

Customer Awareness and Practices towards Green Banking: An Empirical Analysis



Commerce

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ABSTRACT

The activities of banks have direct as well as indirect links with sustainable development or environmental degradation. By creating positive externalities banks can contribute for sustainable development or by creating negative externalities banks can contribute for environmental degradation. Accordingly, the green banking practices of banks have positive implications for sustainable development. The present paper intends to examine the customer attitude towards green banking practices with demand side approach. It has been found from the study that the awareness of people in Mysore about green banking is significantly high and at the same time profession also has significant association with awareness about green banking. Male customers have better awareness about green banking compared to female customers. The use of online banking is significantly high in Mysore compared to Mandya. Business people are better off in using on online banking facility. There is no gender sensitivity in use of online banking facility. Hence, region, occupation and gender are the significant factors in determining and promotion of green banking initiative. Therefore, while preparing the strategies for promotion of green banking system, banks needs to consider region, occupation and gender.

Introduction:

The role of banking is significant in growth of an economy (sheida & Dutta, 26 october 2016). Many studies have been proved that there is long run stable relationship between banking sector and economy. Matter of fact development of the economy has been invariably depends on the multi-dimensional growth of banking sector. At the same time, the meaning of development has changed from mere increasing national income to sustainable development (Tonzer, 2015). The millennium development goals (MDGs) have replaced by sustainable development goals (SDGs). Since, the banking sector has high degree of relationship with economy; it has significant influence on sustainable development.

In recent years, concerns about environmental issues have been gained much importance with increasing temperature, increasing sea level, environmental hazards, green house effects, increasing carbon dioxide emissions and many more. United Nations Organization (UNO) has set seventeen goals to achieve sustainable development. And UNO has specifically identified the role of institutions in achieving sustainable development. Accordingly, banks have greater role to play in achieving sustainable development (Ali, Amir, & Glomalami, 2016).

The activities of banks have direct as well as indirect links with sustainable development or environmental degradation (Mishra & Bisht, 10 may 2013). By creating positive externalities banks can contribute for sustainable development or by creating negative externalities banks can contribute for environmental degradation. Accordingly, the green banking practices of banks have positive implications for sustainable development (Ambrosius, 2017).

The green banking practices have been classified into two groups; one, supply side green banking practices wherein, banks adopt green banking practices. Two demand side green banking practices wherein, customers adopt green banking practices. In the present paper an attempt has made to examine the green banking practices that are adopted by customers.

Review of Literature:

Most of the previous studies have tried to identify the green banking initiatives adopted by banks (Ambrosius, 2017). Some of the studies have also made the comparison between commercial banks and other forms of banks at micro level. Few studies have also tried to establish the relationship between green banking and development (pilly, 2016 15 June), (Richard A, 2016). Some of the studies have used primary data and some of the studies have used secondary data and presented the information in the form of summary. Empirical

examination of primary or secondary data has not done by the previous studies. Most of the previous studies have discussed the issues with supply side approach (Tonzer, 2015). Examining the demand side aspects of green banking was not found in the previous literature. Hence, there is rational for present paper to examine the customer attitude towards green banking practices with demand side approach.

Methodology:

The present study is based on primary data collected from two districts of Southern Karnataka namely; Mysore and Mandya. Data collected from 90 customers from each district by giving equal weight to officials, business people and others. Questionnaire was used for enumeration of data. Questionnaire adopted two point and five point scales. Raw data processed and presented in the form of cross tabulation. Chi-square test applied to test the association between dimension and opinion. Association accepted or rejected at five percent level of significance.

Results and Discussion:

Awareness about green banking and attitudes of online banking have been analyzed in the following section. An attempt has made to examine the association of region (district) profession and gender with the opinion of respondents.

