

A Study on Customers Awareness on Green Banking Initiatives in Selected Private Sector Banks with Reference to Kunnamkulam Municipality

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Abstract

Education is the strongest weapon to reach a socially and environmentally beneficial system of the society. Education always satisfies the sustainable development which cannot be achieved without industrial development. The increasing problems of climate changes and global warming along with environmental impact of companies have made more environmental sensitive. So there arises a need to reduce the collective carbon footprint. Green banking is a very general term which covers a multitude of area from a bank being environmentally friendly to how their money is invested. The world has been much focus on economic progress and mankind has made giant steps in its journey through time. The adverse effects of development process have however; also adversely affect the biodiversity, climate change, environmental damage etc. Banking industry is also not an exception for this. Banking industries tries to find out the ways to go green through green banking this study attempt to check the awareness level of green banking among the general public and consumers. This study also checks the awareness about green bank employees. Chi-square test is also used to test the association between banker's motivation and its effectiveness.

Key words: Green banking, Awareness and Environmental Protection

I. INTRODUCTION

Sustainability is always based on environment. Environment protection is one of the obligations of every citizens, business firms, etc. Environmentalism is a key philosophy regarding concerns for environmental conservation and improvement of the state of the environment. An enterprise that has minimal negative impact on the global or local environment, community, society, or economy is called a sustainable business or green business. Environmental protection is one of the important duties of any business organization. As a responsible financial organization of our country banks plays an important role in addressing the environmental issues both in terms of obligation and opportunities by

virtue as a responsible corporate citizen and a financier. Green banking is like a normal banking system which consider all the social and environmental factors so it is also called ethical banks. These banks are started with the aim of protecting the environment. Green banking system always tries to change the client's usual banking habit.

Objectives

1. To know about the green banking products.
2. To check the awareness of green banking among the general public and consumers.
- 3.

Hypothesis

H0: Bankers motivation and its effectiveness are independent.

II. REVIEW OF LITERATURE

According to Amitabh Mishra, B R kumar and DharamBirsingh, 2013, on his study A study of Gaps in Service Quality at a leading private sector commercial bank in greater Noida, account holders are more dissatisfied with the service quality dimension. This study helps to know the weak area of a banks service where immediate steps are necessary.

The Role of Green Banking in sustainable Growth, 2012, this study explained that the survival of the banking industry is inversely proportional to the level of global warming.

According to Vinay Kumar Nagu 2012 it is evident that primary benefits of E- CRM in the banking sector is the reduced cost of operation, locks in target prices, and increases in customer loyalty.

III. RESEARCH METHODOLOGY

• Research design:

Descriptive research design is used for the study.

• Sources of Data:

Primary and secondary data were used for this purpose. Primary data were collected from hundred customers through telephone interaction and personal interview.

Data were collected from the general customers of bank.

- **Sample Size:**

Samples of hundred respondents were selected for this study. Respondents having sound educational background with some knowledge about green banking products are deliberately targeted and approached for the study.

- **Data collection tool:**

A structured questionnaire was used for data collection.

IV. GREEN BANKING PRODUCTS AND SERVICES

- ❖ Retail banking
- ❖ Corporate investment banking
- ❖ Asset management
- ❖ Insurance

A. Retail Banking

1) Green Mortgages

This facility helps the individual customer to get a lower interest rate green loan than market rate, who is ready to purchase new energy efficient homes. This facility also allows them to invest in energy efficient appliances.

2) Green Home Equity Loans

Reduced rate home equity loans sometimes referred to a second mortgages can help motivate households to install residential renewable energy (Power or thermal), technologies.

3) Green Commercial Building Loans

From the above study we conclude that, green banking initiatives like solar ATM, banking environment policy, green loans, are not familiar among the customers. Environment protection is the duty of every citizen, including Attractive loans designs and arrangements have started to emerge for green commercial building characterized by lower energy consumption reduced waste and less pollution than traditional building.

4) Green Car Loans

With below market interest rate many green car loans encourage the purchase of cars that demonstrate high fuel efficiency.

