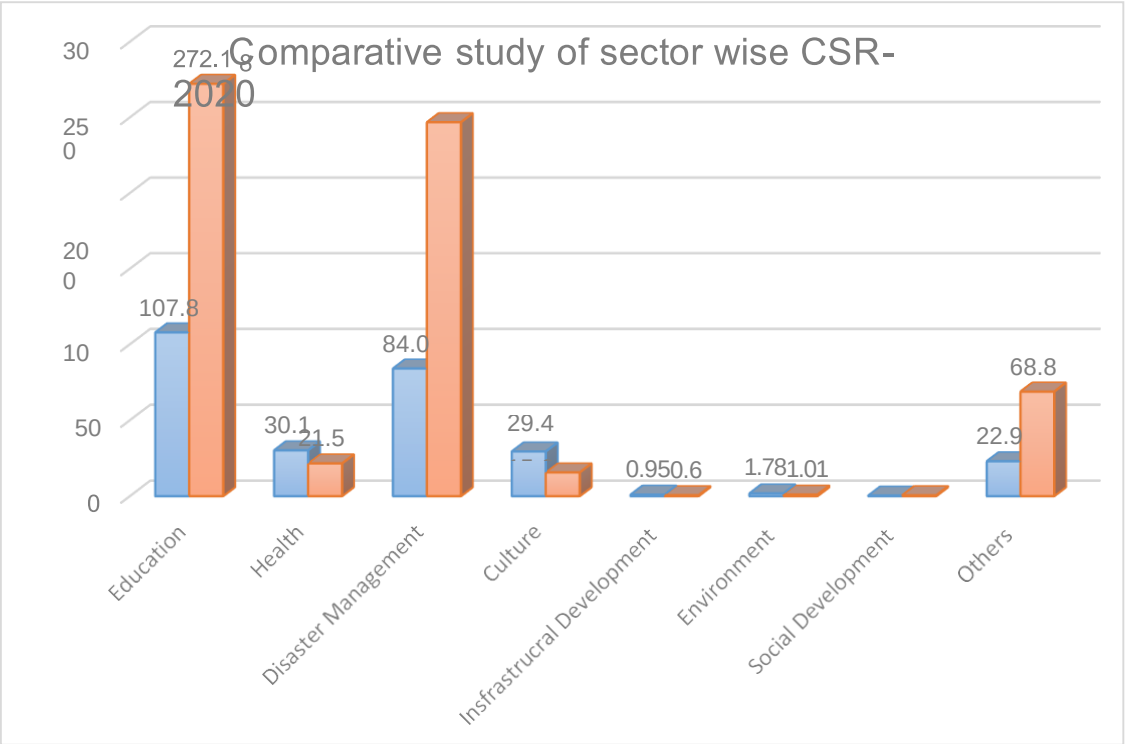


Figure 4.17: Comparative study of sector wise CSR expenditures (January-June/2020 & July-December/2020)

Year	Education	Health	Disaster MGT	Culture	Ins. Development	Environment	Social Development	Others
July-Dec-20	107.85	30.15	84.03	29.40	0.95	1.78	0.37	22.97
Jun-June-20	272.18	21.53	246.81	15.60	0.60	1.01	0.58	68.82

Table 4.17: Comparative study of sector wise CSR expenditures (January-June/2020 & July-December/2020)

4.18 Impact of CSR on Net Profit

As a responsible corporate citizen and one of the biggest Islamic Bank of the world, it is believed that IBBL has a responsibility to the stakeholders as well as to the communities in which IBBL work and live. The commitment is built on a deeply ingrained sense of social responsibility among the stakeholders, employees, customers alike and that is to grow stronger by serving the communities, improving business practices and individual lives around it. CSR has a great impact on the profit margin of IBBL. IBBL had been provided the highest amount fund to the CSR that no other company in banking sector has ever done. In 2020 they provided 2813.07 million in different sector as a CSR expenditures which has a huge impact profit margin ratio explained below:

(Amount in million TK)

Particulars	**Year 2019**	**Year 2020**
Profit	16804.81	20239.60
CSR expenditures	1057.70	2813.07
Profit margin ration on CSR =	**7.20%**	**15.89%**

