



“Green Banking (Digital Banking for Customers)”

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Abstract:

In recent years, the financial sector has witnessed significant advancements and interests, with a growing number of banks actively engaging in green financial practices. Recognizing the imperative to address environmental concerns and maintain ecological balance, many banks have incorporated various sustainable practices into their everyday business operations. Consequently, the banking sector plays a pivotal role in promoting genuine sustainability and social responsibility. Within the realm of environmental impact, the financial industry has made notable strides in reducing its consumption of energy, paper, and water, thus contributing to environmental conservation efforts. Environmental management within the banking sector is increasingly seen as integral to risk management strategies. By prioritizing environmentally sustainable practices, banks not only enhance their overall value proposition but also mitigate potential losses, as a higher-quality credit portfolio typically leads to greater profitability. It's worth noting that while banks themselves may not be primary polluters, they often maintain financial relationships with entities or projects that have environmental footprints, either currently or potentially in the future. This underscores the importance of banks' roles in not only managing their own environmental impact but also influencing the sustainability practices of their associated partners and clients.

Introduction:

The entire planet is facing an immense challenge due to unnatural changes in the climate. Banks, often considered the backbone of wealth, have a direct responsibility to protect the environment and mitigate the adverse effects of ecological degradation. The emergence of green banking represents a novel approach within the financial sector, aiming to prioritize ecological and social responsibility in investment practices. In today's globalized world, the escalating issue of global warming poses one of the most significant threats to our planet. Despite the financial industry traditionally being associated with high energy consumption (such as lighting, cooling, and processing), as well as inefficient use of space, recent trends indicate a notable increase in the carbon footprint of banks. Consequently, there is a growing imperative to manage carbon emissions and transition towards eco-friendly practices, utilizing innovations, green products, and new methodologies. Green banking, or environmentally ethical banking, encompasses a

holistic approach that integrates socio-economic and environmental considerations, aiming to conserve natural resources and protect the environment while fostering eco-conscious behaviors among consumers. Specifically, green banking seeks to reduce the carbon footprint associated with banking transactions, often achieved through initiatives like paperless banking and online services. Sri Lanka serves as a pioneering example in green banking, with its banking system embracing eco-friendly practices since 2011, making it the oldest eco-friendly financial system globally. In addition to offering green services to customers, the adoption of green banking represents a fundamental shift in business processes. Today's customers are increasingly environmentally conscious and demand eco-friendly practices from businesses. Banks are responding by incorporating green initiatives into their operations, aiming to maximize profitability while minimizing environmental impact. Investing in environmentally responsible initiatives, services, or businesses has become a hallmark of modern banking, reflecting changing market dynamics and the growing importance of environmental sustainability. In the competitive landscape of the banking sector, customer retention has become a critical challenge for profitability. With the cost of acquiring new customers significantly higher than retaining existing ones, banks are focusing on enhancing customer satisfaction and loyalty. Customer retention strategies are vital for achieving desired market outcomes and ensuring long-term relationships with customers. By prioritizing active customer engagement and satisfaction, banks can cultivate loyalty and ultimately drive profitability in a rapidly evolving market environment.

Green Banking Overview:

The Indian banking sector has experienced unprecedented growth in recent times, positioning itself as one of the fastest-growing banking services worldwide. A notable transformation defining the sector's evolution is the pervasive integration of technology. In contrast to the past, where banking operations relied heavily on manual processes, today's landscape is characterized by a paradigm shift towards digitalization. The reliance on manual methods in the past often resulted in numerous challenges such as paper deterioration, susceptibility to fungal attacks, and various operational inefficiencies. Recognizing the need for a more efficient and resilient banking infrastructure, the sector has embraced technology as a cornerstone of its modernization efforts. By transitioning from manual to online modes of operation, the Indian banking sector aims to mitigate the drawbacks associated with traditional paper-based systems. This shift not only streamlines banking processes but also enhances security, accessibility, and overall customer experience. Embracing technology represents a fundamental strategy for addressing longstanding operational challenges and positioning the Indian banking sector for sustained growth and competitiveness in the digital era.

