

## **Green Banking Initiative by Banks**

### **A Study on Awareness of Customers and Bankers' Perception**

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#### **ABSTRACT**

Green Banking is an innovative and an important phenomenon in the commercial world. It is a form of banking and its main objective is to safeguard the social and economic environment. Many countries have adopted this new spectacle successfully in their daily business actions. Green banking is a friendly fact that people have awareness and sensitized towards the pollution and have the state of mind to protect the environment. Banks need to play a key role in reducing the carbon prints. Indian banks are taking initiatives to introduce green banking system and thereby act responsibly to contribute sustainable development and try to establish institutional mechanism to enhance sustainability. This paper gives detailed information on green banking, its importance, benefits and initiatives taken by the Banks. The objective of this paper is to study the practices of banks to create awareness on Green Banking to customers and to study customers perceptions regarding green banking. A survey was conducted on Green Banking Development which included the bank as well as customers of the banks to know the various green banking initiatives taken up by the Banks and customer's knowledge on Green Banking. Suggestions are taken up to develop the banking techniques to be adopted by the banks.

**Key words:** Green Banking, Environment, phenomenon, Carbon print, Sustainability.

## **Introduction**

Green Banking is a new and developing concept developed with an objective of environment sustainability and it means promoting environment friendly practices to reduce the carbon footprint from the banking industry. Green Banking is a normal bank. It also considers all the environmental and social factors. It is called as ethical bank. Because ethical banks also have started with an objective of protecting the environment. Green Banks also work like traditional banking system and controlled by the authorities concerned. It is also called sustainable bank. Green banking is like a normal bank considers all environmental, social and ecological factors to conserve natural resources and to protect environment.

Environment sustainability can be defined as taking decisions for reducing business's negative impact on environment. It also means to develop a step which provides a sustainable growth in future. With this objective the 21<sup>st</sup> century brought innovative changes in banking activities. Due to this tremendous change bank has shifted towards the innovative banking products. They are the use of ATM, internet banking, online transfer, debit card and credit card, green loan, utility bill payments through internet banking, Telebanking SMS banking, E-ticketing, Premium savings etc. Comparing to normal banking, Green Banks give more weight to environmental factors, their aim is to provide good environmental social business practice. Apart from this while lending loan, they check all the factors like whether the project is environment friendly and has any implications in the future.

## **Green Banking Initiatives Taken up by Banks**

1. Mobile Banking
2. Net Banking
3. Debit and Credit Cards
4. SMS Banking
5. Missed Call operations for queries and advisory services.
6. Internet Banking, ATM cards.
7. Green Loans.

## **Objectives**

1. To study what kind of initiatives taken up by the Banks with respect to Green Banking.
2. To evaluate the benefits of green banking to the banks and customers.
3. To analyze the customer's awareness on green banking.
4. To analyse the significant relation between the education of respondents and their awareness on green banking and the significant relation between the gender and the awareness on green banking.

## Research methodology

**Primary Data:** 50 customers and 10 banks are randomly selected in convenient sampling method. Questionnaires are distributed to the respondents and opinions are taken. Simple percentage analysis is made to satisfy the objectives. Opinions are collected from bank officials regarding benefits, strength, opportunities and challenges of Green Banking. Chi-square Test was applied to know the significant relation between the education of respondents and their awareness on green banking and the significant relation between the gender and the awareness on green banking. **Secondary Data:** Previous papers are referred for Literature review and used as evidence to support the findings of this study.

## Data Analysis

### Analysis of Customers Perspective

Table 1

### Demographic Profile of Customers

Variables	Parameters	Frequency	Percentage
Age	Below 25 years	10	20%
	26 – 35 years	15	30%
	36 – 45 years	10	20%
	Above 45 years	15	30%
Gender	Male	30	40%
	Female	20	60%
Marital Status	Married	35	70%

	Unmarried	15	30%
Education	Below PUC Level	05	10%
	Diploma	10	20%
	Undergraduates	15	30%
	Postgraduates	20	40%
Income Level(monthly)	Below - Rs. 20000	15	30%
	Rs. 20000 – Rs. 30000	10	40%
	Rs. 30000 – Rs. 40000	10	20%
	Above - Rs. 40000	05	10%

Source: Survey

## HYPOTHESIS TEST APPLICATION: CHI-SQUARE TEST

**Table 2**

### Showing Awareness about Green Banking

Customers perceptions	Yes	No	Total
1. Do you know about Green Banking?	36	14	50

### HYPOTHESIS 1

H0 : There is no significant relation between educational qualification of respondents and the awareness of Green Banking among respondents

H1: There is significant relation between educational qualification of respondents and the awareness of Green Banking among respondents.

### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education * green_banking	50	100.0%	0	.0%	50	100.0%

## Education \* Awareness on Green banking Cross tabulation

Count		Awareness green_banking		Total
		1	2	
education	below puc	3	2	5
	diploma	8	2	10
	under graduates	12	03	15
	post graduates	13	07	20
	Total	36	14	50

## Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.167 <sup>a</sup>	3	.000
Likelihood Ratio	34.861	3	.000
Linear-by-Linear Association	19.056	1	.000
N of Valid Cases	50		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.40.

## Result

Since p value is less than 0.05, the null hypothesis is rejected at 5% level with regard to perception towards awareness of Green Banking among customers. **So there is a significant association between** educational qualification of respondents and the awareness of Green Banking among respondents

## HYPOTHESIS 2

H0 : There is no significant relation between gender of respondents and the awareness of Green Banking among respondents

H1: There is significant relation between gender of respondents and the awareness of Green Banking among respondents.

### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
gender * green banking	50	100.0%	0	.0%	50	100.0%

### Gender \* Awareness on green banking Cross tabulation

Count		green banking		Total
		1	2	
gender	male	22	8	30
	female	6	14	20
	Total	28	22	50

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	29.167 <sup>a</sup>	1	.000		
Continuity Correction <sup>b</sup>	25.798	1	.000		
Likelihood Ratio	34.861	1	.000		

Fisher's Exact Test				.000	.000
Linear-by-Linear Association	28.583	1	.000		
N of Valid Cases <sup>b</sup>	50				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.60.

b. Computed only for a 2x2 table

## Result

Since p value is less than 0.05, the null hypothesis is rejected at 5% level with regard to perception towards awareness of Green Banking among customers. **So there is a significant association between** gender of respondents and the awareness of Green Banking among respondents.

**Table 2**  
**Showing Awareness about Green Banking**

Customers perceptions	Yes	No	Total
1. Do you know about Green Banking?	36	14	50
2. Do you heard about Net Banking?	40	10	50
3. Do you aware online bill payments?	35	15	50
4. Do you know about debit and credit cards?	40	10	50
5. Do you heard about EFT and NEFT etc ?	30	20	50
6. Do you know about Mobile banking ?	30	20	50
7. Do you know the importance of paperless transactions?	30	20	50
8. Do you aware about Green Loans	10	40	50

Source: Survey

**Table 3**  
**Showing Sources from which Green banking Awareness is created by banks**

Sources	No of Customers
TV Channels and News Papers	10

pamphlets and door to door information	12
Magazines	08
Online information and cell phone messages	05
Bank Employees and others	15
<b>Total</b>	<b>50</b>

**Source:** Survey

**Table 4**  
**Showing Benefits of Green Banking – Customers Perceptions**

Perceptions	Strongly Disagreed		Disagreed		Neutral		Agreed		Strongly Agreed	
	M	F	M	F	M	F	M	F	M	F
Easy to access online banking statements		-	3	2	1	2	14	13	17	3
Faster services to the customers			3	2		-	17	13	10	5
Convenient in terms of long hours of waiting at bank counters		-		-	3	2	25	5	17	13
Saves time and money (postage, envelope, travelling)		-	8	7		-	15	10	7	3
Enhances security measures		-		-	2	2	15	15	13	5
Reducing wastages by eliminating paper statements		-	3	2		-	20	15	7	3
Automatic deposit- easy to access pay checks		-	6	4		-	18	12	6	4
More benefits our future generation		-		-		-	24	16	6	4

**Source:** Survey



## Green Banking in the Bank’s Perspective

A survey was conducted in Udupi and Manipal and opinions of bankers of local branches are collected regarding green banking initiatives taken up by them, Benefits of Green Banking to the customers and banks and the challenges ahead.

Banks were asked about how many customers at present are using Internet and Mobile banking services. Most of the banks responded that 60% to 70% are using internet banking services, 50% to 60% of customers using mobile banking services, 90% to 95% of customers are having Debit and Credit cards. 10% to 15% of customers are taking the benefits of Green loans every year.

