

A Study on Customer Awareness: Green Banking

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Abstract

In this present scenario of globalization, all the sectors of world economy are facing huge challenges to deal with the environmental problems and their related impacts in their day-to-day businesses. The banking sector can play the role of an intermediary between the economic development and fundamental environmental protection. In order to support environmentally sustainable and socially responsible investments, banking of this kind can be called "green banking". It refers to banking activities conducted in a selected area and in a way that contributes to the overall reduction of external carbon emissions and internal carbon footprint. Green finance as part of Green Banking is great contribution to the transition to low-carbon and efficient resource use industry, i.e. green industry and green economy in general. Green banking is part of the group's global initiative stakeholders to save the environment. This research paper aims to find awareness of green banking in Ahmedabad on sample of 100 respondents. The study concludes that people are aware about green banking but still bank should create awareness among people and come up with creative and innovative idea which will be benefited to the society as whole. "Green banking" will contribute to the future improvement of bank asset quality as well as the greening of industries.

Keywords: Green Banking, Environmentalism, Sustainability, Banking sector

Introduction

Sustainable development has evolved as a new paradigm of development in response to the current discussion of development that overexploits the natural environment for economic wellbeing. The economic sustainability can best be achieved through markets to work within a suitable structure of cost-efficient regulations and economic instruments. It is not only the problem of the government and the direct polluters but also of other stakeholders like financial institutions such as banks, which are playing a major role in the development of the society. Though banking activities is not affecting the environment, their customers' actions have a big impact on it. Therefore, banks must include green practises into their business operations, physical structures, financial decision, and financing plans. The banking sector plays the role of an intermediary between the economic progress and fundamental environmental protection. The aim of this paper is to highlight strategies for educating internal and external sub systems target groups and impart education to achieve economic sustainability through green banking.

Internal environmental impact of the banking sector such as use of energy, paper and water are relatively low and clean. The activities of their consumers have a persuasive effect on the environment than their

banking activities do. Therefore, environmental impact of bank's external activity is huge though difficult to estimate. In addition to that environmental management and risk management are applied in the banking industry. The higher quality loan portfolio creates higher gain, it improves enterprise value and lowers loss ratio. Therefore, one of the tasks of the banking industry should be to encourage environmentally conscious investment and cautious financing. Banks should prioritise funding for industries that have already taken substantial steps towards being green as well as those that are currently doing so. This method of finance can be called as "Green Banking", an effort by the banks to make the industries grow green and, in the process, restore the natural environment. It refers to any form of banking which helps the environment and promotes sustainable 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. Internationally, there is a growing concern about the role of banking and institutional investors for environmentally responsible and socially responsible investment projects. Banking and other financial institutions are more effective towards achieving this goal for the kind of intermediary role they play in any economy and for their potential reach to the number of investors. Environment is no longer the exclusive concern of the government and the direct polluters, but also the other partners and stakeholders in the business-like financial institutions such as banking institutions can play a very important role in fostering linkages between economic development and environmental protection.

Green Banking

Green banking services are financial products and services that promote sustainability and environmental responsibility. Here are some examples of green banking services:

- Loans for sustainable agriculture or renewable energy projects that might have problem in qualifying with other types of lenders.
- Investment products that associate with investor values, such as renewable energy quotas or carbon offsets.
- Green car loans which is offering the loan for electric vehicle at lower interest rates.
- Green bonds and green mortgages which provokes energy efficient homes.
- With the use of credit enhancement and co-investment to leverage private capital to achieve
- Green banking goals.

Green banking is the same as traditional banking which contemplate all social and environmental facet in an effort to safeguard the environment and natural resources. Although the fact that a bank's operations have no direct effect on the environment, its customers' decisions have a big impact on it. Therefore, banks must include green practises into their daily operations, construction, investment, and financing plans. (NATH, NAYAK, & GOYAL, 2014). Green bank helps in establishing industrialecosystem as a sustainable industrial network. The different models of business interactions of green bank with stakeholders and proposition of integrating network analysis into the complex structure of green banking system interactions and relationships with the industrial system, which aim at eco-development into a coherent industrial ecosystem. (Paluszak & WiÅniewska-Paluszak, 2016). Any type of banking that benefits the environmental and the country is mentioning to as "green banking." By focusing its main operations on safeguard the environment, a traditional bank can become a green bank.

