Green Banking: Awareness of Customers in Environmental Protection

Dr. M. Yasmin¹, Dr. Fayaz Ahamed²

¹Assistant Professor, Department of Commerce (CA), CARE College of Arts and Science, Trichy, Tamil Nadu
²Faculty, College of Economics and Business Administration, University of Technology and Applied Sciences, Ibri, Sultanate of Oman

Abstract - The main problems across the world to-day are environmental changes and protection and management of natural resources. Environmental change causes a number of interconnected environmental problems, including deforestation, poor air quality, climate change, and biodiversity loss. Climate change is the most complex of the aforementioned issues. Efforts are being made around the world to quantify and reduce the risks of environmental change. Numerous nations across the globe have pledged to lessen the effects of climate change. It is the responsibility of each and every one of us to work in this direction in order to minimize climate change. Every organization across the world is highly interested to make their business as green to face climate change and contribute towards sustainable development. By taking on the role of advocates for sustainability, banks may play a vital role in preserving sustainability. The corporate community's traditional bottom line approach of profit is sometimes replaced with a triple bottom line approach, which emphasizes the three Ps: people, planet, and profit, as a result of sustainable development. The present study aims to study Green Banking in depth and awareness of the clients regarding green banking concept adopted in Tiruchirappalli City. In terms of development, SBI is a model for all the steps a bank may take to overcome the problems brought up by green banking.

Keywords - Green Banking, Environment, Awareness.

I. INTRODUCTION

The world's most complex problem right now is climate change. Efforts are ongoing around the world to quantify and reduce the risks of climate change caused by human activities. Even though banks don't give a damn about how the outside world affects them, the behaviors of their clients have an "external" impact on the environment that affects the banking industry. Even while the banking business isn't thought to be particularly polluting, the size of banks' operations today has significantly increased their carbon footprint because of how much energy they consume for things like air conditioning, lighting, and electronic equipment. As a result, the banking industry may act as a mediator between environmental preservation and economic growth. The banking sector influences the economic growth and development of a country both quantitatively and qualitatively by utilizing various economic development strategies.

Increasing attention to environmental issues has increased pressure on all industries, including the banking sector, to adopt environmentally friendly practices. The banking industry is vital to the advancement of socially and environmentally conscious investing since it raises values and reduces loss ratios because higher-quality loan portfolios generate higher profits. There is also risk for the Banks not only due to environment but also there are risks due to loss of reputation, reputational risks, loan default by debtors, reduced value of collateral securities, repayment of the expected amount, changing market conditions and Bank's liability.

Hence, the Green initiative of the Banking Sector, encourage environmentally responsible investments and prudent lending policy. Green banking, or the banking sector's contribution to both environmental preservation and economic growth, is gaining traction. In this context, the study devotions on the notion of green banking and the knowledge of bank clients regarding green banking. The biggest commercial bank in India is bank, one of the commercial banks.

A. Green Banking Industry in India

Worldwide, a large number of nations have committed to taking the required steps to slow down climate change. By 2010, India aims to reduce its domestic carbon intensity by 20–25 percent from 2005 levels. We are aiming to create a low carbon economy since India has pledged to cut its carbon intensity by 20–25 percent from 2005 levels by 2020. Banks will face numerous opportunities as well as obstacles in a low-carbon economy.
Adopting "Green Banking" as a successful company presents Indian banks with both potential and problems. Green banking necessitates a thorough overhaul of the banking industry's planning process, taking into account the profit margin as well as the company, finance, society, and economy. Additionally, this will support ecological balance. Indian banks are significantly lagging behind worldwide trends when it comes to green banking. Notwithstanding directives from Reserve Bank of India, none of the Indian banks have embraced Equator Principle. Furthermore, not a single Indian bank has ratified the UNEP-FI. However, in the last few years, a number of Indian banks have begun to strive toward this objective and have made a number of significant contributions.

**B. SBI**

In 2010, State Bank India and Suzlon Energy Limited partnered to replace thermal power in three states—Gujarat, Maharashtra, and Tamil Nadu—with wind power in an effort to lessen carbon emissions (Economic Times, 2010). The Green Channel Counter facility was launched by SBI in 2010 and was accessible at over 5,000 branches nationwide till 2011. It is a strategy for banking without paper records. Since this procedure uses no paper, it is environmentally friendly.

