

# **A Study on Green Banking Practices**

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## **Abstract**

**Green banking initiatives refer to the practices and policies adopted by financial institutions to promote environmentally sustainable development. Banks by adopting initiatives like usage of energy-efficient systems, reducing paper usage, and promoting digital transactions, green banking contributes to mitigating climate change, conserving natural resources, and fostering a more sustainable economy. The study provides insights into the popular eco-friendly initiatives like digital banking, green loans, and energy-efficient operations to reduce its environmental impact. The findings will contribute to a better understanding of the practical challenges and opportunities associated with green banking initiatives, ultimately guiding more effective strategies for sustainable financial practices. It was concluded that green banking has been found to have a positive impact on the environment, conservation, and sustainable use of natural resource**

**Keywords: Green banking, carbon footprint, Net banking, Mobile banking, Digital payments, Green financing, Green mortgage, Sustainable investment**

## **I. INTRODUCTION**

Green banking initiatives refer to the approaches and practices accepted by financial institutions to upkeep environmental sustainability while steering their operations. These initiatives aim to reduce the carbon footprint of banking activities and provide financial support for eco-friendly projects. Green banks encourage investments in renewable energy, energy efficiency, pollution reduction, and sustainable infrastructure projects.

Green banking means endorsing environment friendly practices and reducing carbon footprint from banking activities. It aims to protect the environment for the benefit of current and future generations. Green banking aims at improving the operations and technology along with making the clients habits environment friendly in the banking business. It is like normal banking along with the consideration for social as well as environmental factors for protecting the environment .It is the way of conducting the banking business along with considering the social and environmental impacts of its activities.

The amount of carbon dioxide (CO<sub>2</sub>) we produce by using fossil fuels like heating oil, gasoline, and others trap heat in the atmosphere, making the Earth warmer, it's like leaving a big footprint on the planet. A big carbon footprint is bad news for the Earth. It contributes to climate change, which can lead to extreme weather, rising sea levels, and more. We want to reduce our carbon footprint to keep the planet healthy. Green banking is a way to make a positive impact on the environment. It's about using banking services and products that care about the planet i.e. investment in renewable energy, energy-efficient technologies, sustainable industries and eco-friendly products. By adopting green banking practices, banks can play a significant role in reducing their environmental footprint.

**Green banking practices**

- **Online banking and Mobile banking:** By switching to online banking and mobile banking, we can significantly reduce our carbon footprint. Here we use less paper, thanks to electronic statements and documents; we travel less, which means fewer greenhouse gas emissions from cars and buses; and we save energy by streamlining processes and reducing the need for manual labor. Plus, digital platforms can be optimized for energy efficiency, making them a more sustainable choice. By taking on online banking, we can make a positive impact on the environment while relishing the convenience and flexibility of digital banking.
- **Paperless Documentation:** By ditching paper and going digital, we can make a real difference in reducing our carbon footprint. Paper production requires energy, water, and wood pulp, which contributes to greenhouse gas emissions and deforestation. By switching to paperless documentation, we're not only saving trees that absorb carbon dioxide and produce oxygen, but also reducing waste that ends up in landfills and conserving precious resources like water and wood. It's a simple yet powerful step towards a more sustainable future
- **Energy-Efficient Branches:** By designing branches with energy efficiency in mind, bank can significantly reduce carbon footprint. Imagine branches that harness the power of solar energy, use LED lighting, and optimize natural light and ventilation to minimize energy consumption. Banks can also implement smart energy management systems to monitor and optimize energy usage. By making these simple yet effective changes, bank branches can reduce their reliance on fossil fuels, lower greenhouse gas emissions, and create a more sustainable future.
- **Green financing:** By investing in renewable energy projects, energy-efficient initiatives, and sustainable infrastructure, we can make a real difference. Imagine funding solar panels, wind turbines, and green buildings that not only reduce our reliance on fossil fuels but also promote sustainable practices. Green financing encourages businesses to adopt eco-friendly habits and supports companies that prioritize the environment.
- **Sustainable investing:** Sustainable investing is a powerful way to make a positive impact on the environment. By investing in sustainable companies and initiatives that prioritize sustainability and environmental stewardship banks can promote environmentally responsible practices, reduce carbon footprint, and contribute to a more sustainable future.
- **Green Mortgages:** By promoting energy-efficient homes and sustainable building practices, green mortgages can help reduce carbon footprint, lower energy consumption, and create a more sustainable future for homeowners and the environment. Green mortgages reduce carbon footprint through offering preferential interest rates or terms for energy-efficient homes, encouraging homebuyers to invest in sustainable properties, providing financing for energy –efficient upgrades and renovations, encouraging builders to adopt sustainable building materials and practices and supporting the development of eco-friendly homes and building.
- **Digital payments:** By minimizing paper waste, lowering transportation emissions and streamlining transactions digital payments reduce carbon footprint. With digital payments, transactions become more efficient, reducing the need for physical infrastructure and promoting a more sustainable financial system.
- **Environmental Risk Assessment:** Environmental Risk Assessment is a game-changer for reducing carbon footprint. By assessing the potential environmental impacts of business operations, projects,

