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**A STUDY ON GREEN MARKETING PRACTICES IN SELECT INDIAN BANKS**

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**Abstract**

*Green marketing has gained an important role in the context of global warming and climate change, this, in turn has forced manufacturers to incorporate the principle of green marketing. Green marketing is marketing of products that are presumed to be environmentally safe including product modification, changes to the production process, packaging changes, as well as modifying advertising. Business forms have realized the importance of green marketing need in order to protect the environment and they have adopted number of strategies to do so. Not only the business firms have realized the importance of the environment but in this context the financial sector and especially the banks have taken initiatives to protect the environment. Therefore bank have introduced green banking practices to protect the environment. This article tries to highlight significance of green pricing at the banks. A structured questionnaire was instrumented in getting responses from the Bank employees. The study employees one way ANOVA and t-test for the purpose of proving the selected hypothesis. Weighted average and percentage are also made use to analyze the primary data collected. This paper provided the suggestions on employment of more employees, lending of green loans and extension of green products. It is conclude that the study is an attempt to spotlight the significance of green pricing strategy in banking sector. It is very much manifested that even though the study area is district of a state, it is lacking behind in terms of using most of the green products*

**Key Terms:** *Green Banking, green banking practices green marketing, green pricing, etc.*



## **Introduction**

Although environmental problems influence all human activities, few instructional disciplines have integrated inexperienced problems into their literature. This is especially true of advertising. As society turns into more worried with the natural environment, corporations have begun to modify their conduct in an attempt to address society's "new" worries. Some groups were quick to take delivery of concepts like environmental control structures and waste minimization, and have included environmental problems into all organizational activities. Some proof of this is the improvement of magazines which include "business approach and the environment" and "Greener management worldwide," which are specifically designed to disseminate studies touching on to enterprise' environmental conduct.

Many banks are starting to understand that they are individuals from the more extensive group and in this manner must carry on in an ecologically capable manner. This converts into firms that trust they should accomplish ecological goals and in addition benefit related targets. These outcomes in natural issues are being incorporated into the association's corporate culture. Firms in this circumstance can take two points of view; 1) they can utilize the way that they are ecologically mindful as a showcasing instrument; or 2) they can wind up noticeably dependable without advancing this reality.

## **Review of literatures**

Constantine et al (2012)<sup>1</sup>, in this article, the writers display an exploratory research as a reason for building up a model of green bank marketing. The model was tried to affirm the measurements of green bank promoting and examine its effect on a GBI, along these lines giving factual confirmation of the connection between the two factors.

Urvashi et al (2014)<sup>2</sup>, in their article contemplate for an endeavor to comprehend and welcome the significance of green activities for the achievement of objectives of supportable managing an account and decide the different endeavors that have been made by the best open and private part banks in India in the said bearing. The philosophy comprises of a contextual analysis based approach of optional sources like Bank sites, RBI reports, and so forth. The discoveries are that the banks have gone up against the green activities in some big manner. Banks have gone past simply paperless keeping money to sunlight based vitality hotspots for ATM's.

Gobinda (2015)<sup>3</sup>, in his inferred that green saving money plainly has immediate and positive effect on supportability. Since doing these practices clients can spare vitality, fuel, paper, water, time and in addition cash. Altogether it comes about decreasing the carbon impression from their keeping money rehearses. Green managing an account hones are exceptionally helpful, simple and practical for the bank clients. It spares the clients outings to the bank. They require not to go to the bank for managing an account exchange; henceforth they can spare time and additionally cash. It is a sort of whenever anyplace keeping money. Green keeping money hones are likewise useful to the banks since they cause less postage cost and furthermore decrease the workload of the bank staff.

## **Objectives**

1. To study the green banking practices of the banks.
2. To understand the opinion of bank employees on green pricing strategy.

### **Working Hypothesis**

1.  $H_1$ : There is a significant difference between usage and non-usage of different green products by the banks
2.  $H_1$ : There is a significant difference between green pricing and normal pricing.
3.  $H_1$ : There is a significant difference among the green practices adopted by the banks
4.  $H_1$ : Satisfaction in green pricing is dependent on designation of the bank employees.

### **Scope of the study**

The study is conducted in the Davangere city. The study focuses only on the awareness of green products and satisfaction level of green pricing among the bank employees. The main motto of the study is to find the inclination of bank employees towards the green products and green pricing.