Environmentally friendly residential projects are encouraged by State Bank India, which also offers loan reductions for projects that have earned an IGBC rating. In order to encourage the use of clean technologies and reduce greenhouse gas emissions, State Bank India offers project loans at discounted rates. bank has joined the Carbon Disclosure Project (CDP), an alliance of more than 550 institutional investors with USD 71 trillion in assets.

It is the biggest bank in India to have installed windmills in states where they may be available in order to encourage the production of green power. Ten windmills totalling fifteen megawatts have been installed by the bank in Gujarat, Maharashtra, and Tamil Nadu. The bank currently uses 100 MW of electricity annually. So, in an effort to lessen its carbon footprint, State Bank India strives to be energy neutral. A 1.5 MW windmill will install for about Rs. 10 crores in total. It is anticipated that in four years the initial investment will be recovered due to the nearly low operating costs.

**II. REVIEW OF PREVIOUS STUDIES**

The term "green banking" describes the banking industry's efforts to support socially and ecologically responsible investment and the overall reduction of external carbon emissions and pollution control measures. Banks' green finance contributes to resource efficiency, the growth of the green industry, and the green economy in general, which is gaining traction in the business community. Green banking refers to the responsible and conscientious use of all bank resources, the avoidance of waste, and the prioritization of decisions that include sustainability. It also entails encouraging eco-friendly behaviours and lowering your banking activities' carbon footprint.

There are many reasons to go green, but the primary factors are as follows: rising energy prices and consumption; growing consumer interest in eco-friendly products and services; rising public expectations regarding banks' environmental responsibilities; and the emergence of more stringent regulatory and compliance requirements. Establishing money market accounts and certificates of deposit at internet banks rather than giant multi-branch banks, or identifying the neighbourhood bank in your area that is making the most efforts to assist the local community. It's a catch-all word for policies and procedures that help banks be sustainable in terms of the economy, the environment, and society. The objective is to optimize banking procedures, information technology, and physical infrastructure utilization while minimizing or eliminating environmental impact. Green banking is the term used to describe ecologically friendly banks that uphold moral and ethical standards. Green banking will help banks, customers, businesses, and the economy simultaneously. Customers will have access to more deposit and loan options through online and mobile banking as a result of this move toward green banking.

Better deposit rates on money market accounts, savings accounts, and certificates of deposit are also a result. Additionally, green banks ought to waive fees and reduce interest rates on loans made for energy-efficient projects. This kind of banking goes beyond just making money. The participation and outreach that individual banks provide to the community in which they operate is a significant component of Green Banking. For a wide range of environmental issues, including climate change, deforestation, air pollution, biodiversity loss, and information technology, Green Bank offers efficient market-based solutions. The parameter for the success of Green Banking is the study of awareness of customers of Bank towards the performance of the Banks in Green...
Banking. In light of this, the purpose of this study is to demonstrate how conscious businesspeople, especially bank clients, are of the need to safeguard the environment worldwide.

A sustainable bank takes into account the effects of its operations, different goods, and services for both the present and the future generation, according to the United Nations Environment Programme's definition, UNEP-FI (2007). Banks ought to concentrate on funding environmentally friendly projects and technologies in order to encourage a decrease in external carbon emissions. The goal of green banking is to make customer behavior more environmentally friendly while simultaneously enhancing technological capabilities and operational efficiency. It functions similarly to standard banking while taking social and environmental concerns into account to safeguard the environment. It is a method of carrying out banking operations that takes into account the effects that its actions have on society and the environment (Jha and Bhoome, 2013; Mishra, 2013; Biswas, 2011). The term "green banking" has various definitions, but the fundamental idea behind it is always the same: by pursuing sustainable development, we can preserve the environment and its resources for future generations. “Green banking” includes green mortgages, green loans, green credit cards, green checking and savings accounts, green money markets accounts, mobile banking, online banking, and so forth. In addition, it seeks to recognize and generate a range of chances for the good of the clientele. Banks ought to provide priority when granting loans to industries that support different environmental protection initiatives, according to Rashid (2010). According to Mani (2011), banks engage in socially conscious business practices and behave as corporate citizens.

