

“Contemplating Customers and Bankers Outlook on Green Banking”

Guru Prasad Rao Y

Department of Commerce, Manipal University
School of Management, Manipal, India – 576104

INTRODUCTION:

Sustainable development has emerged as a new paradigm of development in response to the current discourse of development that over-exploits natural environment for economic prosperity. The sustainable development can best be achieved by allowing markets to work within an appropriate framework of cost efficient regulations and economic instruments. One of the major economic agents influencing overall industrial activity and economic growth is the financial institutions such as banking sector. The banking sector influences the economic growth and development in terms of both quality and quantity, there by changing the nature of economic growth.

Banking sector is one of the major sources of financing investment for commercial projects which is one of the most important economic activities for economic growth. Therefore, banking sector can play a crucial role in promoting environmentally sustainable and socially responsible investment (SRI). Banks

may not be the polluters themselves but they will probably have a banking relationship with some companies/investment projects that are polluters or could be in future. Banking sector is generally considered as environmental friendly in terms of emissions and pollutions. Internal environmental impact of the banking sector such as use of energy, paper and water are relatively low and clean. Environmental impact of banks is not physically related to their banking activities but with the customer’s activities.

Therefore, environmental impact of bank’s external activity is huge though difficult to estimate. Moreover, environment management in the banking business is like risk management. It increases the enterprise 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. Further, those industries which have

already become green and those, which are making serious attempts to grow green, should be accorded priority to lending by the banks.

OBJECTIVES:

1. To find out the customer's awareness on green banking.
2. To know what kind of initiatives the customer would like to take in terms of green banking.
3. The initiative taken up by the banks with respect to green banking.
4. The benefits arising from green banking for the bank.

Green Banking – A Solution to Paperless Banking?

Green Banking is like a normal bank, which considers all the social and environmental factors; it is also called as an ethical bank. Ethical banks have started with the aim of protecting the environment. These banks are like a normal bank which aims to protect the environment and it is controlled by same authorities as what a traditional bank do. Green banking is like a normal bank, which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical

bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda toward taking care of the Earth's environment / habitats / resources. For banking professionals green banking involves the tenets of sustainability, ethical lending, conservation and energy efficiency.

There are many differences compared with normal banking, Green Banks give more weight to environmental factors, their aim is to provide good environmental and social business practice, they check all the factors before lending a loan, whether the project is environmental friendly and has any implications in the future, you will awarded a loan only when you follow all the environmental safety standards.

Green banking can benefit the environment either by reducing the carbon footprint of consumers or banks. Either a bank or a consumer can conserve paper and benefit the environment. Ideally, a green banking initiative will involve both. Online banking is an example of this. When a bank's customer goes online, the environmental benefits work both ways. Green banking means combining operational improvements and technology, and changing client habits.

RESEARCH METHODOLOGY

The data collected for this study is largely based on primary data and remaining on secondary data. Two surveys were conducted for the purpose of the study. One was in terms of the customer's perspective and the other in terms of banks perspective. It was done to understand the customer's awareness about green banking and the various initiatives taken up by the banks in terms of green banking.

Population: Bank Customers and Bankers

Sample size: 40 customers and 7 banks.

The technique of sampling used is Random Sampling.

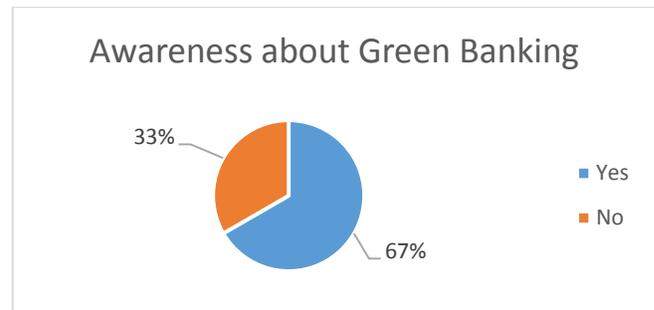
A questionnaire was sent out through a link and the customers were asked to fill out the survey. Likewise, the questionnaire in terms of bank's perspective was given personally to the bank employees and they were asked to fill up the same.

DATA ANALYSIS AND INTERPRETATION

1. GREEN BANKING IN THE CUSTOMER'S PERSPECTIVE

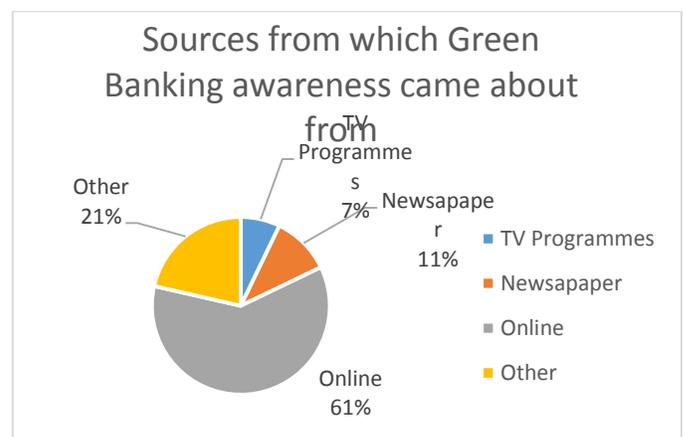
Awareness about Green banking

When the respondents were asked about green banking 67% of the people were aware of what green banking was and the remaining 33% were not aware what green banking was all about.



