

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

A Study on Customer's Awareness on Green Banking Initiatives in Selected Private Sector Banks with Special Reference to Coimbatore City

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Abstract:

Green banking means promoting environment-friendly practices and reducing your carbon footprint from your banking activities. 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, so it is suggested to initiate to promote green banking in India. The concept of green banking helps to create a cleaner and greener future as Green Banking has a direct impact on the environment. This paper has been made to study the level of consumer satisfaction and awareness regarding "Green banking services" initiative taken by various Private sector banks in India, Coimbatore. The study aims to identify the opinion and awareness of bank employees and customers as regards to green banking concept in private sector banks. It is necessary to identify various initiatives taken by the bank on the concept of green banking in order influence customer and make them user friendly.

Key words: *Green Banking, Environment, Customer satisfaction*

1. Introduction

The financial institutions influence the economic growth and development of the country both in terms of Quality and Quantity, thereby adopting various strategies for economic growth. As environmental issues gain greater attention, pressure is being placed on all industries, including financial institutions to implement Green Initiatives. Banking sector plays a crucial and decisive role in promoting environmentally sustainable and socially responsible investments as it increases the value and lowers loss ratio as higher quality loan portfolio results in higher earnings. Thus, encouraging environmentally responsible investments and prudent lending should be one of the responsibilities of the banking sector. The Green initiatives taken by Banks or a concept of Green banking means using all of the bank's resources with responsibility and care, avoiding waste and giving priority to choices that take sustainability into account. It also means promoting environmental-friendly practices and reducing your carbon footprint from your banking activities. The reasons for going green are manifold, and the key among them are: increasing energy consumption and energy prices, growing consumer interest in environmentally-friendly goods and services, higher expectations by the public on Banks environmental responsibilities and emerging stricter regulatory and compliance requirements. Opening up CDs and money market accounts at online banks, instead of large multi-branch banks. Or finding the local bank in your area that is taking the biggest steps to support local green initiatives. It is an umbrella term referring to practices and guidelines that make banks sustainable in economic, environment, and social dimensions. It aims to make banking processes and the use of IT and physical infrastructure as efficient and effective as possible, with zero or minimal impact on the environment. Green banking refers to how environmentally friendly your bank is, and how committed to green and ethical policies they are. This concept of Green banking will be mutually beneficial to the Consumers, banks, industries and the economy. For consumers this shift towards green banking means that more deposit and loan products will be available through online and mobile banking. It also means better deposit rates on CDs, money market accounts and savings accounts. Green banks should also have lower fees and give rate reductions on loans going towards energy-efficient projects. This is banking beyond pure profit. Another important aspect of green banking is the involvement and outreach from the individual banks to their local community.

1.1. Objectives of the study

The main objectives of the study are as follows:

- To determine the awareness level of costumer's in Coimbatore city about green banking.
- To analyze the level of satisfaction of the customer towards green initiatives in private sector banks.
- To study the various problems faced by the customers of green banking.

1.2. Research Methodology used in the study

Methodology is a way to systematically solve the research problems by applying the various techniques along with the logic behind the problem. Area of study refers to Coimbatore district. The nature of data collected for the project work is primary data. The data has been collected directly from the sample respondents through by questionnaire. The random sampling method is used to find out the preference from the respondents and detailed interpretation. The sample size is taken as 100 respondents.

1.3. Review of Literature

- **Amitabh Mishra, B R Kumar and Dharam Bir Singh, (2013) “A study of Gaps in Service Quality at a leading Private Sector Commercial Bank in Greater Noida”** The study concludes that account holders were relatively more dissatisfied with the service quality dimension, „assurance” with a high weighted gap score of 0.21, followed by reliability, responsiveness, empathy and tangibles and weighted gap scores of 0.20, 0.21, 0.08 and 0.05, respectively. Such a study is useful in determining the weak areas of a bank’s service where immediate steps are necessary. If such deficiencies are ignored, it may lead to loss of reputation.
- **Aashish Shashikant Jani, (2012) “A study of Consumer Perception on the use of E- Technology in the Retail Banking Sector : A Comparative Study of Public Sector and Private Sector Banks”** The key areas of strength, as observed in case of Public Sector Banks are Accessible, Privacy and Demo at the Counter and the areas of significant improvement possible, applies to the following areas Transfer of Funds, Convenience, Timeliness, Cost Effective Services and Network Coverage. On the other hand , key areas of strength in Private Sector Banks are :Bill Payment, Customer Correspondence, E Shopping , Technical Efficient Services, Loan Application , Insurance ,Accuracy and Goodwill The area where improvements are required are with reference to Receiving Alerts, Mobile Banking, Online Trading and Advertisement. It is evident that most of the customers prefer e channel with time and cost utility. They are not fully aware about the operational part of e channels. After realizing the potential of e banking, banks will have to change in order to grab the opportunity and to face the challenges posed by technology.
- **Vinay Kumar Nagu, (2012) “Managing Customer Relations through Online Banking”** It was found that the primary benefit of E- CRM in the banking sector is the reduced cost of operation, locks in target prices, and increases in customer loyalty. While secondary importance is given to customer cognitive, competitive products and a high security system, low priority is given to different contact options for customers to contact and minimize the administrative work. While in overview of transactions, localizations of transactions real time overview of liquidity position, organizational activity and one point of contact, one bank is giving less importance to some factors, while the other is giving more importance. The finding shows that definite benefits which are derived from a bank’s perspective by using E – CRM are: Reduced cost of operation; increased customer loyalty, Staff training, Evaluation of Customer Feedback.
- **Khosla and Parul Munjal, (2013) “Demographic Inequalities in using E – Banking Services: A study of Chandigarh”** The study of the paper indicated that on the whole, good scopes exist for all the banks to popularize their value added services, particularly in the rural areas. Those banks which will be successful in creating customers by offering innovative and advanced services a head of their competitors will reap more benefits. For this reason, it is recommended that bank should target their promotional activities towards literate, young and resourceful brigade who possess a rich potential to use e – banking services for long as can be generalized from this study.
- **The Role of Green Banking in Sustainable Growth, (2012)** This report indicates that the India’s growth account and obligation to cut its cards can be created by banks in the form of small carbon intensity by 20-25 percent from 2005 levels by charitable donations as a percentage of on-line banking 2020 provides tremendous opportunities for Indian activity to help the environment banks from funding sustainable projects to offering innovative products and services in the areas of green. Initially, these commitments to environmental and social guidelines will cause a huge financial burden for Indian banks. Therefore, for sustainable banking, Indian bank should adopt green banking as a business model without any additional postponement.

