

A STUDY ON BANK'S ROLE IN PROMOTION OF GREEN PRACTICES (With Respect to Bangalore Rural)

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ABSTRACT

Many may remark how banks or their operations, to be more precise, can connect with green practices. Their remark may have been appropriate fifty years ago in the Indian context but not now. The country's banking industry has undergone a sea change. Banks on their part consume enormous levels of energy, the air-conditioners, computers, computer peripherals, ATMs, etc installed on their premises accounting for a big chunk of such consumption. Additionally, the stationery items involved in servicing their customers account for another chunk of energy consumed. Opinion is sharply divided on the adoption of green practices on the part of banks, leave alone their constituents / customers. For example, one stakeholder category, namely experts on green practices, is critical of the leading banks' role in adoption of and encouragement of green practices. The category goes to the extent of remarking that banks need to go beyond tokenism to a point where green practices become integral to their operations! The experts suggest that banks adopt such technologies, processes and products as result in substantial reduction of their carbon footprint. The researcher infers that banks can contribute to green practices by practising what they preach. Thin computing, e-archiving, e-learning, e-waste management, paperless fax, energy conservation and usage of CNG cars are among the practices banks can follow, in their "green" pursuit. Proactive promotion of green practices should become an ingrained habit of the banks. They can lead their constituents by example.

Key words: carbon footprint; constituents; green practices; ingrained; proactive; tokenism

1.1 Theoretical background of the topic

There are many places in India where green banking has been introduced. But this study is to clear the green banking practices at the rural level so Bangalore rural district is chosen as the study area. The area comprises of 4 taluks viz., Devanahalli, Doddaballapur, Hosakote and Nelamangala. If many economic activities can go “green”, why not banking is the question being raised in the country’s well-informed circles. Some question the rationale behind associating green practices with the banking industry given that banks are not into manufacturing; nor are they into production of any tangible asset. But modern banking renders such arguments infructuous. Banks on their own can take up green practices and what is more, prevail upon their constituents to follow suit given the prominent role they play in the operations of trade and industry. Banks can minimise their own consumption of energy by reviewing the physical infrastructure like air-conditioners, computers, peripherals, ATMs, etc, their premises house. They can also persuade their customers, if necessary, by dangling appropriate carrots before them, to minimise their consumption of energy by embracing green practices.

1.2 Statement of the problem

Stakeholders of banks are increasingly recognising the need for banks to contribute their mite towards mitigation of carbon footprint. They want the banks to additionally persuade their wholesale customers and retail customers, in that order, to embrace green practices so the country as a whole can benefit. Being financiers, they believe that banks can directly and indirectly persuade their customer categories by using such strategies as allowing an interest rate rebate in respect of the loans they issue. Hence it is necessary to begin the investigation by ascertaining the status of green banking from two important categories of bank stakeholders associated with banks, namely, bank officers and experts, on green banking. This has to be followed by the strategies the banks should follow, directly and indirectly, to contribute their mite to the cause of green banking and green practices.

1.3 Review of literature

1. In the economy of a country, the relevance of banks hardly warrants a repetition (Asma & Hamida, 2018). Banking activities greatly influence the operations of other businesses and industries. Owing to environmental issues, green banking initiatives have been launched by developed countries for a long time in keeping with the “Be green, Go green” slogan.
2. According to Jayabal and Soundarya, green banking ensures adherence to environment-friendly practices by banks. This eventually leads to reduction in internal and external carbon footprints (Jayabal & Soundarya, 2018). In India, the first bank to go green was the State Bank of India (SBI), India’s largest commercial bank. SBI set high sustainability standards and took the first step in “green banking” when it commissioned its first wind farm project in Coimbatore, Tamilnadu. The

green bank initiative embraces ATMs, paperless banking for customers and erection of windmills in rural India. Green banking involves two aspects, the first one being the judicious use of all resources and energy leading to a reduction in carbon footprint. The second aspect involves incentivising and financing only environment-friendly investments. So green banking also has to do with disbursement of environment-friendly credit. The researchers focus on the banks' contribution in general, to sustainable development / green banking practices.

