

# GREEN BANKING PRACTICES OF THE SELECT NATIONALIZED BANKS IN SALEM

**M.MURUGAPERUMAL**

Ph.D. Research Scholar

Department of Commerce

Periyar University, Salem - 636 011

## Abstract

Banking sector is one of the biggest money control government sectors in India. It plays an important role in the Indian economy. Like other sectors, banking sector has its responsibility to protect environment. To fulfill this responsibility, the banking sector creating awareness of green banking. The concept of green banking is a new concept. It helps in reducing the useful of banking, process burden and energy. Green banking is an environmental friendly system that has the potential to increase customer satisfaction and awareness as well as performance of the banks. The main objective of this paper is to know about the initiatives taken by the banking sector and to conduct a SWOT analysis about the banking sector regarding green banking activities. The researcher selected Andhra Bank, Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank, State Bank of India, and UCO Bank. Statistical tools such as mean, correlation, chi-square, standard deviation, and analysis of variance, t test were employed. It is concluded that banks are taking new initiatives of different green banking.

**Key words:** Green banking, SWOT analysis, environmental sustainability, e-banking, etc.

## 1. Introduction

During the past decade, there has been a growing awareness of wide spread environment because currently degradation facing problem with future generations. Attention has been become so great that environmental has been identified as potentially 'the biggest business issue of the 2000 years'. Human life needs did come to harm the natural environment but the problem came when he wants to separate himself from the environment and start the use of technology. Technology has done a lot of good to the world. The threat to the environment is highly global warming, ozone depletion, climate changes and water pollution. On the global level, there is an increase in the awareness towards the global warming and adverse climate conditions. Consumer is also responsible for the environment pollution due to use of non-renewable energy which cause harm to the environment. Sustainable environment is now recognized globally as overriding imperative to protect our earth from the activity inflicted on it by the human. The concept of green banking will be mutually beneficial to the banks, industries and society. The beginning of 21<sup>st</sup> century brought with a number of activities. Due to this change, banks shifted towards the adoption of innovative banking products. The use of ATM, internet banking, online transfer, debit card and credit card became popular. Innovative banking has different channel to provide service to the customer but the main source is internet which create less cost to the customer and it also save the time and create

less pollution to the environment. Environmental sustainability is a process to maintain the resources for long run without harming the environment.

## 2. Green banking initiatives

According to Indian Bank Association 2014, “Green banking is like a normal bank, which considers all the social, environmental and ecological factors with an aim to protect the environment and conserve natural resources.” It is also known as sustainable bank. The purpose of the bank is to perform banking activity with taking care of earth’s ecology and environment. Now the question arise is how banks go green. There are various alternative delivery channels for banks to go green. Some of the steps are discussed as under:

**Online process:** Online banking is very useful now. By online, customer can check balance, pay bills, transfer of funds and deposit. It is totally paperless banking. The use of green banking creates less expenditure, less energy and less use of paper in banking activities.

**Internet banking:** Most of people using mobile phones. Hence, that easily can do internet banking.

**Green checking of accounts:** Now a customer can check his account statement online through ATM or special touch screen. This process is called green checking of accounting. Green checking of account helps in environment sustainability and reduction of global warming effects.

**Green loans for home improvements:** Any person who is purchasing eco friendly product for home, bank is providing finance at very less interest rate. It is a very good deal for the person who is purchasing solar equipment.

**Use of green credit cards:** Every rupee you spend on green credit card, the bank will donate fund to the non-profit environment friendly organization for environment sustainability program.

**Paper less process:** Bank should purchase the recycled product for customer use like deposit slip, ATM slip, annual report, etc.

**Power saving equipment:** Bank should use less power consumption equipment in place of other equipment. Bank should start campaign to replace GSL bulbs by CFL bulbs.

**Mobile banking:** Mobile banking is very helpful. In one hand it is great ability to check and transfer the balance and in other hand it is helpful in saving time of the customer.

**Use of solar and wind energy:** Use of solar and wind energy is an efficient way to green banking. State Bank of India became the first bank in India to use and invest in solar and wind energy plant.

