

# Customer Perception towards Green Banking (GB) Services with special reference to SBI in Pune region

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**Abstract -** The Concept of Green Banking for eco friendly practices is preferred by most of the customers of the banks for environmental sustainability. Green Banking is immensely accepted and has become mandatory requirement in the today's scenario in the banking sector. Green banking initiative encourages banks to go paperless and adopt technology. Customer Perception is vibrant influencing factor towards green banking. The motive behind this research paper is to find out what motivates customers to prefer Green Banking services with special reference to SBI in Pune region.

**Key Words:** Green Banking, Perception, paperless, Customer, SBI

## I. INTRODUCTION

In order to save environment, along with other sectors, even banking sector has adopted the thought of Go Green. Green banking is a novel concept for the evolving economy for originating the green product and service through enlightening technology with making environmental friendly in banking Sector. "Green Banking" was equally beneficial for banks, business and whole economy. Green banking refers to promote environmental friendly

Green Banking, as defined by Institute for Development and Research Technology, is an umbrella term referring to practices and guidelines that make banks sustainable in economic, environment, and social dimensions. It aims 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.

Banking sector is one of the largest service sector in India. SBI is enjoys the biggest player in banking sector in India. Evolution started when ATM(Automated Teller Machine) machines were introduced in 2001. This led to major changes in the banking sector.

The study of this research paper explores customer Perception towards usage of Green Banking services like ATM(Automated Teller Machine), Tele Banking, Internet Banking, ECS(Electronic Clearing service), NEFT(National Electronic Fund Transfer) Green Checking account, Green Money Market Account, Green Mortgage, Green Loan, Green Home Loan, Green Remote Deposit, Green finance, Green Bonds, Green Cards and many others

## II. LITERATURE REVIEW

Dharwal & Agarwal (2013) studied that green banking is a key in mitigating the credit risk, legal risk and reputation risk and the same is governed by the socio-economic status

of the customer. The author had suggested some green banking strategies like carbon credit business, green financial products, green mortgages, carbon footprint reduction (paperless banking, energy consciousness, mass the transportation system, green building), and social responsibility services towards society.

Dr.Nishikant Jha et al. (2014) had conducted research on A study of Green Banking Trends in India and highlighted some steps for going green banking such as go online, use green checking accounts, use green loans for home improvements, use power-saving equipment, use green credit cards, mobile banking

T.Rajesh and A.S. Dileep (2014) concluded that Green Banking is an umbrella term referring to practices and guidelines that make banks sustainable in the economic, environmental, and social dimensions. Green banking can be an avenue to reduce pollution and save the environment aiding sustainable economic growth. Before making the decision to finance a project, banks must see their environmental risks and ensure the project players have environmental safety measures in their plans, including recycling facilities or smoke and gas arresting units. A framework of incentives for responsible banks and disincentives for pollutants is an essential element for the development of green banking.

Bibhu Prasad Sahoo et al (2016) identifies there is a significant difference in the usage of green products across age groups and the age the groups who are not keen is due to lack of information so there is a need to bring awareness among those age groups 2

Nath, Nayak, and Goel(2014) recommended for change in routine operations of banks by the adoption of paperless banking, online banking, and mobile banking, and mass transportation the system, green cards made up of recycled

plastic.

Rajesh & Dileep (2014) studied the role of banks in sustainable economic development through Green Banking activities. The study was based on secondary data obtained from the reports of various Banks, various seminars and workshop information and other relative information published on the banks and other internet sites. The study concluded that Banks also contribute to ecological footprint directly and indirectly through investment/lending in their customer enterprises. Green banking can be an avenue to reduce pollution and save the environment aiding sustainable economic growth. Before making the decision to finance a project, banks must see their environmental risks and ensure the project players have environmental safety measures in their plans, including recycling facilities or smoke and gas arresting units.

