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Customers' View on Green Banking – An Empirical Study

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***Abstract*: In today's globalization context, all segments of the global economy are confronted with enormous challenges in dealing with environmental issues and their consequences in their day-to-day operations. Society is becoming increasingly concerned about the environment. This isn't just a worry of the government, but also of other stakeholders such as banking institutions, which play an important role in society's development. Our country's banking sector is one of the finest. It plays a significant role in the Indian economy's growth. The banking sector, like other industries, has a responsibility to protect the environment. The primary goal of this research is to investigate customer perceptions and awareness of green banking. The survey drew 520 respondents from Jodhpur (using the convenience sampling approach). The primary data was analyzed with SPSS Version 25.0, and statistical tools used in this study included ANOVA and frequency analysis. The purpose of this article is to investigate the concept of green banking and the necessity for it. Furthermore, an attempt has been made to research various techniques for implementing green banking.**

***Keywords*: Awareness, Footprints of carbon, Green banking, Indian banking sector, Sustainable improvements.**

1. Introduction

Climate change is posing some of society's most difficult challenges. People are becoming more aware of global warming and its ramifications for human life. So, in order to survive, change is required, and ongoing efforts should be made to manage the environment in a sustainable manner. It is not only the govt's and direct pollutants' concern, but also that of other stakeholders such as financial institutions such as banks, which play a critical role in the growth of society. 'Go Green' has become the new adage all across the world. A significant level of funding as well as public awareness is required to successfully implement the motto. The financial industry has the potential to play a critical role. Green finance has emerged as a new subject of study in the twenty-first century. Green financing is at the heart of the debate over economic growth's long-term viability. Rapid economic progress frequently comes at the expense of the environment. In 2008, the Indian government issued the National Mission on Strategic Knowledge for Climate Change, this mandated banks to give green finance for environmental conservation, as well as develop and broadcast a green strategy., reducing emissions, and Loans to rising-pollution industries should be limited, emission, and overcapacity industries. Since then, the number of sustainable and eco-friendly projects has risen significantly, with the goal of obtaining 40% of installed electric power capacity from non-fossil sources by 2030. Green Banking has emerged as one of the most important aspects of green finance. Green banking efforts have ushered in a paradigm shift in traditional banking towards long-term sustainability around the world [1].

In general, sustainability banking refers to the incorporation of environmental considerations into the financial sector. Brundtland was the first to promote the concept of sustainability in 1987. "Development that meets current demands without jeopardizing future generations' ability to meet their own needs" is how it's defined. The approach for attaining long-term financial institution growth is based on sustainable banking.

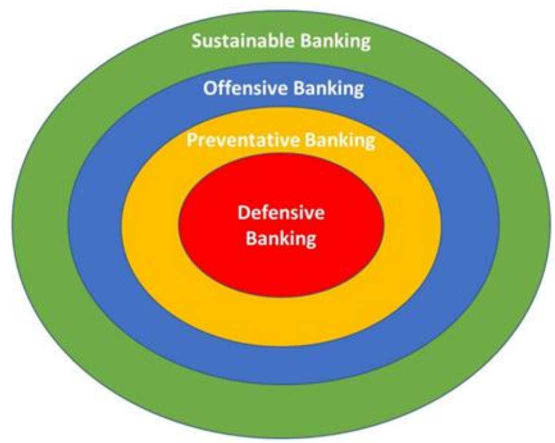

Fig. 1.

In the defensive phase, the bank remains dormant or even opposes new environmental rules, fearing that its interests might be harmed in some way, whether directly or indirectly through its client’s Environmental management expenses can be minimized during this period.

Because of the potential for cost savings, the bank is facing pressure from governments and NGO, as well as reputational risks. simply integrates environmental risk management into its daily business in the preventative phase.

During the offensive phase, the bank sees environmental issues as a potential revenue stream. They will create

*Corresponding author: rishabhraichandani@gmail.com environment theme product and services in an attempt to promote them to their customers. These products and services are intended to assist in the attainment of a win-win situation.

Sustainable banking refers to a bank's long-term development strategy, which may change through one bank to the next [3]. Regardless of this a few of these concepts may be outdated by contemporary standards, the paradigm of banking & ecological sustainability remains a useful conceptual basis for financial organizations seeking long-term sustained development.

Why Green Banking?

In this fast-changing world, there are several reasons for banks to adopt a green motto. Going green gives you an advantage over your competitors.

Environmentally friendly goods and services pique the interest of consumers.

Investors have become more aware of the effects of globalization, and they are now choosing environmentally responsible investments. Now, the government has imposed stricter controls. More information is required by government entities.

As a result, every one of these banks must manage their day-to-day operations with an eye to the environment's impact, as well as fund only those alternatives that have a beneficial impact on the world.