Sources from which Green Banking awareness came about from

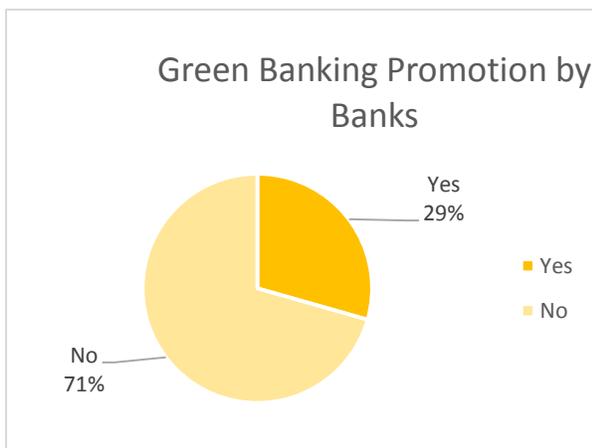
Those respondents who have told that they know about green banking, the main source from which they have heard of it is from the internet (online sources- 61%) and the rest from TV programmes, newspapers and the like.



use other various applications.

Green Banking Promotion by Banks

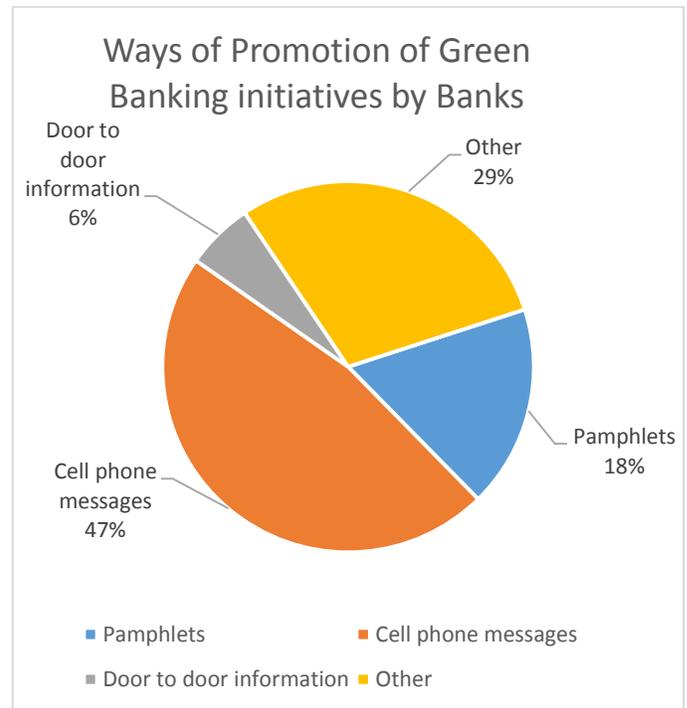
When asked about the green banking promotion done by banks, 29% of the people confirmed their bank/bank branches were giving them enough information about various green banking initiatives in a direct or indirect manner and the remaining 71% of the respondents told that they weren't getting any information about green banking from their bank/ bank branches.



Ways of Promotion of Green Banking Initiatives by Banks

When the respondents were asked in what ways the banks promoted green banking services that they were aware of, a majority of the respondents said that they were aware of the green banking services through cell phone messages such a pull and push SMS and the

like. A very few percentage of people are aware of the green banking services provided by their banks through pamphlets and door to door information and the rest through various means.



GREEN BANKING IN THE BANK'S PERSPECTIVE

A survey was conducted among the local branches of banks in Udupi and Manipal region and they were asked about the various green banking initiatives taken up by them, how it has impacted their branches, what are the products they recycle usually.

1. Some of the green banking initiatives taken up by the banks were:

- a. Net Banking
- b. Mobile Banking
- c. Account statements sent through email to the customers for every debit or credit transaction taking place.
- d. Miss Call Banking for queries and advisory services
- e. Promotion of Internet Banking, ATM Card Business, E-Statements, Mobile Banking and use of the Mobile Banking Apps in smartphones.

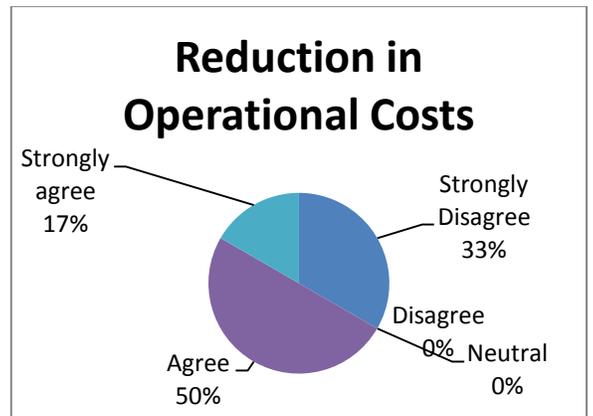
For some banks, they felt this was a newly coined concept where the serious initiative is yet to be launched and would need to some for it to be fully operational.