Table 4.18: Profit margin ratio on CSR

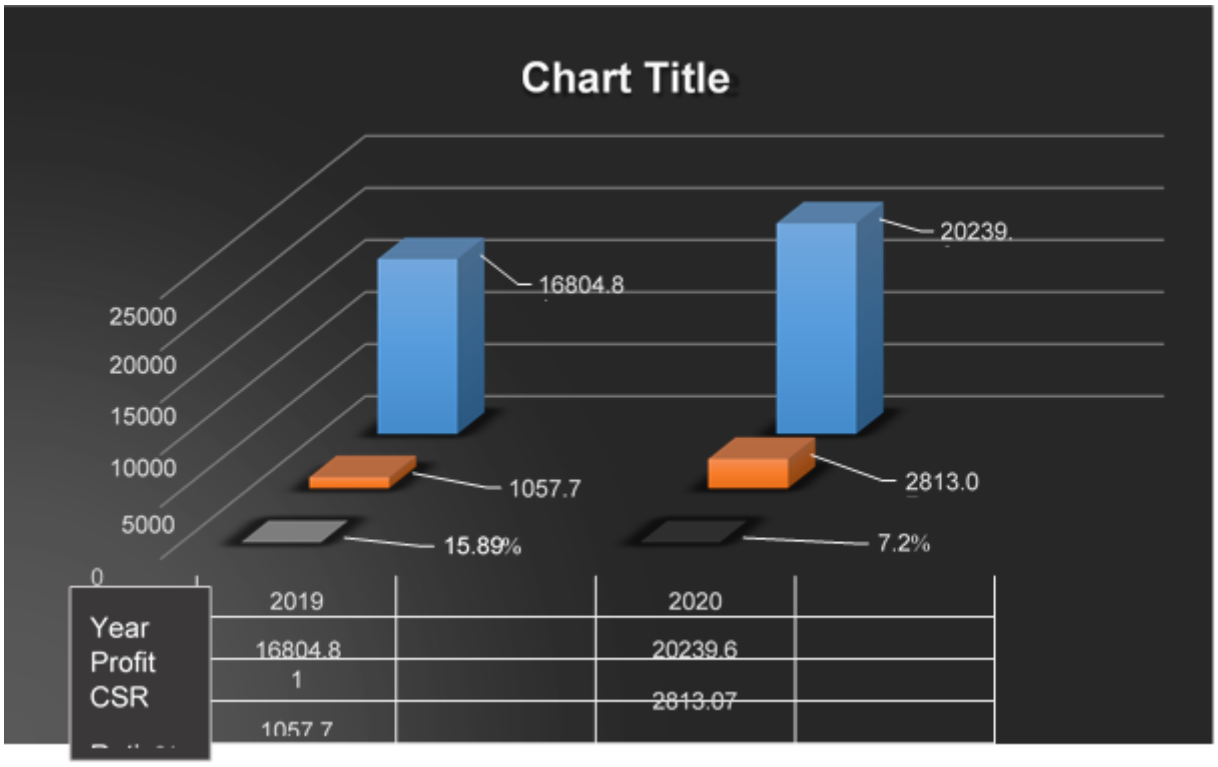


Figure 4.17: Profit margin ratio on CSR

4.19 Impact of CSR on Earnings per Share

The graph shows the earning per share after providing the CSR expenses in various welfare activities of IBBL. If the bank didn't practices any CSR activitiesit could huge margin for the shareholders favour.