### **Sources of data collection**

The study consists of both primary and secondary data. Primary data is collected with the help of structured questionnaire. Secondary data is collected through reputed journals, magazines and online sources.

### **Sample Design:**

Three banks are been selected from public and private sector each. SBI, Canara and Syndicate Banks are selected from public sector strata. ICICI, Axis and Karnataka Banks are been selected from private sector strata. 10 employees are selected on a random basis in each bank. Technique used to select samples is stratified simple random sampling. Total number of samples considered in the study is 60 respondents.

### **Period of study**

The study is conducted in the months of June and July 2017.

### **Limitations of the study**

1. Sampling error.
2. Respondents' bias may alter the study results.
3. Sample size is not enough to generalize the results.

### **Statistical tools for analysis**

The study employees one way ANOVA and t-test for the purpose of proving the selected hypothesis. Weighted average and percentage are also made use to analyse the primary data collected.

### **Data analysis**

Data obtained from the eligible questionnaire is analysed to have a better understanding about the concepts.

#### **Part – I: Demographic profile of respondents**

**Table No – 1: Gender**

Gender	Male	Female
Total	46	14
Percentage	77	23

Source: Primary Data

The above table describes the gender stratagem of the study. Majority of the respondents are male i.e. 77% of the sample size. This is still a skewed distribution even after having made numerous reservations for the counter party.

**Table No – 2: Age**

SI No	Age	Number	Percentage
1	Less than 30	6	10
2	30 - 40	17	28
3	40 - 50	25	42
4	Above 50	12	20
	Total	60	100

Source: Primary Data

The above table explains the age distribution of the respondents in the study area. Age of the respondents follow a normal distribution, this is quite a common phenomenon for a banking industry. Both immature and most senior people are less in number when compared to middle aged group.

**Table No – 3: Designation**

SI No	Designation	Number	Percentage
1	Top executive - Scale VIII	0	0
2	General Manager - Executive - Scale VII	1	2
2	Deputy General Manager - Executive - Scale VI	1	2
4	Assistant General Manager - Senior management - Scale V	1	2
5	Divisional Manager/Chief Manager - Senior Management - Scale IV	1	2
6	Senior manager - Middle Management - Scale III	4	7
7	Manager - Middle management - Scale II	9	15
8	Officer - Junior management - Scale I	25	42
9	Clerk - Scale "0"	18	30
	Total	60	100

Source: Primary Data

## Part – II: Analysis and hypothesis testing

**Table No– 4: Green products/ services**

SI No	Green Products/Services	Yes	No
1	ATM	60	0
2	Telephone banking	0	60
3	NEFT/RTCG	60	0
4	Kiosk facility	43	17
5	Green Saving Accounts	0	60
6	Green Checking Accounts	3	57
7	Green Loans	11	49
8	Green Credit cards	0	60

9	Green Money market account	0	60
10	Green Mortgage	0	60
11	Remote Deposits(RDC)	0	60
12	Online/Mobile Banking	57	3
13	Green CD's	0	60

Source: Primary Data

The above table portrays the different green products in the banking sectors and its presence in the banks of the study area. The data is used to prove the following hypothesis.

$H_0$ : There is no significant difference between usage and non-usage of different green products by the banks

$H_1$ : There is a significant difference between usage and non-usage of different green products by the banks

t-Test: Paired Two Sample for Means		
	Yes	No
Mean	18	42
Variance	685	685
Observations	13	13
Pearson Correlation	-1	
Hypothesized Mean Difference	0	
df	12	
t Stat	-1.65	
P(T<=t) one-tail	0.06	
t Critical one-tail	1.78	
P(T<=t) two-tail	0.12	
t Critical two-tail	2.18	

Source: MS Excel Output

**Interpretation:** As the obtained probability value (6%) is more than the significance value i.e. 5%, null hypothesis is accepted. Which means the average of responses obtained for the green products availability in the banks are equal against non-availability of the same.

