



A STUDY ON CUSTOMER PERCEPTION ON GREEN BANKING PRACTICES IN BANKING SECTOR

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Abstract

Introduction: Green banking is the process of banking that is sustainable for the customers and the environment. The aim of the study is to find the perception of the customers those are using green banking.

Literature review: Green banking has a great impact on the customer perception. Customer perception can be made with the advertisement and marketing of the brand. There are some challenges like hacking of information those are faced by customers are stated. **Environmental,**

Social and Governance Theory can help banking system that green banking is important for sustainable life.

Methodology: In this research primary quantitative data collection is taken and 55 responses are collected to know opinion about green banking to customers with the help of SPSS. The statistics collected are properly tested by applying descriptive and regression analysis.

Findings and discussion: It is seen that majority of people think that green banking is a sustainable process and it is time saving and smooth process to do financial transactions. It is also seen that most of the people are agreed with that green banking is beneficial for the customers.

Conclusion: Green banking is helpful and its impact on the customers positively that is need of business. There are some challenges like hacking of information that may cause the financial loss of the customers.

Introduction

Green banking is an important concept in the banking sector that is relatively sustainable in comparison with other banking systems. It is seen nowadays that most customers are wanting to shift to green banking as it is environment friendly and it also saves time for people which is important for their daily life (Herath et al. 2019). As per a survey of banking sectors, it has been seen that 58% of the people who are customers of banks consider the impact of the banks on society and the environment. Green banking is such activity that can invest in renewable energy and related projects. The projects are related to reducing the carbon emission amount and their operations (Ibe-enwo et al. 2019). The promotion of environment-friendly products and their supporting initiatives are taken with the help of the green banking system conception. Nowadays there is a trend of shifting to the green banking of the customers that are related to the banking sectors. In the year 2020, it was seen that by the commercial banks, the issued numbers of green bonds were valued around 9.83 billion dollars (statista, 2020). This value is compared with the five bond values that were issued in the year 2017. China was in the second highest position for referring the green bonds those were claimed as sustainable for their environment.

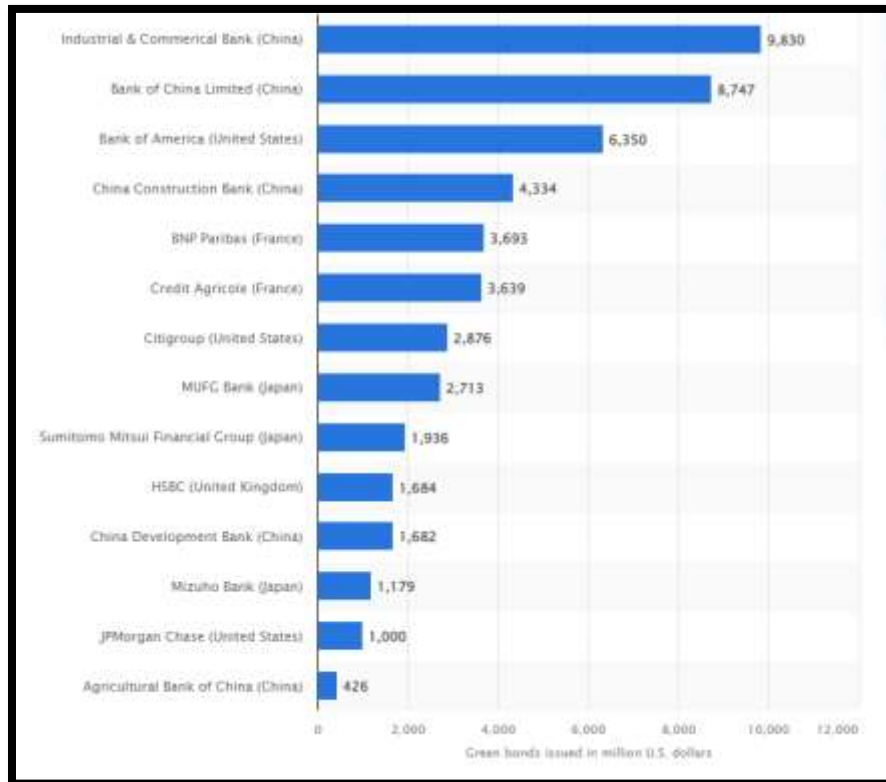


Figure 1: Value of issuing green bonds in the largest banks worldwide in 2020
(Source: statista, 2020)

The main aim of this study is to know the perception of the customers about the green banking system and its practices in the banking sectors.

