



Research Paper

A Study on Green Banking Initiatives – A Special Reference to Innovative Strategies of Indian Banking Sector

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Abstract

In recent years, innovation for banking sector more attention to green banking initiatives. The significant influence on environmental friendly concept in banking sectors, the banking sector launching green banking system in India. The Indian banking sector provide the green banking services and awareness of customers, how to measures in the innovative strategies with level of intensity of green banking initiatives. The objectives of this paper are explore the green banking initiatives in Indian banking sector. To develop the instrumental to measures the green banking services and practices in the customers. The Indian banking sector are both private and public sector banks measures in the green banking services and an instrument use for develop to measures green banking initiatives. This study find out measures awareness of green banking initiatives in customers and developmental instrument use of green banking initiatives. It reliable and valid instrument in measuring green banking initiatives from the customers awareness and perception in the Indian banking sector.

Keywords: innovative strategies, green banking initiatives, customer awareness, customer perception, factors of developmental instruments, etc.,

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I. Introduction

Banks play a very crucial role in the economic development of nations. A strong banking sector is needed for the creation of jobs, generation of wealth, and eradication of poverty, entrepreneurial activity, and overall prosperity of the country. Banking sector is one of the major sources of financing to the many industries and businesses. This financing role of banks creates huge responsibility and accountability to the banks because, this may indirectly lead to environmental pollution if banks fail to exercise strong verification measures regarding the negative environmental impacts of those industries and businesses prior to financing. Encouraging environmentally accountable investments and lending must be the prime responsibilities of banks (Thombre, 2011).

Green banking means promoting environmental friendly practices and reducing carbon footprint from banking activities (Schultz, 2010). This comes in many forms such as using online banking instead of branch banking, paying bills online instead of mailing them, purchasing green mortgage, and opening up of CDs, green credit cards and money market accounts at online banks instead of large multi-branch banks. According to Indian Banks Association (2014), Green Bank is like a normal bank, which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also known as ethical bank or sustainable bank. Green banking is critical to determine the sustainability of the banks. Apparently, there are lacunas in empirical studies undertaken in Sri Lanka context regarding green banking practices and how to measure the level of intensity of green banking. In order to fulfill these gaps, this study was conducted as an exploratory research by exploring green banking practices in Sri Lanka and initiation to develop an instrument that can be utilized to measure the level of green banking. Hence, the objectives of this

paper are to explore the green banking practices in Sri Lanka and to develop an instrument to measure the green banking concept/practices.

II. Review Of Literature

Aliyar Lebbe Mohamed Abdul Shameem and Athambawa Haleem (2021), in their paper entitled on “**A Study on Green Banking Practices in Banking Industry: Sri Lanka Context**” dealt to investigation is to determine the multidisciplinary factors that impact on green banking practices in the banking industry in study area. They have presented that establishing relevant variables to measure the economic factors, management support, customer pressure, competitor pressure, environmental concern and it extend of impact on practices of green banking. It is becoming an important norm for commercial banks to adopt green banking practices and policies as it has strong relevance to the sustainability of the firm in the long term from a legal and shareholder perspective. Finally, they conclude that green banking practices not only contributes to a sustainable environment it also helps to build a strong brand image and attract environmentally conscious customers. Importance of green banking is growing across the banking sector and regulators are coming up with new policies which are forcing the banks to adapt to the trend and avoid any financial penalties.

Neeraja and Raji Joseph (2021), in this paper entitled on “**Green Initiatives of SBI: A Customer – Centric Study**” in his study analyses the concept of green banking from the side of customers. The awareness level of customers regarding various green product is looked into. An in-depth analysis of the benefits and satisfaction of green banking is also done from the perspective of customers. In addition, Banks plays a significant role in increasing the environmental protection. For the protection of environment banks adopted the concept of sustainable banking. Finally, concludes that inferring that customers’ awareness on the concept of green banking is good. But in-depth analysis of the awareness on individual green banking products offered by the bank showed that respondents are aware of mobile and online banking. The level of awareness for green deposits, green CDs and green rewards are very poor. SBI should not just confine their responsibility towards launching green banking products, but measures should be adopted to improve the awareness of such products among the customers.

