Constraints and Challenges Faced By Customers While Availing Green Banking Services

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DOI- 10.5281/zenodo.7966100

Abstract:
Green Banking is a new phenomenon in the financial world. Banks as the financing agent of the economic and developmental activities have an important role in promoting overall sustainable development. Green banking is the term used by banks to make them much more responsible to the environment. The term green banking means developing inclusive banking strategies which will ensure sustainable economic development. Green Banking means ensuring environment friendly practices in banking sector and thereby reducing internal and external carbon footprints. It makes technological improvements, operational improvements and changing client habits in the banking sector. The main objective of the study shows that problems faced by customers while availing green banking services. The primary data has been collected from the sivagangai district of commercial banks. The findings of the study shows that lack of awareness about different products were the most important problems faced by customers while using green banking services.

Keywords: Green banking, Constraints, Challenges, E-banking services.

1.1 Introduction:

A bank is a financial institution and financial intermediaries that accepts deposits and channelize them into lending activities, either directly or through capital markets. Banking in India originated in the last decades of the 18th century. The first bank was the general Bank of India, which started in 1786, and Bank of Hindustan which was started in 1970, both are now defunct. Later the Bank of Bengal in 1809, Bank of Bombay in 1840 and Bank of Madras in 1843 these three presidency banks were merged in 1921 to form the Imperial Bank of India and converted into State Bank of India in 1955. In 1969, 14 banks were nationalized and in the second phase of nationalization six more banks were nationalized in 1980. The need for nationalization was mainly the private commercial banks were not fulfilling the social and developmental goals of banking which are so essential for any industrial economy .The RBI was established in 1935 , as the central bank of India regulate to the financial and banking system and it formulates monetary policy and prescribes exchange control norms. The banking regulation act 1949 and RBI act 1934 authorize the RBI to regulate the banking sector in India. There are currently 27 public sector banks in India , out of which 19 are nationalized banks and 6 are SBI and its associate banks, and rest two are IDBI Bank and Bharatiya Mahila Bank, which are categorized as other public sector banks.

Later, traditional banking system was converted in to e- banking. Before computerization of banks, the Ledger Posting Machines (ALPM) were used. To enable the e- banking system, all bank branches were computerized and were introduced 'Any branch banking' and 'Core banking solution'(CBS). E-banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web enabled. All the services that the bank has permitted on the internet are displayed in menu. E-banking provides enormous benefits to consumers in terms of ease and cost of

transactions either through internet, telephone or other electronic delivery. Banking is now no more limited in going and visiting the bank in person for various purposes like depositing and withdrawing money, requesting for account statement, stop the payment, etc.

The concept of green banking emerged in 2009 in Mt. Dora,Florida, United states. In India the first green bank is the State Bank of India(SBI), India's largest commercial bank, which took initiative in setting high sustainability standards and completed the first step in "green banking" with shri O.P. Bhatt, chairman, SBI Inaugurate the bank's first wind farm project in Coimbatore. The green bank initiative which includes ATMs, paperless banking for customers and building of wind mills in rural India. Green Banking means ensuring environment friendly practices in banking sector and thereby reducing internal and external carbon footprints. It makes technological improvements, operational improvements and changing client habits in the banking sector.

1.2 Review Of Literature:
M.Soundarya et.al (2016) in their article examined that Green banking: As banks initiative for sustainable development, the researcher concluded that now days green banking is getting more and more popularity all over the world. Green banks could not be a good profit business avenue. But certainly it has great potential to gain market share and substantial profit in future. 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. Green banking can be an avenue to reduce pollution and save the environment aiding sustainable economic growth. 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 additional postponement.

Dipika (2015) concept of "Green Banking" will be mutually beneficial to the banks, industries and the economy. Not only "Green Banking" will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future. There are lot of opportunities and challenges for Indian banks in adopting 'Green Banking' as profitable business.

Green banking if implemented sincerely will act as an effective ex ante deterrent for the polluting industries that give a pass by to the other institutional regulatory mechanisms. Therefore, for sustainable banking, Indian banks should adopt green banking as a business model without any further delay.