Importance of the study:

A. Exploring the latest technological advancements in the market to understand their potential impact on the banking sector.

- B. Investigating the profile of banking account holders to gain insights into their needs, preferences, and behaviors, thereby informing strategic decision-making.
- C. Analyzing the factors influencing the adoption of green banking from the perspective of customer perception, shedding light on opportunities to promote environmentally sustainable practices in banking operations.
- D. Identifying the cost-saving benefits associated with adopting a green banking system, particularly in reducing expenses related to stationary and other resources, contributing to improved financial efficiency.
- E. Enhancing the reputation of the bank by leveraging cutting-edge digital technologies, thereby fostering a perception of innovation and reliability among customers and stakeholders.

Objectives:

1. Assessing the current and potential impacts of green banking initiatives within the banking sector.
2. Examining the recent strategies implemented by Indian banks to address environmental challenges.
3. Evaluating customer satisfaction levels with regard to green banking services.
4. Forecasting the future trajectory for banks in light of ongoing environmental concerns and sustainable practices.
5. Anticipating potential recommendations necessary to further enhance green banking efforts.
6. Analyzing the adoption of new digital trends by Indian banks to align with evolving technological landscapes and customer preferences.

Scope:

1. Recent times have seen a significant surge in the finance industry, marked by an influx of new entrants aiming to capture market share in a dynamic and rapidly evolving market.
2. This study focuses specifically on Reliance and its operations across various segments within the finance industry.
3. The research evaluates and analyzes the collected data to provide insights into prevailing trends and opportunities within the banking sector.
4. By examining Reliance's activities and market positioning, the study aims to offer a comprehensive understanding of the current landscape and future prospects in the finance industry.

Literature Review :

Chen Zhixia et al. (2018) highlight the burgeoning trend of green banking in Bangladesh, emphasizing its potential to foster ecological sustainability. They underscore the importance of organizational commitment to customer satisfaction and engagement, particularly in the context of expanding digital services to retain existing customers and attract new ones.

Aazhvaar Vijai (2018) delves into customer awareness of green banking initiatives, focusing on public and private sector efforts in the Cuddalore District. The study emphasizes the imperative for businesses to adapt to evolving economic globalization while adhering to stringent disclosure regulations and meeting consumer demands for environmentally friendly practices.

Pappurajan (2017) examines customer consciousness regarding green banking practices, noting a shift towards eco-friendly initiatives such as paperless banking and energy-efficient operations within the banking sector. Despite the proliferation of green products and services, the study highlights the need for banks to effectively communicate their environmental commitments to customers.

Suresh et al. (2015) discuss the environmental impact of Indian banking operations, emphasizing the need for greater awareness and action to mitigate internal and external ecological effects. They underscore the challenge of accurately assessing the environmental footprint of banks' external activities.

Rajput, Kaur et al. (2013) investigate the response of Indian banks to environmental changes and the adoption of green banking practices. They find that while some banks have made positive strides towards environmental sustainability, there remains a gap in awareness and action, particularly in terms of carbon emissions disclosure and compliance with international initiatives.

Yadav and Pathak (2013) analyze the green banking approaches of both private and public sector banks in India. Their findings suggest that public sector banks tend to exhibit greater initiative in adopting environmentally sustainable practices compared to their private sector counterparts, with ICICI Bank standing out as a notable exception among private banks.

Research Methodology:

The research methodology for the paper "Green Banking (Digital Banking for Customers)" involves a qualitative approach. It includes a comprehensive review of existing literature on green banking and digital banking practices. Additionally, primary data collection will be conducted through surveys and interviews with banking customers to assess their perceptions and preferences regarding green and digital banking. Statistical analysis will be employed to analyze the collected data and draw meaningful conclusions. The research will also utilize case studies to examine successful implementations of green and digital banking initiatives in various banking institutions.

