

Green Banking Initiatives: A study of Customers Awareness with Reference to Nanjangud Town

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Abstract:

In an developing economy like India, environmental management is the need of the time. Green banking means environmental proceedings and external emissions, reducing external carbon emissions. This will be concluded in many paperwork which include- the use of the internet banking, pollution condensing tasks and financing green technology. Inexperienced banking may be very important in alleviate the reputation danger, safety threat, credit chance, and felony threat inside the banking quarter. In this paper the study deals with the green banking initiatives introduced by different banks, various strategies of the green banking approach and also the major avenues of green banking activities are studied.

Keywords: Green Banking, Environment Sustainability, Credit Risk, Finance , Green Loans

Introduction:

Green banking approach selling environmental-useful practices and condensing carbon impression from banking practices. This could be done in many ways such as by using internet banking instead of division banking, paying bills using internet instead of mailing them, opening up CDs and money market accounts at internet banks instead of large multi-division banks or finding the local bank in particular area that is taking the biggest steps to support regional green initiatives.

Usually green banking insurance consists of: viable banking, right banking, green mortgages, inexperienced loans, inexperienced credit score cards, inexperienced savings bills, inexperienced checking accounts, green cash market debts, cell banking, net banking, far off deposit, wastefulness management, roof gardening, and green financing.

A green bank is a bank that growth social and environmental obligation but operates as a traditional association financial institution and offers admirable assist to buyers and customers. The time period “green banking” is being heard extra regularly nowadays as more Indians look for methods in which they could

help the environment. A 'green bank' is one that has adopted sustainability practices across all lines of the organization; the employees, facilities, products & services, and governance. Green banking, which considers all the social and environmental aspects, is likewise referred to as 'moral banking'. Ethical banks started with the aim of safeguard the surroundings.

A simply green financial institution can lessen their carbon influence with the aid of building more green branches, enforcing greater power-green operational tactics, supplying transportation offerings for their personnel and thoroughly screening their lending in environment-touchy industries. Banks also can help eco-friendly businesses, offer inexperienced lending and raise cash for nearby environment tasks. a green banking movement which include less paper is ideal for the surroundings where clients make paperless deposits, withdrawals and remittances.

Literature Review:

Atiur Rahman (2010) in his paper focused on the present monetary and credit policy of Bangladesh Bank towards attaining broader financial enclosure. Bangladesh Bank is bringing to uphold with technology driven, inventive, environment and low cost banking access; appliance of progressive banking technology, adapting of monetary policy, use of Information and Communication Technology (ICT) conveying a subjective change in banking, and to extend financial services to the door step of common people. To ensure access to financial services for all, various initiatives have been taken like business finance; digitalization of the financial sector; transmitting liquidity into advantageous and supply expanding contributions including CSR, SMEs, agriculture, and Green Banking activities; expected to lead to more broad -based comprehensive growth and therefore lessen underdevelopment; required for presuming the country on course to the leading vision of digital Bangladesh by 2021; the year of Golden Jubilee of their independence.

Suresh Chandra Bihari (2011) elucidated that inexperienced banking consists of selling corporate social obligation (CSR). It starts with the intention of defensive the environment where banks do not forget earlier than financing a mission whether it's far surroundings friendly and has any connotation for the future. A business enterprise may be given a mortgage most effective when all the environmental security specs are followed. inexperienced banking may be successfully carried out through using technology and coverage, he emphasized.

Jha and Bhome (2013) additionally performed comparable surveys as said above to test and thereby create client focus on green banking. By using accomplishing interviews and additionally using specifically based questionnaires from opinion surveys they stated certain steps wished in inexperienced banking. on-line banking, inexperienced loans (low price to folks that wish to shop for solar equipment's), green checking bills (ATM, special contact monitors) for assisting environmental pleasant residential projects, inexperienced credit score cards, energy saving equipment's, electricity saving cell banking are amongst

few steps advised via them. Primarily based on their research they concluded that green banking will ensure agency's move towards balance and sustainability.

