

## **Evaluating Customer Awareness of Sustainable Green Banking Initiatives in Private Sector Banks: A Study in Chennai**

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### **ABSTRACT**

The continuous climate change and recent cyclone, flood, drought, heavy waves, have made us to think and find solutions to control global warming, even though we are ignorant so far. It is welcoming fact that people have awareness and sensitised towards the disasters and have state of mind to preserve the environment. Banks also contribute to ecological footprint directly and indirectly through investment / lending in their customer enterprises. As such they need to play a key role in optimizing / reducing the carbon footprint. Foreign banks are practising green banking on a much serious note. Few Indian banks are just taking initiatives into this form of banking. Still, many of them are keen to actively pursue this strategy. In December 2007, the Reserve Bank of India (RBI) issued a circular (RBI/2007-08/216) emphasizing the need for banks to operate responsibly and contribute to sustainable development by embedding environmental considerations into their institutional practices. Over the years, this vision has evolved in line with global sustainability standards, digital transformation, and the growing prominence of ESG (Environmental, Social and Governance) frameworks. Green banking, once a relatively new concept, has now become a strategic priority for financial institutions as they integrate eco-friendly operations, reduce carbon footprints, and promote paperless and digital financial services.

In the current context, private sector banks are actively adopting a wide range of green banking initiatives. These include transitioning to energy-efficient infrastructure, encouraging customers to use digital and mobile banking channels, reducing paper usage through e-statements and online transactions, investing in renewable energy, implementing green building standards, and aligning with sustainable finance guidelines. This paper explores how private sector banks are strengthening their green banking practices, enhancing customer awareness, and leveraging technology to drive sustainability in banking operations.

**Keywords:** Green Banking, Strategies, Banking, Environment, Sustainability.

## **INTRODUCTION**

Green banking is emerging concept for environment sustainability it means promoting environment friendly practices for sustainable growth and reduces the carbon footprint from the banking industry. Using online banking instead of branch banking, paying bills online instead of mailing them, opening online bank account are now added advance to the banking technology or contributing the environment sustainability. The beginning of 21<sup>st</sup> century brought tremendous changes in banking activities. Due to this change bank has shifted toward the adoption of innovative banking products. The use of ATM, internet banking, online transfer, debit card and credit card became popular. Innovative product is time saving, create less cost to the bank as well as to the customer. Innovative banking has different channel to provide service to the customer but the main source is internet which create less cost to the customer and it also save the time and create less pollution to the environment. Environment sustainability can be defined by taking a decision which reduces business's negative impact on environment. But it's not simply to reduce the impact on environment but it means to develop a process which provides a sustainable growth in future.

Banking can be defined as the business activity of accepting and safeguarding money owned by others and lending out this money to earn profit. Except this now bank is providing many retail services like issue of debit card, credit card, ATM, mobile banking, internet banking, online transfer of payment and bills etc, across the world.

## **NEED FOR AND IMPORTANCE OF THE STUDY**

Today environmental sustainability is an important issue and green banking is a step in this regard. Hence, there is a need for studying the green banking initiatives taken by the Indian banks. Consumer behaviour is dynamic and to be studied regularly. Increasing awareness, living standards and urbanization has led to increase in the changing preference. There is a fundamental shift in the usage behaviour of consumers from traditional ways to modern ways in response to the services rendered. Technological innovation in banking services is an opportunity to differentiate nature market. The technological innovation includes ATM, internet banking, mobile banking etc. These technologies can be used by the customer in an independent way without interaction of an assistant or an employee. Now a days banking

automation services is indispensable in order to obtain efficiency to provide basic financial needs.

## **SCOPE OF THE STUDY**

In fact the perception and expectation of the customers have undergone a vast change with the availability of retail banking services at their door steps with the help of technology and expects to complete all their banking transactions from a single place. The study identifies the product and service usage in terms of customer convenience pattern. The reason for choosing this topic is to analyse customer behaviour towards usage of different green banking services provided by the private sector banks and to suggest strategies for using these services in order to make it more competitive and customer friendly. The study will help private sector banks to reorient their marketing strategies for better reach among customers in order to complete with its rivalry with technology as its core competence.

