

**A Study on Customer Perception towards Green Banking – A Special Reference to State Bank of India - Bangalore and Mysore City**

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**Abstract**

The concept of green banking helps Bank to take proactive steps to reduce the direct impact of its operations on the environment. This paper has been made to study the level of consumer satisfaction and awareness regarding “Green banking services” initiative taken by State Bank of India. State Bank of India (SBI) will introduce “green-channel banking” at more of its branches to promote paperless work and to facilitate faster transactions for customers. The study aims to identify the opinion and awareness of customers as regards to green banking concept at SBI in Bangalore and Mysore region. It is necessary to identify various initiatives taken by bank on the concept of green banking in order influence customer and make them user friendly. Generally, the banks are using Online banking instead of branch banking, paying bills online instead of mailing it, opening up accounts at online banks, instead of large multi- branch banks, finding the local bank in your area that is taking the biggest steps to support local green initiatives.

**Keywords: Customer satisfaction, Green Channel Counter, Challenges, Internet Banking, SBI.**

**Introduction**

State Bank of India, in its constant endeavour to enhance the sustainability of the environment and cutting down on consumption of paper, has encouraged our shareholders to receive the Bank’s Annual Report in electronic form (eAR). In order to incentivize the switch over to electronic mode by the shareholders, it was decided by the bank to contribute a nominal sum to a charitable cause for each annual report sent to shareholders. The Bank has also taken proactive steps to reduce the direct impact of its operations on the environment. From recycling programs to energy conservation in offices and branches, the Bank is working to reduce its operational footprints on the environment. Some of the measures introduced are:

- Wind based power projects commissioned and the power generated from these projects power Bank’s branches/offices in the States of Maharashtra, Gujarat and Tamil Nadu.
- Installed Solar ATMs, introduced Green Channel Banking (Paperless Banking)
- Initiated a pilot project to determine the Carbon footprint levels, which will help in determining the Bank’s resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage in a cost effective way.
- The Bank has put in place SMART i.e. Specific, Measurable, Achievable, Realistic and Time bound Green Banking Goals, some of which have obtained star rating at all Local Head Office premises from Bureau of Energy Efficiency. Construction of ‘Green’ buildings, waste water treatment plants, programs to sensitize staff on energy savings are some of the other initiative taken.
- The recycling plant housed at the basement of the SBI Bhavan converts the waste generated to compost which is used at State Bank Bhavan and State Bank residential quarters.
- Over 54,000 SBI group ATMs and Cash Deposit machines (CDMs) ensure reduced consumption of paper at Branches.
- Committed to financing of renewal energy projects (solar) to the tune of 75,000 crores over the next 5 years in view of GOI target for generation of 10,000 MW from renewable energy by 2019 subject to viability/feasibility and other laid down criteria pertaining to financing such projects.
- Tree plantation drive undertaken during monsoons across all Circles and more than 450,000 trees planted during last three years.
- Rainwater Harvesting Projects have been implemented in a number of Bank’s Buildings across the country.

**Need for the Study**

Now a day environmental sustainability is an important and green banking which is initiated by State Bank of India by introducing Green Channel Counter, to determine the level of awareness about

Green Banking and Green Channel Counter among the public in general SBI customers and to draw conclusions based on the primary data survey results. Hence, there is a need to study the green banking initiatives taken by the Indian banks. There is a fundamental shift in the usage behavior of consumers from traditional way to modern ways with respond to the services rendered. State Bank of India by introducing Green Channel Counter, to determine the level of awareness about Green Banking and Green Channel Counter among the public in general SBI customers and to draw conclusions based on the primary data survey results. He concludes that the future banks will be customer friendly banking approach and the customer ill welcomes these types of green innovations in banking sector.

### **Objective of the Study**

1. To study Present scenario in Green Banking and Green Financing at SBI;
2. To identify the factors that influences the customers satisfaction of SBI;
3. To study challenges faced in Green Banking; and
4. To offer suggestions to satisfy and retain the customers.

