A STUDY ON GREEN BANKING PRACTICES IN SELECTED PUBLIC SECTOR BANKS

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Abstract

Global warming is main issues across the world. The effects of Global warming have found to be liable for the destruction of the climate which has impact on the natural resources. As people of the society are concerned about the depletion of natural resources, organisations have started performing their corporate social responsibilities. They have started modifying their working methods to maximise the greenery and to decrease the impact of their activities on the environment. Hence, the concept of Green banking adopted in the financial world which focuses on environmental and socially responsible investing.

Green Banking is a new concept adopted by banking sector to make the industries environment responsive and protect natural resources and also implementation of Green practices have a positive influence of banking operation. It includes various products and services that support environment sustainability and efficient functioning of banking operation and it is also benefited for customers to undertake banking transaction easily without visiting bank branches. The present study aim to identify the green banking initiatives taken by selected Public Sector banks and also know the level of satisfaction and Limitations of green banking services among the bank customers and employees.

Key Terms: *Green banking, Satisfaction, Limitations.*

INTRODUCTION

The effects of Global warming have found to be liable for the destruction of the climate which has impact on the natural resources. As people of the society are concerned about the depletion of natural resources, organisations have started performing their corporate social responsibilities. They have started modifying their working methods to maximise the greenery and to decrease the impact of their activities on the environment. Hence, the concept of Green banking adopted in the Banking industries which focuses on environmental and socially responsible investing. It includes various products and services that support environment sustainability and efficient functioning of banking operation and it is also benefited for customers to undertake banking transaction easily without visiting bank branches. The present study aim to identify the green banking initiatives taken by selected Public Sector banks and also know the level of satisfaction and Limitations of green banking services among the bank customers and employees.

LITERATURE REVIEW

Dileep G. Menon *et.al,* (**2017**) studied the development of several green initiatives in banking sector with key focus on Indian banking industry. It was observed that Green Banking practice helps the banks for creating cost efficient automated channels to build consciousness and awareness among the customers, business organisations and other financial institutions and also observed that Banks have introduced green credit cards, green mortgages as part of the green projects as well as Corporate Social responsibility actions, many banks have also taken initiatives to create awareness among the business and the public as well as states about the significance of the going green policy.

Manvinder Singh Tandon *et.al,* (**2017**) stressed the means to create awareness in internal and external operation among target groups and educated to attain sustainable growth through green banking. They identified that India's target to cut its carbon amount by 20-25 per cent from 2005 levels by 2020 provides opportunities for Indian banks by granting sustainable projects offering products or services of green banking initially, would cause an huge financial burden for Indian banks. It was suggested that for the success of green banking, RBI and Indian government should collectively play a proactive role and should formulate green policy strategies.

Renuka T. (2018) defined that the job of green banking practices of business depends on inexhaustible asset vitality. It examine the green practices adopted by Indian and foreign banks towards one of the ecological issues like sustainable asset vitality. The study showed that green

banking would be more successful if the world governments begin to modify their monetary ideal models and start to change their accounting principles from absolutely being financial to environmental/operational vitality, which requires energetic association and responsibility from all the partners like Government, Financial establishments, banks, controllers, corporates and network on the loose.

Rakesh *et al.,* (2016) found that, the idea of green banking which has noticeable quality in post 2009 and intense on the green rating benchmarks given by RBI. Moreover, the paper features the World Bank's natural and social standards, the skills taken by public and private sector banks in India in the squeeze of Green Banking practices and sign on the ways for execution of Green Banking. The study concludes that India is a standout amongst the most environmental change which is exposed to environmental change on the planet and Green banking in India assumes as environmental issues in India.

Santosh Raj, Daniel (2014) defined the importance of green banking and its patterns in the executives for the supportable advancement. It was identified that individuals have turned out of their activities and ensuring normal assets, so that contribute most extreme in sparing a domain. In the variety of authorising individuals towards security, the job of green showcasing is tremendous. It spread vital role to the common population and in a similar arrangement; banks have furthermore driven activities identified with green practices.

STATEMENT OF PROBLEM AND NEED FOR THE STUDY

Banks are main finance sources provider for industrial sectors, as it plays major role in promoting environmental friendly practices. So banks have been adopted green banking services to protect environment safely. Though many studies have been made in the field of Green Banking Practices and customer awareness of Green products and services but less concentrate on satisfaction and limitation green services. Therefore this study mainly focus level of satisfaction and Limitations of green banking services among the bank customers and employees.

