Influence of Green Banking in India: Ahmedabad City

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ABSTRACT

Green banking means encouraging environmental-friendly exercises and reducing carbon footprints from the banking undertakings. Green Banking is a new way of conducting the banking business by considering hygienic environmental issues. Green banking is different from traditional banking, as green banking focuses on promoting environment-friendly banking. Environmental-friendly practices include the introduction of green products and services viz. Online Banking, Mobile Banking, Banking through ATMs, Green Deposits, Green Mortgages and Loans, Green Credit Cards, and Green Reward Checking Accounts. This paper attempts to analyse the influence of green banking products on the people of Ahmedabad city. ANOVA and chi-square tests are applied for analysing the significant relation difference between the key demographic factors of respondents and their opinion about switching over to green banking products.

Keywords: *Green Banking, Environmental-Friendly Banking, Banking, Traditional Banking, Indian Banking*

INTRODUCTION

Green banking is different from conventional banking as the convention is based on the principle of security and profitability and morality has very little role. Green banking is a new concept that considers environmental and socially responsible investing. As per Singh and Jain (2016), Green banking is defined as promoting environmental-friendly practices and

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reducing the carbon footprint from banking activities. In simple words, green banking is banking that benefits the environment.

The banking sector is generally considered environmental friendly in terms of emissions and pollution. Internal environmental impacts of the banking sector such as the use of energy, paper and water are relatively low and clean. This is an effort by the banks to make the industries grow green and in the process restore the natural environment. As per Sharma et al. (2014), described concept of Green banking will be mutually beneficial to Consumers, banks, industries and the economy. For consumers, this shift towards green banking means that more deposit and loan products will be available through online and mobile banking. It also means better deposit rates on CDs, money market accounts and savings accounts. The environmental impact of banks is not physically related to their banking activities but the customer's activities. Moreover, environmental management in the banking business is like risk management. It increases the enterprise value and lowers the loss ratio as higher quality loan portfolio results in higher earnings. According to Vijai (2018), the method of finance can be cal as "Green Banking", an effort by the banks to make the industries grow green and in the process restore the natural environment. Not only "Green Banking" will ensure the greening of the industries, but it will also facilitate in improvement of the asset quality of the banks in the future. Further Dhamija and Sahani (2018) stated that the banks provide different services while sitting at home through e-banking These services are transactional tasks as well as non-transactional tasks. Green banking is an emerging concept for environmental sustainability. Green banking means encouraging environmental friendly exercises and reducing carbon footprints from your banking undertakings. Green banking focuses on improving the functions and technology together with making clients' practices environment-friendly in the banking field. The most important issue human beings face in the time of the present day is manmade environment deterioration.

Hence, there have been continual endeavors over the globe for measures and reduce the problem created by human undertakings. Nalisa (2020) stated that banks as accountable corporate citizens exist also taking incredible steps all around by adopting a broad variety of green banking exercises. So that they can create a little contribution in the direction of the environment.

The word "Green Banking" is a very common concept in the world. Global warming is a great issue in the protection of a hygienic society.

There is a high possibility of playing a significant role of Green Banking in the global warming issue. The green banking concept is evolved in western countries and now is practiced in most countries in the world. A green bank is also called an ethical bank, environmentally responsible bank, socially responsible bank or a sustainable bank and is expected to consider all the social and environmental issues in their banking processes. Rifat et al. suggested that green banking avoids paperwork as much as possible and relies on online/electronic transactions for processing so that green technologies like green credit cards and green mortgages can be encouraged. The reduced use of paper can diminish the carbon footprint from banking practices and promote environmental-friendly practices in the banking sector.

LITERATURE REVIEW

General filtering of literature accessible in India from various distributed sources demonstrates that not very many nitty-gritty examinations have been led in India in the field of Banking, especially in the field of Green Banking. Nonetheless, many examinations have been directed abroad, especially in western created nations. Be that as it may, these are not extremely significant in the Indian setting. This segment audits observational literature on Green Banking directed in the country as well as abroad in sequential requests.

