

CUSTOMER PERCEPTION ON GREEN BANKING IN PUNE CITY - (WITH A SPECIAL REFERENCE TO SBI, ICICI AND PNB)

Soman Ayra

St. Mira for Girls

Prof. Rajini Singh & Dr. Gilbi John

Abstract

This present era of industrialization and globalization has led to an alarming situation of environmental degradation. Banking sector though do not play a direct role in environment degradation but they are indirectly contributing for environment problems by lending loans to industries that are pollutants or resources. There is a need for implementing plans and policies for sustainable use of resources. This can be done by use of green banking practices. This paper has been made to study customer's perception as regards to Green banking and various initiatives taken by banks in Pune city. A descriptive study was undertaken to study green banking. The researchers will collect data on green banking through structured Questionnaire.

Keywords: *Green Banking initiatives, Green banking financial products, Environment Protection, Customer Friendly, Sustainable development*

INTRODUCTION: Green banking refers to the initiative taken by the banks to encourage environment friendly investments. Green banking as a concept is a smart way of thinking towards future sustainability. Green banking also known as ethical or sustainable banking. It is nothing but paperless banking which reduces or eliminates the cost of banking activities resulting in less use of paper, power and energy. It also reduces carbon footprint from internal banking operations making them more cost efficient. This can be done by using online banking services whenever possible instead of branch banking, paying bills online instead of mailing them, finding the local banks in your area that are taking the biggest steps to support and encourage green initiatives. It takes into account the social and environmental impacts and try to preserve environment. At present we are facing a lot environmental issues. So, green banking has its own importance.

OBJECTIVES

1. To assess the knowledge of customers regarding Green banking
2. To study the effects of demonetization on Green Banking
3. To identify the various initiatives taken by banks towards green banking
4. To understand the problems related to Green Banking

GREEN BANKING PRODUCTS

Green Loans: These are given to businesses or projects that are considered environmentally sustainable.

Green Mortgages: It refers to type of mortgage that provides you a money-saving discount or a bigger loan than normally permitted as a reward for making energy-efficient improvements or for buying a home that meets particular energy-efficiency standards.

Green Credit Cards: This card helps to reduce carbon footprints of items that you purchases for personal use.

Green Saving Accounts: In this case, banks make donations on the basis of savings done by their customers. More the savings, more will be the environment benefits in form of contributions or donations done by banks.

Mobile and online banking: It is one of the most popular methods of green banking. These results in less paperwork, less use of energy and saves transporation cost as there is no need for visting branch offices. All of which has a positive impact on the environment.

CHALLENGES

- Diversification problems: Green banks faces problems of diversification because those who are well versed with technology will be able to use green banking services. Smaller the customers, smaller profit base to support banks. If they focus their loans on certain industries, they open themselves up to being much more vulnerable to economic shifts.
- Startup Stage: Apparently, it takes 3 to 4 years for a typical bank to start making money. Many green banks in business today are very new and are still in developing mode. It doesn't help if these banks are trying to get their footing during a recession.
- Operating expenses and high costs: Green banks require specialized talent, skills and expertise to provide service to customers.
- Reputation Risk: Banking sector are more prone to loose their reputations if they are involved in big projects, which are viewed as socially and environmentally damaging.
- Lack of environment audit: if environment audit is not carried out properly banks may lend loans to industries which could be pollutants in future.
- No clear policies: Clear policies are required to altering the present management systems to incorporate sustainability issues.
- Unavailability of skilled employees: Skilled employees are required to implement the strategies properly

PROFILE OF THE COMPANY

State Bank of India (SBI) established in 1st July, 1955 is an Indian multinational public sector bank. SBI the 1st bank in the country to venture into generation of green power by installing 14 windmills in the states of Tamil Nadu, Maharashtra and Gujarat. It has introduced paperless banking for customers, ATM, Cash Deposit Machine (CDM), Internet Banking, Mobile Banking, Green Self Service kiosks, SMS Unhappy Scheme, Green Home loans, Fruit bearing tree plantation, rain water harvesting, Runs on solar ATMs, launched Green channel Counter from 1st July, 2010, Has undertaken tree plantation programmes, Rainwater harvesting, Construction of green buildings and Installed solar lamps in rural areas.

ICICI Bank (Industrial Credit and Investment Corporation of India), founded in 1994. As a part of Green banking initiative, it has conducted paperless banking initiatives like e-statements and e-greetings which saved 30,000 trees from being felled and 16 cores litres of

water through green initiatives. It tried to reduce its footprint by providing customers alternate and non-paper based channels such as e-branches, e-statements, online banking and mobile banking. Vehicle finance- It offers 50% waiver on processing fee for those car models which uses alternative sources of energy like Civic Hybrid of Honda, Tata Indica CNG.

Punjab National Bank The bank was founded in 1894, headquartered in Delhi. Green Initiatives taken by PNB includes rainwater harvesting, less use of paper by using email for inter-office communications, reduced power consumption, organising about more than 300 Tree Plantation Drives, conducting Electricity Audit of offices, printing on both sides of paper, purchasing energy efficient lights, composite fax machines with multiple functions, water leakage repair etc. A butterfly park has been set up in the compound of the Guruvayur Temple where they have 18 types of medicinal plants.