## **REVIEW OF LITERATURE**

**Ragupath.M and Sujatha.S (2023)**, Green Banking Initiatives of Commercial Banks in India studied the way to go green through green banking. According to this paper, earlier bank was not aware about the concept green banking. But now a day's banks are playing very important role in environment sustainability program. By the green banking practice people is getting more aware about the global warming and each business man's contributing in environment sustainability to make this earth a better place to live in. Green banking is not only greening the industries but it will also facilitate in improving the assets quality of the bank in future.

**Rajesh & Dileep (2022)**, 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. Before making the decision to finance a project, banks must see its environmental risks and ensure the project

players have environmental safety measures in their plans, including recycling facilities or smoke and arresting units.

**Jha & Bhome (2021)**, Found the ways to go Green through “Green Banking”. The research methodology used in this study is based on primary as well as secondary data. The primary data was collected from the study conducted through telephonic interactions and personal interviews. The study examines major aspects concerned with the Green Banking. Specially structured questionnaires and interviews with employees, of well-established banks and general public have been used for survey purpose. The analysis was done by using percentage techniques. The study found that Green banking is good way to get more awareness about global warming: each businessman will contribute a lot to the environment. The concept of “Green Banking” will be mutually beneficial to the banks, industries and the economy. It will not only ensure the greening of the industries but it will also facilitate in improving the assert quality of the banks in future.

## **OBJECTIVES OF THE STUDY**

- i. To examine the practices of the select Private Sector Banks to create awareness on using green banking services by their customers.
- ii. To study the impact of the demographic profile of the respondents on the awareness of Green Banking services.

## **METHODOLOGY**

Survey method was adopted for the study. The main branches of the select private sector banks namely Axis Bank, HDFC Bank, ICICI Bank, Karur Vysya Bank, Lakshmi Vilas Bank which practice green banking in this study area are selected. The population of green banking users in Chennai City constitutes the universe of the research work and it is unknown to find out. 50 respondents from each bank were selected for the study through simple random sampling which constituted a sample size of 250. The filled-in questionnaires received were 210, out of which only 187 were found to be complete in all aspects. Hence the sample size for the study is 187. The primary data were collected through structured questionnaire from the respondents

## **GREEN BANKING – A SWOC ANALYSIS**

An analysis of strengths weaknesses opportunities challenges (SWOC)

**Strengths:-**

- Green banking practice save time of customer as well as bank also.
- It reduces the cost of bank operation and cost to the customer too.
- Transaction can be done any time and at any place.
- By financing in solar energy and wind energy program the bank is reducing carbon footprint from the environment.
- Quality customer practice password in green banking practice take time.
- Lack of knowledge among the employee has been noticed.
- There are some geographical barriers for the implementations of green banking practices.
- All banks are not coming equally for the practice of green banking.
- Problem of security is always with green banking practices.

**Opportunities:-**

- People are becoming more computer literate so it's easy to start green banking practice and grape the customer toward the activities.
- Most of the customer are using ATM card only. So it is a time to start all the initiatives for green banking practices.
- Mobile banking and internet banking is increasing day by day so it's a time to spend the green banking practice.

**Challenges:-**

- It's a new concept and customer will take time to adopt this.
- Green banking requires a technology which will highly costly.
- It requires renewable and recycling technique which is costly.
- Data protection is another challenge for the adoption of green banking.
- Bank employees need training for all this practice.

**Table No. 1**  
**Initiating Green Banking Practices**

Sl.No.	Name of the Bank	Date
1	Axis Bank	Aug.1, 2013
2	HDFC Bank	Sep14, 2014
3	ICICI Bank	Apr,9 2010

4	Karur Vysya Bank	Feb.13, 2013
5	Lakshmi Vilas Bank	Nov.21, 2015

The above table shows that ICICI Bank has initiated Green Banking Practices firstly in 2010, City Union Bank in 2011, Axis Bank and Karur Vysya Bank in 2013, HDFC Bank in 2014 and Lakshmi Vilas Bank in 2015.