A. Process of Green Bank

Each of a Green Bank's functional departments and activities must be green, which means they must be ecologically beneficial and contribute to long-term environmental sustainability. Banks can green their functional units and services in a variety of ways. The following are examples of important ones:

- Reduce inventory and wasted freight by using procedures and plans.
- Using carbon emissions, use linked design.
- Make transactions more paperless.
- Use workforce and part optimization approaches.
- Maintain communication with and converse with clients and potential consumers via electronic methods wherever possible, and avoid paper-based written communications as much as possible.
- Vendors should be chosen based on the products, services, and activities' sustainability ratings.
- Create and execute financing options in a way that they use fewer resources and energy, lowering their carbon emissions.

B. Green Banking's Major Pathways

The key paths of Green Banking, as noted by RBI's Institute for Development and Research in Banking Technology, are:

- The term "green process" refers to the idea that each unit and activity should be environmentally friendly. Paperless transactions, keeping customer relationships through online means, and providing financial solutions with minimum environmental impact are just a few examples.
- Computerized banking, paperless reports, and other green products and services.
- Green strategies entail informing key stakeholders about environmental principles, developing a green strategy, and advertising it, among other things.

2. Literature Review

A study on idea what standard given by RBI (Nath, Nayak et al. (2014)) [2] tells us that Environmental and social principles of the World Bank, as well as the bank's initiative in implementing green practices. They also include a list of strategies for implementing Green Banking. This system assesses banks based on their carbon emissions and recycling operations. For financial institutions, the World Bank has developed social and environmental principles. These rules show how to lessen the influence on the environment. Environmental Impact Assessments, Annual Reporting, and the use of sustainable technologies are all requirements for banks. The experts examine and compile a list of environmental initiatives performed by various Indian banks. Indian banks must act as decent corporate citizens if they are to gain a foothold in the global economy.

Reference of survey of Impact of Green banking on consumer (Jha, N. and Bhome, S. (2013) [4] carry out an identical survey to check awareness of consumer on green banking via questionnaire. Online banking, green banking account (Atm machines, special touch screens), green loans (reduced rates for individuals who want to acquire eco-friendly technologies), power conservation equipment and paperless mobile banking are just a few of the actions they recommend. Green banking will help businesses transition to a more sustainable future.

Impact of green banking in current Era (Kumar, Anmol & Panda, (2021) [5]. tells us that Banks are currently delivering a large variety of services important for enterprises to recognize the value in these advantages and have undertaken a project to highlight the substantial advantages, challenging issues, and key components of Green Banking in the current age.

3. Objective of the Study

- The Value of Green Banking.
- To investigate the effects of green banking on consumer perceptions.
- An overview of previous research

4. Scope of the Study

The research was carried out in Jodhpur to discover the customer's perspective on Green Banking in India, as well as how the company is strategizing to deal with the subject on a real-time basis.

5. Limitation of Study

- The research is based on the responses of a small number of people.
- Time was a major constraint for the survey

- Limited to respondents from a single city.

6. Research Methodology

- The survey was conducted using a primary data through questionnaire.
- To acquire responses from the sample and collect primary data, the questionnaire was made available as a Google Form.
- Consumers were contacted via their personal phones and emails with the link to the survey. They were also requested to share with coworkers at the same management level.
- Sample Design total of 520 participants.
- Sampling Method: Convenience sampling method is applied to find the responses of green banking.

Examining the responses that have been received. Rather of depending solely on questionnaire results, inferences were derived based on participant responses.

The questionnaire was constructed in such a way that all the questions were appropriate to all of the participants and that they could understand them without problem. The majority of the questions centered on the consumer's perspective on green finance products. Despite the fact that this was a very short and compact survey form, it virtually contained all of the information about consumer perceptions.

The researcher edited and analyzed the data acquired for the study using the computer software SPSS. The Frequency and Percentage Method, Factor analysis, Descriptive analysis, Pivot tables and Graphs, ANOVA, Chi-Square Test, and Linear Multiple Regression Analysis were all employed in the analysis.

7. Data Analysis

Table 1
Assessment of the relationship between knowledge of the term “greenhouse gas emissions" and gender

	Value	df	Asymp.Sig(2-
Pearson Chi Square	77.039	8	0.00
Likellihood Ratio	52.894	8	0.00
Linear-by Linear Association	30.146	1	0.00
N of Valid Cases	520		
a.7 cells (45.43%) have expected count less than 5.The minimum expected count is .18			

Source: Computed data

Inference: Pearson Chi-Square=77.039, P=0.000 are statically significant at 5%, according to the table. As a result, it can be stated that there is a strong link between genders' understanding of the phrase Green House Gas Emission. The gender-based categorization and their awareness are inextricably linked.

Table 2
Validation of the link between awareness of the term "global warming" and sex

	Value	df	Asymp.Sig(2-Sided)
Pearson Chi Square	160.329		0.00
Likellihood Ratio	54.084		0.00
Linear-by Linear Association	3.017		0.082
N of Valid Cases	520		
a.7 cells (45.43%) have expected count less than 5.The minimum expected count is .07			

Source: Computed Data

Inference: Pearson Chi-Square=160.329, P=0.000 are statistically significant at a level of 5%, according to the table. As a result, it can be inferred that genders who are aware of the term Global Warming have a strong bond. There is a direct link between gender categorization and awareness.

