



A STUDY ON CUSTOMER PERCEPTION ON GREEN BANKING PRACTICES IN BANKING SECTOR

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Abstract

In India, the term "green banking" refers to banks using eco-friendly and sustainable techniques to boost economic development and lower their carbon impact. It is a component of the government's initiatives to encourage sustainable growth and lessen the negative consequences

of climate change. The (RBI) has launched various programmes in India to encourage the use of green banking methods. For banks, the RBI has released recommendations on environmental and social risk management (ESRM), which include incorporating environmental and social considerations into lending decisions, analyzing and managing environmental and social risks, and encouraging customers to adopt sustainable practices. A number of banks have also launched many programmes to encourage green banking procedures. The objectives of the study are to determine the association between income level and perceptions of green banking practices and to understand Green banking techniques in the banking industry. 250 respondents were selected at random from the group and used to compile the statistical sample. Convenient sampling technique was used for the study.

Keywords: *Green marketing, customer buying habits, increased expectations, and decision-making*

Introduction

Green banking encompasses both the environmentally responsible disbursement of finance as well as the sustainable use of resources. Being green in business is everything nowadays. Everyone, from Apple to Walmart, is bragging about how environmentally friendly their processes, packaging, or approaches are. The future of being green will undoubtedly boil down to some very solid and specific aims and practices, but green business is still in its infancy. Bankers can wonder how the "green revolution" relates to their particular institution. Masha Ahmad Shah and Tajo Kuku (2016). Many people could agree that promoting conservation makes moral and economic sense. For instance, State Bank of India (SBI) has launched a number of environmentally friendly products, including Green Car Loan, Green Home Loan, and Green Gold Loan, which provide customers with lower interest rates if they buy environmentally friendly cars, build environmentally friendly structures, or engage in sustainable agricultural practices.

To cut down on paper use and encourage sustainability, several banks have also embraced paperless banking, e-statements, and digital transactions. In conclusion, green banking is a crucial component of sustainable development in India, and it is heartening to see the government and the banking industry adopting a number of steps to support environmentally friendly behaviour. These programmes support environmental sustainability, economic development, and social welfare in addition to lowering carbon footprints. The process of financial organisations integrating environmental factors into their lending, investing, and operating operations is known as "green banking." The idea has gained popularity in recent years as a result of increased public awareness of environmental challenges and calls for action from governments and international organisations to combat climate change.

Green Banking Practices: An overview

The term "banking practices" refers to the different techniques and procedures that banks use to run their day-to-day business

and provide services to their clients. A variety of elements, such as laws, economic situations, technology developments, and consumer demands, influence these activities. The technique of integrating environmental and sustainability concerns into a bank's operations, products, and services is known as "green banking." This includes putting into practice eco-friendly techniques including lowering energy use, boosting renewable energy sources, and cutting down on paper use. Due to its many advantages, including enhancing a bank's environmental performance, green banking is growing in popularity among banks. A proactive way to lessen one's carbon footprint and save the environment is via green banking. In green banking, which emphasizes the removal of paper labour to the maximum degree feasible, customers may accomplish their various financial transactions using electronic techniques such as automated teller machines, mobile banking, internet banking, and so forth. In addition to helping to achieve the objective of environmental preservation, using electronic transactions streamlines business operations for both customers and financial institutions. Less paperwork means fewer trees will need to be cut down. This move by the bank, which has a very big effect, also considerably affects the environmental performance of the bank's clients. There was a period when only city dwellers could use the services. Banks may now be accessed by the average person, and they are now active in previously untapped regions. By addressing the demands of farmers, manufacturers, dealers, and all other segments of society in addition to their usual

business-oriented duties, they should take their national obligations seriously. As a result, they quicken a nation's economic development and direct it towards its objective of "self-reliance in all spheres." Naturally, this piques our curiosity in the "bank" and the different aspects and duties related to it. The goal of ethical banks, often referred to as sustainable banks, is to safeguard the environment and conserve natural resources by taking into account all social, environmental, and ecological concerns. Fathi (2007). While they are subject to the same rules and regulations, they have an extra agenda focused on protecting the environment, ecosystems, and resources of the planet. Green banking refers to the principles of sustainability, moral lending, conservation, and energy efficiency for banking professionals. Yet, there are distinctions between conventional banks and green banks since the latter place a greater emphasis on environmental considerations.