The main objectives of the research are:

RO1: To know about green banking practices that are known by the customers as per their perception

RO2: To know the impact of the green banking system or practices on the customers of banks

RO3: To find the challenges those are faced by the customers at the time of using the green banking

RO4: To recommend some ways that may help to mitigate the issue those are faced by the customers at the time of the green banking system

The research questions are:

RQ1: What are green banking practices that are known by the customers as per their perception?

RQ2: What is the impact of the green banking system or practices on the customers of banks?

RQ3: What are the challenges that are faced by the customers at the time using green banking?

RQ4: What are some ways that may help to mitigate the issues that are faced by the customers at the time of the green banking system?

Literature review

Green banking

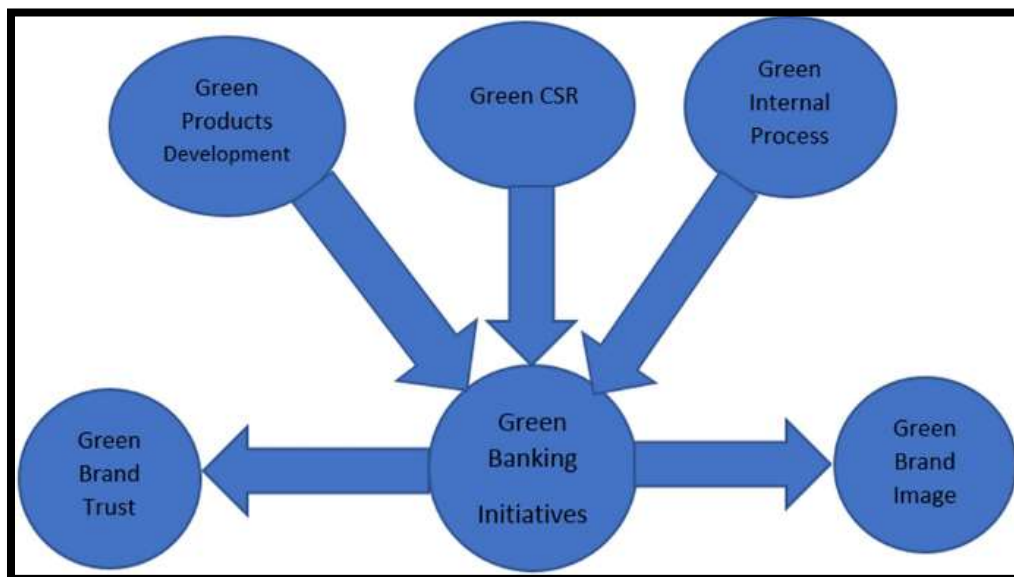


Figure 2: Green banking

(Source: influenced by Rai et al. 2019))

Green banking is a practice that is incorporated with the help of sustainability principles. These are related to maintaining the sustainability of the environment of the planet. As per the views of Rai et al. (2019), the principles are also helpful for the maintenance of the sustainability of financial institutions. The activist of green banking is involved in renewable projects related to energy and it may be related to the project of zero carbon emission or making different products that are eco-friendly. On the other hand, it is becoming more important for the environment and the gaming sectors because financial activities play an important role in promotion of the sustainable products that are environmentally friendly (Chen et al. 2020). It is an important trend for the financial industry that is hoping to make individual growth for the organizations by making the customers more aware creating an impact for the environment sustainability.

