

CUSTOMERS PERSPECTIVE TOWARDS GREEN BANKING INITIATIVES IN INDIA

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ABSTRACT

This dissertation explores the customer's perception towards green banking initiatives in India. Due to more and more of human involvement in the eco system, it has raised the origin of additional issues in the environmental activities like burning fossil fuel for heating energy, raising livestock and many more which adversely impact our health, environment and economy. These lead to more of global warming and climatic changes which are the two most discussed matters in the global. Green banking is one of the forms that have been appointed by various different banks for initiating and supporting the environmental causes and different climatic conditions and also practices and reduces the carbon footprints from the banking activities. This paper is an attempt to study the green banking initiatives of various banks in India and to analyse the customer's perspective towards green banking initiative in India. The source of information consumed here is the primary and secondary data. The sample size of primary data is 100 respondents.

KEYWORDS: *Eco System, Environmental Activities, Burning Fossil Fuel, Primary and Secondary Data.*

Introduction

Green banking is one of the forms of banking services that has been appointed by various different banks for initiating and supporting the environmental causes and different climate changes and get environmental benefits. Since banks are the main source of liquidity and credibility in the business, it plays a dominant role in the worldwide economy. Green banking promotes environmental-friendly practices and reduces the carbon footprints from the banking activities. The aim of green banking is to improve the banking operations and use the technology efficiently by making the activity of the clients eco-friendlier in the banking business. According to the Indian Banking Association (IBA 2014), "Green bank is like a normal bank, which considers all the social and environmental or ecological factors with an aim to protect the environment and conserve natural resources". This is more ethical way of helping the environment, by consuming the technology and reducing the use of paper and manual work, making the work more effective as well as being aware of the need of environmental protection. Although banks are considered environment friendly and do not impact the environment greatly through their own 'internal' operations, the 'external' impact on the environment through their customers activities is substantial. The case of a sustainable growth is beyond inattentive, the huge and unimaginative growth in this has endangered the earth and adverse consequences are evident in global warming, climate changes, green house emission, flood, and drought. While still there is no consensus among the countries on sharing the burden of ecological footprint. Most of the countries have been taking hostile measures to challenge global warming and climatic change. Banks also contribute to ecological footprint directly and indirectly through investment or lending in their customer initiatives. As such they need to play a key character in optimizing or reducing the carbon footprint. It is said that what is not measured, is not managed.

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Conceptual Background Green Banking an Overview

Due to more and more of human intervention in the eco system it has raised the origin of more issues in the environmental activities like burning fossil fuel for heating energy, raising livestock and producing some kinds of industrial products which adversely impact our health, environment and economy. These lead to more of global warming and climatic changes which are the two most discussed matters in the global. Therefore, taking measures to overcome these issues should be a responsibility for every citizen. Being a financial organization of the country, which is responsible for financing the economic and developmental activities of the country, banks have to address these above issues, both in terms of its obligations & opportunities by virtue as a responsible corporate citizen & as a financier. Green banking is the new way of which the financial sectors have initiated for protecting the environmental causes. This is an eco-friendlier banking practice to reduce carbon footprints from banking activities. This on-going activity ensures less utilization of natural resource which helps is optimal use of the technology and reduces the wastage of paper or carbon footprints. Currently all the banks are working on this, which consider all the social and environmental activities which aims to protect the nature. Green banking can be done through conducting transactions online instead of branch banking, paying bills online and engaging in more of online service by replacing the use of paper.