Sumreen Jafar and Beenish Malik, et. al., (2021), in their paper entitled on “**Green Banking Prospects in Pakistan: A Systematic Literature Review**” stated that green banking impact on sustainability, explore the dimensions of green banking and also to study the prospects of green banking in study area. They highlights that investigate whether or not green banking could make an impact on sustainable development for banks wishing to recapture their customers and their lost pride by going green. Pakistani banks being a socially responsible corporate citizen have a major responsibility and role to supplement and support efforts of government to successfully implement green banking concept in Pakistan to substantially reduce carbon emission. Banks should finance pollution reducing projects and green technology to reduce external carbon emission. They have concluded that the challenge for is whether green banking concept can be successfully implemented in Pakistan or not because this country has already been facing energy crisis and by reducing carbon footprints there will be more reliance on electronic transactions which may increase the use of energy.

III. Objectives of the Study

- ✓ To know the innovative strategies in green banking services at Indian banking sector
- ✓ To analyse the perception and awareness of green banking initiatives in customers
- ✓ To know factors influence for develop the instrument in green banking services

IV. Research Methodology

This study for descriptive study. The sampling method for convenience sampling method. This study based on primary data were collected mainly questionnaire method in 300 customers both public sector and private sector banks. The secondary data were collected from bank websites, research articles, books and etc.,

V. Discussion and Results

1. Customer aware of innovative strategies for green banking initiatives

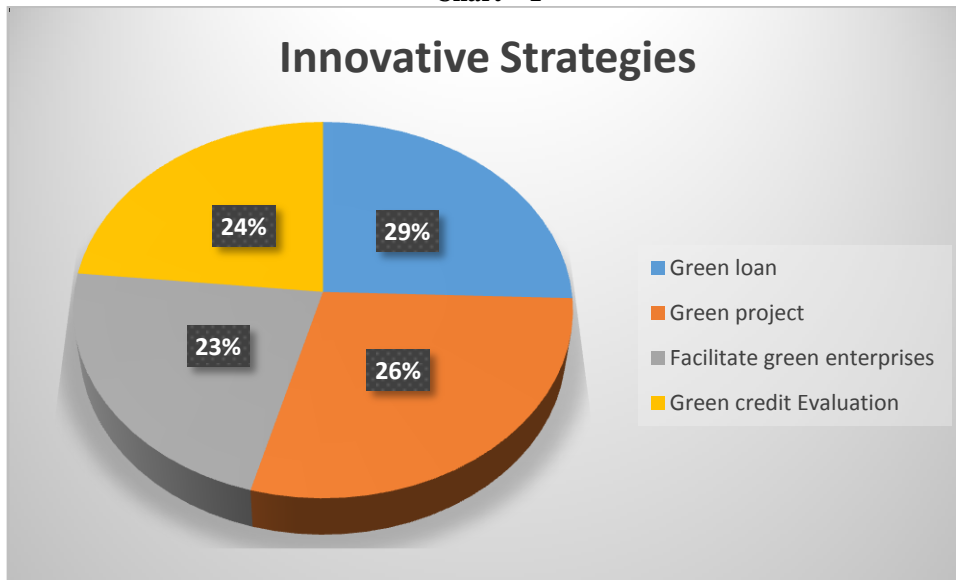
The table for customer aware for green banking initiatives form the innovative strategies in the Indian banking sector. The customers aware for strategies in the practices

Table – 1

Innovative Strategies	No. of Respondents	Percentage
Green loan	87	29%
Green project	78	26%
Facilitate green enterprises	69	23%
Green credit Evaluation	72	24%
Total	300	100%

Sources: Primary Data

Chart – 1



2. Customers preferred for banking sector in green banking initiatives

The green banking services are usage of the customer's Indian banking sector. The following use often in green banking services given below table 2.