or investments, banks can identify areas where they make a real difference.

- **Employee engagement:** When banks engage their employees in sustainability efforts, it's a total game-changer for reducing carbon footprint. By educating and empowering employees to make eco-friendly choices, banks can create a ripple effect of positive change. Employees can start by making simple changes like turning off lights, using public transport, or carpooling. Banks can also support green initiatives and encourage employees to participate in community clean-up events or tree planting activities. By fostering a culture of sustainability, banks can make a real difference and reduce their carbon footprint. It's all about teamwork and making a positive impact on the environment
- **Community outreach:** By educating and empowering people to make eco-friendly choices, banks can inspire a wave of positive change. They can organize workshops, seminars, and events to teach people about sustainability and environmental conservation. Plus, by supporting local initiatives like clean-up drives, tree planting, and recycling programs, banks can make a real impact. It's all about working together to promote sustainable practices and reduce our carbon footprint. By doing so, banks can be a force for good and help create a greener future for everyone.

## II. LITERATURE REVIEW

**Nguyen and Pham's (2023)**, discovered that mobile banking apps and online platforms helped banks reduce their carbon footprint while improving customer satisfaction, particularly among younger customers who were more likely to embrace digital services. However, the study also pointed out that rural areas faced infrastructure challenges, which limited the reach of green banking practices, thereby affecting their overall efficiency. **Wilson and Brown (2022)**, revealed that banks investing in renewable energy projects experienced improved financial stability and stronger relationships with environmentally conscious customers. . However, the researchers noted that the high cost of green banking adoption remained a significant barrier, particularly for smaller financial institutions. **Taylor and Smith's (2021)**, explored the link between green banking and corporate social responsibility (CSR). The study found that banks adopting green banking practices, such as using renewable energy in their branches and offering green financial products, improved their public image and attracted environmentally conscious investors. However, the researchers noted that the cost of implementing green banking practices was a significant barrier, particularly for smaller banks with limited resources. **Gupta and Sharma (2021)**, examined the impact of green banking on customer loyalty in India. They found that customers who were aware of the green financial products offered by their banks, such as green savings accounts and eco-friendly ATMs, exhibited higher levels of loyalty and satisfaction. However, the researchers found that the adoption of green banking was uneven across the country, with urban areas benefiting more from these practices than rural areas.

## III. OBJECTIVES OF THE STUDY

- To study about the awareness of green banking practices among the customers
- The study whether there is gender difference among customers in awareness level of various green banking practices.
- To identify various challenges faced in green banking methods.