REVIEW OF LITERATURE STYLE

SHARMA, GOPAL ET AL. (2014) studied the level of consumer awareness of Green Banking initiative in Mumbai. Their primary survey revealed that those people who are using online facilities provided by the banks, nearly 3/4th of them are unaware of the term Green Banking. And those who are aware consider it mainly related to online bill payment and cash deposit system.

JAGGI (2014) studies the initiative by SBI and ICICI on green banking. These banks have taken other steps for energy conservation like duplexing (two side printing), recycling, using CFLs, carpool etc.

KHEDEKAR (2014) studied the various technology used by the banking industries to make the environment green. She suggests "Virtual Banking" where customer can't deal in cash to those branches which are far from the main branch.

RESEARCH METHODOLOGY

NATURE OF STUDY: In this study descriptive research has been adopted.

POPULATION: Population consisted of customers living in Pune City.

PILOT STUDY: A pilot study is done before executing the study in which customers have been met and questionnaire was used. The findings of the study suggested feasibility and scope of study. Based on the pilot study the features are included for the overall study.

SAMPLE SIZE- A total of 50 samples were collected from customers

SAMPLE METHOD- Convenience sampling method is used for data collection. This study was conducted in the small group of sample and therefore the result of the study cannot get generalized.

DATA COLLECTION METHOD: Both Primary and secondary data was used for this study. The study basically depends on primary data.

DATA COLLECTION PERIOD- 17th January, 2019- to 23rd January, 2019.

DATA COLLECTION TOOL- The required primary data has been collected by means of structured questionnaire. The questionnaire was distributed personally and online through

google forms to sample respondents. Secondary data was collected from published reports and books to write backdrop of green banking, review of literature and profile of companies.

FINDINGS-

- 1) As per the findings, there is some degree of customer awareness on Green banking. 37% of respondents are aware of green banking while 30% of respondents are in dilemma. Many of them might be using Green banking services but are not aware of the terminology. Only 33% of the respondents are still unaware of Green banking. This may be because of lack of knowledge. Those who were aware of Green banking were mostly of the age group 20-30.
- 2) It is interpreted that demonetization has mostly led to increase in deposits and increase in mobile banking in all sectors of the economy. India is evolving as digital economy is taking shape. Green banking will play a huge role in helping India become Digital and the finding shows people with age group of 20-40 with an annual income of 5lacs and above are responding to the services of green banking. 44% of respondents are moving towards a cashless economy by using ATM services, followed by 29% of respondents using online banking services, 13% of respondents are using Electronic fund transfers, 9% are using Credit cards and only 5% of respondents are using other services. Majority of respondents between age group of Above 40 did not know how to use online banking services. Many of them fear about security.
- 3) It was found that PNB has organised more than 300 tree plantation drives, uses Solar powered ATM's, prints on both side of paper. SBI has installed 10 windmills for captive use in the states of Tamil Nadu, Maharashtra and Gujrat and ICICI conducts an environment awareness programme for employees and customers in which money plant is presented to all as token. They also celebrate world environment day on that day they plant and distribute saplings.
- 4) Lack of customer knowledge is the major challenge all banks face. People are hesitant to use Green banking services due to increased cyber threat. Some of them are not well versed with the use of technology. Lack of widespread trust of customers on banks is also a major challenge faced by Green banks.

SUGGESTIONS

- More number of banks should be encouraged to adapt green banking as their CSR
- Banks should encourage green banking practices by spreading awareness through press media, public websites and encourage customers to use plastic money instead of currency notes
- Banks should set up a separate cell and name it as green banking department for providing services to customers like handling their queries
- Concessions should be given to online and mobile banking users, card based users in the form of cashback

- Banks should provide a safe and secure connection for online payments
- A skilled person having complete expertise in the field of green banking should be appointed who can communicate with technically challenged clients.
- Training should be provided to bank employees to enhance their skills and also to customers regarding handling of automated transactions
- Impart education through e-learning programmes

CONCLUSION: Green banking is an excellent way to promote environment friendly practices among customers and bankers as it avoids use of paper. less use of paper means less cutting of trees. thus saving the environment as well as cost of printing paper. It also helps to reduce carbon footprint from banking operations and helps to contribute their best to the ongoing global efforts on ensuring sustainable development as well as economic development. More and more number of banks should adapt green banking and those who are already in the business need to prioritize their goals, develop new green strategies and improve their technology. As of now Green banking in India is at developing stage but it certainly needs improvement and thus it has to take serious steps for sustainable growth of the nation.

References

- Dipika, Journal-(special issue-2015) *International Journal-Green Banking in India: A Study of Various Strategies Adopted by Banks for Sustainable Development.*
- Kanak Tara, *Green Banking for Environmental Management: A Paradigm Shift.*
<https://www.cwejournal.org/vol10no3/green-banking-for-environmental-management-a-paradigm-shift/>
- Suresh Chandra Bihari., *Green Banking in India,*
http://www.academicjournals.org/app/webroot/article/article1421311185_Bihari%20and%20Pandey.pdf
- Kavita Vadrade *GREEN BANKING INITIATIVES BY INDIAN PUBLIC AND PRIVATE SECTOR BANKS.*
https://www.researchgate.net/publication/305547284_GREEN_BANKING_INITIATIVES_BY_INDIAN_PUBLIC_AND_PRIVATE_SECTOR_BANKS
- Green banking in India,*
https://www.researchgate.net/publication/289556565_Green_banking_in_India