The aim of the green bank to the green banking first move of Bangladesh's commercial banks, and also attempted to explain the rationale behind the policy's adoption and draw comparisons between the commercial banks' various green banking initiatives (Lalon, 2015). By guaranteeing environmentally friendly practises in the banking industry, internal and external carbon footprints can be reduced. The effort to review the relevant literature on green banking and identify the key issues with its application. (AHUJA, 2015). The greatest way to accomplish sustainable development is to let markets operate within an adequate framework of cost-effective laws and economic tools. Banks should go green and take an active role in addressing environmental and ecological considerations as part of their lending policies in order to encourage businesses to make required expenditures for environmental management, adoption of pertinent technologies, and management systems. It is examined the significance of green banking, references worldwide examples, and identifies key takeaways for India's sustainable banking and development have denoted. (Sahoo & Nayak, 2007). The effects of three green banking initiatives—green product creation, green corporate social responsibility, and green internal processes—on two potential outcomes, namely green brand image and green trust. By increasing the availability of finance and meeting the needs of a "green economy," the banking industry may play a significant role in greening the banking system. (Sharma & Choubey, 2022). Although the strategy used thus far varies widely between industrialised and developing nations, central banks, supervisors, and policymakers started applying various green banking measures to reduce the negative effects. In parallel, private and public financial institutions, both separately and collectively, are attempting to solve the difficulties that are looming, particularly from the perspective of risk management. (Park & Kim, 2020).

The worldwide banking sector has seen a significant increase in the trend of going green. Banking institutions have been inspired by the idea of "green banking" to offer paperless, technologically advanced services while reducing their negative environmental effects and playing their part as good corporate citizens in sustainable development. Green banking projects' security and trust, convenience and ease of use, value creation, and environmental and social concern elements have all been included in the model which will have an impact on overall customer satisfaction with green banking. (H.M.A.K & H.M.S.P, 2019). The banking industry is important for outstanding banking in its own right. Green banking entails encouraging eco-friendly behaviours and lowering the carbon footprint of banking operations. Banks should provide funding for projects that use green technology and reduce pollution in order to help reduce external carbon emissions. The article shows Indian green banking initiatives by different Indian institutions. Additionally, an effort has been made to incorporate specific green banking adoption tactics (Bahl, 2012). Due to rapid growth of industrialisation in the world it increases the need and demands of people around the world and it has become symbolic prosperity and development of economy. And on the other side it has been observed the exploitation of the natural environment which in turn to disturb ecological balance. The green banking approach adopted by public sector as well as private sector bank through green marketing activities. It has been observed that public sector bank has taken more initiative as compared to private sector banks. (Yadav & Pathak, 2013).

The role of financial sector in achieving sustainability is very significant. why the financial sector is crucial to achieving sustainability and why the triple bottom line of commercial, environmental and social success points the way forward for banking. From a systematic analysis of major banks around the world, he presents a comprehensive account of contemporary best practice, an analysis of the dissimilarity in approach and performance, and recommendations of actions and policies for improved performance that will contribute to sustainable development. (Jeucken, 2001). Green banking is an

emerging concept in Pakistan's economy. The aim of this paper is to identify the individual's perception and response to the green practices as adopted by the banks and to identify customers' awareness towards green banking. (Ellaahi, Jillani, & Zahid, 2023). The green movement in the banking sector was triggered due to the increasing in climate change across the world being caused by environmental degradation. (Bukhari, Hashim, & Amran, 2019)

Research Methodology

The study "Customer Awareness: Green Banking" used descriptive research. The survey approach has been used to gather data. The approach of non-probability convenient sampling was applied. The systematic questionnaire was created and distributed to 100 respondents. SPSS has been used for data analysis for this study. On a five-point Likert scale, with 1 denoting a strong disagreement and 5, denoting a strong agreement, respondents were asked to score their agreement or disagreement with a number of things.

