

GREEN BANKING PRACTICES: A STUDY ON ENVIRONMENTAL STRATEGIES OF PRIVATE SECTOR BANKS IN VELLORE DISTRICT

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Abstract

The world faces a great challenge of environmental degradation during the process of economic development. Banking sector as responsible stakeholders in this regards can do better contribution towards the environment by adopting various green banking practices. Green banking practices mean promoting environment-friendly practices and reducing carbon footprint from day to day banking activities. Green banks or environmentally responsible banks do not only improve their own standards but also affect socially responsible behavior of other business. Banks in India especially the largest commercial banking sector in India developed several green banking initiatives. This paper aims to highlight the green banking initiatives of the private sector banks in Vellore district In the present study, for collecting primary data, structured questionnaires have been designed with the mixture of close ended and open ended questions and 200 customers of the private sector banks were surveyed.

Keywords: Eco-friendly, green banking practices, sustainable development.

1. Introduction

The word “Green Banking” was very common concept in the world. Global warming was a great issue in protection of hygienic society. It indicates endorsing environment-friendly practices and reducing carbon footprint from banking activities. Green banking was not just another corporate social responsibility activity; it is all about going beyond to keep the world livable without any significant damage. Green banking that considers all the social and environmental factors is also called ethical banking. The main objective of green banking is to ensure the use of organizational resources in favour of the environment and society.

2. Reasons of practicing of green banking

- Using organizational resources with responsibility.
- Keeping the world livable for a long period of time.
- To minimize paper works as much as possible inside and outside the bank.
- To achieve cost and time efficiency.

3. Environmental strategies

Sustainable bank is a bank concerned with the social and environmental impacts of its investments and loans. It refers to the initiative taken by banks to encourage environment friendly investments, to give lending priority to those industries which have already turned green or are trying to grow green and thereby help to restore the natural environment.

4. Review of literature

Sreesha Ch (2014) identified green banking events assumed by the banking sector in India. The paper is to study numerous models or channels through which making the bank branches green. The results revealed that the Indian banks are known the importance of environmental protection and started taking various initiatives under its green banking activities.

Yadwinder Singh (2015) a financial organization which is accountable for financing the economic and developmental activities of the nation, banks have to address the issues, both in terms of its obligations and chances by virtue as a responsible corporate house. Banking doings are not bodily related to the environment, but the external influence of their customer doings is substantial. So, it is essential for banks to accept green practices into their processes, buildings, investments and financing strategies.

5. Green banking initiatives in private sector banks

ICICI Bank: As a part of their green banking initiatives, the bank has taken the following steps:

- a. Providing green banking facilities such as mobile banking, online banking which reduces the use of paper as well as save the consumer time helping the bank to improve its earning through carbon footprint.
- b. Providing 50 per cent renouncement on the processing fee of selective car models that uses alternate mode of energy like LPG & CNG.
- c. The bank has given a loan fund of INR one billion to the companies venturing into energy economical and environment friendly process.

HDFC Bank: Green banking initiatives of the bank are outlined below:

- a. Reduction in massive paper usage by issuing e-transaction advices to corporate customers and encouraging e-statements among retail customers.
- b. For exploring the renewable energy, ATMs have been set up in the Bihar as the pilot test and furthermore action in this regard is awaited.

Axis Bank: Green banking initiatives of the bank are as follows:

- a. The bank is using the slogan ‘Reduce, Recycle and Reuse’. The recycling activities have helped the bank to use around 26000 kilograms of dry waste during the year 2013.
- b. The bank is also providing facilities like online banking and mobile banking to reduce the use of paper and earn carbon credit point for the bank.

Kotak Mahindra Bank: Various green banking initiatives of the bank are as follows:

- a. To encourage the customers, the bank has taken ‘Think Green’ initiatives. On behalf of the bank, every e-statement is signed and affixed with a stamp having a tree sign.
- b. Facilities such as online banking and SMS based transaction detail for costumers are provided by the bank that help in paperless banking and reduce the carbon footprint.

6. Need of the study

As environmental strategies were an important issue and green banking was a step in this regard. There is a need to study the green banking initiatives taken by the banks and to review the role of green banking in environment strategies.

7. Objectives

1. To examine the specific areas of green banking initiatives.
2. To examine the nature of green financing performance of different types of banks.
3. To examine the performance of online and mobile banking.
4. To examine the major in-house green activities of banks.

8. Research methodology

In the present study, both primary and secondary data were collected. The study was conducted in Vellore district. For collecting primary data, structured questionnaires have been designed with the mixture of close ended and open ended questions and 150 customers of the private sectors banks have were surveyed.

9. Data collection

Data was collected and by personally visiting the bank premises using the self-administered questionnaire.