OBJECTIVES OF THE STUDY

1. To identify the significant difference of Green Products and Services between Bank customers and employees.
2. To offer suggestions to improve Green Banking Product And Services

HYPOTHESES

H_0: There is no significant difference in mean rating scores on Satisfaction and Limitations of green products and services between bank customers and employees under the study

H_1: There is a significant difference in mean rating scores on Satisfaction and Limitations of green products and services between bank customers and employees under the study

SCOPE OF THE STUDY

For the current study, three Public Sector Banks namely SBI, Canara bank and Vijaya bank are selected and focus on the perception of bank customers and employees towards satisfaction level and limitation of green products and services.The study covers three district namely Davanagere, Chitradurga and Shivamogga district.

SOURCES OF DATA COLLECTION

This paper depends on both Primary data and Secondary sources of data. The Primary data was collected through a structured questionnaire for bank customers and employees of sample banks. Secondary sources of data were collected from various books, journals, Bank website and e-sources.

SAMPLE DESIGN

The present study covers selected sample public sector banks. Sample of 520 customers are selected randomly and sample of 50 bank employees are selected.

SURVEY PERIOD

Three months survey period has been conducted.

LIMITATIONS OF THE STUDY

- This paper is concentrated only on three sample Public Sector Banks.
- The study is confined to bank Customers and employees of sample Public Sector Banks

STATISTICAL TOOLS FOR ANALYSIS

For the present study Independent t-test are used for the purpose of analysis and interpretation and also to attain the result of hypotheses testing.

SURVEY ANALYSIS AND RESULTS

Independent t-test
Table -1: Independent t-test result on *Satisfaction* towards Green Banking Products and Services

Green Products and Services	Respondent	N	Mean	SD	t-value	p-value
Green Mortgages	Customer	79	1.72	0.659	-1.226	0.222
	Employees	50	1.90	0.995		
Green Home Loans	Customer	279	1.91	0.419	-1.160	0.247
	Employees	50	2.01	0.833		
Green Car Loans	Customer	246	2.03	0.371	-0.352	0.725
	Employees	50	2.06	0.912		
Green Cards	Customer	404	1.940	0.320	0.655	0.513
	Employees	50	1.900	0.860		
Net Banking	Customer	459	1.882	0.393	0.637	0.525
	Employees	50	1.840	0.817		
Mobile Banking	Customer	315	1.891	0.425	-1.706	0.089
	Employees	50	2.020	0.868		
Online Bill Payments	Customer	451	1.919	0.407	-0.607	0.544
	Employees	50	1.960	0.781		

Source: Field Survey

It is observed from the independent t-test result depicted in Table -1 that
➢ The mean rating score of Customers (mean = 1.72) is almost closer to the (mean= 1.90) score of the Employees with respect to **Green Mortgages** (t= -1.226, p=0.222, p>0.05) dimension at 5% level of significance. Hence, the null hypothesis is accepted and alternative hypothesis is rejected. In a sense, both customers and employees under the study seem to be satisfied with respect to **Green Mortgages**. Similarly, with respect to **Green Home Loan** (t= -1.160, p = 0.247, p>0.05) dimension at 5% level of significance. Hence, the null hypothesis is accepted and alternative hypothesis is rejected.

➢ Likewise, there is no significant difference in mean rating scores of level of satisfaction between the Customers and Employees with respect to **Green Car Loans** (t= - 0.352, p = 0.725, p>0.05) dimension at 5% level of significance. Hence, the null hypothesis is accepted and alternative hypothesis is rejected. Furthermore, with respect to **Green Cards** (t= 0.655, p = 0.513, p > 0.05) dimension at 5% level of significance. Hence, **the** null hypothesis is accepted and alternative hypothesis is rejected.

➢ In continuance, there is no significant difference in mean rating scores of level of satisfaction between the Customers and Employees with respect to **Net Banking** (t= 0.637, p = 0.525, p>0.05) dimension at 5% level of significance. Hence, the null hypothesis is accepted and alternative hypothesis is rejected. Moreover, with respect to **Mobile Banking** (t= - 1.706, p = 0.089, p > 0.05) dimension at 5% level of significance. To finale, there is no significant difference in mean rating scores of level of satisfaction between the Customers and Employees with respect to **Online Bill Payments** (t= - 0.607, p = 0.544, p>0.05) dimension at 5% level of significance**.** Therefore, the null hypothesis is accepted and alternative hypothesis is rejected.