Research hypothesis:

H1: Knowledge about green banking services shows positive association with awareness of green banking.

H2: Experience of use shows positive association with awareness of green banking services.

H3: Factors influencing adoption of green banking show positive relation with awareness of green banking.

Research Objectives:

1. To study awareness of the term 'green banking' among the youth of Ahmedabad city.
2. To find the factors that influence the youth towards adoption of green banking services.
3. To know the impact of education on awareness of green banking services.
4. To know which green banking service is most preferred by user.

Research Design

For obtaining complete and accurate information about customer's awareness and adoption of Green Banking descriptive research method is selected. In that descriptive research method selected survey method and fact data for the research.

Data Collection sources

1. Primary data

For this research data collection source has been used as a primary data for collecting responses from investors.

2. Secondary data

Secondary data is obtaining from websites, research paper, books.

Data Collection Method

For the research of the customer's awareness and adoption of green banking data has been collected by google form.

Questionnaire has been circulated by google form to who are using green banking product and services.

Sampling Design

Population of the study

For the research on Customer's awareness and adoption of Green Banking targeted population are who using green banking product and services.

Sample Size

Sample size for this research is 100 responses has been collected from the friends, family, and others who are who using green banking product and services.

Sampling Method

In the sampling method Non-probability sampling method selected.

Limitations of study:

Certainly, it is essential to recognize the limitations of this study despite its theoretical and practical implications. One limitation is related to the data collection method, which relied on convenience sampling. This approach may introduce biases and restrict the generalizability of the findings to a broader population. Moreover, the study was conducted in a specific geographical area, limiting its applicability to other regions and potentially overlooking regional variations in consumer behaviour.

Following limitation are faced by the paper:

1. The data was not collected based on locality, the data is mainly from Ahmedabad.
2. The data sample is only 100 individuals; it could be increased to see whether such results would hold true for larger sample size and across various cities.

DATA ANALYSIS AND INTERPRETATION

Demographics of respondents:

All the respondents are from Ahmedabad city.

Table 1: Demographics of respondents

Education	Percentage
Graduated	40
HSC	3
Post Graduated	54
SSC	3
Income Level	Percentage
20000 – 40000	20
40000 – 60000	19
60000 – 80000	9
Below Rs.20000	48
More than 80000	4
Gender	Percentage

Female	50
Male	50
Occupation	Percentage
Housewife/Home maker	2
Private sector services	17
Profession	9
Public sector services	3
Self employed	20
Student	49
Age	Percentage
<20	5
20-30	73
30-40	18
40-50	4

According to the table above 73% of respondents are of age 20 to 30 years and income level of 68% of the respondents is below Rs.40,000. Also 49% respondents are students and 54% of the respondents are post graduate. The demographics show that the study is about middle class, learned youth of Ahmedabad city.

Objective 1: Understanding of the term ‘Green Banking’ among respondents:

Table 2: What is green banking according to you?

Green Banking means-	Percentage of users
E- banking	43
Environmental protection	17
Paperless banking	35
Use of renewable resources	5

The above table shows that 43% of the respondents understand green banking as e-banking whereas according to 35% respondents consider green banking as paperless banking.

Objective 2: Factors influencing youth towards adoption of green-banking:

Table 3: Factors influencing adoption of green banking services:

Influencing Factors	Frequency of factors
Convenience	23
Ease of use	36
Environment concern	16
Time and cost saving	25

The above table shows that ease of use and convenience are the selected by 59% of the users whereas environmental concern is least selected.

Objective 4: To know which green banking service is most preferred by user

Table 4: Preference towards use of green banking products and services.

