



# A STUDY ON GREEN BANKING IN THOOTHUKUDI

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## ABSTRACT

The concept of Green Banking differs from traditional banking as it promotes sustainable development. Banks, being major implementers of technology, can lead the way in adopting green practices to aid in environmental protection. By innovating products and leveraging technology, banks and their customers can reduce their usage of resources like paper. Green banking aims to keep the world liveable without causing significant damage. In India, banks are playing a vital role in sustainable development by introducing various green banking practices. Adopting these practices can result in savings of energy, fuel, paper, and other natural resources. The rapid growth of the banking industry has increased the direct impact of banks on the environment, which is why they can play a significant role in ensuring environmentally sustainable and socially responsible investments in the economy. The study aims to motivate customers towards green banking services and focuses on how they have implemented green banking before and after COVID-19. Primary and secondary data were collected for this research.

**KEYWORDS:** Green banking, Sustainable development, Covid-19.

## INTRODUCTION

The banking industry is generally considered environmentally friendly because its internal impact on the environment, such as energy, paper, and water usage, is relatively low and clean. However, the environmental impact of banks is not directly related to their banking activities but rather to their customers' activities. This external impact is difficult to estimate but significant. Banks can reduce risk management and increase enterprise value by implementing environmental management practices. Encouraging environmentally responsible investments and prudent lending practices should be a top priority for the banking sector. Banks should prioritize lending to industries that have already become green or are making serious efforts to grow green. This approach is called "Green Banking," which aims to help industries become environmentally friendly and restore the natural environment. This concept of "Green Banking" will be mutually beneficial to the banks, industries, and the economy. Not only will it ensure the greening of the industries, but it will also improve the asset quality of banks in the future.

## REVIEW OF LITERATURE

According to Vikas Nathi, Nitin Nayak, and Ankit Goel (2014)<sup>1</sup>, India is lagging behind developed nations in terms of green practices, as their impact on the environment continues to increase. Green banks are still in their early stages in India and should consider incorporating environmental information in their business operations, credit extension, and investment decisions. This proactive approach can lead to improved environmental performance and long-term value for their business.

MS. Neetu Sharma, (2015)<sup>2</sup> studied the opinion and awareness of bank employees and customers as regards the green banking concept as there in both public and private sector banks

According to Bibhu Prasad Sahoo's (2016)<sup>3</sup> study, there is a notable disparity in the utilization of eco-friendly products among different age brackets. The age groups that do not prioritize green products are often lacking in information, highlighting a crucial need for awareness campaigns targeted toward these groups.



## STATEMENT OF THE PROBLEM

Banks have a significant impact on the planet's well-being, and the Reserve Bank of India provides guidelines for banks to adopt environmentally sustainable practices. By providing finance to businesses, banks can encourage the adoption of eco-friendly practices. Green banking is a tool for ensuring sustainable development, where economic activity does not harm the environment. While banks contribute to carbon emissions through their daily operations, this is relatively minor compared to other industries like steel and oil. It is in the banks' interest to practice sustainable banking to avoid risks involved in the industry. Additionally, green banking is not only environmentally friendly but also convenient. A researcher studied the usage of green banking among customers in Thoothukudi town.

## OBJECTIVES

To conduct a study on the customer profile, knowledge, and satisfaction with green banking products. Also, to compare the usage of green banking before and after COVID-19.

## HYPOTHESIS

There is no significant relationship between the age of users of green banking before and after Covid-19.

## RESEARCH METHODOLOGY

This section describes the present study's methodology, including the study period, sampling techniques, data collection, and analysis.

## AREA OF STUDY

This study is conducted for various classes of people who are scattered in different areas in Thoothukudi.

## SAMPLING DESIGN:

The data collected are original. Data are collected from the respondents directly. 101 respondents were collected.

## COLLECTION OF DATA

The data required for the study have been obtained from both primary and secondary sources. The primary data were collected through a questionnaire. The secondary data were through journals, magazines, and internet, etc.