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**Objective of Paper**

The main objective of this research paper is to exercises the level (APIs) of customer Perception towards various services of Green Banking

**III. RESEARCH METHODOLOGY**

- i. *Scope of the study*:-The focus of sampled enquires was the Main Branch of SBI in Pune  
The study is conducted to analyse customer perception towards Green Banking Services. This study helps us to find out whether perception of customers towards Green Banking Services will change, are customers willing to use Green Banking to Traditional banking. There is huge opportunity to GB for innovation and educating customers to use GB
- ii. *Primary Data*: Primary data is collected through a structured questionnaire from customers of SBI during the week i.e. 5th to 15th August 2020 on bank working days.
- iii. *Secondary Data*: The sources of secondary data is collected from various research journals, books, and bank websites.
- iv. *Sampling Method*: The sampling method used is convenience and Judgmental sampling, who were customers of SBI and willing to fill the questionnaire.
- v. *Sample Size*: The sample size for the study is based on Perceptions of the customers gathered in the survey conducted in two parts. In the first part of the survey, it is observed that interviewing 91 customers on the mostly limited to commonly known GB services i.e. ATM (Automatic teller Machine), POS (Point of sales), Tel Banking, Internet Banking, ECS (Electronic

Clearing Service), NEFT (National Electronic Fund Transfer ), etc.

- vi. After collecting data from 91 customers on GB services, the second part of the survey was consisted of focusing only those who were using specific GB services like Green Checking account, Green Money Market Account, Green Mortgage, Green Loan, Green Home Loan, Green Remote Deposit, Green finance, Green Bonds, and Green Cards which are restricted to only particular customers. In such a case, only twenty customers were interviewed under each GB Category of services
- vii. *Data Collection Method*: A structured questionnaire with close-ended questions was used. The reason for using close-ended questions was to get objective answers from the respondents.
- viii. *Data Mapping*: An respective customer was asked to quote an Average Perceive Intensity (API) of Perception level in % over given GB service under the rule that zero % means “Nil” satisfaction level and 100% mean “Complete “ Perception level and any % in between these two extremes reveals the level of Perception in the percentage towards given GB services. By using stated data by the customers, the ultimate Average Perceived intensity (APIs) of satisfaction is worked out in %. This mapping technique is 100 point scaling a method based on the five-point Likert scaling technique (Bhandarkar Wilkinson, 2015)

**Features of sampled Population (n=91)**

It is clear part of any survey to know the factor of the sample population restricting the variables influencing the data. With respect to Green-banking - as it is observed from the experience survey- the most important variables influencing are educational levels, family size, occupational structures, and income levels. All these variables are linked with Green-banking (Dr.Nishikant Jha et al. 2014) and this hypothesis is confirmed by from employees of the bank.

**IV. ANALYSIS**

*i. Level of Education*

**Table-1: Educational Level of sampled (n=91) population**

Sr.No	Educational Levels	% to total (n=91)	Weightage	Total score
i.	Graduate/PG or similar (Highly educated category)	56	4	224
ii.	Undergraduate	17	3	51
iii.	Up to HSC	14	2	28
iv.	Illiterate	4	1	4
	Total	91	X	307

Source: - Field Survey

Constructive Standard for GB services is 364(91 sampled customers x 4=364) under the statement that when all the customers are in the highly educated category, the development /promotions of GB services undergo augmented haste. The Table-1 shows that the appropriate weighted educational score level is 224 which is 72.9% of the standard (224). *It shows that by and large, an educational level of the sampled customers is clearly complete, and if they are properly trained may go for use of GB services wisely (Sharma, N. et al. (2014),*

ii. **Family Size**

**Table 2: Family size of sampled customers (n=91)**

Sr.No.	Family Size	N=91
1	Up to 3	19
2	3-5	47
3	5 +	25
4	Total	91
5	Mean	5.1

Source: - Field Survey

An average family size (5.1 Mean) is conventionally resonating Population mean size

As per the analysis most of the families consisting of member 3-5 from the sampled respondents.

iii. **Occupation**

**Table 3: Occupational structures of customers (n=91)**

Sr. No	Predominated Economic Sectors	% to total (n=91)
1	Primary	13%
2	Secondary	31%
3	Tertiary	56%
	Total	100%