Steps in green banking services

- **Go Online:** Online banking is the booming concept in India for the younger generations for easy and convenient transactions. This helps in the conservation of energy and natural resources. Online Banking includes: a. Paying bills online, b. Remote deposit, c. Online fund transfers, d. online statements. It generates savings from less paper, less energy, and less depletion of natural resources from banking events. Customers can save money by avoiding late payments of fees and save time by avoiding standing in queues and paying the bill from home.
- **Use Green Checking Accounts:** Customers can check their account details through the ATM machines provided from the banks. It is a touch screen machine which helps the customers view information at their fingertips, this can be called as green banking in checking accounts. Using this service, it helps the environment by using more online banking services including online bill payment, debit cards, and online statements. Banks should promote green checking by giving some incentives to customers and also by giving advanced rate of interests, renunciation or concession in fees etc.
- **Use Green House Loan for Improvement:** In India the ministry of non-renewable resources along with few nationalised and commercial banks took an initiative to give housing loans on lower rate of interest at 4% pa to customers who would like to purchase solar equipment's. The loans will be sanctioned for projects rated by the Indian green building council (IGBC) and offers a lot of financial benefits.
- **Power Saving Equipment:** Banks directly contribute to conservation and controlling of climatic changes and have initiated a campaign to replace all GSL bulbs in all offices and residential. Banks have also started its campaigning in rain water harvesting conservations and have made it mandatory for all banking premises for the installation of the same.
- **Use of Green Credit Cards:** Some of the banks presented Green Credit Card. The benefit of using a green credit card is that banks will donate funds to an environment-friendly non-profit organization from every rupees spent from a credit card, was transferred to a useful cause for environmental protection.
- **Save Paper:** Banks purchase recycled papers for printing of monthly statements, brochures, ATM receipts, annual reports, newsletters, copy paper, envelopes etc. Whenever available, vegetable-based inks should be used instead of less environmental oil-based inks.
- **Use of Solar and Wind Energy:** Using of solar and wind energy is best way of going eco-friendly. SBI was the first Indian bank to venture into green power generation by using windmills. SBI has over 10 units of windmills with 15mw of aggregate capacity in power production.
- **Mobile Banking:** This is the new way of conducting the banking activities which helps the customers saving their time and energy. It also helps in reducing the paper work of the bank. Most of the banks in India has introduced this paper less transactions to be eco-friendlier towards the society. Over the years mobile and wireless transactions has grown rapidly. India has more than 700 million mobile subscribers, but only 240 million individuals have bank accounts. Of the households without a bank account, 42% have at least one mobile phone (RBI database).

Literature Review

Sneha Singh (2016 journal of applied research) has attempted to study how green banking practices has an impact on reducing the stress level in public sector banks. The papers information was collected form secondary data and its states the following “The cleaner the air you breathe, smarter you work and the longer you live”, this is the motto followed by the public sector banks. The stress level in the bank can be reduced by clearing the indoor air they breathe by removal of Nox / SOx&SPMs, Removal of VOCs, Removal of bacteria and fungus, Addition of natural O₂ by using bio-technology. And achieving this is by purifying the air scientifically and also using UV treated water for killing any bacteriological and fungal growth. This study also found out that people working in a clean atmosphere have 10 to 12 % less lung impairment as compared to people working in an atmosphere where the indoor air is not clean and pure. The occurrence of eye irritation is reduced by 52%, respiratory symptoms by 34%, headache by 24% and asthma by 9% in this type of working atmosphere. The 3R which stand for “REDUCE REUSE RECYCLE” have anecological benefit and helps in creating anambiance of working condition and also have a lot of health benefits reducing the stress level in the work space. The analysis of this paper is all about the measures to be taken as a banking institute to help provide a better work space keeping in mind the health factor into consideration.

Dr.R.Ganesan, A.Bhuvneshwar (2016 IOSR Journal of Economics and Finance (IOSR-JEF) has attempted to study the customer perception on green banking. This paper is based on primary data collection by conducting survey using questionnaires form the general public about green banking practices in the bank that they are members off. It was found that many of the customers were unaware of the green loans and green mortgages provided by their bank and only a set of people were aware of the environmentallyfriendly policies used in their banks. This paper studied about the awareness of the customers view on how well they know their bank and the services provided by the bank.

Amandeep Kaur and Damanjit Singh (2017 international journal of business management) has attempted to study on green banking as new perceptive. The information for this paper was based on all secondary data collection. Taking all the banks under the public sector and private sector like PNB, SBI, AXIS BANK, HDFC BANK etc was the area of study on how these banks have started their practice on the green banking initiatives, and what measures they have adopted to making the green banking into a huge part of their daily banking activity

Methodologies

This paper is an attempt to study on the green banking initiatives of various banks under the public and private sector within the Indian borders. To understand what are the measures adopted by these banks and how well are they implying it for going eco-friendly, and also, to analyse the customers perspective toward green banking. The information collected for this study is based on primary data and secondary data. Primary data is done by conducting a survey by distributing questionnaires with a sample size of 100 respondents. And the secondary source of information is collected by referring online journals, various publications, and online articles. This paper is a descriptive form of research design. The paper has its own limitations to it, the accurate information from the secondary sources were limited and the points covered were all mostly repetitive and also the time was limited to the research was about one month which was too less to collect the primary information for this paper.

Objective of the Paper

This paper focuses on two aspects which are as follows:

- To study the green banking initiatives of various banks In India.
- To analyse the customers perspective towards green banking initiatives.