Customers' perception

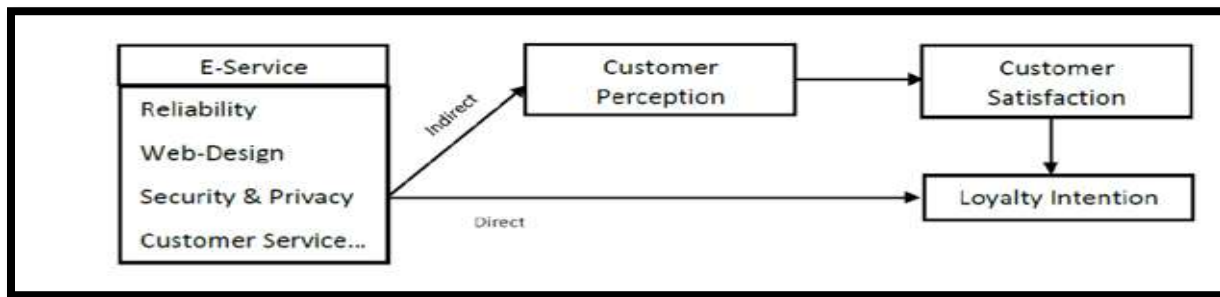


Figure 3: Customers perceptions

(Source: influenced by Dhamija & Sahni, 2020)

Customer perception can be referred to as the feeling of the customers or the way of interpreting of the brands of those they are using products. According to Dhamija & Sahni, (2020), Customer perception may be influenced by the help of the reputation of the brand, services to the customers, efforts of the strand for marketing, and the total experiences of the customers towards a particular brand. Positive customer perception may help to increase loyalty, repeating of the business and advertise or marketing of the brands in a great way (Chitra & Gokilavani, 2020). Customer perception may be influenced with the help of the personal experience for a particular brand, interaction with the customers and the organizations and the advertising marketing messages. It is important for the customers and the brand to investigate the customer's experience, the issue of the customers, their relationship with them and their feedback for their products (Qureshi & Hussain, 2020).

Impact of Green Banking and its use to the Customers



Figure 4: Impact of green banking

(Source: influences by Sun et al. 2020)

The customers of the banking system have become benefitted in different times with the help of the green banking system. As per the views of Sun et al. (2020), Customers who have the mindset to do work with green and sustainable energy resources are helpful with the help of the subsidy and incentive of the sustainability steps. On the other hand, the banking sectors are giving subsidies with using green energies and the steps or projects those are sustainable for earth (Solekah, 2019). This is one of the most important parts of the business that is impacted the customers to encourage them with great chances for investing in green energies. Customers or also getting paperless transactions. There is no need to physically present it to the banks. The cost of travel to banks and standing in lines are not needed also in this system (Nedumaran & Baladevi, 2020). The transactions are done with the help of the networking system and that is effortless that is using their times.

The challenge those are faced in the green banking system by the customers



Figure 5: challenges of green banking

(Source: influenced by Bouteraa et al. 2020)

There are limited services of the green banking system in the market and that is the main difficulty for the customers. As per the insights of Bouteraa et al. (2020), another challenge of the green banking is the lack of awareness about the green banking. Most of the customers have about the idea of a sustainable lifestyle and they also do not know about the benefits of green banking instead of traditional processes. There is also an issue with using the technologies that are needed for green banking. Most of the customers do not know the new technology and its uses (Charan et al. 2019), they also do not want to get into new things because they are not sure about the protection of their account details. There is a huge practice of attacking via the internet and stealing personal and financial details by hackers (Bukhari, et al. 2019). This may create a

loss at the time of the transaction by the customs, therefore most of the customers are facing issues or challenges to us green banking.

Environmental, Social and Governance Theory



Figure 6: Environmental, Social and Governance Theory

(Source: influenced by Alshebami, 2021)

This theory is helpful for the sustainable system of banking to make the life of the people more sustainable. As per the theory, banking should give priority to management that is related to environmental and social governance or related risks and opportunities (Alshebami, 2021). The banking sector should focus on investments that are sustainable, ethical and legally healthy for the customers. As per this theory, the banking sectors should use this theory and should use trend banking for the customers to make the banking system more sustainable (Bose et al. 2019). With the use of the green banking system, the banks may help customers with sustainable and renewable energy source use and their implementation for making life more sustainable. Therefore, green banking should be a smart choice for the banking sectors to enhance the perception of the customers to their brands.

