

A STUDY ON GREEN BANKING PRACTICES IN INDIA

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Abstract

There are several major challenges and issues facing the banking sectors today. First and perhaps the most important is the security concern. Customers are certainly concerned of giving their bank account number online or paying an invoice through internet. This study presents that green banking services are provided by Tamilnad Mercantile Bank obviously the range of services and has undertaken this study to examine the case study green banking services provided by the southern district of Tamilnadu. This study finds that banker to educate their customers by providing various green banking services based on the development to the banking sector of their perception of customer. Finally, green banking initiatives analyses of customers perception and awareness the bankers provide by customers.

Key Words: *Green banking initiatives, Customer perception of green banking initiatives, Various initiatives analyses for tamilnad mercantile bank, ANOVA Test, etc.,*

1. Introduction

Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. The phenomenon of globalization brought about significant changes in terms of products and services that are being offered to Indian customers and consequently the complexion of the banking sector in India too underwent a noteworthy change in the last decade. The emergence of new private sector and foreign banks is one of the major challenges before the public sector commercial banks in India and this prompted the Indian banking industry to reckon with the challenges posed by the competition while rendering services to the customers.

This research explores and examines some important elements that help in case study of green banking services of Tamilnad Mercantile Bank. Banker should understand the need of customer so that they can improve the insufficient of the services. Banker should find out the way to attract more customer should learn to use green banking initiatives which can bring conveniences without going to the bank.

II. Review of Literature

Nithya kala, Vidyakal and Jamuna (2020), in this article entitled on A Study on The Impact of Green Banking Practices on Bank's Environmental Performance With Special Reference to Coimbatore City the study observed that same monitoring authorities but with an additional agenda towards protection of the environment. Green Banking is broad term refers to the practices and regulations that make banks sustainable in economic, environment, and social dimensions. They highlight that Green Banking awareness should be created among the customer to avail the green services in the banks for sustainable development. Green credit card usage awareness can be provided to the customers. Banks should encourage environmentally sustainable technologies of using less power consumption Compact Fluorescent Lamp (CFL) bulbs, investing in solar and wind energy for the electricity, providing user friendly mobile and internet banking facilities to the customers. Finally, concludes this study Green auto loans can be rendered to the customers who get loan for fuel efficient vehicles with zero processing fees. Environmental reward points can be given to the customers who follow green initiatives in their banking transactions. As green banking has become the future era of sustainable banking in this world of environmental threats, green banking has always its limitations but when it is

implemented and practiced it will yield fruitful results in environmental protection.

Noorjahana Begum and Mazharul Islam Bhuiyan, et. al. (2021), in this paper entitled on Green Banking: An Indispensable step for the Bank to Save our Environment aims at keeping our planet safe which we are harming day by day by the advancement of modern civilization. In modern age, we are now vastly dependent on bank sector for our important activities. The performing digitalize and effective activities to maintain a sound economy due to emphasize public services for profits. In this study the authors found that profit should not be earned at the expense of the world's most pressing environmental problem which can be caused a climate change through global warming. Western countries have already thought out of the box and introduced green banking for sustainable development. Sampling framed and statistical tools used by researchers and reveals that green banking (GB) is not only corporate social responsibility (CSR) but also in broader sense of corporate environmental responsibility (CER). He also noted, we observed that State-owned Commercial Bank (SCBs) and Specialized Development Bank (SDBs) have not fully taken the green banking policy, though Bangladesh Bank have taken initiatives to adapt it for all types of banks. This finding partially supports existing literature that real scenario of green banking is growing steadily. Slow increasing adaptation of green banking is pessimism because the banks are perpetual members of a country. Bangladesh Bank made a fund for environment friendly project but only 21% was disbursement till last 3 years. Bank management have less interested on lending principle of green initiative projects. Finally, suggested that green banking operations, both in theory and in reality, are updated with the help of bank management. Both scheduled banks must now not only allocate budget for green financing, green events or green initiatives as part of their corporate social responsibility (CSR) operations, green promotion, and capacity building, but also ensure that the budget allocation is used efficiently. Bangladesh Bank has the regulatory authority to audit commercial banks to see whether they are following green banking policies in order to combat the country's own emissions. This study concludes to believe that it is past time to strengthen green banking policies in the banking sector in order to promote the use of renewable, efficient energy from nature (GREEN).

