

A STUDY ON CONSUMER PERCEPTION TOWARDS GREEN CHANNEL BANKING WITH SPECIAL REFERENCE TO VIJAYAWADA REGION

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Abstract

Society is facing most complicated issues of climate change. People nowadays are more familiar with global warming and its inherent consequences on human life. Therefore, change is the need of the hour for the survival and continuous efforts should be made for the environmental management in a sustainable manner. It is not only the concern of the government and the direct polluters but also of other stakeholders like financial institutions such as banks, which are playing a major role in the development of the society. Banking activities are not physically related to the environment, but the external impact of their customer activities is substantial. Therefore, there is need for banks to adopt green strategies into their operations, buildings, investments and financing strategies. The Green Channel Banking is functioning in all banks. The new technologies help the banks to reduce the workload. The study has been formulated based on the following objectives; a) To study the various demographic factors towards consumer perception of green channel banking in Vijayawada region, and b) To study the consumer perception towards traditional and green channel banking in Vijayawada region. The green channel banking helps the customers to have convenient and comfortable banking transactions.

KEYWORDS Traditional Banking, Green Channel Banking, Consumer Perception etc.

INTRODUCTION

A **bank** is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. Banks offer different channels to access their different banking products and services through ATM, Branch, Mobile banking, Internet banking, etc.

Green Bank and Banking: Green is becoming a symbol of Eco consciousness in the world. According to Indian Banks Association (IBA, 2014) "Green Bank is like a normal bank, which considers all the social and environmental / ecological factors with an aim to protect the environment and conserve natural resources". It is also known as ethical bank or sustainable bank. Their purpose is to perform banking activities but with an additional plan towards taking care of earth's ecology, environment, and natural resources including biodiversity. Green banking is making technological improvements, operational improvements and changing client habits in the banking sector. It means to promote environmental friendly practices and to reduce the carbon footprint from banking operations. It is a smart and proactive way of thinking with a vision of future sustainability.

Green Banking is a new phenomenon in the financial world. Banks as the financing agent of the economic and developmental activities have an important role in promoting overall sustainable development. Green banking is the term used by banks to make them much more responsible to the environment. Green banking means using all of the banks' resources with responsibility and care, avoiding waste and giving priority to choices that take sustainability into account. It is also known as environmental friendly banking. According to the Indian Banks' Association, the green bank is like a normal bank, which considers all the social and environmental factors with an aim to protect the environment and conserve natural resources. For banking professionals, green banking involves the tenets of sustainability, ethical lending, conservation, and energy efficiency. Green banking avoids as much paper work as possible and rely on online/electronic transactions for processing so that you get green credit cards and green mortgages. Less paperwork means less cutting of trees.

Green Banking Products: Banks are developing new products and services that respond to consumer demand for sustainable choices. Following are some of the options that banks should offer to their customers Electronic and telephone banking, facilitating customers to perform most of their

banking needs anytime, anywhere Automatic payments reduce the need to write and send cheques by mail Electronic (paperless) statements, product information, guides and annual reports to customers and stakeholders Offering and promoting mutual funds that focus investment in 'green' companies Offering a special line of credit to help homeowners invest in energy-efficiency upgrades for their home Offering credit cards.

Green Banking Strategies: Engage with key stakeholders and create awareness of environmental issues and their impact on the economy, the environment, and the society. Also, explain to them the business and environmental value and the necessity of greening the bank processes, products, and services. Conduct energy audits, review equipment purchases, disposal policies, and practices. Assess IT's environmental and cost impact and identify areas to be "greened" Set SMART (Specific, Measurable, Attainable, Realistic, and Timely) green goals as the internal targets to reduce your carbon footprint along with timelines. Develop criteria for measuring progress towards the goals Develop and implement a green policy that aims to achieve higher utilization of systems while reducing energy use and lessening their environmental impact Encourage, motivate, and energize the workforce to follow the green path and to come up with and implement their own ideas. In addition, also encourage clients, suppliers, and outsourcers to adopt green practices Monitor the progress regularly; watch industry trends and new developments. Revise the green policy as required Publicize your environmental policy, actions, and achievements and thereby get credits and accolades from customers, peers, industry groups, environmental advocates, government agencies, and society.