**Table No– 5: Comparison between green pricing and normal pricing.**

Sl no	Price/Charges	Normal	Green
1	Annual maintenance charges	8.75	6.00
2	Money transfer charges	9.00	4.35
3	Cheque book maintenance	8.26	5.00
4	Monthly statements charges	9.00	3.00
5	Utility bill payments	7.36	4.20
6	Loan maintenance	6.00	3.23
7	Account opening charges	8.90	3.00
8	Others	6.00	2.90

Source: Primary Data

The above table describes the average scores of each variables given by the respondents on a 10 points scale where 1 is least and 10 maximum. The above data is made used to test the below hypothesis.

$H_0$ : There is no significant difference between green pricing and normal pricing.

$H_1$ : There is a significant difference between green pricing and normal pricing.

<b>t-Test: Paired Two Sample for Means</b>		
	<i>Normal</i>	<i>Green</i>
<b>Mean</b>	7.91	3.96
<b>Variance</b>	1.68	1.28
<b>Observations</b>	8.00	8.00
<b>Pearson Correlation</b>	0.37	
<b>Hypothesized Mean Difference</b>	0.00	
<b>df</b>	7.00	
<b>t Stat</b>	8.15	
<b>P(T&lt;=t) one-tail</b>	0.00	
<b>t Critical one-tail</b>	1.89	
<b>P(T&lt;=t) two-tail</b>	0.00	
<b>t Critical two-tail</b>	2.36	

Source: MS Excel Output

**Interpretation:** Since the obtained p-value (0.00) is less than significance level (0.05), null hypothesis is rejected. Which means the there exist a significant difference in mean between normal pricing and green pricing. The average of normal pricing is significantly high when compared to green pricing. This shows that green pricing has reduced the cost of banking for the customers.

**Table No – 6: Employees opinion on green practices in banks**

SI No	Green Pricing	SA	A	NAND	D	SD	WA
1	Green products/services are priced low to attract customers.	13	29	9	6	3	2.28
2	Customers are rewarded for using green banking services.	21	32	2	2	3	1.90
3	Low interest rates are quoted for green loans.	11	18	12	13	6	2.75
4	Purchase of green products has long credit term than non-green products.	16	12	16	8	8	2.67

Source: Primary Data

The above table depicts satisfaction level of bank employees for green banking practices. Weighted average scores are calculated to measure the inclination of central tendency to two different extremes.

**Interpretation:**

Regarding pricing employees opinion is almost false in agree region. They say customers are well rewarded for using green banking services. Interest rates are also made low for the green loan accounts but the employees' opinion is unskewed. Similarly regarding credit length for green product is also distributed almost evenly on the opinion plot.

Table No – 6: Green banking practices across the banks

Green Pricing	Green products/services are priced low to attract customers.	Customers are rewarded for using green banking services.	Low interest rates are quoted for green loans.	Purchase of green products has long credit term than non-green products.
SBI	8.01	7.23	7.36	6.00
Canara	7.30	8.04	7.60	7.30
Syndicate	8.30	9.40	6.01	4.30
ICICI	9.09	9.50	8.13	7.25
Axis	8.92	8.23	7.90	7.34
Karnataka	8.50	8.78	8.35	7.50

Source: Primary Data

The above table explains the green banking practices and their scores across the selected banks on a 10 points scale. The scores presented in the above tables are average scores given for individual banks by its employees. The below hypothesis is proved with the help of the above data.

$H_0$ : There is no significant difference among the green practices and among the banks

$H_1$ : There is a significant difference among the green practices and among the banks

#### Anova: Two-Factor Without Replication

SUMMARY	Count	Sum	Average	Variance
SBI	4	28.60	7.15	0.70
Canara	4	30.24	7.56	0.12
Syndicate	4	28.01	7.00	5.24
ICICI	4	33.97	8.49	1.02
Axis	4	32.39	8.10	0.44
Karnataka	4	33.13	8.28	0.30
Green products/services are priced low to attract customers.	6	50.12	8.35	0.42
Customers are rewarded for using green banking services.	6	51.18	8.53	0.76
Low interest rates are quoted for green loans.	6	45.35	7.56	0.70
Purchase of green products has long credit term than non-green products.	6	39.69	6.62	1.58

Source: MS Excel Output

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	7.64	5	1.53	2.37	0.09	2.90
Columns	13.78	3	4.59	7.11	0.00	3.29
Error	9.69	15	0.65			
Total	31.10	23				

Source: MS Excel Output

**Interpretation:** Since the p-value of variation between rows is higher (0.09) than significance level (0.05), null hypothesis is accepted. As the p-value of variation between columns is lower (0.00) than significance level (0.05), null hypothesis is rejected. This signifies that there is no much difference seen among green pricing practices among the banks. But banks significantly differ among the different green pricing practices.

