



A study on customer's awareness on green banking in selected public and private sector banks with reference to Tirupur

¹ P Deepa, ² Dr. CR Karpagam

¹ Ph.D Research Scholar, Department of Commerce, LRG Government Arts College, Tirupur, Tamil Nadu, India

² Assistant Professor, Department of Commerce, LRG Government Arts College, Tirupur, Tamil Nadu, India

Abstract

Green banking means promoting environmental- friendly practices and reducing your carbon footprint from our banking activities. Green banking will be mutually beneficial to the consumers, banks, industries, and the economy. The study aims to identify the awareness on Green banking among the customers are selected different banks. Also it aims to find the customers usage relating to Green banking service. It is necessary to identify various initiatives taken by bank on the concept of green banking in order to customer and make then user friendly. Researcher will study the impact of different age group of customers with regard to green initiatives taken by public and private sector banks.

Keywords: green banking, customer awareness, green banking initiatives, green product & services

Introduction

Today every business organization and corporation is adopting "go green" concept because of the increasing friendly attitude of the society towards the environment. Banks play a critical role in the economic development of the nations by providing various socio-economic activities like job creation, wealth generation, Poverty eradication, entrepreneurial activity etc. Besides these activities, banks are introducing the practices of green banking in order to protect the environment and to reduce carbon emissions.

Green banking means promoting environmental- friendly practices and reducing your carbon footprint from our banking activities. Green banking will be mutually beneficial to the consumers, banks, industries and the economy. For consumers this shift towards green banking means that more deposit and loan products will be available through online and mobile banking. It also means better deposit rates on CDs, money accounts and savings accounts. Green banks should also have lower fees and give rate reductions on loan going towards energy-efficient projects. This is banking beyond pure profit. Another important aspect of green banking is the involvement and outreach from the individual banks to their local community.

Green Banking therefore covers two aspects. The first one being judicious use of all resources, energy and reducing carbon footprints and second being encouraging and financing only environment friendly investment. So Green Banking is not only about making sustainable use of resources but also about environment friendly dispensation of credit. A proper scrutiny of all projects that are financed in terms of environment is another major element of Green Banking.

The concept of Green Banking emerged in 2009 with coming of the first Green Bank based in Mt. Dora, Florida, United States. The Institute for Development and Research in Banking and Technology established by RBI defines Green

Banking as: 'Green Banking is an umbrella term referring to practices and guidelines that make banks sustainable in economic, environment, and social dimensions. It aims to make banking processes and the use of IT and physical infrastructure as efficient and effective as possible, with zero or minimal impact on the environment. Considering the nature of banking processes and infrastructures, this report offers guidelines for greening banking in two levels.

- Making day-to-day business operations, banking products and services greener by following simple practices and making them environmentally friendly.
- Making IT infrastructure (including data center) and physical infrastructure (including buildings) greener and taking initiatives so that a bank could itself generate electricity for its own consumption.

Meaning of green banking

Green banking means promoting environmental- friendly practice and reducing your carbon footprint from your banking activities. This comes in many forms:

1. Using online banking instead of branch banking.
2. Paying bills online instead of mailing them.
3. Opening up account at online banks, instead of large multi- branch banks.
4. Finding the local bank in area that is taking the biggest steps to support local green initiatives.

Green banking financial products and services

- **Green Deposits:** Banks offer higher rate on commercial deposits, money market accounts, checking accounts and saving account if customers opt to conduct their banking activities online.
- **Green Mortgages:** Banks offer green mortgage with better rates or terms for energy efficient houses. The savings in monthly energy bills can offset the higher

monthly mortgages payments and save money in the long run.

- **Green Loan:** means giving loans to a project or business that is considered environmentally sustainable.
- **Green Credit Cards:** These cards offer an excellent incentive for customers to use their green card for their expensive purchases.
- **Green Reward Checking Account:** Customer can earn higher checking account rates if they meet monthly requirement that might include receiving electronic statement, paying bills online or using debit or checking card.
- **Green Saving Account:** In case of green saving accounts, banks made donations on the basis of savings done by customers'. The more they save, the more the environment benefits in form of contributions or donations done by banks.
- **Mobile banking and online banking:** These new age banking forms include less paper work, less mail, and less travel to branch offices by bank customers, all of which has a positive impact on the environment.

Need and importance of the study

Today environmental sustainability is an important issue and green banking is a step in this regard. Hence, there is a need to study the green banking initiatives taken by the Indian banks. Increasing awareness, living standards and urbanization has led to increase in the changing of preference. There is a fundamental shift in the usage behaviour of customer from traditional ways to modern ways with respond to the services rendered.

