



Exploring Sustainability Through Green Banking System: A Study on Selected Public Sector Banks In Karnataka

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Abstract:

A green banking system encourages sustainable development by offering eco-friendly financial products and solutions, predicting green investments, and reducing environmental risks for a more stable future for young generations. This research study determines the role of green banking on sustainable growth, the impact of online payment systems, and patterns of green banking among regular customers. It also helps to understand essential elements of the green banking system on public sector banks. The sample of 100 customers of selected public sector banks of southern districts of Karnataka State in India. Cross-sectional study shows that demographic profile is one of the key determinants of green banking initiatives. It also reveals that online payment mode is a motivating factor and discusses many problems customers confront in the green banking system.

Key elements: Green banking, online payment, Eco-friendly financial products, sustainable development.

Introduction:

Banks have traditionally been the primary source of credit in emerging market economies (EMEs). Market-based financing began to compete with bank lending in the 1990s.(Ehlers & Villar, 2015) Banks and financial institutions play a key role in making our planet a better place. Green banking providers of financial support will ensure that environment-friendly practices in the banking sector maintain sustainability development. Offering less cost funds for adopting green technologies will have a long-term impact on nature. As result, banks can adopt green practices and thereby lead the way in this global initiative.

According to Early Environmental Awareness (1970s-1980s) The modern environmental movement gained momentum in the 1970s, prompting increased awareness of environmental issues. During this period, some banks began to consider the environmental impact of their operations. In the 1980s and 1990s, ethical banking institutions started to emerge. These banks incorporated environmental and social criteria into their lending and investment decisions. They avoided financing environmentally harmful projects.(Emergence of Ethical Banking 1980s-1990s). Rio Earth Summit (1992) also note “The United Nations Conference on Environment and Development, also known as the Earth Summit in Rio de Janeiro”, marked a significant milestone. It brought global attention to sustainable development and further spurred interest in green finance. According to Global Sustainability Initiatives (2000s): This century saw the development of international sustainability initiatives, such as the United Nations Principles for Responsible Banking, which encouraged banks to integrate sustainability principles into their operations.

So Green Banking ensure eco-friendly investments and gives importance to those banking industry which have trying to go green and restore the natural sustainability. Green banking means combining technology and changing client habits in the banking business towards sustainable development by promoting eco-friendly practices. through using Internet banking instead of branch banking and paying bills online rather than through mail. instead of giant multi-branch banks, look for a regional branch that is doing local green projects. In India, banks are taking green banking considerably more seriously. Banks in Karnataka are still experimenting with this type of banking.

Review of literature:

Yadav & Pathak, (2014)_ Industrialization has resulted in economic prosperity and population increase, but it has also thrown off the natural balance, resulting in environmental calamities. This article investigates green banking practices in India, indicating that public sector banks have more green efforts than private sector banks, with the exception of ICICI bank, which is appropriate for the third phase, Sustainable Green Marketing.

Gupta, (2015) The Indian banking industry is crucial for economic expansion and environmental protection. Green Banking, a paperless system, reduces costs and energy consumption. This study helps to understand the sector's initiatives and conduct a SWOC analysis of green banking operations.

Mir & Bhat, (2022) Global warming is a pressing issue affecting various sectors, including banks, which are promoting low-carbon economics by using environmental data in credit decisions and investing in innovative technology solutions.

Khairunnessa et al., (2021) Investigates the formation of 'Green Banking' in Bangladesh, with an emphasis on the role of financial regulation and the engagement of banks and non-bank financial organisations in fostering green economic transition. The study draws on secondary data from

various sources to demonstrate the central bank's important involvement in greening the financial system. Bangladesh has achieved great progress despite falling behind wealthy countries in green banking practices and infrastructure development.

Scope of the study:

Banks, in Karnataka have launched a number of green banking projects. Customers benefit from this, while banks benefit from lower service expenses. Green banking measures implemented by all Karnataka banks cannot be evaluated. It results, the present study's scope would be confined to examining the green banking activities undertaken by Canara Bank National Bank, State Bank of India, Bank of Baroda, Union Bank, and Karnataka Bank Pvt Ltd. The survey will determine bank customers' perceptions and opinions regarding green banking instruments that aid in sustainable development.