### **Green Initiatives by SBI**

SBI has been a front runner in Green Banking in India. Introduction of Green Channel Counter (paperless transaction), Self Service Kiosk, Green Remit Card, prepaid cards like Smart Payout card, Ez Pay Card, Vishwa Yatra Card are the Bank's green initiatives in the past few years. Paperless Banking is promoted and implemented across the country. The Bank has adopted energy efficient measures and is the largest deployer of solar ATMs in India. It has installed wind power projects in three states for its own energy needs.

The Bank takes proactive steps to reduce the direct impact of its operations on the environment. From recycling programs to energy conservation in offices and branches, the Bank is working to reduce its operational footprints on the environment through Installation of Solar ATMs, introduction of Green Channel Banking (Paperless Banking). The Bank has initiated a pilot project to determine its Carbon footprint levels, which will help in determining the Bank's resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage in a cost effective way. The Bank has put in place SMART i.e. Specific, Measurable, Achievable, Realistic and Time bound Green Banking Goals, some of which are obtaining star rating at all state level administrative office premises from Bureau of Energy Efficiency. These include construction of 'Green' buildings, waste water treatment, programs to sensitise staff on energy savings.

### **Green Financing**

The Bank is providing long term loans at concessionary rate of interest for renewable energy projects to encourage reduction of greenhouse gases. It also provides finance for organic farming including financing of bio-fertilisers, vermi-compost units etc to prevent degradation of precious arable land and pollution of water from the abuse of chemical fertilizers/pesticides/insecticides. The Bank has rolled out a special initiative to promote solar lighting in all such villages in India, where repayment of agricultural loans is on time thereby encouraging usage of green energy and repayment culture. The Bank has been extending finance at concessional interest for 'watershed management' and 'rainwater harvesting' activities undertaken by farmers.

### **Review of Literature**

Meena (2013), undertook study on Green Banking: As Initiative for Sustainable Development, The banking sector can play an intermediary role between economic development and environmental protection, for promoting environmentally sustainable and socially responsible investment, banking of this kind can be termed as "Green Banking". To aid the reduction of external carbon emission, bank should finance green technology and pollution reducing projects. Green finance as a part of Green Banking makes great contribution to the transition to resource efficient and low carbon industries i.e. green industry and green economy in general. Green banking is a component of the global initiative by a group of stakeholders to save environment. The present paper aims to highlight the means to create awareness in internal as well as external sub systems among target groups and impart education to attain sustainable development through green banking. Further, an attempt has been made to enumerate effective methods for green banking.

Rajesh and Dileep (2014), Role of banks in sustainable economic development through green banking, Sustainable development and protection of environment are now recognized globally as overriding imperatives to protect our planet from the ravages inflicted on it by mankind. Green Banking

is a way to sustainable economic growth. Banks play a critical role in economic development and they are well equipped to undertake Green Banking activities. A new emerging mantra within the banking sector is going green. The term Green refers a broad range of social, ethical and environmental dimensions. Green Banking is one of the banking activities that concentrate on socio economic and environmental (Ecological) factors with an aim to protect the environment and conserve natural resources. Since banks are one of the important professional institutions that interact with the masses, they are able to adopt green activities within their organizations and influence their customers to come about the environment. Green Banking is a multi stakeholder's endeavor where banks have to work closely with government, NGOs, IFIs/IGOs, Central Bank, consumers and business communities to reach the goal. Green initiatives by banks include internal environment management, environmental financing/product ecology, environmental disclosure and reporting, formulating and adopting principles and promoting other stakeholders.

Moorthy and Pradeepa (2014), conducted study on Customer Satisfaction towards SBI Green Channel Counter – An Empirical Study, They opined that banking sector played an active role in the economic development of a country. The Green Channel Counter is functioning in all branches of State Bank of India. The new technologies help the banks to reduce the work load. The study has been formulated based on the following objectives. (i) to present the advantages of SBI Green Channel Counter ; (ii) to identify the factors that influences the customers' satisfaction of SBI green channel counter ; (iii) to identify the factors leading to SBI Green Channel Counter ; and (iv) to offer suggestions to satisfy and retain the customers. The green channel counters help the customers to have convenient and comfortable banking transactions. The paper concludes that customers felt that the inter branch transaction charges are high but at the same time they are ready to pay such fee if all the facilities are provided within time. They are ready to use such facility because they can save their time and money of personal visit to branch. The banks should appoint adequate employees to serve the customers effectively. The green channel counters help the customers to have convenient and comfortable banking transactions.