Green banking may help the environment by lowering both the carbon footprint of banks and customers. A bank or a customer may reduce paper use and help the environment. A green banking project should ideally include both. One illustration of this is online banking. The environmental advantages of internet banking for customers of banks are reciprocal. Green banking entails integrating technological advancements with operational changes and customer behaviour modification. In a larger sense, this means that since the banking sector supports the actions of other people, it is connected to the external environment. A source of money is banks. Therefore they can protect the environment by making sure

environmentally conscious investments are made and financing is properly considered.

The study's findings are significant because green banks provide good services to customers and investors while also promoting environmental and social responsibility. As more Indians explore for methods to protect the environment, the phrase "green banking" is becoming increasingly common. A "green bank" is an institution that has implemented sustainable principles throughout all functional areas of the business, including personnel, infrastructure, goods and services, and governance. Environmental considerations are given greater weight in green banking. Its goal is to provide ethical, socially responsible corporate methods.

Benefits of Green Banking

The globe has placed a lot of emphasis on economic development, and humanity has come a long way in its history. Yet, the negative repercussions of development, such as biodiversity loss, climate change, and environmental harm, have been as severe. Pressure is growing on many businesses, including financial services, to embrace "green" measures as environmental concerns get more attention. By constructing more energy-efficient branches, adopting more energy-efficient operating methods, providing transportation services for staff, and carefully vetting its loans in environmentally hazardous businesses, a genuinely green bank may lower its carbon footprint. Moreover, banks may provide green loans, donate money to local environmental projects, and assist eco-friendly organisations. The environment benefits from a green banking movement

that encourages clients to make paperless deposits, withdrawals, and remittances.

Prospects for Green Banking

The Indian economy is a developing one, and Indian banks have enormous development potential if they take an innovative approach to developing their strategic plans. While more green goods and services are anticipated in the future, India's green banking industry seems to have a very bright future. A check on the polluting businesses would be provided by properly implementing green banking. Banks may serve as a roadmap for the economy's transition and provide a foundation that would open up several options for financing and investment strategy and help develop a low-carbon economy. Banks have a significant impact on the nation's economy and sustainable development. (Kiran 2021). The Bank, as the largest lender, indirectly contributes to environmental degradation by funding businesses and projects whose operations have a detrimental effect on the environment. The bank should regularly report on numerous environmental factors and ensure that its customers follow environmental regulations while running their projects. The government has to ensure that laws are in place that may compel banks to adopt environmental policy statements and inform their clients of them. Vignette, (2016).

To allow all stakeholders to work cooperatively to realize these ideals, simple, obvious, and unambiguous incentives and disincentives for economic players should also be provided. The knowledge and skills of the banking sector

and environmental authorities regarding the concepts of sustainable finance should be increased in terms of resources. Lastly, in order to effectively apply the concepts of sustainable finance, there should be cooperation among financial institutions, environmental authorities, and local governments. The concepts of sustainable finance should be understood by all parties involved as serving the interests of the whole country, not simply certain institutions or geographical areas.

Green banking techniques in the banking industry

The greatest way to accomplish sustainable development is to let markets operate within an appropriate framework of cost-effective laws and financial tools. One of the key industries that affects total industrial activity and economic development is the financial sector, which includes the banking industry. Fathi (2007). In a globalized economy, businesses are subject to strict environmental regulations, serious legal action, or consumer boycotts. Due to its significant investment in the industrial sector, the banking industry may encounter credit risk and liability risk. The long-term quality of assets and return rate of banks may also be harmed by the environmental effect.(Kiran 2021). To achieve the objective of green banking, banks must collaborate closely with the government, NGOs, central bank, consumers, and business groups. India's banks and financial institutions have begun to take initiative, but not at a high level. In comparison to large international banks, Indian banks and financial institutions must

work harder to maintain the growth of the domestic economy. Vignette, (2016). It's time for India to take stern action to force these banks and financial institutions to embrace green banking practices so they can go forward with helping to safeguard the environment.

Research objectives

1. To determine the association between income level and perceptions of green banking practices.
2. To understand Green banking techniques in the banking industry
3. To outline Green Banking Practices.

Research methodology

250 respondents were selected at random from the group and used to compile the statistical sample. Convenient sampling technique was used for the study.

