

Customers' Perspective On Green Banking In India; Recent Trends And Developments

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Abstract

Indian Government is proposing quiet stringent policies for tackling the climate changes and financial service sector is also covered in the regime. The massive amount of carbon emissions and pollutants are fatal for the human kind and countries are making effort to create a carbon free economy. To foster environmental friendly products and services, one of the buzzword in banking industry is Green Banking.

The results revealed a high level of awareness about green banking concept and the most widely used green product found to be plastic money (debit and credit cards). The results highlighted that irrespective of the education level of customer, there is no difference in usage of green banking services. The findings showed three main perceptual benefits of green banking namely online transactions, safe and secure transactions and environmental benefits. This paper is a niche attempt to unveil the awareness of green banking initiatives, frequency of usage of green services and the perceived benefits of using green banking services among customers of selected sample branches of SBI, Hyderabad.

Key words; Green Banking, green product, Green Banking is an umbrella term encompassing eco-friendly products, services

Introduction;

Green Banking is an umbrella term encompassing eco-friendly products, services and processes being adopted by the banks. It may take the form of online banking, online bills, online account opening, Solar Powered ATMs, Energy-efficient branches, etc. The benefits of green banking are numerous like reduction of carbon footprint, efficient utilization of resources and cost cutting etc. Some of the newly invented green banking products, services and processes are explained below:

Review of Literature

Biswas (2011) green banking initiatives are adopted by various banks and their determinations are useful for our emerging economy. The study emphasized on various aspects such as advantages, challenges, and Green Banking strategies. The study concluded that the green banking plays a proactive role for ecology, environment, green determinations etc.

Malhotra & Bhardwaj (2013) suggested that banking services are not a direct contributor in the pollution of environmental changes, but these are one of the channels for facilitating industrial and personal finances. Therefore, the banks must in corporate green services and help in establishing green industries in the near future. Banks can persuade their clients for improving their asset quality and wealth management.

Rajesh and Dileep (2014) their study as sorted that banks can play a vital role in the sustainable development by adopting green banking practices. The banks must work in a planned manner for financing/investing in client's ideas/proposals directly or indirectly towards carbon footprints. Banks have a large client base therefore; they can spread awareness among their clients by adopting green initiatives for reducing pollution, emission and radiation.

Kanak and Singh (2014) in their study concerning various banking initiatives towards the protection of environment considered a different approach that the corporate had been shifting the inattention from the „single bottom line “to the „triple bottom line“ for reaping the long terms hidden social, economic and environmental Payoffs. Modern world economy is attracting all the sectors towards sustainable development and environmentally friendly services. The Indian Banks like bank State Bank of India along with other commercial banks had been putting immense efforts in the area of green banking initiatives. Banks can improve their own quality standards and other business by adopting green practices, socially responsible behavior and environment responsive initiatives (Deka, 2015).

Bihari and Pandey (2015) proclaimed that there are various activities initiated by the banks must analyze a proposal before financing from in terms of environmental aspects and future implications. Green banking is dynamism for injecting banking objectives from “profit only” to “profit with responsibility”.

Green Products

- a. **Green Deposits:** Deposits made through online channel of banking are termed as green deposits. Banks help to provide higher interest rates on commercial deposits, fixed deposits and saving accounts if customers choose to conduct their banking activities through online.
- b. **Green Mortgages and Loans:** Loans and mortgages offered for energy efficient business are popularly known as green loans and mortgages. Some green mortgages allow home buyers to enjoy 15 percent of the price of their house into loans for upgrades including energy- efficient windows, solar panels, geothermal heating or water heaters. The savings in monthly energy bills can also offset the higher monthly mortgage payments and save money in the longrun.

Green Certificate of Deposits: These are basically short term money market instrument known as green certificate of deposit. These are issued for promoting energy efficient business, business involved in promoting green energy or sustainable environment.

- c. **Green Credit Cards:** A green credit card is just like a normal credit card with the only difference that the

rewards or points earned by green cardholders can be redeemed for contributions to eco-friendly charitable organizations. These cards usually offer lucrative incentives for consumers to use their green card for their expensive purchases.