Green banking service/product	Frequency of use	Percentage of use
Cash deposit system	34	10
Green car loan	24	7
Green home equity loan	15	4
Green mortgages	12	3
Mobile Banking	70	20
Net banking	80	23
Online Bill payment	82	23
Online savings account	34	10
Solar ATM	1	0

The above table shows that 20% respondents prefer mobile banking services, 23% respondents prefer net banking services and online banking services each. Least respondents have ranked solar ATM and Green Mortgages are their preferred services.

Hypothesis Testing:

H1: Factors influencing adoption of green banking show positive relation with awareness of green banking.

Table 5: Cross tabulation and chi square test for H1

	Do you get hardcopy of documents?		
Awareness	No	yes	Grand Total
E- banking	30	13	43
Environmental protection	14	3	17
Paperless banking	26	9	35
Use of renewable resources	5		5
Grand Total	75	25	100

Use of green banking	No	yes	Grand Total
E- banking	32.25	10.8	43
Environmental protection	12.75	4.25	17
Paperless banking	26.25	8.75	35
Use of renewable resources	3.75	1.25	5
Grand Total	75	25	100
Chi square	0.672085776		

Table 5 The Chi-Square test shows that there is no significant association between awareness and influence of green banking. The above shows that respondents who are aware about e-banking are not actually influenced to use green banking solutions.

H2: Experience of use of green banking services has significantly positive association with awareness of green banking services.

Table 6: Chi square test to find significance of association between experiences of using green banking services with awareness of green banking services.

Awareness of green banking services	Experience of green banking application					Grand Total
	bimonthly	Daily	monthly	quarterly	weekly	
E- banking	3	7	14	4	15	43
Environmental protection	1	2	3	5	6	17
Paperless banking	2	5	16	3	9	35
Use of renewable resources	1	1	3			5
Grand Total	7	15	36	12	30	100

Awareness of green banking services	Experience of green banking application					Grand Total
	bimonthly	Daily	monthly	quarterly	weekly	
E- banking	3.01	6.45	15.48	5.16	12.9	43
Environmental protection	1.19	2.55	6.12	2.04	5.1	17
Paperless banking	2.45	5.25	12.6	4.2	10.5	35
Use of renewable resources	0.35	0.75	1.8	0.6	1.5	5
Grand Total	7	15	36	12	30	100

Chi Square Test 0.55965045

Table 6 shows that there is no significance association between experience and awareness about green banking services. In other words is shows that very few users are aware about different types of green banking services.

H3: Knowledge about green banking services shows positive association with awareness of green banking

Table 7: Chi square test to check association between educational qualification and awareness of green banking services.

Awareness	Educational qualification				Grand Total
	Graduated	HSC	Post Graduated	SSC	
E- banking	22	1	18	2	43
Environmental protection	3		14		17

Paperless banking	14	2	18	1	35
Use of renewable resources	1		4		5
Grand Total	40	3	54	3	100

	Educational qualification				
Awareness	Graduated	HSC	Post Graduated	SSC	Grand Total
E- banking	17.2	1.29	23.22	1.29	43
Environmental protection	6.8	0.51	9.18	0.51	17
Paperless banking	14	1.05	18.9	1.05	35
Use of renewable resources	2	0.15	2.7	0.15	5
Grand Total	40	3	54	3	100

Chi Square Test: 0.37921726

Table 7 shows that there is no significant relationship between knowledge and awareness of green banking services. In other words it indicates that even well educated users are not aware of most of the green banking services.

Recommendations & Suggestions:

1. The RBI should encourage banks to promote the use of green banking services. Clear guidelines should be provided to banks for using paperless banking services.
2. Government should encourage the general people about green banking awareness through the electronic and print media. This can be done by coordination among concerned authorities. For sustainable development, the banking and financial industry should be supported. When it comes to green banking, Indian banks and financial institutions are falling behind. Even for legitimate reasons, none of the banks or other financial organizations adopted the Equator Principles. The UNEP Declaration on Financial Initiatives is not one of their signatures.
3. The RBI may enhance the reach of sustainable banking schemes to villages to encourage green borrowing for use of solar energy, water energy etc.
4. For sustainable development, the banking and financial industry should be supported. When it comes to green banking, Indian banks and financial institutions are falling behind. Even for legitimate reasons, none of the banks or other financial organizations adopted the Equator Principles. The UNEP Declaration on Financial Initiatives is not one of their signatures.
5. The time has come for India to start implementing the Equator Principles, a set of rules that calls for using both financial and ecologically conscious criteria to finance projects.

