



A Study on Impact of Green Banking in Public and Private Sector Banks with Special Reference to Karnataka

Prof.R.Vijayakumar

M.Com.,M.Phil.,NET.,(Ph.D) Department of Commerce,
Kristu Jayanti College,(Autonomous)Bangalore – 560 077

ABSTRACT

According to Clark Schultz (2012) Green Banking means promoting environmental-friendly practices and reducing your carbon footprint from your banking activities. According to Pravakar Sahoo and Bihoo Prasad Nayak (2008) there has not been much initiative in this regard by the banks and other financial institutions in India though they play an dynamic role in India's developing economy, so it is recommended to inductee to promote green banking in India. The concept of green banking helps to generate cleaner and greener future as Green Banking has direct impact on the environment. This paper has been made to study level of Impact consumer satisfaction and awareness regarding "Green banking services" initiative taken by various Public and Private sector banks in India, Karnataka. The study aims to ascertain the opinion and responsiveness of bank employees and customers as regards to green banking concept in public and private sector banks. It is necessary to identify various initiatives taken by bank on the concept of green banking in order influence customer and make them user friendly. Researcher will study the impact of gender on green initiatives taken by public and private sector banks. The authors have used SPSS technique as a statistical method.

KEYWORDS : Green Banking, Environment, Customer satisfaction, Private and Public Sector

The financial institutions effect the economic progression and development of the country both in terms of Quality and Quantity, there by implementing various strategies for economic growth. As environmental issues gain greater care, pressure is being placed on all industries, including financial institutions to implement Green Initiatives. Banking sector shows a vital and significant role in stimulating environmentally sustainable and socially responsible investments as it grows the value and lowers loss ratio as higher quality loan portfolio results in higher earnings. Thus, inspiring environmentally responsible investments and sensible lending should be one of the tasks of the banking sector. The Green initiatives taken by Banks or a concept of Green banking means using all of the banks resources with restraint and care, avoiding waste and giving priority to choices that take sustainability into account. It also means upholding environmental-friendly practices and reducing your carbon footprint from your banking activities. The reasons for going green are multiple, and the key among them are: increasing energy consumption and energy prices, growing consumer interest in environmentally-friendly goods and services, higher expectations by the public on Bank's environmental tasks and emerging stricter regulatory and compliance requirements. This comes in many forms. Using online banking instead of branch banking. It is an authority 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.

Banking sector is generally considered as environment friendly in terms of emission and pollutions. Internal environmental impact of the banking sector such as use of energy, paper and water are relatively low and clean. This is an effort by the banks to make the industries grow green and in the process restore the natural environment. This concept of 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 market accounts and savings accounts. Green banks should also have lower fees and give rate reductions on loans 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.

Current Scenario in Green Banking:

- SBI will introduce "green-channel banking" at more of its branches to promote paperless work and to facilitate faster transactions for customers, SBI sources said Asia Pulse 11 May 2015.
- The Institute for Development and Research in Banking Technology (IDRBT), which is an arm of RBI, is all set to introduce guidelines for green funds under which banks are given instruction to set up green funds and have a chief green officer to extend concessional loans to players undertaking environment-friendly projects. The banks on their parts are currently examining the guidelines and might come up with specific policies very shortly, Chief Executive.
- To help financial institutions eliminate the use of couriers to carry tapes to an offsite location, ITI offers secure online backup and recovery solutions. Our cost-effective data encryption solution encrypts and compresses data so files can be safely transmitted to an offsite server or electronic vault, again eliminating the need for couriers.
- The Wilkinson facility was designed to use less energy and water than standard buildings and incorporates a number of environmentally-advanced features that lessen its impact on the environment. The facility will pursue Silver recognition under the Leadership in Energy and Environmental Design (LEED) standards set by the U.S. Green Building Council.
- Annual investments/addition/Productions with respect to Green Banking globally : Top Five countries

New Capacity	Hydro Capacity	Power	Solar powered	Wind Power	Solar water collector	Ethanol Productions	Biodiesel Production				
Investment			Capacity	Capacity							
China US	China		Germany	U.S	China	US	U.S				
Germany	Turkey		Taly	China	Turkey	Brazil	Argentina				
Japan	Brazil/Vietnam		China	Germany	Germany	China	Germany/ Brazil				
Italy		Russia			U.S		India	India	Canada	France	
		Canada			Japan		United Kingdom	Brazil	France	Indonesia	

Source: Global status Report 2014
Table:1

Data Analysis and Interpretation

Respondent having sound educational background with some degree of awareness w.r.t green products were targeted and approached for the study. Among 100 respondents 42 were Male and 58 were Female. Respondents were mainly from public sector banks like SBI, PNB and BOI and from Private Banks ICICI, HDFC and AXIS bank. From Public banks we got 59 respondents whereas from private banks we got 41 respondents. All the bank considered for the study were top rated banks so these banks are chosen from public and private banking sector as per latest facts and figure published by .N.S.E

Out of the respondents approached in SBI ,77 % were using green banking products but were not aware of the terminology „ Green banking and remaining 23 % were quite aware of the green banking services provided by the Bank. Likewise from PNB 77 % were not aware of the terminology Green Banking and therefore were explained but they were using green banking products like ATM , online banking etc but remaining 23 % were aware of the green banking concept. It was founded that 92 % of BOI respondents were not aware and only 8 % were aware. Among Private sector banks from ICIC bank 88 % were not aware of the term but remaining 12 % were aware of the green banking concept. From HDFC bank 90 % were not aware of the term but remaining 10 % were aware of the green banking concept and lastly from Axis 96 were not aware and 4 % were aware about Green banking activities.

