

## Green Banking-An Impetus In Banking Sector

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### Abstract

The paper is related to one of the developments taken place in the electronic communication and technology. My study is related to the customer's contentment level towards Green banking. The study analyses the feasibility of Green banking to all people like a normal banking. In today's world everyone is busy in their works so, they like to adopt the new technologies which make their activities/transactions quicker and easier. The main motive of introducing Green Banking is to avoid paper work as much as possible and do the transactions through electronic devices. Everyone is in an opinion that Green Banking is only to protect plants but it is not so, Green banking is to protect the Earth's environment/habitats/resources. Green banking provides number of facilities like online shopping through debit cards and credit cards, online transfer of funds, online bill payments which reaches the psychological needs of the customers. I have taken a sample of 100 at all levels of people on random bases.

**KEY WORDS: Green banking, Electronic communication, online shopping, Contentment, Psychological need**

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### 1. Introduction

#### What is Green banking?

Green Banking defined as promoting environmental-friendly practices and reducing your carbon footprint from your banking activities. The word Green gives some pleasant atmosphere in the minds of people, in the same way green banking was introduced to reduce the carbon footprint by environmentally-friendly practices. Green banking provides services to all levels like industries, students, employees, etc. Green generally Green banking coverage includes: Sustainable banking, Ethical banking, Green mortgages, Green loans, Green Credit Cards, Online Shopping through Debit Cards & Credit Cards, Green Savings Accounts, Green Checking Accounts, Green Money Market Accounts, getting the bank statements through e-mail Mobile Banking, Online Banking, Remote Deposit, Waste Management, Roof Gardening, and Green Financing. The Green Banking concept is evolved in western countries and now is practiced in most of the countries in the world. The main

objective of green Banking is to ensure the use of organizational resources in favor of the environment and society. Green banking as a concept is proactive and smart way of thinking with a vision for future sustainability of our only Spaceship earth. (**Richard Buckminster Fuller, 16 November 2012**).

**Green banking product coverage includes:**

- ✓ Green mortgage
- ✓ Green loans
- ✓ Green saving account
- ✓ Green checking account
- ✓ Green CD'S
- ✓ Green money market account
- ✓ Mobile banking
- ✓ Online banking
- ✓ Remote deposit

**Banking and Sustainability**

Banks play a prominent role in the development of the economy. In today's competent world every industry is trying to sustain in the market. The process of sustainable development involves all sectors in the economy – Government, NGOs, Corporates, citizens and financial sector. Banking is often associated with formal and rigid approaches and the sector generally perceives itself as environmentally neutral. There is a need for continuously changing environment in banking sector operations. Although banks themselves are generally environment friendly and do not impact the environment much through their own 'internal' operations, in view of the relationship between the banking sector and the firms who are users of banks' products, the 'external' impact on the environment through these entities is substantial.

Banks that are serious about sustainable development in framework of principles, policies related to investment funds, loans and other facilities to glee and attract the customers which includes the industries, individuals, shareholders, government, etc.

**2. Need for Green Banking:**

The broad objective of the green banks are avoiding paper work and giving priority to environment and society. Focusing on environment-friendly initiatives by providing innovative financial and ensure sustainable development.

- Using the Organizational resources effectively and responsibly
- To minimize the paper work as much as possible and reduce carbon footprint.
- To compete with the market
- To achieve cost and time efficiency