III.Objectives of the Study

- To study the different services provided by the Tamilnad Mercantile bank to the customers with perception of initiatives
- To identify the areas which need improvement, so that the green banking service of tamilnad mercantile banks.

IV.Research Methodology

The methodology is empirical in nature. It is primarily based on survey method. Technique like, interview, discussion and observations are customer perception in this study. Primary data were collected from customers by the researcher with the help of structured interview schedule. About 50 samples were taken for the study. The secondary data were collected from the text books, journals, tamilnad mercantile bank reports and websites.

4.1 Hypothesis

Ho1 - There is no significant difference among different educational status customer perception towards Green Banking Initiatives

V.Data analysis and Interpretation

Percentage analysis of gender of Respondents

In this study the data are collected from both the male and female respondents. So, gender factor has

been considered important for the present study and the consolidated data is presented in Table 1.

Table 1
Gender of the Respondents

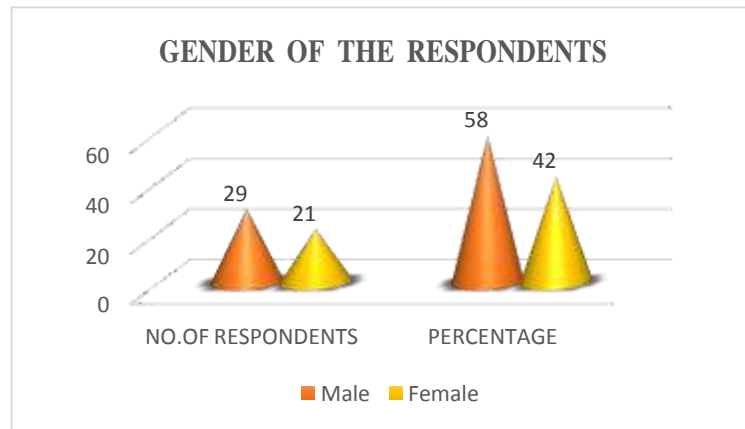
| S.NO | GENDER | NO.OF RESPONDENTS | PERCENTAGE |
|------|--------------|-------------------|-------------|
| 1 | Male | 29 | 58 |
| 2 | Female | 21 | 42 |
| | Total | 50 | 100% |

Sources: Primary Data

The above table shows that, about the gender of the respondents among the 50 respondents, 29 respondents are male (58%) and 21 respondents are female (42%).

In other words 58 % of the respondents are in the gender of male, 42 % of the respondents are in the gender of female. It is inferred that the majority of the respondents 29 (58 %) are male.

Chart 1



Sources: Primary Data

Age Group of the Respondents

For the purpose of this study, the tamilnad mercantile Bank customers are considered as the target respondents. Since the perception of respondents varies from one age group to another, the respondents have been categorized into five groups as presented in Table 2

Table 2
Age of the Respondents

| S. No | AGE GROUP OF RESPONDENTS | NO. OF RESPONDENTS | PERCENTAGE |
|-------|--------------------------|--------------------|-------------|
| 1 | 18 – 25 | 7 | 14 |
| 2 | 26 – 35 | 13 | 26 |
| 3 | 36 – 45 | 11 | 22 |
| 4 | 46 – 55 | 9 | 18 |
| 5 | Above 55 | 10 | 20 |
| | Total | 50 | 100% |

