

International Journal of Innovative Research in Science, Engineering and Technology

(A High Impact Factor, Monthly, Peer Reviewed Journal)

Visit: www.ijirset.com

Vol. 7, Issue 11, November 2018

A Study on Customer's Awareness on Green Banking Initiatives in Selected Public and Private Sector Banks with Special Reference To Cuddalore District

Dr.C.Vijai

Assistant Professor, Department of Commerce, St.Peter's Institute of Higher Education and Research
Chennai, India

ABSTRACT: The banking sector has undergone significant developments and investments in the recent past; most of the banks take green banking initiatives. The banks are adopting various environmental practices in their day to day business operations for the environmental concern to maintain the ecological balance. The concept of green banking helps to create a cleaner and greener future as Green Banking has a direct impact on the environment. This paper has been made to study the level of customers awareness regarding "Green banking services "initiative taken by various Public and Private sector banks in India, Cuddalore district.

KEYWORDS: Green banking, Environment friendly, Sustainable banking, RBI, Global Warming.

I.INTRODUCTION

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 select commercial banks in Cuddalore district.

II.CONCEPT OF GREEN BANKING

Green banking means using all of the banks' resources with responsibility and care, avoiding waste and giving priority to choices that take sustainability into account. It is also known as environmental friendly banking, ethical banking or sustainable banking. According to the Indian Banks' Association, the green bank is like a normal bank, which considers all the social and environmental factors with an aim to protect the environment and conserve natural resources. For banking professionals, green banking involves the tenets of sustainability, ethical lending, conservation, and energy efficiency. Green banking products include automatic teller machines, mobile banking, remote deposit, green money

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market accounts, green checking accounts, online banking, green credit cards, green loans, green savings accounts, green mortgages, green channel counters, green homes, etc.

III. REVIEW OF LITERATURE

Krebsbach (2005) 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.

Atiur Rahman (2010) 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 (Sharma, N., 2011).

IV. OBJECTIVES OF THE STUDY

1. To review the green banking practices of the select commercial banks in Cuddalore district.
2. To ascertain the perception of the customers towards green banking practices of the select commercial banks in Cuddalore district.
3. To suggest measures to improve the scope of green banking of the select commercial banks based on the findings of the study.

V. TESTING OF HYPOTHESES

H01: There is no significant relationship between gender and awareness levels.

H02: There is no significant relationship between age and awareness levels.

VI. RESEARCH METHODOLOGY

Area of Study: The study was conducted to ascertain the customers' perception towards green banking practices of the select commercial banks in Cuddalore district.

Sample Size:

The study was carried out through levels of the customers and the sample size was 625.

Sources of Data

The study used both primary data as well as secondary data. The data was collected from 625 consumers by questionnaire method.

Tools for Analysis: Following statistical tools were used in this study.

- Simple percentage Analysis

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- Chi-square Analysis.
- Student t-test and
- Anova

VII.ANALYSIS AND INTERPRETATION

TABLE 1
Demographic Profile of the Respondents

	Personal Variables	No. of Respondents	Percentage
Gender	Male	507	81.12
	Female	118	18.88
Age (years)	Upto 30	93	14.88
	31-40	120	19.20
	41-50	247	39.52
	Above 50	165	26.40
Educational qualification	Upto SSLC	61	09.76
	H.Sc	137	21.92
	ITI/Diploma	43	06.88
	Degree	216	34.56
	Postgraduation and above	168	26.88
Occupation	Business	99	15.84
	Employed	261	41.76
	Profession	57	09.12
	Agriculture	122	19.52
	Student and housewife	86	13.76
Annual income (Rs.)	Below 150000	84	13.44
	150001 - 250000	139	22.24
	250001 -350000	272	43.52
	Above 350000	130	20.80
Location	Semi-urban	450	72.00
	Urban	175	28.00
Bank belongs to	State Bank of India	250	40.00
	ICICI Bank	200	32.00
	HDFC Bank	50	08.00
	Punjab National Bank	50	08.00
	Bank of India	75	12.00
Type of bank	Public sector bank	375	60.00
	Private sector bank	250	40.00
Type of account	Savings bank account	375	60.00
	Current account	250	40.00
Social group	Forward community	63	10.08
	Backward community	196	31.36
	Most backward community	205	32.80
	SC/ST	161	25.76
Marital status	Unmarried	157	25.12
	Married	468	74.88
Family pattern	Nuclear family	501	80.16
	Joint family	124	19.84

