



Customers Perception And Willingness To Adopt Green Banking

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ABSTRACT

Green banking encourages environmentally beneficial behavior while lowering internal carbon emissions and external carbon emissions from the banking industry. The importance of adopting green banking practices is regarded as critical due to its environmental, corporate, and social benefits. Green banking can be utilized to retain customers as a competitive advantage. The banking sector plays a critical role in environmental protection and natural resource conservation. The concept of green banking encourages environmentally responsible business practices. This concept of "Green Banking" will be mutually beneficial to the banks, industries and the economy. Not only "Green Banking" will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future. Hence this study is undertaken in order to know the customer's perception and willingness to adopt green banking. The respondents selected for this study were 100. The data further analyzed by way of using Chi-square test. The findings of the study reveal that there is no significant association between age of the respondents and the usage of green banking products and also there is no significant relationship between the qualification of the respondents and their usage of green banking products.

Keywords: Green banking, customer perception, customer awareness

INTRODUCTION

Bank is a financial institution whose main function is to accept the deposits and lend the loans and advances to the public and corporates. In India, we have different types of banks performing variety of functions. Green banking refers to a set of banking procedures that attempts to preserve natural resources and save the environment while taking into consideration all social and environmental concerns. it's also known as ethical banking or sustainable banking. The term "green" is frequently used and has entered popular usage as a result of the enormous protests occurring around the world for protection of the environment and against effects of climate change. There are many definitions of "green banking" that are similar, if Not the same, globally. These definitions are typically linked to corporate social responsibility (CSR), sustainable banking, and environment, social, and governance (ESG). They all, including the compliance and reporting requirements, have a subtle but important effect on the kind of activities that banks engage in. The largest and oldest of the three concepts, corporate social responsibility, is related to the third word, socially conscious investing (CSR).

Green banking refers to the integration of technological advancements, consumer behavior changes, and performance improvements in the banking industry. It entails advocating for environmentally beneficial behaviors. This can take many different forms, such as switching to online banking, paying off debts electronically, opening financial market accounts and CDs with smaller, regional banks, multi-branch financial institutions, or finding a local bank that actively supports regional efforts to go green. In India, emphasis has been made on the idea and potential of banking services in order to improve our economy and environment. Green banking practices can be promoted by issuing credit facilities to only eco-friendly business, eco-friendly agribusiness, and eco-supporting business ventures through green lending policies.

REVIEW OF LITERATURE

Jaggi (2014) studies the initiative by SBI and ICICI on Green Banking. SBI has introduced a Green Channel Counter, no queue banking, enhanced commitment towards achieving carbon neutrality, online money transfer, wind farms. Green Products and Services initiative of ICICI Bank includes instar banking (anytime, anywhere), vehicle finance and home finance. Moreover, these banks have taken other steps for energy conservation like duplexing (two side printing), recycling, CFLs, carpool etc.

Meenakshi Sharma and Akanksha Choubey (2021) this study is qualitative in nature and consists of 36 middle- to senior-level managers from twelve private and public Indian banks who participated in semi-structured in-depth interviews. The impact of three green banking activities, namely the production of green goods, green corporate social responsibility, and green internal processes, on two potential outcomes, namely green brand image and green trust, is studied.

Sahoo et.al. (2016) this study examines how various age groups use green banking practices. The current survey reveals that younger generations are more likely than middle-aged and older age groups to favour green banking solutions (above 60 years). In the low age range (15-30), the mean score for using green banking products is 26.50, whereas for people over 60, it is merely 15. Therefore, the current study concludes that it is more important to raise knowledge about the use of green banking products among middle-aged and older individuals than among younger ones.

Rajesh, T. & Dillep, A. S. (2014) conducted a research study with the objective of assessing the role of banks in sustainable economic development through Green banking activities. The authors also described the situation of banking service initiatives in India and the world. The central bank RBI, two public sector banks, PNB and SBI, and two private sector banks, ICICI and HDFC, have all been recognized for their Green Banking initiatives in this study. Finally, authors came to the conclusion that the growth of green banking requires a structure of rewards for ethical banks and perverse incentives for polluting.

RESEARCH GAP

Green banking encourages environmentally beneficial behavior while lowering internal carbon emissions and external carbon emissions from the banking industry. Based on the past studies and review reports there was no comprehensive study on customer point of view towards green banking practices in the area of Calicut. So that it is decided that there is a necessary and importance to study of Green banking practices with particular reference to private banks in Calicut.

OBJECTIVES OF THE STUDY

- To study the customers awareness of green banking
- To understand the challenges of green banking.
- To study the satisfaction level of customers.

