

A Study on Customer Awareness on Green Banking Initiatives

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ABSTRACT

Considering the global level acceptance for Green Banking, Indian Banks are also looking forward to the initiatives on the same ground. Indian also wants to make itself included in the league of America, Japan, Australia, etc., in the stature of Green Banking. Basically, Green Banking Products are those whose prime objective is to conserve energy to support environmental sustainability. The major objectives of the study is to identify the present scenario, awareness amongst users, method of adoption of green banking practices in Shivamogga, customers' perception and preferences and the areas of improvement wherever required in the study is highly needed. Both primary and secondary data were used for the study. Non-Probability Convenience Sampling method was selected for collecting the data. The findings is that, majority of the customers stated that, green banking is essential in the present scenario. More than 70 percent of the respondents were using ATM's and M-Banking services as green banking products. Almost all the customers are aware of the green banking practices adopted in public and private sector banks. Further it can be concluded that, Customers have created their awareness of green banking from bank websites and Friends/Relatives, while it may be concluded that Print Advertisements or Radio commercials are not that much effective. The Majority of selected customers feel it is required in current scenario.

Key words: green banking, green products, green services

INTRODUCTION

Green Banking is different from traditional banking as it is the concept of promoting sustainable development in the country. Green Banking is the new phenomenon in the financial world which concentrates on environmental and socially responsible investing. In the era of globalization, global warming is becoming one of the major issues across the world. The effects of global warming be responsible for the destruction of climate change which has impacted the land, water, and human resources of the world. As people of society are becoming more concerned about the depletion of natural resources, organizations have started performing their corporate social responsibilities. They have started modifying their working techniques to maximize greenery and to reduce the impact of their activities on the environment.

Green Banking is also called ethical banking, which aims to protect the environment and reduce the carbon footprint from banking activities. It encourages banks to carry out environment-friendly investments by combining its operational improvements and technology know-how in banking business activities. Green Banking has started priority lending to those industries that are already green or making efforts to go green. The aim of going green is to increase energy efficiency and to use biodegradable products. The performance of banks largely depends on the performance of their clients. The banks have to diligently check that the customer's projects are meeting all the legal and environmental compliances, as any failure can result in nonperforming assets for the banks.

The concept of going green is new in India and has been adopted by Indian banks in many forms. Banks have started providing services of online banking, mobile banking, green loans, E-statements, etc. They have been

promoting their services 24/7 to consumers. Banks have started providing various services like online opening of bank accounts, online payment of bills, online investment, use of ATMs, etc. As the concept of Green Banking is at a growing pace in India, it has also entered in the State of Karnataka. Many Banks, both Private and Public Sector Banks in Karnataka, have started providing Green Banking products and services to their customers and have started contributing to the concept of ethical banking. This study provides information about the Green Banking activities carried out by various banks in the Shivamogga district. This study also includes awareness and perception about Green Banking activities among customers and bank employees of the state.

Meaning of green banking:

Green banking means promoting environmentally- friendly practices and reducing your carbon footprint from your banking activities. This comes in many forms:

1. Using online banking instead of branch banking.
2. Paying bills online instead of mailing them.
3. Opening up account at online banks, instead of large multi-branch banks.
4. Finding the local bank in the area that is taking the biggest steps to support local green initiatives.

Green banking financial products and services:

Green Deposits: Banks offer higher rate on commercial deposits, money market accounts, checking accounts and savings accounts if customers opt to conduct their banking activities online.

Green Mortgages: Banks offer green mortgages with better rates or terms for energy-efficient houses. The savings in monthly energy bills can offset the higher monthly mortgage payments and save money in the long run.

Green Loan: means giving loans to a project or business that is considered environmentally sustainable.

Green Credit Cards: These cards offer an excellent incentive for customers to use their green card for their expensive purchases.

Green Reward Checking Account: Customers can earn higher checking account rates if they meet monthly requirements that might include receiving an electronic statement, paying bills online or using a debit or checking card.