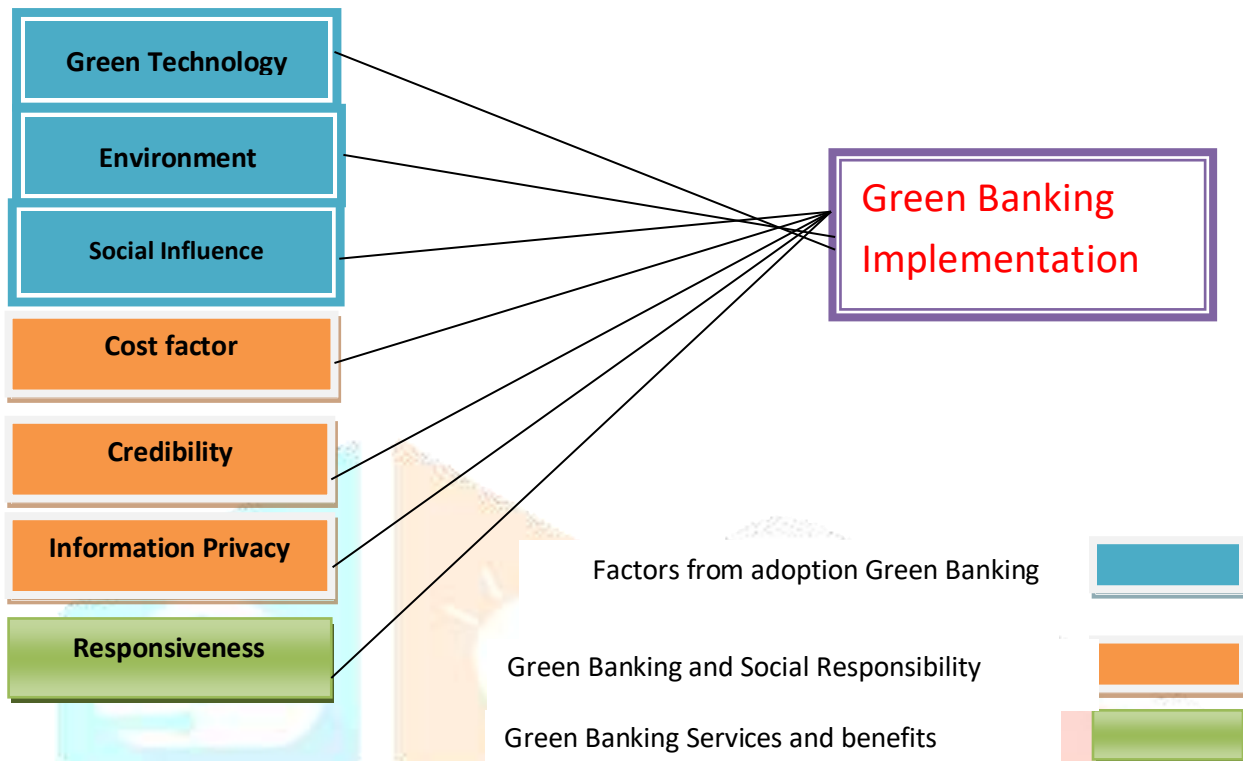


Figure.1 Green Banking and Customers

Source: Data Compiled from field survey

Consumer's commitment towards e-payment systems: Flexible elements that make contributions to purchaser commitment to e-price structures include great, reliability, and sensible usability, practicality and satisfaction.

Green Services

- a. **Mobile Banking:** Mobile banking is the most widely used green banking services of the banking industry. This product allows the customers to check balances, transfer funds or pay bills from mobile phone. It also saves time and energy and in reducing massive use of energy and paper of the bank. Most of the banks in India have introduced this paper-less facility.
- b. **Net Banking:** Net Banking is similar to mobile banking. In this service, the customers can assess the various services of banks through internet. The customer needs to have only login account and user password. It helps in saving time and reducing energy and paper work.
- c. **E-Investment Services:** Another step towards green banking is promoting e –investment services. E–investment services are basically concerned with providing online platforms for investors and traders for indulging in investments. This help in saving time, energy and paper. Banks allow their customers to provide all the necessary information for investments online.

Online Banking: This banking service helps in additional conservation of energy and natural resources. Online banking facilities include paying bills online, remote deposit, online fund transfers and online e-statements.