RESEARCH METHODOLOGY

Descriptive research design is applied since this study aims an in-depth analysis of perception and willingness of customers to adopt green banking. The study used both primary and secondary data. Primary data were collected from the users of green banking through questionnaire. secondary data were collected from websites, journals and books. Convenient sampling method was used in this study. 100 respondents were selected from five private banks in Calicut district as the samples for the study. The five banks were Federal Bank, South Indian Bank, ICICI Bank, HDFC Bank & Kotak Mahindra Bank. Statistical tools used for analysis and interpretation were percentage and chi-square test.

DATA ANALYSIS AND INTERPRETATION

Table 1. Socio economic Profile of the Respondents

Sl.No.	Demographics	Option	Respondents	Percentage
1	Gender	Male	35	35
		Female	65	65
2	Age (in years)	Below 30	41	41
		30-40	28	28
		40-50	17	17
		Above 50	14	14
3	Qualification	School level	7	7
		Graduate	46	46
		Post graduate	35	35
		Professional	12	12
4	Occupation	Government employee	9	9

		Private employee	39	39
		Business	15	15
		Profession	37	37
5	Monthly Income	Below 10,000	47	47
		10,000-25,000	28	28
		25,000-50,000	19	19
		Above 50,000	6	6

Source: Primary Data

Table 2. Awareness of the respondents about green banking

SL.NO	Respondents opinion	No of Respondents	percentage
1	Yes	70	70
2	No	30	30
	Total	100	100

Source: Primary Data

In the above table 70 percent of the respondents are aware of green banking and 30 percent are not aware of green banking.

Table 3. CHI-SQUARE TEST - ASSOCIATION BETWEEN AGE OF THE RESPONDENTS AND THEIR AWARE ABOUT GREEN BANKING PRODUCTS

H₀: There is no relationship between age and green banking products

H₁: There is relationship between age and green banking products.

Green Banking Products \ Age	Green loans	Green mortgages	Green Credit Cards	Green Saving accounts	Mobile Banking And Online banking	Total	Statistical Inference
Below 30	6	2	3	7	23	41	Calculated value of Chi Square test= 95.1281 Table value = 21.026 DF= 12 Significant @ 5%
30 – 40	2	1	1	3	21	28	
40 – 50	3	1	2	3	8	17	
Above 50	1	0	1	0	12	14	
Total	12	4	7	13	64	100	

Source: Primary Data

The results of the above table reveals that there is a significant relationship between the age of the respondents and their usage relating to green banking products. The calculated value is greater than the table value and therefore the null hypothesis is rejected.

Table 4. CHI-SQUARE TEST - ASSOCIATION BETWEEN GREEN BANKING PRODUCTS AND QUALIFICATION OF THE RESPONDENTS

H₀: There is no relationship between educational qualification and awareness of green banking products

Green banking products \ Qualification	Green loans	Green mortgages	Green Credit Cards	Green Saving accounts	Mobile Banking And Online banking	Total	Statistical Inference
School Level	0	0	1	0	6	7	Calculated value of Chi Square test = 25.7795 Table value = 21.026 DF= 12 significant @ 5%
Graduate	3	0	1	8	34	46	
Post graduate	6	2	2	5	20	35	
professional	3	2	3	0	4	12	
Total	12	4	7	13	64	100	

H₁: There is relationship between educational qualification and awareness of green banking.

Source: Primary Data

The results of the above table reveals that there is a significant relationship between the qualification of the respondents and their usage relating to green banking products. The calculated value is greater than the table value and therefore the null hypothesis is rejected.

FINDINGS

It clarifies that the majority of the respondents were below the age of 30 years. Most of the respondents were females and graduates. Majority of the respondents were private employees. Majority of the respondents income were below Rs.10000. Majority of the respondents were aware about green banking products.

CONCLUSION

Green Banking has been boosting to improve the environment and promoting economic growth. Until a few years ago, most traditional banks did not practice green banking or actively seek investment opportunities in environmentally-friendly sectors or businesses. Indian banks are far behind their counter parts from developed countries. If Indian banks desire to enter global markets, it is important that they recognize their environmental and social responsibilities. Further, those industries which have already become green and those, which are making serious attempts to grow green, should be accorded priority to lending by the banks. This concept of "Green Banking" will be mutually beneficial to the banks, industries and the economy. Not only "Green Banking" will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future. There are lot of opportunities and challenges for Indian banks in adopting "Green Banking" as profitable business. Therefore, for sustainable banking, Indian banks should adopt green banking as a business model without any further delay.

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