Technological innovation in banking services is an opportunity to differentiate nature market. The technological innovation includes ATM, internet banking, mobile banking, etc. These technologies can be used by the customer in an independent way without interaction of an assistant or an employee. Now day's banking automation services is indispensable in order to obtain efficiency to provide basic financial needs.

Scope of the study

In fact the perception and expectation of the customers have undergone a vast change with the availability of retail banking services at their door steps with the help of technology and expects to complete all their banking transactions from a single place.

The study identifies the products and service usage in terms of customer convenience pattern. The reason for choosing this topic is to analysis customer awareness towards usage of different green banking services provided by public and private sector banks and to suggest strategies for using these services in order to make it more competitive and customer friendly. The study will help private and public sector banks to reorient their marketing strategies for better reach among customer in order to complete with it rivalry with technology as its core competence.

Review of literature

Jha & Bhome (2013)^[6], "A study of Green Banking trends in India" *International Monthly Refereed Journal of Research In*

Management & Technology, Vol. 2. In their article conduct a similar survey as stated above to check and thereby create consumer awareness on Green Banking. Conducting interviews and using specially structured questionnaires for survey they state certain steps needed in Green Banking. Online Banking, Green Checking Accounts (ATM, Special Touch Screens), Green loans (low rate to those who wish to buy solar equipment's) for supporting environment friendly residential projects, power saving equipment's, Green Credit Cards, Paper Saving Mobile Banking are among few steps suggested by them. Green Banking will ensure organization's move towards sustainability.

Sharma, Gopal et al. (2014), in their articles entitled "A study the level of consumer awareness of Green Banking initiative in India with special reference to Mumbai". From the primary survey they conducted they find that surprisingly even those people who are using online facilities provided by their banks nearly three fourth of them are unaware of the term Green Banking. They find that among those who are aware of Green Banking term consider it mainly related to online bill payment and cash deposit system. Other Green Banking aspects like Green CDs, solar powered ATM, bonds for environment protection are among few of which consumers are not aware of. They also attempt to analyze the gender based difference in awareness of green initiatives by bank specially E-Statements, Net Banking and Green loans. Using Chi-Square test for hypothesis testing they arrive at a result that both males and females have the same level of awareness with respect to Green Banking. The researcher's state that the major obstacle in Green Banking is the technical issues involved followed by lack of education.

Jaggi (2014), in his studies the initiative by SBI and ICICI on Green Banking. SBI has introduced a Green Channel Counter, no queue banking, enhanced commitment towards achieving carbon neutrality, online money transfer, wind farms. Green Products and Services initiative of ICICI Bank includes in state banking (anytime, anywhere), vehicle finance and home finance. Moreover these banks have taken other steps for energy conservation like duplexing (two side printing), recycling, CFLs, carpool etc.

Nath, Nayak & Goel (2014)^[5], "Green Banking Practices - A Review", Vol. 2 (4), In their study the green rating standard given by RBI, the World Bank's environmental and social norms and the initiative taken by bank in adopting green practices. They also list strategies for adopting Green Banking. Green Rating Standard is known as Green Coin Rating. Under this banks are evaluated on the basis of carbon emissions and amount of recycling activities. World Bank has formed environmental and social norms for financial institution. These norms provide ways to reduce environmental impact. Banks are required to do Environmental Impact Assessment, Annual Reporting and adopt sustainable technology. The researchers study and list the initiative taken in respect of environment by different banks in India. If the Indian banks want to achieve some position in global economy then they have to act as good corporate citizens.

K. Sudhalakshmi and K.M. Chinnadurai (2014), A study on customers awareness on green banking initiatives in selected private sector banks with special reference to Coimbatore

city. *The international journal of business & management, vol.2*, in their study present the status of Indian Banks in respect of Green Banking and state that though goes green mantra is essential for emerging economies like India but significant efforts have not been taken. Banks are required to include their green aspect in the lending principle. Every step taken today will mean a better global environment in future. So a policy measure to promote Green Banking is needed in India. Indian banks are running behind time in adoption of this green phenomenon. Serious steps are required to be taken in this regard.

Ragupathi.M and Sujatha.S (2015), Green banking and Environment sustainability by commercial banks in India, Green banking initiatives of commercial banks in India studied the way to go green through green banking. According to this paper, earlier bank was not aware about the concept green banking. But now a day's banks are playing very important role in environment sustainability program. By the green banking practice people is getting more aware about the global warming and each business man's contributing in environment sustainability to make this earth a better place to live in. Green banking is not only greening the industries but it will also facilitate is not only greening the industries but it will also facilitate in improving the assets quality of the bank in future.