Analysis, Findings, Results and Discussions

As the banking sector is a key component of global economic and commercial activity, bankers cannot turn a blind eye to this urgent problem. To prevent environmental damage and maintain the ecological equilibrium, a banker may handle a variety of challenges. The significant professional group that interacts with both other groups of individuals and the general populace is the banking industry. Henion and Kinnear (1996) As a result, they may implement various eco-friendly practices inside their own facilities and encourage their customers to safeguard the environment from air and water pollution. In wealthy nations, several banks have already begun engaging in green banking initiatives. The banking industry can undoubtedly have

a significant effect and has the ability to speed up sustainable growth in India due to its influence over capital allocation in the Indian economy. The financial industry, however, cannot progress on its own. To help the financial sector follow the

principles of sustainable finance, the government should set clear norms and recommendations. Vignette, (2016). It seeks to determine the association between income level and perceptions of green banking practices

Table 1
Relationship between income and Perception towards green banking practices

	Level of income	N	Mean Rank	Chi-Square (df-2)	Sig.
Green Cards	Less	73	122.35	5.441	0.066
	Middle	87	106.63		
	High	90	130.94		
	Total	250			
Green Venture Capital	Less	73	111.96	1.593	0.451
	Middle	87	123.77		
	High	90	124.36		
	Total	250			
Green Fiscal fund	Less	73	120.26	0.837	0.660
	Middle	87	115.46		
	High	90	125.01		
	Total	250			
Carbon fund	Less	73	110.82	3.702	0.157
	Middle	87	117.30		
	High	90	130.80		
	Total	250			
Green project finance	Less	73	120.79	0.016	0.991
	Middle	87	119.67		
	High	90	120.99		
	Total	250			
Green Securitization	Less	73	111.44	3.927	0.140
	Middle	87	116.09		
	High	90	131.35		
	Total	250			
Cost-benefit analysis	Less	73	121.10	5.115	0.077
	Middle	87	107.51		

	High	90	131.17		
	Total	250			
Carbon fund	Less	73	118.50	0.088	0.957
	Middle	87	121.39		
	High	90	121.30		
	Total	250			
Green Index	Less	73	111.52	0.173	0.917
	Middle	87	129.00		
	High	90	119.40		
	Total	250			
Green Investment fund:	Less	73	112.37	2.765	0.251
	Middle	87	139.83		
	High	90	117.63		
	Total	250			
Mortgages	Less	73	124.49	4.360	0.113
	Middle	87	107.54		
	High	90	128.50		
	Total	250			
Home Equity loans	Less	73	131.75	2.856	0.240
	Middle	87	114.04		
	High	90	117.25		
	Total	250			
Commercial Building loans	Less	73	130.92	2.419	0.298
	Middle	87	117.38		
	High	90	115.04		
	Total	250			
Car loans	Less	73	115.00	0.734	0.692
	Middle	87	126.29		
	High	90	124.12		
	Total	250			
Government regulations	Less	73	121.12	1.229	0.543
	Middle	87	129.83		
	High	90	120.68		
	Total	250			

The less income group respondents prefer Commercial Building loans (130.92),

Home Equity loans (131.75),The middle income group respondents select Green

Index (129.00), Green Investment fund (139.83), Government regulations (129.83), Carbon fund (121.39), High income group respondents select Car loans (126.29), Mortgages (128.50), Green Fiscal fund, (125.01), Green Venture Capital (124.36) and Green Cards (130.94). The Kruskal Wallis test shows that the calculated Chi-Square values are insignificant (p values are more than 0.05). It is concluded that the selection of green banking practices is not influenced by the level of income of the respondents.

Discussion

The way the banking industry now operates has evolved from how it did in the past. Traditional methods are being replaced by online banking, mobile banking, and mobile app use. Both clients and the banks themselves benefit from the innovative strategies employed by the banks. Vignette, (2016). Even if it is broad, the research is by no means complete. Malhotra, A. (2013). The researcher is certain that it has created new opportunities for subsequent researchers to explore since there is still much room for study in the same field, such as Green Banking trends in India. (Kiran 2021). The researcher would be thrilled to have helped society become more environmentally friendly if any of the readers were to be motivated by reading this study to carry out further research in this area.

Conclusion

By using "green banking" practices, banks may improve their environmental performance, aid in the mitigation of climate change, and draw in environmentally conscious customers. The

goal of this research is to analyse how well nationalized banks are doing by measuring how much green practice there is by looking at customer views of green banking and consumer knowledge of it. Fathi (2007). According to research, banks do execute the green notion; nevertheless, most customers just know about it and do not put it into practice. Many individuals believe that environmentally friendly banking enables them to save money. Henion and Kinnear (1996) Yet, it would be great if people realised that the true cost is to their lives rather than their way of life, and banks should help their clients come to this understanding. The broader public must see how serious the issue is and rise to the occasion at the proper time, not only the financial sector. The process of financial organisations integrating environmental factors into their lending, investing, and operating operations is known as "green banking." Masha Ahmad Shah and Tajo Kuku (2016). The idea has gained popularity in recent years as a result of increased public awareness of environmental challenges and calls for action from governments and international organisations to combat climate change. (Kiran 2021)

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