Sources: Primary Data

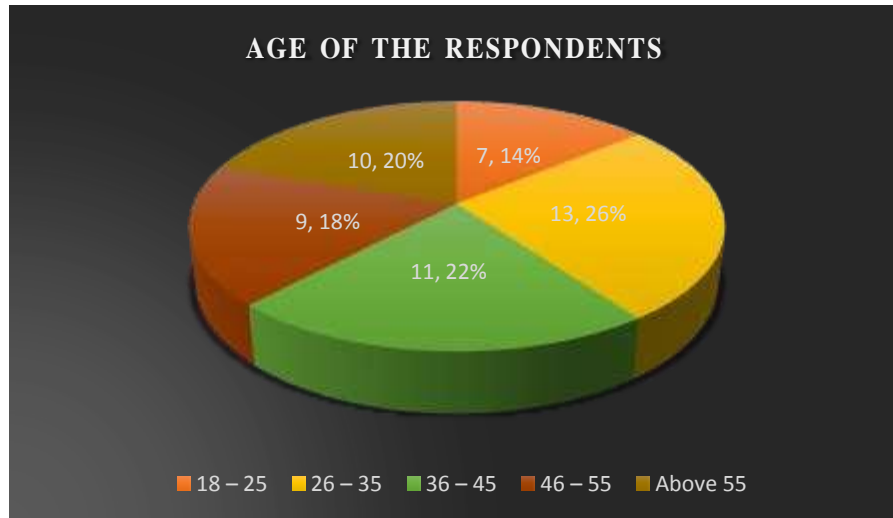
The above table shows the age of the respondents. The age of respondents are divided into five groups.

They are age of 18 – 25, 26 – 35, 36 – 45, 46 – 55, above 55.

Among the 50 respondents, 7 respondents are in the age group of 18 – 25, 13 respondents are from the age group of 26 – 35, 11 respondents are from the age group of 36 – 45, 9 respondents are from the age group of 46 – 55, and 10 respondents are from the age group of above 55.

In other words, 14% of the respondents are in the age group of 18 – 25, 26% percentage of the respondents are in the age group of 26 – 35, 22% percentage of the respondents are in the age group of 36 - 45, 18% of the respondents are in the age group of 46 – 55, and 20% percentage of respondents are in the age group of above 55. It is inferred that more number of the respondents 13 (26%) from the age group of 26 – 35.

Chart 2



Sources: Primary Data

Monthly Income of the Respondents

An individual must have savings and expenses. It also plays a vital role in determining a person’s family income. Hence it is considered for analysis and to know the monthly income of the respondents.

Table 3

Monthly Income of the Respondents

| S.NO | MONTHLY INCOME | NO.OF RESPONDENTS | PERCENTAGE |
|------|---------------------|-------------------|-------------|
| 1 | Below Rs. 10,000 | 9 | 18 |
| 2 | Rs. 11,000 – 20,000 | 9 | 18 |
| 3 | Rs. 21,000 – 30,000 | 7 | 14 |
| 4 | Rs. 31,000 – 40,000 | 15 | 30 |
| 5 | Rs. 41,000 – 50,000 | 6 | 12 |
| 6 | Above Rs. 50,000 | 4 | 8 |
| | Total | 50 | 100% |