Jeucken and Bouma (1999) in their review distinguished four phases or mentalities of banking toward supportability. The principal stage is cautious banking, in which the bank is non-dynamic and attempts to postpone or go against the new regulation as it might harm the premium of banks straightforwardly or by implication. The Second stage is preventive banking in which the bank needs to consent to regulation to keep away from any imperative on its exercises. The third stage is hostile banking in which banks are worried about inner as well as outside exercises. The last stage is manageable banking, which is, a mutually beneficial arrangement. Banks under this stage search for the most elevated feasible pace of return not so much for the most elevated monetary pace of return. Getzner and Kra¨uter (2004) in their exploration paper tried the respondents' readiness to put resources into green offers. Creators found training, pay, ecological mindfulness and the normal benefit to be the vitally logical factors.

The concentrate by Bhardwaj and Malhotra (2014) connected the exhibition of managing an account with the green financial reception.

They tracked down a positive connection between the reception of green banking and bank benefit. Then again, comparable concentrate by Rajput, Arora and Khanna (2014) tracked down no connection between green financial drives and bank benefits. Sudha Lakshmi and Chinnadorai (2014) concentrated on the green financial reception status of Indian banks. Their review demonstrated that very few efforts have been taken by banks in India, all things considered. They presumed that banks need to assume a proactive part to accept natural and biological viewpoints as a piece of their loaning interaction, which would drive enterprises to go for commanded venture for ecological administration. Likewise, Ahmed (2012) talked about the contemporary green financial drives taken around the world and more explicitly in Bangladesh. He gave a strategy proposal that included giving compensation to the banks for positive green financial drives by creating a green list rating and building mindfulness among the partner like Competitors, Corporate Consumers, non-Corporate Consumers, workers, representative associations and Government Regulatory organizations.

At the strategy level, Choudhury et al. (2014) supported the need for partner's persuasions in green financial practice and suggests some signs for Government, the entire financial area and the business local area. Bahl (2012) proposed RBI and the Indian government ought to play a proactive and figure out a green financial strategy, rules and monetary impetuses for powerful green banking.

Nath, Nayak and Goel (2014) directed concentrate on green financial practices and suggested changes in routine tasks of banks by the reception of paperless banking, web-based banking, and portable banking, and mass transportation framework, green cards comprised of reused plastic. They did SWOC investigation wherein, they made sense of time and cost saving as the significant strength, absence of foundation, PC lack of education are the significant shortcoming, open doors that are accessible are individuals are becoming well informed and naturally cognizant, yet the significant test is web availability and additionally, no financial practices are not completely secured (world finance meeting). Kalloch and Bachman (2011) featured that on the web and little local area banks are viewed as greener than huge banks. One major analysis of huge banks is that they finance naturally adverse undertakings.

Papastergiou and Blanas (2011) directed concentrated on "Economical Green Banking: The Case of Greece" and moved toward the region in a coordinated and creative manner. As per their finding, they distinguished

half banks were in the guarded stage, 40% in the preventive, and 10% in the hostile stage. KO et al. (2014) in their examination paper observed that there is a huge positive connection between green concern and web use. That's what their review shows "bank's clients are more worried about ecological issues and they will practice environmental safety, following others who are putting forth green attempts". Green worry as a development of social impact aspect fundamentally impact utilization of web banking. The concentrate additionally demonstrated verbal exchange correspondence from loved ones essentially impacts web utilization. Essentially, Singh and Singh (2012) in their paper communicated society's developing worry about the regular habitat, and the business association is likewise changing their functioning to increment vegetation.

The examination in the space of green banking fundamentally centered around the reception of green financial items and their presentation with productivity. A few examinations have gone past conventional information sources and proposed strategy choices for Government and Central Bank. Yet not very many examinations have been led that have connected the reception of green financial items with individual elements like age, occupation, orientation or monetary proficiency and so on. Taking into thought the impediment of the above examinations on Green Banking up to this point, the requirement for a methodical report on the Adoption of Green Banking in India is felt by us.

RESEARCH METHODOLOGY

Research Gap

We have gone through many research papers and the majority of the researchers have conducted their studies on adaptability toward a green banking system in the cities like Bangalore, Nanital, Chennai Telangana, etc. So, we have found out that there was no research done in Ahmedabad regarding the Influence of Green Banking Products.

