

A Study of Green Banking Initiatives by Public and Private Sector Banks

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Abstract: Green banking is a concept that refers to practices and principles that make financial institutions profitable, environmentally friendly and healthy. Its aim is to make banking processes and the use of IT and physical infrastructure as efficient and effective as possible with zero or minimal impact on the environment. Green banks are developing technology in the banking sector, increasing efficiency and changing the customer experience. This is a smart and thoughtful way with a vision for the future. Banking operations are not physically dependent on the environment, but are driven by external influences on the core activities of customers. Green banks are different from conventional banks. Their main aim is to promote environment friendly businesses. Green banking refers to banking operations that are compatible with reducing internal and external carbon emissions. The aim of this study is to understand the use of green products in the banking sector and to analyze the green financial measures adopted by government and private banks. The study is based on primary data collected by 136 respondents from various public and private banks in Uttar Pradesh. The study revealed no correlation between various measures taken by private and public sector banks in implementing green finance. The study also disclosed that private and public sector companies are relying less on banking solutions and are using e-waste management to implement good environmental practices. The study presented that 100% of public and private banks use internet and mobile banking. The main aim of green banking is to minimize customer time and costs and impact the principles of sustainability, ethical lending, maintenance and energy efficiency.

Keywords: Green Banking Initiatives, Public and Private Sector Banks, Environmental Friendly Practices.

INTRODUCTION

Green bank is not an independent bank. Green banking means ensuring that the banking sector adopts environmentally friendly practices, thereby reducing internal and external carbon emissions. The banking sector is not generally considered a polluting sector. However, it has an impact on the environment due to the use of more electricity (lighting, air conditioning) and paper. In the broader perspective, business is related to the external environment where it provides money to others to finance their activities. Banks are the source of funds. Thus, they can contribute to the environment by making environmentally friendly investments and carefully evaluating loans. Therefore, green banking covers two aspects. The first one being judicious use of all resources, energy and reducing carbon footprints and second being encouraging and financing only environment friendly investment. Therefore, green banking is not only a sustainable financial use, but also an environmentally friendly money allocation. A comprehensive review of all projects receiving environmental financing is another important aspect of green business. Green banking is a new phenomenon in the financial sector. As an important financial institution for business and development, banks play an important role in supporting sustainable development. Green banking is a term used by banks to be environmentally responsible.

Green banking means using banks' resources with responsibility and utmost care, avoiding waste and giving priority to choices that take sustainability into account. It is also known as environmental banking, ethical banking, sustainable banking, clean energy finance, green investment bank and environmental friendly banking. The Indian Banks Association said that like conventional banks, green banks also cover all social and environmental aspects and aim to protect the environment and conserve natural resources. For banking professionals, green banking includes the principles of sustainability, fair lending, savings and energy efficiency. Green banking avoids paperwork wherever possible and relies on online/electronic transactions to succeed, so that you get green credit cards and green mortgages. Less paperwork means less cutting of trees.

REVIEW OF LITERATURE

Dr. R. Janakiraman and Dr. S. Karthikeyan (2021) had done a study on "Green Banking in India – An Overview." The study had two objectives to Green Banking initiatives by various banks and to suggest ways to promote Green Banking in India. This study concluded Green banking, if implemented sincerely opens up new markets and avenues for product differentiation.

Kavita S. Vadrale, Dr. (Mrs.) V.P. Katti (2020) had done a study on "Green Banking Initiatives by Indian Public and Private Sector Banks". The main objective of the study to evaluate the use of Green Banking Products in banking sector and examine and compare the green banking initiatives by Public and Private Sector Banks. Public and private sector banks have actively undertaken a multiplicity of green banking practices.

Kishore Kumar and Ajai Prakash (2019) had done a study on "Examination of sustainability reporting practices in Indian banking sector." The aim of this study to examine sustainability reporting tendencies of public and private sector banks in India. This study concluded the banks in India are much slower in adopting sustainability reporting practices.