Methodology

In this research, there is used primary data collection process with the help of the survey questionnaire, process. There are 55 people chosen randomly and taken responses from them

who are using green banking or are awarded about it. The opinion of them are collected and with the help of EXCEL the data are analyzed and SPSS is done to get the interpretation of data. SPSS is the statistical tool that is used to measure the regression and coefficient among the variables. The primary quantitative method is used and this research is fulfilled.

Findings and discussion

Hypothesis testing

Hypothesis 1

H1: Green banking is an important perception to the customers of banking in the banking sector

H0: Green banking is not an important perception to the customers of banking in the banking sector

Hypothesis 2

H1: Green banking is helpful for making the life of people more sustainable by using sustainable energy resources

H0: Green banking is not helpful for making the life of people more sustainable by using sustainable energy resources

Hypothesis 3

H1: Green banking takes less time for the customers that is helpful for saving time of the customers

H0: Green banking does not take less time for the customers that is helpful for saving time of the customers

Demographic data

Age

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 years to 25 years	13	24.1	24.1	24.1
	25 years to 35 years	41	75.9	75.9	100.0
	Total	54	100.0	100.0	

Table 1: Age Analysis

(Source: SPSS)

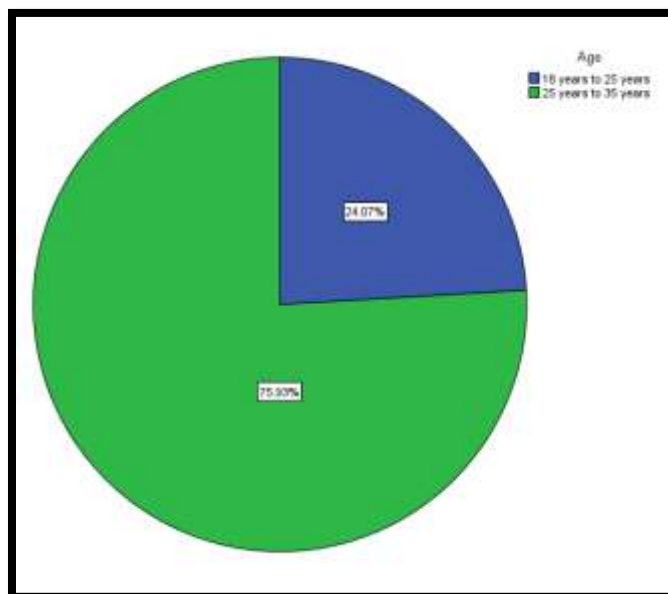


Figure 7: Age Analysis

(Source: SPSS)

It has been seen that most of the people between the ages of 25 years to 35 years has given responses for this research.

Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	32	59.3	59.3	59.3
	Male	13	24.1	24.1	83.3
	Others	9	16.7	16.7	100.0
	Total	54	100.0	100.0	

Table 2: Gender Analysis

(Source: SPSS)