Source: - Field Survey

It is observed from Table-3 there has been Devastating presence of customers in the Tertiary sector(56%) followed by the fairly large presence in secondary(31%) and a comparatively smaller presence in the Primary sector(13%); such Occupational compositions are suggestive of the predominance of bank customers emerging from industry, commercial and service categories

iv. **Income**

**Table 4: Income Level of the sample customers (n = 91 ) using Green Banking Services**

Sr. No.	Annual-Income Range (Rs. in lakhs)	N=91
1	Rs. Up to 3	10%
2	Rs. 3-5	11%
3	Rs. 5-10	25%
4	Rs. 10 and above	54%
	Total	100%

Source: - Field Survey

Table -4 reveals that 54 % customers above Rs.10 lakhs and above income group may alone instrumental enough in mobilizing banking funds besides the rest 58% falling in the income range <Rs 10 lakhs.

**Motivational Inputs**

**Table 5: What encourages you to use GB Services to which you are accustomed?**

s.no	Motivational Factors	Customer Response
1	Time Saving	50%
2	User Friendly	30%
3	Cost Efficiency	30%
4	Techno savvy	18%
5	Essential benefits	25%

Source: - Field Survey Note:-Multiple answers

The Customers are in varying proportions accepting Factors as influential to use GB services ; thus 50% crediting to Time Saving,30% User Friendly,30% Cost Efficiency,18% Techno savvy, and 25% credit to Essential benefits

**Perception of customer**

This part of the research assess the Perception of the customers towards green banking services which are regularly known and used (vide T-5) and the services which are rarely known and used by few

a) **Regularly used GB services**

**Table 6: APIs of Perception in %s over the commonly used GB services by sampled customers**

Green Banking Services	Number of Users out of sample (N=91)	APIs of Satisfaction in %s
ATM (Automatic teller Machine),	83	63%
Tel Banking-	45	70%
Internet Banking	42	53%
ECS (Electronic Clearing Service )	78	58%
NEFT(National Electronic Fund Transfer )	57	63%
RTGS (Real Time Cross Settlement) and	32	48%
Green Car Loan	22	36%
Green saving account	40	35%
Cash Depositing Machine	19	85%
Green Credit/Debit Card	56	88%

Source: - Field Survey

Table -6 shows that APIs of satisfaction in %s over the ATM services for 91 customers are 63%, Tel Banking for 45 sampled customers are 70%, Internet Banking for 42 sampled customers are 53%, ECS for 78 customers are 58%, Over NEFT for 57 customers are 63%, RTGS for 32

customers are 48%, Over Green Car Loan for 22 customers are 36%, Green saving account for 40 customers are 35%, Cash Depositing Machine for 19 customers are 85% and Green Credit/Debit Card for 56 customers are 88%.

b) Rarely used GB services: - Such services are normally used by businessmen who are having an intensive knowledge of the same. The nature of these services is succulently delineated ahead since they are unknown to many (Bibhu Prasad Sahoo et al 2016)“

- i. *Green Checking account*: -It enables customers to withdraw or deposit online as many cheque’s as he wants. In this there *is no need* to keep minimum balance; still the account holder gets a higher rate of interest
- ii. *Green Money Market Account*: It offers taxable Interest but it is a saving account, the account holder is permitted to transfer his fund online within banks to ease money market deals like share-trading, dividend receipts, etc.
- iii. *Green Mortgage*: - In this Loan is given against the mortgage of ecofriendly assets like solar plant, e-vehicle, e-housing, e-solar operated irrigation schemes, etc.
- iv. *Green Loan*: - It is given to create eco-friendly assets at lower interest than what is charged on Green Mortgage
- v. *Green Home Loan*: - It is given to construct eco-friendly houses whose energy supply is through the solar-powered, where the use of wood avoided, where the windmill is used.. and so on
- vi. *Green Remote Deposit*: -This facility is available to Business Customers having an account with the bank
- vii. *Green Cards*: - Bank donates the funds to NGOs for using the same on eco-friendly projects /activities
- viii. *Green Bonds*: - These are floated for the spending on eco-friendly projects approved/supported by the banks
- ix. *Green finance*: -It is given to eco-friendly project generating low carbon economy