The Indian Banks Association defines it as “Green Bank functions like a normal bank along with considering the social and environmental factors for the protection of the natural resources”. The goal of green banking, according to RBI (IDRBT, 2013), is to curtail the negative environmental effects of internal bank procedures, physical infrastructure, and information technology.

Additionally, this bank was the first to introduce the "Green Fund" for financing environmentally friendly initiatives (Dash, 2008). It exclusively provides funding to groups that promote social, cultural, and environmental values.

The Indian Banks Association explains “Green Bank functions like a normal bank along with considering the social and environmental factors for the protection of the natural resources”. RBI claims that, “green banking” refers to internal banking procedures, physical infrastructure, and information technology that minimizes adverse environmental effects.

Green Banking’s Contribution to Sustainable Growth (2012) reports that, banks can contribute to India's growth account and its need to curtail card usage by generating a little carbon intensity through charitable donations as a percentage of online banking by twenty to twenty-five per cent from 2005 levels. This means that by 2020, there will be a plethora of opportunities for Indian banks to support environmentally friendly projects and provide cutting-edge green products and services. Indian banks will first face a significant financial burden as a result of their obligations to environmental and social principles. Thus, without further delay, Indian banks should embrace green banking as an industry model for viable banking (Fayaz, 2015).

III. RESEARCH METHODS

The primary data used in the study was obtained from clients through in-depth interviews. The research incorporates secondary sources as well, such as bank reports and additional pertinent data posted on the banks’ and other websites’ websites. 20 branches of bank are functioning in Tiruchirappalli City. Five branches are selected on Random Sampling Technique basis and the list of branches are: 1.Tiruchirappalli main branch, 2. Putthur branch, 3. Tennur branch 4.Thillai Nagar branch, and, 5.Woriayur branch. 20 respondents who are graduates are selected from each branch on stratified random sampling technique and the total number sample respondent amounts to 100. Out of the 100 respondents, 43 are women and 57 are men.

A schedule was prepared to administer the same from the 100 respondents to ascertain the awareness of the Respondents along with their socio-economic background. The result was analysed using simple percentage technique to evaluate the awareness of the customers of bank, in Tiruchirappalli City.

A. Research Objectives

The studies mainly focus on the study of Green Banking in detail and awareness of the customers about green banking philosophy adopted by the bank in Tiruchirappalli City.
IV. DISCUSSION

A. Awareness of Green Banking System

The awareness of the customers of the study units towards Green Banking is measured in terms of the following Constructs:

Cash Deposit Machine: It eliminates the use of deposit forms to deposit cash in to the Bank.

Green Deposit: Salary, Pension and other Social Security benefits funds are automatically processed from primary account to other accounts using this Green deposit.

Green Savings Account: Under this account the customer can save money for future with interest and dividend.

Investment in Energy Saving Industries: The investment in energy saving industries is in the form of shares, debentures and other securities.

Green Debit and Credit Cards: The bank will give money to a non-profit that promotes environmental sustainability so that it can be used for environmental preservation.

Automated Teller Machine: It eliminates the use of Cheques and withdrawal forms to withdraw money from the Bank.

Green Loans: This loan is sanctioned by the Bank to the customers to promote the projects for the manufacture of Solar Panel, Wind Mills and other energy saving devices.

Green Mortgages: This mortgage helps to change the homes environment friendly.

On Line Payment: A customer can make payment to others on line without wasting the Forms and cheques.

E-statement: The customer can receive this statement of Bank account through his internet.

E-investment Services: The customers who are interested in investing in shares, Debentures and other securities can utilize this service.

Reduced use of Papers: The banks have introduced the procedure of banking by reducing the number of forms while applying loans, making receipt and payment. Use of Recycle Paper is also done by the banks to avoid the wastage of paper.

Services for Social Responsibility: The banks have started a number of programs for social responsibility, including camps for planting trees, upkeep of parks, and pollution inspections.

Workshops and Seminars on Green Banking: To inform their clientele about Green Banking, banks host workshops and seminars on the subject.

Communication through the press: Instead of sending communication to each and every individual customers, the Bank send the communication to the customers in the form of advertisement.