Ragupathi and Sujatha (2015), conducted study on Green Banking Initiatives of Commercial Banks in India, Change is the need of hour to for survival in all spheres .The world has seen much focus on economic progress and mankind has made giant steps in its journey through time. The side effects of the development process have, however, also been equally enormous loss of biodiversity, climatic change, environmental damage, etc. Bank is also not the exception for this. This paper tries to find out the ways to Go Green through 'Green Banking'. Generally, the banks are using Online banking instead of branch banking, paying bills online instead of mailing them; Opening up accounts at online banks, instead of large multi- branch banks, finding the local bank in your area that is taking the biggest steps to support local green initiatives.

Vijayasarithi and Velmurugan (2015), A Study on Effective Utilisation of Green Channel Counter with Special Reference to City Union Bank Pvt. Ltd, Vellore Branch, In Banking the most important operation like cash deposit, cash withdrawal and inter banking transfer can be done by the way of writing channels and using cheque leaves. The banks have implemented the certain technology services to cut down the usage of more paperwork and reduce transaction cost. Green Channel Counter avoids as much paper work in their banking transactions. It adopts and implements environmental standards for lending, which is really a proactive idea that would enable eco-friendly business practices which would benefit our future generations. The customers felt that the cash handling charges are collected even remit cash in Xpress Desk. The green channel counters help the customers to have convenient and comfortable banking transactions.

Mahesh, Nirosha and Pavithra, (2016) opined Banking sector as one of the emerging sectors in today's Indian economy. Today, we are have well developed banking system with different types like International bank, National bank, private sector banks, regional rural banks and co-operative banks with the Reserve Bank of India as the foundation head of the system the banking industry has experienced as series of significant transformation in the last few decades banks have increased the scope and scale of their activities and several banks have become very large institution with presences in multiple regions of the country. This paper examines the new trends in banking in the area of green banking. The aim is to study concept of Green Bank. To identify the steps necessary to adopt Green Banking, To check the awareness of green banking among bank employees, associates and general public, To create awareness about green banking among the general public and consumers and bank employees. The paper concludes that Banks are responsible corporate citizens.

**Methodology**

The research methodology used in this study is based on primary as well as secondary data. The primary data was collected from the study conducted through personal interviews. The study examines major aspects concerned with the Green Banking. Specially structured questionnaires and interviews with employees, of well established banks and general public have been used for survey purpose.

Sample Size: General Bank Customers: 50 in Bangalore and Mysore region. The method of sampling used is Random sampling. Secondary data was gathered from different sources such as, Internet, website, Professional Magazines, refereed journals. The analysis of data is done using percentage, Standard Deviation, Mean, Co-variance and quantitative method for tabulations and represents the data using graphical method.

**Result and Discussion**

**Demographic Profile of SBI Customers in Bangalore and Mysore region:**

Table No.1 represents the demographic profile of the customers in SBI, Bangalore and Mysore city. It is found that 23 male and 27 female respondents are surveyed in Bangalore city and 20 male and 30 female respondents are surveyed in Mysore city. From viewpoint of age pattern, majority of 32.00 per cent of the respondents belongs to age group between 18 to 29 years in Bangalore. In Mysore SBI majority of 42.00 per cent of the respondents belongs to age group of between 40 to 49 years. It was found that occupation of the customer’s majority 54.00 per cent of the respondents are students in Bangalore. 54.00 per cent of other occupation in Mysore. IT Professionals are interested to utilize more Green banking services compared to the other domain. The Monthly income of ₹ 50001-100000 are user in Bangalore compared with Mysore.