Conclusion

An approach to raise public awareness of global warming is through green finance. The utilisation of green banking services is raising day by day but still banks require to generate more awareness among youth. The bank should recommend innovative products for their benefit and society as well. Every

business owner is compelling improves the environment and makes the world a better place to live. The action taken by the Indian banks are perceptible but when correlated globally, they are lagging behind. The idea of progress is evolving quickly today. There is a heightening sediment that we should rearrange our preference and depart from the one-dimensional paradigm that has solely considered GDP when analysing economic performance without fully taking into account the social and environmental sustainability of our growth. Banks have realised that sustainability and profitability go hand in hand as organisations try to cut costs, streamline operations, and provide long-term systems. This realisation is identical to that of their corporate clients. If properly used, green banking will serve as an active ex ante deterrent for polluting industries that ignore existing institutional regulatory mechanisms. Although having an important impact on India's expanding economy, banks and other financial institutions have not taken many dynamisms in this area. For sustainable development, the banking and financial industry should be helped. When it comes to green banking, Indian banks and financial institutions are falling behind. Even for legitimate reasons, none of the banks or other financial organisations adopted the Equator Principles. The UNEP Declaration on Financial Initiatives is not one of their signatures. The time has come for India to start implementing the Equator Principles, a set of rules that calls for using both financial and ecologically conscious criteria to finance projects.

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Annexure

Questionnaire

1. Your Good Name *
2. Age *
 - Less than 20 years
 - 20-30 years
 - 30-40 years
 - 40-50 years
 - More than 50 years
3. Gender *
 - Male
 - Female
 - Other:
4. Education *
 - SSC
 - HSC
 - Graduated
 - Post Graduated
 - Uneducated
5. Occupation *
 - Student
 - Self employed
 - Private sector services
 - Public sector services
 - Profession
 - Retired
 - Housewife/Home maker
6. Income (Monthly) *
 - Below Rs.20000
 - 20000 – 40000
 - 40000 – 60000
 - 60000 – 80000

- More than 80000
7. From which bank you have account to use green banking services?
State Bank of India
Bank of Baroda
HDFC
ICICI
Kotak Mahindra bank Other:
8. How often you used green banking application? *
Daily
Weekly
monthly
bimonthly
quarterly
9. From where do you get Information about Green Banking Products? *
Banking Officials
Friends
Internet
Books and Journals
Newspapers
Other sources
10. Which kind of green banking products are you aware of? *
Online Bill payment
Online savings account
Net banking
Green home equity loan
Green car loan
Green mortgages
Paperless Statement
Mobile Banking
Solar ATM
Electronic fund transfer Cash deposit system
11. According to you from the below list which of the Green Banking Service are you used most?
(rank each one)

	1	2	3	4	5
OnlineBill payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online savings account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Net banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic fund transfer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit andDebit Cards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobile banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. Which Factors Influencing the Adoption of Green Banking Services? *

Convenience

Ease of use

Environment concern

Time and cost saving

13. How was your satisfaction level to using green banking application of your * bank?

highlv satisfied

1

2

3

4

5

highlvunsatisfied

14. What is your opinion about green banking? *

Environmental protection

E- banking

Paperless banking

Use of renewable resources

15. Give the rank on green banking application. *

	1	2	3	4	5
ATM's	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobile banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Green channel counter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Green card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. Do you need hard copy of documents? *

yes

No

17. If Yes, then what purpose you need hard copy?