Figure 4.18: EPS of IBBL during 5 years

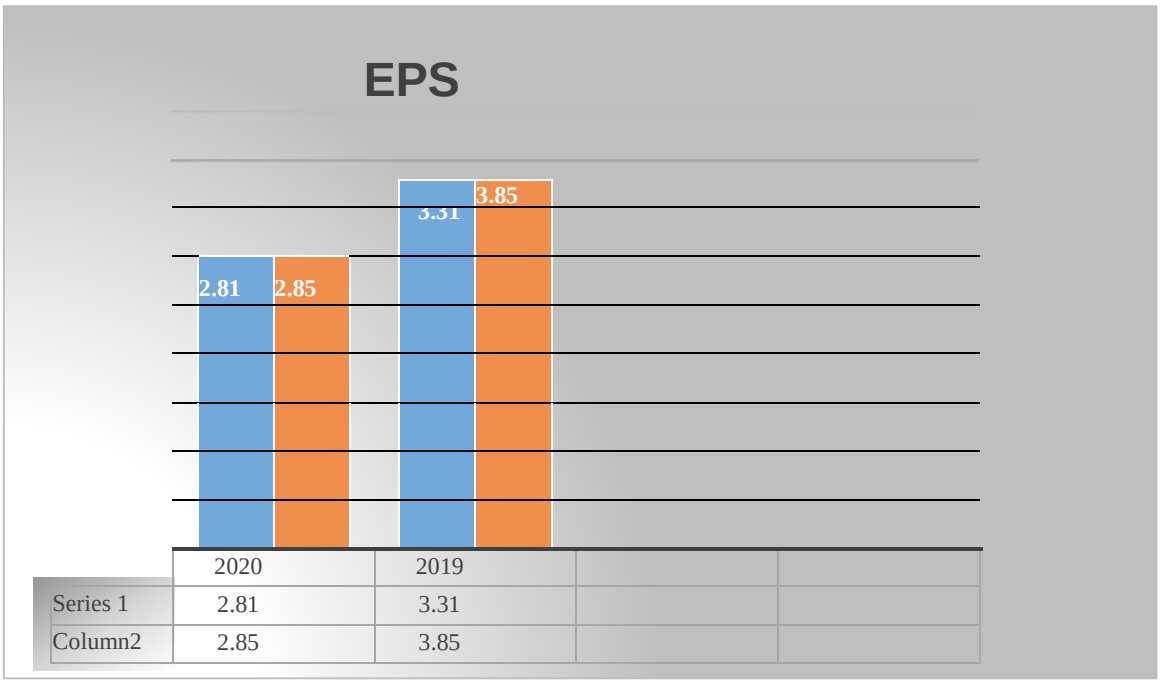


Figure 4.18: EPS Comparison of IBBL

4.20 Top 10 Banks in Bangladesh which spend highest funds for CSR programs

(Total CSR Programs Expenses in 2020 was 904.63 Crore TK)

(Amount in crore Tk)

Rank	**Name of Bank**	**Contribution**	**□ to Total CSR**
1st	Islami Bank Bangladesh Ltd.	281.32	**31.09**□
2nd	Dutch Bangla Bank Ltd.	83.49	9.23□
3rd	Prime Bank	70.37	7.78□
4th	Exim Bank	61.47	6.80□
5th	National Bank Ltd.	43.20	4.87□
6th	First Security Islami Bank Ltd.	34.02	3.86□
7th	United Commercial Bank Ltd.	22.65	2.50□
8th	Southeast Bank Ltd.	20.86	2.31□
9th	Bank Asia Ltd.	13.14	1.50□
10th	Mercantile Bank Ltd.	12.23	1.35□