3. Neeveditah and Nalini attempt to gauge the level of customer awareness vis-a-vis green banking products and services marketed by Mauritius-based commercial banks (Neeveditah & Nalina, 2017). The researchers ascertained the view of customers vis-a-vis green banking and evaluated the influence of the green banking initiatives on Mauritian bank customers. They collected primary data from 200 respondent customers for the purpose. They used the SPSS tool to generate descriptive statistical outputs. From the mean analysis concerning the influence of green banking products and services on bank customers, they inferred that promoting e-statements, internet banking, and mobile banking, among other things, cut no ice with the customer respondents. However, a big chunk of the respondents rated the impact of green projects / CSR on bank customers, positively. Notably, most of the respondents made use of e-statements, as revealed by the mean score of 3.53 concerning the use of internet banking and mobile banking
4. The banking industry can play an important role in the economic growth and environmental protection of the country by promoting sustainable and socially responsible institutions (banking finance.in, 2017). Banking of this kind can be termed "green banking". Change is the need of the hour for survival. Banks can provide leadership role in economic innovation leading to creation of new opportunities in financing and investment policies. Green banking involves combining operational improvements, technologies and changing client habits in the banking business. Adoption of green banking practices will lead to greater operational efficiency for banks and reduced vulnerability to manual errors, fraud, and cost reductions in banking activities.
5. According to Md Shafiqul and Prahalled, inexperienced banking sports contain two major tactics. They are inexperienced transformation of internal operations and environmentally-accountable financing (banking finance in, 2017). Green banking thru inner operations includes banks adopting inexperienced banking practices in their every day operations. These consist of adopting suitable approaches to exploit renewable strength, to automate and to limit the carbon footprint. In the beyond few years, all of the banks have integrated paperless technologies in their inner operations to assist protect the surroundings and offer green and better services to customers. In their day-to-day operations, banks in most cases generate carbon emissions through using paper, strength, stationery, lighting fixtures, aircon and digital device. Green-banking the inner operations entails on-line

account beginning, online-banking, cellular banking, internet-banking and digital fund transfer . Using ATM, cash and cheque deposit machines, interesting credit score and debit card-based transactions, trouble of e-statements, SMS signals and mini statements, are also activities that qualify as inexperienced banking sports. Green finance, on the other hand, refers to banks financing environmentally-accountable projects. The motive is to offer economic assistance to green era-based totally tasks and pollution-discount projects, leading to a discount in external carbon emissions. Banks aid industries which can be aid-efficient, main to a discount in carbon footprint. Priority is given to financing green enterprise activities and power-green industries. Examples of such industries are wastewater remedy vegetation, waste disposal plant life, bio-fuel vegetation, renewable energy tasks, hybrid vehicle projects and so on. Green banking refers to banking business being managed in such a manner that helps achieve overall reduction in external carbon emission and internal carbon footprint (Kavita, 2016). The researcher attempts to understand the use of green banking products in the banking sector and examine the green banking initiatives launched by the top three public and private sector banks in India. The researcher concludes that the banks have effectively initiated green initiatives. Comparatively, public sector banks have clocked better performance in in the green banking space.

6. Economic development has had undesirable effects on the environment. The efforts given rise to issues like increased carbon emission, global warming, climate change, greenhouse gases, flood, drought and tsunami (Kavita, 2016). The surroundings has taken successful as a result. Sustainable improvement and preservation of environment have assumed importance at the global degree. At the international level initiatives concerning environmental protection are launched through the United Nations Environmental Protection Finance Initiative (UNEP FI) and Equator Principles (EPs). The UNEP FI encourages better implementation of sustainability principles through the operations of monetary institutions. It works with over 200 members along with lead banks, funding budget and coverage agencies to develop and sell linkages between sustainability and monetary performance. Similarly, 78 economic institutions in 32 international locations have officially followed the EPs, masking over 70 percent of global project finance debt in emerging markets. (IDBRT, August 2013). As a part of it, the RBI additionally issued a round to banks asking them to make contributions to sustainable improvement.
7. Ecological preservation and sustainable development are recognized globally as overriding imperatives to protect our planet from the fallout of global-warming and climate change (Shruti, 2015). Banks and financial institutions can play a primary position globally to mitigate environmental risks and make this planet a better region to live in. Companies are now increasingly more interested by enforcing strategies in order to assist cope with environmental troubles and make

a contribution towards sustainable improvement. One step on this path is green banking. Green banking is an umbrella time period which refers to those practices and recommendations that make banks environmentally, economically and socially accountable. It implies that banking commercial enterprise must be performed in such areas and in any such way that might assist inside the normal reduction of outside carbon-emission and internal carbon footprint.

