

# **An Evaluation of Customer Awareness towards Green Banking Practices of State Bank of India**

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## ***ABSTRACT:***

*The successful implementation of green banking initiatives depends upon the awareness regarding the green banking initiatives. The present study is an attempt to take review of customer awareness towards green banking initiatives undertaken by the State Bank of India in Western Maharashtra.*

*The study is explorative and mainly based on primary data collected with the help of structured questionnaire. The study is restricted to the State Bank of India. The 30 branches of SBI from the four districts – Kolhapur, Satara, Sangali and Solapur were selected for the study. 10 customers from each selected branch of the SBI were contacted and the necessary data was collected. The data collected was analyzed using the appropriate statistical tools. While analyzing the customer awareness the influence of the factors like gender, age, education, occupation etc. were taken into consideration. It is revealed from the study that nearly 32 percent of bank customers' in the study area are aware about all 14 initiatives undertaken by the SBI. Based on this study it is suggested that the banks have to utilize all available options for creating awareness among customers regarding green banking initiatives.*

**Keyword:** *Green Banking; Environmental Development; Green Strategies, Customer Awareness.*

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## 1.0 INTRODUCTION:

Industrialization around the globe has triggered the pursuit of increasing needs of the population and it has become a symbol of prosperity of an economy. But it has resulted into over exploitation of natural resources. This has disturbed the ecological balance. The disturbance in ecological balance has already affected the human life and its surrounding environment. This in turn has raised an important issue of environmental protection. Thus, in modern times the environmental sustainability and sustainable development have become important agenda for the human community.

Understanding the importance of human health and well-being, governments as well as different organizations started taking various initiatives for environmental protection and sustainable development. A common thread running across all these initiatives is the focus on reducing the demand for fossil fuel by implementing the practices of reduce, reuse and recycle. Banks and financial institutions play a major and effective role in these global efforts to make our planet a better place to live in. As providers of finance, banks ensure that businessmen adopt environment-friendly practices. The banks undertake various initiatives which help to reduce its carbon footprint. Such initiatives are called as green banking. Such banks conduct their all-banking operations in eco-friendly manner with minimum negative impact on the environment. In other words, green banking aims to make banking process and physical infrastructure and information technology as effective and efficient as possible with zero or minimal impact on the environment.

In recent years, Indian banks also have started taking green banking initiatives. The State Bank of India is an Indian multinational public sector banking and financial services company. The State Bank of India is the largest banking company in India. The State Bank has been a front runner in green banking in India. One of the important factors deciding the success of green banking is the awareness towards the green banking initiatives. On this background, the present study confines to the customer awareness towards Green Banking initiatives practices by State Bank of India.

For the implementation of green banking initiatives, a bank has to develop awareness about the concept of green banking, green products and services and steps in green banking among the bank staff as well as the bank customers. Because the clarity about all these aspects of green banking on the part of different stake holders in banking services can ensure success in its implementation. The customers of the bank consist a heterogeneous group of population. They differ from each other in respect of age, education, gender, occupation, economic background and banking habits etc. Therefore, their response or level of awareness towards the green banking initiatives becomes very crucial. The SBI has undertaken various efforts to create awareness among its customers regarding green banking initiatives. But important question remains that whether the customers have responded positively towards green banking initiative undertaken by the bank or they lag behind due to different hurdles. This necessitates a field study to realize the real conditions regarding the customer awareness towards green banking initiatives.

## 2.0 OBJECTIVES OF THE STUDY:

The objectives of the study are as below

1. To find out the level of customer awareness towards green banking initiatives by the SBI.
2. To study the influence of various factors in developing customer awareness towards green banking.

## 3.0 REVIEW OF LITERATURE:

There are some important studies and research work on Green Banking. Some of them have been reviewed as below.

**Bahl Sarita (2012)** in her research paper entitled ‘The Role of Green Banking in Sustainable Growth’ has highlighted the means to create awareness internal as well as external sub systems among target groups and impart education to attain sustainable growth through green banking.

**Moorthy D. & Mrs. V. Pradeepa (2014)** have conducted an empirical Study on Customer satisfaction Towards SBI Green Channel Counter in Coimbatore city. They have used Likert five-point scale technique to measure the customers satisfaction. Their study has revealed that the highest mean score value was found to be 4.47 for the transaction speed of the GCC, followed by user friendliness of GCC. This showed that customers are interested to perform some transactions through the machine rather than doing it manually. **Sharma Neetu, K. Sarika and R. Gopal, (2015)** in their research Article entitled “A study on customers awareness on green banking initiatives in selected Public and Private sector banks with special reference to Mumbai.” observed that the banks have not taken initiatives like communication through press, Banks environmental policy, Concession on energy savings, Solar ATMs, Green CDs etc. **Shobharani H, Deekshitha V and Sowmyashree J. (2016)** have studied the bank employee’s perspective of Green Banking in south canara district of karnataka. The study has focused on the awareness and perception regarding Green Banking practices and strategies. According to the study majority of bank employees have the knowledge about Green Banking. But full-fledged Green Banking strategies are not being adopted by the banks. **Pal Naveen (2016)** has undertaken a systematic study of consumer awareness towards green banking initiatives. This study is an attempt to find out the lacunas with respect to various green banking initiatives and the customer awareness towards green banking initiatives.

