

CUSTOMERS' PERCEPTION TOWARDS GREEN BANKING SERVICES OFFERED BY COMMERCIAL BANKERS

Dr. M. THIRUNARAYANASAMY¹, M. NATARAJAN²

¹Associate Professor and Head, Department of Commerce, PS.PT. MGR Govt Arts and Science College, Srikali – Puthur, [Deputed from Annamalai University]

²(Ph.D)Research Scholar, Department of Commerce, Annamalai University, Annamalai Nagar

DOI: 10.47750/pnr.2023.14.03.157

Abstract

The banking sector has gone through many technological and regulatory changes, which play a role in making a shift in consumer behaviors. Ethical banking is otherwise called as green banking; it aims to guard the environment and trim down the carbon footprint from banking activities. The present study makes an attempt to locate the differences in the customers' perception towards green banks. The study falls out only 600 customers of selected banks in Trichirapalli District. The study establishes the customers' attitudes on positive things of green banking, this research attempts to measure the customers' perception regarding green banking. The study based on primary data collected through an interview schedule. SPSS and Microsoft Excel have been used to analyze and interpret the data. t-test and chi-square analysis have been used. Study results show that customers are not fully satisfied about the green banking services, so bankers and government both should make awareness by organizing different workshops/seminars. This study makes an important contribution given the fact that there are only a limited number of comprehensive studies dealing with green banking services.

Keywords: Green Banking, Customers' Preferences, Customer Awareness, Technology.

INTRODUCTION

The technology is shifting speedily, so worldwide business organizations are reorganizing their business models and adopting value chain business for better productivity. Likely, the financial sector is also changing as per changes in regulatory and technological advancements. The banking sector is the chief financial sector in India. Indian banks have the position fifth largest in the world by 2020 and possible to become third largest by 2025. Quite a few novel changes in procedures and methods of operations for daily functioning of banks are taking place not only in developed countries but also in developing countries like India. In newsworthy years Indian banks have witnessed the upward tendency and have transformed their operational strategies to a great scope. The banking sector has gone through many technological and regulatory changes, which play a role in making a shift in consumer behaviors. Ethical banking is otherwise called as green banking; it aims to guard the environment and trim down the carbon footprint from banking activities. The financial institutions are adopting a variety of strategies for economic growth. As environmental issues gain greater attention, pressure is being placed on all industries, including financial institutions to put into practice of Green Initiatives. Banking sector is usually measured as environment friendly in terms of release and pollutions. Internal ecological impact of the banking sector use of energy, paper and water are relatively low and clean. This concept of Green banking will be equally useful to the Consumers, banks, industries and the economy. For consumers this move towards green banking means more deposit and loan products will be available all the way through online and mobile banking. Green banks are supposed to have lesser fees and give rate offers on loans going towards energy-efficient projects away from pure profit. An additional vital feature of green banking is the taking part and outreach from the individual banks to their local community. Hence, it becomes very important for bankers to figure out the changes taking place in banking especially in the green concept adoption/use in India and how these changes are going to influence the current banking system. In-depth knowledge about consumer attitudes is a must for bankers as new techniques act as advantages or barriers to bankers. Thus, the study acted to bridge this gap wherein a model presenting determinants of green banking attitude was developed and empirically validated.

Need for and Importance of the Study

Present day's Environmental sustainability is a major issue, and the whole globe is facing many problems due to environmental issues. Technological innovation in banking services is an opportunity to differentiate and it includes ATM, e-banking, mobile banking, etc. Now day's banking automation services are necessary in order to obtain competence to provide basic financial needs. Bankers undertook many environment-friendly initiatives to reduce the carbon footprint from their day

to day banking activities and also to minimize the external carbon emission. Extant research demonstrates that a considerable of green banking attitudes is a valuable concept in investigating green finance decision making. Rising awareness, living standards and urbanization has led to increase in the changing of preference. Therefore, there is a requirement to study the green banking initiatives taken by the banks.