Sudarshan Giramkar (2018) had done a study on "Green Banking in India: A Study for Sustainable Development." The main purpose of the study sympathetic the green banking attitude adoption by the banks. The study of purpose they have collected secondary This study concluded that there is more of need to create awareness about green banking products acceptance amongst the middle and senior age groups individuals than young age people.

Md Saiful Islam, Mohammad Omar Faruk (2017) done a research on "Practices of Sustainable Financing in Banking Industry: A Study on Green Banking in Bangladesh and India." The main purpose of the study was practices of sustainable financing and green banking by the public and private banks in Bangladesh. Researcher studied sustainability regarding banking policies, fund allocations and implementations, banking strategies, innovations of banking products, performances of banking initiatives.

Rambalak Yadav, Govind Swaroop (2016) done a research on "Environmental Sustainability Through Green Banking: A Study On Private and Public Sector Banks in India." The study had two objectives: the environment friendly practices adopted under green banking approach by various banks in India and to study the various initiatives taken by Indian banks by adopting Phases of Green Marketing given by Peattie (2001). this study conducted the impact of green practices on consumer willingness to purchase green products of various organizations in the Indian context.

Nanda Sibabrata and Bihari Suresh (2015) Green banking has been an integral part of the banking system in the developed and the developing economies of the world. Much research has been carried out on the concept of green banking and the possible benefits of its implementation. It studies empirically tests the relationship between the implementation of green banking along with two other variables, net income and expenses, and the profitability in India using a fast data panel regression. The result of the study shows significant relationships between net income and expenses with profitability, whereas no significant relationship between the implementation of green banking and profitability was proven.

OBJECTIVES OF THE STUDY

1. To study the environment friendly practices adopted under green banking approach by various banks.
2. To evaluate the use of Green Banking Products in banking sector.

RESEARCH METHODOLOGY

This is a descriptive research study with expose factor research design conducted in a filled setting. The primary data for the study has been collected using survey method through the structured questionnaire. Out of 150 respondents, 136 respondents were responded in complete manner. Out of 136 respondents, 50 respondents belong to public sector banks and 86 respondents belong to private sector banks. Statistical tools namely U test and cross tabulation has been use and table use to present the data.

HYPOTHESIS

H1: There is no significant association between private & public sector banks and the green banking practices adopted.

H2: There is no significant association between private & public sector banks and Environmental friendly practices adopted.

ANALYSIS & RESULTS

Various dimensions of green banking initiative taken by banks are shown in Table No.1. Further, Mann-Whitney U Test is performed to study the public & private sector banks difference on various dimensions of green banking initiative and the result of the analysis is shown in Table No. 2

Table 1: Dimensions of Green Banking Initiatives taken by the banks

Initiatives	Description
I 1	Green checking accounts
I 2	Online bill payment
I 3	Facility of e-statement registration
I 4	Cash deposit system
I 5	Reduce wastage of papers and energy through net banking approach
I 6	Use of solar power ATMs
I 7	Using recycle paper or recycle waste
I 8	E – investment system
I 9	Conducting workshop and seminar for green banking
I 10	Green loans
I 11	Insurance
I 12	Providing recyclable debit cards and credit cards

Table 2: Results of Mann-Whitney U Test

Initiatives	Banks	N	Mean Rank	Mann-Whitney U Test	P value	H0
I1	Private	86	67.56	2069.000	0.668	Accepted
	Public	50	70.12			
I2	Private	86	70.99	1936.000	0.254	Accepted
	Public	50	64.22			
I3	Private	86	65.79	1917.000	0.222	Accepted
	Public	50	73.16			
I4	Private	86	65.98	1933.500	0.290	Accepted
	Public	50	72.83			
I5	Private	86	65.15	1862.000	0.140	Accepted

I6	Public	50	74.26	1890.000	0.211	Accepted
	Private	86	65.48			
I7	Public	50	73.70	2025.500	0.516	Accepted
	Private	86	67.05			
I8	Public	50	70.99	1942.500	0.285	Accepted
	Private	86	66.09			
I9	Public	50	72.65	1964.000	0.344	Accepted
	Private	86	66.34			
I10	Public	50	72.22	1929.000	0.250	Accepted
	Private	86	65.93			
I11	Public	50	72.92	2029.000	0.757	Accepted
	Private	86	69.17			
I12	Public	50	67.34	1890.500	0.206	Accepted
	Private	86	65.48			
	Public	50	73.69			

Table No. 2 analyses the relationship with private & public sector banks and green banking initiatives. P value is greater than 0.05 statistical significance level. So that null hypothesis is accepted. So here there is no significant association between private sector banks and public sector banks in green banking initiative.