**Table No. 2****Employees Training provide on Green Banking Services**

Sl. No.	Name of the Bank	Yes	No
1	Axis Bank	✓	-
2	HDFC Bank	✓	-
3	ICICI Bank	✓	-
4	Karur Vysya Bank	✓	-
5	Lakshmi Vilas Bank	-	✓

It is inferred that except Lakshmi Vilas Bank all the select banks are providing training to their employees on green banking services.

**Table No. 3****Problems faced by the bankers in implementing Green Banking system**

Problems	Banks
Lack of thorough knowledge of technology	-
Lack of confidence in handling automated transactions	3 (Axis Bank, HDFC Bank, ICICI Bank)
No direct and interaction with the customer	2 (Karur Vysya Bank, Lakshmi Vilas Bank)
Fear about security	-

The above table shows that the bankers feel that lack of confidence in handling automated transactions and no direct interaction with the customers are the major problems faced by banks in green banking services.

**Table No. 4****Methods of creating awareness to customers on green banking**

Methods/Initiatives	Frequency	Banks
Make them cheaper by reducing charges/fees	-	-
Incentives to green banking users	2	HDFC Bank, ICICI Bank
Intensive advertisement	2	ICICI Bank, Axis Bank

Contacting every customer personally	-	-
Keep on reminding customers through written communication	-	-
Demonstrating on how to use services to them	2	LVB, Axis Bank
Giving them guarantee of security and privacy	3	LVB, HDFC Bank, KVB
Providing technological know-how to the customers to use green banking services	1	KVB

It is inferred from the above table that banks motivate their customers by guaranteeing them security and privacy in green banking operations, providing incentives for using green banking, giving intensive advertisement and demonstrating how to use green banking services. But they are not sending any written communications or try to contacting the customers personally to promote green banking. If they do these, they may be able to bring more awareness among their customers to use green banking and contribute for sustainability of the environment.

## HYPOTHESES

**H<sub>0</sub>:** Customer demographic profile such as age, gender, educational qualification, family size, family monthly income, family type do not have significant association with the overall green banking awareness factors.

**Table No. 5**  
**Association between Demographic Profile and Overall Green Banking Awareness**

Personal Factors	Particulars	Disagree	Neutral	Agree	Total	%	$\chi^2$ Value	Sig/ Not Sig.
Age	< 20 Years	7	13	3	23	12.2	<b>0.005</b>	<b>S</b>
	20-30 Years	4	29	14	47	25.2		
	31-40 Years	11	14	8	33	17.6		
	41-50 Years	5	31	6	42	22.5		
	> 50 Years	25	5	12	42	22.5		
	<b>Total</b>	<b>52</b>	<b>92</b>	<b>43</b>	<b>187</b>	<b>100</b>		
Gender	Male	41	63	17	121	64.7	<b>0.771</b>	<b>N.S</b>
	Female	11	29	26	66	35.3		
	<b>Total</b>	<b>52</b>	<b>92</b>	<b>43</b>	<b>187</b>	<b>100</b>		
Edu. Qual.	UG	23	2	13	38	20.3	<b>0.006</b>	<b>S</b>
	PG	6	17	9	32	17.2		
	Professional	2	62	14	78	41.7		
	Other	21	11	7	39	20.8		
	<b>Total</b>	<b>52</b>	<b>92</b>	<b>43</b>	<b>187</b>	<b>100</b>		
	Below 3	27	53	7	87	46.5		

<b>Family Size</b>	3-5 members	17	26	16	59	31.6	<b>0.000</b>	<b>S</b>
	Above 5 members	8	13	20	41	21.9		
	<b>Total</b>	<b>52</b>	<b>92</b>	<b>43</b>	<b>187</b>	<b>100</b>		
<b>Family Income (Per Month)</b>	< ₹10,000	8	15	7	30	16.0	<b>0.030</b>	<b>S</b>
	₹. 10,000 - ₹.20,000	12	19	7	38	20.3		
	₹.20,001 - ₹. 30,000	11	24	4	39	20.9		
	₹. 30,001 - ₹.40,000	4	31	16	51	27.2		
	> ₹. 40,000	17	3	9	29	15.6		
	<b>Total</b>	<b>52</b>	<b>92</b>	<b>43</b>	<b>187</b>	<b>100</b>		
<b>Family Type</b>	Nuclear	46	76	28	150	80.2	<b>0.804</b>	<b>N.S</b>
	Joint	6	16	15	37	19.8		
	<b>Total</b>	<b>52</b>	<b>92</b>	<b>43</b>	<b>187</b>	<b>100</b>		