Table 3
Evaluation of the link between being aware of the term "green banking" and being a woman

	Value	df	Asymp.Sig(2-Sided)
Pearson Chi Square	36.726	8	0.00
Likellihood Ratio	27.989	8	0.00
Linear-by Linear Association	0.16	1	0.69
N of Valid Cases	520		
a.6 cells (40.00%) have expected count less than 5.The minimum expected count is .22			

Source: Computed Data

Inference: Pearson Chi-Square=36.726, P=0.00 are statistically significant at 5%, according to the table. As a result, it can be inferred that there is a strong link between genders who are aware of the term "green banking." The gender-based categorization and their awareness are inextricably linked.

Inference:

i. (F=4.8750, P=.001)
ii. (F=10.874, P=.001)
iii. (F=14.158, P=.000)
iv. (F=11.137, P=.000)
v. (F=04.872, P=.001)
vi. (F=10.874, P=.001)
vii. (F=15.169, P=.000)
viii. (F=1.2540, P=.287)
ix. (F=8.9970, P=.000)
x. (F=5.0250, P=.001)
xi. (F=10.850, P=.001)
xii. (F= 04.78, P=.001)

Table 4
ANOVA for customer attitudes of green banking products and services satisfaction levels

		Sum of squares	df	Mean square	F	Sig.
i Problems do you face while using Green Banking Facilities for Computerized Transactions, Lack of Knowledge	Between Groups	14.7520	4	3.710	4.8750	0.001
	Within Groups	463.0920	515	0.899		
	Total	477.8440	519			
ii Green banking saves customers energy and money	Between Groups	41.8700	4	10.565	10.8740	0.000
	Within Groups	470.9300	515	0.914		
	Total	512.8000	519			
iii Green banking has no direct communication with banking personnel	Between Groups	50.5570	4	12.639	14.158	0.000
	Within Groups	459.7430	515	0.893		
	Total	510.3000	519			
iv Green banking practices facilitates to check of account information through ATMs	Between Groups	33.4300	4	8.538	11.1370	0.000
	Within Groups	386.4750	515	0.750		
	Total	419.9060	519			
v Green banking service is comfortable in operating the services provided by the banks	Between Groups	20.4250	4	5.106	4.8720	0.001
	Within Groups	529.875	515	1.029		
	Total	550.300	519			
vi Paying bills through online helps to reduce the carbon footprint	Between Groups	60.773	4	15.193	15.1690	0.000
	Within Groups	500.978	515	0.973		
	Total	561.752	519			
vii Green banking practices provide lack of facility	Between Groups	5.025	4	1.256	1.2540	0.2870
	Within Groups	516.050	515	1.002		
	Total	521.075	519			
viii Green banking faced privacy or security of data to avail in banking services	Between Groups	25.867	4	6.467	8.9970	0.000
	Within Groups	369.602	515	0.718		
	Total	395.469	519			
ix Green banking has no motivation from bankers how to face banking services	Between Groups	16.6630	4	4.166	5.025	0.001
	Within Groups	426.9350	515	0.829		
	Total	443.5980	519			
x Banks have to conduct awareness programmed of Green banking among the students community	Between Groups	30.422	4	7.606	10.8570	0.000
	Within Groups	366.961	515	0.713		
	Total	397.383	519			
xi Green banking has overall satisfaction level for initiatives in banking services.	Between Groups	17.248	4	4.312		
	Within Groups	492.783	515	0.957	4.7800	0.001
	Total	510.031	519			

Source: Computed Data

At a 5% level of significance, they're statistically significant. As indicated in the descriptive table, this leads to mean comparison.

8. Conclusion and Observation

In a fast-evolving market economy, where globalization of markets has heightened competition, industries and businesses are subject to severe government regulations and intense

Lawsuits or buyer boycotts are two options. This would have an impact on banks and monetary institutions' ability to get a greater return on their assets. As a result, banks must take a proactive role in incorporating environmental and ecological issues into their lending criteria, potentially forcing firms to make necessary expenditures in environmental management, appropriate technology, and control structures. Green banking, if properly implemented, will serve as a formidable safety net for polluting firms that avoid using traditional institutional regulating systems. Because Indian banks and monetary institutions are falling behind the times, the banking and financial industry should be made to work for long-term development. It is past time for Indian banking systems to embrace the equator principle, which proposes that projects be funded using environmentally sensitive metrics in addition to economic ones. Finally, social banking and novel carrier operations and processes have been observed as ways for Indian banks to move towards sustainability. This fact has been amply proven by the sample under consideration for examination. Both public and private sector banks are showing signs of this tendency. It has been found that each type of bank has adopted service innovation as a component of their long-term banking strategy and is moving closer to customer-centric and service-centric banks. It's also been discovered that innovation isn't just limited to product or process improvements, but also includes business model innovation, operational innovative thinking, market innovation, and, most crucially, paradigmatic changes.

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