Green Processes

- a. **Green Reward Checking Accounts:** This initiative of banks is to promote paperless society. The banks encourage customers through high bonus rates if they maintain a certain balance with the bank and use more of electronic statements, online bill payments or using a debit or credit card. This banking product combine higher rates along with eco- friendly living.
- b. **Use of Solar and Wind Energy:** Using solar and wind energy is one of the decent way of going green. State Bank of India (SBI) has become the first bank in the country to start generation of green power by installing windmills for captive use. As part of its green banking initiative, SBI has installed 10 windmills with an aggregate capacity of 15 MW in the states of Tamil Nadu, Maharashtra and Gujarat. Using the same concept, other banks are introducing Solar powered ATMs, which can help reduce the electricity and save environment.
- c. **Energy Consciousness:** Developing energy consciousness, adopting effective office time management and automation solutions and using compact fluorescent lighting (CFL) can help banks save energy consumption considerably. Banks should conduct energy audits in all of their offices for effective energy management. They can also switch over to renewable energy (solar, wind etc.) to manage their offices and ATMs.
- d. **Use of Recycled Paper and Waste:** Banks are using recycled paper products for printing monthly statements, brochures, ATM receipts, annual reports, newsletters, copy paper, and envelopes etc. Indian banks are also employing vegetable- based inks instead of less environmentally friendly oil-based inks.

Review of Literature;

Gupta (2003) focused on the emerging needs of environment sustainable businesses and products and argued that in future, market will reward those industries or the companies, which emerge as the efficient users of the energy and raw materials and will penalize the less efficient one.

Sudeep (2006) elaborated the increased use of Internet banking as a part of green banking practices and explored that Indian customers' preference for internet banking depends on five variables namely perceived usefulness, perceived ease of use, consumer awareness, quality of facilities and subjective norms. The aspect of sustainable environment needs to be coordinated with all the participants to be in win- win situation.

Objectives of the study:

- To study Green Banking and its trends and developments in India
- To examine the usage of various Green Banking products/services among respondents.
- To study the perceptual benefits of greenbanking initiatives to the customers

Research Methodology:

The primary data has been collected using a well structured questionnaire comprising of two sections covering with Demographic profile of the respondents and covers age, gender, occupation, income level, family members etc. and nine questions related to various aspects of green banking like awareness of concept, awareness about various green banking products/services and usage of green banking products among customers and one likert scale question on benefits of green banking has been designed. The targeted population for this study was 100 respondents of selected 5 branches of SBI, Hyderabad represented from five branches i.e Kothapet, West Marredpally, Habsiguda, Charminar and Jublee Hills.

Demographic Analysis

Table:1 Respondents profile and demographic characteristics

	Category	Percentage
Gender	Male	65
	Female	35
Age Group(in years)	Below 25yrs	14
	26-35yrs	33
	36-45yrs	29
	Above 45yrs	24
Marital Status	Single	20
	Married	80
Educational Qualification	No Formal Education	8
	SSLC	26
	HSC	15
	Diploma	17
	Graduate	34
Designation	Workers	43
	Staff	37
	Executive	18
Monthly Income (inRs.)	Below 10000	20
	10001-15000	29
	15001-25000	25
	Above 25000	26

Source: Compiled from the field survey

Table 1 depicts that sixty five% of the respondents have been male and 35% are woman. From the age clever distribution, it may be inferred that 14% had been in the age institution of below 25years, 33% within the age group of 26-35years, 29% are within the age organization of 36-45years, and 24% in the age group of above 45years. it's also inferred that 20% of the respondents are single and eighty% of the respondents are married. it's miles interpreted that 8% of the respondents didn't have formal training, 26%

of the respondents have completed SSLC, 15% of the respondents have studied HSC, 17% of respondent had been diploma holders, and about 34% were graduates. further, it is also inferred that 43% of the respondents have been people, 37% were staffs and 18% had been executives. inside the category of monthly profits of the respondents, it changed into inferred that 20% were inside the class of under Rs.10,000, 29% within the class of Rs.10,001-15,000, 25% within the Rs.15,001- 25,000, and 26 % have been within the category of above Rs.25,000.

Table 2 Composition of respondents

Position	Percentage %
Bank Customers	100
Total	100%

Source: Compiled from the field survey

Table 2 shows the percentage of respondents' position in the company and the composition of respondents. The targeted population for this study was 100 respondents of selected 5 branches of SBI, Hyderabad represented from five branches i.e Kothapet, West Marredpally, Habsiguda, Charminar and Jubilee Hills.

Table 3: Analysis on Respondents' Year of Involvement in Green Banking services

Year of Involvement	Percentage %
Less than 3 year	16.22
4 to 10 years	43.24
11 to 15 years	27.03
More than 10 years	13.51
Total	100

Source: Compiled from the field survey

Table 3 shows the percentage of year of respondents' involvement in Green Banking services. The fact that they were senior personnel rendered further validity to the survey results and most of the respondents had more than 4 years of relevant experience. All the respondents have expressed the positive feedback about SBI, Hyderabad Green banking practices implementation.