REVIEW OF LITERATURE

Goyal & Joshi (2011) in their study "A study of Social and Ethical issues in Banking Industry" highlighted social and ethical issues such as social Banking, ethical Banking, green Banking and rural Banking, which facilitate the achievement of sustainable development of banking and finance. They concluded that banks could act as a socially and ethically oriented organization by disbursement of loan only to those organizations, which have environmental concerns.

Prasad (2011) has emphasized the role of three dimensions-ecological security, livelihood security and food security as the essential elements of a development policy, which is both sustainable and equitable. He has argued that new technologies and scientific techniques work in harmony with the laws of nature. While talking about the concept of environmental accounting, he emphasizes the role of expenditure for environmental protection in constructing a comprehensive balance sheet of natural resources.

Weber and Remer (2011) described Social Banking as a way of value-driven banking that has a positive social and ecological impact at its heart, as well as its own economic sustainability. These banks attract the interest of clients looking for safe and sensible ways to deposit their money and the conventional banks embark on the potential of a more socially oriented approach towards banking.

Bahl, Sarita (2012) conducted an empirical study on "Green Banking – The new strategic imperative" tried to find out the most significant strategies while going ahead with green banking by using Garrett's ranking technique. Researcher found that Carbon footprint reduction by Green building had been given top priority in green banking strategies and green banking financial products has also been given due weightage. However, Paper less banking and using mass transportation system has been rated low as green banking strategies.

Dharwal & Agarwal (2013), green banking is a key in mitigating the credit risk, legal risk and reputation risk. The author had suggested some green banking strategies like carbon credit business, green financial products, green mortgages, carbon footprint reduction, energy consciousness, green buildings and social responsibility services towards the society.

Chaurasia (2014) in his paper "Green Banking practices in Indian Banks" highlighted the benefits, confronting challenges, strategic aspects of green banking and status of Indian banks regarding green Banking adoption. He found that there has not been much initiative in this regard by the banks in India. Investigator suggested that bank should go green and play a proactive role to take ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems.

Chadichal Shilpa and Dr Misra Sheelan (2014) Banks are beginning to recognize that they have a social responsibility to fulfill as distinct from mere accepting of deposits for the purpose of lending or investment. As per relatively indirect nature of their environmental and social impacts, banks need to

examine the effects of their lending and investment decisions. Incorporating environmental and social criteria into business decision-making can reduce the impacts of operating activities. Financial institutions can do a lot to assist efforts for corporate social responsibility and achieve sustainability. Capturing the voice of customer and understanding complete requirements includes stated needs and also other value adding requirements which would delight the customers. Benchmarking and re-designing of processes to meet the customer expectations. Encourage innovation to add facilitating features. Training and development: Good electronic customer relationship management (e-CRM) largely depends on communication. The organization needs to develop a framework which measures and tracks the customer satisfaction and to address the customers related to e-service problems from time to time and improve the degree of satisfaction which leads to customer retention and new customer creation. Continuous improvement: Various quality improvement tools like e-CRM based Website services, Six Sigma, Business process re-engineering, Business process management system, value chain analysis and various lean tools would help the organization to address the challenges related to effectiveness and efficiency and thus promoting paperless banking service, hence reducing environment damage.

Mohammad Masukujaman et al (2015), In is paper found that green banking is ranked by bankers as the most important; in view that environmental banking cares about environmental issues first. About the adoption of green banking, high adoption cost has been found to be the major perceived complexity. The study recommends the adoption of benevolent policy by banks so that it will be easier for them to adopt green banking with marginal cost. The employee and customer awareness program relating to green banking should be extended by prioritizing research-based approach.

Girish, S (2016), In is paper the cash free banking systems are beneficial to consumers, employees, industries and economy as a whole. It will helpful to consumers for reducing overall transaction cost, easy deposits and withdrawals, easy ways to execute the trading practices and in overall a feeling of involvement in eco-friendly movement by the green oriented practices. As a country like India lack of infrastructural facilities, technological education, cooperation from the banking personnel would preventing the wide scale acceptance of Green banking practices.