3. Green banking Initiatives by Banks and its awareness among their customers

Green Initiatives	Aware	Not Aware
1. Green Checking	88%	12%
2. Green Loans	56%	44%
3. Green Mortgages	45%	55%
4. Green CDs	36%	64%
5. Controlled use of energy	67%	33%
6. Facility of e-statement registration by which banks will donate a book to needy	64%	36%
7. Reduced wastage of papers and Energy through Net banking approach	67%	33%
8. Use of Solar powered ATMs	34%	66%
9. Energy – efficient branches and loans	68%	32%
10. Providing recyclable debit cards and credit cards	47%	53%
11. High- efficiency lighting	55%	45%
12. Using recycle paper or recycle waste	47%	53%
13. Bonds and mutual funds meant for environmental investments	44%	56%
14. Clean Development Mechanism(CDM) related services working on climate change	45%	55%
15. 50% waiver in processing fee of cars that use alternate mode of energy like electricity and CNG.	25%	75%
16. Conducting Workshops and Seminars for Green banking	50%	50%
17. Bank Environmental Policy	36%	64%
18. Online Bill Payment	81%	19%
19. Cash Deposit System	84%	16%
20. E – Investment Services	76%	24%
21. Communicate through the Press.	31%	69%

From the above data we can see that green initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green CDs are few green banking initiatives that are still not introduced by the respective banks according to the respondents. As per the data 60 % of the respondents agree these initiatives are still not initiated. However, these concepts are new in India therefore it can be the probable reason for poor awareness level among consumers. The case could be that even though few green banking strategies are initiated by the bank ,customers are not aware. As for instance, SBI was the first in India to start introducing Solar power ATMs but 60 % of the respondents don t know this and „Pockets by ICICI is

first in India to carry out a slew of banking services on the social media site, Face book. So bank should design a strong strategies to promote these green banking initiatives as done in other countries.

While in some green initiatives more than 60 % of the respondents were in favor that green products are provided in their banks like Green Checking, Controlled use of energy, Facility of e-statement registration by which banks will donate a book to needy, Online Bill Payment , Cash Deposit System, E – Investment Services, Net Banking , Energy efficient branches.

4. Hypothesis Statements

Ho1 There is no significant difference in the awareness for E – Statement initiatives w.r.t gender.

Ho2. There is no significant difference in the awareness level for Net banking initiatives w.r.t male and female customers.

Ho3. There is no significant difference in the green initiative for Green loans w.r.t gender.

Hypothesis	Initiatives	Significant Value	Result
H1	E – Statement	.502	R*
H2	Green Loans	.183	R*
H3	Net Banking	.132	R*

H0: Null Hypothesis, R: Hypothesis accepted

Above table shows the result for all the three hypothesis which were rejected at 95% LOS. The data was analyzed in SPSS wherein, cross tabs s ,Chi square test was applied for hypothesis testing. Additionally in 1st and 3rd hypothesis, study reveals the details of the Chi square value of E – Statement Green Loans and Net Banking which shows that Genders have no impact for all the parameters of hypothesis with respect to green banking which means that both of them have same awareness level with respect to Green Banking.

5. Obstacles experienced by respondents in availing green banking services

Obstacles	Difficulty in operate	No difficulty in operate
• Data Security and Privacy	21%	79%
• Lack of education	26%	74
• Technical Issues	38%	62%
• Traditional approach	13%	87%
• Lack of infrastructure	14%	86%

Conclusion:

With Go Green mantra permitting, the banking sector too has adopted sustainable practices in all spheres of life. Green Banking is a Multi-stakeholders’ Endeavour where banks have to work closely with government, NGOs, IFIs/IGOs, Central Bank, consumers and business communities to reach the goal. From the above research we can see that green initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green Cds is not familiar in Green initiatives by the bank as per the respondents. From the above data we can see that green initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green Cds is not familiar in Green initiatives by the bank as per the respondents.

Green banking is still a major issue and can take an important for development of our country in India. As bank and financial institution of India has started taking initiative but not at high level. To sustain the development of the Indian economy bank and financial institution have to work more hard as compare to big foreign banks as they are playing important role in maintaining the sustainability of their country economy. As the green banking term, some bank and financial institution have taken initiatives like State Bank Of India, Yes Bank and Financial Information Network and Operations (FINO) while making their branches and building environmental friendly and keeping eye on their clients projects to whom they have given the loan. But still

Indian banks haven't accepted the principle equator policy to keep a record of their clients.

Now it's time that India should take some strict steps to harness these banks and financial institution to adopt the principle equator guideline so that they can contribute in the protection of environment in future. There is definitely a huge opportunity in clean, renewable energy technologies, emissions reduction and reduced-carbon transportation which can be slowly and steadily be achieved if we get cooperation from all sectors of the economy and bank being an integral part of our economy must lead from the front.

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