Ragupathi (2015) in their paper entitled Green Banking Initiatives of Commercial Banks in India, studied the way to go green through green banking. According to this paper, earlier bank was not aware about the concept green banking. But now a day's banks are playing very important role in environment sustainability program. By the green banking practice people is getting more aware about the global warming and each business man's contributing in environment sustainability to make this earth a better place to live in. Green banking is not only greening the industries but it will also facilitate in improving the assets quality of the bank in future.

1.3 Statement Of The Problem:
Green Banking is comparatively a new development in the financial world. It is a form of banking taking into account the social and environmental impacts and its main motive is to protect and preserve environment. Green banks give more importance to environmental friendly factors like ecological gains thus interest on loan is comparatively less. Majority of the people are using bank accounts in Sivagangai district and they are difficult to use the green banking services provided by the bank. Therefore, the present study aims to analyze the problems faced by customers while using green banking services.

1.4 Need For The Study:
The need for moving towards green banking in the banking sector in this fast changing environment provides competitive benefit to both the banker and customer. Customers' are much interested in environment friendly goods and services such as green loans, ATMs, mobile banking, online banking, Green savings accounts, Green credit cards etc. There is an imperative need to analyze the problems faced by customers while using green banking services.

1.5 Objectives:
1. To understand the concept of green banking.
2. To identify the problems faced by the customers while using green banking services.

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3. To offer suggestions to reduce the problems faced by customers on green banking services in the study area.

1.6 Methodology Adopted:

Both primary and secondary data have been used in the study. The primary data were collected from the bank customers in Sivagangai district. The primary data were collected through a questionnaire which was prepared and the respondents were required to provide necessary details when they visited the bank branches. Required secondary data for the study were collected from Journals, Magazines, Books, and RBI Reports.

1.6.1 Sampling Technique:

The sampling technique used for the study is convenience sampling method.

1.6.2 Sample size:

The sample size for the study is 120.

1.7 Data Analysis And Interpretation:

1.7.1 Gender-Wise Classification Of The Respondents

Table 1.1exhibits the gender- wise classification of the respondents.

Table 1.1 Gender- wise classification of the respondents

S.No	Gender	No. of Respondents	Percentage
1	Male	58	48
2	Female	62	52
Total		120	100

Source: Primary data

Out of 120 respondents 48 of them were male and remaining 52 percent of them were female. Hence it is concluded majority of the respondents are conducted are female members.
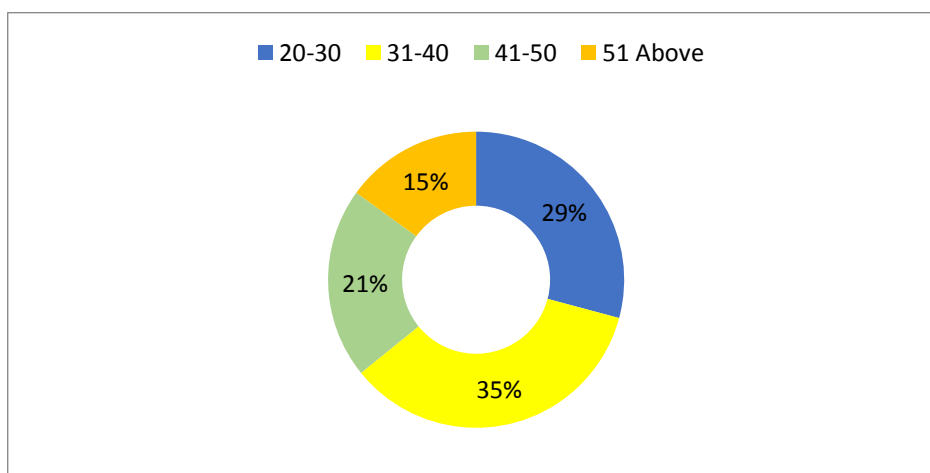
1.7.2 Age-Wise Classification Of The Respondents:

Age-wise classification of the respondents were given in below table 1.2

Table 1.2 Age-Wise Classification of the respondents

S. No	Age	No. of Respondents	Percentage
1	20-30	35	29
2	31-40	42	35
3	41-50	25	21
4	51 Above	18	15
	Total	120	100

Source: Primary data

Figure 1.2 Age-wise classification of the respondents

From the above table it is inferred that 29 percent of the respondents are in the age group between 20-30 years 35 percent of the respondents are in the age group between 31-40 years, 21perecnt of the respondents are in the age group between 41-50 years, 15 percent of the respondents are in the

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age group of above 51 years. Hence, it is concluded that the majority of the

respondents contacted are in the age group between 31-40 years.