Sudhalakshmi and Chinnadorai (2014) provided the reputation of Indian banks in respect of green banking and additionally said that even though going green is very a whole lot important for rising economies like India big efforts have now not been taken yet. Specifically in lending principle banks are required to encompass their inexperienced issue for easy and environmental friendly transaction. Really each step taken these days will mean a higher international surroundings in future. Additionally policy measures to sell green banking are very a whole lot wanted in India. Indian banks on this thing are jogging behind time in a hit adoption of green phenomenon. On this regard critical steps are required to be taken.

Objectives of the Study:

1. To study the green banking initiatives by various banks.
2. To know the major avenues of green banking.
3. To study various strategies for green banking approach.

Hypothesis:

1. H1: If there is any significant association between age and customers awareness on green loans of the green banking initiatives.
2. H2: If there is any significant association between gender and customers awareness on green loans of the green banking initiatives.
3. H3: If there is any significant association between monthly income and customers awareness on green loans of the green banking initiatives.
4. H4: There is any significant association between type of account and customers awareness on green loans of the green banking initiatives.

Research methodology

The present study uses both primary and secondary data. The primary data is collected through the questionnaire issued to the customers on the geographical details asked to them. The secondary data is obtained from the various banks websites, journals, magazines etc.

Data Collection and Sample Size

The data for initiatives of green banking and age pattern have been collected through structured questionnaire. To select sample, the present study has used convenient sampling technique is selected. The 100 questionnaires have been distributed personally to the respondents of Nanjangud town. The statistical tools used for the data analysis include percentage, Pearson chi-square test, and likelihood ratio.

Limitations of the Study:

- Time was a limiting factor in conducting the study.
- The geographical scope of the study is limited to Nanjangud town.
- The sample size is confined to 100.

Major Avenues of Green Banking:

As rightly highlighted by Institute for Development and Research in Banking technology established by RBI the major avenues of Green Banking are as follows:

- Green process which signifies that each unit and activities should be environment friendly. Major among these are maintaining contacts with the customers through online means, paperless transaction, offering banking products in a way to have very minimal environmental impact
- Green services and products like computerised paperless statements, computerised banking etc.
- Major Green strategies which means explaining the key stakeholders about the environmental values, setting a green policy and also publicizing it etc.

Table 1
Socio-economic Profile of the Customers

Variables	Parameters	Frequency	Percentage
Age	Below 20 years	26	26.00
	21 to 30 years	16	16.00
	31 to 40 years	22	22.00
	Above 40 years	36	36.00
		100	100.00
Gender	Male	56	56.00
	Female	44	44.00
		100	100.00
Monthly Income	Below Rs. 10000	30	30.00
	Rs. 10000 – 20000	24	24.00
	Rs. 20000 – 30000	22	22.00
	Above Rs. 30000	24	24.00
		100	100.00
Type of Account	Savings Account	46	46.00
	Current Account	30	30.00
	Fixed Deposit Account	24	24.00
		100	100.00

Source: Field survey

The above table depicts that,

- Majority of 36.00 % of the respondents are belong to the age group of 31 to 40 years.
- Majority of 56.00 % of the respondents are male
- Majority of 30.00 % of the respondents are belong to the monthly income of below Rs.10,000.

- Majority of 46.00 % of the respondents are savings bank account holders.

Table 2 Descriptive Statistics

	N	Mean	Std. Deviation
Age of the Customer	100	2.68	1.213
Gender	100	1.44	0.499
Monthly Income	100	2.43	1.157
Type of the Account	100	1.79	0.808
Green Loans	100	1.40	0.492

Table 3 Correlations

		Age of the Customer	Awareness about Green Loans
Age of the customer	Pearson Correlation	1	0.767
	Sig. (2-tailed)		0.000
	Sum of Squares and Cross-products	33.241	18.103
	Covariance	1.187	0.647
	N	100	100
Green Loans	Pearson Correlation	0.767	1
	Sig. (2-tailed)	0.000	
	Sum of Squares and Cross-products	18.103	16.759
	Covariance	0.647	0.599
	N	100	100

It was hypothesized that a relationship exists between age of the customers and awareness about green loans. The result above shows that, there exists a positive relationship between the age of the customers and awareness about green loans ($r=0.767$, $p<0.05$).