Anlaysia of the Paper

- The first objective of the paper is to understand to how various banks has come with different initiatives in helping to follow the green banking policies and practices in India. As India is going digital and has used technology to its full potential for making India into a nation of full of possible development in the coming years. The small steps in protection of the environment is best way of starting this progress. The following set of banks below is the major banks in India under which follows environmental practices under private and public sector.

Private Sector Banks

- **HDFC Bank**
 - Bank has appointed Environmental Management Committee for initiating in Green Banking ideas.
 - Bank has decided to send Debit Card's PIN Number through SMS.
 - Bank has taken an initiative to decrease the environmental mark through green banking like ELS, optimum use of Travel Planning and paperless transactions that include Net Banking, Telephone Banking, Automated Teller Machine.
 - Bank has recycled its used papers and plastic into plates and cups which can be reused.
 - For continuous supply of power, Bank has established Cosmic ATM's with renewable batteries of Lithium Ion.
 - Bank has initiated in establishing computerized boards with the rules of information put up on the traffic signals.
- **AXIS Bank**
 - Banks has initiated in planting more than 100000 plants on 1 and 2 of August across the country.
 - Banks has initiated in acquiring electronic statements and also use of electronic transactions to deplete the paper bound transactions.
 - Banks has utilized reusable energy sources for lighting up the streets of the country.
 - Bank has used recycled items for furnishing its premises.
 - Banks has generated cosmic energy supply for the Automated Teller Machines over the country.
 - The yearly reports are sent through emails.
 - Bank's corporate office which is situated in Mumbai is designed and built as a Platinum LEED certified 'Green Building'.

Public Sector Bank

- **SBI**
 - Bank has established GCC [Green Channel Counter] which is found in over 7000 branches.
 - Bank has proposed Green Power Projects and also introduced Green Banking Policy by establishing more than 8 windmills in Gujarat, TN and Maharashtra in generating 15MW power.
 - Bank has initiated in plating more than 400000 trees in last 4 years.
 - Bank has established cosmic lamps in villages where they are lacking in power supply.
 - Bank has implemented paperless transactions through various measures.
 - To decrease the carbon dioxide in the environment, bank is giving away loans in low rate of interest by acquiring effective building practices.

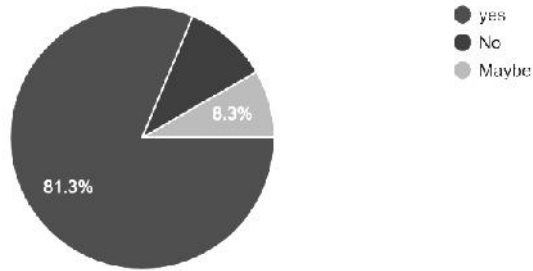
Canara Bank

- CANARA BANK has also taken an initiative in Green Banking by promoting ecological sound measures like Telephone Banking, Mobile Banking, Net Banking and Cosmic Powered Biometric Operations.
- Canara Bank is in the top most level for funding in cosmic energy plans.
- Bank has also initiated in green banking by providing concessionary loans in funding for eco-friendly projects.
- Bank has acquired eco-friendly solutions by implementing cosmic resources, biogas and establishing windmills across the country.
- Bank has provided easy and simple methods for its customers to transact with them through establishing printing kiosk for passbook, cash depositing machines, automated teller machines, net banking, e-trading and mobile banking services.
- Bank has also established automated teller machines in rural areas by implementing cosmic energy resources.

- The second objective is all about understanding the customer perceptions on green banking services and how aware they are about the services that the banks provide. By conducting the survey after distributing the questionnaire through google forms we got the following results. The questionnaire includes a set of 10 questions on which the respondent responded too. The following is the analysis of the same.

Are you aware of Digital Banking?

96 responses

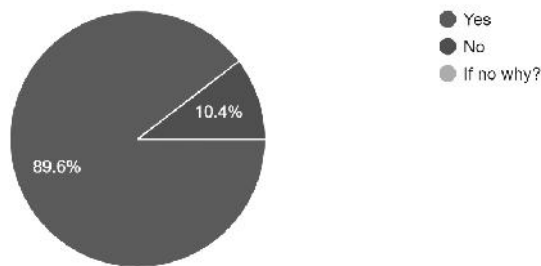


Interpretation

From the above graph we see that 81.3% of the common people are aware of the digital banking and a small set of 8.3% aren't aware of it.

Are you aware of online banking transactions?

