

CUSTOMER PERCEPTION TOWARDS GREEN BANKING

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Abstract: Reduction of carbon footprints and promotion of environmental friendly practices are needed for maintaining the sustainable nature. Banking sector, which unites a large number of people in the society, adopts environmental management practices to keep the environment clean and green. Banks contribute more to reduce carbon emission by financing projects to the companies that are working for adopting green technology. The study tells about the green banking concept spread among customers.

Key words: Green Banking, carbon emission, Eco-friendly practices.

1. Introduction

Governments pay more attention on the reduction of natural energy. Government, Corporate sector and individuals put combined effort to protect the environment. Fund providers such as banks and other financial institutions adopt eco-friendly practices in business activities to reduce environmental deterioration. Banks are the main providers of liquidity and credit to the business to the public sector and to the individuals.

2. Importance of Green Banking

Green banking is of immense importance to both the banks and the economy. The adoption of green banking strategies with the help of banks is necessary to contribute to a greener and safer earth. However, introduction of various green banking products alone may not be sufficient. It is important to see that the products are utilised in a proper way. Thus, it becomes important to study the level of understanding and satisfaction about the green banking products and initiatives among the customers. This study helps in finding out the awareness and understanding level of these green banking techniques among the customers of the State Bank of India (SBI).

3. Review of literature

Some of the researchers have found results in their studies. They are:

Thulani D, Tofara C, Langton R highlighted in this study that Internet banking gives global connection and it is globally accessible from any internet enabled computer system. Internet approves the low-priced delivery channel for Internet banking products. Banks provide facilities at lower cost. But, there are chances of fraud and other risks attached with online banking.

Kaleem & Ahmad mentioned in study that Modern banking institutions offered banking and financial services over the internet and Internet banking. So that most of the traditional banks have started providing their services online.

Dr.Saritha bahl mentioned that Indian banks should adopt green banking as a business model to maintain sustainability. Banks should follow technique that helps in reduction of internal carbon footprint and external carbon missions. The sustainability of banking can be maintained in the village areas only by imparting knowledge on green banking.

Ms. Neethu Sharma, Ms. Sarika K and Dr. R. Gopal (2014) in their Study identified the opinion and awareness of bank employees and customers as regards to green banking concept in Public and Private sector banks. They found that Green banking practices like Communication through press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green CDs are not familiar to the customers.

According to RBI (IRDBT, 2014) green banking is to make internal bank process, physical infrastructure and IT infrastructure as effective and efficient as possible, with zero minimal impact on the environment. They had introduced green rating standards

for Indian banks, which are termed as ‘Green Coin Ratings’. Under this rating system, banks are judged by their operations and on the amount of recycling of material being used in their building furnishings and in the systems used by them like servers, computers, printers, networks, etc.

Many Governments, Global bodies, banks and financial institutions are pushing digital, contactless payments and remote banking to the fore. In India, the RBI and the National Payment Corporation of India (NPCI) and the Government have combined forces. These entities are emphasizing on using digital payments methods like UPI and IMPS to minimise social contact and crowding of banks or bill payment points. In December 2019, UPI registered 1.3 billion transactions and the aim is to take it to over ONE billion per day.

Banks across the country advised customers to shift to digital payments mode to continue to enjoy seamless banking services without any interruption. The RBI has put in place a framework for establishing a Self Regulatory Organisation with a view to fostering best practices on security, customer protection and pricing among others.

4. Objectives

To study the awareness level of the customers with respect to the green banking initiatives undertaken by the SBI with reference to virudhunagar.

5. Statement of the problem

Green Banking is practiced by all the banks. It considers all the social and technological factors with the aim to protect the environment. The study aims to know the understanding levels of customers on Green Banking practices by the State Bank of India at Virudhunagar.

6. Sampling

Convenient sampling method is used for collection of data. The sample size of the study is 75 customers of the SBI at Virudhunagar.

7. Scope of the study

The study helps to know about the customer perception on Green Banking practices followed by the SBI.

8. Analyses

8.1 Demographic profile of the respondents is explained with Percentage Analysis.

Demographic profile

	Demographic profile	No.of Respondent	Percentage	
1	Age	Upto 30	23	30.67
		31 – 50	42	56.00
		Above 50	10	18.33
2	Gender	Male	52	69.33
		Female	23	30.67
3	Marital Status	Unmarried	28	37.33
		Married	47	62.67
4	Education	Intermediate	8	10.67
		UG	22	29.33
		PG	28	37.33
		Degree	17	22.67
5	Income Per month	Upto 25,000	29	38.67
		25,000 – 50,000	26	34.66
		50,001 – 1 lakh	12	16.00
		Above 1 lakh	8	10.67
6	Occupation	Profession	27	36
		Business	36	48
		Job holder	12	16

Out of 75 customers 18 respondents are under the age category of upto30, 42 respondents are under the category of 31- 50 and 10 respondents are coming under the category of Above 50.

There are 52 male and 23 female respondents among the total strength of the respondents. Out of the total respondent 28 are Unmarried and 47 are Married respondents.

The total strength covers four types of education level. 8 respondents have completed Intermediate level, 22 respondents have completed UG degree, 28 respondents have completed PG degree and 17 respondents have completed degree.

29 respondents earn upto 25,000, 26 respondents earn between 25,001 – 50,000, 12 respondents earn between 50,001 – 1 lakh and 8 respondents earn above one lakh per month. The strength covers 27 respondents doing profession, 36 respondents doing business and 12 respondents having jobs.

8.2 Awareness among customers about Green Banking:

Awareness of the customers is compared with the Gender, Chi-square is used.

$$E = \frac{(O - E)^2}{E}$$

Hypothesis is framed to know the effect on awareness.

Null Hypothesis :

The Gender has no relationship on Awareness of Green products.

Alternative Hypothesis:

The Gender has relationship on Awareness of Green Products.

$$D.f. = (c - 1) (t - 1)$$

$$(5 - 1) (2 - 1) = 4$$

Calculated Value = 0.6023

Therefore Ho is not rejected. The gender has no effect on awareness of Green products among customers.

8.3 Problems of the respondents

Problems faced by the respondents:

Problems	Rank
Lack of education	V
Lack of confidence in handling Automatic transaction	I
Lack of knowledge of Technology	VI
No direct interaction with the banker	II
Lack of Security and Privacy	III
Technical issues	IV

Garret Ranking is applied to rank the problems faced by the respondents. Among the variables highest score is given to Lack of Confidence in handling a Automatic transaction variable, followed by No direct interaction with the banker, Lack of security and privacy and technical issues, Lack of education and Lack of knowledge of technology.

9. Suggestions:

- i).Information about the Green Banking facilities offered should be passed on to the customers then and there through meetings
- ii). They should be educated by organising programmes on green banking.

10. Conclusion:

As a provider of green banking facilities to the people, the banking sector performs corporate social responsibility in a successful way. Readiness in the minds of the potential users to accept the facilities offered by the bank is impossible due to lack of knowledge. Government of India should take initiatives to impart knowledge on technology to the people in the remote areas through the NGOs.

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