

A STUDY ON CUSTOMER AWARENESS OF GREEN BANKING

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Abstract: Environment friendly practices focus on conserving natural resources and guard global ecosystems to support health and wellbeing, at present and in the future. The banking system has started implementing eco-friendly practices with the introduction of Automated Teller Machines(ATM). Green banking refers to a new financing trend in which the banks have focus on sustainable technologies and environmentally-friendly initiatives in their investment strategies. The present study is conducted to understand the customer awareness of these green banking practices. It was concluded that the majority of the respondents are aware of these practices and are using them. However, more initiatives and exposure by banks to their customers would help in increased use of the green banking methods.

Key words: green banking, customers, net banking, environment, EFT, ATM

I. Introduction

The banking system plays an important role in the modern economic world. The contribution of the banking sector in the Indian economy is huge as it caters timely credit to all sections of society and at the same time receives deposits from them. The Indian banking system comprises the public sector, private sector, rural cooperative, regional rural, urban cooperative, and foreign banks. Banks aid in capital formation, and credit creation, provide advance loans, financial support, and infrastructure for both internal and external trade.

Banking sector is generally considered to be environment friendly as the use of energy, paper and water are relatively clean and low. But their impact on environment is through their customer's activities. Hence it is the duty of the bank to encourage environment responsible investments. Industries going green should be in the priority list of lending by banks. This method of lending can be termed as "Green Banking".

Green banking is a new approach to banking. This novel approach is in which banks play an important role in promoting sustainability. This is done by engaging with sustainable finance and by empowering customers to live greener styles. Green banking is like a regular bank, which considers all the social and environmental factors that aim at protection of the environment and conservation of natural resources. It can be called an ethical bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda of taking care of the Earth's environment/habitats/resources. For banking professionals, green banking involves sustainability, ethical lending, conservation, and energy efficiency. Banks can go green by changing in –Deposit Management, Investment Management, Process of recruitment and development of human capital, House Keeping, Corporate Social Responsibility, and bringing consciousness among customers. (Ganesan R, Bhuvaneshwari A, 2016). Unlike normal banking, Green banks focus on environmental factors. These banks have a practice to check whether an investment is ecologically viable. Green banking just doesn't make investment in eco-friendly projects but also could take form of electric-vehicles and solar electric

systems. They can also be achieved by abandoning investments in industries harmful to environment.

Green Banking Practices

- **Net Banking:** Internet banking system is a revolutionary mode of green banking. With this service, the customers can access the various services of banks using the internet. The customer needs are provided with a secure login account with a password using which their individual account can be accessed and transactions can be performed. It helps in saving time and reducing energy and paperwork.
- **Mobile Banking:** Mobile banking is one of the most widely used green banking services in the banking industry. This product allows customers to perform various activities like checking balances, transferring funds, or paying bills from a mobile phone. It also saves time and energy and in reducing the usage of energy and paper by the bank. Many of the banks in India have introduced mobile banking system which even more facilitated the customers of the banks to perform all the above-mentioned banking functions to perform using mobiles making the banks available almost 24/7
- **Online Bill Payment:** Online bill payment system was introduced as an additional service provided to the customers of the banks where the customers can use the platform of either netbanking or the mobile banking method can make payments to various service bills for example electricity bills, water bill, mobile bills, etc. This is not only a service by the bank but a great relief to the customers saving their time going to the particular office of the provider and making payment. It's considered the best facility that not only saves the efforts of the customer but also reduces paperwork, time, and energy. Printing of bills which leads to carbon emissions is also reduced to a great extent with the help of the online payment methods of green banking.
- **Green Home Equity:** Providing home equity involves lots of procedures and various supporting documents must be prepared and provided. In the traditional method, the customer of the bank needs to do all such paperwork and a visit to the branch to provide all the documents, and then get the home equity loans. Now after green home equity is introduced the scenario of the same is changed where all the procedures and even application of the home equity also can be done using web service and all the documentation and proofs are just taken scanned and uploaded into it. This method not only helps the customer save time and effort in taking copies of each proof to provide to a bank but also saves the energy of making copies, reducing the paperwork, and time is taken to travel to the bank as sometimes everything happens online. Many of the banks are also providing these services at the doorstep of the customers as well making the service more convenient.
- **Green Car Loan:** As mentioned in the Green home equity the green car loan service of the bank is following the same path performing the processing of car loans using the internet and performing all the activities online which is again a great boon to the nature as it reduces the energy utilization and emission of various harmful gasses while the process of photocopy, print of papers of preformats and so on. Both the banks and the customers are benefited from a very convenient facility at their doorstep.
- **Green Mortgages:** Mortgage service is where the collateral is taken and loans are provided. This service as with any other loan involves huge paperwork and procedures to perform involving the time, effort, and energy of both the bank and the customer applying for the same. The introduction of green mortgages has reduced all these to a great extent. Now the service is provided with minimum procedures and less paper processing.
- **Paperless Statements:** One of the great relief to the banks is the provision of paper less statements. It was in practice that monthly, quarterly, and as and when requested by the customers for various reasons banks are supposed to print their statements and either hand them over or to be sent them by post to the customer's residences. This procedure is hectic and involves not only printing in paper postal services. After the introduction of this service, the system-generated statements can be directly sent to