Table – 2

Category of banking sector	No. of respondent	Percentage
Public sector bank	117	39%
Private sector bank	141	47%
Both	42	14%
Total	300	100 %

Sources: Primary Data

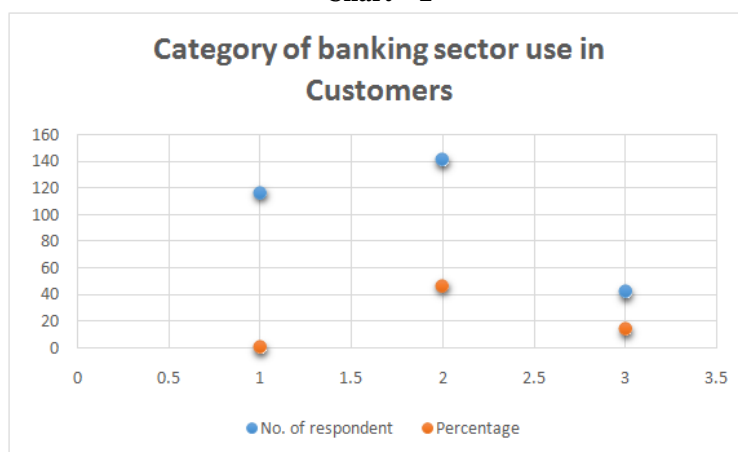
The above table shows the category of banking sector preferred the respondents. The green banking services usage the customers divided the three categories. They are: public sector, private sector and both.

Among the 300 respondents, 117 of the respondents are preferred the banking sector of public sector, 141 of the respondents are preferred the banking sector of private sector bank and 42 of the respondents are preferred the banking sector of both in public and private sector bank.

It is derived, 39 % of the respondents are preferred the banking sector of public sector, 47 % of the respondents are preferred the banking sector of private sector bank and 14 % of the respondents are preferred the banking sector of both in public and private sector bank.

It is inferred that the majority of the respondents 47 (47 %) are have preferred the Banking sector of private sector banks.

Chart – 2



3. Customer Perception and awareness of green banking initiatives

The greenbanking services are Indian banking sector at customer perception in this study. The following customer perception towards green banking initiatives and innovative strategies at find out the weight average methods are given below table 3.

Table 3
CUSTOMER PERCEPTION AND AWARENESS GREEN BANKING INITIATIVES OF INNOVATIVE STRATEGIES

S.No	Statement	Total	Mean score	Rank
1	Green banking services is less costly than other banking services (branch, ATM, mobile banking and internet banking)	104	2.08	13
2	Green transaction procedures are simple and straightforward	124	2.48	9
3	Green banking transaction are complex	133	2.66	6
4	Innovative strategies is easy services	106	2.12	12
5	I am awareness with internet banking	109	2.18	11
6	Banks give enough information about the internet banking services	122	2.44	10
7	I have information about green banking transaction	132	2.64	7
8	Bank offer should be in front of me during the process	146	2.92	1
9	My personal data is protected during the process	142	2.84	4
10	Green banking is more effective than branch banking about time saving	131	2.62	8
11	Innovative strategies convenient because it eliminates the risk of carrying cash	135	2.7	5
12	Websites are safe that offer green banking services	143	2.86	3
13	If any problem about green banking service, banks provide support	144	2.88	2

Sources: Primary Data

The researcher makes an analysis of **Table 3** researcher finds the overall rank for customer perception and awareness towards green banking services. **First rank** is given to the bank offer should be in front of me during the process with the total mean **2.92**, Then the **second rank** is scored by if any problem about green banking services, banks provide support with the total mean **2.88**, Then the **third rank** is given to the websites are safe that offer green banking services with the total mean **2.86**, Then the **fourth rank** is scored by my personal data is protected during the process with the total mean **2.84**, Then the **fifth rank** is given to innovative strategies of convenient because it eliminates the risk of carrying cash with total mean **2.7** and other factors calculated customer perception and awareness of green banking calculated with the help of weighted average tool.