2. Results

(1). Respondent having sound educational background with a degree of awareness with reference to green products were targeted and approached for the study. Among 100 respondents 52 were Male and 48 were Female. Respondents were mainly from Private Banks such as ICICI, HDFC KVB, TMB and AXIS bank. All the bank considered for the study were top rated banks so these banks are chosen from private banking sector as per latest facts and figure published by .N.S.E.

(2). Out of the respondents approached in ICICI, 77 % were using green banking products but were not aware of the terminology Green banking and remaining 23 % were quite aware of the green banking services provided by the Bank. Likewise from HDFC 72 % were not aware of the terminology Green Banking and therefore were explained but they were using green banking products like ATM , online banking etc but remaining 28 % were aware of the green banking concept. It was founded that 82 % of KVB respondents were not aware and only 18 % were aware of the green banking concept. From TMB, 70 % were not aware of the term but remaining 30 % were aware of the green banking concept and lastly from Axis 76 were not aware and 24 % were aware about Green banking activities.

(3). Green banking Initiatives by Banks and its awareness among their customers

Green Initiatives	Aware	Not Aware
1. Green Checking	88%	12%
2. Green Loans	56%	44%
3. Green Mortgages	45%	55%
4. Green CDs	36%	64%
5. Controlled use of energy	67%	33%
6. Facility of e-statement registration	64%	36%
7. Reduced wastage of papers and Energy through Net banking approach	67%	33%
8. Use of Solar powered ATMs	34%	66%
9. Energy – efficient branches and loans	68%	32%
10. Providing recyclable debit cards and credit cards	47%	53%
11. High- efficiency lighting	55%	45%
12. Using recycle paper or recycle waste	47%	53%
13. Bonds and mutual funds meant for environmental investments	44%	56%
14. Clean Development Mechanism(CDM)	45%	55%
15. Conducting Workshops and Seminars for Green banking	50%	50%
16. Bank Environmental Policy	36%	64%
17. Online Bill Payment	81%	19%
18. Cash Deposit System	84%	16%
19. E – Investment Services	76%	24%
20. Communicate through the Press.	31%	69%

From the above data, it is inferred that green initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green CDs are few green banking initiatives that are still not introduced by the respective banks according to the respondents. As per the data 60 % of the respondents agree these initiatives are still not initiated. However, these concepts are new in India therefore it can be the probable reason for poor awareness level among consumers. As for instance, ICICI is first in India to carry out a slew of banking services on the social media site, Face book. So bank should design strong strategies to promote these green banking initiatives as done in other countries. While in some green initiatives more than 60 % of the respondents were in favor that green products are provided in their banks like Green Checking, Controlled use of energy, Facility of e-statement registration by which banks will donate a book to needy, Online Bill Payment , Cash Deposit System, E – Investment Services, Net Banking , Energy efficient branches.

(4). The personal factors of the respondents have no significant influence over the awareness for E-statement and Net banking. Ho1 shows that gender, age, marital status, educational qualification, and family monthly income have a significant influence over the awareness for E-statement and Net banking whereas occupational status and size of families have significant influence over the awareness for E-statement and Net banking. Ho2 study reveals the details of the Chi square value of Green Loans which shows that Genders have no impact for all the parameters of hypothesis with respect to green banking which means that both of them have same awareness level with respect to Green Banking.

(5). Majority of the respondents i.e. 38 % of the respondents has technical issues. 26% of the respondents favour towards lack of education while 87 % of the respondent have no difficulty in adopting latest technology and Infrastructure.

3. Conclusion

With Go Green mantra permitting, the banking sector too has adopted sustainable practices in all spheres of life. Green Banking is a Multi-stakeholders' Endeavour where banks have to work closely with government, NGOs, IFIs/IGOs, Central Bank, consumers and business communities to reach the goal. From the above research we can see that green initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green Cds is not familiar in Green initiatives by the bank as per the respondents. From the above data we can see that green initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green Cd's is not familiar in Green initiatives by the bank as per the respondents. Green banking is still a major issue and can take an important role for development of our country in India. To sustain the development of the Indian economy bank and financial institution have to work more hard as compare to big foreign banks as they are playing important role in maintaining the sustainability of their country economy. Now it's time that India should take some strict steps to harness these banks and financial institution to adopt the principle equator guideline so that they can contribute in the protection of environment in future. There is definitely a huge opportunity in clean, renewable energy technologies, emissions reduction and reduced-carbon transportation which can be slowly and steadily be achieved if we get cooperation from all sectors of the economy and bank being an integral part of our economy must lead from the front.

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