
A Study on How Aware Customers Are of Green Banking in Punjab

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Abstract

The need of the hour is to create a carbon free economy and making the economy more eco friendly. As finance is the life and blood of any economy, so to achieve this objective of carbon free economy, role of financial service providers especially banks can be outstanding. To foster environmental friendly products and services, one of the buzzword in banking industry is Green Banking. This paper is a niche attempt to unveil the awareness of green banking initiatives among customers of selected public and private sector banks in Punjab. The results showed high level of awareness about green banking concept and the most widely used green banking product among respondent customers is debit and credit cards. The results also highlighted that irrespective of the education level of customer, there is no difference in usage of green banking services.

Objectives: The objective of this paper is to determine the extent of awareness of green banking in Punjab State.

Rationale: The justification of this research lies in identifying the specific problems or barriers that lead to the lower adoption rate of green banking, in spite of its immense contribution in enhancing efficiency and effectiveness of sustainability.

Methodology: Primary data has been collected from 100bank respondents of Bathinda city and its adjoining areas through the use of a well-structured questionnaire.

Findings: It is disappointing to find that despite the awareness of green banking concept being high among surveyed respondents, there is limited usage of green products. Only few green products like debit and credit cards, internet banking has been used.

Keywords: Keywords: Green Banking, Awareness

1.1 Introduction

Green Banking comes in many forms like online banking, online bills, online account opening etc. The benefits of green banking are like reduction of carbon footprint, efficient utilization of resources, cost cutting etc. Some of the newly invented green banking products are: Green Checking, Green Loans, Green Mortgages, Green CD's, E-Statement, Net Banking, Solar Powered ATMs, Energy-efficient branches and loans, Recyclable Debit and Credit Cards, Online Bill Payment, Cash Deposit System, E-Investment Services, Communicate through the Press etc. Some of the green products have been explained below:

2.1 Objective of the Study

Specific objectives of the study include the following:

- To study awareness regarding Green Banking concept among respondents.
- To study the usage of various Green Banking products/services among respondents.

2.2 Design and Methodology

2.3 Data Collection

In the present study both Secondary as well as primary data has been collected. Secondary data was collected from newspapers, magazines, online research databases and journals. The primary data has been collected using structured questionnaire.

2.4 Research Methodology

A well-structured questionnaire was designed and comprises of two sections. Section A consist of Demographic profile of the respondents and covers age, gender, occupation, income level, family members etc. and Section B comprises of questions related to various aspects of green banking like awareness of concept, awareness about various green banking products/services, usage of green banking products among customers.

2.5 Locale of the Study

The study has been conducted at Bathinda City and at some nearby areas of Punjab state.

2.6 Sampling Method and Sample Size

The data has been collected using non probability convenience sampling method. In total 150 respondents were targeted and questionnaire has been sent, out of which 50 questionnaire were rejected due to incompleteness and incorrectness. Finally the data has been analyzed and results interpreted with a sample size of 100 respondents.

2.7 Research Tool

In order to interpret the data well, uni-variate descriptive statistics viz. mean and standard deviation has been used. SPSS 22 has been used as a statistical tool.

Data Analysis and Interpretation

The data has been processed and analyzed so that findings can be interpreted, communicated and can be easily understood. The findings are presented in the best possible way with the help of tables and graph.

2.7.1 Demographic Profile of Respondents and their Awareness Level about Green Banking

Table 3.1 Demographic Profile of Respondents and Awareness Level

| Demographic Factors | Number of Respondents | Percentage of Respondents |
|---------------------------------|-----------------------|---------------------------|
| <i>Gender of the Respondent</i> | | |
| Male | 68 | 68 |
| Female | 32 | 32 |
| Total | 100 | 100 |
| <i>Age of the Respondent</i> | | |
| 20-30 years | 38 | 38 |
| 30-40 years | 15 | 15 |
| 40-50 years | 20 | 20 |

| | | |
|---------------------------------|---------------------------|----------------------------------|
| More than 50 years | 27 | 27 |
| Total | 100 | 100 |
| <i>Family Size</i> | | |
| 2 | 3 | 3 |
| 3 | 18 | 18 |
| 4 | 31 | 31 |
| 4 & above | 48 | 48 |
| Total | 100 | 100 |
| <i>Education</i> | | |
| Matriculation | 6 | 6 |
| Higher Secondary | 13 | 13 |
| Graduation | 44 | 44 |
| Post Graduation | 37 | 37 |
| Total | 100 | 100 |
| <i>Occupation</i> | | |
| Self Employed | 16 | 16 |
| Business Man | 20 | 20 |
| Service Class | 26 | 26 |
| Professional | 38 | 38 |
| Total | 100 | 100 |
| <i>Income per month</i> | | |
| Below 10,000 | - | - |
| 10,001-30,000 | 23 | 23 |
| 30,001-50,000 | 25 | 25 |
| 50,001 & Above | 52 | 52 |
| Total | 100 | 100 |
| <i>Respondents' Bank</i> | No. of Respondents | Percentage of Respondents |
| Punjab National Bank | 24 | 24 |

| | | |
|-----------------------------------|--------------------|------------------|
| State Bank of India | 27 | 27 |
| Bank of Baroda | 6 | 6 |
| HDFC Bank | 14 | 14 |
| ICICI Bank | 20 | 20 |
| Axis Bank | 9 | 9 |
| Total | 100 | 100 |
| <i>Awareness of Green Banking</i> | No. of Respondents | % of Respondents |
| Yes | 93 | 93% |
| No | 7 | 7% |

The demographic profile of the surveyed respondents revealed that majority of the respondents were male (82%) and belonging to the age category of 20-30 years (38%). The majority of respondent's family size lies between 4 & above (48%) and majority of the respondents were professionals (54%). The Income level of surveyed respondents was lying between 50,001 & above (52%). Majority respondents surveyed were using services of public sector banks like SBI, PNB and BOB (57%), whereas private banks' respondents were (43%).