**Table No. 1: Demographic Profile of the Respondents**

Particulars		Bangalore Region		Mysore Region	
		Frequency	%	Frequency	%
<b>Gender</b>	Male	23	46.00	20	40.00
	Female	27	54.00	30	60.00
<b>Age</b>	18-29	10	20.00	15	30.00
	30-39	15	30.00	7	14.00
	40-49	16	32.00	21	42.00
	Above 49	9	18.00	7	14.00
<b>Educational Qualification</b>	Bachelor Degree	27	54.00	15	30.00
	Master Degree	18	36.00	27	54.00
	Above Master Degree	5	10.00	8	16.00
<b>Occupation</b>	Student	8	16.00	11	22.00
	Teacher	11	22.00	9	18.00
	IT profession	16	32.00	10	20.00
	Services Profession	10	20.00	16	32.00
	Business	4	8.00	4	8.00
	Other	1	2.00	0	0.00
<b>Monthly Income</b>	< ₹10000	4	8.00	10	20.00
	₹ 10001- ₹ 20000	14	28.00	20	40.00
	₹ 20001-₹50000	12	24.00	10	20.00
	₹ 50001-₹100000	15	30.00	7	14.00
	> ₹100000	5	10.00	3	6.00

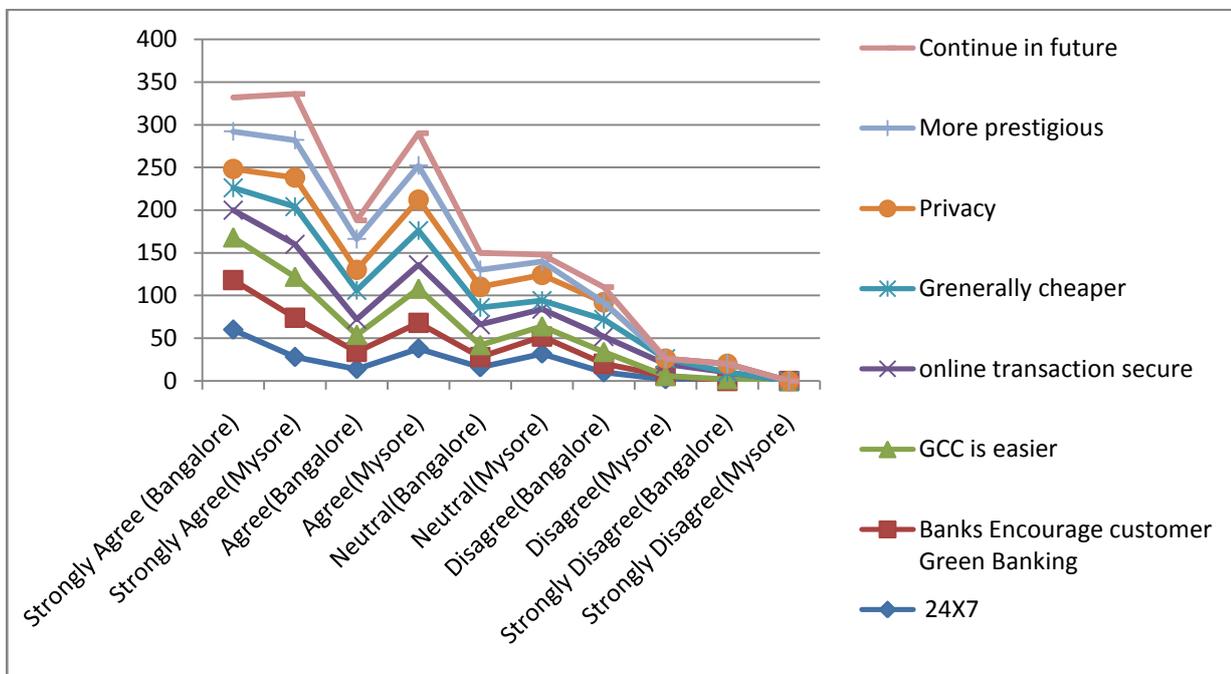
Source: Field Survey.

**Green Channel Counter has been adopted by many customers**

Graph.1 shows the Green banking services have been adopted by many customers. Around 60.00 per cent of the respondents in Bangalore region strongly agree the services are 24X7 and 38.00 per cent agree in Mysore region, Around 58.00 per cent of the respondents in Bangalore region strongly agree the banks encourage customer to use Green-banking System and 46.00 per cent in Mysore region, Around 50.00 per cent of the respondent in Bangalore region agree Green Channel Counters has made our life easier and 40.00 per cent agree in Mysore region, Around 32.00 per cent of the respondent in Bangalore region strongly agree online transaction is secure and 38.00 per cent in Mysore region, Around 34.00 per cent of the respondent in Bangalore region agree Green Banking services are generally cheaper than traditional banking at the branch and 44.00 per cent strongly agree in Mysore region, Around 24.00 per cent of the respondent in Bangalore region agree substantial privacy when using internet banking services and 36.00 per cent agree in Mysore region. Around 44.00 per cent of the respondents in Bangalore region agree using Green banking service is more prestigious than queuing at the bank halls and 44.00 per cent agree in Mysore region. Around 40.00 per cent of the respondents in Bangalore region agree usage of internet banking services will continue in future and 54.00 per cent agree in Mysore region.

