

Bridging Sustainable Development and Environmental Issues in Green Banking

Dr. Mohan S. Rode

Assistant Professor

BOS Member in SRTM University Nanded {Maharashtra}

HOD in Business Studies,

Department of Commerce & Management Sciences,

People's College Nanded, Maharashtra, India

email : mohanrode@rediffmail.com

Mobile; 9765800103

Abstract

The present era of modern banking sector (green banking) has added a lot of comfort and luxury to human life but has also lead to an alarming situation of huge environmental degradation incorporated with all the involved activities. Today, the entire sector in the world economy is facing huge challenge to deal with the environmental problems and their related impacts in their day to day banking activities. Not only the financial firms have realized the importance of the environment but more than that an immense awareness is seen among the consumers and general public for the same. In this context the financial sector and especially the banks can play an important role in promoting Sustainable development and environmental Issues in Green Banking. Sustainability is one of the most important factors driving the strategy making process of the business fraternity. The concern for sustainability development environmental has given mass recognition to the concept of green banking issues. The potential benefits of the concept has gained the interest of the regulatory authorities, society, NGOs, employees, customers as well as the international bodies to the issue. In this regard, this concern for sustainability development environmental by the banks has given rise to concept of Green Banking. In an emerging economy like India, environmental management needs to be the key focus area of the business fraternity and especially the banking industry being the major intermediary. This would help the firms in the emerging economies utilize their limited resources in an optimum way without harming the natural environment and face the global challenge of sustainability in successful manner.

Keywords

Sustainable Development; Environmental Issues ; Green Banking;

Introduction

Now a day, banking is extremely important in the world's economy. The banking functions are the routine functions of one's life. The emergence of private sector banks has changed the whole scenario of the banking functions in the recent years. Banks now a day's plan to lay greater stress on consumer banking in the coming years, with a view to achieve higher market penetration and profitability. Technology has paved way for expanding the horizon of consumer banking and has smartened up the said business of banking. In the pre-liberalization days, banking was considered as a chore you would like to finish off as quickly as possible. Today, the scenario is totally different. Banks driven by the ever-growing competition have improvised on existing features and created new facilities that are more customers friendly. Growing Indian middle class today has a disposable surplus income and aspires for a better lifestyle. Most of the private and foreign banks have linked up their branches enabling a customer to operate his account from any, even from different cities. Bank has acquired a special place with its large network of branches and with its huge deposits and advances. The long process of expansion, valuation & re-organization of banking can be elaborately dealt with. Banking has assumed enormous importance as a subject of analysis and research. . The basic objective of the financial sector reform in India is to promote a diversified, efficient and competitive financial system. It aims at improving the allocative efficiency of available savings, increasing the return on investments and promoting an accelerated growth of the real sector of the economy.

The Indian banking industry has responded to these changes and several new areas have been ventured into by banks. Automation in the Indian banking also contributed to the adoption of and adaptability with international banking practices. The banking scene has undergone a sea change. It is envisaged that bank marketing in future is expected to cast a significant impact. The origin of bank marketing dates back. Marketing efforts in Indian public sector banks has almost been a non-starter. This marketing approach has been started by private sector and foreign banks in Indian market, due to which 'service' has become important as an aspect in banking sector. Commercial banks are forced to accept the change approach and difficult for them to survive in the market. A drastic change took place in banking Industry. Due to which customer service acquires crucial significance in the context of sustained business growth. Modern technology has

made customer aware of the developments in the economic environment including the financial system with a wide network of branches, even in a dissimilar banking scenario, customers expect the banks to offer more and better services to match their demands and this has compelled banks to take up marketing in right earnest.

Bridging Sustainable Development in Banks

Prior to the mid-1950s, bankers had little understanding for marketing. It came into banks in the late 1950s and was introduced to customers through advertisement. Market development and market penetration were the focus in 1970s when banks expanded their area of operation by opening more branches. Banks developed new products and services in the 1980s to cater to the various needs of increasing number of customers.

With the advent of banking sector reforms, the scenario of banking in the 1990s has totally changed. Banks now operate in a situation of keen competition in their financial service activities, whether it is canvassing of deposits, extending credit line or in selling ancillary services. In such a competitive environment, the ability of a bank even to sustain its growth rate depends on how well the needs of customers are identified and effective marketing strategies are evolved. This involves developing new and improved products and services, providing better amenities and facilities, exploring new distribution channels and putting in place effective marketing strategies so as to continuously meet the changing customer needs.