Source: Primary Data

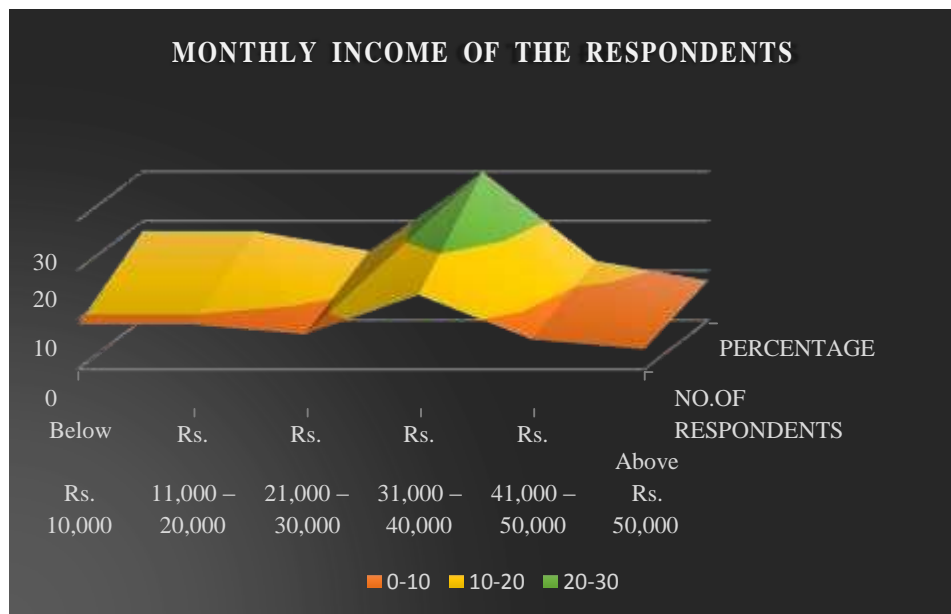
The above table shows the monthly income of the respondents. The monthly income of the respondents divided into six groups. They are: Below Rs.10, 000, Rs.11,000 – 20,000, Rs. 21,000 – 30,000, Rs. 31,000 – 40,000, Rs. 41,000 – 50,000, and above Rs.50,000.

Among the 50 respondents, 9 respondents are having monthly income of below Rs.10, 000, 9

respondents are having monthly income of Rs. 11,000 – 20,000, 7 respondents are having monthly income Rs. 21,000 – 30,000, 15 respondents are having monthly income of Rs. 31,000 – 40,000, 6 respondents are having monthly income of Rs. 41,000 – 50,000, and 4 respondents are having monthly income of above Rs. 50,000.

It is found that, 18% of the respondents are earning of Below Rs.10, 000 and Rs. 11,000 – 20,000, 14% of the respondents are earning of Rs.21, 000 – 30,000, 30% of the respondents earning of Rs. 31,000 – 40,000, 12% of the respondents are earning of Rs. 41,000 – 50,000, and 8% of the respondents earning of above Rs.50,000. It is inferred that the majority of the respondents 15 (30%) are earning of Rs. 31,000 – 40,000.

Chart 3



Sources: Primary Data

Customer Perception of Green Banking Initiatives among Different Educational Status – ANOVA Test

The customer of different educational status group have been perception about the Green Banking Initiatives. In order to find out the significant difference between customers perceptions to the Green Banking Initiatives among the different educational status group in Tamilnad Mercantile Bank. ANOVA test is attempted with the null hypothesis as,

“There is no significant difference among different educational status customer perception towards Green Banking Initiatives”

Table 4
ANOVA Table

| | | Sum of Squares | df | Mean Square | F | Sig. |
|----------------------------|----------------|----------------|-----------|-------------|-------|------|
| Less costly | Between Groups | 2.728 | 3 | .909 | .931 | .434 |
| | Within Groups | 44.952 | 46 | .977 | | |
| | Total | 47.680 | 49 | | | |
| Simple and straightforward | Between Groups | 5.006 | 3 | 1.669 | 1.335 | .274 |
| | Within Groups | 57.474 | 46 | 1.249 | | |

| | | | | | | |
|------------------------------|----------------|---------------|-----------|-------|-------|------|
| | Total | 62.480 | 49 | | | |
| Transaction complex | Between Groups | 6.776 | 3 | 2.259 | 1.303 | .285 |
| | Within Groups | 79.724 | 46 | 1.733 | | |
| | Total | 86.500 | 49 | | | |
| Easy service | Between Groups | .789 | 3 | .263 | .247 | .863 |
| | Within Groups | 48.891 | 46 | 1.063 | | |
| | Total | 49.680 | 49 | | | |
| Satisfied internet banking | Between Groups | 1.344 | 3 | .448 | .442 | .724 |
| | Within Groups | 46.656 | 46 | 1.014 | | |
| | Total | 48.000 | 49 | | | |
| Enough information | Between Groups | 1.866 | 3 | .622 | .419 | .740 |
| | Within Groups | 68.314 | 46 | 1.485 | | |
| | Total | 70.180 | 49 | | | |
| Internet banking transaction | Between Groups | .630 | 3 | .210 | .118 | .949 |
| | Within Groups | 81.550 | 46 | 1.773 | | |
| | Total | 82.180 | 49 | | | |

