

**A STUDY ON CUSTOMER’S KNOWLEDGE,
AWARENESS AND PERCEPTION (KAP) REGARDING
GREEN BANKING**

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ABSTRACT

Green Banking has become a popular word in today's banking field. Green banking is different from traditional banking system, as green focuses on promoting environment friendly Banking. It is also known as ethical banking. Banking activities are not physically related to the environment, but the external impact of their customers activities is substantial. Bank is a financial institution that deals with masses and banks by adopting green activities can influence the attitude of customers towards the Environment. The world has seen much focus on economic progress, the side effects of this, has resulted in climate change, environmental damage. Green banking practices will be useful not only for environment but also lead to cost reductions in banking activities. Green Banking is comparatively a new development in the financial world. This paper focuses on customer's Knowledge, Awareness and Perception regarding Green Banking.

Keywords:

Green banking, traditional banking, ethical banking, environmentally friendly

Introduction

Green banking refers to practices which considers all the social and environmental factors, aims to make use of IT and banking processes with minimal impact on the environment. Internal environmental impact of the banking sector such as use of energy, paper and water are relatively low and clean. Green banking will help to improve the asset quality of the banks. Green banking means promoting environmentally friendly banking activities. It comes in the forms like:

- Using online banking instead of branch banking.
- Paying bills online instead of mailing them
- Opening up accounts at online banks, instead of multi branch banks.
- Finding local bank in your area that is taking biggest steps in supporting local green initiatives

The first green was state bank of India (SBI), India's who took initiative in setting high sustainability standards and completed the first step in "green banking" with Shri O.P.Bhatt as the chairman. The issues of global warming should not be only restricted to a debate but has to be dealt with going green. Thus, green banking is one of the ways of going green. There is a need to involve key stakeholders and creating awareness about environment-friendly banking.

CONCEPTUAL FRAMEWORK

“Green banking” itself suggests promoting environmentally friendly banking practices and reducing carbon footprint machines provided in bank or special touch screen in the branches of different banks. This is called green checking of account. Often usage of online banking services like online bill payment, using debit cards for payments against payments, and online statements help the environment against detritions. Banks should promote green checking by giving some incentives to customers by giving higher rate of interests, waiver or discount in fees etc.

How can customers help?

Converting to online savings account and mobile banking is the simplest way to go green and help the environment. Green banking includes setting up direct deposit to receive your paychecks, receiving electronic statements from banks and by paying bills online. All of these steps can significantly reduce the amount of paper used by bank.

Environmental Management by the Bank

Banks play an important role in the country’s economy and the sustainable development. Bank is the major financier indirectly contributes to environmental degradation by financing the projects and the industries whose activities put negative impact to the environment. Thus, the bank should provide active participation in the lending business in a judicious manner can contribute greatly to the environment and to the society. Now banks are adopting various strategies where the projects are scrutinized using a set of tools that take environmental considerations. The government should see that there is legislation that can force banks to adopt environmental policy statements and also make the customers aware of it.

Methods in Green Banking:

1. **Go Online:** Online Banking is a developing concept; it helps in conservation of natural resources. It saves paper, energy and expenditure of natural resources. It also help the customers to save money by avoiding late payments and also save their time.
2. **Use of Green Checking Accounts:** Customers can check their accounts on ATM. They can avail services including online payments, debit cards and online statements.
3. **Use of Green Credit Card:** Green credit cards are tools for reducing or eliminating our personal carbon footprint, or the carbon footprint of each item you purchase.

4. **Saving of paper:** Banks should purchase recycled paper products with highest post-customer waste content. This includes monthly statements, ATM receipts, annual reports, envelopes etc.
5. **Mobile Banking:** By using it customer can check balances, transfer funds or pay bills from the phone. It also helps to save time and energy of the customers.
6. **Direct Deposits:** Most employers will give employees the option to receive their paycheck electronically. It saves time, saves paper and lots of paper work.
7. **Online or Net Banking:** It means customers can perform most of their banking related functions without visiting the banks personally. For this customer must possess an internet banking ID, a password provided by the bank in which customer has an account. Online banking includes use of credit cards, debit cards, online bill payment and electronic fund transfer.

REVIEW OF LITERATURE

Chaurasia (2014) in his paper ‘Green Banking practices in India Banks’ highlighted the benefits, confronting challenges, strategic aspects of green banking and status of Indian banks regarding Green Banking adoption. He found that there has not been much initiative in this regard by the banks in India. Investigator suggested that bank should go green and play a proactive role to take ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems.