Table 4**Green banking Initiatives by Banks and its awareness among their customers**

Sl.No	Green Initiatives	Aware	Not Aware
1.	Green Checking	73%	27%
2.	Green Loans	60%	40%
3.	Controlled use of energy	40%	60%
4.	Green Mortgages	52%	48%
5.	Green CDs	29%	71%
6.	Reduced wastage of papers and Energy through Net banking approach	88%	12%
7.	Use of Solar powered ATMs	90%	10%

8.	Facility of e-statement registration by which banks will donate a book to needy	61%	39%
9.	Providing recyclable debit cards and credit cards	56%	44%
10.	Using recycle paper or recycle waste	84%	16%
11.	Clean Development Mechanism(CDM) related services working on climate change	20%	80%
12.	Bank Environmental Policy	79%	21%
13.	E – Investment Services	66%	34%
14.	Online Bill Payment	92%	08%
15.	Cash Deposit System	93%	07%
16.	Communicate through the Press.	22%	78%
17.	Conducting Workshops and Seminars for Green banking	30%	70%
18.	High- efficiency lighting	82%	18%
19.	Bonds and mutual funds meant for environmental investments	32%	68%

Source: Field survey

From the above data we can see that green initiatives like Green CDs ,Communication through Press, Conducting workshop and seminars for Green Banking, Bank environmental policy, Bonds and mutual funds meant for environmental investments are few green banking initiatives that are still not introduced by the few banks according to the respondents. As per the data collected 80 % of the customers agrees that the green banking initiatives are still not initiated by the respective banks. However, the green banking initiative concepts are new in Indian scenario therefore, it may be the probable reason for poor awareness among customers. Even though few green banking initiatives are initiated by the bank ,customers are aware. While some green initiatives more than 60 % of the customers were in favour that green banking initiatives are provided in their banks like Green Checking, Green loans, Reduced wastage of papers and Energy through Net banking approach, Use of Solar powered ATMs, Facility of e-statement registration by which banks will donate a book to needy, Using recycle paper or recycle waste, Bank Environmental Policy, E – Investment Services, Online Bill Payment, High- efficiency lighting.

Table 5

Obstacles experienced by respondents in availing green banking services

Sl.No	Obstacles	Difficulty in operate	No difficulty in operate
1	Data Security and Privacy	59%	41%
2	Lack of infrastructure	28%	72%

3	Traditional approach	17%	83%
4	Lack of education	38%	62%
5	Technical Issues	79%	21%

Source: Field survey

According to the above table,

- Majority of 59 % of the respondents are having difficulty in operate due to data security and privacy.
- Majority of 38 % of the respondents favour towards lack of education
- Majority of 83 % of the respondent have no difficulty in adopting latest technology and Infrastructure.
- Majority of 79% of the respondents have technical issues.

Hypothesis:

H1: There is any significant association between age and customers awareness on green loans of the green banking initiatives.

H0: There is no significant association between age and customers awareness on green loans of the green banking initiatives.

Table 6 Chi- square Tests

	Value	df	Asymp.sig.(2 – sided)
Pearson Chi- square	1.391	3	.000
Likelihood Ratio	1.397	3	.000
Linear-by-Linear Association	.765	1	.095
N of valid cases	100		

Source: Field survey

- 5 cells (20.34%) have expected count less than 5. The minimum expected count is 6.40. Since the p value (0.000) is less than the table value (0.765). Therefore, this test shows that there is relationship between the age of customers awareness on green loans of the Green Banking initiatives. (Chi – square = 1.391, p = 0.000).

Hypothesis:

H1: There is any significant association between gender and customers awareness on green loans of the green banking initiatives.

H0: There is no significant association between gender and customers awareness on green loans of the green banking initiatives.

