

# A Study on Green Banking Initiatives in Selected Private Sector Banks with Reference to Bangalore city

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***Abstract: In this present scenario of globalization, as we pass through 21st century, one thing that we miss very badly is the depletion of greenery. As everybody in this society is becoming more and more concerned and worried about the natural environment, business organizations and corporations have started modifying their working in an attempt to increase greenery to the maximum possible. Green banking means combining operational improvements, technology and changing client habits in banking business. It means promoting environmental-friendly practices. This comes in many forms such as – using online banking instead of branch banking; paying bills online instead of mailing them; opening up CDs and money market accounts at online banks, instead of large multi-branch banks; or finding the local bank in the area that is taking the biggest steps to support local green initiatives. It is also known as ethical bank or sustainable bank. Banks should promote those products, process and technology which substantially reduce the carbon footprint from the environment.***

***Keywords: Green Banking Technology, Customer Awareness, Eco-Consciousness, Ethical Banking***

## 1. INTRODUCTION

Sustainability is always based on environment. Environment protection is one of the obligations of every citizens, business firms, etc. Environmentalism is a key philosophy regarding concerns for environmental conservation and improvement of the state of the environment. An enterprise that has minimal negative impact on the global or local environment, community, society, or economy is called a sustainable business or green business. Environmental protection is one of the important duties of any business organization. As a responsible financial organization of our country banks plays an important role in addressing the environmental issues both in terms of obligation and opportunities by virtue as a responsible corporate citizen and a financier. Green banking is like a normal banking system which consider all the social and environmental factors so it is also called ethical banks. These banks are started with the aim of protecting the environment. Green banking system always tries to change the client's usual banking habit. In a

rapidly changing market economy where globalization of markets has intensified the competition, the industries are vulnerable to stringent public policies, severe lawsuits or consumer boycotts. The most important themes of the 21st century are the green safety and sustainable ecological balance. To avoid falling into the similar trap, the impulse of 'going green' is running faster than blood in Indian incorporations veins. Sustainable development and preservation of the environment are now recognized globally as a serious issue to protect the planet from the destruction by mankind. Therefore, society demands that business should take responsibility for safeguarding the environment and society. From IT giants to luxurious hotels, from automobiles to aviation, from mutual funds to banks, corporate India is moving fanatically ahead with green initiatives. Every state and commercial bank is trying to be the third generation banks with their strategies like green banking. Green banking is not only a CSR activity of an organization but also it is about making the society livable without any considerable damage. It involves endorsing and embedding environmental and social responsibility but providing excellent banking services. In this context, the present study focuses its main attention on the customers' perception towards green banking practices of the selected Private Sector Banks in Bangalore city.

### **Review of Literature**

Debasish (2015) stated that banks which adopted socially and environmentally responsible lending and investing were altering their processes of bond underwriting, investment banking and corporate lending. These banks were enjoying a competitive advantage over others as society is aware about the environmental issues. The author suggested that banks should adopt the green lending principles in such a way that a customer base will not be affected. The author said credibility comes from having high standards. He concluded that environmental management in the banking sector is like risk management because it reduces the credit risk, improves the asset quality and increases the enterprise value.

Kumar (2018) studied the monetary and credit policies of Bangladesh Bank towards attaining broader financial enclosure. Bangladesh Bank is carry forwarding with technology driven, innovative, environment and low cost banking approach; conveying a qualitative change in banking, application of advanced banking technology, and use of information and communication technology to extend financial services to the door step of common people. To ensure access to financial services for all, various initiatives have been taken like trade finance; digitalization of the financial sector, channeling liquidity into productive and supply augmenting investments including agriculture, SMEs, green banking and CSR activities; expected to inclusive growth and therefore lessen poverty; required for pushing the country on course to the targeted vision of digital Bangladesh by 2021. If Indian banks desire to enter global markets, it is important that they recognize their environmental and social responsibilities. Recognizing the warning of global warming the State bank of India has initiated urgent measures to combat the climate change by reducing the bank's own carbon footprint and sensitizing the bank's clients to adopt low carbon emission practices (Mukund N., 2021). Aryan (2021) in their paper entitled Green Banking: An Overview studied, how bank can go greener. According to study banking industries and financial institution plays a very important role in the growth of an earth. Green banking saves the energy and environment both. Now a day's many bank offering green product

like ATM, Green credit cards, green CDs, electronic fund transfer, use of solar and wind energy etc. but still it's not completed. We have to make more efforts so we can save environment and green banking is one of the best way to start this. Rajesh (2020) in her research entitled Banking with Technology- Green Banking studied the various technology used by the banking industries to make the environment green. According to study bank should provide basic + premium internet banking product such as opening bank account, Demat holding, standing instruction, investment etc. This Study suggests that bank should conduct seminar and conference to educate the public regarding the uses of internet banking as well as security issue. She suggests "Virtual Banking" where customer can't deal in cash to those branches which are far from the main branch.