Rajesh & Dileep (2014) studied the role of banks in sustainable economic development through Green Banking activities. The study was based on secondary data obtained from the reports of various Banks, various seminars and workshop information and other relative information published on the banks and other internet sites. The study concluded that Banks also contribute to ecological footprint directly and indirectly through investment/lending in their customer enterprises. Green banking can be an avenue to reduce pollution and save the environment aiding sustainable economic growth.

Rajput, Khanna and Kaur (2014) in their study endeavors made by SBI, the market leader in Educational Loans, Auto Loans and the home loan on the road of green banking and sustainable development. The bank has also been an active participant in wildlife conservation projects like

‘save the tiger’. State bank of India has become a signatory investor to the carbon Disclosure Project (CDP) to disclose its carbon footprints.

Sahoo & Nayak (2008) explored the importance of Green Banking, cited international experiences and highlighted the important lessons for sustainable banking and development in India. The study found that there has not been much initiative in this regard by the banks and other financial institutions in India though they play an active role in India’s emerging economy. The study also suggested the possible policy measures and initiative to promote green banking in India

Biswas (2011) highlighted the major benefits, confronting challenges, strategic aspects of Green Banking. It had also presented the status of Indian banks as far as Green Banking adoption is concerned. The study found that there had not been much initiative in this regard by the banks in India, though they play an active role in India’s emerging economy. Banks should go green and play a pro -active role to take environmental and ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. They must be more vocal about the inherent green value proposition.

Verma (2012) in his study explained the evolution of green banking in India, and highlight that now banks are incorporating green banking practices in CSR as a main activity. However, his study concluded that only few banks in India adopted green banking and there is lack of awareness among the bank staff and customers.

Scope of the study

The perception and the knowledge of customers have undergone a vast change in the availability of retail banking services at their door steps with the help of technology and expect all their banking transactions form a particular place.

The study identifies the product and service usage in terms of customer convenience pattern. The reason for choosing the topic is to analyze customer knowledge, awareness, and perception towards usage of different green banking services provided by the banks.

Objectives of the study

1. To identify the knowledge and awareness of green banking among the sample respondents.

2. To measure the level of perception with regard to environmental concern on green banking and its services.
3. To study the importance and concept of ‘Green Banking.’
4. To recognize the problems faced by Green Banking users.

Methodology

The present study is based on primary data and secondary data

- **Primary data:** Primary data was collected from administering structured questionnaire to selected respondents. The respondents were selected on convenient random sampling, the sample size is **75**.
- **Secondary data:** Secondary data was collected from published and unpublished sources. Further, various websites and magazines are referred.

SAMPLING TECHNIQUES

Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

TOOLS FOR ANALYSIS

The tools were used for this study is percentage analysis and garret ranking

DATA ANALYSIS AND INTERPRETATION:

KNOWLEDGE, AWARENESS AND PERCEPTION (KAP) OF THE RESPONDENTS:

Knowledge, Awareness and perception are the three key dimensions which decide the understanding of what is happening in and around human persons. The knowledge triggers the mind of human being to ask questions like why, where and how, while the awareness gives understanding about environs and its functioning. As a result, the perception of human being is formed and it becomes the way of life. One of such knowledge, awareness and perception vary from person to person. Different people observe different things about the same situation. But more than that, one assign different meaning to what he perceives and the meanings might change for a certain person. One might change one’s perspective or simply make things mean something else. This part deals with an attempt to investigate customer awareness and perception related to green

KNOWLEDGE OF GREEN BANKING FACILITIES

The green banking and services are new concepts. It is slowly gaining momentum in the life of the green customers. In order to create awareness among the customers few researchers through their findings conclude that the green banking and services should know by their customers.