Md Saiful Islam, Mohammad Omar Faruk (2017) done a research on “Practices of Sustainable Financing in Banking Industry: A Study on Green Banking in Bangladesh and India.” The main purpose of the study was practices of sustainable financing and greenbanking by the public and private banks in Bangladesh. Researcher studied sustainability regarding banking policies, fund allocations and implementations, banking strategies, innovations of banking products, performances of banking initiatives.

Sudarshan Giramkar (2018) haddone a study on “Green Banking in India: A Study for Sustainable Development.” The main purpose of the study sympathetic the green banking attitude adoption by the banks. The study of purpose they have collected secondary This study concluded that there is more of need to create awareness about green banking products acceptance amongst the middle and senior age groups individuals than young age people.

Kishore Kumar and Ajai Prakash (2019) had done a study on “Examination of sustainability reporting practices in Indian banking sector.” The aim of this study to examine sustainability reporting tendencies of public and private sector banks in India. This study concluded the banks in India are much slower in adopting sustainability reporting practices.

Kavita S. Vadrade, Dr. (Mrs.) V.P. Katti (2020) had done a study on “Green Banking Initiatives by Indian Public and Private Sector Banks”. The main objective of the study to evaluate the use of Green Banking Products in banking sector and examine and compare the green banking initiatives by Public and Private Sector Banks. Public and private sector banks have actively undertaken a multiplicity of green banking practices.

Dr. R. Janakiraman and Dr. S. Karthikeyan (2021) had done a study on “Green Banking in India – An Overview.” The study had two objectives to Green Banking initiatives by various banks and to suggest ways to promote Green Banking in India. This study concluded Green banking, if implemented sincerely opens up new markets and avenues for product differentiation.

RESEARCH OBJECTIVES

- To study the various demographic factors towards consumer perception of green channel banking in Vijayawada region.
- To study the consumer perception towards traditional and green channel banking in Vijayawada region.

RESEARCH METHODOLOGY

The research design for the study is descriptive in nature. The methodology is based on primary and secondary data a structured questionnaire was used for the study, of which pre-testing of the questionnaire was administered on 20 people. 70 questionnaires were administered out of which 60 usable

questionnaires were considered for the study. The questionnaire comprised of a series of closed ended questions, a likert scale (1-5) was also used to elicit information from the customer. To analyze the data collected for

the study statistical package for social sciences (SPSS 17v) has been used extensively. Tools like descriptive statistics, t-test and f-test.

HYPOTHESIS

- **H01:** There is no significance gender, age and education difference on consumer perception towards green channel banking In Vijayawada region.
- **H02:** There is no significance difference between consumer perception towards traditional banking and green channel banking.

RESULTS AND DISCUSSION

Analysis of Descriptive Statistical Data

Table-1: Descriptive Statistics

Demographic Factor	Categories	Respondents
Gender	Male	30
	Female	30
Age	Below 30 years	24
	30 - 50 years	18
	Above 50 years	18
Education	Inter and below	24
	Degree	16
	PG	20
Income	Below 20,000	16
	20,000 - 40,000	26
	Above 40,000	18

Sources: Authors Compilation

The above table-1 explains about descriptive statistics of the sample taken for the study. 60 respondents are taken. Table reveals Gender, Age, Education and Income classification of sample.

H11: There is a significance Demographic Factors that are gender, age, education and income difference on consumer perception towards green channel banking In Vijayawada region:

