



Green Banking Initiatives of Commercial banks-Employees Perspectives

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ABSTRACT

Green banking refers to the banking business conducted in such areas and in such a manner that helps the overall reduction of external carbon emission and internal carbon footprint. Although, banking is never considered a polluting industry, the present scale of banking operations have considerably increased the carbon footprint of banks due to their massive use of energy (e.g. lighting, air conditioning, electronic/electrical equipments, IT etc.), high paper wastage, lack of green buildings etc.

Banks should go green and play a pro-active role to take environmental and ecological aspects as part of their lending principles, which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. Adoption of greener banking practices will not only be useful for environment, but also benefit in greater operational efficiencies, a lower vulnerability to manual errors and fraud, and cost reductions in banking activities. Banks in India are already offering many of the Green banking services. This paper tries to find out the attitude of the bank employees towards the green banking initiatives of Public sector commercial banks in India.

KEYWORDS : Green banking, Online banking, Paperless banking.

Introduction

Green banking refers to the banking business conducted in such areas and in such a manner that helps the overall reduction of external carbon emission and internal carbon footprint. To aid the reduction of external carbon emission, banks should finance green technology and pollution reducing projects. Although, banking is never considered a polluting industry, the present scale of banking operations have considerably increased the carbon footprint of banks due to their massive use of energy (e.g. lighting, air conditioning, electronic/electrical equipments, IT etc.), high paper wastage, lack of green buildings etc. Banks should adopt technology, process and products which result in substantial reduction of their carbon footprint as well as develop a sustainable business. Green banking means promoting environment friendly practices and reducing carbon footprint from banking activities.

The main objective of green banking is to use the resources in favor of the society and environment. They provide finance to many green projects which also ensures the economic growth of the country. Banks have promoted different green banking products. These products include ATM booths, SMS banking, Credit Card and Debit Card. If banks conduct green banking activities in large amount, the customers will be interested to conduct their activities with them which will result in higher profit for banks.

Green Banking Initiatives by Indian Banks

Many banks are now successfully implementing green banking practices. In this study, the researcher has projected the green banking initiatives of some of the leading public sector banks.

State Bank of India (SBI)

- SBI had launched Green Channel Counter (GCC) facility at their branches in 2010 to change the traditional way of paper based banking (SBI, 2014).
- It has become a signatory to the Carbon Disclosure Project in which they undertake various environmentally and socially sustainable initiatives through its branches spread across the length and breadth of the country (Yadav & Pathak, 2013).

Punjab National Bank (PNB) –

According to Corporate Social Responsibility Report 2010-11 (PNB, 2011), they had taken various steps for reducing emission and energy consumption.

- PNB is conducting Electricity Audit of offices as an energy conservation initiative and maintained a separate audit sheet for assessing the impact of green initiatives taken by them.
- The bank had organized more than 290 Tree Plantation Drives.
- It started emphasizing on green building practices such as energy efficient lights, immediate repair of water leakage, printing on

both sides of paper, mater sensors for lights, fans, etc.

- The organization had signed a 'Green Pledge' with Ministry of New and Renewable energy under which they had set up the butterfly park at the compound of Guruvayur temple which houses 18 types of medicinal plants.
- They had formulated guidelines to ensure that all the necessary approvals and permissions, including from Pollution Control Board has been obtained before disbursement of term loans and for the project loans, compliance with environment and social safeguards including rehabilitation and resettlement of project affected people is to be ensured as pre-disbursement condition.

Canara Bank –

According to Canara Bank (2013), the bank had taken many green initiatives such as: -

- The bank had adopted environmental friendly measures such as mobile banking, internet banking, tele-banking, solar powered biometric operations etc.
- Canara bank had set up e-lounges for high-tech banking facilities like internet banking, pass book printing kiosk, ATM, online trading, tele-banking and cash/cheque acceptor.
- The bank had implemented e-governance for HRM function and several other administration areas to reduce the paperwork.
- In terms of Lending policy, they are giving due preference and weightage to projects which can earn carbon credits like solar energy projects, windmills, etc.
- The bank is also not extending any finance to the units which are producing ozone depletion substances such as chlorofluoro carbon, carbon tetrachloride, aerosol products, solvents etc.

Statement of the problem

Due to changes in the climate change and the changing nature of work, Green banking initiatives of the bank is now at the top of the agenda for commercial banks in India. It is recognized that Green banking initiatives of the bank can lead indirectly to productive gains through increased customer retention and helps organizations to respond to customer needs more effectively. In any business and industrial activities it is of utmost importance to have well trained, well groomed and emotionally balanced workers available to take up employment challenges. This highlights the need among the Commercial banks to pay adequate attention to know the attitude of their employees towards the Green banking initiatives of the bank.

