

# Green Banking Practices Established by Banks in India: A Study in Coimbatore District

**Dr.K.Mekala**

*Lecturer in Commerce,  
Government Polytechnic College,  
Ooty, Tamil Nadu, India*

## **Abstract**

Change is the need of hour for survival in all spheres. Climate is most complicated issue the world is facing. The world has seen much focus on economic progress, the side effects of this, has resulted in climate change, environmental damage. The banks can play an important role between economic growth and environmental protection. Green banking is different from traditional banking, as green banking focus on promoting environment friendly banking. Green banking is also known as ethical banking.

Green banks or environmentally responsible banks do not only improve their own standards but also affect socially responsible behavior of other business. Banks in India especially the largest commercial bank State Bank of India has developed several green banking initiatives. SBI bank has introduced various paperless banking practices for their customers. Adopting these practices the customers can contribute a lot towards the environment. This paper aims to outlook the green banking initiatives made by Banks in Coimbatore District and attempt has been made to talk about the environmental and other benefits of these practices. The present study has incorporated with the collection of both primary and secondary data. This study can be concluded that the common people are yet to come forward to adhere these practice due to lack of awareness. Therefore, banks must literate their customers about the using procedures of green banking practices and adopt all strategies to save earth.

**Keywords:** Financial Institution, Banking, Green Banking, Customer Awareness.

## **Introduction**

The concept of sustainable development that is taking care of the need of present generation without compromising the needs of future generation, has given rise to green marketing and then green banking. Green banking is different from conventional banking as convention is based on the principal of security and profitability and morality has a very little role. Green banking is a new concept that considers environmental

and socially responsible investing. Green banking is defined as promoting environmental-friendly practices and reducing the carbon footprint from banking activities. In simple words, green banking is a banking that benefits the environment. The green banking is also known as ethical banking. The bank can minimal the use of paperwork by promoting paperless banking through online banking. To initiate sustainable development, there is a need to promote green banking practices so that we can tackle the problems like global warming, natural calamities, and disaster. Bank is a financial institution that deals with masses and banks by adopting green activities can influence the attitude of the customers towards the environment. The concept and practice of green banking is new to India, but not in developed nations like the USA. There is a need to focus on sustainable banking to protect the environment from disaster.

The banks in India also started green banking practices such as online banking, mobile banking, Green channel counters, e-statement, green loans, solar ATMs, etc. The issues of global warming should not be only restricted to a debate but has to be dealt with going green. Thus, green banking is one of the ways of going green. There is a need to involve key stakeholders and creating awareness about environment-friendly banking.

### Review of Literature

**Bahl S., (2012)**, conducted study revealed that there is certainly a lack of awareness of the Equator Principles in India. In spite of a lot of opportunity in green banking, Indian banks are far behind in the implementation of green banking, only some of banks have initiated towards green banking. None of the Indian Banks have so far adopted green banking as a business model for sustainable banking

**Nath, Nayak, & Goel (2014)** conducted a study on green banking practices and recommended for change in routine operations of banks by adoption of paperless banking, online banking, and mobile banking, and mass transportation system, green cards made up of recycled plastic. They carried out SWOC analysis wherein, they explained time and cost saving as the major strength, lack of infrastructure, computer illiteracy are the major weakness, opportunities that are available is people are becoming tech-savvy and environmentally conscious, but the major challenge is internet connectivity and moreover no banking practices are not fully secured.

**Gobinda Deka (August 2018)** this paper discusses about customers’ perspectives on the adoption and usage of various green banking practices introduced by the banks in the state of Assam in India. It is observed that green banking practices have positive impact on the environment because adoption these practices by the customers may results saving of energy, fuel, paper, water, time as well as money. This study concludes with the statement that “green banking practices are not only feasible, they are now becoming essential”.

## Objectives of the Study

1. To identify the privileges of Green Banking Products in banking sector.
2. To investigate the levels of customers’ awareness about green banking practices in Coimbatore District of Tamil Nadu.
- 3.

## Methodology and Design of the Study

The present study has incorporated with the collection of both primary and secondary data. The study has been conducted in Coimbatore District of Tamil Nadu. For collecting primary data, structured questionnaires have been designed with the mixture of close ended and open ended questions and 486 customers of State Bank of India have surveyed using convenience method of sampling.