As the economy moves ahead, the introduction of money came into existence. Henceforth money becomes mode of exchange. It is the mode of exchanges it gains importance in socio-economic culture of the country. Slowly moneylenders came into existence, and then institutions started to lend the money. It is the birth of the bank in the country.

Bank plays an important increasing role in a nation's economy, occupying a pivotal position in the organised market. It is a profit-seeking business firm, dealing in money and credit. It is a financial institution dealing in money in the sense that it accepts deposits of money from public to keep them in its custody for safety. So also, it deals in credit, i.e. it creates credits by making advances out of funds received as deposits to needy people. It has acquired a special place with its large network of branches, and with its huge deposits and advances. The long process of expansion, regulation and re-organisation of banking can be elaborately dealt with.

With the gradual change in the very concept of banking and with the entry of state in its administration, banking has assumed enormous importance as a subject of analysis and research.

Banking industry in India during the course of its evolution and growth are passing a phase of transformation & traversed through innumerable twists and turns, where in drastic changes in all spheres of effective customer services are taking place. The industry has emerged victorious against all odds by sheer strength of its teeth. It has braved many challenges weathered many storm with stood many on slaughts and has emerged as one of the dynamic and vibrant industries. The secret of its success lies in its ability to adopt to changes in the most admirable manner. Like an oscillating pendulum, the industry has witnessed extremely opposite and diverse conditions. Over the years. Whether it is class banking or mass banking, whether private ownership or public sector status, whether administered interest rate regime or a state of operational freedom, whether bound by antiquated manual processes or a scenario witnessing unleashing of a technological blitzkrieg- the industry has its own experience to narrate. There was a time, not in the distant past, when public sector banks were averse and reluctant to open up for the retail loans. Banks, irrespective of their size, have been increasingly focusing on retail segment for both resources mobilization and lending. Banks- privately owned or in the public sector-have all jumped into retail bandwagon. That the banking industry has embraced a retail culture.

In addition to customer service and retail banking, technology is also important criteria in achieving goals. Which will help the banking Industries to move in new era of banking – customer service with the support of technology. Technology is the backbone of banking industries in customer services. What one experience that even in performing certain simple activities (like booking a rail ticket or withdrawing cash from bank), computer or information technology is increasingly used? Therefore, the present age is rightly called as “Cyber Age”. The revolution in information technology has been so fast and so effective that it encompasses almost all sorts of human activities. So far, we have experienced this technology in banking through stand-alone partial Computerization, Total Branch Automation (TBA), Automated Teller Machines (ATMs) and more recently core Banking Solutions (CBS) centralised banking system wherein one can have anywhere/anytime banking within (CBS) centralised banking system connected branches, no matter where accountholder maintains his/her account. This

technology is having such a potential that on fully being operational one can even achieve a much –dreamed scenario of “paperless banking”.

Customer satisfaction is a critical issue in the success of any business system, banking industries need to understand how to satisfy customers, and since customers satisfaction is critical for establishing long- term client relationships. It is evidenced by the fact that over the last five years, customer satisfaction surveys have become common in many financial institutions. Thus, a fundamental understanding of factors impacting customer satisfaction is of great importance in banking. This is the only reason that bridging sustainability development and environmental issues to be focus from traditional to modern approach.

Changing Environmental Issues in Banks

With globalization and changes in technology, financial markets world over have become closely integrated. Capital has become highly mobile and complex financial instruments have emerged. Customers can access their accounts from anywhere and bank’s customer base is also spread across the world. Deregulation and liberalization have opened up new opportunities for banks but at the same time the pressure of competition have led to narrowing spreads, shrinking margins and consolidation and restructuring. Increasingly, banks are focusing on core competencies, synergising strength and activities that are not remunerative.

The winds of change seeping across global markets will impact India also, and the Indian financial sector is set to see tremendous transformation in the coming millennium. The face of banking is set to change as banks adopt technology & paper less and more focused on green banking concept to reduce costs, widen product range for customer convenience and manage risks. Greater market access to foreign banks post-WTO will increase competition and as we move towards full capital account convertibility, banks will need to be equipped to handle large- and sometimes volatile- capital flows. Against this background, as we continue our pursuit to build a safe and sound banking system, there are some issues that will need to be addressed.