Objectives of the study

1. To assess the green banking customers demographic and socio-economic status and to know about their level of awareness about green banking practices.
2. To analysis the nature of green banking practices adhered by the customers.

Limitation of the study

1. The geographical scope of the study is limited to Tirupur city.
2. The sample size is confined to 30.
3. Selected banks were taken for the study.
4. The respondents were unable to spend much time for filing up the questionnaire.
5. Time was a limiting factor in conducting the study.

Research Methodology

The research methodology used in this study based on primary as well as secondary data. The primary data have been collected to true questionnaire and the secondary data have been collected from websites of various banks and journals related to banking.

Sample size

Sample size is 30.

Sampling Method

General public of the city and sampling units are chosen on

the basis of convenience sampling.

Period of the study

The study has been adopted during the period 3 months.

Tools for analysis

The following statistical tools have been used for the purpose of analyzing data collected.

1. Percentage analysis
2. Henry garret ranking method
3. Weighted average analysis

1. Percentage Analysis

Table 1: Demographic profile of the Respondents

Variables	Parameters	Frequency	Percentage
Gender	Male	14	47
	Female	16	53
	Total	30	100
Age	18-25	19	63
	26-30	10	34
	31-40	-	-
	41-50	-	-
	51-60	1	3
	Total	30	100
Education	Illiterate	-	-
	High school	3	3
	Intermediate	-	-
	Degree	57	57
	Master degree	40	40
	Others	-	-
Occupational status	Total	30	100
	Government employee	3	10
	Private employee	7	24
	Business	8	26
	Student	12	10
	Housewife	-	-
	Others	-	-
Marital status	Total	30	100
	Married	10	33
	Unmarried	20	67

Source: Primary Data

The above table depicts that

- Majority of 53 percent of the respondents are Female.
- Majority of 63 percent of the respondents belong to the age group of 18 years to 25 years.
- Majority of 57 percent of the respondents have completed degree level.
- Majority of 26 percent of the respondents belong to the business category and 24 percent at private employee level.
- Majority of 67 percent of the respondents are unmarried

Table 2: Banking practicing green banking in Tirupur

SI. No.	Name of the bank	No. of the Respondents	Percentage
1	Axis bank	1	3
2	Bank of India	1	3
3	Canara bank	2	7
4	ICIC bank	1	3
5	Indian bank	4	13
6	Karuri Vasaye bank	2	7
7	Lakshmi vilas bank	1	3
8	State bank of India (SBI groups)	16	53
9	Vijaya bank	2	7
	Total bank	30	100

Source: Primary Data

Majority of the respondents 53 percent have been associated with state bank of India includes SBI groups and least is axis bank, bank of India, ICIC bank, Lakshmi Vilas bank with 3 percent.

Table 3: Category of the banks consider as most technologically advanced

Technological advanced	No. of the Respondents	Percentage
Public sector bank	23	77
Private sector bank	7	23

Source: primary data

Majority of the respondent 77 percent opined that public sector banks are most technological advanced public sectors (includes SBI) with respect to green banking and 23 percent of the respondents are using private sector banks

2. Henry garret ranking

To find out the most significant factor which influences the

respondent, Garrett’s ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcome of such ranking has been converted into score value with the help of the following formula:

$$\text{Percentage Position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Table 4(a): From Henry garret table given below find Garret value for each percent position value

Rank	100(R _{ij} -0.5)/7	Percent position value	Garret value
A	100(1-0.5)/7	7	99
B	100(2-0.5)/7	21	93
C	100(3-0.5)/7	36	76
D	100(4-0.5)/7	50	50
E	100(5-0.5)/7	64	24
F	100(6-0.5)/7	79	7
G	100(7-0.5)/7	93	0.97

Table 4(b): Calculated Garret value

Factors	1*7	2*21	3*36	4*50	5*64	6*79	7*93	Total
F1	21	42	108	300	320	474	651	1916
F2	21	168	252	200	256	553	279	1750
F3	35	84	72	250	448	79	558	1526
F4	28	63	216	100	64	553	651	1675
F5	42	84	108	100	256	158	744	1492
F6	14	63	180	250	384	790	93	1774
F7	63	63	180	500	64	79	93	1042

Table 4(c): Each total score divided by the total number of respondents. In this case 30 respondents

Factor	Garret Total value	Average score	Rank	
Reputation of the bank	1916	1916/100	19.16	I
Quality of service	1750	1750/100	17.5	III
Technology adopted	1526	1526/100	15.26	V
Trust with bank	1675	1675/100	16.75	IV
Location	1492	1492/100	14.92	VI
Category of the bank	1774	1774/100	17.74	II
Customer friendly service	1042	1042/100	10.42	VII

Source: primary data

It has been observed from the table majority of the respondent most important to reputation of the bank first rank with average garret score 19.16 followed by the second rank category of the bank and quality of services with average

garret score 17.74 and 17.5 respectively.