V. TABLE I

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Constructs</th>
<th>Aware (Percentage)</th>
<th>Unaware Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cash Deposit Machine</td>
<td>61</td>
<td>39</td>
</tr>
<tr>
<td>2</td>
<td>Green Deposit</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>3</td>
<td>Green Savings Account</td>
<td>34</td>
<td>66</td>
</tr>
<tr>
<td>4</td>
<td>Investment in Energy Saving Industries</td>
<td>22</td>
<td>78</td>
</tr>
<tr>
<td>5</td>
<td>Green Debit and Credit Cards</td>
<td>31</td>
<td>69</td>
</tr>
<tr>
<td>6</td>
<td>Automated Teller Machine</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>Green Loans</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td>8</td>
<td>Green Mortgages</td>
<td>19</td>
<td>81</td>
</tr>
<tr>
<td>9</td>
<td>On Line Payment</td>
<td>58</td>
<td>42</td>
</tr>
<tr>
<td>10</td>
<td>E-statement</td>
<td>51</td>
<td>49</td>
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<tr>
<td>11</td>
<td>E-investment Services</td>
<td>58</td>
<td>42</td>
</tr>
<tr>
<td>12</td>
<td>Reduced use of Papers</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td>13</td>
<td>Social Responsibility Services</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>14</td>
<td>Workshops and Seminars on Green banking</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td>15</td>
<td>Communication through the Press</td>
<td>18</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: Primary Data
Only 16 percentage of the Respondents are aware of the constructs Green Loans and Work shop and Seminars on Green Baking. The constructs Green Deposit and Communication through Press are known only to 18 percentages of the Respondents. In addition to the above constructs majority of the Respondents are unaware of the constructs Green Saving Account, Investment in Energy Saving Industries, Green Debit and Credit Cards, Green Mortgage and Social Responsibility services. The result further reveals that there is relationship between the age, and higher educational qualification and awareness of the constructs. The gender and marital status are not related to awareness of the constructs under study. Since the above constructs are available in some branches the respondents are more unaware the constructs like, Green Loans, Work Shop and Seminars on Green Banking, Green Deposit, and communication through press.

The bank have introduced gradually the Green Banking business in all the branches. As the success of green banking relies on the cooperation of its clients—mostly traders, individuals, and businesses—as well as Reserve Bank of India policy, green banking remains a significant issue and has the potential to play a significant role in our nation's green drive. As of right now, bank is steadfast in its conviction that it can actually transform society and seeks to continue serving as a forum for those who so choose make an impact on the nation.

In order to build a sustainable business, the bank should implement technology, procedures, and goods that significantly reduce carbon emissions. Bank must to be thoroughly informed on the social and environmental standards that banks across the globe are committing to. Bank is gradually lagging behind its rivals in affluent nations when it comes to green banking. It is crucial that the bank acknowledge its ethical and environmental obligations before entering international markets.

The bank needs to work harder to support the growth of the Indian economy, much like the major international banks do, since they are crucial to preserving the viability of their own economies. The Reserve Bank of India should now take aggressive steps to ensure that such financial companies adhere to the principle equator guideline and subsequently contribute to environmental conservation. If we can have collaboration from all economic sectors, there is undoubtedly a great opportunity in clean, renewable energy technologies, emissions reduction, and reduced-carbon transportation. Since the SBI is so important to our economy, it must take the lead. The degree of climate change in India is inversely correlated with the banking sector's performance. Last but not least, the SBI, the largest bank in the nation, must immediately adopt green banking as a business model to succeed in the banking sector.

VI. CONCLUSION

India has experienced remarkable progress, albeit not without significant environmental challenges (Fayaz, 2011). India still has work to do to make finance more ecologically friendly, but the RBI has taken a step in that direction. One of the main focuses of green banking is Environmental, Social, and Governance (ESG). As the leading development finance organization in India, the SBI not only offers financial resources to its member nations in the area, but it also mobilizes international support for resilient, environmentally friendly, and sustainable growth. SBI is developing a risk matrix for its customers, offering specific incentives to those that start environmentally friendly projects. As a result, by giving environmentally sustainable initiatives the funding they need, green finance is really opening the door for India’s sustainable future.

REFERENCES