Green Banking: concept

Though green banking (environment-friendly banking, ethical banking or sustainable banking) can be defined in a number of ways, in a broader perspective, it is the environment-

friendly banking practices that promote their customers to reduce the carbon footprint through their banking activities. The Indian Banks Association defines it as “Green Bank functions like a normal bank along with considering the social and environmental factors for the protection of the natural resources”. Green banking aims at improving the operations and technology along with making the clients habits environment friendly in the banking business. It is like normal banking along with consideration for the social as well as environmental factors for protecting the environment. There are other definitions for green banking concept but the central meaning is the same i.e. protecting the environment and resources for future generation by looking for sustainable development. It includes various activities in banks’ day to day activity. Green banking includes several products and services like green mortgage, green loans, green credit cards, green savings accounts, green checking accounts, green money markets accounts, mobile banking, online banking, etc. Green Bank provides effective market based solution for addressing a wide range of environmental problems like climate change, deforestation, issues related to air quality and loss of biodiversity. Besides this, it also aims at identifying and creating various opportunities for the benefit of the customers. According to Rashid (2010), banks should prioritize in providing loans to the sectors that promote various environmental protection activities. Mani (2011) states that banks act as corporate citizens that are socially responsible in their activities. The bank set up with the purpose of sustainable banking is Triodos Bank, Netherlands. This bank is also pioneer in launching of “Green Fund” for financing green projects (Dash, 2008) and finances only those organizations which work on social, cultural and environmental values. Now a days you will find few steps have been taken in green banking, further more steps are still in research process, so that paperless banking will be there as we are enjoying, following are some of the **steps** that can be going in **green banking**

1. On line Banking-mobile--home
2. ATM- deposits- withdrawal- transfer of fund
3. Use Green Checking Accounts
4. Use Green Loans
5. Use Green Credit Cards
6. Save Paper /Paperless
7. Use of Solar and wind Energy in Banks
8. Mobile Banking

9. Fewer Currency Notes in Circulation
10. Higher Seigniorage
11. Better Disbursement of Welfare
12. Data Saved at Cloud
13. NBFC: Various apps we are Using for transfer of funds
14. Scan Technology & much more list Presently

Future Technology in Green Banking

- 1 . One window, only manager , screen based bank.
2. Centralised administrative System at Head Office.

A part from that paperless transactions is carried on with less manpower is the future technology.

Objective of Study

The study mainly aims at understanding the green banking philosophy adoption by the banks. In addition to that it based on proper methodology which comprises wide discussion with the selected bankers on issues attempts to review various guidelines for environmental and sustainability along with the initiatives of green banking concepts.

The main objectives of the research are

1. To study sustainable development in banks.
2. To identify the environmental issues in banks
3. To study the applicability of green banking concept

Research Methodology

The study is based on primary & secondary data. Primary data has been collected from persons having their savings account in different banks (including private & nationalized banks in **Nanded city-Huzur Sahib** Maharashtra) by filling up well – structured questionnaire and through personal meeting with customers. Secondary data was collected from different brochures of different banks, websites of banks, magazines and journals.

Research Approach:

To collect the primary data, “survey research approach” was adopted for the study on Bridging Sustainable Development and Environmental Issues in Green Banking and for this communication approach personal interview of the respondent was conducted.

Research Instrument:

For the collection of primary data, properly structured questionnaire was used. The questionnaire comprises of both close ended and open-ended questions. In case of close-ended questions, Checklist, Likert scales have been included.

Sampling Process:

It is not feasible to go for a population surveys due to this numerous consumers and their scattered location. Hence, marketers go for intelligent sampling.

In this research, researcher surveyed 240 respondents who were having their savings account in different banks including private & nationalized banks in Nanded city . In this research stratified and convenience sampling method has been used for sampling procedure.

An Analysis and Interpretation of Data:

Table – 1

Account Holders from different banks

Particulars	No. of respondents	Percentage
Private Banks	120	50
Nationalized Banks	120	50
Total	240	100

From the above table it is inferred that out of 240 respondents 120 (50%) having an account with private banks, 120 (50%) having an account with Nationalized bank. Analysis shows that respondents have accounts with private banks, nationalized banks when they compare with foreign banks. A well structured questionnaire was framed by considering the problems faced by the customers in their day to day green banking transactions. What are the opinions of customers regarding ideal green banking and what are their appreciations and recommendations,

problems-free service, welcoming of suggestions from customer-side by giving good response from banker side for smarter green bank services it is essential to focus on various factors such operations conducted in day to day banking, special focus and customer requirements i.e. smarter customer service at counter these are the requirements in green banking.