## Results and Discussion

### Green Banking Model:



## **I Use of Green Banking Products in Banking Sector**

### **❖ Go Online:**

Online banking includes internet banking, mobile banking, tab banking, phone banking, RTGS and NEFT transactions etc. The functions involved are pay bills online, online deposits, fund transfer, account statements etc. Through these banking activities banks are ultimately consume less paper, less energy and less expenditure on natural resources.

### **❖ Card based transactions:**

Banks have introduced a variety of card based transactions by launching green channel counters (GCC). GCC promotes card based transactions to their customers not only to reduce the consumption of paper and energy but also to save the time of customers. A variety of cards such as ATM, Credit and Debit cards, green remit cards, Foreign Travel Card, eZ Pay Card, Gift Card, Smart Payout Card etc. are available for customers.

### **❖ Green Finance:**

Bank should finance environment friendly projects and environment friendly products such as solar equipments, recycled furniture, vehicle finance for low carbon emissions vehicles, home finance for green buildings etc. with giving some concessions in processing fee and concessional rate of interest.

### **❖ Green Infrastructure:**

Green infrastructure includes IT infrastructure (Data Centers), green buildings with sufficient natural lightening and air, generate electricity for their own use and waste recycling plants for recycle their own waste. Green infrastructure may also be considered Self Service Passbook Printers, Kiosks (Multi Function Kiosks and Self Service Kiosks), Cash Deposit Machines and Contact Centre etc. It facilitates to reduce banks internal carbon footprint.

### **❖ Use of power saving equipments:**

Use of solar powered UPS, GSL/LED bulbs, rain water harvesting by banks, establishing solar powered ATMs etc.

## II Green Banking Initiatives By State Bank of India

1. SBI has launched Green Chanel Counter from 1st July, 2010 as an initiative and innovative step of green banking. GCC is available in 7052 branches and average number of daily transactions through it, is more than 100000.
2. SBI collaborated with Suzlon Energy Limited and generate green power by installing 10 windmills with 15 MW aggregate capacities in the states of Nadu, Maharashtra and Gujarat.SBI is the first bank in the country for generating green power.
3. Bank encourages shareholders to receive annual reports of the bank in electronic form and contribute nominal sum to a charitable. The acceptance of electronic annual report (eAR) by shareholders, bank has contributed Rs. 3.09 cr. (Rs.100/- for each eAR) to the SBI children's Welfare Fund in the financial year 2014.
4. The SBI has installed Solar. It is the largest deployer of solar ATMs and saving more than 2000 tons of CO2 per year ATMs.
5. Bank has undertaken tree plantation during monsoons and Bank has planted more than 450000 trees during last three years.
6. Rainwater Harvesting Projects are also implemented in number of bank building.
7. Bank has also involved in other initiatives such as construction of green building, waste water treatment plants, programs to sensitize staff on energy saving etc.
8. Bank installed solar lamps in rural areas not having dependable electricity supply.
9. Bank gives project loans at concessional rate of interest to encourage reduction of green house gases by adopting efficient manufacturing practices.
10. The bank has initiated a pilot project to determine its carbon footprint levels which is helpful to determine banks resource consumption pattern and able to take cost effective steps.
11. Best IT Implementation Awards 2010 by PC Quest: SBI's Project „Green IT @ SBI“ was rated as the Best Green IT Project for its GREEN ATM installation.

### **III Customer Awareness about the Green Banking Practices:**

Adoption of various green banking practices is now up to the customers. Every small step taken today by them will have a positive impact on the future of our planet. If they choose various alternative channels for their day to day banking transactions instead of going to the bank branches physically, it will have positive impact on three aspects viz. the customers themselves, the bank and the environment as a whole. However, the use of various necessary infrastructural tools for this purpose namely internet and mobile is dramatically going up during the last few years.

**Table No.1**  
**Respondents know the Green Banking Practices**

Sl. No	Heard	No. of. Respondents	Percentage (%)
1	Yes	288	59.2
2	No	198	40.8
<b>Total</b>		<b>486</b>	<b>100</b>

**Source:** Primary Data

From the above table reveals that more than 54.4 per cent of the respondents have heard about the green banking practices like Debit/Credit Card, Mobile Banking, and Telephone Banking etc. However, 45.6 per cent of them are using various green banking practices unknowingly. Therefore, this study reveals that people are not yet fully aware about green banking practices.