## IV. RESEARCH METHODOLOGY

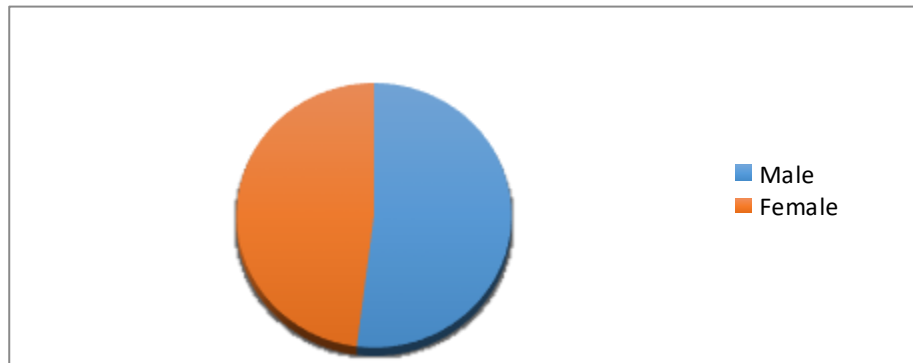
The data required for the study was collected through a structured questionnaire. A total of 125 responses

were collected through convenient sampling method. Among the responses received, only 120 were useful for the study. Secondary data required for the study was collected from published journals articles, research papers, trusted websites.

The study is limited to the banking customers of Kattappana Municipality of Idukki District.

## V.DATA ANALYSIS

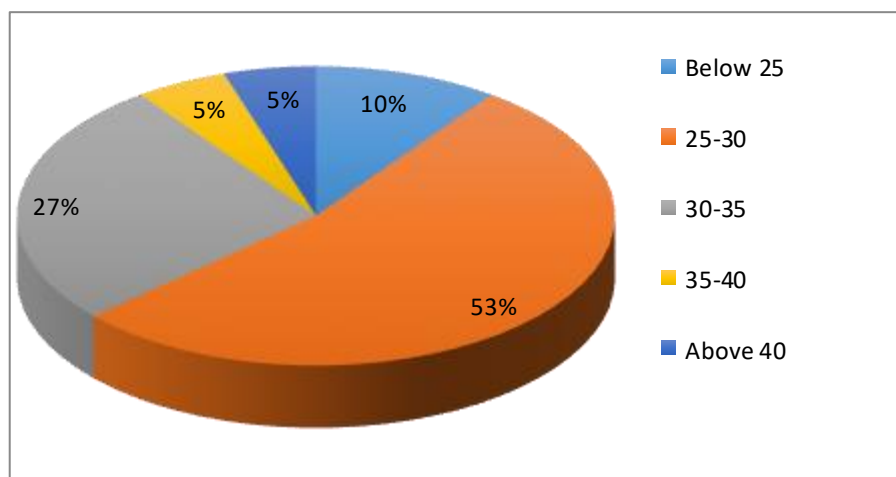
**Figure.1. Gender wise distribution of respondents**



The data collected has almost equal distribution of both male and female respondents.

Source: Primary data

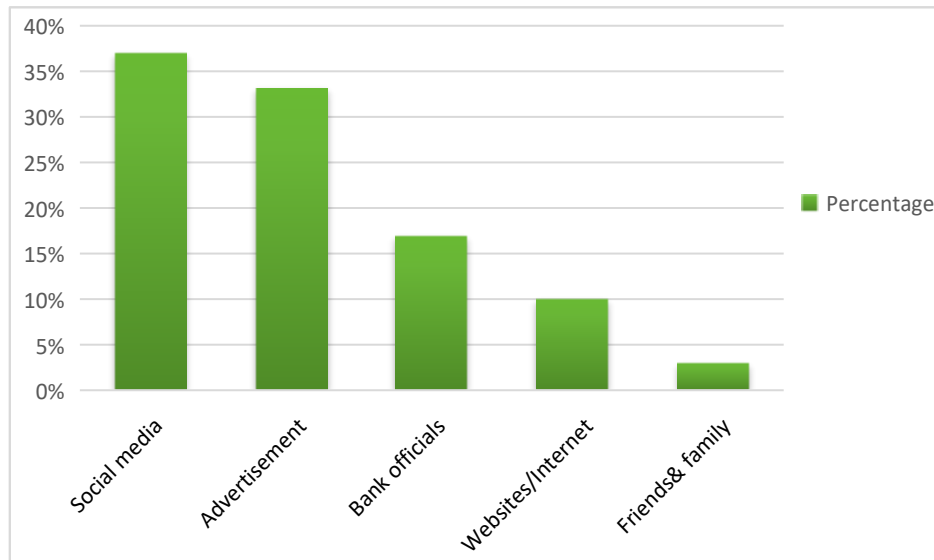
**Figure.2: Age wise distribution of respondents**



The figure describes that, the majority of the respondents were between the age group of 25-30 years, followed by 30-35, and then by below 25Years.