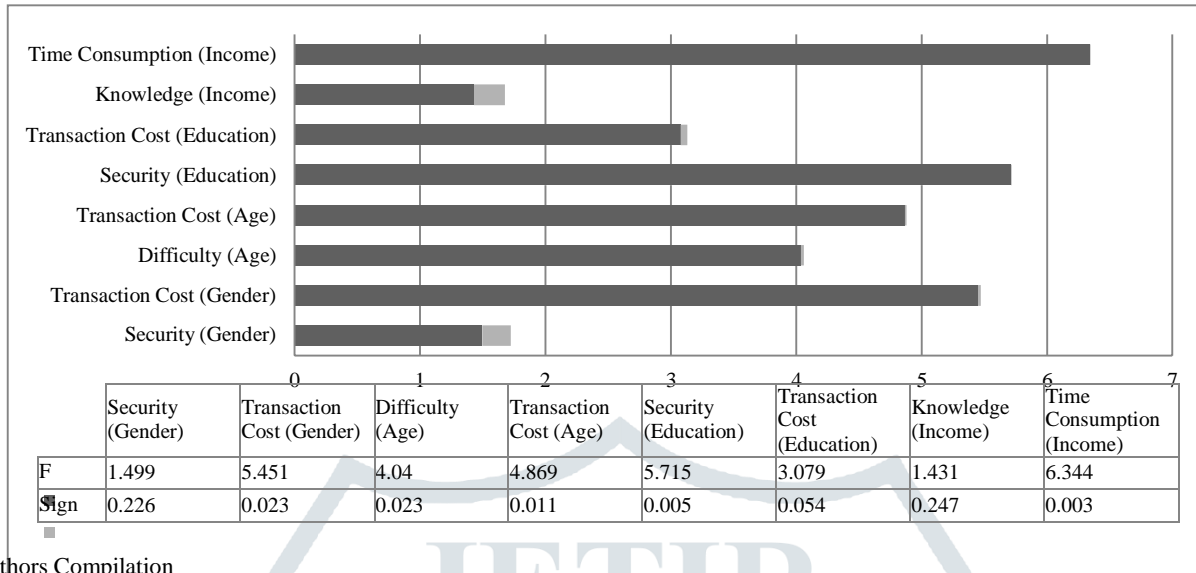
Table-2: One-way ANOVA table on Green Channel Banking

Dimension	Gender		Age		Education		Income	
	F	Sign	F	Sign	F	Sign	F	Sign
Security	1.499	.226	3.913	.026	5.715	.005	.702	.500
Accuracy	1.138	.290	2.589	.084	1.296	.282	.406	.668
Difficulty	.000	1.000	4.040	.023	.307	.737	.791	.458
Accessibility	.046	.831	2.860	.065	.654	.524	.896	.414
Accountability	.350	.556	.678	.512	2.531	.089	.657	.522
Knowledge	.000	1.000	.090	.914	1.836	.169	1.431	.247
Time Consumption	.207	.651	.187	.830	.308	.736	6.344	.003
Transaction Cost	5.451	.023	4.869	.011	3.079	.054	.038	.962

Sources: Authors Compilation

From the table-2 is explain about one way anova test result to study demographic factor on consumer perception towards green channel banking like gender, age, education and income levels of consumer. There is no much difference identified demographical variable of consumer perception. Out of 32 combinations, five are identified with significant difference that are education and security, age and difficulty, time consumption and income level, transaction cost and gender & age and transaction cost, where calculated statistical value is less than $P < 0.05$, remaining cases it is more than 0.005. Hence it is provided that, there is no significance Demographic Factors that are gender, age, education and income difference on consumer perception towards green channel banking In Vijayawada region.

Chart-1: The Major Dimensions are having Significant Perceptual Difference with Respect to Income, Education, Age and Gender



