

GREEN BANKING: PERCEPTION AND WILLINGNESS OF CUSTOMER TO ADAPT GREEN BANKING

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ABSTRACT

Green banking is a revolutionary concept in banking industry in 2002. This concept came into picture for sustainable environment which will not only impact the environment, but also, to the economy. This includes promoting environmental friendly banking services. The research work includes the cause and effect relationship between the perceptions of the customers towards the usage of Green banking. So, we are using the explanatory research. We have formed the questionnaire and were filled by 50 sample size..There are few hypotheses which we will presume in this research work like:

H0: More qualified people are more aware of internet banking practices

H1: Qualification has no impact on awareness of internet banking practices

H0: More qualified people are more aware of internet banking practices

H1: Qualification has no impact on awareness of internet banking practices

H0: People who earn more, are more prone to use internet banking

H1: Income has no impact on usage of internet banking

KEYWORDS: *Green Banking, Perception, Customers, Internet Banking*

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INTRODUCTION

Green banking is at transitional stage. Green banking is the necessity of today's competitive world globally. Banks operate in business environment internationally with the help of information technology (IT). With the adoption of IT, Indian Banking Industry has developed tremendously with innovation. The concept of Green banking goes hand in hand with E-Banking.

As a customer, we can use E banking facilities (products and services) through our mobiles, laptop while sitting anywhere with the help of internet. With the evolution of E banking, the barrier of branch banking is broken down.

The credit of launching an internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives were taken by the Reserve Bank with the support of the Government of India to facilitate the development of e-banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank monitors and reviews the legal and other requirements of e-banking to ensure that e-banking would develop on sound lines. RBI also monitors the financial stability corresponding to the development of green banking. In the competitive world, the public sector banks are competitive with the private banks and foreign banks. The private banks are leading the public sector banks in the development and adoption of green banking facilities to have a clean and green environment.

Banking sector strongly influences the economic growth and development of our country, both as an effect on GDP and standard of living. These financial institutions adopt various strategies for economic growth, but when we talk about the green effects, the pressure is being created on all industries either the manufacturing sector or the service sector which includes banking sector also. Banks play a very vital role in promoting sustainable development. The green banking concept supports the banks to sustain in the economic and social environment.

The concept of green banking is used by banks to promote environment friendly practices which include the usage of all resources with care and responsibility, avoid wastage. It aims to use IT infrastructure so efficient and effective to make banking processes smoothen with minimal impact on our surroundings and environment. Online transactions and mobile banking are the part of green banking. Banks are charging a very nominal amount as fees and even rate reduction on loans which are focused on energy efficient projects. Banks do not aim at earning profits through these transactions which comes under the concept of green banking.

There are many reasons why banks have followed the Green track. Out of many reasons, few are highlighted here:

- Increasing energy consumption
- Energy prices,
- Growing consumer interest in environmentally-friendly goods and services,
- Higher expectations by the public on Banks environmental responsibilities
- Emerging stricter regulatory and compliance requirements.

CHALLENGES IN ADOPTION OF E-BANKING

- Loss of data due to technical defaults.
- Not safe and secure all the time.
- Large number of transactions should be routed over the Web the e-banks cannot think of profit.
- Banks and customers need to be ready to adopt new technological changes.
- Lack of proper infrastructure for the installation of e-delivery channels.

As per the latest projects of the Government, they aim at eradication of black money and move towards cashless economy.

The cashless economy gives a new shape of our Indian economy, especially focused on upgrading the poor population.

The new drive “Demonetization” by Mr. Narendra Modi, Prime Minister of India was a bold decision, which became a success with the support of Green banking. This drive with the help of Green banking not only helped in rooting out the corruption but promoted the government project of “a digital India” which brought the cultural change in our economy with the sharp growth in usage of plastic money (Debit cards and Credit cards). Plastic money promotes the citizens of India to go cashless. All these projects brought a revolutionary change in our economy with digital payments.