Objectives:

- To analyse the demographic profile of the customers using Green banking modes
- To investigate the factors motivating bank customers to use online payment systems
- To identify the problems of customers while using green banking systems in the study area.

Research methodology:

This study is an empirical study based on primary data. Selection of the Sample collection is an essential aspect of research work. so a structured Questionnaire was developed for collecting data. The convenient sampling method was used. This study also contains a secondary source of data from different sources. Such as RBI and public banks Various sources like reports, magazines, research journals, and websites provide information on e-payment activities. Hence, the researcher has collected the required secondary data sources to understand the role of the green banking system in sustainable development through different online payment services.

Data Analysis and Result:

The demographic profile like Gender, age, marital status, qualification, residence, occupation and monthly/family income has been analyzed on the basis of with the help of percentage analysis

Table:1
Demographical factors of Respondents

| Sl.NO | Gender | Frequency | Percentage |
|-------|--------|-----------|------------|
| 1 | Male | 46 | 46% |

| | | | |
|------------------------|-----------------------|-----|------|
| 2 | Female | 54 | 54% |
| | Total | 100 | 100% |
| Age | | | |
| 1 | Below 20 | 26 | 26% |
| 2 | 21-31 | 40 | 40% |
| 3 | 31-41 | 16 | 16% |
| 4 | 41-51 | 10 | 10% |
| 5 | 51-60 | 8 | 8% |
| Marrital status | | | |
| 1 | Married | 46 | 46% |
| 2 | Unmarried | 54 | 54% |
| | Total | 100 | 100 |
| Qualification | | | |
| 1 | Primary and secondary | 23 | 23% |
| 2 | Higher education | 35 | 35% |
| 3 | Technical | 38 | 38% |
| 4 | None of the above | 4 | 4% |
| 5 | Total | 100 | 100 |
| Residence | | | |
| 1 | Rural | 57 | 57% |
| 2 | Urban | 43 | 43% |
| | Total | 100 | 100% |

Source: primary data

According to Table 2, the majority of customers (40%) are between the ages of 21 and 31. 26% of customers are under 20 years old, while 16% are between 31 and 41 years old. 10% of customers fall between 41 and 50 years old, while 8% are between 51 and 60 years old. Additionally, 8% of customers are over 60 years old. The data also reveals that unmarried users represented the highest figure in this study, with 55% of the users being unmarried and 45% of the users being married. In other words, the majority of respondents are unmarried.

This shows that E-Payment users on the basis of educational qualification. In the above table, it is clearly shown that most of the users (38%) are completed technical/higher education and (35 percent) have completed higher primary education 23 per cent of users and (4percent) of the E-Payment users are not have any formal education. Thus, it is identified that the Majority (38 per cent) of the online Payment users in the study area have higher education

The table indicates the residential classification of users. It shows that 57% of the respondents belong to rural areas and 43% to urban areas.

Table:3

Factors that motivated to switch to Green banking services - Factor Analysis Rotated Component Matrix

| Sl.N O | Variable | Component | | | | | | Co mm unal ity (h2) |
|-----------|----------------------------|-----------|-------|-------|-------|-------|-------|---------------------------------|
| | | F1 | F2 | F3 | F4 | F5 | F6 | |
| 1 | Cost benefits | .829 | .078 | .121 | -.044 | .062 | -.157 | .720 |
| 2 | Life style | .726 | .237 | .000 | -.210 | -.086 | .021 | .714 |
| 3 | Morals and ethics | .546 | .234 | .479 | .031 | -.321 | .098 | .507 |
| 4 | Less risk | .123 | .877 | .126 | -.047 | .021 | -.065 | .809 |
| 5 | Fast and quick transaction | .221 | .787 | -.158 | -.112 | -.116 | .245 | .721 |
| 6 | Easy to access | .138 | -.071 | .799 | -.012 | -.063 | -.098 | .595 |
| 7 | Time saving | -.321 | .281 | .798 | -.022 | .151 | -.065 | .768 |