the customers as a soft copy to their e-mailids which is reducing paper usage, carbon emission done while printing, postal charges, etc.

- Solar ATM: Automatic teller machines (ATM's) requires a continuous power supply to work. The introduction of a green method of generating the power required to make these machines work through solar energy is reducing the usage of electricity considered one of the best green practices by the banking sector
- Electronic Fund Transfer: Electronic fund transfer (EFT) is a revolution in the banking sector. After the introduction of this method where the money can be transferred electronically from one person's account to directly another person's account has not only reduced the efforts of holding cash in hand but also made various trade and commerce activities also very easy. Paperless cash or E-cash is more in use. The only requirement is to have an account and mobile banking system.
- 10. Cash Deposit System: Traditional cash deposit system had the procedure of holding cash and the deposit of the same to an account could be possible only by coming to a bank branch. Due to the cash deposit system as green banking practice cash can be directly deposited using any ATM by just selecting the recipient and details of the same to be entered and the money is sent within a fraction of the time.

II. Literature Review

Vadrade, Kavita (2016), examined and compared green banking initiatives both by Public and Private sector banks and concluded that public sector banks were ahead of the private sector in implementing green banking initiatives. **Naidu and Paramasivan (2015)** present an overview of how Indian banks are responding to environmental turbulence, as well as an overview of their actions in view of the adoption of "go green" banking and its benefits. **Murugan, Soundarya (2021)**, studied the impact of green banking in India laying emphasis on the opportunities and challenges of green banking. **Jitha Thomas, Siby Linson (2018)**, studied awareness and adoption of green banking methods by customers by analysing the factors that affect the use of green banking. **Anu Sahi and Anurag Pahuj (2017)**, revealed the awareness of green investment initiatives, frequency of usage, and the perceived benefits of utilizing green banking methods by customers and observed presence of high level awareness irrespective of different educational background. **Park, Hyoungkun and Kim, Jong Dae (2020)**, presented an overview of green banking as an emerging area for creating new business opportunities. **Sudarshan Giramkar (2018)**, dealt with green banking initiatives, opportunities for banks and role of RBI in formulation of policies on green banking. **Hebbar C.K (2020)**, concluded that green banking is beneficial not only to the banking sector alone but also to various companies, industries and the economy as a whole.

III. Objectives of the Study

- ❖ To study about awareness of Green banking concept among the various sections of people
- ❖ To examine whether there is significant difference between Gender and usage of various Green Banking Methods
- ❖ To study if there is significant difference between age and usage of various Green Banking Methods

IV. Research Methodology

The data required for the study was collected through a structured questionnaire. A total of 134 responses were collected through convenient sampling method. Among the responses received, only 117 were useful for the study. Secondary data required for the study was collected from published journals articles, research papers, trusted websites.

The study is limited to the banking customers of Sainikpuri area of Secunderabad.

V. Data Analysis

Demographic Distribution of the respondents

Age	Female	Male	Grand Total
Less than 25(20-25)	12	22	34
26 - 35	5	9	14
36- 45	18	7	25
46- 55	16	14	30
56- 65	5	4	9
Above 65	2	3	5
Grand Total	58	59	117

Table1: Gender wise and Agewise Distribution of Respondents

The table describes both age and gender distribution of sample. The data collected has almost equal distribution of both male and female respondents. Among the respondents, the majority were between the age group of 20-25years, followed by 46-55 and then by 36-45 years.