Table no. 2
Account Holders Response
on
Bridging Sustainable Development and Environmental Issues in Green Banking

Age	Highly Satisfied	Satisfied	Dissatisfied	Neutral	Total
18 – 45	08	127	12	21	168
45 – 60	08	32	13	12	65
60 – Above	01	03	02	01	07
Total	17	162	27	34	240

Source: Primary data

Chi – Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson Chi – Square	28.161	6	0.000

3 Cells (25.0 %) have expected count less than 5. The minimum expected count is 0.69.

The table no.2 reveals that the highlights on Account Holders Response on Bridging Sustainable Development and Environmental Issues in Green Banking. The total number of samples are 240. From age group 18-45 are 164 customers, age group 45-60 are 65 customers, age group 60-above are 07 customers. From this samples highly satisfied customers are 17, satisfied customers are 162, dis-satisfied customers are 27, and neutral customers are 34.

By applying chi-square test of Karl Pearson on above computed value is 28.161, degree of freedom is 6 and given value/assumed value 2 (sided) is 0.000. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Customer Orientation Programme is independent of different age group.

ANALYSIS & INTERPRETATION

In accordance with the study about the green banking initiatives in India, the study shows that sustainability has become a major concern for the banking sector (both public as well as private sector) The situation prevalent today is totally different. Banks, irrespective of their size, have been increasingly focusing on green banking concept for both resources mobilization and lending. On one hand banker are now changing in their traditional approach and coming forward or forced to come and to accept modern approach. Customer is centric/king of market and banker has to act as per the wishes of customer, he has choice to choose the bank which is providing him all the services in lesser cost and time and now traditional approach comes to an end. Private banks are already modern in their approach. And in which bank who has traveled from traditional to modern approach. Banks- privately owned or in the public sector-have all jumped into green bank retail bandwagon. That the banking industry has embraced a green retail culture in India. With the time the Indian banks have adopted the environmental protection in the FORM OF TECHNOLOGY AND PAPERLESS BANKING as an important part of the strategy. Adopting the environmentally friendly practices within banking sector not only benefiting the natural environment but also providing the benefit to the organization as it helps in earning cost reduction etc. From the study it was analyzed that public sector & private sector banks customer s they have respond mainly inclined toward green initiatives such as net banking, mobile banking which are needed by the bank to match with the competitors as all the banks are providing these facilities. The environmental friendly activities such as using energy efficient appliances, implement green data centers help in improving their operational efficiency as well as cost saving in the long run. At the same time they generating more preference to environmentally friendly. Along with the basic green initiatives such as paperless banking, energy efficient products recycling, etc.

Conclusion

.Indian economy is an emerging economy and there is a huge potential of growth of Indian banks by adoption of innovative approach in their strategy making process. There is a need of an approach towards paradigm shift by setting up of the business model which would consider all the three aspect of triple bottom line approach i.e. the people, the planet and the profit. From above discussion it is very important that customer service is nothing to satisfy

needs and requirement of customer as per his/her wishes. Because in the new era of competition in banking industry This is the only one bank who has accepts the change in technology, approach, working conditions, and who has proved it in achieving the targets in banking industry as compared to private banks who is ready to accept challenge in customer service i.e. higher level at customer service to its customer as compared to private and foreign banks. The future of green banking seems to be very promising in India as lots of green products and services are expected in the future. Green excellence awards and recognitions, Green rating agencies, Green investment funds, Green insurance and Green accounting and disclosure are some of the things that would be heard and seen in operation in the near future. Proper green banking implementation will act as a check to the polluting industries. Banks can act like a guideline towards the economic transformation and create a platform that would create many opportunities for financing and investment policy and contribute towards creation of a low carbon economy.

REFERENCES

1. Ruth, S. (2009). Green it more than a three percent solution?. Internet Computing, IEEE, 13(4), 74-78.
2. Bansal, P., & Roth, K. (2000). Why companies go green: a model of ecological responsiveness. Academy of Management journal, 43(4), 717-736.
3. Porter, M. E., & Van der Linde, C. (1995). Green and competitive: ending the stalemate. Harvard business review, 73(5), 120-134.
4. Orasto, R.J. (2006). Competitive Environmental Strategies: When does it pay to be green. California Management Review, 48(2), 127-143.
5. Porter, M. E., & Van der Linde, C. (1995). Toward a new conception of the environmentcompetitiveness relationship. The Journal of Economic Perspectives, 9(4), 97-118.
6. Chakraborty, I. (2010). Financial Development and Economic Growth in India An Analysis of the Post-reform Period. South Asia Economic Journal, 11(2), 287-308.
7. Shimizu, S. (2010). The State of the Indian Banking Sector and its Role in India's High Growth. RIM Pacific Business and Industries, 10 (36), 1-35.