Source: Primary data

**Figure: 3: Sources of information of Green banking Practices**



The figure depicts that majority of the respondents get awareness about the green banking practices through social media, followed by the advertisements.

Source: Primary data

**Table.1: Respondents Awareness on different green banking practices.**

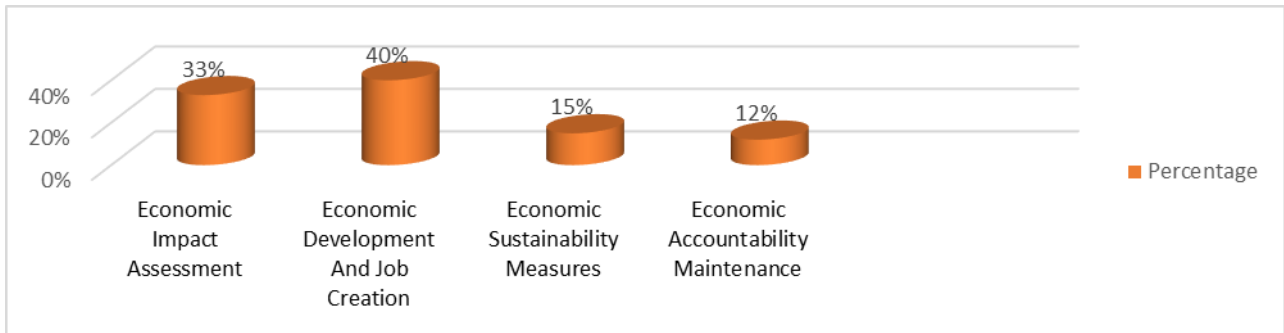
Green banking practices	Rank 1 (5)	Rank2 (4)	Rank3 (3)	Rank4 (2)	Rank5 (1)	Total	Rank
Online/Mobile banking	45	25	20	20	10	435	1
Paperless documentation	40	30	20	20	10	430	2
Energy efficient branches	20	10	20	30	40	300	6
Green financing	25	20	15	30	30	340	4
Sustainable investing	20	10	20	35	35	305	5
Green mortgage	25	25	10	25	35	340	4
Digital payments	40	30	20	25	5	435	1
Environmental risk assessment	20	10	20	30	40	300	6
Social outreach	40	30	20	25	5	435	1
Employee engagement	30	30	20	10	30	380	3

Source: Primary data

The table represents a survey-based evaluation of the awareness of respondents about different green banking practices. The top-rated and well integrated green banking practices are online/Mobile banking, digital payments and Social outreach because they rank first with a total score of 435. Paperless documentation ranks second with a total score of 430 and Employee engagement ranks third with a total score of 380.

of 380. Energy efficient branches and Environmental risk assessment scored lowest with a total score of 300 points each suggesting either lesser implementation or perceived importance.