**ATM:** There are two primary types of ATMs. The basic units allow the customer to only withdraw cash and receive a report of the account balance. The more complex machines will accept deposits, facilitate credit card payments and report account information.

### 3. Review of literature

Nishikant Jha (2016) highlighted some steps for going green banking such as go online, use green checking accounts, use green loans for home improvements, use power saving equipments, use green credit cards, and mobile banking.

Bibhu Prasad Sahoo (2013) made an attempt to examine the relationship between level of education and adoption of green banking product; and to examine the relationship between age groups and adoption of green banking product. The data for the adoption of green banking have been collected through structured questionnaire. In order to test the null hypothesis, analysis of variance and post hoc multiple comparisons test were applied. The present study finds that there is more of need to create awareness about green banking products among the middle and senior age groups individuals than young age people. Further, there is no significant difference in usage of green banking products across various level of education.

Jayabal (2016) stated green banking means ensuring environment friendly practices in banking sector and thereby reducing internal and external carbon footprints. In India the first green bank is the State Bank of India. Its green banking initiatives include ATMs, paperless banking for customers and building of wind mills in rural India. Green banking is not only about making sustainable use of resources but also about environment friendly dispensation of credit..

Jayadatta and Nitin (2017) stated that sustainable development and change is the need of the hour for survival in all spheres and it can be best achieved by allowing marketers to work within an appropriate framework of economic viable instruments and cost effective regulations. The present era of globalization and industrialization has added a lot of luxury and comfort to human life but has also lead to an alarming situation of huge environmental degradation incorporated with all involved activities. Green banking is a part of green initiative taken by stakeholders to save environment.

Green banking is an environmental friendly system that has the potential to increase customer satisfaction as well as performance of the banks. The review of literature reveals that various scholars at the international level have initiated different studies on different aspects of green banking. But at the national level there are very few studies initiated towards green banking.

Moreover, in Salem district there is hardly there is no one studies in this regard. Hence, the present study will be an attempt to fill this gap.

#### **4. Objectives of the study**

The main aim of the study is to identify the initiatives taken toward green banking and environment sustainability by commercial banks in India.

#### **5. Research design**

The researcher selected Andhra Bank, Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank, State Bank of India, and UCO Bank. Statistical tools such as mean, correlation, chi-square, standard deviation, and analysis of variance, t test were employed. The secondary data were collected from various books, journals, research papers, websites, etc.

#### **6. Findings and suggestions**

SBI had launched the green channel counter facility at their branches to change their traditional way of paper based banking. Indian Bank is conducting electricity audit. Green banking saves time of customer as well as bank. It reduces the cost of bank operation and cost to the customer too. Transition can be done any time and at any place. Lack of knowledge among the employees has been noticed. People are becoming more computer literate so it's easy to start green banking. Most of the customer are using ATM card only. So it is a time to start all the initiatives for green banking practices. Green banking requires a technology which will highly costly. It requires renewable and recycling technique which is costly. Data protection is another challenge for the adoption of green banking.

#### **7. Conclusion**

It can be concluded that banks are taking initiatives and promote different green banking products. Banks also adopt environment friendly practices which ensure the efficient use of resources. Bank employee should consider the green banking initiatives as primary work. Banking sector is the backbone of the country. So it's important for the banks to recognize their responsibility as a global corporate citizen.

## 8. Reference

- Chitravathi, M., & Natarajan, C. (2015). Awareness of Customers towards Green Banking: An Empirical Assessment. *International Journal of Contemporary Commerce*, 4, 51-58.
- Chitravathi, M., & Natarajan, C. (2018). Role of Green Banking on the Environmental Sustainability from the Customers' Perspective. *International Journal of Business and Administration Research Review*, 1 (21), 48-51.
- Vijai, C., & Natarajan, C. (2015). Customers' Awareness towards Green Banking Products of the Select Commercial Banks in Cuddalore District: An Empirical Assessment. *International Journal of Management Research*, 3 (10), 1-5.
- Vijai, C., & Natarajan, C. (2015). Employees' Perception towards In-House Green Banking Activities of the Commercial Banks in Cuddalore District. *Journal of Exclusive Management Science*, 4 (10), 1-5.