5) Green Cards

A broad family of green products includes debit and credit cards linked to environmental activities. This green cards offered by large credit card companies offer to make nongovernment organizations donations equal to approximately One-half percent of every purchase, balance transfer or cash advance made by the card owner.

B. Corporate Investment banking

1) Green Project finance

A number of banks are now ready to accept large scale renewable energy project. For this they have to create service divisions also to help those companies who under take large scale renewable energy system.

2) Green Securitization

A variety of environmental securitization techniques have begun to emerge, including forest bond, eco securitization pilot program and green mortgage-backed securities.

3) Green Venture Capital and Private Equity

While issuing finance through capital market, we can see that, high consideration paid to environmental issues. In particular banks can play a vital role in assisting with IPO for clean technology providers, carbon credit developers, and other firms marketing environmental product and services.

4) Green Index

Some banks have currently developed index that fluctuate as future environmental opportunities and challenges

C. Asset Management

1) Green Fiscal Fund

By purchasing shares in a green fund or investing money in a green bank, citizens are exempted from paying capital gain tax and receive a discount on income tax.

2) Green Investment Fund

Sustainable investment funds have evolved through three generations, where the complexity of assessing investment eligibility rises at easy level.

3) Carbon Fund

Collaboration between multi lateral development banks and private financial institutions has led to the emergence of a variety of carbon funds to help finance GHG emission reduction projects to curb climate changes

D. Insurance

1) Green Insurance

This type of insurance typically encompasses two product areas

- Insurance products with differentiate insurance premium on the basis of environmentally related characteristic
- Those specially tailored for clean technology and emission reducing activities

2) **Carbon insurance**

There are many risks inherent in emission reduction transaction, as well as low carbon project assessment and development activities. In response some financial institutions now offer insurance product to manage carbon credit price volatility.

V. DATA ANALYSIS AND INTERPRETATION

Table 1 : Green Banking Awareness Among Respondents

Green banking initiatives	Aware	Not aware
Online Bill payment	82	18
Avoid paper work	78	22
Online savings account	87	13
Cash deposit system	83	17
Net banking	86	14
E investment services	60	40
Green home equity loan	17	83
Bank environment policy	16	84
Green car loan	20	80
Green commercial building loan	16	84
Solar ATM	21	79

A. Interpretation

From the above table it is clear evident that customers are showing a good degree of awareness level regarding green banking initiatives like online payment, avoiding paper work, online saving account, cash deposit system and net banking. But most of the respondents opined that, they are least aware of these modern facilities like green home equity loan, bank environment policy, green car loan, green commercial building loan and solar ATM. According to them, the selected banks still not introduced these facilities.

B. Testing of Hypothesis

	motivated	Not motivated	total
effective	6	5	11
Not effective	22	67	89
total	28	72	100

O	E	(O-E) ²
6	3.08	1.421067
22	24.92	0.387564
5	7.92	1.70528
67	64.08	0.12726
		3.64117

C. Interpretation

Calculated value of chi square is 3.64117. Table value at 5% level of significance is 3.84. So null hypothesis is accepted.

D. Findings

- 70% of the respondents are Male and 30% are females.
- 42% of respondents are post graduates and rests are graduates.
- 82% of respondents are fully aware about online bill payment.
- . Most of the respondents are fully aware about online savings account.
- 86% of the respondents are fully aware about net banking.
- Most of the respondents have no idea about solar ATM, and green car loan, bank policy and green commercial building loan.
- Majority of the respondents are fully aware about online savings account.
- Most of the respondents opined that, banker’s motivation is not much effective.

E. Suggestions

- Bank should conduct various awareness program me to educate public.
- Tradefares and exhibitions should be organized by banks.
- Banks should arrange incentives for those customers who are keeping green policies.
- . Creating awareness through web sites, Road shows event meeting and media.
- Imparting education through
 - Internet e-learning program.
 - Interactive internet application.
 - Participation conference and meet.
 - Publication of information material.
 - Annual environmental report

VI. CONCLUSION

Sustainable development of Indian economy is based on banks and financial institution. So Indian banks triesto perform efficiently than the foreign banks for attaining green banking system. They should take necessary action to educate the general public for initiating green banking system.

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