Source: Primary Data

Table2: Income Distribution of Respondents

Income (per Anum)	No of respondents
Nil/Savings	17
Less than Rs. 1,00,000	16
Rs. 3,00,001 - Rs. 5,00,000	29
Rs. 5,00,001 - Rs. 7,00,000	12
Rs.1,00,001 - Rs. 3,00,000	16
Rs.7,00,001- Rs.9,00,000	12
Above 9,00,000	15

Source: Primary Data

The table describes income distribution of the respondents. Majority of the respondents are under the income group of Rs.3,00,000 and Rs. 5,00,000.

It was further observed that most of the respondents were operating through private banks. Majority of the respondents (86%) were using online banking services while only a small part of sample (14%) were using traditional methods of banking.

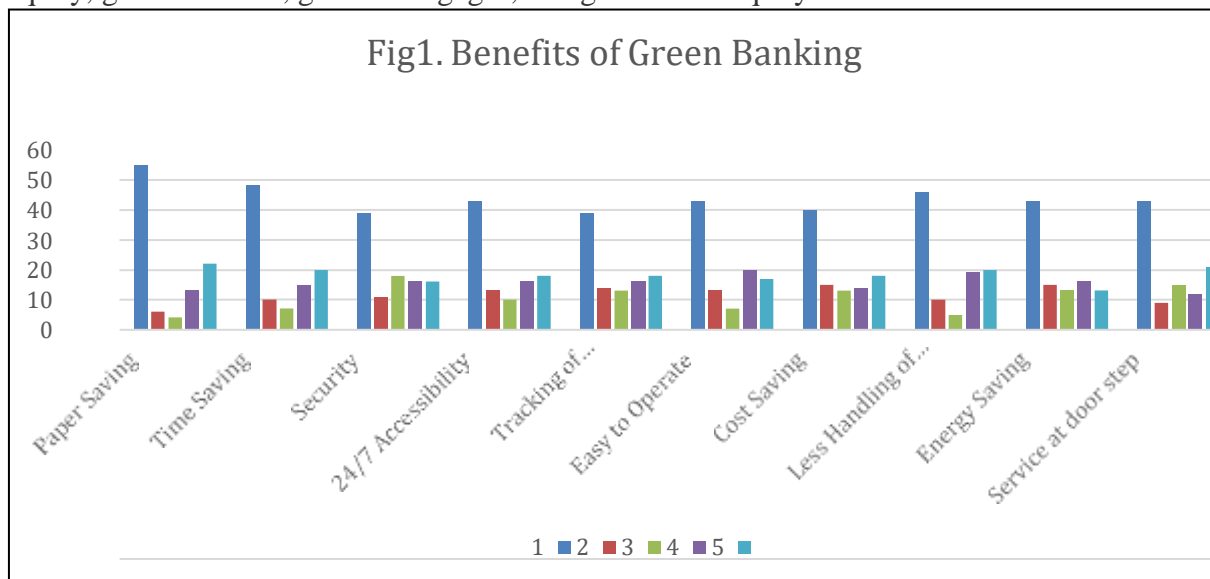
Table 3: Awareness of Green Banking Methods

Green Banking Methods	Aware (%)	Unaware (%)
Net Banking	94	6
Mobile Banking	99	1
Online Bill Payment	100	0
Green Home Equity	13	87
Green Car Loan	16	84
Green Mortgages	16	84
Paperless Statements	79	21