Problem Statement

The way of banking has changed the problem, therefore, underlies in evaluating the adoption of green banking products by the customers' satisfaction concerning the public bank and private banks.

Objectives of the Study

- To know the awareness of green banking products in Ahmedabad city.
- To know which generation inclined toward green banking product.
- To identify the problems and prospects of green banking products for the people of Ahmedabad city.
- To know how green banking products are promoting environmental-friendly practices.

Research Plan

- Research Design
  - *Descriptive Research:* It is applied to generate findings that are practically useful in reaching conclusions or decision-making.
- Sampling Frame
  - *Sampling Technique*: NON-PROBABILITY CONVENIENCE SAMPLING: Such a Sampling Method is used in this study to pick out people randomly as per the convenience of the researcher.
  - *Sample Unit:* The Sample unit for the Research purpose would be the customers using Green Banking services of different banks.
  - *Sample Size:* In our Research Project, we used 207 sample sizes to study considering two measures Age group and Gender.
- Data Collection Techniques
  - *Data Collection Instrument:* According to this report, A Structured QUESTIONNAIRE was made and was to be answered by 207 respondents to know about their viewpoints regarding green banking Products
  - *Data Collection Method:* In our Research Project, the Data Collection Method used is Google Form Survey.
- Sources of Data
  - *Primary Sources:* Primary data means the data which is collected first time by gathering information and analyzing the problem. The primary data was collected through questionnaires with the use of a survey method.
  - *Secondary Sources:* Secondary data means the data which are already available or exist somewhere else. The secondary data was collected through websites and different research papers.
- Scaling Technique
  - The Scaling Technique used in this report is MCQ-type questions.

Limitations of the Study

- The study is limited to some areas of Ahmedabad only.
- The sample size which is used to study is not so large so there might be chances that the result which may come may not be reliable.
- The collected data may be irrelevant as the study has been undertaken in only some areas of Ahmedabad only.
- The Sampling Technique used is Convenience Sampling, so it does not represent the whole population. So, the result finding from the sample may not be accurate.

DATA INTERPRETATION

The descriptive statistics of mean usage of green banking products across various age groups have been shown in Table 1. The descriptive statistics show that the usage of a green banking product is high among individuals earning more than 1,00,000 in a month, with a mean score of 3.93, whereas the usage is minimum among individuals earning less than 25000 per month mean usage of 3.21 only. The standard error of the mean score for each group is between one and two, which is consistent and moderately low.

Table 1: Descriptive Statistics of Green Banking Product Across Income Group

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
>25,000	43	3.21	1.059	.162	2.88	3.54	1	5
25,000 - 50,000	68	3.69	1.055	.128	3.44	3.95	1	5
50,000 - 1,00,000	67	3.49	1.064	.130	3.23	3.75	1	5
more than 1,00,000	29	3.93	1.067	.198	3.53	4.34	1	5
Total	207	3.56	1.077	.075	3.41	3.71	1	5

To test the speculation of the utilization of green financial items (reception) free of pay, an ANOVA test has been led. The aftereffect of the ANOVA test has been displayed in Table 2. The p worth of chi-square measurements is viewed as 0.025 (under 0.05), which rejects our invalid speculation that the use of green banking is autonomous of pay. Since, the ANOVA test expects fluctuation is equivalent across different gathering age bunch, in this way, to test the equity of difference, the Leven test1 has been applied and results have been displayed in Table 3.

Table 2: ANOVA Results of the Test of Equality of Mean Usage across Various Income

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.756	3	3.585	3.189	.025
Within Groups	228.239	203	1.124		
Total	238.995	206			

To test the hypothesis, the degree of freedom between the group is 3 and mean square is 3.585 and the P value is 0.025 which is less than 0.05, so it results have been shown in Table 2.

Table 3: Test of Homogeneity of Variance

Levene Statistic	df1	df2	Sig.
.464	3	203	.707

The p value for Levene statistics is more than 0.05 which provides evidence of equality of variance. The limitation of ANOVA is that it does not explain which group accounts for a significant difference in the mean. If mean usage is not equal among various groups, then ANOVA is not sufficient to identify which group causes the inequality or for which group there exist significant differences.