**Table No – 7: Cross tabulation of designation with satisfaction of green pricing**

Sl No	Designation	SA	A	NAND	D	SD	Total
1	VIII	0	0	0	0	0	0
2	VII	1	0	0	0	0	1
3	VI	0	1	0	0	0	1
4	V	0	1	0	0	0	1
5	IV	0	1	0	0	0	1
6	III	1	2	1	0	0	4
7	II	4	5	0	0	0	9
8	I	9	10	3	1	0	25
9	0	3	6	5	4	0	18
	Total	18	26	9	5	0	60

Source: Primary Data

The above table depicts the satisfaction level of green pricing across the designation. The table is used to find whether the designation is independent from satisfaction level or not.

$H_0$ : Satisfaction in green pricing is independent from designation of the bank employees.

$H_1$ : Satisfaction in green pricing is dependent on designation of the bank employees.

$$\chi^2 = \frac{(O-E)^2}{E} = 10.91$$

**Interpretation:** Since the obtained chi-square value (10.91) is less than the critical value at 5% significance level for 32 degrees of freedom, null hypothesis is accepted. Which means satisfaction level with respect to green pricing is independent of designation.





### **Major Findings**

1. Majority of the respondents are male being 77% in the sample. Age group is again distributed normally. As the study area is district and a small city most of the higher cadre officials are seen very less in number.
2. It is understood from the table no – 4 that most of the green banking products are not present in the banks. The unfamiliar products in the study area are telephone banking, green savings account, green checking accounts, green loans, green credit cards, green money market, green mortgage, remote deposits and green certificate of deposits. This is really not a good sign for any tire two city banks.
3. Employees opine that green products pricing has differentiated from normal pricing modal. Paired sample t-test explains that there is a significant difference in the mean among normal and green pricing strategies adopted by the bank. The average of green pricing response is very much evident that most of the charges have been reduced in green pricing mechanism.
4. When it comes to green pricing practices, employees opine green product products are low to attract customers and reward system for opting for green products are well established. Respondents exhibit some kind of neutrality for low interest rates and long credit period for green loans.
5. In continuation with the ANOVA results of table no – 6, it is apparent that green practices are not significant, which means there exist some difference among the practices. Where reward system for using green products is ranked first, followed by low prices for green products, low interest rates for green loans and extended period for green loans. But a positive phenomenon is all the banks are almost similar in having providing green products/services to its customers.
6. Designation of employees is independent to the satisfaction level of green pricing mechanism. This clearly indicates that all the cadres of the banks in the study area view the green pricing mechanism in an even basis.

### **Suggestions**

1. Banks in the Shimoga city shall employ further more officials of higher cadre to increase the touch points in the market and develop the business by having speedy decision making process with higher level of autonomy.
2. Banks in the study area shall extend the green product line by adding telephone banking, green savings account, green checking accounts, green loans, green credit cards, green money market, green mortgage, remote deposits and green certificate of deposits. This shall have a greater profitability accompanied with a healthy environment.
3. Banks shall lend green loans at a subsidised rate as they can manage their cost with latest MCLR techniques. They can also extend the credit period for green loans as they are safe and revenue generating.
4. Since the employees opine green products are low priced and customers have better rewarding system for using green products, banks have a great chance to increase the volume to mark a monopoly over other financial players in the market.
5. Banks shall try to maintain all the green banking practices at a same level to have a better reach in the market.
6. As the designation is independent of satisfaction level of green pricing, all the employees view the green banking in a holistic way. This helps in promoting and practicing the green banking to a largest extent.



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### Conclusion

This study is an attempt to spotlight the significance of green pricing strategy in banking sector. It is very much manifested that even though the study area is district of a state, it is lacking behind in terms of using most of the green products. The reason may also be because of less higher cadre officials present in the district head quarters to make instant decision rather waiting for regional offices in other places. All the employees' satisfaction is free from their designation; this shows the green pricing adopted by higher cadre officers has not altered the satisfaction level of lower cadre employees. Banks has a greater potential in providing green loans to increase business and shield the environment to an optimal extent.

### References

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