Table 7 Chi- square Tests

	Value	df	Asymp.sig.(2 – sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi- square	4.931 ^a	1	.916		
Continuity Correction ^b	4.060	1	.044		
Likelihood Ratio	4.944	1	.026		
Fisher's Exact Test				.039	.022
Linear-by-Linear Association	4.882	1	.027		
N of valid cases	100				

Source: Field survey

- 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.60. Since the p value (0.916) is less than the table value (4.882). Therefore, this test shows that there is relationship between the age of customers awareness on green loans of the Green Banking initiatives. (Chi – square = 4.931, p = 0.916).

Hypothesis:

H1: There is any significant association between monthly income and customers awareness on green loans of the green banking initiatives.

H0: There is no significant association between monthly income and customers awareness on green loans of the green banking initiatives.

Table 8 Chi- square Tests

	Value	df	Asymp.sig.(2 – sided)
Pearson Chi- square	.513 ^a	3	.916
Likelihood Ratio	.510	3	.917
Linear-by-Linear Association	.001	1	.917
N of valid cases	100		

Source: Field survey

- 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.80. Since the p value (0.916) is morethan the table value (0.001). Therefore, this test shows that there is no relationship between the age of customers awareness on green loans of the Green Banking initiatives. (Chi – square = .513, p = 0.916).

Hypothesis:

H1: There is any significant association between type of account and customers awareness on green loans of the green banking initiatives.

H0: There is no significant association between type of account and customers awareness on green loans of the green banking initiatives.

Table 9 Chi- square Tests

	Value	df	Asymp.sig.(2 – sided)
Pearson Chi- square	.604 ^a	2	.739
Likelihood Ratio	.603	2	.740
Linear-by-Linear Association	.125	1	.723
N of valid cases	100		

Source: Field survey

- 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.60. Since the p value (0.739) is more than the table value (0.125). Therefore, this test shows that there is no relationship between the type of account of customers awareness on green loans of the Green Banking initiatives. (Chi – square = .604, p = 0.739).

Strategies for Going Green:

It is found that banks can go ahead and adopt following strategies for going green in banking:

- Set SMART (Specific, Measurable, Attainable, Realistic and Timely) green goals as internal targets to reduce the carbon footprints along the timelines
- Interact with key stakeholders and additionally create consciousness of environmental issues and also their impact on the economic system, the environment and society at large
- Reveal development regularly, watch electricity tendencies and also new developments. revise green policy as and while required
- Banks can introduce green finances for clients who would really like to put money into environment friendly initiatives which can help in sustainable development
- Conduct regular energy audits and also review equipment's purchases and disposal policies
- Banks need to attention on green buildings across its branches to effectively put into effect ecological pleasant practices
- Banks can move in advance and support diverse projects starting from community clean u.s.a.to country wide projects on climate alternate, water, air, biodiversity and lots of greater.

Findings:

So bank should design strong strategies to promote these green banking initiatives as done in other countries. It is found that majority of 36.00 % of the respondents are belong to the age group of 31 to 40 years. Majority of 59 % of the respondents are having difficulty in operate due to data security and privacy. Some of the green initiatives introduced by the various banks more than 60 % of the customers were in favour that green banking initiatives are provided in their banks such as Green Checking, Green loans, Reduced wastage of papers and Energy through Net banking approach, Use of Solar powered ATMs. The hypothesis test shows that there is relationship between the age of customers awareness on green loans of

the Green Banking initiatives. The hypothesis test shows that there is relationship between the age of customers awareness on green loans of the Green Banking initiatives.

Conclusion:

Inexperienced banking continues to be a prime issue and can take an vital part for the improvement of our country in India. As banks, NGOs, Non-financial institutions, agencies and financial institution of India has started taking initiative to create awareness but not at determined level. To sustain the improvement of the Indian economic system banks, non-economic institutions, businesses, NGOs and all economic institutions ought to work together as hard as to examine with the overseas banks as these overseas banks are gambling more vital function in keeping the sustainability of the USA's economic growth. Lots of allocated budget are unutilized by means of the Indian banks for greening their activities despite the fact that they have started out adopting green practices.

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