1.7.3 Marital Status Of The Respondents:

Table 1.3 and figure 1.3 Exhibits the Education Qualification-wise classification of the respondents.

Table 1.3 Marital status of the respondents

S.No	Marital status	No. of Respondents	Percentage
1	Married	78	65
2	Unmarried	42	35
Total		120	100

Source: Primary data
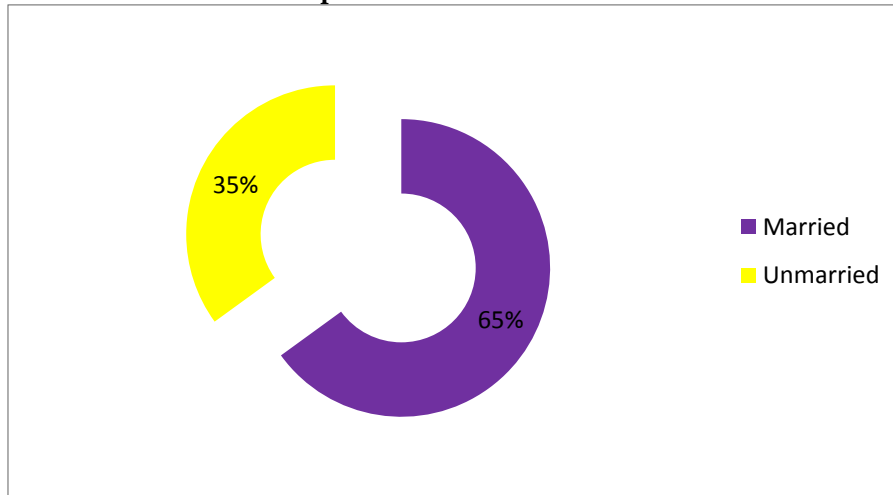
Figure 1.3 Marital status of the respondents

Table.1.3 shows that 65% of the respondents are married, 35% of the respondents are unmarried, Hence, it is concluded that majority of the respondents contacted are married people.

1.7.4 Educational Qualification Of The Respondents:

Table 1.4 Exhibits the Education Qualification of the respondents.

Table 1.4 Educational Qualification of the respondents

S. No	Education qualification	No. of Respondents	Percentage
1	Not formally Educated	9	8
2	School	42	35
3	Diploma	18	15
4	Graduate	28	23
5	Post Graduate	23	19
	Total	120	100

Source: Primary data

Table 1.4 shows that 8 percent of the respondents are not formally educated, 35 percent of the respondents are qualified as school level, 15 percent of the respondents are qualified as Diploma, 23 percent of the respondents are qualified as Graduate and remaining 19 percent of the respondents

were qualified as post graduate. Hence, it is concluded that majority of the respondents contacted were qualified as school level.

1.7.5 Occupation-Wise Classification Of The Respondents

Table 1.5 and figure 1.5 Exhibits the occupation-wise classification of the respondents.

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Table 1.5 Occupation-wise classification of the respondents