Table 1: District-wise Awareness about Green Banking (In numbers and percentage)

| Opinion about Awareness | District | | Total | |
|-------------------------|-------------------|--------|------------|--------|
| | Mysore | Mandya | | |
| No | Count | 31 | 49 | 80 |
| | % within District | 34.4% | 54.4% | 44.4% |
| Yes | Count | 59 | 41 | 100 |
| | % within District | 65.6% | 45.6% | 55.6% |
| Total | Count | 90 | 90 | 180 |
| | % within District | 100.0% | 100.0% | 100.0% |
| Chi-Square Value: 7.290 | | DF: 01 | Sig: 0.007 | |

Source: Field study data computed by researcher.

Region is one of the factors which influence the awareness of people about green banking. Accordingly, the level of awareness has estimated and presented in the above table. It has found from the above table that in the study area, 55.6 percent of people have awareness about green banking. The awareness about green banking in Mysore was 65.6 percent and the awareness about green banking in Mandya was 45.6 percent. It has been found from the chi-square analysis that there is association between regions and level of awareness at five percent level of significance. Therefore, the level of awareness about green banking is significantly high in Mysore region compared to Mandya region.

Table 2: Profession-wise Awareness about Green Banking (In numbers and percentage)

| Opinion about Awareness | | Profession | | | Total |
|-------------------------|-------------------------|------------|------------|--------|--------|
| | | Officials | Business | Others | |
| No | Count | 29 | 18 | 33 | 80 |
| | % within Profession | 48.3% | 30.0% | 55.0% | 44.4% |
| | Chi-Square Value: 8.145 | DF: 02 | Sig: 0.017 | | |
| Yes | Count | 31 | 42 | 27 | 100 |
| | % within Profession | 51.7% | 70.0% | 45.0% | 55.6% |
| | Count | 60 | 60 | 60 | 180 |
| Total | % within Profession | 100.0% | 100.0% | 100.0% | 100.0% |
| | Count | 60 | 60 | 60 | 180 |
| Total | % within Profession | 100.0% | 100.0% | 100.0% | 100.0% |
| | Count | 60 | 60 | 60 | 180 |
| Chi-Square Value: 8.145 | | DF: 02 | Sig: 0.017 | | |

Source: Field study data computed by researcher.

Profession or occupation is also one of the factors which influence the awareness of people about green banking. Accordingly, the level of awareness has estimated and presented in the above table. It has found from the above table that the awareness about green banking among officials was 51.7 percent, the awareness about green banking among business people was 70 percent and the awareness about green banking among others was 45 percent. It has been found from the chi-square analysis that there is association between profession and level of awareness at five percent level of significance. Therefore, the level of awareness about green banking is significantly high among business people compared to officials and others.

Table 3: Gender-wise Awareness about Green Banking (In numbers and percentage)

| Opinion about Awareness | | Gender | | Total |
|-------------------------|-------------------------|--------|------------|--------|
| | | Male | Female | |
| No | Count | 32 | 48 | 80 |
| | % within Gender | 35.6% | 53.3% | 44.4% |
| | Count | 58 | 42 | 100 |
| Yes | % within Gender | 64.4% | 46.7% | 55.6% |
| | Count | 90 | 90 | 180 |
| Total | % within Gender | 100.0% | 100.0% | 100.0% |
| | Chi-Square Value: 5.760 | DF: 01 | Sig: 0.016 | |

Source: Field study data computed by researcher.

Gender is also one of the factors which influence the awareness of people about green banking. Accordingly, the level of awareness has estimated and presented in the above table. It has found from the above table that the awareness of male about green banking was 64.4 percent and the awareness of female about green banking was 46.7 percent. It has been found from the chi-square analysis that there is association between gender and level of awareness at five percent level of significance. Therefore, the level of awareness about green banking is significantly high for male compared to female.