Green Saving Account: In case of green saving accounts, banks made donations on the basis of the savings made by customers. The more they save, the more the environment benefits in the form of contributions or donations done by banks.

Mobile banking and online banking: These new age banking forms include less paperwork, less mail, and less travel to branch offices by bank customers, all of which have a positive impact on the environment.

Statement of the problem:

Governments, corporations, and individuals must work together to promote green banking practices in Indian banks in order to reduce these numerous types of environmental deterioration. Governments need to develop rigorous legislation, businesses need to add environmental protection regulations more strictly, and people need to be self-aware to protect the environment around them. Banks have been massively utilizing lighting, air conditioning, electrical equipment, IT, and significant paper wastage. By using renewable energy, automating

processes, and taking other steps, the resulting internal carbon footprint can be decreased. On the other side, banks can lower external carbon emissions by funding initiatives and businesses that use green technologies and aim to minimize pollution. Every bank should include green practices in its operations, organizational frameworks, business endeavours, and financing processes. Green banking is a proactive strategy for long-term sustainability; however Indian banks lag behind their counterparts in developed nations in this area. Banks are working hard to explain green, and there is a probability that clients may accept the potential that the bank team has created. Both public and private sector banks have adopted a number of actions to lower carbon emissions. Banks are aware of the difficulties in implementing green banking nationwide.

Significance of the Study

This era of globalization, along with industrialization, has helped individuals move towards a more comfortable and easier lifestyle. On the one hand, where it is easing out the work of people, it is posing a great threat to the environment. The banking system of India has reached to a level where competition and profit-earning have become a prime motto. In this race to become the best, they had forgotten their social responsibility. Now, after strict regulations from the government's side for protecting the environment, the banking industry has realized the drawbacks in their system and has toiled to find out the possible solutions for them. One such step forward in this direction is Green Banking. This idea originated in the USA and has travelled all around the world in a very short span time. The various drawbacks like excessive use of paper, light, and various other resources in the traditional banking industry, are now narrowed down to the minimal possible level. Green Banking reduces the level of carbon emissions in the environment majorly as there would be less need for setting up branches in every location. For example, in a city, if presently there are 10 branches of a particular bank then it can be reduced to 5 with the help of Green Banking. As all the transactions are to be processed online which zeros down the need to visit the branch physically. Green Banking not only includes paperless transactions but also focuses on matters of environmental safety, financing projects and organizations that work for saving and rebuilding environmental damage. Green banks are increasing the trend of energy-efficient houses by financing such projects at discounted rates. This not only benefits the clients but also reduces the excessive burden on the employees. The Go Green concept leads to controlled use of paper; in turn, fewer numbers of trees would be cut down for making paper.

The government is also taking up initiatives for attracting citizens towards Green Banking. One of the major examples is the Union Budget of 2017-18 that was recently presented by the Finance Minister, Mr. Arun Jaitley. He proposed to waive the service charge for booking e-tickets. Thus, people are not required to pay any extra amount while booking tickets online, which motivates them to use more and more online banking facilities. Again, the concept of digitization, after the introduction of demonetization, put forward by our PM Mr. Narendra Modi, is a way of moving the Indian Economy towards paperless transactions. Along with the environmental causes, there are various other advantages of adopting Green Banking. The emergence of the cashless or plastic economy would result in a reduction of unethical practices like robbery or contract killing. The simple reason is that the money would have to be transferred online which would attract the attention of authorities and require an explanation for the amount transfer. It would bring down the index of crime manifold.

The Go Green concept is not limited only to the banking industry, but its scope of operation is much wider. The other industries are also adopting this technique to contribute to a positive change in the environment. Like, the automobile industry is bringing the trend of solar vehicles or a more fuel-efficient mode of transport. Toyota has launched Prius, a hybrid vehicle, the most fuel-efficient car in the category. The computer industry is one of those segments of the economy that produces maximum waste, but the company Dell has launched a program of recycling of its products. It welcomes the customers to return the old Dell products as well as other companies products for safe disposal as well as recycling. Thus, it is identified that the Go Green concept is not only related to making progress in the banking sector alone, but its influence is seen in every sector of the Indian economy as well. The organizations, clients, and government are all trying to make the environment much healthier by eliminating the practices that are harming the environment in any way.