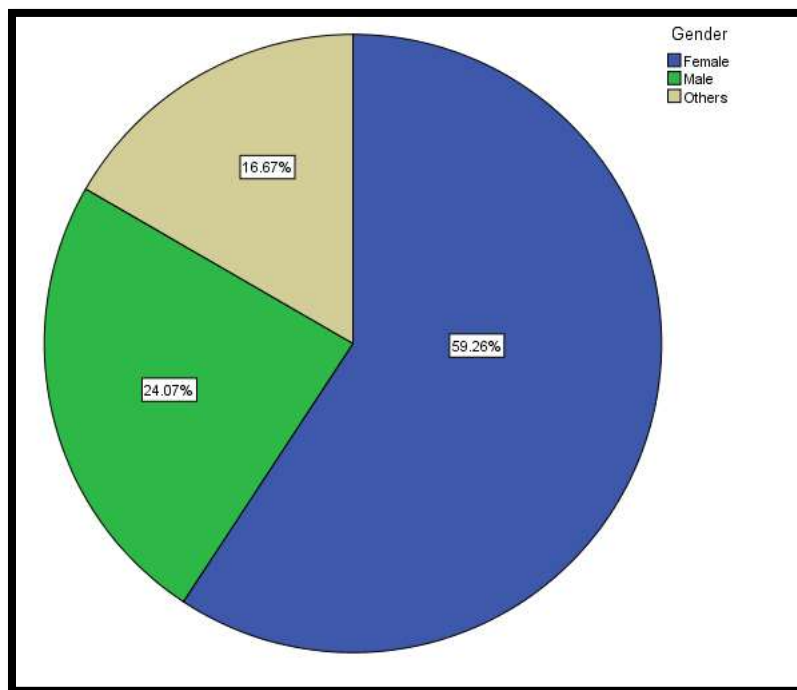


Figure 8: Gender Analysis
(Source: SPSS)

It is seen that most of the female participants have taken interest for this research and also took part for giving responses.

Earnings

Income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20000-30000 rupees	17	31.5	31.5	31.5
	30000-50000 rupees	1	1.9	1.9	33.3
	30000-50000 rupees	27	50.0	50.0	83.3
	60000 and above	9	16.7	16.7	100.0
Total		54	100.0	100.0	

Table 3: Income analysis
(Source: SPSS)

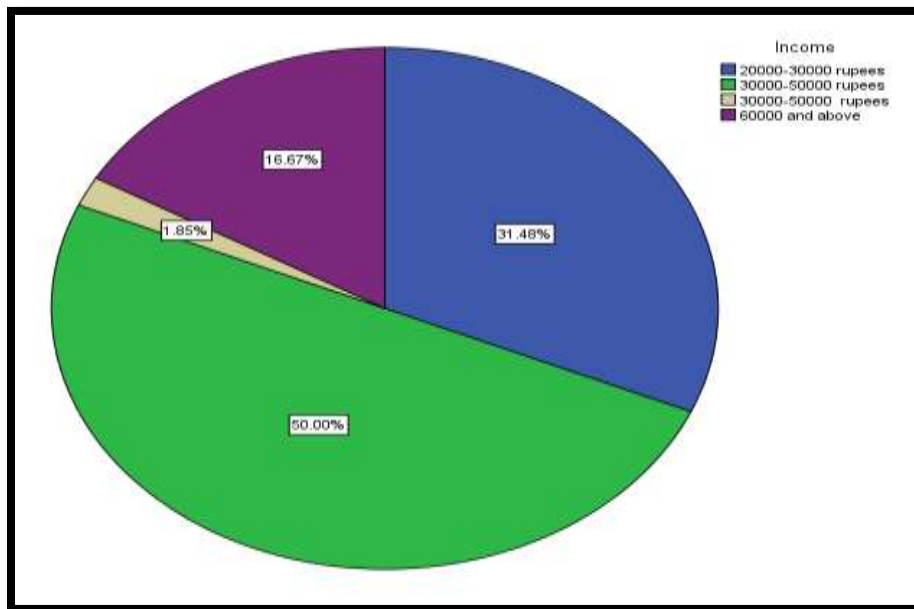


Figure 9: Income Analysis

(Source: SPSS)

The most of the people who have given Responses for this research, and their income is between 30000 to 50000 rupees.

Descriptive data analysis

Hypothesis 1

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.636 ^a	.405	.393	1.53080	.405	35.379	1	62	.000	1.180

a. Predictors: (Constant), IV
b. Dependent Variable: DV

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.906	1	82.906	35.379	.000 ^b
	Residual	121.854	52	2.343		
	Total	204.759	53			

a. Dependent Variable: DV
b. Predictors: (Constant), IV

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.086	.723		1.500	.140
	IV	.971	.163	.636	5.948	.000

a. Dependent Variable: DV

Table 4: Hypothesis 1 and its regression analysis

(Source: SPSS)

From this table and the value of the figures, it is seen that the relation between the variable are good and the research is tending to significance.