## PROCESSING OF DATA

Once the researchers had collected primary data, they carefully checked and organized it for further analysis. They created a master table to consolidate all the information gathered from the questionnaires, which produced several tables. The questionnaire data was then tabulated, classified, and analyzed using percentage analysis, simple ranking method, and t-test.

## LIMITATIONS

The study is limited only to Thoothukudi.

## DATA ANALYSIS AND INTERPRETATION:

### Comparing the use of green banking before and after COVID-19 in relation to age

Age	Before covid-19	After covid-19	Total
Below 20	6	7	13
21-30	18	31	49
31-40	13	14	27
41-50	4	6	10
Above 51	1	1	2
<b>Total</b>	<b>42</b>	<b>59</b>	<b>101</b>

Source: Primary data

## Interpretation

According to the table above, out of 101 respondents, those aged 21-30 were the most frequent users of green banking both before and after COVID-19. The age group of 31-40 came next, followed by those under 20, then



those aged 41-50, and lastly those above 51, who had the lowest usage of green banking before and after COVID-19.

#### T – Test: Paired Two Sample for Means

	Before covid-19	After covid-19
Mean	8.4	11.8
Variance	48.3	136.7
Observations	5	5
Pearson Correlation	0.958077838	
Hypothesized Mean Difference	0	
Degrees of Freedom	4	
t Stat	-1.404527054	
P(T<=t) one-tail	0.116425534	
t Critical one-tail	2.131846786	
P(T<=t) two-tail	0.232851068	
t Critical two-tail	2.776445105	

#### Interpretation

The P-value of the T-Test depends on 0.23285, which is greater than 0.05. This means that the null hypothesis is accepted, indicating that there is no significant correlation between customer behavior for green banking usage before and after COVID-19. The value for this correlation is -1.40 and it has no effect on either period.

#### Simple ranking for the Green Banking customer satisfaction

Option	Strongly Agree 5	Agree 4	Neutral 3	Strongly Disagree 2	Disagree 1	Mean score	Rank
Is Green banking beneficial for the banks?	40 (200)	31 (124)	12 (36)	11 (22)	7 (7)	3.89	III
Is Green banking reducing cost?	35 (175)	32 (128)	11 (33)	1 (2)	22 (22)	3.6	IV
Is Green banking environment-friendly?	53 (265)	27 (108)	13 (39)	3 (6)	5 (5)	4.23	I
Green banking is an easy way of money transactions.	41 (205)	32 (128)	17 (51)	8 (16)	3 (3)	4.03	II

#### Interpretation

The table above displays customer satisfaction with green banking services, ranking the four factors accordingly. The top-ranked factor is an environment-friendly attitude, followed by easy money transactions in second place, more benefits for the bank due to environmental practices in third, and reduced costs for green banking in fourth.

#### SUGGESTIONS

- ✓ One way to promote green banking to the public is by creating a website and spreading the information.
- ✓ It's important to educate people through the bank's intranet and public website, as well as participating in and promoting green banking events.



- ✓ Disseminating information through leaflets and increasing advertisements about green banking is also helpful.
- ✓ Additionally, making customers more aware of green banking through their websites can be effective. Finally, reducing carbon footprint by saving energy and paper is another important step towards promoting green banking.

Banks can offer green investment funds for environmentally friendly projects such as renewable energy, energy efficiency, clean transportation (including electric vehicles), climate change adaptation, sustainable water and waste management, and terrestrial and aquatic biodiversity conservation.

## CONCLUSION

The adoption of green banking practices has brought about positive impacts on the environment while also supporting economic development. Banks should prioritize lending to businesses that are already implementing green practices or making efforts to do so. With the implementation of green banking initiatives, customers can benefit from saving time and money by not having to physically visit a bank branch. Providing green banking options is becoming necessary for banks to remain competitive and protect the environment. Online banking transactions offer convenience and lower fees compared to traditional banking methods. A recent survey showed that three-quarters of respondents had used or were using green banking services more frequently than other services. Despite this awareness, many still hesitate to adopt green banking practices in their daily lives. Therefore, it is important for banks to encourage and promote the use of these initiatives at a low cost. Post-COVID-19, there has been an increase in the number of people who are aware of and satisfied with green banking practices.

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