Scope of the study:

In fact the perception and expectation of the customers have undergone a vast change with the availability of retail banking services at their doorsteps with the help of technology and they expect to complete all their banking transactions from a single place.

The study identifies the products and services usage in terms of customer convenience patterns. The reason for choosing this topic is to analyze customer awareness towards the usage of different green banking services provided by public and private sector banks and to suggest strategies for using these services in order to make it more competitive and customer-friendly. The study will help private and public sector banks to reorient their marketing strategies for better reach among customers in order to compete with its rivalry with technology as its core competence.

REVIEW OF LITERATURE

1. **G. Prakash Raj and A. Pappu Rajan (2017):** in their article A Study on “**The Customer Awareness on Green Banking Initiatives**”. The success lies in making sure that those products are utilized in a proper way. And he also said that Green Banking is the corporate social responsibility of every bank. Along with the focus on the green banking initiatives the bank should also take care of its lending policies so that the customers are encouraged to carry out not only their banking transactions but also their business transactions in an environmentally friendly manner. Banks must continuously be involved in introducing innovative products for their benefit and the society as well.
2. **Guru Prasad Rao Y (2015):** In his study the “**Contemplating Customers and Bankers Outlook on Green Banking g**”. banking avoids as much paperwork as possible and relies on online/electronic transactions for processing so that we get green credit cards and green mortgages. Less paperwork means less cutting of trees. It also involves creating awareness among banking business people about environmental and social responsibility enabling them to do an environmentally friendly business practice, and green banking as a concept is a proactive and smart way of thinking with a vision for the future sustainability of our only Spaceship Earth –,as design science explorer Richard Buckminster Fuller called our Earth.
3. **Sahoo Pravakar and Bibhu Prasad Nayak (2016):** In their study covered “Green Banking in India’, Discussion paper Series” the green banking sector is one of the major stakeholders in the industrial sector; it can find itself faced with credit risk and liability risk. Further, environmental impact might affect the quality of assets and also the rate of returns of banks in the long run. Thus, the banks should go green and play a proactive role to take environmental and ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, use of appropriate technologies, and management systems.
4. **C. Saravanaselvi and Sangeetha (2016):** In their study on green banking refer to the initiatives taken by the banks to encourage environment-friendly investment. Green banking as a concept is a proactive and smart way of thinking towards future sustainability. In the emerging economies, it is very important for the banks to be proactive and accelerate the rate of the growth of the economy. Banks need to apply the morality of sustainability and responsibility to their business model, strategy formulation for products and services, operations, and their financing activities and become stronger.
5. **Mr. Jayantha Kumar Bihari and Laxmipriyaswayin [2020]** In their research article, Green Banking practices in India explores that, nowadays almost all countries are changing their conventional approach to an environmentally friendly approach in fields. Banking is not an exception to it. As the growth engine of the economy, commercial Banks can be the change agent by adopting Greener Banking practices. Adoption of Greener Banking practices will be useful in many ways, like an increase in operational efficiencies, a

lower chance of manual errors and fraud, and cost reductions in banking activities. The main objective of this paper is to study how the Indian Banking sector leader i.e., STATE BANK OF INDIA responds to environmental changes and to provide an overview of its action given Green Banking adoption.