Scope of the study

The objective of this research article is to study the attitude of the bank employees towards the Green Banking Initiatives taken by Commercial banks in India. The survey was conducted among the bank employees working in the bank branches of the five Public sec-

tor commercial banks - State bank of India-Town branch and Main branch, Canara Bank, Punjab National Bank and Indian Overseas bank operating in Sivakasi through a structured interview schedule.

Objectives of the study

The objectives of the study are-

- To study the Green Banking Initiatives taken by Commercial banks in India (from the view point of banks).
- To study the perception of the bank employees about the Green Banking Initiatives amongst the bank.
- To offer suggestions for improving the Green Banking services of Commercial banks in India.

Literature review

Bahl, Sarita (2012), conducted an empirical study “Green Banking- The new Strategic Imperative” on public sector banks and collected manager’s views on green banking financial products, carbon footprint reduction by paperless banking, carbon footprint reduction by energy consciousness, green building and social responsibility services. She found that carbon footprint reduction by green building had been given top priority in green banking strategies.

Bihari (2011) clarified that banks should consider before financing a project whether that project is environment friendly or not and has any future implication on environment in future. As a part of the society it is banks’ corporate social responsibility.

The objective of research article of Namita Rajput, Simple Arora and Akanksha Khanna(2013) is to empirically find the association of environmental performance and financial performance. The results show that relationship between the net income and profitability is significant but no significant relationship exists between the implementation of green banking and profitability.

Research Methodology

The study is a descriptive study. Structured Interview schedule was designed to collect the primary data used in the study. Primary data were collected from 64 bank employees selected on convenient basis working in the public sector banks in Sivakasi. The data were analyzed with the help of statistical tools like percentage analysis, anova analysis and mean scores.

Hypothesis

The hypothesis framed for the study are-

There is no significant relationship between the demographic profile of the employees and their attitude towards Green banking initiatives of the bank.

Demographic profile of the bank employees

The analysis reveals that 71.9 per cent respondents are male, 87.5 per cent of the respondents are from urban nativity, 67.2 per cent are officers, 37.5 per cent of the respondents fall in the age group of 30-40 years, 64.1 per cent of the respondents were educated up to post graduate level, 34.37 per cent of the respondents are earning Rs.30000-40000 per month, 68.8 per cent of the respondent’s family size is up to 4, 31.25 per cent of the respondents are having 10-20 years of experience.

Relationship between profile of employees and their overall attitude towards Green Banking Initiatives

The researcher has tried to analyze the attitude of the bank employees in the study area towards the green banking initiatives of their bank. The null hypothesis framed for the purpose is “there is no significant difference between the demographic profile of the employees and their attitude towards green banking initiatives of their bank”. ANOVA Analysis is used to test the hypothesis framed and the results are projected in the table 1.1

Table 1.1
Result of Anova analysis

Profile Variables	Calculated Value	Result
Gender	0.079	Accepted

Nativity	0.827	Accepted
Designation	0.824	Accepted
Age	0.028	Rejected
Educational qualification	0.867	Accepted
Income	0.861	Accepted
Family Size	0.940	Accepted
Experience	0.534	Accepted

Source: Computed data

From the table 1.1, it is highlighted that the calculated value for all the profile variables except age are greater than 0.05. The hypothesis is rejected only for the profile variable age. Hence it can be concluded that the attitude of the bank employees towards green banking initiatives of the commercial banks differ with regard to their age factor alone and no other profile variable has no influence on the attitude of the bank employees towards the green banking initiatives of the study units.

Overall Attitude towards Green banking initiatives of the bank

The overall attitude of the bank employees on Green banking initiatives of the bank is measured with the help of 15 statements formulated in Likert’s five point scale. The scores allotted for strongly agree, agree, no opinion, disagree and strongly disagree are 5,4,3,2 and 1 respectively. Based on the scores of all the statements, mean scores were calculated for each aspect and the results are shown in Table-1.2.

Table – 1.2
Overall Attitude towards Green banking initiatives of the bank

S.No.	Green banking initiatives	Mean Score
1.	Green Checking	4.215
2.	Green Loans	4.384
3.	Green Mortgages	4.731
4.	Green CDs	3.859
5.	Controlled use of energy	4.224
6.	Use of Solar powered ATMs	4.353
7.	Energy – efficient branches and loans	4.346
8.	Providing recyclable debit cards and credit cards	4.562
9.	High- efficiency lighting	4.735
10.	Using recycle paper or recycle waste	3.318
11	Bonds and mutual funds meant for environmental investments	4.753
12	Online Bill Payment	4.672
13	Cash Deposit System	4.318

S.No.	Green banking initiatives	Mean Score
14	E – Investment Services	4.215
15	Communicate through the Press.	4.123

Source: Computed Data

It is observed from table 1.2 that all the green banking initiatives of the commercial banks are positively perceived by the bank employees as the mean scores for the statements are ranging from 3.318 to 4.753. Bonds and mutual funds meant for environmental investments made by the bank is with the highest mean score of 4.753. It is followed by High- efficiency lighting with mean score of 4.735. The mean score for the Green Checking Green Loans, Green CD's, Controlled use of energy, Use of Solar powered ATMs, Energy – efficient branches and loans, Providing recyclable debit cards and credit cards, Using recycle paper or recycle waste, Online Bill Payment, Cash Deposit System, E – Investment Services, Communicate through the Press are 4.215, 4.384, 3.859, 4.224, 4.353, 4.346, 4.562, 3.318, 4.672, 4.318, 4.215, 4.123 respectively. The mean score for the statements regarding Using recycle paper or recycle waste is the minimum of 3.318.