### Objectives of the Study

To identify the various initiative taken toward green banking and environment sustainability by Private Sector Banks.

To conduct SWOC analysis of green banking practices of the Private Sector Banks.

To examine green banking among the private sector Banks.

## 2. METHODOLOGY

This study was an exploratory type of research because it was undertaken in order to identify and explore the green banking practices of selected private sector banks in Bangalore. In order to achieve the objective of this study, secondary data were collected mainly from the published annual reports of the selected four private sector banks for the last two years (2021 and 2022). This study only considered four (Namely Axis, ICICI, HDFC & INDUS IND) private sector banks in Bangalore as its sample because, these are the only banks currently involved in practicing green banking concept in certain levels. For the study purpose 50 random samples was collected from the customers. Therefore, this exploratory study did not consider the other banks in considering the scope and objective of this study. The collected data were analyzed by using systematic content analysis. The types and number of green banking practices were identified and counted respectively from the collected data through content analysis. The main theme or content of this exploration was the 'green banking practice'

### Hypothesis

H0 = There is no significant awareness among the customer awareness towards green banking.

### Data Analysis and Interpretation

Table 1: Socio Economic Profile of the Respondents

Variables	Parameters	Frequency	Percentage
Gender	Male	37	74
	Female	13	26
	<b>Total</b>	<b>50</b>	<b>100</b>
	18-25	09	18
	26-50	24	48

Age	51-60	09	18
	61-70	08	16
	<b>Total</b>	<b>50</b>	<b>100</b>
Education Level	Illiterate	-	-
	High School	05	10
	Degree	21	42
	Post Graduate	14	28
	Others	10	20
	<b>Total</b>	<b>50</b>	<b>100</b>
Occupational Status	Government Employee	13	26
	Private Employee	15	30
	Business	13	26
	Student	08	16
	House wife	01	02
	Others	-	-
	<b>Total</b>	<b>50</b>	<b>100</b>
Marital Status	Married	23	46
	Unmarried	27	54
	<b>Total</b>	<b>50</b>	<b>100</b>

Source: Computed by author

The perception towards complying with environmentally safe norms and standards is changing over time. People are gradually becoming more conscious about environmental issues. Environmental friendly technologies also make economic sense for the banking industry. Today it is believed that adopting environmentally sustainable banking saves costs and time, minimizes the risk, enhances the reputation of banks and contributes to the common good of environmental sustainability. In this context, an attempt has been made to find out the relationship among the awareness level of the respondents belonging to different demographic profiles towards green banking products of the select commercial banks.

Table 2: Age and Awareness towards Green Banking Products

Age	No .of Respondents	Mean	Deviation	Co-Variation
Upto 30	5	59.45	4.09	6.88
31-40	32	59.30	4.12	6.95
41-50	10	60.30	4.39	7.33
Above 50	3	50.30	4.68	7.76
Overall	50	59.82	4.38	7.32

#### Relationship between Age and Awareness

Source of Variation Sum of Square Df Mean Squares F value Table Value Result

Between groups	83.986	3	27.995	1.460	2.619	Not
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			significant
Within groups	11905.944	621	19.172
Total	11989.930	624	

The calculated F value is (1.460) less than the table value (2.619) at 5 per cent level of significance. The test is not significant. This indicates that no significant relationship is found among the awareness levels of the respondents of different age groups towards green banking products. Therefore, the null hypothesis is (Ho<sub>2</sub>) accepted. The average awareness score of the respondents in the age group 31-40 are is high (60.30), followed by the age group 41-50 years (59.89), and it is least among the respondents in the age group is upto 30 years. For that reason, the respondents in the age group 31-40 years have more awareness towards green banking products.

### 3. CONCLUSION

Private sector banks are actively undertaken a multiplicity of green banking practices. Primarily, banks are creating awareness about environmental issues through green banking among bank staff, customer and mass people. For effective adoption of green banking, the RBI and the Indian government should be play a major role and formulate green policy guidelines and financial incentive. The 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. Green banking offers more than just monetary benefits to the banks, the intangible benefits include reputation, increased customer base, positive effects on the environment, and simplicity of bank processes. Green banking requires a paradigmatic change in thinking about economics, business and finance. As far as green banking in concerned, Indian banks are running behind time and it is the need of the hour to think it seriously for the sustainable growth of the nation.

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