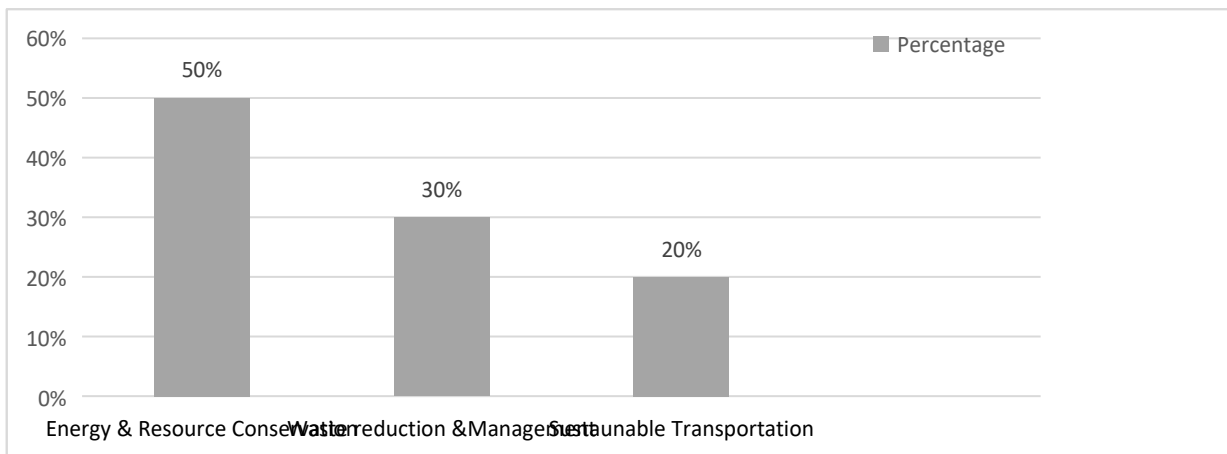
**Figure.4 Green Banking Practices Contributes Economic Sustainability**



Source: Primary data

The figure presents bar chart showing how green banking practices contribute to economic sustainability. Economic development and Job creation is the most significant contribution of the green banking practices, indicating the importance of assessing financial implications and guiding future green investments. A Substantial portion also goes into evaluating the economic effects of green projects, indicating the importance of assessing financial implications. While economic sustainability and accountability receive less emphasis.

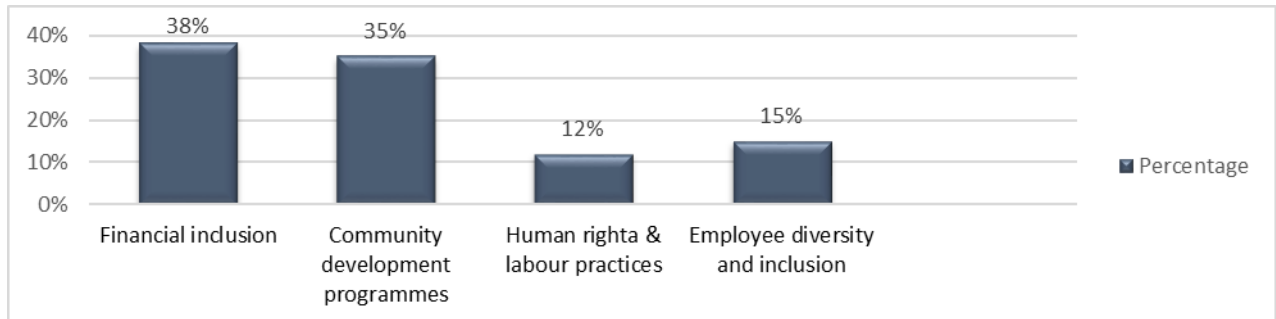
**Figure.5 Green Banking Practices Contributes Environment Sustainability**



Source: Primary data

Energy& resource conservation is the most impactful green banking practice in promoting environmental sustainability, followed by waste reduction and sustainable transportation.