| | | | | | | | | |
|---------------------|---------------------------------------|--------|--------|--------|--------|--------|--------|------|
| 8 | User friendly | .379 | -.107 | .708 | .000 | .165 | .067 | .624 |
| 9 | Internet connection | -.075 | .012 | -.143 | .879 | .003 | .021 | .713 |
| 10 | Motivation by others | -.142 | .625 | .122 | .899 | -.021 | .000 | .778 |
| 11 | Available to everyone | .113 | .259 | .031 | .077 | .789 | -.033 | .801 |
| 12 | Fast transition intimation by message | .021 | .032 | .001 | -.023 | .723 | .289 | .695 |
| 13 | Comfortable for small transaction | -.562 | .009 | .789 | -.265 | .801 | .000 | .598 |
| 14 | Comfortable for huge transition | .138 | .055 | .000 | .685 | -.124 | .786 | .812 |
| 15 | Concern about nature | .232 | .595 | -.12 | -.098 | .429 | .958 | .927 |
| 16 | Environmental friendly | .498 | -.125 | -.007 | .236 | .007 | .847 | .684 |
| Eigen Value | | 3.219 | 2.687 | 1.394 | 1.662 | 1.159 | 1.284 | |
| Variance | | 21.821 | 14.026 | 10.721 | 10.284 | 7.441 | 6.872 | |
| Cumulative Variance | | 21.821 | 35.847 | 46.268 | 56.552 | 63.993 | 70.865 | |

Source: Primary Data

Table :4

Problems while using green banking services

| Sl.No | Problems while using green banking system | Total score | Average Score | Rank |
|-------|---|-------------|---------------|------|
| 1 | Lack of Awareness | 5001 | 50.01 | III |
| 2 | Limited Green Product Offerings | 5248 | 52.48 | II |

| | | | | |
|---|--------------------------------|------|-------|------|
| 3 | Rigid Regulatory Framework | 5012 | 50.12 | I |
| 4 | Risk Assessment is high | 4520 | 45.20 | VIII |
| 5 | System hack | 4901 | 49.01 | IV |
| 6 | Slow internet access | 4768 | 47.68 | V |
| 7 | Lack of Skill Development | 4661 | 46.61 | VII |
| 8 | Lack of prioritarized Customer | 4421 | 44.21 | VI |

Source: primary data

That the majority of the customers gave first rank to the Rigid Regulatory Framework with an average score of 50.12, then the respondents gave second rank to the Limited Green Product Offerings with an average score of 52.48, then the respondents gave third rank to the Lack of Awareness with the average score 50.01, then the respondents had given fourth System hack with an average score of 45.20, then the respondents gave fifth rank to the Slow internet access with an average score of 47.68, then the respondents had given sixth Lack of prioritarized Customer average score of 48.15, then the respondents had given seventh rank to the Lack of Skill Development with the average score 46.61 and the respondents had given last rank to Risk Assessment is high with the average score 45.20.

Suggestions:

Green banking provides major options for customers compared to conventional financial products the major problem was the lack of awareness among both banks and customers regarding green banking practices and products. Many people were not aware of the benefits of sustainable banking options. Green banking systems are important for addressing environmental concerns by fostering environmentally friendly financial practices. They help to minimise the use of carbon footprints, promote renewable energy, and promote ethical financing and investing, which helps to the sustainable development of the country. Green banking integrates the financial sector with environmental aims, promoting a more resilient and sustainable economy.

Conclusion:

It is possible to conclude that banks are launching new efforts and promoting various green banking solutions. Banks should also embrace environmentally friendly practises that assure resource efficiency. Green banking projects should be prioritised by banking employees. The banking industry is the country's backbone. As a result, it is critical for the banking industry in Karnataka to recognise its role as a global corporate citizen.

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