Table 4.19: CSR Contribution of Top 10 Banks in 2020

CHAPTER - 5

FINDINGS

FINDINGS

1. Contribution of IBBL for education sector is not sufficient to ensure quality educational infrastructure.

2. No scholarship program for middle class student.

3. CSR activities of IBBL in rural areas is not adequate.

4. Level of Green Banking Activities Environmental Risk Management Systems is not good enough.

5. The number of ATMs in big cities is insufficient to meet up the need of customers.

6. The bank does not have any cultural center to uphold our culture and heritage.

7. All sector of CSR program of IBBL has increased in last years except the health sector.

8. Concentration to prevent pollution of IBBL is not necessary to ensure Green Banking.

CHAPTER - 6

RECOMMENDATIONS

&

CONCLUSION

Recommendations

- IBBL should contribute more in the Education sector for ensuring quality educational infrastructure.
- All sector of CSR program of IBBL has increased in last years except the health sector. So the health sector should get the proper care under the CSR program.
- The bank should increase its advertisement about CSR so that people can know a lot about it and get the benefits.
- IBBL should provide more Scholarship not only for the poor student but also for the middle class Student.
- For our culture, Islami Bank should launch cultural center.
- IBBL should increase their scholarship program in different schools and college and although in university. Management of the bank should immediately take steps so that the activities of bank can be spread in rural areas of Bangladesh too.
- The CSR activities if IBBL to rural areas of Bangladesh should be increased as most of the poor people of Bangladesh live in rural areas.
- The Bank should undertake few alternative livelihood programs by assessing local needs to generate the long-lasting impact of their CSR program. For example, it could provide a community with a soft loan or economic aid to start a mini-farm, cattle and poultry raising or fish farming, or to modernize land farming, etc.
- The bank should apply better level of Green Banking Activities & Environmental Risk Management Systems.
- The bank may arrange more ATM's in bigger cities with proper solar energy backups.
- The bank should ensure Proper Communication System and Maintenance of Machineries.
- According to the legal framework of green banking, IBBL should concentrate to prevent pollution from paper, gas, electricity or to close down or have to make

necessary investment to comply with the standard.

- The bank may maintain the record of the consumption of water, paper, electricity energy etc. of the offices and branches to minimize pollution and environmental risk.

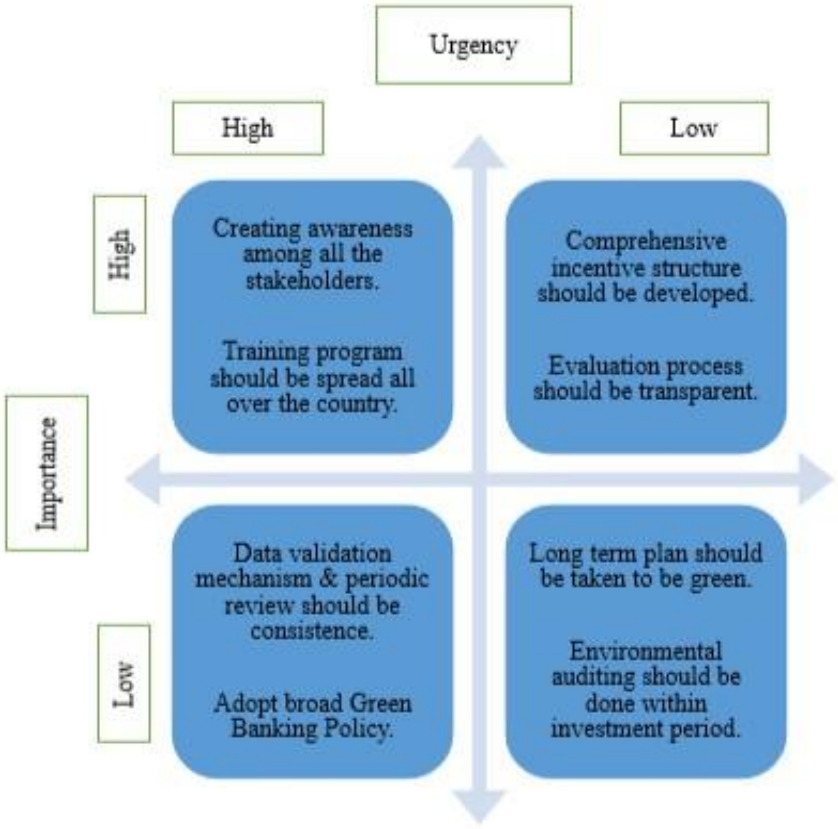


Figure : Prioritization matrix

Conclusion

As a pioneer of Welfare Banking, Islami Bank Bangladesh Limited (IBBL) choices the best activities which is good for society and also in accordance with the Islamic Shari'ah. Before initiation of CSR Regulation by Bangladesh Bank, by their moral and ethical contributions, IBBL established Sadaqah Fund, Islami Bank Foundation, Islami Bank Hospital, Islami Bank Community Clinic, Islami Bank Institute of Technology and so on. The study concluded that, IBBL is a good performer in contributing all CSR sectors and held a significant position in the previous year than their competitors. From the practical effectuation of customer dealing process in times of the whole part of practical orientation in IBBL, there a concrete conclusion is drawn up in a very confident way.

IBBL 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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