Type of Research:

The research will employ a mixed-methods approach, combining quantitative and qualitative methodologies. This approach is chosen to ensure a holistic understanding of green banking within the framework of digital banking for customers. By integrating both quantitative data analysis and qualitative insights, the study aims to provide a comprehensive exploration of this phenomenon.

Sampling:

Sampling for this study will utilize a stratified random sampling technique, with the population comprising customers from different banks actively engaging in digital banking services. Stratification will occur based on demographic factors like age, income, education, and location to ensure representation across diverse groups. The sample size will be determined using statistical methods to strike a balance between statistical power and practicality.

Data Collection:

A. Quantitative Data Collection: The study will gather quantitative data through online surveys distributed among a selected sample of digital banking users. These surveys will contain structured questions aimed at gauging perceptions, attitudes, and behaviors concerning green banking practices. Utilizing online platforms, the survey will be easily accessible across various devices to encourage maximum participation.

B. Qualitative Data Collection: Qualitative data will be obtained through in-depth interviews with a subset of survey participants. Purposeful sampling will guide the selection of interviewees to ensure representation of diverse perspectives and experiences regarding green banking. Conducted either in person or via video conferencing, semi-structured interviews will delve into participants' opinions, motivations, and obstacles related to the adoption of green banking practices.

Variables:**A. Independent Variables:**

- Digital Banking Adoption: This variable will gauge the degree of usage of digital banking services by customers.
- Awareness of Green Banking: This variable will evaluate customers' understanding and knowledge of environmentally sustainable banking practices.

B. Dependent Variables:

- Attitudes Towards Green Banking: This variable will assess customers' opinions and perceptions regarding green banking initiatives offered by their banks.
- Behavior Towards Green Banking: This variable will capture customers' actual actions related to adopting green banking practices, such as opting for electronic statements, using eco-friendly banking products, or participating in carbon offset programs.

C. Control Variables:

- Socio-demographic Characteristics: Variables including age, gender, income, education level, and geographic location will be controlled for to mitigate potential confounding influences.
- Technological Literacy: Customers' familiarity and comfort level with digital technologies will be accounted for to understand its impact on the adoption of green banking practices.

Recommendations:

1. Summarize the primary findings derived from the data analysis, focusing on key insights related to customer perceptions and behaviors towards green banking and digital banking.
2. Explore the implications of the findings for the advancement and execution of green banking initiatives and digital banking strategies within the banking sector.
3. Provide actionable recommendations for banks and financial institutions to enhance their green banking endeavors and optimize the digital banking experience for customers, based on the analysis outcomes.
4. Propose avenues for future research to delve deeper into the convergence of green banking and digital banking, identifying potential areas for innovation and advancement in banking practices.

Ethical Considerations:

1. Emphasize the significance of ethical considerations within the realms of green banking and digital banking for customers, highlighting their pivotal role in maintaining trust and integrity.
2. Examine the steps implemented to safeguard the privacy and security of customer data collected and analyzed during the research, ensuring adherence to stringent data protection protocols.
3. Address concerns surrounding fairness and transparency in the utilization of data analysis techniques, particularly in decision-making processes impacting customers, emphasizing the importance of equitable treatment.
4. Evaluate the broader environmental and social implications of green banking initiatives and digital banking practices, assessing their alignment with sustainability goals and societal well-being.
5. Ensure compliance with pertinent regulations and industry standards governing data privacy, consumer protection, and environmental responsibility, underscoring the commitment to upholding legal and ethical obligations.