Table 4: District-wise Use of Online Banking Facility (In numbers and percentage)

| Opinion about Online Banking | | District | | Total |
|------------------------------|-------------------------|----------|------------|--------|
| | | Mysore | Mandya | |
| No | Count | 49 | 65 | 114 |
| | % within District | 54.4% | 72.2% | 63.3% |
| | Count | 41 | 25 | 66 |
| Yes | % within District | 45.6% | 27.8% | 36.7% |
| | Count | 90 | 90 | 180 |
| Total | % within District | 100.0% | 100.0% | 100.0% |
| | Chi-Square Value: 6.124 | DF: 01 | Sig: 0.013 | |

Source: Field study data computed by researcher.

Use of green banking initiatives particularly, online banking is differs based on the features of the regions. Accordingly, the level of use of online banking has estimated and presented in the above table. It has found from the above table that in the study area, 36.7 percent of people have been using online banking facility. The use of online banking facility in Mysore was 45.6 percent and the use of online banking facility in Mandya was 27.8 percent. It has been found from the chi-square analysis that there is association between regions and level of use of online banking at five percent level of significance. Therefore, the level of use of online banking is significantly high in Mysore region compared to Mandya region.

Table 5: Profession-wise Use of Online Banking Facility (In numbers and percentage)

| Opinion about Online Banking | Profession | | | Total | |
|------------------------------|---------------------|----------|------------|--------|--------|
| | Officials | Business | Others | | |
| No | Count | 43 | 25 | 46 | 114 |
| | % within Profession | 71.7% | 41.7% | 76.7% | 63.3% |
| Yes | Count | 17 | 35 | 14 | 66 |
| | % within Profession | 28.3% | 58.3% | 23.3% | 36.7% |
| Total | Count | 60 | 60 | 60 | 180 |
| | % within Profession | 100.0% | 100.0% | 100.0% | 100.0% |
| Chi-Square Value: 18.517 | | DF: 02 | Sig: 0.000 | | |

Source: Field study data computed by researcher.

Use of online banking facility is also determined by profession of the banking customers. Accordingly, the level of use of online banking has estimated and presented in the above table. It has found from the above table that the use of online banking facility among officials was 28.3 percent, use of online banking facility among business people was 58.3 percent and the use of online facility by others was 23.3 percent. It has been found from the chi-square analysis that there is association between profession and level of use of online banking at five percent level of significance. Therefore, the level of use of online banking is significantly high among business people compared to officials and others.

Table 6: Gender-wise Awareness about Use of Online Banking (In numbers and percentage)

| Opinion about Online Banking | | Gender | | Total |
|------------------------------|-----------------|--------|------------|--------|
| | | Male | Female | |
| No | Count | 52 | 62 | 114 |
| | % within Gender | 57.8% | 68.9% | 63.3% |
| Yes | Count | 38 | 28 | 66 |
| | % within Gender | 42.2% | 31.1% | 36.7% |
| Total | Count | 90 | 90 | 180 |
| | % within Gender | 100.0% | 100.0% | 100.0% |
| Chi-Square Value: 2.329 | | DF: 01 | Sig: 0.122 | |

Source: Field study data computed by researcher.

Gender is also one of the factors which influence the use of online banking. Accordingly, the level of use of online banking has estimated and presented in the above table. It has found from the above table that the use of online banking by male was 42.2 percent and the use of online banking by female was 31.1 percent. It has been found from the chi-square analysis that there is association between gender and level of use of online banking at five percent level of significance. Therefore, the level of use of online banking is significantly high by male compared to female.

Conclusion:

The present study examined the awareness of banking customers and their attitude towards the use of online banking. It has been found from the study that the awareness of people in Mysore about green banking is significantly high and at the same time profession also has significant association with awareness about green banking. Male customers have better awareness about green banking compared to female customers. The use of online banking is significantly high in Mysore compared to Mandya. Business people are better off in using online banking facility. There is no gender sensitivity in use of online banking facility. Hence, region, occupation and gender are the significant factors in determining and promotion of green banking initiative. Therefore, while preparing the strategies for promotion of green banking system, banks needs to consider region, occupation and gender.

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