Research Gap:

Green banking encourages environmentally beneficial behavior while lowering internal carbon emissions and external carbon emissions from the banking industry. Additional names for green banking include ethical banking and sustainable banking. The globe has experienced significant economic advancement, which has had negative repercussions on environmental destruction, biodiversity loss, and global climate change, among other things. Green banking serves as a link between the economic system, environmental preservation, and social harmony. Based on the past studies and review reports there was no comprehensive study on the customer point of view towards green banking practices in the area of Shivamogga district. So that it is decided that there is a necessity and importance to study Green banking practices with particular reference to the private sector and the public sector within Shivamogga district. This study examines the idea of green banking products among customers in a Bank with a variety of educational backgrounds and income levels. This report includes specific advice for firms that are required to transition from an inactive to active approach to green banking in India.

Objectives of the study:

1. To study the concept of Green Banking.
2. To assess the awareness level of customers regarding Green Banking.
3. To find out the flaws in the traditional banking system and the necessity to adopt a Green Banking approach.

RESEARCH METHODOLOGY

Research Methodology : The research methodology used in this study based on primary as well as secondary data. The primary data have been collected through a questionnaire and the secondary data have been collected from websites of various banks and journals related to banking.

Sample size: The Sample size is 50.

Sampling Method: The General public of the city and sampling units are chosen on the basis of convenience sampling.

Data analysis and interpretation:

Table No.1: Gender of the respondents

| SL. No | Gender | No of respondents | Percentage (%) |
|--------|--------|-------------------|----------------|
| 1 | Male | 36 | 72 |
| 2 | Female | 14 | 28 |
| 3 | Others | 0 | -- |
| Total | | 50 | 100 |

The above table 1 shows that , out of 50 respondents 36 are Male, 14 are female and nil respondents are of Other.

Table No. 2: Marital status of the respondents

| SL. No | Marital status | No of respondents | Percentage (%) |
|--------|----------------|-------------------|----------------|
| 1 | Married | 28 | 56 |
| 2 | Unmarried | 22 | 44 |
| Total | | 50 | 100 |

The above table 2 represents that, 28 respondents are married and the remaining 22 respondents are un married.

Table No.3: Age of the respondents

| SL. No | Age | No of respondents | Percentage (%) |
|--------|----------|-------------------|----------------|
| 1 | 18-25 | 5 | 10 |
| 2 | 26-35 | 12 | 24 |
| 3 | 36-45 | 18 | 36 |
| 4 | 46-55 | 13 | 26 |
| 5 | Above 55 | 2 | 4 |
| Total | | 50 | 100 |

The above table 3 indicates that, among 50 respondents 5 respondents are belonging to 18-25 age group, 12 respondents are belonging to 26-35 age group , 18 respondents belong to 36-45 age group, 13 respondents are related with 46-55 age group and remaining 2 respondents are belonging to above 55 age group.

Table No.4: Educational status of the respondents:

| SL. No | Educational background | No of respondents | Percentage (%) |
|--------|------------------------|-------------------|----------------|
| 1 | Primary education | 3 | 6 |
| 2 | Secondary education | 27 | 54 |
| 3 | Under graduate | 15 | 30 |
| 4 | Post graduate | 5 | 10 |
| Total | | 50 | 100% |

The above Table 4 suggests the academic popularity of the respondents. The instructional popularity of the respondents is divided into 4 groups. They are primary education, higher education, below graduate and postgraduate.

Among 50 respondents, 3 respondents have finished their primary education, 27 respondents have finished secondary education,15 respondents have completed their graduation and 5 respondents have completed post-graduation.

Table No. 5: Mode of Digital Payment for Green Banking Initiative Activity

| SL. No | Mode of digital payment | Total value | Weighted average score | Rank |
|--------|-------------------------|-------------|------------------------|------|
| 1 | E- cash | 174 | 2.175 | V |
| 2 | E- Banking | 444 | 5.55 | I |
| 3 | Debit card | 349 | 4.363 | II |
| 4 | Credit card | 239 | 2.988 | III |
| 5 | Smart card | 164 | 2.05 | VI |
| 6 | E -wallet | 154 | 1.925 | VII |
| 7 | Paytm | 192 | 2.4 | IV |
| 8 | