

Green Banking Initiatives and Awareness

Mr. Amith Donald Menezes
Assistant Professor, Srinivas Institute of Management Studies
Pandeshwar , Mangalore
Mob: 9845712022

I. Introduction:

Although the roots of the environmental movement can be traced as far back as 1739, much of the modern history does not reflect a conscientious concern for our natural resources and the sustainable management of such until late. Our progress has led to the demise of the environment; the Industrial Revolution, pollution, cars and smog, pesticides etc. the list could go on and on.

Enterprises are now increasingly interested in establishing and implementing strategies that will help them to address environmental issues and also pursue new opportunities. The reasons for going green are manifold, and the key among them are: increasing energy consumption and energy prices, growing consumer interest in environmentally-friendly goods and services, higher expectations by the public on enterprises, environmental responsibilities and emerging stricter regulatory and compliance requirements. For instance, investors have started discounting the share prices of companies that poorly address the environmental problems they create. When making purchasing, leasing or outsourcing decisions, many customers now take into consideration the company's environmental records and initiatives. Investors are increasingly placing their money on initiatives that are green or that develop and promote green products and services. Government agencies, investors and the public are demanding more disclosures from enterprises regarding their carbon footprint and their environmental initiatives and achievements. As a result, enterprises with the technology and vision to provide products and services that address environmental issues will enjoy a competitive edge.

II. Objective of the Study:

The main objectives of this study are,

- To understand the concept of Green Banking.
- To find out the awareness of Green Banking among the customers
- To find out what does Green Banking mean to customers.

III. Green Banking:

Green Banking 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. The main objective of Green Banking is to ensure the use of organizational resources in favor of the environment and society. Currently, in India, the concept of green banking is catching up and banks are actively looking for ways to portray themselves as a Green Bank.

IV. Avenues of Green Banking:

There are four major avenues for greening banks which are briefly outlined here.

1. GREEN PROCESSES:

- Adopt techniques and plans to minimize inventory and wasted freight
- Adopt networked design using a carbon footprint.
- Facilitate paperless transactions
- Adopt techniques for workforce and parts optimization as well as intelligent device management.
- Use electronic means, wherever possible, to maintain contact with and correspond with customers and potential customers, and minimise paper-based correspondences.
- Design and offer banking products and services in such a way that they consume less resources and energy and thereby reduce carbon footprint

2. GREEN PRODUCTS AND SERVICES

- Electronic and telephone banking, facilitating customers to perform most of their banking needs anytime, anywhere.
- Automatic payments reduce the need to write and send cheques by mail

- Electronic (paperless) statements, product information, guides and annual reports to customers and stakeholders
- Offering and promoting mutual funds that focus investment in 'green' companies
- Offering credit cards co-branded with environmental charities.

3. GREEN BANKING STRATEGIES

- Engage with key stakeholders and create awareness of environmental issues and their impact on the economy, the environment and the society.
- Conduct energy audits and review equipment's purchases and disposal policies and practices.
- Set SMART (Specific, Measurable, Attainable, Realistic, and Timely) green goals as the internal targets to reduce your carbon footprint along with timelines.
- Develop and implement a green policy that aims to achieve higher utilization of systems while reducing energy use and lessening their environmental impact
- Publicize your environmental policy, actions, and achievements and thereby get credits and accolades from customers, peers, industry groups, environmental advocates, government agencies and society at large.

4. OTHER GREEN BANKING ACTIVITIES

- Banks may provide loans with concessions to corporates or individuals who undertake environment-friendly projects such as projects employing sun, wind equipment, manufacturers of fuel-efficient automobiles
- Banks can introduce green funds for customers who would like to invest in environment-friendly projects
- Banks can support projects ranging from community clean ups to national initiatives on climate change, water, air, bio diversity and more.

Drawing on the above guidelines, opportunities and options, banks need to set their near-term and long-term green goals, develop their green strategies, and execute their greening activities in a phased manner.

V. Research Methodology:

Secondary data like journals, internet and magazines are used as a base for understanding the concept of Green Banking and its various avenues.

Further the primary data has been collated by means of personal interviews with bank customers. Here data was collected by taking a sample from banking customers of Mangalore city as the population. Customers were segregated based on their profession and not bank wise. Hence the primary data was collected with a sample size of 70 which includes majority of the educated and professional people.

A conscious effort was made to skip lower level employees as education was the major constrain. Usually less educated people in the data collection process would bring in an element of bias, as their knowledge about the latest happenings in the banking industry would be minimal.

VI. Findings of the Study:

Table No.1: Awareness of Green Banking

| TYPE OF RESPONDENTS | AWARE OF GREEN BANKING | NOT AWARE OF GREEN BANKING | TOTAL |
|----------------------|------------------------|----------------------------|-----------|
| Doctors | 2 | 8 | 10 |
| Lawyers | 2 | 8 | 10 |
| Businessmen | 2 | 8 | 10 |
| Teachers/ Lecturers | 5 | 5 | 10 |
| CA's / Auditors | 8 | 2 | 10 |
| Engineers | 1 | 9 | 10 |
| Other Salaried Class | 1 | 9 | 10 |
| TOTAL | 21 | 49 | 70 |

From the above table it is evident that majority that is 49 out of 70 respondents, that is 70% are not aware of Green Banking. Out of the percentage of customers who are aware of Green Banking (30%), the major share is grabbed by CA's or Auditors, which is around 38% of people aware of Green Banking.

Table No.2 : Meaning of Green Banking .

| SR. NO. | MEANING OF GREEN BANKING | NO. OF RESPONDENTS | PERCENTAGE (%) |
|---------|--------------------------|--------------------|----------------|
| 1 | Paperless Banking | 10 | 47 |
| 2 | Online Banking | 6 | 29 |
| 3 | Others | 5 | 24 |
| | TOTAL | 21 | 100 |

The above table shows that 47% of the respondents feel that green banking is nothing less than paperless banking. This is followed by online banking & others with 29% & 24% respectively.

VII. Conclusion

While online platforms have successfully removed a great deal of paper from the banking process, opportunities continue to exist for the banking industry to operate more efficiently and with fewer paper exchanges. Green banking is a win-win situation for all participants, and banks would be well served in their efforts to bring these benefits to the attention of the corporate clients in an increasingly competitive marketplace. By adopting greener banking practices, businesses will not only be helping the environment, but will also benefit from greater operational efficiencies, a lower vulnerability to manual errors and fraud, and cost reductions. Banks are already offering many of the services necessary for businesses to enjoy these benefits, and they must be more vocal about the inherent green value proposition. It is now up to the businesses to adopt them. Every small step taken today will have a positive effect on the future of our planet.

Finally to conclude the study has shown us that customers are not aware of the concept of Green banking & those who are aware of it are not having the right meaning of the concept and feel that it is synonymous with paperless banking.

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