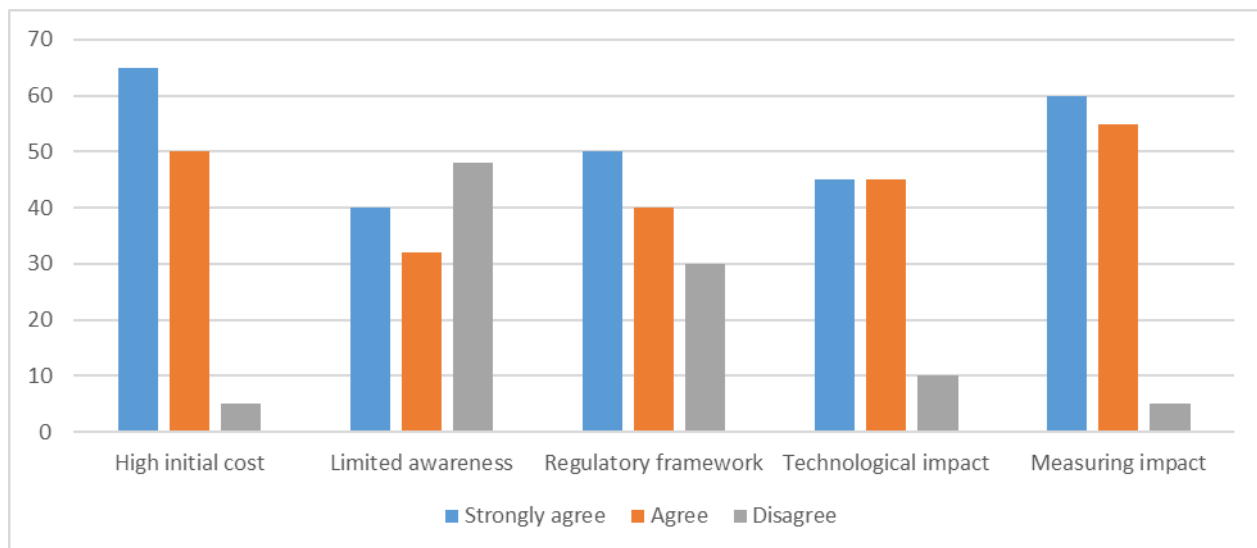
**Figure.6 Green Banking Practices Contributes Social Sustainability**



Source: Primary data

The chart highlights that financial inclusion and community development programs are the most emphasized aspects of social sustainability within green banking practices, while employee diversity and labour rights receive comparatively less attention

**Figure.7 Challenges in Green banking practices**



Source: Primary data

The chart presents that a large majority see high initial costs as a significant barrier to green banking. Limited awareness about green banking, possibly indicating improved awareness in some sector. Regulatory challenges are not as overwhelming as cost issue. Most respondents consider technology as a considerable factor in implementing green practices, may be due to infrastructure gaps or integration challenges. Measurement of environmental or sustainability impact is a major concern in implementation of green banking, may be due to the lack of standardized matrices or tools.

## Research Hypothesis

H<sub>0</sub>: Awareness of green banking practices is independent of gender.



**Table.2.  $\chi^2$  calculation table**

O	E	$(O - E)$	$(O - E)^2$	$\frac{(O - E)^2}{E}$
55	56	-1	1	0.0178
8	7	1	1	0.1428
50	50	0	0	0
7	7	0	0	0
$\Sigma$			$\frac{(O - E)^2}{E}$	0.1606

The Calculated value for  $\chi^2$  is 0.1606 and critical value for the  $\chi^2$  calculated value at 5% level of significance and 1 degree of freedom is 3.841. Since calculated value is less than critical value, the null hypothesis is accepted. That means, the awareness of green banking practices is independent of gender. In other words there is no gender difference in awareness of green banking practices.

Source: primary data

## VI. FINDINGS OF THE STUDY

The data collected has almost equal distribution of both male and female respondents and between the age group 35-40 years followed by 30-35 years. Most of the respondents are aware about almost all green banking practices and is through by Social Medias and advertisements. By adopting online and mobile banking, customers can contribute to a more sustainable future while enjoying the convenience and flexibility of digital banking. By adopting paperless documentation, banks can make a positive impact on the environment and contribute to a more sustainable future. By adopting energy efficient practices such as promoting energy-efficient homes and sustainable building practices banks can help reduce carbon footprint, lower energy consumption their by lower operating cost and contribute to a more sustainable future. Banks can make positive impact on environment through investment in sustainable companies and initiatives, switching to digital payments, conducting environment risk assessment, engaging employees in sustainability efforts and engaging with local communities. Implementing green banking initiatives can be challenging, hurdles are high cost, regulatory framework, and technical limitations and difficulty in measuring environmental impact.

## VII. CONCLUSION

Green banking is a vital step towards creating a more sustainable and environmentally conscious financial system. By adopting green banking practices, financial institutions can reduce their environmental impact, promote sustainable development and contribute to a better future for all. While there are challenges to implementing green banking initiatives, the benefits far outweigh the costs.

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