3. Weighted average analysis

The statistical tool is used clearly depict the features which

awareness level of primary intention. The number of rank obtained by each factor was first totaled; average were calculated by mean value the ranks were assigned.

Mean in which each item being averaged is multiplied by a number weight based on the items relative importance. The result is summed and the total is divided by the sum of the weights, weighted averages are used extensively in descriptive

statistical analysis such as index numbers, also called weighted mean.

Important factors influencing the respondents to prefer their bank

In order to analysis level of respondents toward green products and services the weighted average analysis.

Table 5: Primary Intention of green banking

Awareness	Very High	High	Moderate	Low	Very low	Total	Mean
Paper less banking	13	11	5	0	1	30	4.16
Score	65	44	15	0	1	125	
Energy consciousness	1	9	11	6	3	30	2.96
Score	5	36	33	12	3	89	
Using mass transportation system	1	9	14	5	1	30	3.1
Score	5	36	42	10	1	94	
Green building	1	11	7	10	1	30	0.32
Score	5	44	21	20	1	91	
Go online	8	14	5	1	2	30	2.86
Score	40	28	15	2	1	86	
Environment friendly	6	7	13	4	-	30	3.5
Score	30	28	39	8	-	105	
Usage of alternative energy	1	5	10	5	9	30	5.1
Score	5	25	30	10	9	153	

Sources: Primary data

The above table indicate that most of the respondents (5.1) of mean value highly aware of usage of alternative energy. They have less awareness about mean value (0.32) green building specialties.

Findings

- Majority of 67 percent of the respondents unmarried.
- Majority of the respondents 53 percent have been associated with state bank of India includes SBI groups and least is axis bank, bank of India, ICIC bank, Lakshmi Vilas bank with 3 percent.
- Majority respondent 77 percent opined that public sector banks are most technological advanced public sectors (includes SBI) with respect to green banking.
- Most of the respondents (5.1) of mean value highly aware of usage of alternative energy. They have less awareness about mean value (0.32) green banking specialties.

Suggestions

For Bankers

- Communication through press
- Construct websites and spread the news.
- Impart educational through E- learning programmers.
- Making green banking as part of annual environment report.
- 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 project.

For Customers

- To follow the restriction provided by the banks while using the green banking.
- Personal identification Number (PIN) password to be kept secret.
- Polices to bring illiterate people under the scope.

Conclusion

India’s growth account and obligation to cut its carbon intensity by 20-25 percent from 2005 levels by 2020 provides tremendous opportunities for Indian banks from funding sustainable projects to offering innovative products and service in the areas of green banking. Initially, these commitments to environmental and social guidelines will cause a huge financial burden for Indian banks. For effective green banking, the RBI and the Indian government should play a proactive role and formulate a green policy guidelines and financial incentives. The survival of the banking industry is inversely proportional to the level of global warming. Therefore, for sustainable banking, Indian bank should adopt green banking as a business model without any additional postponement.

This concept of “Green Banking” will be mutually beneficial to the banks, industries and the economy. Not only “Green Banking” will ensure the greening of the industries but it will also facilitate in improving the asset quality of banks in future.

References

1. Biswas N. Sustainable green banking approach: The need of the Hour Business Spectrum. 2011; 1(1):32-38.
2. Sharma K, Gopal. A Study on customer awareness on

- green banking initiatives in selected public and private sector banks with special refence to Mumbai.
3. TRANS Asian Research journals, 2014; 3(1).ISSN: 2279-0667.
 4. Kothari CR. Research methodology methods and Techniques, 2004.
 5. Nath, Nayak, Goel. Green banking Practices- A Reviwe, 2014, 2.
 6. Dr. Jha Nishikant. A Study of green banking trends in India. International Monthly Referred journal of research in management & technology, 2013; 2:127-132.
 7. Green banking, IDBRT, 2013.