Solar ATM	20	80
Electronic Fund Transfer	88	12
Cash Deposit System	77	23

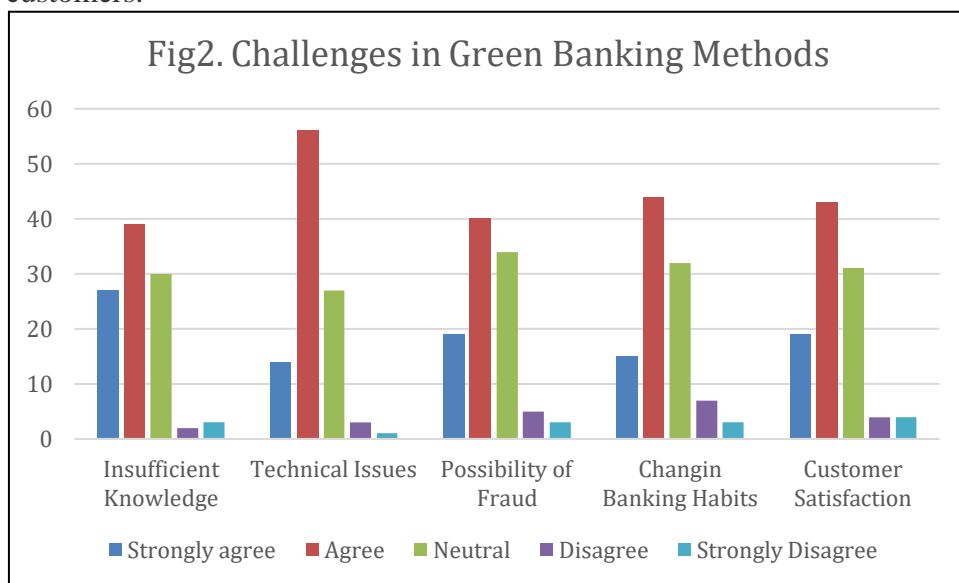
Source: Primary Data

From the table, it is evident that all the respondents were aware of online banking payments, followed by mobile banking and net banking. But the respondents were not aware of solar ATM, Green home equity, green car loan, green mortgages, and green homeequity.



The above graphical representation describes that maximum respondents are in favor of the green banking. The most prominent benefits of green banking are- Paper saving, time saving, less handling of cash, 24/7 service at the door step.

The below graph represents the challenges in using various green banking methods. Most of the respondents feel that technical issues are the biggest challenge followed by insufficient knowledge of the customers.



Research Hypothesis:

Hypothesis 1: H₀ – There is no significant difference between different age groups and usage of Green Banking Methods.

ANOVA was carried out to check the if there was a significant difference between age groups and usage of various green banking methods.

Table 4. ANOVA between age and use of green banking

Green Banking Methods	p Values
Net Banking	0.000312
Mobile Banking	0.000289
Online Bill Payment	0.00031
Green Home Equity	0.000176
Green Car Loan	0.000102
Green Mortgages	0.000118
Paperless Statements	0.000545
Solar ATM	0.002655
Electronic Fund Transfer	0.000332
Cash Deposit System	0.001019

The p values calculated for the usage of green banking methods are less than 0.05. Hence null hypothesis is rejected. Thus it was concluded that there is significant difference between different age groups using green banking practices. This can be understood as the youngsters adapting more green banking methods when compared to middle aged and senior citizens.

Hypothesis 2: H₀ – There is no significant difference between gender and usage of Green Banking Methods.

ANOVA was carried out to check the if there was a significant difference between gender and usage of various green banking methods.

Table 5. ANOVA between gender and use of green banking

The p values calculated for the usage of green banking methods are less than 0.05. Hence null hypothesis is rejected. Thus it was concluded that there is significant difference between male and female using green banking practices.

Green Banking Methods	P Values
Net Banking	0.00125
Mobile Banking	0.000477
Online Bill Payment	0.000401
Green Home Equity	0.000331
Green Car Loan	0.000331
Green Mortgages	0.000373
Paperless Statements	0.031127
Solar ATM	0.001111
Electronic Fund Transfer	0.003991
Cash Deposit System	0.012577

Source: Primary Data

Among the responses collected, there were a few respondents who were using traditional methods of banking. Majority of them are above the age of 65 years and are retired. The below figure gives an overview of their awareness of green banking practices. While most of them are aware of net banking, mobile banking and online bill payments, they are clueless of green car loan, green home equity, green mortgages and solar ATM.

Fig3. Awareness of Green Banking methods among Respondents using traditional Banking Methods

