



Sustainable economics is all about green banking, says Doha Bank CEO

Green banking promotes environmental-friendly practices and reduces the carbon footprint from the banking activities, said Doha Bank CEO Dr R Seetharaman during the UAB-World Bank Breakfast meeting held at the World Bank headquarters in Washington, DC.

"The global financial crisis has made me rethink on green banking. Banks as socially-responsible citizens should earmark capital for green banking apart from capital for regulatory requirements.

"The areas which are related to green banking and impact sustainable development include green economies, food security, corporate social responsibility, public-private partnership, climate change financing, small and medium-sized enterprises, global and GCC sustainability, and human resources," Seetharaman said.

According to Seetharaman, green economies are the solutions to global sustainability. Green banking encourages green economies, thereby mitigating climate change, he noted.

"Effective policies are required to attract private sector investment in climate change; climate change mitigation is necessary to address food security challenges. SMEs are critical for sustainable development of economies and global governance gives emphasis on sustainable development," he said.

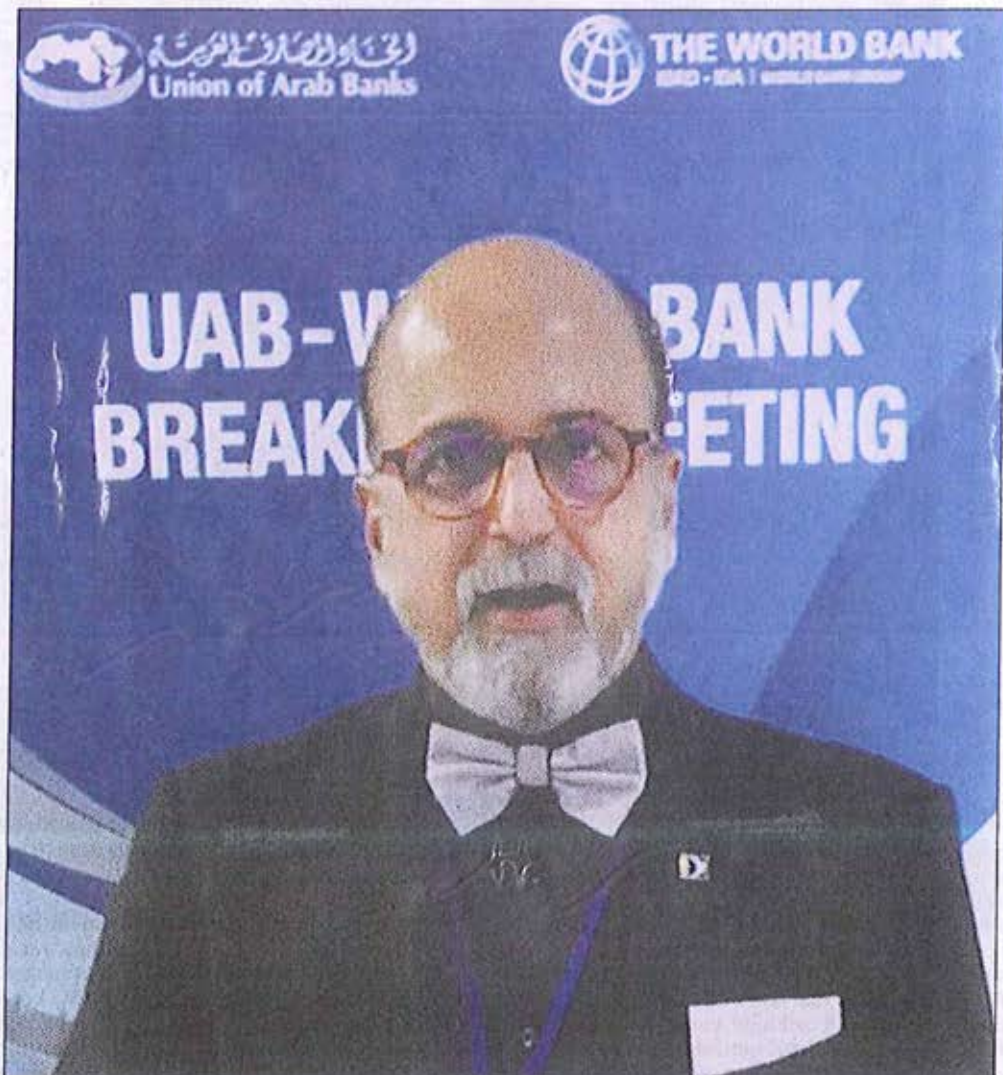
Seetharaman said the banking environment operates within the global standards of lending or investing, and such standards have been revised after the global financial crisis, both in terms of liquidity and capital adequacy.

"Every bank should earmark a minimum 10% of Tier 1 capital subject to a cap of 10% of risk weighted capital towards green banking or clean development mechanism (CDM) or any sustainable development projects taking into consideration the carbon emissions prevailing in the economy in which the bank operates," explained Seetharaman.

He said greenhouse gas emissions need to be estimated for major economic sectors in areas of operation to determine the carbon footprint. Based on the carbon footprint in various economic sectors, various initiatives should be proposed to promote green economies, such as lending for green projects, CDM scheme, and paperless banking.

"The allocation matrix should be such that the greater the carbon footprint in the relevant economic sector, the higher the allocation of capital for green banking and sustainable projects.

"The carbon footprint will be different across various geographies and economic sectors and hence, country wise and sector wise allocations should be explored. This forms the basis for green banking and brings prudence into the capital framework," he added.



Dr Seetharaman: Green banking promotes environmental-friendly practices.