Various dimensions of Environment friendly practices adopted by banks are shown in Table No. 1. Mann-Whitney U Test is performed to study the public & private sector banks difference on various dimensions of Environment friendly practices and the result of the analysis is shown in Table No. 3.

Table 3: Results of Mann-Whitney U Test on Environmentally Friendly Practices

Environment Friendly Practices	Banks	N	Mean Rank	Mann-Whitney U Test	P value	H0
E1	Private	86	67.78	2088.500	0.743	Accepted
	Public	50	69.73			
E2	Private	86	68.19	2123.000	0.885	Accepted
	Public	50	69.04			
E3	Private	86	65.63	1903.000	0.198	Accepted
	Public	50	73.44			
E4	Private	86	63.31	1703.500	0.025	Rejected
	Public	50	77.43			
E5	Private	86	63.58	1726.500	0.037	Rejected
	Public	50	76.97			
E6	Private	86	67.44	2059.000	0.657	Accepted
	Public	50	70.32			
E7	Private	86	65.40	1883.500	0.162	Accepted
	Public	50	73.83			
E8	Private	86	65.36	1880.000	0.154	Accepted
	Public	50	73.90			
E9	Private	86	66.64	1990.000	0.404	Accepted
	Public	50	71.70			
E10	Private	86	64.06	1768.500	0.057	Accepted
	Public	50	76.13			
E11	Private	86	65.41	1884.000	0.160	Accepted
	Public	50	73.82			
E12	Private	86	66.67	1992.500	0.422	Accepted
	Public	50	71.65			

Table no.3 analyses the P value for the dimensions viz., E4 and E5 is less than 0.05 statistical significance level. So that null hypothesis is rejected. So here there is significant association

between private sector banks and public sector banks in Environment friendly practices. Whereas, for the other dimensions viz., E1 to E3 and E6 to E12 the P value is greater than 0.05 statistical significance level. So that null hypothesis is accepted. So here there is no significant association between private sector banks and public sector banks in Environment friendly practices.

Table 4: Results of cross table on banks and use of green banking products

Product	Private Sector Bank			Public Sector Bank		
	Yes	No	%	Yes	No	%
Online & mobile banking	86	0	100	50	0	100
Green credit & investment	77	9	89.5	37	13	74
Green credit cards	75	11	87.2	44	6	88
Green mortgages	42	44	48.8	26	24	52
Green deposits accounts	73	13	84.8	46	4	92
Waste managements	14	72	16.2	17	33	34

Table No. 4 reveals that 100% of private sector banks and public sector banks are using online & mobile banking as compare to other products likes, green mortgages, green deposit accounts etc.

CONCLUSION

Currently, Indian banking sectors has completely changed the way to operate system. The banking sector is getting modernized and new facilities such as net banking, mobile banking are being prioritized at the place of traditional approaches. These new approaches adopted by the banks are valuable to customers as well as banks themselves. The main reasons for these issues are excessive cut down of trees and construction of multi stories building and the emission of hydro-fluro-carbon, nitrous oxide that pollute the environmental. So in order to recover from these issues the best way is to adopt changes in a way that is sustainable to the environment. This study found that There is no significant association between various initiatives taken by private and public sector banks by adopting green banking practices. It also found that all private and public sector banks are using online & mobile banking for paperless banking and faster transactions & time saving. Green banks adopt and implement environmental standards for lending, which is really a proactive idea so that would enable eco-friendly business practices which would benefit future generations.

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