### 3. Review of literature

Green Banking is a process of reducing the Usage of paper and increasing the usage of Technology in the banking process. Now a day most of the Green banking practices are welcomed by the Indian consumers. But in the past there was a fear among the people regarding the usage of green banking practices the main problem with the green banking is the quality of operators used in the banks. If the operators are trained properly then the success of green banking is guaranteed. So it is not the problem with the technology but the problem with the operator many old generation people don't like green banking because they fear that a small churn will result in great financial loss. But now the convenience made the common man to believe in green banking. Green banking practices reduces the queuing lines and delaying money transfers. You can sit in your phone and a provision for banking is possible to you. This green banking has resulted in covering the untapped rural markets also. In this globalised world green banking is an innovative initiative. Still number of awareness programs have to be conducted to increase the awareness of green banking practices. The main purpose of the awareness programs is to drive away all the fears regarding the green banking practices. When we compared to the rest of the world, we can clearly say that these green banking practices are less in India. The reason is because large number of people living in India is uneducated. So the government should take steps in order to increase the pace of green banking practices. In our study we have come across both the educated and uneducated people. We found that the green banking practices have a huge potentiality in the distant future the only problem is with the awareness regarding these programs. Green banking 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 called as an ethical bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda toward taking care of the Earth's environment/habitats/resources. Basically Ethical (Green) banking avoids as much paper work as possible and rely on online/electronic transactions for processing so that you get green credit cards and green mortgages. Less paperwork means less cutting of trees. Creating awareness to business people about environmental and social responsibility enabling them to do a environmental friendly business practice. Green (Ethical) banks adopt and implement environmental standards for lending, which is really a proactive idea that would enable eco-friendly business practices which would benefit our future generations. When you are awarded with a loan, the interest of that loan is comparatively less with normal banks because ethical banks give more importance to environmental friendly factors - ecological gains. Natural resources conservation is also one of the underlying principles in a green bank while assessing capital/operating loans to extracting/industrial business sector. Green Banking as a concept is a proactive and smart way of thinking with a vision for future sustainability of our only Spaceship Earth - as design science explorer Richard Buckminster Fuller called our Earth. Though, even today in the New York Times, an article on the success/failure of green banking in US has been analyzed for green banking is making progress though its profit margins are far below than the other commercial banks. Our SBI in India has also gone with an operational segment of green banking. Green banking requires a paradigmatic change in thinking about economics, business and finance. Its success would be greater if the world governments started to revise their economic paradigms from being 'monetary economics' to

'ecological economics' and begin to transform their accounting principles from purely being financial into ecological/operational energy accounting patterns.

The review of literature includes the opinion on green banking concept by different researchers and authors are as follows:

**Suresh Chandra Bihari (2011)** elucidated and emphasized that Green Banking includes promoting corporate social responsibility (CSR). It starts with the aim of protecting the environment where banks consider before financing a project whether it is environment friendly and has any implications for the future. A company will be given a loan only when all the environmental safety standards are followed. Green Banking can be efficiently implemented through the use of technology and policy.

**Alice Mani (2011)** indicated that as Socially Responsible Corporate Citizens (SRCC), banks have a major role and responsibility in enhancement of governmental efforts towards substantial reduction in carbon emission. Banks can practices and initiatives of Green Banking for sustainable development. The author examined and compared the green lending policies by banks in India in the light of their compliance and commitment to environment protection and environment friendly projects.

**Devendra Prasad** General Manager (Network-II), in his article (THE HINDU MAY 2011) said that State Bank of India (SBI) will introduce “green-channel banking” at more of its branches to promote paperless work and to facilitate faster transactions for customers. All major transactions, including withdrawals, deposits and remittances up to Rs 40,000/- will be made through green-channel banking, which was introduced at 26 out of 680 branches of the bank in the first phase,

From the customers' point of view, **Aladwani, (2001)** found that electronic banking provide faster, easier and more reliable services to customers. However, customers are still hesitant to use electronic banking services, because they are concerned with security issues, and they may do not have sufficient ability to deal with the applications of electronic banking (**Ayrga, 2011**).

#### **4. Objectives:**

- 1) To study the customer satisfaction level on Green Banking.
- 2) To study the services provided through Green Banking.
- 3) To study the measures undertaken by banks to overcome the problems in Green Banking.
- 4) To assess the factors influence the society to choose Green Banking.

#### **5. Methodology**

The methodology adopted for justifying the research work includes primary and secondary data. A series of questionnaire was distributed to various levels of people which included employees, students, business people etc., and through a direct interaction with them. The sample size taken was 100. The remaining secondary information was collected from newspapers, magazines, journals and various websites.