The queries over the above GB services/functions were made with only ten users in the category under question; the sample size of ten customers using GB service is found logical since an additionally interviewed number of customers were found reverberating the more or less similar replies and hence 10 customers were eschewed or not interviewed

**Table-7 APIs of satisfaction for preferring following services in %s over the rarely used GB services by sampled customers**

Sr.No.	Green Banking Services	Number of identified Users out of sample (N=91)	API of satisfaction in %s
1	Green Checking account	10	81%
2	Green Money Market Account:	10	79%
3	Green Mortgage:-	10	85%
4	Green Loan:-	10	84%
5	Green Home Loan:	10	81%
6	Green Remote Deposit	10	76%
7	Green finance:-	10	80%
8	Green Bonds:-	10	98%
9	Green Cards:	10	76%

Source: - Field Survey

In the above table, the users are appropriately recognized on the basis repeated use of the GB services below questions. API levels of satisfaction in % are found satisfactory for them but the same are bearing varied intensities amongst Green Checking account (81%), Green Money Market Account (79%), Green Mortgage (85%), Green Loan (84%), Green Home Loan (81%),

**For Non Users of Green Banking from the sample**

**Table 8 Why do you unwilling to use Green Banking services**

Sr.No	Reasons for non-usage	Customers
1	Lack of complete Knowledge of usage	55%
2	Insecurity for using green services	18%
3	No Demo/training is given	13%
4	Obsession to use	36%
5	Awkward procedure to initiate use	34%
6	Small Dealings	38%
7	Lack of documentary evidence	23%

Source: - Field Survey

There were many reasons over the why GB services are not used thus 55 % of sampled customers were reluctant due to lack of knowledge,18% bear Insecurity feel,13% allege that No Demo is made available,31% perceive Obsession to use,36%

Multiple answers do not tally with 100%.

**V. FINDINGS**

- i. It is observed that 54 % customers above Rs.10 lakhs and above income group may alone instrumental enough in mobilizing banking funds besides the rest 58% falling in the income range <Rs 10 lakhs.
- ii. The Customers are in varying proportions accepting

- Factors as influential to use GB services ; thus 50% crediting to Time Saving,30% User Friendly,30% Cost Efficiency,18% Techno savvy, and 25% credit to Essential benefits
- iii. It is observed that APIs of satisfaction in %s over the ATM services for 91 customers are 63%, Tel Banking for 45 sampled customers are 70%, Internet Banking for 42 sampled customers are 53%, ECS for 78 customers are 58%, Over NEFT for 57 customers are 63%, RTGS for 32 customers are 48%,Over Green Car Loan for 22 customers are 36%, Green saving account for 40 customers are 35%, Cash Depositing Machine for 19 customers are 85% and Green Credit/Debit Card for 56 customers are 88%.
- iv. Satisfaction Level over rarely used GB services:-APIs level of satisfaction in % are found fairly satisfactory for them but the same are bearing varied intensities amongst Green Checking a Green Checking account (81%), Green Money Market Account (79%), Green Mortgage (85%), Green Loan (84%), Green Home Loan (81%),
- v. There were many reasons over the why GB services are not used thus 55 % of sampled customers were reluctant due to lack of knowledge,18% bear Insecurity feel,13% allege that No Demo is made available,31% perceive Obsession to use,36%
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## VI. SUGGESTIONS AND RECOMMENDATIONS

- i) Awareness and preference of GB among the customers of SBI is high, but, comparatively usage is less, due to various reasons like insecurity, lack of knowledge etc., customers should be trained on usage and benefits GB and encouraged by SBI to prefer Green Banking
- ii) There are many services in Green Banking, not all are known to customers of SBI, therefore awareness programs should be conducted for customers to make them use of GB services
- iii) Training to the employee's of the bank is also important, so that they can encourage customer for usage of GB by giving them on the spot demo's

## VII. CONCLUSION

Customers do prefer using green banking services provided they are given proper education on how to use them. In this digital Era technological advancements should be accepted.

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