96 responses

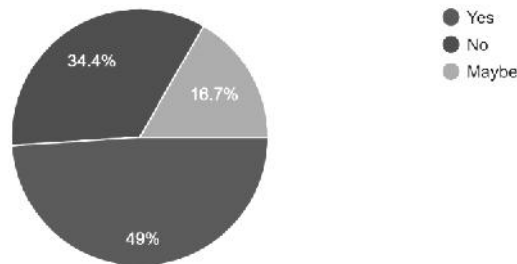


Interpretation

From the above graph its evident that majority of the respondents are aware of the online banking transactions and only 10.4% are unaware of it.

Are you aware of environment friendly services which are available in your bank?

96 responses

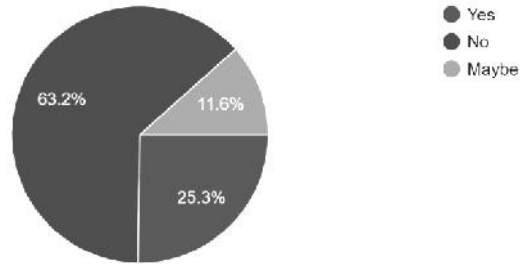


Interpretation

Around 49% of the respondent were aware of the environmentally friendly practices in their banks and the rest 34.4% and 16.7% of the respondent weren't aware of it and few were not sure if their banks actually follows an environmentally and ethical policies.

Do you know that the ATM's are solar powered?

95 responses

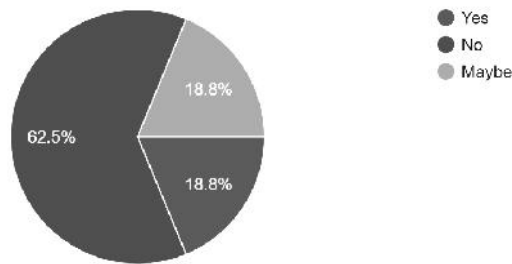


Interpretation

More than 60% of the respondent were unaware of this arrangement used by the most of the banks. A set of 25.3% respondents were aware of this arrangement and 11%of individuals were not sure if this was a part of their banking activity.

Are you aware of the banks that follow energy conservative policies?

96 responses

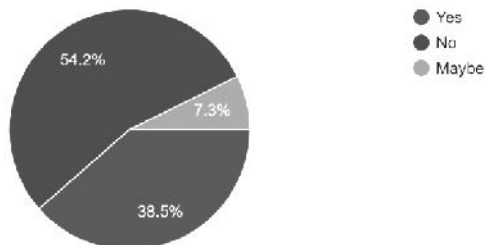


Interpretation

From the above graph it is clear that more than 60%of the respondent are unaware of the major energy conservative polices followed by their banks. And 18.8 % of people are aware and also not sure if there is any such of it done by their banks.

Are you aware of the concessionary loans available for eco-friendly constructions [solar power equipment]?

96 responses

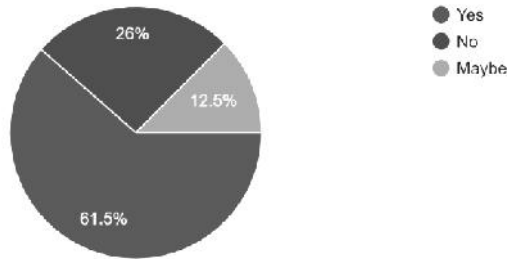


Interpretation

54.2% of the people are unaware of the concessionary loans available in the banks and around 38.5% of the respondents are aware of this assistance from their bank.

Are you aware of automatic cheque depositing systems in bank?

96 responses

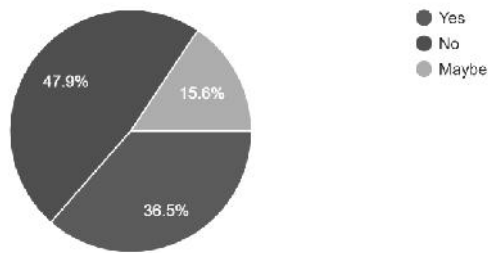


Interpretation

61.5% of the of individuals are aware of the service where the automatic cheque depositing machines are available in their banks.

Are you aware of cheques that are printed on a recycled paper?