## 6. Data analysis:

### 1. Factors influenced to choose Green banking

Factors influenced to choose Green Banking	Number of Respondents	Percentage
Busy work schedule	45	45
Easier and quicker activity	40	40
Distance	5	5
Others	10	10
TOTAL	100	100

### 2. Modes of transactions you choose In Green banking

Modes of transactions you choose in green banking	Number of respondents	Percentage
Debit Cards	15	15
Credit Cards	20	20
Internet banking	35	35
Mobile Banking & Debit Card	30	30
TOTAL	100	100

### 3. Level of satisfaction in Green Banking

Level of satisfaction in green banking	Number of respondents	Percentage
Satisfied	75	75
Dissatisfied	10	10
Neutral	15	15
TOTAL	100	100

### 4. Difficulties in Green Banking

Problems faced in Green Banking	Number of Respondents	Percentage
Wrong transfer	10	10
Server busy	70	70
Not updating the transactions in time	20	20
TOTAL	100	100

5. Ability to solve the problems in time related to Green Banking.

Able to solve the problems in time	Number of respondents	Percentage
Yes	85	85
No	15	15
TOTAL	100	100

6. Opinion of the customers regarding the service provided by Green Banking.

Opinion of customers regarding Services provided by Green Banking	Number of respondents	Percentage
Excellent	69	69
Good	25	25
Average	5	5
Poor	1	1
TOTAL	100	100

7. Findings:

- 1) Out of the Survey conducted for about 100 respondents it was found that 45 (45 per cent) of the respondents say that they are busy with tight work scheduled behalf of the level of employment. Now a day's every organization/industry is implementing the corporate timing. Every employee is trying to sustain in the job while 5 (5 per cent) respondents says that distance is the factors from bank to home/organization whereas 10 (10 per cent of the total) respondents says that other factors, but the remaining 40 (40 per cent) respondents believe that the easy and quick transactions takes place by the green banking through internet.
- 2) Most of the respondents who have direct transactions & less transactions are preferring debit and mobile banking options to know the withdraws and deposits for their security. Internet banking option is preferred mostly by the employee who is earning more than Rs. 25000/- incomes, having more transactions related to payments or transfer of funds prefer internet banking. Credit Cards are preferred by industrialists and employees who earn more than Rs. 50000/-. Overall each and every option is having its own importance basing on the need and income level of the respondent.
- 3) Overall 75 (75 per cent) of the respondents are satisfied with Green Banking facility because it makes all the banking transactions easier and prompt whereas 15 (15 per cent) of the respondents are neutral due to lack of knowledge on Green Banking options utilities. The remaining 10 (10 per cent) of the respondents are not satisfied because they are not interested since they are risk averter.
- 4) The study also reveals that a maximum of 70 (70 per cent) of the respondents are facing problem with green banking like server problem and delay in transactions while 10 (10 per cent) of the respondents don't have knowledge related to Green

Mortgage, Green Loans, Green Money Market Account Opening, how to buy or sell, due to which they attempt for wrong transactions /options. The remaining 20 (20 per cent) of the respondents are suffering from problems in transactions like delay in payments, not being updated etc.,

- 5) 85% of the respondents are saying yes because Banks are providing good service in problem solving which includes wrong transfer, server problem, helping in suggesting related to green mortgage, green money market account opening or buying or selling of instruments etc. Few times it takes time to solve but able to solve the problem or rectifying the errors.
- 6) The opinion of the customers regarding green banking is everyone who uses the services has given the rating as excellent, because it reaches the needs of the customer which saves the environment as well as their time. Only 5 % has given the rating as average because they don't have clear picture about green banking and 1% who is completely aware of green banking has given poor.

### **8. Suggestions:**

- 1) Banks should construct a website and promote the news related to green banking
- 2) Banks has to conduct a participative meeting with the customers and public
- 3) Banks has to setup outlets and promote about the ethical/green banking and its products.

### **9. Conclusion:**

Green banking plays an important role in the development of the economy. Green banking is like a normal banking. As the banking industry has to sustain in this competitive world, they have to adopt the new technologies and electronic communication devices which can glee the customers. This green banking facilities is useful mostly to the educated people rather than uneducated. The motive of green banking is to protect the environment, to reduce the carbon footprint. Green banking is providing number of facilities like mobile banking, internet banking, paper less account statement which is directly sent to the customer mail id, which is very useful for the industries, government, banks etc. Most of the customers are confused about the concept of green banking even though they are enjoying the facilities. Banks has to create awareness programs to the public and customers about green banking.

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