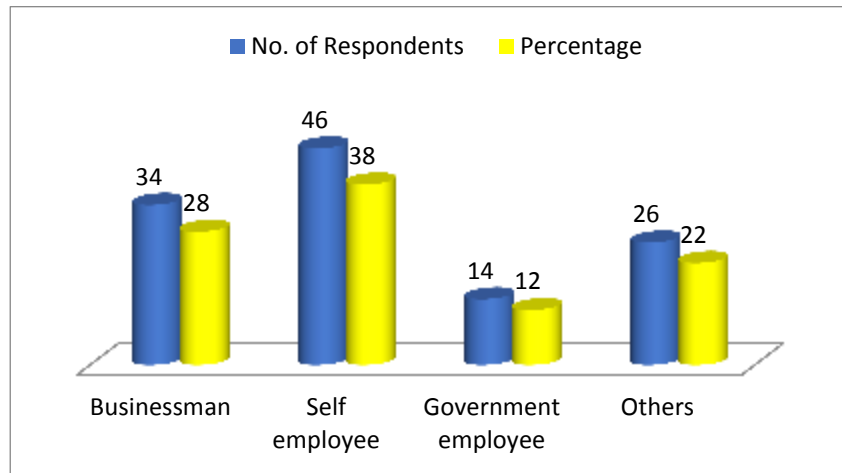| S.No	Occupation	No of Respondents	Percentage
1	Business man	34	28
2	Self employee	46	38
3	Government employee	14	12
4	Others	26	22
	Total	120	100

Source: Primary data

Figure 1.5 Occupation-wise classification of the respondents

Table 1.5 shows that 28 percent of the respondents are business man, 38 percent of the respondents are self employee, 12 percent of the respondents are government employee, and 22 percent of the respondents are others. Hence, it is concluded that majority of the respondents are occupied as self employees.

1.8 Association between demographic profile of the respondents and type of account maintained by the respondents-Chi-square analysis:

Chi-square analysis is used to find the association between the demographic profile of the respondents and type of account maintained by the respondents.

H0: There is no significant association between the demographic profile of the respondents and type of account maintained by the respondents.

Table 1.6 Association between the demographic profile of the respondents and type of account maintained by the respondents.

Demographic Factor	Chi-Square Value	Sig.Value
Age	3.897	0.00*
Educational Qualification	0.656	.528
Occupation	4.351	.482
Monthly Income	2.781	.313
Monthly savings	1.694	.256

Source: Primary Data

It is observed that the significant value is less than 0.05 for the variable 'Age' which indicates that there is an association between the demographic profile of the respondents and type of account maintained by the respondents. The chi-square value for the variables is 3.897 and the significant value is 0.000.Therefore, it is concluded that age has significant association between the demographic profile of the respondents and type of account maintained by the respondents.

Observing the other remaining variables such as educational qualification the chi-square value is 0.656 and the significant value is .528 for occupation the chi-square value is 4.351 and the significant value is 0.482; for monthly Income the chi-square value is 2.781 and the significant value is .313 and for monthly savings the chi - square value is 1.694 and the significant value is .256. So, there is no significant

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association between the demographic profile of the respondents and type of account maintained by the respondents.

1.9 Problems Faced by customers while availing green banking services – Mean Score Analysis:-

Table 1.7 Problems faced by customers while availing green banking services. – Mean score Analysis

S.No	Problems	Mean	Rank
1	Lack of awareness	4.8341	1
2	Lack of availability	2.8016	6
3	No proper guidance	3.8976	3
4	No proper networking	3.7854	4
5	Lack of guarantee on performance	2.7669	7
6	Risk of cyber crime	2.3191	8
7	Poor governance of complaints	4.7861	2
8	Lack of knowledge about smart phone	3.5641	5
9	Time management	1.5778	9

Source: Primary Data

The rank analysis was performed by using the overall mean score on factors, the following were found to be important problems faced by the customers while using green banking services; it is inferred from the Table that out of nine variables the high mean score value was given to the variable 'Lack of awareness' with the mean value of 4.8341, 'Poor governance of complaints' with the mean value of 4.7861, 'No proper guidance with the mean value of 3.8976, 'No proper networking' with the mean value of 3.7854, 'Lack of availability' with the mean value of 2.8016. It is concluded that lack of awareness about different products were the

most important problems faced by customers while using green banking services.