1.4 Research gap

The literature reviewed has not ascertained the status of green banking in Bangalore Rural fully. Nor it has dealt adequately with the strategies banks have to follow to promote green practices. These are the gaps that the present study seeks to bridge.

1.5 Scope of the present study

The study confines itself to bank officers and experts on green practices operating out of Bangalore Rural.

1.6 Objectives of the study

The objectives of the study are to:

1. To ascertain the status of green banking in the Study Area
2. To ascertain the strategies banks should put in place to promote green practices.

1.7 Hypothesis proposed to be tested

The study proposes to test the following hypotheses:

“Banks need to go beyond tokenism to a point where green practices become integral to their operations”

1.8 Research design

1.8.1 Research methodology

The study is descriptive in nature and has used the ‘fact-finding’ survey method

1.8.2 Sources of data

Primary data has been collected from the respondents, viz., 50 bank officers and 50 experts on green practices.

Secondary data has been collected from portals and the financial press

1.8.3 Sampling plan

Bank officers: Given the limited number of bank officer respondents hailing from the area covered by the study and the constraint of time, purposive or judgement sampling under the non-probability method has been deployed. The researcher selected 50 such respondents. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus, it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

Experts: Given the limited number of expert respondents hailing from the area covered by the study and the constraint of time, purposive or judgement sampling under the non-probability method has been deployed. The researcher selected 50 such respondents. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus, it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

1.8.4 Data collection instruments

Interview schedules were administered to the respondents for collection of primary data.

1.8.5 Data processing and analysis plan

Non-parametric statistical units were used to test the association between some qualitative characters and conclusions were drawn on the basis of formation of H_0 and H_1 .

1.8.6 Limitations of the study

Primary data has sometimes been deduced through constant topic-oriented discussions with the respondents. It is possible that a certain degree of subjectivity has influenced their views.

1.9 Bank officers

In the following paragraphs, the primary data collected from the bank officers is analysed.

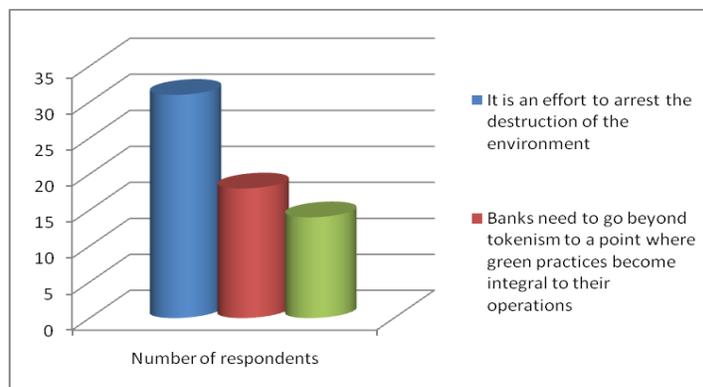
1.9.1 Status of green banking in India

With banks being urged these days to embrace green banking, the researcher sought to know from the respondents the status of green banking in India presently. Their replies to the query appear in the following Table.

Table 1 Status of Green Banking in India

Status of green banking	Number of respondents
It is an effort to arrest the destruction of the environment	31
Banks need to go beyond tokenism to a point where green practices become integral to their operations	18
An organic process is yet to be put in place	14

Figure-1
Status of Green Banking in India



It is an effort to arrest the destruction of the environment, aver 31 respondents. Banks need to go beyond tokenism to a point where green practices become integral to their operations, maintain 18 respondents. An organic process is yet to be put in place, asserting 14 respondents.

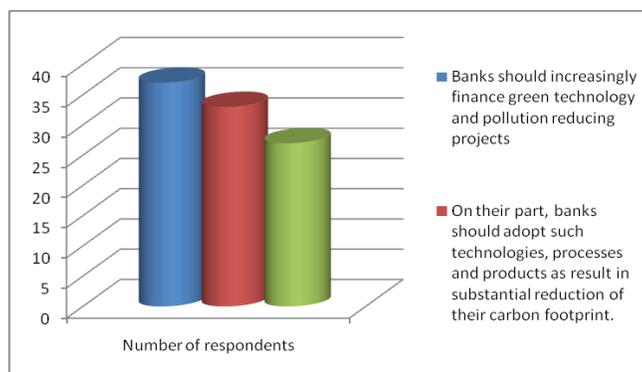
1.9.2 Banks’ strategies to promote green practices

After ascertaining the status of green banking in India, the researcher sought to know from the respondents the banks’ strategies to promote green practices in India. Their replies to the query appear in the following Table.