Hypothesis 2

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.455 ^a	.207	.192	1.76701	.207	13.579	1	52	.001	2.269

a. Predictors: (Constant), IV2
b. Dependent Variable: DV

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.399	1	42.399	13.579	.001 ^b
	Residual	162.361	52	3.122		
	Total	204.759	53			

a. Dependent Variable: DV
b. Predictors: (Constant), IV2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.695	.475		7.779	.000
	IV2	.424	.115	.455	3.685	.001

a. Dependent Variable: DV

Table 5: Hypothesis 2 and its regression analysis

(Source: SPSS)

From this table, it is seen that the significance value of this research is tending to 0.00 and therefore it can be told that the relation between the coefficients is good.

Hypothesis 3

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.248 ^a	.062	.043	1.92235	.062	3.409	1	52	.071	1.617

a. Predictors: (Constant), IV3
b. Dependent Variable: DV

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.597	1	12.597	3.409	.071 ^b
	Residual	192.163	52	3.695		
	Total	204.759	53			

a. Dependent Variable: DV
b. Predictors: (Constant), IV3

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.107	.649		6.325	.000
	IV3	.242	.131	.248	1.846	.071

a. Dependent Variable: DV

Table 6: Hypothesis 3 and its regression analysis

(Source: SPSS)

From this table, it is seen that the hypothesis number 3 is accepted and the significant value of the research is tending to 0.000. Therefore the research is significant.

Discussion

This research created a great impact on the banking sectors for knowing the use and impact of the green banking system. Most of the customers have been agreed that the green banking is the sustainable way of banking system (Shantha, 2019). The incentives and subsidy shoe are given for the green banking is helpful for the customers to get involved in it. It is also seen that green banking is a time saving and paperless banking system that is also sustainable for the environment to reduce the use of paper and the conservation of trees. Green banking also has a great importance because it has different benefits like cashless transactions and to get smooth and seamless service from banks at different times (Bouteraa et al. 2020). In the banking sector, the experiences of the customers depend on the management of the banks and the service quality or response of the banks. In green banking, there is no such issue for the customers to wait a long time for getting services and to handle issues at the time of transactions (Alshebami, 2021).

Conclusion

Thus, it can be concluded that, green banking has created a great perception on the minds of the customers with its services. Most of the people are being tended to the green banking system. Some challenges faced by the customers at the time of the green banking system may create an impact on the perception of the customers. There are many traditional banks that are still not started with a green banking system. Knowing use of technologies and using more of the green banking may help the people and their life more sustainable and also can save the resources of energy to use it in maximize way.

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Appendices

Appendix 1: survey questionnaire

1. What is your age?

18 years to 25 years

25 years to 35 years

35 years to 45 years

2. What is your gender?

Male

Female

Others

3. What is your monthly income?

20000-30000 rupees

30000-50000 rupees

60000 and above

4. Green banking is important because that helps to become more sustainable banking works

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

5. Green banking is a cost-saving perception for the customers as there is not necessary to be physically present

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

6. Green banking offers sustainable project and operate loans for supporting the use if renewable energy resources

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

7. Green banking also offers incentives to customers those adopt sustainable projects

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

8. There is less paperwork for green banking and it is an environment-friendly transaction system

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

9. Wastage of papers and the energy resources those are needed for physical office are saved in green banking

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

10. Green banking needs a strong internet connection to fulfil the work of banking securely

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

11. There is not too much big process for green banking and therefore the time taken for paperwork is short for green banking

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

12. Chance of error in green banking is less as the steps are not too long

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

13. Green banking is also helpful for providing education awareness about environmental issues

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Survey link: https://docs.google.com/forms/d/e/1FAIpQLSeyQLzfNbl-bp4epFWeNe9cs6sEmptrLI04cnPTCKeaXEnTqg/viewform?usp=sf_link