Data Analysis and Interpretation:

The objective of this research is to evaluate individuals' understanding of various green banking products and services. A selection of 10 such products and services was examined, and the results are outlined as follows:

- **Awareness of green products among Gender**

Services	Yes		No	
	Female	Male	Female	Male
Online Banking	1431	1980	27	27
Mobile Banking	1404	1926	54	81
ATM	1431	1926	27	45
Green Deposit	747	864	711	1143

Green Credit Cards	540	684	918	1323
Green mortgages and Loans	585	693	873	1314
Green Checking accounts	711	720	747	1287
Use of Solar powered ATMs	324	423	1134	1584
Energy – efficient branches and loans	630	1008	828	999
Conducting Workshops and Seminars for Green banking	306	513	1152	1494

Source: Primary data

The study indicates high awareness levels of online banking, mobile banking, and ATM services among both women and men. These are the top three green banking products recognized by customers. However, awareness of green deposits, credit cards, mortgages, loans, and checking accounts is comparatively lower. For instance, while over half of women are aware of green deposits, a significant proportion remain uninformed. Similarly, awareness of banks offering green services, such as solar-powered ATMs and energy-efficient branches, is limited, with only a small percentage of respondents knowledgeable about them. Workshops and seminars for green banking also have low awareness levels among both genders.

- **Awareness of green products on the basis of marital status**

The study has classified marital status into four groups: single, married, widowed, and separated, and their corresponding outcomes are displayed in the table below.

Services	YES				No			
	Married	Single	Widower/ Widowed	Separated	Married	Single	Widower/ Widowed	Separated
Online	2340	999	45	35	36	9	0	1
Mobile Banking	2286	972	44	35	90	36	1	0
ATM	2322	990	45	36	54	18	0	0
Green deposits	1080	486	3	2	1296	522	42	34
Green credit	810	369	4	9	1566	639	41	27

cards								
Green mortgages and Loans	891	351	18	9	1485	657	27	27
Green Checking accounts	945	432	8	18	1431	576	37	18
Use of Solar powered ATMs	1890	837	4	33	486	171	41	3
Energy-efficient Branches and loans	495	207	6	3	1881	801	39	33
Conducting workshops and Seminars for Green banking	1098	477	5	5	1278	531	40	31

Source: Primary data

Regarding green banking, awareness varies: 47.4% of urban, 42.4% of semi-urban, and 43.7% of rural respondents know about green deposits. Green credit cards have low awareness (33.4%), and 66.6% are unaware, more so in rural areas. Only 35% use green checking accounts, with higher urban usage. Solar-powered ATMs are known to 24% urban, 13% semi-urban, and 19% rural residents, with 81% unaware. About 45% know about energy-efficient banks, and 54.3% are unaware, more so in rural areas. Awareness of green banking programs is 21.8%, with urban residents most aware. Approximately 78.2% are unaware of green services.

- **Awareness of green products on the basis of place of education**

The study divided education levels into four groups to assess their impact on awareness: up to 10th grade, HSC, Degree, Post Graduation, professional qualifications, and other certifications.

Services	Yes						No				
	Upto 10th	HSC	Degree	PG	Professional	Other	HSC	Degree	PG	Professional	Other
Online Banking	134	42	1654	906	190	461	3	47	3	8	7
Mobile Banking	88	39	1662	904	194	453	6	39	5	4	15
ATM	81	40	1691	891	172	460	5	10	18	26	8
Green deposits	72	27	789	468	45	216	18	912	441	153	252
Green credit cards	63	9	585	369	36	162	36	1116	540	162	306
Green mortgages and Loans	45	18	585	423	36	171	27	1116	486	162	297
Green Checking accounts	63	10	479	232	27	189	35	1222	677	171	279

Use of Solar powered ATMs	36	9	342	216	45	99	36	1359	693	153	369
Energy efficient branches and loans	28	10	201	200	55	125	40	1500	709	143	343
Conducting Workshops and Seminars for Green banking	45	9	351	261	45	108	36	1350	648	153	360

The study investigates the correlation between education levels and awareness of various green banking products. Most respondents held graduate or postgraduate degrees. Findings revealed high awareness of online banking (96.3%), but lower awareness of mobile banking among those with education up to 10th grade (61.1%). Similar patterns were observed for ATM services, green deposits, green credit cards, and green checking of accounts, with higher education levels correlating with greater awareness. Awareness of solar-powered ATMs and energy-efficient branches and loans was generally low across all education levels. Workshops and seminars conducted by bankers were less known among respondents with lower education levels. Overall, awareness of green services was limited, particularly among professionals and other categories.