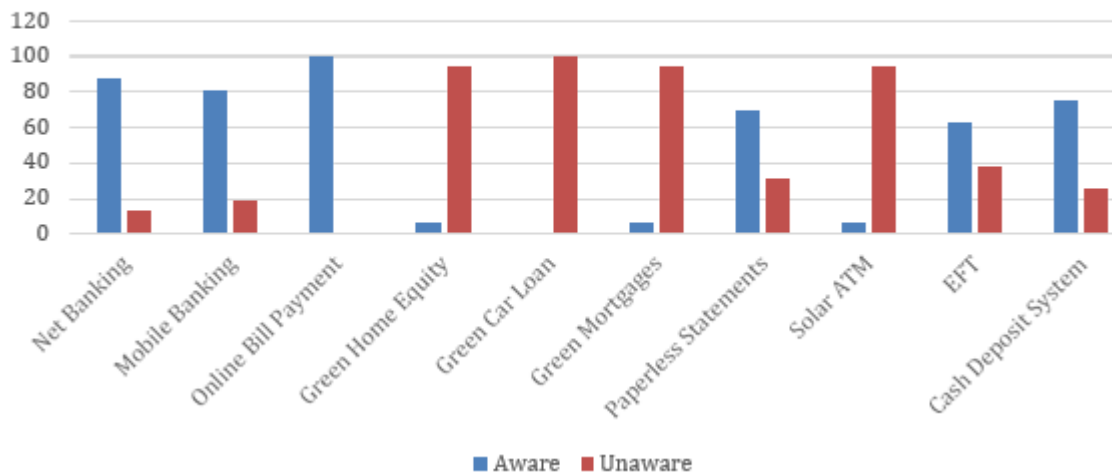
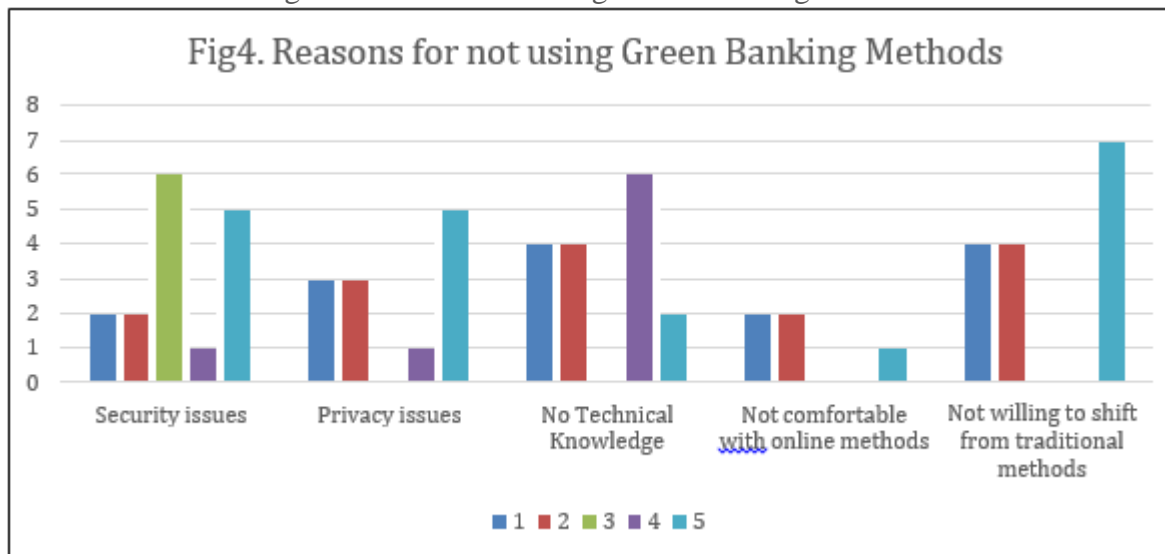


Fig4. Reasons for not using Green Banking Methods



The respondents were asked to rate the reasons for not using green methods on a scale of 1-5. (1-highest & 5-least). The above picture throws light on the reasons for not using green banking methods. The main reason being lack of technical knowledge and their unwillingness to shift from traditional methods.

VII. Findings & Conclusion

The data collected has almost equal distribution of both male and female respondents and between the age group of 20-25 years, followed by 46-55 and then by 36-45 years and annual income between Rs.3,00,000 to Rs. 5,00,000. Most of the respondents were using services of Private Banks. Majority of

respondents were aware of green banking methods like net banking, mobile banking, Online bill payment, paperless statements, EFT and Cash Deposit Systems. Many were unaware of Green Home Equity, Green Car Loan, Green Mortgages, Solar ATM. Paper saving, less handling of Cash and Carrying out transactions from their place of convenience were considered to be major benefits of using green banking methods. Technical issues was considered to be the major challenge for using of green banking methods. Among the traditional banking users, Our Study reveals that lack of awareness of the green banking methods is the main reason for not using green banking methods. Inertia to shift from use of traditional banking methods, lack of required technical knowledge, privacy and security issues are also some of the reasons for not using green banking methods

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