Source: Primary Data

(\*5% level of Significance)

\*\*1% level of Significance)

As in the Table No. 5, it is found that majority (25.2%) of the sample respondents belonged to 20–30 years age group and 64.7% are male respondents. Majority of the respondents (41.7% of them) are having professional degrees. Nearly half of the respondents 46.5% are having a family size of below 3 members. More than one-fourth of the respondents i.e. 27.2% are getting their family monthly income between Rs.30,001 to 40,000, Most of the respondents (i.e. 80.2% of them) are in Nuclear type of family.

Age, Educational Qualification, Family Size and Family Monthly Income have a significant association with overall green banking awareness. Gender and Family Type do not have a significant association with overall green banking awareness.

## HYPOTHESES

**H<sub>0</sub>:** There is no significant difference between mean rank among various E-banking services.

**H<sub>1</sub>:** There is significant difference between mean rank among various E-banking services.

**Table No. 6**

**Friedman test for significant difference between mean rank among Various E-banking Services**

Sl. No.	E-banking services	Mean	SD	Mean Rank	$\chi^2$ value
1	E-banking services are generally faster than traditional banking.	4.27	0.796	4.10	0.001**
2	E-banking services have no time limit since I can use them at any time of the day.	4.40	0.754	4.35	
3	There is high degree of convenience in accessing E-banking services.	1.73	0.792	1.25	



4	E-banking channels are easier to use than traditional channels.	4.38	0.775	4.32	
5	E-banking services are generally cheaper than traditional banking at the branch	2.66	1.733	2.39	
6	Using E-banking service is more prestigious than queuing at the bank halls.	4.51	0.718	4.58	

*Source: Statistically analyzed data**Note: \*\*Denotes significance at 1%level*

It was observed that “Using E-banking service is more prestigious than queuing at the bank halls” with mean rank of 4.58 is the best factor behind E-banking services.

Since P value is less than 0.01, the hypothesis is accepted at 1% level of significance. Hence, there is no significant difference between mean rank among various E-banking services.

## MAJOR FINDINGS

- i. ICICI Bank has first introduced green banking practices in 2010.
- ii. Except Lakshmi Vilas Bank all the select banks are providing training to their employees on green banking services.
- iii. No direct interaction with the customer and lack of confidence in handling automated transactions are the major problems faced by banks in green banking services.
- iv. Banks motivate their customers to create awareness by guaranteeing them the security and privacy in green banking operations, providing incentives for using green banking, also giving intensive advertisements and demonstrating how to use green banking services.
- v. Age, Educational Qualification, Family Size and Family Monthly Income have a significant association with overall green banking awareness.
- vi. Using E-banking service is more prestigious than queuing at the bank halls with mean rank of 4.58 is the best factor behind E-banking services

## SUGGESTIONS

1. The employees of the Lakshmi Vilas Bank should be given training on green banking services.
2. The employees in the select private sector banks undergo lack of confidence in handling automated transactions. Management should take necessary steps and provide confident training to the employees in handling the automated transaction while implementing green banking systems.

3. Customer satisfaction rests at the heart of every successful business, KVB and LVB have no interaction with the customers in implementing the green banking services. The employees of these two banks should be given proper training relating to the customer interaction in green banking.
4. Banks have to take initiatives in spreading the awareness among their clients in adoption of green banking in a big way.

## **CONCLUSION**

Green banking is also called as the ethical bank started with the aim of protecting the environment. Among five banks from the study area ICICI bank was the first to initiate Green Banking practices on April 9, 2010. Green Banking practices would act as a catalyst to banks and financial institutions to further identify their efforts at reducing energy usage and thereby contribute their best to the ongoing global efforts on ensuring sustainable development.

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