**Table No.2**  
**User of ATM Services**

Sl. No	Particulars	No. of. Respondents	Percentage (%)
1	User	460	94.6
2	Non-Users	26	5.4
<b>Total</b>		<b>486</b>	<b>100</b>

**Source:** Primary Data

Table No.2 shows that as much as 96.7 per cent of respondents use ATM Card and remain 3.3 per cent of them have not used ATM. Therefore, it infers that still some of bank customers have not aware to avail ATM services due to lack of financial literacy knowledge.

**Table No.3**  
**User of Mobile Banking**

Sl. No	Particulars	No. of. Respondents	Percentage (%)
1	User	358	73.7
2	Non-Users	128	26.3
<b>Total</b>		<b>486</b>	<b>100</b>

**Source:** Primary Data

Table No.2 express that as much as 78.2 per cent of respondents using mobile banking services and remain 21.8 per cent of them have not accessing mobile banking facility. From the study, it identifies that still around ¼ of the bank customers have not aware to avail mobile bank services.

**Table No.4**  
**Level of Acceptance of Respondents Regarding Green Banking Practice**

Sl. No	Heard	No. of. Respondents	Percentage (%)
1	Strongly Agree	224	46.1
2	Agree	166	34.2
3	No Opinion	82	17.1
4	Disagree	8	1.7
5	Strongly Disagree	6	1.0
<b>Total</b>		<b>486</b>	<b>100</b>

**Source:** Primary Data

From the above table, the respondents have been asked about their views regarding the impacts of various green banking practices on the environment. It was found that 80.3 per cent of respondents feel, by adopting various green banking practices they can contribute some sorts of help towards the environment by saving paper as well as energy. Obviously, they are agreeing that green banking practices are environment friendly. However, 17.1 per cent of respondents are having no idea about this and only 2.7 per cent respondents disagreed with this statement.

### Summary and Conclusion

- This study reveals that people are not yet fully aware about green banking practices in Coimbatore District of Tamil Nadu.
- It also infers that still some of bank customers have not aware to avail ATM services due to lack of financial literacy knowledge.



- From the study, it identifies that still around ¼ of the bank customers have not aware to avail mobile bank services.
- It was found that 80.3 per cent of respondents feel, by adopting various green banking practices they can contribute some sorts of help towards the environment by saving paper as well as energy.

Green banking practices are very convenient, easy and cost effective for the bank customers. It saves the customers trips to the bank. They need not to go to the bank for banking transaction; hence they can save time as well as money. It is a type of anytime-anywhere banking. Green banking practices are also beneficial to the banks because they cause less postage cost and also reduce the workload of the bank personnel.

So far as green banking is concerned Indian banks are far behind their counterparts from developed countries. The common people are yet to come forward to adhere these practice due to lack of awareness. Therefore, banks must literate their customers about the using procedures of green banking practices and adopt all strategies to save earth.

#### Reference:

1. Kokkinaki, F. (1999). Predicting Product Purchase & Usage: The Role of Perceived Control, Past Behaviour & Product Involvement. *Advances in consumer Research*, Vol. 27, PP 577-584.
2. PANDEY, V.C. (2003) *Sustainable Development in South Asia*, Kalpaz Publications, Delhi-110052, pp 269-312.
3. Ginovsky J. (2009) Green banking-Inside and out, *Community Banker*, 1(1) 30-32.
4. Sudhalakshmi, Nigamananda Biswas, "Sustainable green banking approach : The need of the hour", *Business spectrum*, vol1, no.1, (2011).
5. Sharma, N. (2011) CSR Practices and CSR Reporting in Indian Banking Sector. *International Journal of Advanced Economics and Business Management*. 1(2), pp. 058 -066,
6. A study of green banking trends in india, *International referred journal of research in management & technology*, vol. 11, may (2013).
7. K. and Chinnadorai, K. M. (2014). Green Banking Practices in Indian Banks. *International Journal of Management and Commerce Innovations*, 2(1), pp 242-245.
8. Yadav, R. and Pathak, G. S. (2014). Environmental Sustainability <http://www.icicibank.com/go-green/Index.html> through Green Banking: A Study on Private and Public Sector Banks in India. *International Journal of Sustainable Development*, 7(8), pp 47-48.
9. Gobinda Deka (August 2018). Customers' Perception on Green Banking Practices of State Bank of India: A SWOC Analysis, *International Journal of Management Studies*, Vol.V, pp.29-42.