1.10 Relationship between the Age and Problems faced by customers while using green banking services – ANOVA:

Analysis of Variance (ANOVA) is a statistical technique that is used to compare the means of more than two groups. The null hypothesis for this test is that there is no significant association between the age and problems faced by customers while using green banking services. The Table 3.21 deals with the association between the

H_0: There is no significant relationship between the Age and Problems faced by customers while using green banking services

Table 1.8 Relationship between Age and Problems faced by customers while using green banking services – ANOVA

ANOVA						
Problems		Sum of Squares	Df	Mean Square	F	Sig.
Lack of awareness	Between Groups	37.365	4	12.356	23.425	.000**
	Within Groups	431.754	116	.954		
	Total	469.119	120			
Lack of availability	Between Groups	6.852	4	3.422	3.453	.000**
	Within Groups	526.145	116	.991		
	Total	532.997	120			
No proper guidance	Between Groups	7.956	4	3.956	4.002	.368
	Within Groups	523.154	116	.988		
	Total	531.11	120			
No proper networking	Between Groups	4561.58	4	3654.3	.240	.000
	Within Groups	285.21	116	.856		
	Total	4846.79	120			
Lack of guarantee on performance	Between Groups	2854.2	4	4561.2	.393	.000
	Within Groups	314.6	116	.756		
	Total	3168.8	120			

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Risk of cyber crime	Between Groups	4589.3	4	6532.5	1.048	.000
	Within Groups	2561	116	841		
	Total	7150.3	120			
Poor governance of complaints	Between Groups	3891.3	4	8963.2	5.429	.787
	Within Groups	451.2	116	564		
	Total	4342.5	120			
Lack of knowledge about smart phone	Between Groups	8945.6	4	7546.1	3.894	.000**
	Within Groups	3241.2	116	254		
	Total	12186.8	120			
Time management	Between Groups	7812.3	4	8942.3	2.961	.000**
	Within Groups	141.2	116	236		
	Total	7853.5	120			

Source: Primary Data

The Table 1.8 reveals the results of the ANOVA. Based on the results, the significant value is lower than 0.05 Lack of awareness, Lack of availability, No proper networking, Lack of guarantee on performance, Risk of cyber crime, Lack of knowledge about smart phone, Time management. So, the null hypothesis is rejected and it is concluded that there is a significant relationship between the age and problems faced by customers while using green banking services.

On the other hand, the significant value is above .05 for No proper guidance (.368) and Poor governance of complaints (.787). Hence, it is concluded that the null hypothesis is accepted and is no significant relationship between the age and problems faced by customers while using green banking services.

1.11 Suggestions:
1. Bankers are supposed to educate the customers about green banking
2. Construct a website for bringing awareness about green banking and spread the news.
3. Government should encourage and try to create awareness about green banking among people.
4. Banks can introduce green funds for customers who would like to invest in environment friendly projects.
5. It is important to adopt environmental standards for the lending and financing principles so that borrowers could direct themselves towards reducing the carbon footprint by using the appropriate technologies. They can go for discounted loan rates for the hybrid products, adoption of Equators Principles, green mortgages, green loans, etc.

6. Banks can introduce green funds for customers who would like to invest in environment friendly projects.
7. Banks can organize competitions for customers to bring out awareness regarding green banking.
8. Bank have to purchase appropriate events / competitions hardware, system software and networking infrastructure.
9. Banks should organize seminars and conferences to educate the customers regarding uses of online banking as well as security and privacy of their customers.

1.12 Conclusion:
It can be concluded that banks must take new initiatives to create awareness about green banking among the customers. Bank should also adopt environment friendly practices which ensure the efficient use of resources. Thus, the banks should play a pro-active role to take environmental and natural aspects as part of their lending principles which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. Majority of the customers are not aware of the green banking initiatives adopted by their banks. Therefore it is very essential on the part of the bankers to give awareness programmes on the green banking practices to their customers. The banking institutions must go green and can fulfil their social responsibilities. From the analysis it is found that the overall mean score on factors, the following were found to be important problems faced by the customers while using green banking services; out of nine variables the high mean score value was given to the variable Lack of awareness, Poor governance of complaints, No proper guidance, No proper networking, Lack of availability. It is

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concluded that lack of awareness about different products were the most important problems faced by customers while using green banking services. For effective adoption of green banking, the RBI and the Indian government should take appropriate steps to formulate green policy guidelines and financial incentives.

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