The present study is an attempt to review the Green Banking practices and awareness among the stakeholders in Western Maharashtra based on the primary data. It helps to the bankers to make Green banking practices greener.

## 4.0 RESEARCH METHODOLOGY:

The present study is based on the primary data. The study is limited to the western Maharashtra region, especially four important districts – Kolhapur, Sangali, Satara and Solapur. There are 153 total branches of State Bank of India in these four districts. Out of these 153 branches 67 were from urban area and remaining from the rural area. Out of these 153 branches, 30 branches (20 percent) i.e. 7 branches from Kolhapur district, 7 from Sangali, 7 from Satara, and 9 from Solapur were selected for the study. For selecting branches district place, tahsil place, industrial and rural area were given due weightage applying the stratified random sampling method. 300 customers (10 from each branch) were approached by the researcher and the necessary primary

data was collected with the help of structured questionnaire during 2017-18. While studying customers awareness, due consideration was given to demographic segmentation such as age, gender, education, income, period of account and residential status etc.

## 5.0 State Bank of India and Green Banking Initiatives:

State bank of India is an Indian multinational public sector banking and financial services company. In terms of assets, State bank of India is the largest banking and financial services company in India. The bank is engaged in community services activity since 1973 and sponsors various social and welfare activities. State bank of India has been undertaking several environmentally and socially sustainable initiatives across the country. The SBI is one of the few banks in India to have enunciated a green banking policy since 2007. Thus the State bank of India has paved the path for the development of green banking practiced in India.

## 6.0 Awareness of Bank Customers about Green Banking:

The researcher has collected the data from 300 respondents regarding the bank customer's awareness about the green banking initiatives.

### 6.1 Factors influencing the Awareness of Bank Customers about Green Banking

The bank's efforts for greening its banking operations are meant for the benefits of public at large and the bank customers in particular. These efforts of the banks achieve success only when they get positive responses from the customers in respect of accepting such new banking operations. In this respect, creating awareness about green banking concept among the bank customers becomes essential precondition for success. The bank customers constitute different demographic features that influence their awareness level about green banking concept. The study has attempted to analyze all such factors.

Table 1. Consolidated Hypothesis Testing Result of Bank Customers Awareness about Green banking

Category	X <sup>2</sup> Cal Value	X <sup>2</sup> Tab	P = Value	Result <, >	Decision
Gender wise	12.87885	3.841459	0.0003	$\chi^2 \text{ cal} > \chi^2 \text{ tab}$	Reject H0
Education wise	31.39	9.48	0.0001	$\chi^2 \text{ cal} > \chi^2 \text{ tab}$	Reject H0
Income wise	17.76	7.814728	0.0005	$\chi^2 \text{ cal} > \chi^2 \text{ tab}$	Reject H0
Period of Account wise	8.333	11.0705	0.1388	$\chi^2 \text{ cal} < \chi^2 \text{ tab}$	Accept H0
Urban and Rural Area wise	1.92	3.48	0.1371	$\chi^2 \text{ cal} < \chi^2 \text{ tab}$	Accept H0

### **Conclusions drawn from the table-1**

- 1) **Gender and Awareness:** It is found that in case of male customers awareness is greater than the female customer awareness. It means that the relationship between the gender and awareness about green banking is significant.
- 2) **Education and Awareness:** The awareness of bank customer about green banking is dependent on education. The study has revealed that there is a positive relationship between level of education and the level of customer awareness about green banking.
- 3) **Income and Awareness:** The study has revealed that there exists a positive relationship between level of income and awareness towards green banking. The level of awareness customer with higher income is higher compared to lower income group customers.
- 4) **Period of Account and Awareness:** The table reveals that the awareness of bank customers about green banking is independent of period of account with the bank. The awareness of bank customers is not significantly influenced by the period of account.
- 5) **Location Status and Awareness:** The awareness about green banking is independent of location i.e. urban or rural. It is a sign of banks effort in providing green banking services and products in rural areas and also its efforts regarding creating awareness among the rural customers about green banking.

### **6.2 Awareness of Bank Customers about Green Initiatives**

The SBI has introduced various green banking initiatives for its customers. The SBI has also undertaken various measures for creating awareness among the bank customers about the green banking initiatives. But the bank's success in implementation of these green banking initiatives depends upon how much the bank customers understand the new technology based green banking products and services and attempt to adopt the same. In other words it is the awareness level of the bank customers about green banking initiatives which determines the bank's success in its implementation. Therefore, the study has attempted to present the level of awareness of the bank customers about the various important green banking initiatives undertaken by the SBI in the area under study. This is presented in table-2.