| | | | | | | |
|---------------------------|----------------|----------------|-----------|-------|-------|--------------|
| Bank offer process | Between Groups | 8.482 | 3 | 2.827 | 1.581 | .207 |
| | Within Groups | 82.238 | 46 | 1.788 | | |
| | Total | 90.720 | 49 | | | |
| Protected during process | Between Groups | 6.046 | 3 | 2.015 | 1.312 | .282 |
| | Within Groups | 70.674 | 46 | 1.536 | | |
| | Total | 76.720 | 49 | | | |
| Banking about time saving | Between Groups | 3.412 | 3 | 1.137 | .511 | .677 |
| | Within Groups | 102.368 | 46 | 2.225 | | |
| | Total | 105.780 | 49 | | | |
| Convenient | Between Groups | 3.526 | 3 | 1.175 | .652 | .586 |
| | Within Groups | 82.974 | 46 | 1.804 | | |
| | Total | 86.500 | 49 | | | |
| Safe that offer | Between Groups | 3.652 | 3 | 1.217 | .691 | .562 |
| | Within Groups | 81.068 | 46 | 1.762 | | |
| | Total | 84.720 | 49 | | | |
| Banks provide support | Between Groups | 2.720 | 3 | .907 | .396 | .756 |
| | Within Groups | 105.300 | 46 | 2.289 | | |
| | Total | 108.020 | 49 | | | 7.339 |

Sources: Primary data
Significant level at 5%

At 5% level of significance the above table telling the relationship between educational status and customer perception towards on green banking services. The Green Banking Initiatives are high level of perception regarding towards any problems about internet banking services, banks provide support. The medium level of customer perception towards internet banking is convenient because it eliminate the risk of carrying cash. The low level of customer perception towards Green Banking Initiatives the banks give enough information about the internet banking services and the very low level perception towards the Green Banking Initiatives is less costly than other banking services (branch, ATM, and Mobile banking).

Since P value is more than 0.05, null hypothesis accepted. Hence there is no significant difference among different educational status of customers in respect to customer perception towards Green Banking Initiatives.

VI. Conclusion

This study is not without limitations. While the participants in our sample are active users of Internet banking, sampling was limited to students enrolled in business classes at a large south central university.

Therefore, the generalizability of the findings from our study may be limited. Further research is needed using samples with different characteristics of bank customers (e.g., different age groups, various income levels, and education levels), which would help ascertain the generalizability of our findings. Like any survey method study, another limitation of our study is using self-reported measures, which may suffer from common method variance that could show spurious correlation since both independent and dependent variables were from the same respondents. However, the corroborating evidence of the moderate to low levels of correlation coefficients among the variables suggests that it is not likely a major threat in this study. Future studies could test the model with mobile banking to enhance our knowledge in different types of online banking.

Conducting banking transactions electronically via the bank's website can provide customers convenience and also help lower transaction fees, compared to using traditional banking. However, not every banking customer is willing to use green banking. This study proposed a research model that investigates factors influencing green banking initiatives use and empirically validated it. The results indicated that openness to experience was found to have a significant positive association with Internet banking use. In line with previous research, security concern was negatively associated with Internet banking use while perceived usefulness was positively associated with Internet banking use. Moreover, the results indicated that green concern has a strong positive association with Internet banking use, indicating that bank customers use Internet banking because they are influenced by people around them who practice "going green." The final model includes bank customers' personality traits and their perceptions toward Internet banking use in four dimensions. We believe that our findings provide additional insight on this research topic.

VII. References

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