2. Impact of Green Banking in branches

The following responses were obtained:

- a. Less paperwork
- b. increased efficiency
- c. low cost
- d. Increase in service and social responsibility of the bank is fulfilled.
- e. Walk- ins are less
- f. Increase in the number of transactions.

- 3. The banks were also asked on how many customers approximately were using internet banking and mobile banking services. Most of the banks came up with a response that atleast 60% to 70% of the customers were using the internet banking services and 80% to 95% of the customers were using mobile banking services.
- 4. When the banks were asked whether they are recycling their products they use, 80% of the any bank branches told that they weren't recycling any products they use and only 20% of them recycled their products such as papers, toners and cartridges.
- 5. Operational Costs:

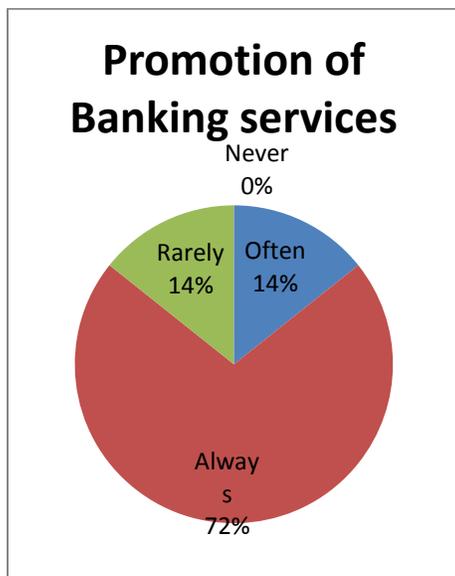


From the above pie chart, we can infer that 50% of the banks agree that green banking helps them to reduce their operational costs mainly through less

paperwork and sending the statements online. 33% of the banks branches strongly disagree the above fact because they feel that the cost of service has gone up.

6. Promotion of Banking services with the help of Green banking:

The banks were further asked whether Green Banking actually helped them in promoting their banking services. Their replies were as follows:



Most of the banks i.e 72% of the bank branches have replied that Green Banking has always helped them to promote the banking services they offer to the public. This was because delivery of the banking services has always been easy with the help of internet which has enabled the banks

to respond to the customer queries at the earliest which in turn has helped them to market their services and products. 14% of the bank branches have felt that green banking has rarely helped them to promote their banking services.

FINDINGS

1. Basically Green banking avoids as much paper work as possible and rely on online/ electronic transactions for processing so that we get green credit cards and green mortgages. Less paperwork means less cutting of trees. It also involves creating awareness to banking business people about environmental and social responsibility enabling them to do an environmental friendly business practice.
2. Green Ethical banks adopt and implement environmental standards for lending, which is really a proactive idea that would enable eco-friendly business practices which would benefit our future generations.
3. When we are awarded with a loan, the interest of that loan is comparatively

less with normal banks because green banks give more importance to environmental friendly factors - ecological gains.

4. Natural resources conservation is also one of the underlying principles in a green bank while assessing capital/operating loans to extracting/industrial business sector.
5. Green Banking as a concept is a proactive and smart way of thinking with a vision for future sustainability of our only Spaceship Earth - as design science explorer Richard Buckminster Fuller called our Earth.
6. The value proposition for corporations to go green includes many of the same issues as that for individual consumers but on a much large scope and with additional concerns. Corporations may share a desire to reduce carbon footprint and enhance security by eliminating paper waste, but they are also extremely concerned with eliminating or decreasing errors due to manual processing and with creating a profitable bottom line. For these reasons and more, corporations are actively pursuing green programs,

many companies are taking active steps to reduce waste, implement sustainability measures and increase profitability by going green.

SUGGESTION

1. Construct a website for bringing awareness about green banking and spread the news.
2. Educate through the bank's intranet and Public website.
3. Conduct and Participate in events.
4. Set up outlets to promote green business.
5. Communicate through the Press.
6. Disseminate information through leaflets.
7. Social responsibility services done by banks.
8. Carbon footprint reduction by energy consciousness.
9. Carbon footprint reduction by mass transportation.
10. Impart education through e- learning programmes and in schools and colleges.
11. Making it a part of the annual environmental report.

CONCLUSION

In a rapidly changing market economy where globalization of markets has intensified the competition, the industries and firms are vulnerable to stringent public policies, severe law suits or consumer boycotts. This would affect the banks and financial institutions to recover their return from investment. Thus, the banks should 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.

Banks are responsible corporate citizens. Banks believe that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of them can work towards to better global environment. 'Go Green' is an organization wide initiative that moving banks, their processes and their customers to cost efficient automated

channels to build awareness and consciousness of environment, nation and society.

Overall Green banking is really a good way for people to get more awareness about global warming; each businessman will contribute a lot to the environment and make this earth a better place to live.

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