Table 4: Mean Response Factors - Green Banking services

Factors	Mean Value	Classification	Rank
Facilities to Bank Customers	4.51	Strongly Agree	1
Expand the technology	4.08	Agree	2
Skill and training	3.95	Agree	3
Green banking policies	3.78	Agree	4
Green Banking usefulness	3.62	Agree	5
Growth trends	3.51	Agree	6

Source: Compiled from the field survey

Table 4 shows level of agreement for the factors of the Green Banking services offered by the selected sample branches of SBI in Hyderabad that all respondents were agree with the factors listed. Facilities to Bank Customers, Expand the technology, Skill and training, Green banking policies, Green Banking usefulness was the most important factor that helps in protecting the environment. All the respondents have expressed the positive feedback about SBI, Hyderabad Green banking practices implementation.

Table 5: Mean response factors and Green Banking services improvement in productivity of banks

Impacts of Banks productivity	Mean value	Classification	Rank
Application Green banking can increase productivity	4.11	Strongly Agree	1
Environmental protection	4.05	Agree	2

Source: Compiled from the field survey

Table 5, All respondents were strongly agree that with the application of Green technology Mean response for factors that Green Banking services improvement in productivity of banks and give positive impacts to productivity improvement and social benefits to society.

Hypotheses Formulation

Hypotheses have been developed to analyze the impact of factors affecting the customer satisfaction level towards green banking practices and a descriptive research approach has been used. The following hypotheses have been developed

Ho: Customer awareness regarding Green Banking has impact on customer satisfaction

H1: Customer awareness regarding Green Banking has no impact on customer satisfaction

For this study, the independent variables are green office decoration customer likes, customer's knowledge about Green Banking advertisement, customer's good technological knowledge of Green Banking, easier social life with innovative practices.

Table 2 Regression Model Summary (H1)

Model Summary								
R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.384	.139	.078	.72995	.159	2.115	7	92	.050

From the above table, it has been shown that the value of R is 0.384 which is less than .050 and this value indicated a more likely positive but not effective relation between the independent variables and the dependent variable. The R² represents the variance of the analysis of independent variables. Here the R² value is 0.159 which indicates a 13% variation on customer awareness about Green Banking and it has a lower influence on customer satisfaction level. The adjusted R² represents the goodness-of-model fit whereas R² > Adjusted R² (13% > 7%).

Test of Hypothesis:

This indicates a good regression model. Besides the gap between the R² and Adjusted R² (0.159-0.78) is slightly low that the number of non-significance variables is minimal in this analysis. The significance level is 0.50 > 0.05. So the null hypothesis is accepted. Customer awareness and customer satisfaction level for green banking practices are not significant.

Perceived Value of Customers towards Green Banking

Hypothesis 2:

H₀ : Customer's perceived value of Green Banking has impact on customer satisfaction

H₁ : Customer's perceived value of Green Banking has no impact on customer satisfaction

For this study the independent variables are green office decoration customer like, staff response fast, mobile banking secure and easier, speed, user-friendly, internet banking is convenient and secure, Green Banking helps social-life easier, Green Banking charging high and time saving. The dependent variable is customer perceived value regarding Green Banking. The model equation is like.

Findings and Suggestions

Implementation of Green method in Banks is more than just fetching environment-friendly. It is connected with lots of reimbursements to the bank like reduction of risk as well as cost. Enrichment of banks standings and support to the common good of environmental besides enhancing the reputation of the bank. In a broad sense, Green banking serves the commercial objective of the bank as well as the Corporate Social Responsibility.

Some suggestions for the banks to encourage green banking are given as below:

Communicate Green banking policy execution through press,

Construct websites and spread the news of Green banking initiatives,

Impart education through E-learning programs,

Make green banking activities as part of Annual Environment Reports,

Training and Development of relevant skills among bank employees,

Banks may formulate innovative financial solutions to incorporate environmental perspective,

Banks can introduce Green-funds for customers who would like to invest in environment friendly projects

Thus, it is important that Indian Banks should apprehend their responsibilities towards the environment as well as the society in order to compete and survive in the global market. For effective adoption of Green banking, the RBI and the union Government should play major role in formulation of Green policy guidelines and financial incentive.

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