Sources: Authors Compilation

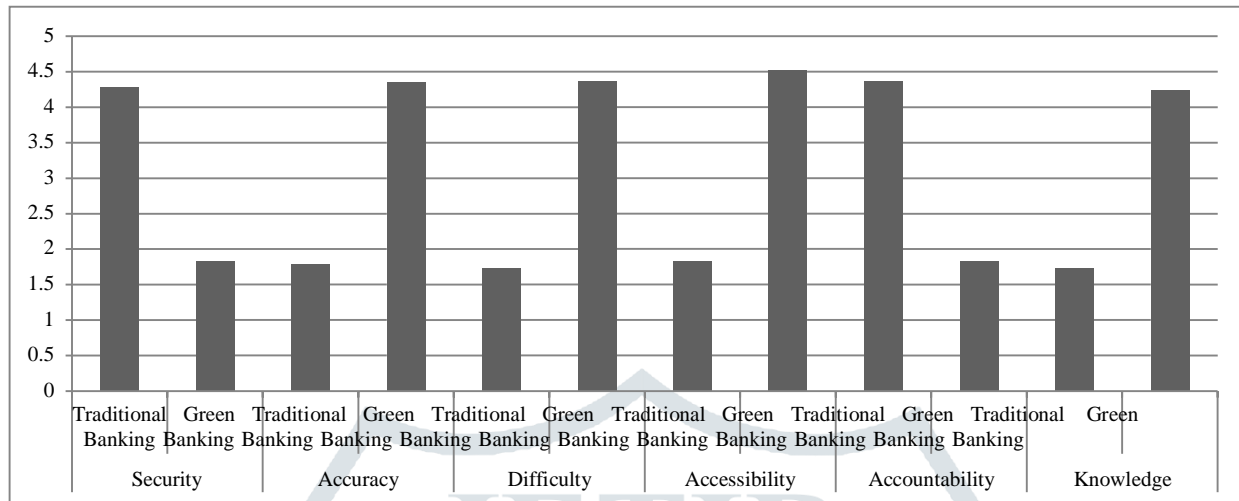
H12: There is a significance difference between consumer perception towards traditional banking and green channel banking

Table-3: Comparative Descriptive Statistics & Paired Samples T-Test

Dimension	Banking Method	Mean	Mean Difference	T	Sign.
Security	Traditional Banking	4.28	-2.450	18.687	.000
	Green Banking	1.83			
Accuracy	Traditional Banking	1.78	-2.567	-23.927	.000
	Green Banking	4.35			
Difficulty	Traditional Banking	1.73	-2.633	-25.439	.000
	Green Banking	4.37			
Accessibility	Traditional Banking	1.82	-2.700	-22.583	.000
	Green Banking	4.52			
Accountability	Traditional Banking	4.37	2.550	24.341	.000
	Green Banking	1.82			
Knowledge	Traditional Banking	1.73	-2.500	-24.453	.000
	Green Banking	4.23			
Time Consumption	Traditional Banking	2.10	-2.133	-22.118	.000
	Green Banking	4.23			
Transaction Cost	Traditional Banking	3.12	.017	.159	.874
	Green Banking	3.10			

Sources: Authors Compilation

From the above table-2, paired sample t-test is conducted and it reveals that there is a significant difference is identified between consumer perception towards traditional banking and green channel banking in Vijayawada region. Security, Accuracy, Difficulty, Accessibility, Accountability, Knowledge and Time consumption are the variables identified with significance difference, where the calculated statistical value is less than $P < 0.05$ in all cases; Transaction cost variable has no significant difference, where $p > 0.05$ i.e. 0.874. It means consumer perception about cost of banking transaction as same as for traditional and Green channel banking.

Chart-2: Mean Differences between Green and Traditional Banking with Respect to Various Dimensions

Sources: Authors Compilation

Consumers are feeling that green channel banking is more accessible, easy to make transaction and high accuracy. Hence, it is provided that there is significant difference between consumer perception towards traditional banking and green channel banking.

CONCLUSION

Entire business world is striving for environment protection and safety. In this regard, some green strategies are coming into the banking sector for protecting environment and public health. Banks are making changes in their business process and product such a way to protect environment and consumer; as part of this, banks are implementing green channel banking system instead of traditional system. This emerging marketing strategy makes bank to position them in green era and to attract green consumer. Study mainly focuses on consumer perception towards latest green development in banking sector that green channel. It reveals that there is no considerable difference between various demographical factors like gender, age, education, income on consumer perception. It is identified that there is a significant difference between consumer perception towards traditional banking system and green channel banking. Consumers have shown favorable perception towards green channel banking because of accuracy, accessibility, difficulty and time consumption and they shown unfavorable perception about security, accountability and knowledge of green channel banking. Therefore, the study suggests that banking have to focus more on variables, which causes unfavorable perception for the better implementation and acceptance from customers.

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