96 responses

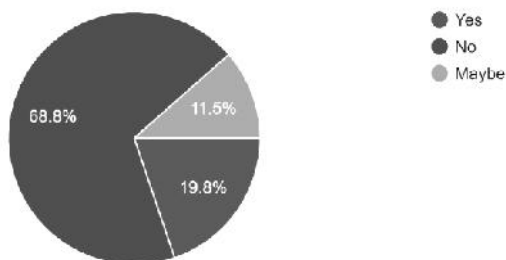


Interpretation

The above graph shows us that majority of the respondents are unaware of this provision used in their banks.

Are you aware of green mortgage existing in your banks?

96 responses

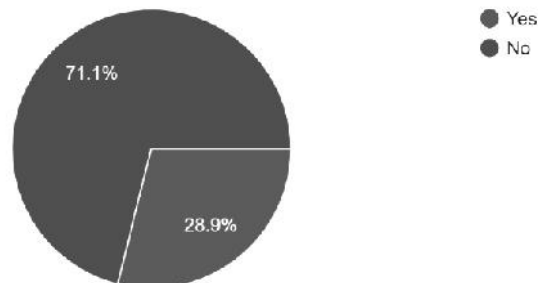


Interpretation

The above graphs indicates that the respondents are unaware of the green mortgages provided by their banks and only 19.8% of them are aware of this assistance form their banks.

Do you have green debit or credit cards?

97 responses



Interpretation

From the above graph is evident that majority of the respondent do not possess green debit or credit cards. A small amount of the respondents is aware and uses the green debit or credit cards.

From the above response and interpretation, we can see that the most of the respondents are not sure of exactly that their banks are doing in terms of promoting environmental policies. Many are aware of the digital banking that is doing the banking activities through online. But as we got into depth we can see that the people are even unaware of the smallest of practice which is usage of recycled paper which is used in their cheques books and also the ATMs in which they come across every day is solar powered and these machines are set up in such a way in which use the natural source of energy for its functioning.

Findings and Suggestions

- Percentage analysis clearly states that respondents with age group 25-55 are using all the amenities in the concept of green banking.
- 81.8% of the individuals are well aware of the digital banking concept which their banks provide and also this can be incorporated in a full scale by helping the rural side of the country as well for using this service which will help in reduction of paper usage as well.
- From the response form the customers in understanding the how aware they are on the environmental services most of them knew about the eco friendly policies but the 34.4% people who respondent was not aware was due to lack of awareness from their banks. Hence the banks should make an effort to make their customer aware of such policies like green bonds, alternative energy banking, green finance and green infrastructure etc., and help the customers to get more engaged in it.
- Banks must create awareness about their practices to the public about how the banks are using eco-friendly services which contributes to the environment protection. Like using the solar energy for ATMs machines.
- The energy conservation policies regulated by the government of India is the major steps for the banks to use in indulging in such activities. Use of smart power strips, reducing the use of light bulbs, installing energy efficient windows, upgrading the HVAC systems, purchasing energy effective equipment's etc.
- Around 54.2% of the respondents were unaware of the concessionary loans that the banks provide if the customer install solar panels. For this when banks are issuing loans for construction of house or workspace, they should be given awareness of the installing solar panels in their building for get concession in their loans and also create awareness to the general public about the same.
- The automatic cheque depositing machines are the most recent service provided by the banks and many of the customers are aware on the usages of it. 26% of others who have respondent not aware is cause there banking to do not have such a service provide to them was the finding from the above questionnaires. So, installing such machines will help in work reduction of the banks and also create customer involvement with their banks.

- Many of the respondent are unaware of the green credit or debit card in which they can use this card to reduce eh carbon footprints in their banking transaction. Only a set of banks like SBI CANNARA HDFC banks follow this green cardsgiven to the customers.

Conclusion

Banks are the only industry which is considered as non-polluting industry, but due to environmental and climatic change banks need to change and adapt to environmentally friendly practices. Green Banking means promoting environmental – friendly practices and reducing your carbon footprint from your banking activities. Green banking concept is pretty well known by many customers with facilities relating to Online banking transactions and mobile banking. Customers are not aware of many green banking products and services like recycled debit and credit cards, automatic cash and cheque deposit, percentage of loans for environmental based companies and individuals, green credit cards, solar powered ATM'S. Banks should take all necessary steps to educate the customers about the green products and services; it is the responsibility of every bank to do it. It is the responsibility of bank to protect the environment, as they are the financial intermediaries and channel for the future economic growth Banks can make their building green building and make it evidently clear even to trespassers about the concept of green banking. Certificate of green building should be made mandatory by RBI of India. The study conducted here is limited but not exhaustive, there is scope for future research about green banking. The researchers can explore and make further study about green building, green data center and other facilities of green banking.

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