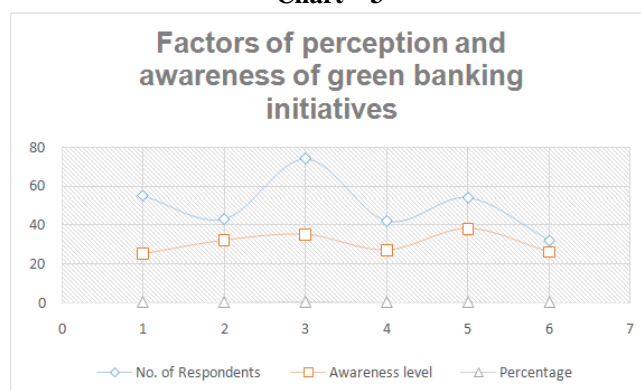
4. Factors of Innovative strategies and Development of Green banking initiatives

Table - 4

Factors	No. of Respondents	Awareness level	Percentage
Green banking – General	55	25	18%
Green banking – lending	43	32	14%
Green banking – services	74	35	25%
Green Transactions	42	27	14%
Knowledge about green banking	54	38	18%
Green money	32	26	11%
Total	300	183/300	100%

Sources: Primary Data

Chart – 3



The customer perception and awareness of green banking initiatives are moving towards green banking general and green banking services through that awareness programmes and press media awareness related clips, etc.,

VI. Findings and Suggestions

- ✓ Green banking initiatives, as the name denote it, avoided unnecessary paperwork which means less cutting of trees, and to support this, Indian banking sector.
- ✓ Green banking, at the E – Statement will be generating to update the customer’s accounts through email instead of printing it.
- ✓ Green banking initiatives are innovative strategies more importance to environmentally friendly factors like ecological gains, thus, interest on the loan is comparatively less.

Suggestions

The term green banking is now popular worldwide now-a-days. It is for stopping the environmental degradation and making this planet habitable. The concept of green banking developed in the western countries, which has been replicated by many developing countries. We all know that the people of the whole world are concerned about the environmental degradation, especially the rising of global temperature and thereby melting of glaciers and ice-berg in the polar region and consequently rising of sea level, which will directly affect the low lying countries of the world.

Banks must adopt a strategic plan to perform green activities on long term basis as well as short term basis. Government should outline a broad guideline of green banking for environmental protection, conservation of biodiversity. Reserve Bank of India has a greater role in shaping up a concrete guideline for green banking practices and each banks and financial institutions can formulate a strategy and guideline for green banking. A green banker must be cautious about wastage and waste management. The banks should try to control the wastage of resources like water, gas, electricity, paper, foods, etc. For example, if we draft letters on a computer rather than in paper, it will save millions of paper as well as thousands of trees that provide raw materials for paper production. Similarly, when we select a location of the branch of a bank with sufficient access to light and air, it will save huge electricity and create a healthy environment.

VII. Conclusion

Now when our environment fights us back and there is an urgent need to create awareness and follow green banking in today’s business world of innovative technologies so as to make our environment human friendly. We are forced to rethink and improve our ways of living to become more eco-friendly. A new trend hence was given birth in our endeavor to become eco-friendly which many define as ‘being green’. Green banking if implemented sincerely opens up new markets and avenues for product differentiation. The banks should play a pro-active role to take environmental and ecological aspects as part of their lending principle which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. As green bank has rapidly expanded its operations, the challenge for its leadership has been on managing this growth successfully and prudently.

The Indian banking sector provides one of the most climate change helpless countries to change climate in the world. From the overall discussion, it can be said that green banking practices in India are not at a satisfactory level. According to global development and response to the global warming, Green banking plays important roles. Government as well as every bank should take initiatives in respect of green banking practices for protecting our environment.

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