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No. of family members	Upto 5	255	40.80
	6 and 8	118	18.88
	9 and above	252	40.32

Source: Primary data

Respondents' Awareness on Green Banking Products

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
Gender and Awareness towards Green Banking Products

Gender	No. of Respondents	Mean Score	Standard Deviation	Co-variation
Male	507	59.75	4.33	7.25
Female	118	60.14	4.60	7.65
Overall	625	59.82	4.38	7.32

Source: Primary Data

Comparison of Awareness between Male and Female Customers

t Value	D.F	Table Value at 5%	Result
0.889	623	1.964	Not significant

The calculated t value is (0.889) less than the table value (1.964) at 5 per cent level of significance. The test is not significant. Thus, there is no significant difference between the awareness level of the male and female respondents towards green banking products. Therefore, the null hypothesis is (H_0) accepted. The average awareness score of the female respondents is (60.14) high, followed by the mean awareness score of the male respondents (59.75). As a result, female respondents have more awareness towards green banking products. Besides, there is consistency in the awareness level of the male respondents (7.25 per cent) towards green banking products of the select commercial banks.

Age and Level of Awareness

Age is one of the major factors affecting the awareness of the people in all dimensions. Generally, one would expect that as the person grows older, he would be content with his job and organizational activities. In this context, the respondents were requested to state their level of awareness towards green banking products and an attempt has been made to find out the relationship between age and awareness.

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TABLE 3
Age and Awareness towards Green Banking Products

Age (years)	No. of Respondents	Mean Score	Standard Deviation	Co-variation
Upto 30	93	59.45	4.09	6.88
31-40	120	59.30	4.12	6.95
41-50	247	59.89	4.39	7.33
Above 50	165	60.30	4.68	7.76
Overall	625	59.82	4.38	7.32

Source: Primary Data

Relationship between Age and Awareness

Source of Variation	Sum of Squares	DF	Mean Square	F Value	Table Value at 5%	Result
Between groups	83.986	3	27.995	1.460	2.619	Not 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 (H_0) accepted. The average awareness score of the respondents in the age group above 50 years 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 31-40 years. For that reason, the respondents in the age group above 50 years have more awareness towards green banking products. There is consistency in the awareness level of the respondents in the age group upto 30 years (6.88 per cent), followed by the respondents in the age group 31-40 years (6.95 per cent) towards green banking products.

VIII. SUGGESTIONS

1. The select commercial banks should publish independent Green Annual Report following internationally accepted format like Global Reporting Initiatives targeting their stakeholders. The RBI should remind the responsibility of all the commercial banks to protect the environment and explain how various measures under green banking can help protect the environment. The Reserve Bank of India should recognize and reward the banks which are environmentally cognizant providers of green loans on an annual basis.
2. Positive green banking initiatives should be rewarded. In this context, green rating agencies should be set up to provide green analysis of lenders and users of green loans via different ratings. Green rating index like Dow Jones Sustainability Group Indices might be developed in India. This will motivate the select commercial banks to be more conscious as they will have direct impact on their performance evaluation.
3. The select commercial banks should invest in a project after assessing its environmental or climatic risk. Investment should only be given after being insured about the proper management of those harmful components. The select commercial banks can incorporate an Environmental Impact Assessment in their project appraisal while financing any project to measure the magnitude of environmental impact as well as suggest environmental risk mitigation measures.

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IX.CONCLUSION

With increasing concern about global warming and conserving environment, Indian banks are becoming more responsive towards the green aspirations of their customers. As India has committed to reducing its carbon intensity by 20-25 per cent from 2005 levels by 2020, banks are working towards developing a low carbon economy. Green banking has continued to evolve in the recent years and is expected to become an even greater driving force behind banks competitive strategies. 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. Therefore, the select commercial banks should adopt effective strategies for green banking by considering it as a strategic imperative. Possible policy measures, regulatory framework and initiatives to promote green banking in India have become the need of the hour.

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