Table - 2: Independent t-test result on perception of *Limitations* towards Green Banking Products and Services

Limitations	Respondent	N	Mean	SD	t-value	p-value
No Cash Balance	Customer	515	1.84	0.455	1.139	0.255
	Employees	50	1.76	0.771		
Server Busy	Customer	403	2.08	0.804	4.726	0.000*
	Employees	50	2.52	0.609		
Can't request for required Denominations	Customer	479	2.10	0.611	1.769	0.077
	Employees	50	1.94	0.767		
Infrastructural Issues	Customer	507	1.99	0.440	-2.888	0.004*
	Employees	50	2.20	0.881		
Delayed delivery of OTPs	Customer	503	2.04	0.543	-7.755	0.000*
	Employees	50	2.74	1.084		
Website Maintenance Issues	Customer	513	3.23	0.940	-1.488	0.137
	Employees	50	3.44	1.163		

Source: Field Survey

It is observed from the independent t-test result depicted in Table - 2 that

➤ As the mean score of Employees (mean = 2.52) is slightly higher than the mean score of Customers (mean = 2.08), it could be concluded the Employees seem to be in slightly higher proportion of disagreeing (higher the mean score, greater is the disagreement) as compared to customers on the issue that **Server is Busy**. Therefore, the null hypothesis is rejected and alternative hypothesis is accepted.

➤ There is a significant (statistically) difference in mean rating scores of agreement on the *Infrastructural Issues* (t= - 2.888, p = 0.004, p<0.05) dimension at 5% level of significance between Customers and Employees. Therefore, the null hypothesis is rejected and alternative hypothesis is accepted. As the mean score of Employees (mean = 2.20) is slightly higher than the mean score of Customers (mean = 1.99), it could be finished the Employees seem to be in slightly higher proportion of disagreeing (higher the mean score, greater is the disagreement) as compared to customers on **Infrastructural Issues.**

➤ The mean score of Employees (mean = 2.74) is slightly higher than the mean score of Customers (mean = 2.04), it could be said that the Employees seem to be in slightly higher proportion of disagreeing (higher the mean score, greater is the disagreement) as compared to customers on **delayed delivery of OTPs**. Hence alternative hypothesis is accepted.

➤ However, there is no significant (statistically) difference in mean rating scores of agreement on the *No Cash Balance* (t= 1.139, p = 0.255, p>0.05) dimension at 5% level of significance between Customers and Employees. Hence, the null hypothesis is accepted and alternative hypothesis is rejected. In a sense, both customers and employees under the study seem to be agreeing with respect to '*No Cash Balance'* as a limitation of green banking products and services. Similarly, with respect to **can't request for required denominations** (t= 1.769, p = 0.077, p>0.05) and **Website Maintenance Issues** (t= - 1.488, p = 0.137, p>0.05) dimensions at 5% level of significance**.** Henceforth, the null hypothesis is accepted and alternative hypothesis is rejected.

MAJOR FINDINGS OF THE SURVEY

• As per the survey conducted the level of significance is more than 0.05. It shows that there is no significance difference between the level of satisfaction bank customers and employees with regard to various Green Products and Services.

• From the hypothesis test result it can be interpreted that the different Level of Agreement regarding **Satisfaction** towards Green Banking Products and Services shows significantly relation among the employees and customers of sample banks. It is evident in the

hypothesis test result as mean score between employees and customers are significantly related, which is also proved in the t test result as all the listed green banking products and services are agreed significantly among both the stakeholders hence, null hypothesis is accepted. It is also found that bank employees and customers are satisfied with the services of green banking.

• The **Limitation** of green banking services and products are general, since green banking concept is new to the economy, still banks are innovating new products and services of green banking. Whereas using these products customers are facing few problems which are evident in the hypothesis test result in the study. There are few problems are common in using green banking services like server busy, infrastructural issues, delayed delivery of OTP and Web maintenance issues. The test result also shows that, both bank employees and customers are having likely view on green banking problems.

SUGGESTIONS

✓ Banks should create awareness among their customers regarding different type of Green Banking Product and Services though organising seminars and campaigns at regular intervals.

✓ From the hypothesis findings with respect to satisfaction of customers and employees against to green banking services shows respondents extensively accepted and satisfied on only few services like Net banking and online bill payment hence the study suggests the sample banks to boost promotional activities as regards green banking services as well as customers also need to show their attention to utilising other services in their banking transactions.

CONCLUSION

The green banking is the process of the financial sector with special emphasis on the environmental, natural and social factors. They target the conservation of nature and natural resources. It helps to create awareness about environmental protection among business people and helps to promote the environmental management. It benefited to customers taking banking transaction easily without visiting bank premises. For the effectiveness of green banking, the banks should formulate green policies and take necessary steps and also create more awareness about the green product among the public.

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