It is a blessing that our Economy, as well as the banking system has a huge potential to change. This potential can be utilized with the support of Reserve bank of India. India has relatively a low legacy issue with just 23 million credit cards and over 660 million debit cards (mostly used as ATM cards).The Government of India is planning a smooth, flexible and transparent system towards green banking. It brings a transformational change in the economy, which will form cashless, honest, corruption less economy. At present, our economy is less cash economy instead of a cashless economy to avoid the back money transactions. As per the sources, digital transactions in India are estimated to just 17% of total transactions. As per the findings of Internet and Mobile Association of India (IAMAI), about 23% of the online users prefer internet banking as banking channel in India, second only to ATM which is preferred by 53%.

The banks provide different services while sitting at home through e banking. These services are transactional task as well as non transactional tasks.

Non-transactional tasks are Viewing account balances, Viewing recent transactions, Downloading bank statements, Viewing images of paid cheques, Ordering cheque books

Transactional task is Funded transfers between the customer’s linked accounts, Paying third parties, including utility bill payments and telegraphic/wire transfers, Investment purchase or sale, Loan applications and transactions, such as repayments of enrollments, Transaction Approval Process.

When we talk about the employees of the banks, no doubt, they also got benefitted by the welcome of green banking. They have control over the overhead and operational costs. They have come up with many new proposals for banking operations. It helped the employees to reduce paper work as many of the documents are available electronically.

LIMITATIONS TO THE USAGE OF INTERNET BANKING

The large portion of the Indian population resides in rural areas of the country where there is no access to internet and not even aware of technology for online banking. Though, the central bank of our economy, Reserve Bank of India who forms all the banking regulations is focusing on financial inclusion, but infrastructure plays a very vital role in promotion and accessibility of financial inclusion. This process needs to be promoted from grass root level in rural areas of India.

Security is the other major issue to look into it. Customers feel insecure while using internet banking facilities. Banks have tried their best to safeguard the data and securities of their customers by generating one time password for their each non transactional tasks and transaction tasks, Banks have come up with virtual keyboards for security purposes.

LITERATURE REVIEW & GAP

Internet revolution is a worldwide process and going by the online growth statistics. It is a self-evident notion that internet banking and payments are probably to progress with the e-commerce. Existing researches denote that the commercial enterprise frameworks of banks, brokerage houses, securities trading firms, insurance companies etc. are importantly impacted by internet banking. It has also fascinated the missionary work of lawmakers and regulators in the developing countries since the late 1990's.

Commercial banks have knowledge about that internet starts up the new cambium for them and eternalize them to extend from local to worldwide outline within a short period of time.

Gupta P. K (2008). States that Internet banking eternalize bank clients to get operate to their accounts and through the medium of bank's website, they also get acknowledge about general information on bank products and services without the intervention of sending letters, telephonic confirmation, faxes and original signatures.

Thulani D, Tofara C, Langton R (2009). According to this study Internet banking gives global connection from any area worldwide and is globally accessible from any internet enabled computer system. Internet approves the low-priced delivery channel for Internet banking products as it permits the entity to minimize their branch networking system and decrease the requirements of service staff. Basically, banks also consider the 'minimization of transaction cost', 'reduces inconvenience', and 'time saving' to be greater benefits of online banking. On the other hand, 'chances of fraud', 'probability of government of accesses, and 'deficit in information security' to be important risks attached with online banking.

(Kaleem & Ahmad, 2008). According to this study Modern banking institutions offering banking and financial services over the internet and Internet banking is a major reason of concern to maximum number of the offline banks who should be ready for an unexplained competition. So that most of the traditional banks have started providing their services online.

(Hasan Iftexhar, Schmiedel Heiko, Song Liang (2011). This study states that the internet banking service has affected the banking customers to put their funds with the online banks, a substantial impact on the deposit base of the traditional offline banks has become a major trend.

It is an empirically recognized fact that the foundation of technology in banking has a direct relationship with profitability and investment in online banking maximize the profit margin of banks by minimizing costs and maximize in non-interest income, which in turn will lead to increase in ROA and ROE.

(Sinkney J. F, 1998). According to this study, the involvement of the banking services with emergence of e-cash and e-commerce would extremely affect the proportionality scores of the banks.

Furst K, Lang W, Nolle D (1998) This study states that the electronic banking has facilitated interest from policy makers, researchers and bankers. Efforts are being made to make retail payments reasonable and integrated. Retail payments efforts in improving the relationship between retail customers and bank and remains advisory for banking services, like loans, credit, savings and other services.