It is also inferred from the table that all the employees are having positive attitude towards the green banking initiatives of their banks as the mean scores of all the practices of the public sector commercial banks are not less than 3. Hence it can be concluded that the public sector bank employees are having positive attitude towards Green banking initiatives of their banks. It denotes that they are committed to their job as well as Green banking.

Score on overall Attitude towards quality of work life

In order to understand the level of attitude of the employees towards green banking initiatives of commercial banks, based on the scores of all the 15 statements, four cadres of levels of attitude are developed viz., mean scores of less than 2, 2-3, 3-4 and more than 4. The numbers of employees falling under these cadres are given in Table-1.3.

Table 1.3

Score on overall Attitude towards Green Banking Initiatives

S. No	Mean Score	No.of.employees	Percentage
1	less than 2	-	-
2	2-3	-	-
3	3-4	9	14.06
4	more than 4	55	85.94

Source: Computed Data

It is inferred from the table 1.3 that 85.94 per cent of the employees are in the mean score range of more than 4. And only 14.06 per cent of the employees are in the mean score range of 3-4. Hence it can be concluded that employees are having very high rate of positive attitude towards green banking initiatives of commercial banks. As there is no employee in the cadre of mean scores of less than 2 and 2-3, the employees are having good opinion about the green banking initiatives of Public sector banks.

SUGGESTIONS AND RECOMMENDATIONS

If Indian banks want to penetrate western markets or global economy, it is important for them to recognize their responsibilities as a global corporate citizen. Now it is a right time for banks to adopt following strategies:-

- The banks should change their routine operations through the adoption of paperless banking, online banking, mobile banking, mass transportation system, green cards made up of recycled plastic and efficient use of resources.
- Concept of LEED certified green buildings should be adopted by banks, i.e. use of renewable energy generated through solar power plants, energy star-rated light fixtures, motion sensors, sewage treatment plant for re-using water waste, urinal and

wash basin sensors, rainwater harvesting system, recycling of dry waste, etc.

- The banks should start investing in low carbon technologies and develop new sustainable products and services that will mitigate the risks of climate change. They should indulge themselves in carbon credit business or can invest in those projects which can earn carbon credits.
- It is important to adopt environmental standards for the lending and financing principles so that borrowers could direct themselves towards reducing the carbon footprint by using the appropriate technologies. They can go for discounted loan rates for the hybrid products, adoption of Equators Principles, green mortgages, green loans, etc
- Banks must organize training on environmental and social risk and the relevant issues continuously to develop awareness of both employees and clients.
- Bank employees must be given orientation on evaluation of Green finance projects like renewable energy projects, clean water supply projects, waste water treatment plants, solid & hazardous waste disposal plants, bio gas plants, bio-fertilizer plants etc.

CONCLUSION

From our analytical results it can be concluded that banks are taking new initiatives and promote different green banking products. They also adopt different environment friendly policies. Green banking will ensure the efficient use of resources of the country which will ensure energy conscious world. Bank employees must consider green banking as a necessity rather than desirability. This will create sustainable growth of banks in the long run. This will result in sustainable green economy in our country. If all parties of the world including banks act responsibly, we can make this world a better place to live for our next generation.

Annexure-I

S.No	Profile variable	No. of Respondents	Percentage	
1	Gender	Male	46	71.9
		Female	18	28.1
		Total	64	100.00
2	Nativity	Rural	8	12.5
		Urban	56	87.5
		Total	64	100.00
3	Designation	Clerks	21	32.8
		Officers	43	67.2
		Total	64	100.00
4	Age	Below 30years	6	9.4
		30-40 years	24	37.5
		40-50 years	20	31.3
		Above 50 years	14	21.8
		Total	64	100.00
5	Educational qualification	Under graduate	17	26.6
		Post graduate	41	64.1
		Technical qualification	6	9.4
		Total	64	100.00

6.	Monthly Income In Rs.	20000-30000	17	26.56
		30000-40000	22	34.37
		40000-50000	13	20.31
		More than 50000	12	18.75
		Total	64	100.00
7	Family size	Up to 4	44	68.8
		4 -6	18	28.12
		Above 6	2	3.1
		Total	64	100.00
8	Experience(in years)	Below 10 years	19	29.68
		10-20	20	31.25
		20-30	7	10.93
		Above 30 years	18	28.12
		Total	64	100.00

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