

Banker's Perception Towards Implementation Of Green Banking Practices In India: Issues And Challenges

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Abstract

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 a best 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. Green banking is one of the popular concepts which make an impressive growth in the field of financial system.

Overall, Green banking is really a good way for people to get more awareness about global warming; each businessperson will contribute a lot to the environment and make this earth a better place to live. Thanks to green banking. Until a few years ago, most traditional banks did not practice green banking or actively seek investment opportunities in environmentally friendly sectors or businesses. Only recently, have these strategies become more prevalent, among not only smaller alternative and cooperative banks, but also among diversified financial service providers, asset management firms and insurance companies. This study has investigates the role of innovation intermediaries such as Green banking in accelerating environmental sustainability development and bankers perception towards implementation of Green Banking practices in India: issues and challenges.

Key words: Bankers perception, Green banking in accelerating environmental sustainability, issues and challenges

Introduction:

Green Banking initiatives taken by central bank is to ascertain required measures to save the environment and reduce pollution while serving or financing customers and improve in-house environment management through efficient and effective use of resources in all the branch and head offices of banks. Bangladesh Bank is well aware of the environmental degradation situation and has already given time-to-time directions to all scheduled banks.

Although these companies may differ with regard to their stated motivations for increasing green products and services (e.g. to enhance long-term growth prospects, or sustainability principles on which a firm is based), the growth, variation and innovation behind such developments indicate that we are in the midst of a promising drive towards integrating green financial products into mainstream banking. This concept of Go - "Green Banking" will be mutually beneficial to the banks, industries and the economy. Not only it will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future.

Review of Literature:

Girmakar & Sudharshan, (2018) reports, this study finds that there is more of a need to create awareness about green banking products acceptance amongst the middle and senior age groups individuals than young age people. Banks need to apply morality of sustainability and responsibility to their business model, strategy, and formulation for products and services, operations, and financing actions and become tougher. By adopting the environmental factors in their lending activities, banks can recover the return from their investments and make the polluting industries become environment friendly.

Raj & Rajan (2017) has stated that though banking sector do not have any direct role in environmental degradation but indirectly they are also involve in creating environmental problems. Because of rapid industrialization and urbanization worldwide the globe is facing environmental degradation; destruction of ecosystems, etc. over the past few decades. Most of the industrial sectors are mainly financed by banks. Hence banks should take major initiatives to ensure the wellbeing of the environment, ecology and society.

Objectives of the study:

- To study Green Banking and its trends and developments in India
- To examine the bankers perception towards Green Banking products/services
- To study the issues and challenges of greenbanking initiatives

Research Methodology:

The primary and secondary data has been collected using a well structured questionnaire covering with Demographic profile of the respondents and bankers perception towards aspects of green banking like awareness of concept, awareness about various green banking products/services and usage of green banking products among customers and one likert scale question on benefits of green banking has been designed. The targeted population for this study was 200 respondents of selected 5 branches of SBI, Hyderabad represented from five branches i.e Kothapet, West Marredpally, Habsiguda, Charminar and Jubilee Hills.

Measuring Perceptions on Green Banking

Gaining knowledge on Green banking is now the burning topic to safeguard the ecosystems while financial processes are continuing smoothly.

Demographic Details: Respondents

Table: 1 The gender details of sample respondents

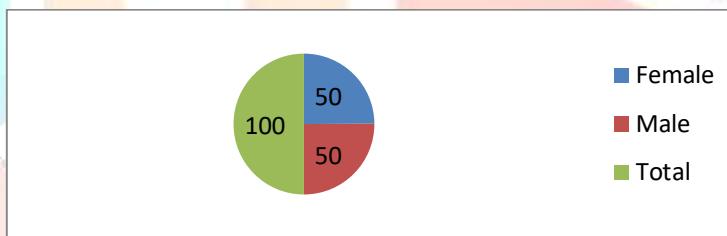
Gender	Respondents	Percent
Female	100	50
Male	100	50
Total	200	100

Source: Data compiled from the field study

Table:6.1 presents the details of respondents surveyed during the research study that the management implementation aspects to understand the efficiency and effectiveness of implementation of green banking practices and its contribution to the economy and public.

The details of gender in the sample as considered represents male(50%) and female(50%) respondents have been reviewed with an equal sample size in order to know about the views towards efficiency and effectiveness of implementation of green banking practices.