**Graph No. 1**

**Green Banking Services**



**Challenges in Green Banking**

1. Adoption by customer will take time.
2. Technology Innovation is part of Green Banking.
3. Green banking requires a technology which is highly costly.
4. Paperless work is not easy for less educated customers.
5. Require electricity audit of the banks as an energy conservation initiative.
6. Majority of the people are not aware of green products and their uses.
7. Majority of the consumers are not willing to pay a premium for green products.
8. Sharing of electronic files, voice mail and e-mail instead of paper memos, which is a challenge in traditional banking system.
9. Introducing e-statements to the customers rather than usage of paper statement.
10. Speeding up the awareness effective building of capacity
11. It requires renewable and recycling technique which is costly.
12. Data protection is another challenge for the adoption of green banking.
13. Bank employees need training for all this practice.

### **Findings**

1. It is found that 23 male and 27 female respondents are adopting green banking in Bangalore city and that 20 male and 30 female respondents are adopting green banking in Mysore city.
2. From viewpoint of age pattern, in Mysore majority of 42.00 per cent of the respondents belongs to age group of between 40 to 49 years.
3. From viewpoint of occupation, majority of 54.00 per cent of the respondents are students in Bangalore region. 54.00 per cent of doing other occupation in Mysore region.
4. The Monthly incomes of ₹ 50001-100000 are user of green banking in Bangalore.
5. Around 60.00 per cent of the respondents in Bangalore region strongly agree the services are 24X7 and 38.00 per cent agree in Mysore region.
6. Around 58.00 percent of the respondent in Bangalore region Strongly agree the Banks Encourage customer to use Green-banking System and 46.00 percent in Mysore region,
7. Around 50.00 per cent of the respondent in Bangalore region agree Green Channel Counters has made their life easier and 40.00 per cent agree in Mysore region.

### **Suggestions for the Study**

1. IT Professional are interested to utilize more Green banking services compared to the other domain.
2. Green banks should promote environmental consciousness, social responsibility and good governance by themselves. They should ensure efficiency in using space, water, energy, paper, etc., in its offices and branches.
3. SBI should adopt go green mantra by this method bank could reduce the carbon footprint from the environment.
4. Customers are not required to fill slip in the bank for the withdrawal of money rather they could use ATM facility.
5. Awareness through Constructing a Website and Spread the News.
6. Educate through the Bank's Intranet and Public Website.
7. The organization should always train and retrain their staff to ensure that they keep up with the dynamism of information technology. Implied from the above, foreign direct investment will increase, productive capacity will be doubled. This will improve standard of living of citizenry and further engender economic growth and development.
8. Set up outlets to promote green business.
9. Impart education through E-learning Programmes.
10. To improve the usage of E-banking is required in adult generation.
11. Technically banks gives confidence to the customer that e-banking is privacy, safe and secure all the time.
12. Customer perceived that fees charged by the bank every transaction. So Bank should be transparent.
13. There is lack of preparedness both on part of banks and customers in the adoption of new technological changes.
14. Bank should take step ahead towards basic problem fueling dissatisfaction have been addressed in the investigation.
15. Benefit provided by the bank should educate the customers are most responsible in e-banking.

### **Conclusion**

For effective green banking, the RBI and the Indian government should play a pro active role and formulate a green policy guidelines and financial incentives. The survival of the banking industry is inversely proportional to the level of global warming. Therefore, for sustainable banking, Indian bank should adopt green banking as a business model without any further delay making it a part of annual environment. For effective green banking, the RBI and the Indian government should play a pro active role and formulate a green policy guidelines and financial incentives. The survival of the banking industry is inversely proportional to the level of global warming. Therefore, SBI initiative towards Green banking shows the sustainability.

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