**Table-2. Awareness of Bank Customers about Green Initiatives**

Sr No	Green Initiatives	Aware	Neutral	Not Aware	Total
I	Green Checking	158 (52.67)	45 (15)	97 (32.33)	300 (100)
Ii	Green Loans	14 (4.67)	10 (3.33)	276 (92)	300 (100)
Iii	Green Mortgages	13 (4.33)	7 (2.33)	280 (93.33)	300 (100)
Iv	Green CDs	41 (13.67)	13 (4.33)	246 (82)	300 (100)
V	Facility of E-statement	106 (35.33)	19 (6.33)	175 (58.33)	300 (100)
Vi	Facility of Online Banking	142 (47.33)	35 (11.67)	123 (41)	300 (100)
Vii	Reduced use of paper	228 (76)	32 (10.67)	40 (13.33)	300 (100)
Viii	Use of Solar Powered ATM	0	8 (2.67)	292 (97.33)	300 (100)
Ix	Energy efficient branch	157 (52.33)	17 (5.67)	126 (42)	300 (100)
X	Providing recyclable Debit and Credit Cards	63 (21)	15 (5)	222 (74)	300 (100)
Xi	Online Bill Payment	138 (46)	13 (4.33)	149 (49.67)	300 (100)
Xii	Controlled use of Water and Rainwater Harvesting	88 (29.33)	11 (3.67)	201 (67)	300 (100)
Xiii	Bank Environmental Policy	50 (16.67)	13 (4.33)	237 (79)	300 (100)
Xiv	Mobile Banking	145 (48.33)	25 (8.33)	130 (43.33)	300 (100)
<b>Total</b>		<b>1343</b> <b>(31.98)</b>	<b>263</b> <b>(6.26)</b>	<b>2594</b> <b>(61.76)</b>	<b>4200</b> <b>(100)</b>
<b>Statistical Result</b>					
Mean		95.93 (31.98)	18.79 (6.26)	185.29 (61.76)	300 (100)
SD		68.22	11.35	77.12	0
CV		0.71	0.60	0.42	0

Source: Field Work

**Statistical analysis:**

H<sub>0</sub>: bank customers are significantly not aware about the initiatives of green banking undertaken by SBI.

H<sub>1</sub>: bank customers are significantly aware about the initiatives of green banking undertaken by SBI

Sample mean = 31.17, sample variance = 9.32  
 Z cal= 17.97, at 5% level of significance Z table = 1.64  
 P value = 0.0001,  
 As 'P' value < 0.005, Reject H<sub>0</sub>.

Hence, it is concluded that bank customers are significantly aware about the initiatives of green banking undertaken by SBI.

It is clear from the table that nearly 32 percent of bank customers in the study area are aware about all 14 green banking initiatives provided by the SBI. The highest percentage of awareness i.e. 76 percent is found in case of reduced use of paper which is directly helpful in environment conservation. On the other hand, no customer knows about the solar powered ATM. This shows the lack of initiative regarding deployment of solar powered ATM in the study area, even though there is greater potential for the use of solar power for ATM. The second important thing found from the table is that in case of green checking and energy efficient branch, the bank customer's awareness level is more than 52 percent. Similarly, in case of facility of mobile banking, online banking and online bill payment, the bank customers awareness level is 48, 47 and 46 percent respectively. It is clear from given figures that the customers awareness regarding these major green banking initiatives is significant.

Further, more than 20 percent bank customers are aware about controlled use of water and rain water harvesting and providing recyclable debit and credit cards to the customers. In case of green loans and green mortgages the bank customers awareness level is below 5 percent. In this respect and use of solar powered ATMs, the SBI has to give more attention in the coming years.

**7.0 CONCLUSION:**

Green banking initiatives have proved helpful in preserving environmental balance and achieving sustainable development. The SBI the largest public sector bank has remained a leading bank in introducing green banking practices in India. The SBI has undertaken efforts for creating the awareness about green banking among the bank customers.

The study has revealed that the SBI has achieved satisfactory achievement in this respect in the study area. But it is suggested on the basis of this study that the SBI has to undertake intensive efforts to create the customers awareness regarding all green banking initiatives.

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## DECLARATIONS

### **I. List of Abbreviations**

1. SBI – State Bank of India
2. GCC- Green Channel Counter
3. ATM – Automatic Teller Machine

### **II. Ethics approval and Consent to Participate**

Not Applicable

### **III. Consent for Publication**

Not Applicable

### **IV. Availability of Data Materials**

The data can't be shared with you as this data is related with government of India's public sector bank State Bank of India. So data materials can't be shared to international entities.

### **V. Competing Interest**

This research paper doesn't have many co -authors.

### **VI. Funding**

I don't have received any funding from any entity, organization and Institution. This research is solely funded by me.

### **VII. Author's Contribution:**

VJ prepared the plan of data collection which includes selection of SBI branches and the questionnaire for collecting data from the bank customers under the Guidance of VK. The plan of data collection and particularly questionnaire was framed and finalized by VK.

The required primary data was collected and draft plan of its statistical analyzation was prepared by VJ which was corrected and finalized by VK. Collected data was analyzed and conclusions were drawn by VJ and the final shape was given by VK.