Table 1
KNOWLEDGE OF GREEN BANKING FACILITIES

S. No.	Knowledge of green banking	Total score	Mean score	Rank
1	Solar ATM	475	3.96	VI
2	Internet Banking	527	4.39	II
3	Green Channel Counter	481	4.01	V
4	Direct Deposits	466	3.88	VII
5	Discount on Eco-friendly projects	374	3.12	X
6	Electronic Cards	530	4.42	I
7	Green checking Accounts	426	3.55	IX
8	Mobile/Phone banking	521	4.34	III
9	Green credit card	429	3.58	VIII
10	E-statement	513	4.28	IV

Source: Primary Data

Table 2 indicates that out of ten Green Banking Facilities, the sample respondents have knowledge about ‘Electronic Cards’ with the mean score of 4.42, second rank to ‘Internet Banking’ with the mean score of 4.39, third Rank to ‘Mobile/Phone banking’ with the mean score of 4.34. It is observed that the sample respondents, based on their experience and any other literature knowledge they gain information and aware of green banking facilities. The last three ranks are given to ‘Green credit card’, ‘Green checking Accounts’, ‘Discount on Eco-friendly projects’ with the mean score of 3.58, 3.55 and 3.12. It can be concluded that people are not that much aware of last three facilities and it requires the attention.

AWARENESS OF GREEN BANKING AND SERVICES

The customers update their knowledge through various sources. Therefore, we say knowledge is power. Due to this knowledge, the customers are able to get the correct product at the right time.

Table 2
UPDATES OF GREEN BANKING AND SERVICES

S. No.	Source of Information	Total score	Mean Score	Rank
1	Green Channel Counter	415	3.46	III
2	Newspaper	375	3.13	VI
3	Magazine	362	3.02	VII
4	E-network	404	3.37	V
5	Class Lecture	347	2.89	VIII
6	Bank Employees	494	4.12	I
7	E-mail	405	3.38	IV
8	Internet/ Social networking sites	420	3.50	II

Source: Primary Data

Table 1 reveals that, ‘Bank Employees’ get the first rank, ‘Internet and social networking sites’ obtain second rank and ‘Class Lectures’ get the last rank with the mean score of 4.12, 3.50 and 2.89. It can be concluded that the Bank Employees meet and chat with the customers who enter the branch hence word of mouth promotion plays a pivotal role in motivating the respondents about the use of green banking and its services.

PREFERENCE OF USING GREEN BANKING DUE TO ENVIRONMENTAL CONCERN

The intention of a person to use green banking services may be environmental concern or may not be environmental concern. The table 3 tested on respondents for usage of green banking services for environmental concern or other concern.

Table 3
PREFERENCE OF USING GREEN BANKING DUE TO ENVIRONMENTAL CONCERN

S. No.	Variables	Positive Response (Yes)		Negative Response (No)		Total
		Count	%	Count	%	
1	Respondents	93	77.5	27	22.5	120
2	Male	64	88.89	8	11.11	72
3	Female	29	60.42	19	39.58	48

Source: Primary Data

Table 3 clearly shows that out of 120 respondents 93 respondents said using green banking are for environmental concern and remaining 27 respondents said using green banking for less cost and time. Out of 120 respondents 72 respondents are male and 48 respondents are female. Out of 72 male respondents 64 respondents have given positive response and remaining 8 respondents have given negative response. Out of 48 female respondents 29 respondents have given positive response and remaining 19 respondents have given negative response. It is inferred that comparing to female respondents (60.42), the male respondents (88.89) are highly knowledgeable and have greater awareness and perception regarding green banking.

SUGGESTION

Some suggestion for banks to encourage green banking are:

1. Communicate through press.
2. Construct websites and spread the news.
3. Making Green Banking as part of annual environment reports.
4. Training and development of relevant skills among bank employees.
5. Banks may formulate innovative financial solutions to incorporate environmental perspective.
6. Use of Paperless banking which results in reducing the carbon footprint from internal banking operations and cost saving to bank.
7. Adoption of Green Street Lending, which means offering low rate of interest to consumers and businesses for installing solar energy -saving equipment's.

CONCLUSION

Green banking is defined as promoting environmental-friendly practices and reducing the carbon footprint from banking activities. It involves use of online banking, mobile banking, green channel counters, e-statement, green loans, solar ATMs etc. i.e. using banking services through online activities. Green banking is still a major issue and can take an important for development of our country in India. Green banks are at start-up mode in India. Even though they have started adopting green practices, but still a lot of channels are unutilized by the Indian banks for greening their activities. Moreover, they could adopt the green practices only in selected branches. They should expand the use of environmental information in their business operations, credit extension and investment decisions. Green banking now is not only limited to awareness but also in practice. It is now expected from all scheduled banks that they would not only allocate budget for green

finance, green event or green projects under CSR activities, green marketing and capacity building but ensure the efficient utilization of budget allocation. Finally, we can say that going green should be the motto of all Banks. For effective adoption of green banking, the RBI and the Indian government should play major role and formulate green policy guidelines and financial incentives.

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