**Table 5**  
**Showing Benefits of Green Banking from bankers point of view**

Perceptions	Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
Great positive impact on environment	-	-	10%	60%	30%
Avoids paper work		10%	-	60%	30%
Saves time		20%	-	50%	30%
Less manpower requirements to handle paper work		20%	-	60%	30%
Enables to do a environmental friendly business practice		-	-	60%	40%
Creates awareness to business people about social responsibility by lending Green loans		10%	-	80%	10%
Increases profitability		30%	-	60%	10%
Generates clean and healthy environment		-	-	80%	20%

Source: Survey

**Table 6**  
**Showing the Challenges of Green Banking- Bankers point of view**

<b>Challenges ahead</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>
Customers will take time to adopt it as it is a new concept	90%	10%	100
Green Banking requires costly and advanced technology	80%	20%	100
It demands renewable and recycling techniques	50%	50%	100
Bank employees need training to practice Green Banking techniques	90%	10%	100
Protection of Data is a challenge	90%	10%	100
Operational cost is high	86%	14%	100
Reputational Risk	76%	24%	100

Source: Survey

## Findings

1. In the above survey 36 respondents said that they know about Green banking concept. 40 customers said that they heard about Net banking system. Only 35 customers are aware about online bill payments. But majority of the customers are using debit and credit cards. Only 30 customers know about Electronic Fund Transfer and NEFT etc. Only 30 customers know what is paperless and its benefits. Only 10 customers took the benefits of Green loan. It shows that more awareness must be created among the customers about green banking benefits.
2. 10 customers responded that they received informations on green banking through TV channels, and newspapers. 12 customers said they received through door-to-door information through pamphlets. Out of 50 respondents, 05 got information through online and cell phone messages, and 15 respondents collected information through face-to face interaction with bank employees. It was found that more awareness must be created through individual cell phones or face-to-face interaction.
3. 84 percent of customers agreed that easily they can access online banking statements. But 10 percent of respondents opinion was that is somewhat difficult to access with lack of knowledge. 90% of he customers said that green banking provides faster services to the

customers. And it is so convenient to make the transactions. 70% responded that it saves time and money. The most advantage is it enhances the security measures. 96% of customers gave their opinion about this. 90% of customers gave their opinion that green banking reduces wastages, 90% said that through automatic deposit it becomes easy to receive payments as well as checking payments. All the customers gave their opinion that definitely green banking will benefit future generation.

4. Out of 10 bank officials, 90 percent agreed that green banking creates positive impacts on environment and it avoids paper work and wastages. 80% of the bankers responded positively that it saves time as there is less paper work. 90% of the bankers responded that it is less costly as it requires less manpower. All the bankers responded that green banking generates clean and healthy environment and enables to do environmental friendly business practice. 90% of the bankers opinion was that green banking creates an awareness on social responsibility by lending green loans. 70% bankers said that it increases profitability as it is customer friendly also.
5. In the above survey 90% of the bankers agreed that there is great challenge ahead to convince the customers to accept the changing technologies. 80% of the bankers responded that it requires costly and improved technology. 90% of them responded that bank employees need more training to practice it and protection of data is also a great risk they have to face. 86% of the bankers responded that operational cost is also high because cost of service has gone up and it requires more training and awareness among people.

## **Suggestions**

1. Develop a website for creating awareness about green banking among the customers
2. Educate the people through the bank s intranet and Public website.
3. Organize awareness programs on Green Banking to the people
4. Set up outlets to promote green business.
5. Send information to the customers through the Press.
6. Distribute information through leaflets.
7. Create awareness on Social responsibility services among businessmen

8. Try to reduce Carbon footprints and develop paperless bank offices
9. Create customer awareness through media
10. Promote different forms of electronic banking

## **Conclusion**

Green Banking practices would act as a catalyst to banks and monetary establishments to further identify their efforts to contribute their best to the continuing international efforts on making sustainable developments. Banks are responsible corporate citizens. They believe that every small “GREEN” step taken today would go a long way in building a greener future and that each one of them can work towards to better global environment. “Go Green” is an organization wide initiative that moving banks, their processes and their customers to cost efficient automated channels to build awareness and consciousness of environment, nation and society. Green banking is really a good way for people to get more awareness about global warming; each businessman will contribute a lot to the environment and make this earth a better place to live.

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