10. Results and discussion

TABLE 1
Demographic Profile of the Respondents

Particulars		Frequency	Valid Percent
Gender	Male	85	56.67
	Female	65	43.33
Age (years)	20-30	33	22
	31-40	62	41.33
	41-50	29	19.33
	Above 50	26	17.34
Marital status	Married	112	74.67
	Single	38	25.33
Location	Rural	94	62.67
	Urban	56	37.33
Education	Illiterate	11	7.33
	School education	15	10
	Graduate	96	64
	Tech. education	28	18.67
Occupation	Government	44	29.33
	Private	27	18
	Business	41	27.33
	Daily wages	38	25.34
Monthly income (Rs.)	5000-10000	38	25.33
	10000-20000	34	22.67
	20000-40000	48	32
	Above 40000	30	20

Source: Primary Data

From the above table it is found that the sample unit consists of 85 (56.67%) male respondents and 65 (43.33%) female respondents. About 41.33% (62) of the respondents are 31-40 years old, 22% (33) are 20-30 years old, 19.33% (29) are 41-50 years old and 17.34% (26) are above 50 years old. It is found that 74.67% (112) of the respondents are married and 25.33% (38) are unmarried. About 62.67% (94) of the respondents belongs to rural areas and 37.33% (56) are belongs to urban area. Out of 150 respondents, 64% (96) are graduates, 18.67% (28) of the respondents have technical education, 10% (15) of the respondents have school education, and 7.33% (11) of the respondents are uneducated. 29.33% (44) of the respondents are government employees, 27.33% (41) are businessmen, 25.33% (38) are daily wage earners, and 18% (27) of respondents are private employees. 32% (48) of respondents are belonging to Rs.20000 to 40000 monthly income, 25.33% (38) of respondent are belonging to Rs.5000 to 10000 monthly income, 22.67% (34) of respondents are belonging to Rs.10000 to 20000 monthly income, 20% (30) of the respondents belonging to above Rs.40000 monthly income.

TABLE2

Respondents Awareness about Green Practices of Banks

Details		Frequency	Valid Percent
Heard about green practices	Yes	38	25.33
	No	112	74.67
Users of ATM	User	128	85.33
	Non-user	22	14.67
Frequency to use the ATM per month	1-3 time	62	41.33
	3-5 time	43	28.67
	5-10 time	31	20.67
	Over 10 time	10	6.67
	Do not Use	4	2.67
User of GCCs	User	22	14.67
	Non-User	128	85.33
Frequency to use the GCCs per month	1-3 times	9	40.91
	3-5 times	7	31.89
	5-10 times	4	18.18
	Over 10 times	2	9.09
User of online banking	User	18	12
	Non-user	132	88
User of mobile banking	User	23	15.33
	Non-user	127	84.67

It is found that more than 74.67% (112) of the respondents have not even heard about the green banking practices. 41.33% (62) of the respondents use ATM. Out of them, 28.67% (43) visits ATM maximum of five times per month. 20.67% (31) of the respondents visit the ATM more than 5 times in a month. Only 14.67% (22) of the respondents use GCCs facility. 85.33% (128) of the respondents are either ignorant or not willing to use it. 40.91% (9) of the respondents use it 1 to 3 times per month whereas 59.09% (13) of the respondents use it more than 3 times per month. Only 15.33% (23) of the respondents use mobile banking.

TABLE 3
Causes for not Using Online Banking

Causes	Frequency	Valid Percent
Under aged	7	5.30
Never heard about	16	12.12
Fear on security	39	29.45
No time to open account	16	12.12
Satisfied with existing facility	23	17.42
Do not see real value	12	9.09
Too mew	14	10.61
Other reasons	5	3.79

Sources: Primary data

It is observed that 12% (18) of the respondents are using online banking and remaining 88% (132) are non-user of online banking. About 29.45% (39) of them do afraid of the security problem of online banking. 17.42% (23) respondents are satisfied with the existing facilities provided by the bank

i.e. traditional banking and ATM. 12.12% (16) of the respondents have not yet heard about online banking and 9.09% (12) of the respondents do not see the real value of online banking.

11. Findings

1. 56.67% of the sample unit is dominated by male respondents, 41.33% of the sample unit is dominated by 31-40 years old of respondents. 74.67% of the respondents are married, 62.67% of the respondents belong to rural area and 64% of the respondents are graduates.
2. 32% sample unit is dominated by the salaried respondents, 74.67% of the respondents have not even heard about the green banking practices of banks, and 41.33% of the respondents use the ATM about 1-3 times per month.
3. 85.33% of the respondents are either ignorant about the facility or not willing to use this banking practice, 88% respondents are not user of online banking. 84.67% of the respondents are non-user of mobile banking.

12. Conclusion

Green banking plays significant role. Government as well as every bank should take initiatives in respect of green banking practices for protecting the environment. Government should also encourage the general public about the green banking practices. The banks are creating awareness about environmental issues through green banking among bank staff, customer and mass people. The green banking activities have shifted from encouraging and implementing of e-banking to the recycle of the wastes, water treatment plants, rain water harvesting, using solar based equipment, constructing green building, etc. in an effective manner.

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