Figure: 1 The Gender details in the sample respondents



Source: Data compiled from the field study

Table: 2 The respondents on the basis of age

Age	Percent
Below 25	16
26-35	48
36-45	18
Above 45	18
Total	100%

Source: Data compiled from the field study

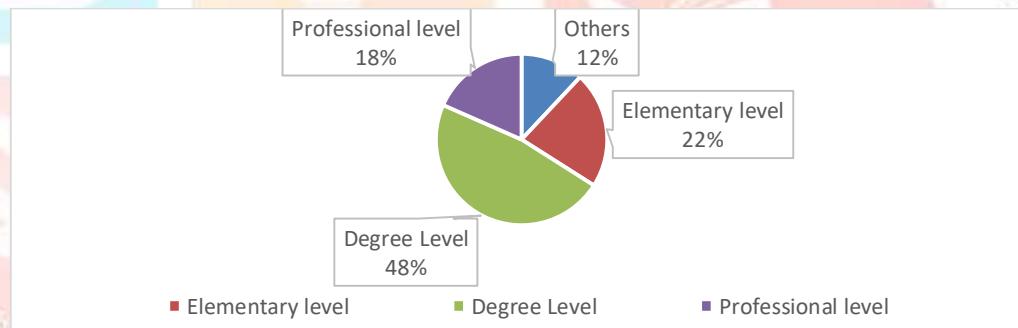
The age details of the respondents considered to assess the performance of the efficiency and effectiveness of implementation of Indian banks green banking practices in terms of the Customer satisfaction and implementation benefits are given in Table:2. The different age groups of respondents have been considered with the 200 sample respondents to know about the efficiency and effectiveness of green banking practices about (16%) below 25 years and followed by (48%) respondents were below an age of 35 years, followed by persons (18%) between 45 years, persons (18%) above 45 years.

Table: 3 Respondents on the Basis of Educational level

Qualification	Percent
Elementary level	22
Degree Level	48
Professional level	18
Others	12
Total	100

Source: Data compiled from the field study

Table: 3 revealed the educational details considered to assess the performance of the green banking practices in Indian banks in terms of the Customer satisfaction and public benefits of the management systems. Among 200 respondents, (48%) were degree holders, followed by (22%) had education upto elementary school level, (18%) had professional level of education and (12%) had educational qualification. The 200 respondents with different types of qualification in the sample were assessed to assess the performance of the green banking practices and bankers perception in terms of efficiency and effectiveness of implementation.

Figure: 2 Respondents chosen on the Basis of Educational level

Source: Data compiled from the field study

Table: 4 Green banking benefits and Social concerns

Factors	Mean	Std. Deviation
Environment friendly banking	4.51	.516
Sustainable banking	4.08	.442
Low cost banking	3.95	.482
High principled banking	3.78	.495
On-line Banking	3.62	.564

Source: Data compiled from the field study

Table 4 it has been found that most of the bankers considered green banking as environment-friendly banking which indicates that they are more concerned about the environment to run their banking activities. So, it holds the first position according to ranking. Secondly, it is thought of as sustainable banking which does not sacrifice the future for the present. It may cause great difficulties in the future if emphasizing more on present benefits than near the future. Thirdly, it is identified as online banking where most of the activities are done using the internet, and customers don't have to present physically in the banks for every

contract. After that, it has been found that some people consider it as low-cost banking. Finally, by analyzing this table it has been noticed that very few bankers believe that green banking is highly restricted to maintaining lots of regulation. All in all green banking is an environment-friendly banking system, tries to be more serious regarding the environmental issues and future survival.

Table: 5 Accomplishment of Green Banking

Factors	Total Garrett Score	Mean Score	Rank
Higher business Performance	4887	61.09	4
Utilizing nature's capital	5035	62.94	2
Environmentally soundpractices	4180	52.25	5
Reduction of resourcewastage	5158	64.48	1
Economic and job growth	4918	61.48	3

Source: Data compiled from the field study

Table 5 presents that the accomplishment of green banking basis on the perception of interviewed bankers' opinions that assist in this research survey. As per table it is clear that green banking reduces the usage of resources as it shows the highest mean score. Secondly, it is agreed by many that green banking makes the proper use of natural resources. Economic and job growth from green banking activities are getting the third position according to Henry Garrett's ranking technique. Higher business performance as an accomplishment of green banking is in the fourth position. Lastly, interviewees support that green banking supports environmentally sound practices in banking tasks.