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * I would be willing to switch from a non-green banking product to a green banking product	207	100.0%	0	0.0%	207	100.0%
Income * I would be willing to switch from a non-green banking product to a green banking product	207	100.0%	0	0.0%	207	100.0%

*Gender * I would be willing to switch from a non-green banking product to a green banking product.*

Crosstab

			I Would be Willing to Switch from a Non-Green Banking Product to a Green Banking Product			Total
			Agree	Disagree	Undecided	
Gender	Male	Count	69	16	38	123
		Expected Count	69.5	17.8	35.7	123.0
	Female	Count	48	14	22	84
		Expected Count	47.5	12.2	24.3	84.0
Total		Count	117	30	60	207
Expected Count		117.0	30.0	60.0	207.0	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.852[a]	2	.653
Likelihood Ratio	.850	2	.654
Linear-by-Linear Association	.211	1	.646
N of Valid Cases	207		
a. 0 cells (.0%) have an expected count of less than 5. The minimum expected count is 12.17.			

Female	Count	48	14	22	84
	Expected Count	47.5	12.2	24.3	84.0
Total	Count	117	30	60	207
	Expected Count	117.0	30.0	60.0	207.0

Interpretation

H0 - There is no significant relationship between gender and their opinion about the switch over the green banking products.

H1 - There is a significant relationship between gender and their opinion about the switch over the green banking products.

P value is 0.653 which is greater than 0.05 (significance value), which means that we accept the null hypothesis, this means that there is no significant relation difference between the gender of respondents and their opinion about the switch over the green banking products.

*Income * I would be willing to switch from a non-green banking product to a green banking product.*

Crosstab

			I Would Be Willing to Switch from a Non-Green Banking Product to a Green Banking Product			Total
			Agree	Disagree	Undecided	
Income	>25,000	Count	20	11	12	43
		Expected Count	24.3	6.2	12.5	43.0
	25,000 - 50,000	Count	46	7	15	68
		Expected Count	38.4	9.9	19.7	68.0
	50,000 - 1,00,000	Count	41	9	17	67
		Expected Count	37.9	9.7	19.4	67.0
	more than 1,00,000	Count	10	3	16	29
		Expected Count	16.4	4.2	8.4	29.0
Total		Count	117	30	60	207
		Expected Count	117.0	30.0	60.0	207.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.179[a]	6	.006
Likelihood Ratio	16.654	6	.011
Linear-by-Linear Association	2.278	1	.131
N of Valid Cases	207		
a. 1 cell (8.3%) has an expected count of less than 5. The minimum expected count is 4.20.			

Interpretation

H0 - there is no significant relationship between income and their opinion about the switch over the green banking products.

H1 - there is a significant relationship between income and their opinion about the switch over the green banking products.

P value is 0.006 which is less than 0.05 (significance value), which means that we reject the null hypothesis, this means that there is a

significant relation difference between the income of respondents and their opinion about the switch over the green banking products.

CONCLUSIONS

Green banking is characterized as advancing natural agreeable practices and diminishing the carbon impression from banking exercises. It includes utilization of internet banking, portable banking, green channel counters, e-articulation, green advances, sun-oriented ATMs and so on for example utilizing banking administrations through web-based exercises. It is a common perception that it is more customary among youths, whereas less popular among aged people. Therefore, the present study test the usage of green banking habit among various age groups.

The present study finds that the youth and adults are more inclined toward green banking products than middle age groups. From the 207 respondents, the study revealed that the majority of respondents are from the age group of 34 - 40 years. The ratio of a graduate person whose income is 25,000 to 50,000 mostly prefers to use green banking products. The majority of the respondents are using preen banking products for online accessibility and security and privacy of bank accounts. From 207 respondents we conclude that Major respondents of Private employees use green banking products in the current scenario.

The facility that was availed by most of the people was a green bank card & green Investment. The majority of respondents believe neutral that green banking products are helpful for the environment. Major of respondents feel a difference between a normal banking product and a green banking product. People are ready to switch from a non-green banking product to a green banking product also consider applying for a new banking product if the product is green Therefore, the present study finds that there is more of a need to create awareness about green banking product adoption among the middle and senior age groups individuals than among young age people.

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