- Awareness level of respondents about the green products

Personal Variables		No of respondents	Percentage	t value/ F Value	Result
Gender	Male	1458	42.08	0.445	Not Significant
	Female	2007	57.92		
Marital status	Married	2376	68.6	0.036	Not Significant
	Single	1008	29.1		
	Widower/Widowed	45	1.3		
	Separated	36	1.0		
Education	Upto 10th	144	4.16	0.507	Not Significant
	HSC	45	1.30		
	Degree	1701	49.09		
	Postgraduate	909	26.23		
	Professional	198	5.71		
	Others	468	13.51		
Place of residence	Urban	1791	51.69	0.13	Not Significant
	Semi Urban	891	25.71		
	Rural	783	22.60		

The hypothesis test results indicate that the calculated values for gender, marital status, education, and place of residence are all lower than their respective table values at a 5% significance level. This suggests that the tests are not significant, leading to the acceptance of

the null hypothesis in each case. Therefore, there is no significant difference observed in consumer awareness based on gender, marital status, education level, or place of residence.

Findings:

- **Increasing Customer Demand:** Studies show rising customer demand for green banking services, driven by growing environmental awareness. Digital platforms offer convenient avenues for banks to meet this demand.
- **Fostering Product Innovation:** Digital banking enables banks to innovate with green products like eco-friendly loans and sustainable investment options, attracting environmentally conscious customers.
- **Enhancing Transparency:** Digital channels allow banks to provide real-time updates on sustainability efforts, promoting transparency in environmental and social impacts, which customers value.
- **Strengthening Risk Management:** Integrating environmental risk management into digital banking systems helps banks monitor and address environmental and social risks associated with their operations, ensuring compliance with regulations.
- **Facilitating Partnerships:** Collaborating with fintech firms and environmental organizations can leverage technological innovations and sustainability expertise to advance green banking objectives.
- **Building Customer Trust:** Green banking initiatives can foster trust and loyalty among customers, enhancing brand reputation and long-term relationships, especially when integrated into digital banking services.

Conclusion:

In summary, the integration of Green Banking into digital banking services for customers signifies a significant stride towards fostering sustainable financial practices and environmental responsibility. This research report has delved comprehensively into the multifaceted dimensions of Green Banking, with a specific focus on its amalgamation into digital banking offerings for customers. Our investigation has unveiled that Green Banking initiatives not only play a crucial role in curbing environmental degradation but also yield numerous advantages for customers, financial institutions, and society as a whole. Through the utilization of digital technologies, banks can augment operational efficiency, diminish costs, and furnish customers with accessible and environmentally conscious banking solutions. Moreover, our study has underscored the mounting significance of environmental consciousness among consumers, who increasingly seek financial services aligned with their sustainability values. Green banking endeavors address this burgeoning demand by providing eco-friendly products and services, thereby nurturing customer loyalty and trust. However, despite the strides made in embedding green practices into digital banking, several obstacles persist, encompassing regulatory complexities, technological constraints, and the imperative for broader awareness and adoption. Nevertheless, these challenges present avenues for innovation and collaboration within the banking sector, as well as with regulatory bodies and other stakeholders. In light of these insights, it is evident that Green Banking harbors vast potential to instigate positive environmental and societal transformations while concurrently fostering financial inclusivity

and ingenuity. Moving ahead, sustained research, investment, and dedication from all stakeholders will be pivotal in realizing the full spectrum of benefits that Green Banking can offer to customers and society at large. By embracing sustainability as a foundational tenet, banks can not only mitigate their environmental footprint but also position themselves as vanguards in steering the transition towards a more sustainable and equitable financial landscape.

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