REVIEWS

Girmakar and Sudharshan, (2016) reports, this study finds that there is more of a need to create awareness about green banking products acceptance amongst the middle and senior age groups individuals than young age people. Banks need to apply morality of sustainability and responsibility to their business model, strategy, and formulation for products and services, operations, and financing actions and become tougher. By adopting the environmental factors in their lending activities, banks can recover the return from their investments and make the polluting industries become environment friendly.

NishikantJha et al. (2014) made study on Green Banking Trends in India and highlighted a number of steps for going green banking such as go online, use green checking accounts, use green loans for home improvements, use power-saving equipment, use green credit cards, mobile banking.

Asha and Dr. R. Rathiha (2017) in their research paper on “Consumer Attitudetowards Green Products” discussed consumer’s view about key problems of greenproducts and the main aspects that determines the outlook of the respondents aboutgreen products. The aim of the study is to fetch out the factors influencing thepurchase of green products and to understand the impact of demographic factors onpurchase of green products. The consumers areeager to buy the green products but the lack of awareness of green products is amain obstruction. Marketers are willinglyto educate the consumers. Thegovernment can take a step on awareness and use of green products for theconsumers.

Pusarla Lakshmi Padmajaand Vaddadi Krishna Mohan (2015) narrated their research purpose of the study was to understand the awareness of consumers towards green products and to study the impact of income and education on consumer on consumer awareness attitude and purchase motive towards green products. Awareness creates attitudes towards green products and result in ultimate action towards purchasing the products. The study identified positive relationship between income, education and awareness of consumers towards green products. There is positive relationship between awareness and attitude but no relationship between awareness and purchase intention towards green products.

VikasNath et al.(2014)stated bout Green Banking Practices and finished that the banks be supposed to change their day to day operations all the way through the implementation of paperless banking, online banking, mobile banking, mass the transportation system, green cards made up of recycled plastic and efficient use of resources. Banks be supposed to start to look into low carbon technologies and develop new sustainable products and services that will mitigate the risk of climate change.

Rajesh and A.S. Dileep (2014) stated that green banking is a sunshade word referring to practices and strategy that create banks sustainable in the economic, environmental, and social dimensions. Green banking is able to be a path to reduce pollution and save the environment aiding sustainable economic growth. Earlier than making the choice to finance a project, banks must notice their environmental risks and make sure the project company have environmental protection measures in their plans, as well as recycling facilities or smoke and gas arresting units. A framework of incentives for responsible banks and disincentives for pollutants is an essential element for the development of green banking.

SCOPE OF THE STUDY

In reality the awareness and anticipation of the customers have undergone an enormous transform with the accessibility of banking services at their door steps with the assist of technology and expects to complete all their banking transactions from a single place. The study measure the service usage in terms of customer convenience prototype. The reason for choosing this topic is to analysis customer perception on benefit of t green banking services provided by public and private sector banks and offer suitable strategies for better using these services to build it added competitive and customer gracious. The study will help private and public sector banks to reorient their strategies for better reach among customer in order to complete with it challenge by means of technology as its core capability.

STATEMENT OF THE PROBLEM

Nowadays ecological sustainability is a vital question and green banking is a step to look upon. Due to technology development, there is a basic shift in the usage behaviour of customer from traditional ways to modern ways with respond to the services rendered. Today, all industries may address many issues to save environmental degradation and conserve the ecological balance. Environmental sustainability will be obligatory for each person to show respect to the environmental issues otherwise, the environments will not be inhabitable and whole the country will no longer be safe place. US made on anlysis and found that by doing paperless transaction banking would save roughly 16.5 million trees per year and also avoided 4.95

million tonnes of air pollution, 3.96 million tonnes of CO₂, and would gain approximately 21.45 million tonnes of Oxygen per year.

In order to use constrained resources cautiously and keep in the mind that unnecessary use may endanger the future generation. Hence it is needed that each and every of paper less activity has a specific impact on the environment. Financial institutions are playing an intermediary role between economy and environmental development therefore Banking industry address this issues to save environmental degradation and conserve the ecological balance, the Green Banking concept green banking is introduced and gradual emergence in banking . There is a need to focus on sustainable banking to protect the environment from disaster.