NEED OF THE STUDY

Due to busy schedule, branch banking is not possible for every customer. And Environment is also getting affected by paper work and carbon effects. So, there felt a need to start a e-banking facility, which will take care of customers as well as the environment. Government of India is also coming up with such schemes which promotes Green banking.

OBJECTIVE

- To analyze the perception of customers towards the adoption of Green banking
- To study the customer satisfaction level towards the adoption of Green banking

RESEARCH METHODOLOGY

The research work includes the cause and effect relationship between the perceptions of the customers towards the usage of Green banking. We are using the explanatory research. We have formed the questionnaire to get filled by customers of different bank and were filled by 50 sample size.

There are few hypotheses which we will presume in this research work like:

First Test

H0: More qualified people are more aware of internet banking practices

H1: Qualification has no impact on awareness of internet banking practices

Second Test

H0: More qualified people are more aware of internet banking practices

H1: Qualification has no impact on awareness of internet banking practices

Third Test

H0: People who earn more, are more prone to use internet banking

H1: Income has no impact on usage of internet banking

ANALYSIS

In order to test the first hypothesis, we applied ANOVA to the questions related to internet banking facility awareness across the three groups of respondents based on their qualifications. We discovered the significance value to be less than .05 (as shown in the table below), and F-value came out to be greater than the F-critical. This signifies that the more qualified people are more aware of internet banking and are more likely to use it.

Table 1: Result of ANOVA Test for Hypothesis-1

		Sum of Squares	df	Mean Square	F	Sig.
IB1	Between Groups	5.111	2	2.556	14.337	.000
	Within Groups	20.855	117	.178		
	Total	25.967	119			
IB2	Between Groups	12.149	2	6.075	4.141	.018
	Within Groups	171.642	117	1.467		
	Total	183.792	119			

In order to test the second hypothesis, we again applied ANOVA on the responses to the questions related to safe internet banking awareness across the three groups of respondents based on their qualification. However, we discovered the significance value to be greater than .05 (as shown in the table below), and F-value came out to be lower than the F-critical. This shows that the qualification of the respondents does not have much influence on their awareness towards safe internet banking practices.

Table 2: Result of ANOVA Test for Hypothesis-2

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SIB	Between Groups	.956	2	.478	.290	.749
	Within Groups	192.636	117	1.646		
	Total	193.592	119			

In order to test the third hypothesis, we again applied ANOVA on the responses to the questions related to internet banking awareness across the four groups of respondents based on their income. We discovered the significance value to be lesser than .05 (as shown in the table below), and F-value came out to be more than the F-critical. This shows that the income of the respondents has an influence on their awareness towards internet banking practices.

Table 3: Result of ANOVA Test for Hypothesis-3

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
VAR00001	Between Groups	3.303	4	.826	4.189	.003
	Within Groups	22.664	115	.197		
	Total	25.967	119			
VAR00002	Between Groups	23.684	4	5.921	4.008	.004
	Within Groups	169.907	115	1.477		
	Total	193.592	119			
VAR00003	Between Groups	28.899	4	7.225	5.364	.001
	Within Groups	154.893	115	1.347		
	Total	183.792	119			

The major reasons behind non usage of internet banking are security concerns (40%), preference for face-to-face transactions (31%), lack of knowledge about transferring online (19%), lack of user friendliness (10%).

SUGGESTIONS AND RECOMMENDATION

- E-banking services need to be tailor made according to age, gender, occupation etc
- Customers are concerned with security of funds via e banking so special facilities should be provided to customers in this regards.
- E banking training and seminars need to be conducted by banks for better usage
- Training to the employees is equally important to guide their customers
- Need to build better infrastructure by better investment plans from Government for latest technology

CONCLUSIONS

Our Country, India has benefitted the customers, banking industry, our economy by Green banking with the support of latest technology. Banking industry with the support of central bank working efficiently and effectively for making Green Banking a great success for their customers. As per the analysis done by the researcher in this research paper, Young generation feels convenient to use e-banking facilities. In the coming future, not only youngsters, but every individual will prefer e banking as a mode of banking. The second interpretation says that there is no correlation between the increased income with the usage of e-banking.

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