2.7.2 Awareness about Green Banking Products

The main objective behind this question was to check the awareness level regarding various green banking services available and the responses are as follows:

Table 3.2: Awareness about Green Banking Products

| Green Banking Products/Initiatives | Percentage of Respondents |
|------------------------------------|---------------------------|
| Green Checking | 5% |
| Green Loans | 8% |
| Green Mortgages | 6% |
| Green CD's | 3% |
| Controlled use of energy | 12% |

| | |
|---|-----|
| E-Statement | 17% |
| Net Banking | 21% |
| Solar Powered ATMs | 11% |
| Energy-efficient branches and loans | 2% |
| Recyclable Debit and Credit Cards | 4% |
| Using Recycled Paper and Recycled Waste | 5% |
| Conducting Workshops and Seminars | - |
| Bank Environmental Policy | - |
| Online Bill Payment | 3% |
| Cash Deposit System | 2% |
| E-Investment Services | 1% |
| Total | 100 |

In this digital era, the awareness of Net banking as a green banking service was highest (21%) followed by E-statement (11%) and Solar Power ATM's (11%).

Usage of Various Green Banking Services

The respondents have been asked to mention the Green Banking services they are using and the responses are as follows:

Table 3.3: Usage of Various Green Banking Services

| Usage of Green Banking Services | N | Mean | Std. Deviation |
|---------------------------------|-----|------|----------------|
| Online Saving Account | 100 | 1.72 | .922 |
| Paperless Statements | 100 | 2.19 | .884 |
| Use Direct Deposit | 100 | 2.06 | .509 |
| Online Bill Payments | 100 | 1.87 | .950 |

| | | | |
|------------------------------|-----|------|------|
| Reward Debit and Credit Card | 100 | 2.70 | .577 |
| Net Banking | 100 | 2.25 | .539 |
| Mobile Banking | 100 | 2.55 | .744 |
| Phone Banking | 100 | 1.56 | .701 |
| SMS Banking | 100 | 1.10 | .414 |
| Valid N (listwise) | 100 | | |

On the basis of descriptive statistics, it of found that the most widely used green banking service among surveyed respondents was Recyclable Debit and credit card (Mean=2.70, S.D=0.58), followed by Mobile Banking (Mean=2.55, S.D=0.74) and Net Banking (Mean=2.25, S.D =0.54). The other used technologies in order were Paperless Statements (Mean= 2.19, S.D= 0.88), Use of Direct Deposits (Mean =2.06, S.D=0.51) and Online Bill Payments (Mean= 1.87, S.D= 0.95) respectively.

2.7.2 Obstacles in Green Banking Implementation

The respondents have been asked to give their opinion on obstacles in green banking implementation as follows:

Table 3.5 Obstacles in Green Banking Implementation

| Obstacles in Green Banking | N | Mean | Std. Deviation |
|---|-----|------|----------------|
| Data Security | 100 | 1.30 | .577 |
| Lack of Education | 100 | 3.03 | 1.087 |
| Heavy amount of Carbon emissions | 100 | 3.64 | .772 |
| Not Reliable | 100 | 1.34 | .714 |
| Lack of Infrastructure | 100 | 3.19 | .895 |
| Lack of Privacy | 100 | 1.46 | .858 |
| Lack of Adoption of environmental Standard of lending | 100 | 3.61 | .634 |
| Bas asset quality | 100 | 3.32 | .886 |
| Lack of using energy efficient resources | 100 | 3.51 | .916 |

| | | | |
|---|-----|------|-------|
| Lack of investment Strategies in green projects | 100 | 3.35 | 1.009 |
| Valid N (listwise) | 100 | | |

The respondents were asked to mention the difficulties or hurdles they believe are involved in green banking practices as compared to traditional banking. The results explored that heavy amount of carbon emissions (Mean=3.64,) is considered to be biggest barrier in green banking implementation followed by lack of adoption of environmental standards of lending by banks (Mean=3.61) and lack of usage of energy efficient resources (Mean=3.51). The other perceived hurdles found were lack of investment strategies in green banking (Mean=3.35), and bad asset quality of banks (Mean=3.35). This clearly highlights the fact that surveyed respondents were quite aware of the fact that carbon emissions are so high; it will take time for banks to provide their green services like Green loans, and Green CDs, because there are hardly projects focusing on energy efficient resources or green projects. This makes the concept of green banking a total void. Maximum can be done by banks is to woo customers for paper less banking, whereas, banks lending business is hardly involved in energy efficient projects or environment sustainable projects.

3. Conclusion

To conclude with it can be said that awareness regarding Green Banking among investors of Punjab is quite high. More than 80% of total investors surveyed were aware of Green Banking concept. The awareness was quite high among males as compared to females. The majority of the respondents using green banking products feel that green banking practices are environment friendly as well as help in saving their time, cost and efforts etc. Recyclable Debit and Credit Card, Net Banking, Mobile banking, E- statements and ATM's are the most popular products whereas, SMS- banking is the least used banking practice.

The majority of respondents perceived that lack of education and lack of infrastructure are the major impediments in green banking implementation. It can be said that as far as green banking is concerned, Indian banks are far behind their counterparts from developed countries. People in Punjab are yet to come forward for adoption of these practices as they

don't have full knowledge and awareness regarding Green Banking. Banks will have to play a vital role to literate their customers.

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