Bank should take into deliberation the ecological aspect in lending apart from security and profitability. The banks in India also started green banking practices such as online banking, mobile banking, Green channel counters, e-statement, green loans, solar ATMs, etc. The issues of global warming should not be only restricted to a debate but has to be dealt with going green. To gain a better understanding of how bankers are practicing green banking and how does the go green concept impact to the society, environment and economy, whether customers have aware effectiveness of green banking. There is a need to involve key stakeholders and creating awareness about environment-friendly banking. Hence the present study is undertaken.

OBJECTIVES OF THE STUDY

In the intensity of the above stated background, the main aim of this study is to know customers' perception on green banking practices. The study is fulfilling the following objectives:

1. To understand the concept of green banking
2. To analysis the customers' perception towards green banking services of selected banks.

HYPOTHESIS OF THE STUDY

Ho1: "There is no significant association between respondents' Socio economic profile and their level of perception on green - banking services."

Ho2: "There is no significant difference in public and private bank customers' level of perception towards green-banking."

RESEARCH DESIGN

For this present study descriptive research style is selected to describe the customers' perception on green banking service excellence of two different sectors banks.

Nature of Data and Tools for Data Collection

The present study based on primary data only. The primary data connecting to customers' level of perception on green-services offered by selected commercial banks was collected through Interview Schedule.

Period of Study

The primary data were collected for a period of 6 months from Jan 2022 to June 2022.

Selection of Sample Banks

In order to select the banks, a list of top 10 banks existing in India was made. A scrutiny of this was done with respect to both the public sector and private sector categories. Thereafter, two banks in each category, SBI and IB banks from public sector. ICICI and HDFC banks from private sector were selected for the present study. The sample size was fixed at 600 customers. Convenience sampling technique (non-probability technique) was used to get the interview schedule filled by the customers. Out of 600 respondents, 300 for each sector bank were purposively selected those who were agreed to fill up the interview schedule.

Respondents' Perception on Green Banking Services

The respondents' opinion on green banking services offered by bankers in Tamil Nadu are determined by the mean score values calculated for eight statements by adopting Likert scaling technique. For analytical purposes, the total perception on green banking service offered by bankers, five points are given for 'Excellent', four points for 'Good', three points for 'Fair', two points for 'Poor' and one point for 'Very poor' responses. Thus, the total scores of green banking services for respondents are obtained by adding up the scores of all the five selected green banking services.

Respondents' Perception on Cost Saving/ Cheaper

In order to find the significant variation between respondents of public and private sector banks towards cost saving by green banking services, the following null hypothesis is formulated.

Ho: "There is no significant difference between public and private sector bank customers' perception on selected green banking services"

The student 't' test was applied to found significant difference among the different private and public sector bank customers for each factor separately. The result of the analysis is given in the following Table 1.

TABLE 1 RESPONDENTS' PERCEPTION TOWARDS SELECTED GREEN BANKING SERVICE

Selected Green Banking Service	Sector of Bank	Excellent	Good	Fair	Poor	Very poor	Total	t	P value Sig
Cost Saving/ Cheaper	Private bank	71 (23.70)	47 (15.70)	25 (8.30)	47 (15.70)	110 (36.70)	300 (100.00)	92.472	0.000
	Public bank	13 (4.30)	127 (42.30)	35 (11.70)	61 (20.30)	64 (21.30)	300 (100.00)		
Efficiency/ Easier	Private bank	38 (12.70)	171 (57.00)	30 (10.00)	41 (13.70)	20 (6.70)	300 (100.00)	67.749	0.000
	Public bank	106 (35.30)	111 (37.00)	6 (2.00)	37 (12.30)	40 (13.30)	300 (100.00)		
Secrecy	Private bank	31 (10.30)	24 (8.00)	37 (12.30)	105 (35.00)	103 (34.30)	300 (100.00)	65.571	0.000
	Public bank	59 (19.70)	18 (6.00)	23 (7.70)	33 (11.00)	167 (55.70)	300 (100.00)		
Quality of Service	Private bank	80 (26.70)	78 (26.00)	7 (2.30)	39 (13.00)	96 (32.00)	300 (100.00)	13.122	0.011
	Public bank	82 (27.30)	78 (26.00)	17 (5.70)	57 (19.00)	66 (22.00)	300 (100.00)		
Convenience and user friendly	Private bank	79 (26.30)	45 (15.00)	18 (6.00)	43 (14.30)	115 (38.30)	300 (100.00)	49.110	0.000
	Public bank	47 (15.70)	75 (25.00)	18 (6.00)	95 (31.70)	65 (21.70)	300 (100.00)		

Source: Primary data.