Table 6 Bankers opinion on Green banking issues and challenges:

Items	Correlation	p-value
Diversification is the major challenge to go for Green banks		
Start-up Face: Several banks in Green business are very new and are in start-up face	.486**	0.000
Operating Cost: Green banks require talented, experienced staff to provide proper services	.580**	0.000
Brand Risk: If banks involved in Green banking operations,	.585**	0.000
Credit Risk: It arises due to lending to those patrons whose businesses	.657**	0.000
Credit Risk: It arises due to lending to those patrons whose businesses	.658**	0.000

Source: Compiled from the field survey

Table 6 shows the correlation coefficient and p-value for each measure of Bankers opinion on Green banking issues and challenges. As shown, the p-values are less than 0.05 and the correlation coefficients are significant at $\alpha = 0.05$, so it can be said that the measures are consistent and valid to measure what it

was set for. Internal consistency of the questionnaire was measured using correlation coefficients between each variable of Bankers opinion on Green banking issues and challenges and the aggregate Green banking. All the above factors have significant impact on improving green banking benefits to community.

Ho – There is no significant understanding and effective implementation on green banking initiatives by the bankers.

Table 7: Awareness about Green Banking Products

Green Banking Products/Initiatives	Mean	SD
Green Checking	3.65	1.434
Green Loans	3.88	1.344
Green Mortgages	3.75	1.286
Green CD's	3.64	1.199
Controlled use of energy	3.45	1.286
E-Statement	3.44	1.456
Net Banking	3.86	1.376
Solar Powered ATMs	2.45	1.285
Energy-efficient branches and loans	3.58	1.454
Recyclable Debit and Credit Cards	3.65	1.434
Using Recycled Paper and Recycled Waste	3.88	1.344
Online Bill Payment	3.75	1.286
E-Investment Services	3.65	1.434
Total		

Source: Compiled from the field survey

Table 7 from analytic results, it can be said that determinants have impacted positively on implementing 'Green Banking'. Strategy plays an important role in commercial banks. If each of the Vietnam banks has specific implementation strategies, which means they would have clear and principle objectives in environmental orientation and sustainable development. Banks will have the sense to not only provide green credit services that are oriented towards sustainable development, but also focus on making the best use of human resources, capital investment and technology application with a view to forming company culture that is friendly to environment.

Hypothesis

Shows awareness about green banking initiatives. Cash deposit system is the green banking initiative taken up by their bank, according to 92 percent of respondents, followed by internet banking at 89.33 percent, online bill payment at 86 percent, and green commercial building loan at 24 percent. It can be concluded that majority of the respondents are aware of the majority of the green banking initiatives. Based on the above conclusion, the null hypothesis has rejected. This test of hypothesis reveals the fact

that there is a significant understanding and effective implementation on green banking initiatives by the bankers.

Besides, Human plays a part in implementing 'Green Banking'. If each of the leaders and employees has a rudimentary knowledge of 'Green Banking', they will develop an awareness of 'Green Banking' and make concerted efforts in orienting enterprises towards sustainable and environmentally- friendly development. Application of modern technology such as E-Banking is considered to be a chief priority for commercial banks to implement 'Green Banking'.

Conclusion

Green banking can be applied to promote eco-friendly banking practices by financial institutions in their service delivery. The financial sector should adopt green banking practices to ensure banking services do not contribute negatively to the environment.

The future generation in terms of environmental protection depends on the green lending policy. Banks need to ensure there are environmental sustainability measures in their banking practices by reducing sacrificial costs as well as introducing solar energy instead of electric power. Moreover, financial institutions should reinforce paperless banking through in-house green management to achieve effective and sustainable green banking. Financial institutions need to aid in solving environmental and social issues by offering green products and examining their effects on society.

Green banking practices can be promoted by issuing credit facilities to only eco-friendly business, eco-friendly agribusiness, and eco-supporting business ventures through green lending policies. Banks should implement great awareness and responsibility of the green banking pattern such as administrative pattern, associative pattern, incentive and evaluative patterns. Effective implementation of green banking policies is faced with a series of challenges such as lack of awareness on green banking activities. Moreover, factors such as lack of involvement of other stakeholders and lack of well-formulated policies pose serious challenges to green banking.

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