Table-2
Banks strategies to promote green practices

Banks strategies	Number of respondents
Banks should increasingly finance green technology and pollution reducing projects	37
On their part, banks should adopt such technologies, processes and products as result in substantial reduction of their carbon footprint.	33
Banks should go green and play a pro-active role to address the environmental and ecological aspects as part of their lending principle	27

Figure-2
Banks strategies to promote green practices



Banks should increasingly finance green technology and pollution reducing projects, according to 37 respondents. On their part, banks should adopt such technologies, processes and products as result in substantial reduction of their carbon footprint, according to 33 respondents. Banks should go green and play a pro-active role to address the environmental and ecological aspects as part of their lending principle, according to 27 respondents.

1.10 Experts

In the following paragraphs, the primary data collected from the experts is analysed.

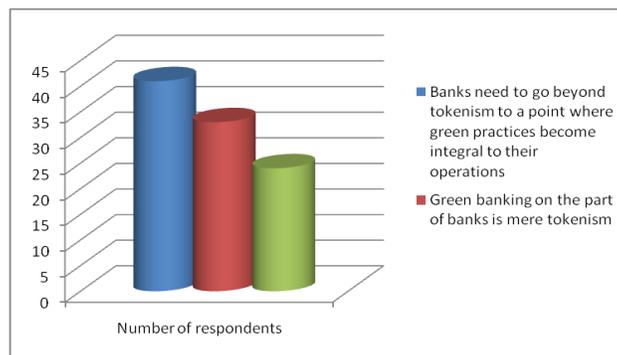
1.10.1 Status of green banking in India

With banks being urged these days to embrace green banking , the researcher sought to know from the respondents the status of green banking in India presently. Their replies to the query appear in the following Table.

Table-3
Status of green banking in India

Status of green banking	Number of respondents
Banks need to go beyond tokenism to a point where green practices become integral to their operations	41
Green banking on the part of banks is mere tokenism	33
Many large banks can't even be accused of tokenism because they have too few token efforts to show	24

Figure-3
Status of green banking in India



Banks need to go beyond tokenism to a point where green practices become integral to their operations, assert 41 respondents. Green banking on the part of banks is mere tokenism, aver 33 respondents. Many large banks can't even be accused of tokenism because they have too few token efforts to show, maintain 24 respondents.

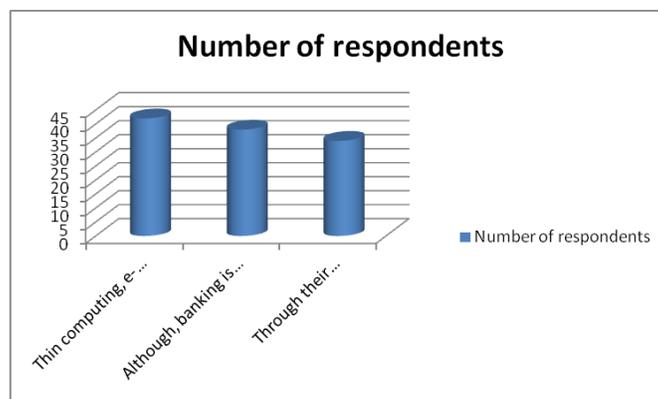
1.10.2 Banks’ strategies to promote green practices

After ascertaining the status of green banking in India, the researcher sought to know from the respondents the banks’ strategies to promote green practices in India. Their replies to the query appear in the following Table.

Table-4
Banks’ strategies to promote green practices

Banks’ strategies	Number of respondents
Thin computing, e-archiving, e-learning, e-waste management, paperless fax, energy conservation and CNG cars would help promote green practices	42
Although, banking is never considered a polluting industry, the present scale of banking operations has considerably increased the carbon footprint of banks given their massive use of energy	38
Through their operations banks should ensure superior implementation of sustainability principles	34

Figure-4
Banks’ strategies to promote green practices



Thin computing, e-archiving, e-learning, e-waste management, paperless fax, energy conservation and CNG cars would help promote green practices, assert 42 respondents. Although, banking is never considered a polluting industry, the present scale of banking operations has considerably increased the carbon footprint of banks given their massive use of energy, aver 38 respondents. Through their operations banks should ensure superior implementation of sustainability principles, state 34 respondents.