It is inferred from the above table 1 since the t test is significant for all the selected services; the null hypothesis of no significant difference between public and private sector bank respondents' perception with reference to selected green banking services is rejected. It is concluded that level of perception of public and private sector bank respondents towards selected green banking service is significantly differed.

SUGGESTIONS

It is establish that the customers' perception towards green banks, Bankers be supposed to organized different seminars and conferences to inform the customers concerning benefits of green banking as well as security and privacy of their customers. It is found that rural respondents not capable to understand the up to date technology therefore, Banker wants to organize training program to give appropriate direction to customers for using green-banking and create a belief in mind of customers towards security of their accounts.

CONCLUSION

The banking is becoming more and more resourceful as a result forceful strategies for making trade opportunities, banks have new servicesto custody in view the needs of different classes of customers. Banks may pursue a feedback system to know the

customers' expectations for improving the level of customer satisfaction to the maximum level.

REFERENCES

1. Joseph M. McClure C. & Joseph B. (1999), Service quality in the banking sector: The impact of technology on service delivery, *International Journal of Bank Marketing* 17 (4), 182-191.
2. GobindaDeka, (2020) Green Banking Strategies: Sustainability through Corporate Entrepreneurship. *Greener Journal of Business & Management studies*, Vol. 4, No. 4, PP 180-191.
3. Kamel, S (2005). The use of Information Technology to Transform the Banking Sector in Developing Nations. *Information Technology Development*, 11(4), 305 – 312.
4. Khan, M.A. (2010), "An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks", *European Journal of Social Sciences*, Vol.13, No. 3.
5. Dr. D.PaulDhinakaran, "Customer Satisfaction Towards Service Quality In Indian Overseas Bank Chennai" *Journal of Xi'an University of Architecture & Technology*, ISSN No : 1006-7930, (Volume XII, Issue III, 2020).
6. Lelissa (2020) Green Banking: As Initiative for Sustainable Development. *Global Journal of Management and Business Studies*, 4(10), pp 1181-87.
7. Meuter. A (2010), "An empirical investigation of the determinants of user acceptance of internet banking", *Journal of Organizational Computing and Electronic Commerce*, Vol. 13 No. 2, pp. 123-45.
8. Chinnadorai, K. M. (2020).Green Banking Practices in Indian Banks. *International Journal of Management and Commerce Innovations*, 2(1), pp 242-245.
9. Mahesh, C., Nirosha, M., Pavithra, V. (2017) Recent Trends in Indian Banking-Green Banking Initiative in India. *International journal of Science, Technology and Management*. 5(1), 369-374.
10. Mani, Alice. (2011). Green Banking through Green Lending. *Proceedings of International Conference on Gandhian Values: Sustainability and Corporate Governance*.
11. Dr. D.PaulDhinakaran, "Exports and Imports Stagnation in India During Covid-19-A Review" *GIS Business* (ISSN: 1430-3663 Vol-15-Issue-4-April-2020).
12. Rakesh, D., Srinath, V., Karki, N. (2016). Green Banking: A Conceptual Study on its Issues, Challenges and Sustainable Growth in India. *International Journal of Application or Innovation in Engineering and Management*. 5(6), 41-46.
13. Masukujjama, M., Siwar, C., Mahmud, R., Alam, S. (2018). Bankers' perception of Green Banking: Learning from the experience of Islamic banks in Bangladesh. *Malaysian Journal of Asia and Space*. 12(2), 144-153.
14. Mishra, P. & Sharma, P. (2010). Green Marketing in India: Emerging Opportunities and Challenges. *Journal of Engineering, Science and Management Education*, 3, pp. 9-14.