1.10.3 Study of Hypothesis:

Hence H₀ and H₁ are as follows:

H₀: Banks do not need to go beyond tokenism to a point where green practices become integral to their operations

H₁: Banks need to go beyond tokenism to a point where green practices become integral to their operations

On the basis of the primary data collected from the respondents, vide Tables: 1 and 3, a chi-square and Anova Single factor test was applied to ascertain the association, if any, between the two variables. The following Table reveals the computation made using MS-Excel:

Category	Observed Values		
	Yes	No	Total
Bank officers	18	32	50
Experts	41	9	50
Total	59	41	100
Expected Values			
Category	Yes	No	Total
Bank officers	29.5	20.5	50
Experts	29.5	20.5	50
Total	59	41	100
	Yes	No	
o-e	-11.5	11.5	
	11.5	-11.5	
(o-e) ²	132.25	132.25	
	132.25	132.25	
((o-e) ²)/e	4.4831	6.4512	
	4.4831	6.4512	
CV	8.9661	12.9024	21.8685
TV			3.8415
p			0.0002

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Bank officers	2	50	25	98		
Experts	2	50	25	512		
Total	2	100	50	200		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	833.3333	2	416.6667	1.54321	0.34605	9.552094
Within Groups	810	3	270			
Total	1643.333	5				

The calculated value of χ^2 is 21.8685 higher than the table value of 3.8415 for an alpha of 0.05 at one degree of freedom. Hence the null hypothesis is rejected.

In other words, banks need to go beyond tokenism to a point where green practices become integral to their operations.

This gives a clear picture that the bank has to gear up itself to give completely to the green practices so as to make it more efficient and eminent in its working area.

1.10.4 Summary of findings

In the following paragraphs, a summarised version of the findings arrived at in respect of the two categories of respondents is furnished.

1.11 Bank Officers

1. It is an effort to arrest the destruction of the environment, over 31 respondents. Banks need to go beyond tokenism to a point where green practices become integral to their operations, maintain 18 respondents. An organic process is yet to be put in place asserting 14 respondents.
2. Banks should increasingly finance green technology and pollution reducing projects, according to 37 respondents. On their part, banks should adopt such technologies, processes and products as a result in substantial reduction of their carbon footprint, according to 33 respondents. Banks should go green and play a pro active role to address the environmental and ecological aspects as part of their lending principle, according to 27 respondents.

1.12 Conclusions

Conclusions are inferences / generalisations drawn from the findings and relate to hypotheses. They are answers to the research questions or the statements of acceptance or rejection of hypotheses. The Banks have started working on green banking and it is increasing in its projects with regards to green banking. Banks have started promoting go green in this environment. People need to be aware about the same. The education on green banking has to be promoted.

1.13 Researcher's recommendations

The following are researcher's recommendations:

It is good tidings to note that banks realise that they need to arrest the destruction of the environment. Banks can achieve it in at least two ways. They can engage in green practices on their own given that they consume energy rather copiously to run their air-conditioners, computers, ATMs, etc; they use enormous quantities of stationery items like paper to compile their periodical returns to be submitted to the regulator and to supply statements of accounts , etc, to their constituents, retail as well as wholesale. In addition, they

can promote green practices on the part of their constituents by encouraging them to take up green practices. They can dangle a few carrots before them for the purpose, like allowing a rebate on the interest applied to their loans.

Banks need to go beyond tokenism to a point where green practices become integral to their operations. For all one knows, their constituents may follow suit.

Banks need to put in place an organic process for the purpose. None seems to have done this.

Banks should go out of the way to promote green practices. They should increasingly finance green technology and pollution reducing projects. On their part, they should set an example by adopting such technologies, processes and products as result in substantial reduction of their carbon footprint. Proactive promotion of green practices should become an ingrained habit of the banks.

It is a fact that green banking on the part of some large banks is reduced to mere tokenism. The experts are not exaggerating when they say that many large banks cannot even be accused of tokenism because they have too few token efforts to show against their names.

Thin computing, e-archiving, e-learning, e-waste management, paperless fax, energy conservation and use of CNG on the part of banks would help promote green practices, as the experts suggest. Banking operations have escalated to such an extent that their carbon footprint has increased substantially. Banks should revamp their operations in such a way that they abet superior implementation of sustainability principles.

Banks should play the intermediary between economic development and environmental protection, for promoting environmentally sustainable and socially responsible investment.

Banks' policies and actions should persuade industries to invest in environmental management and exploit appropriate technologies and management systems for the purpose.

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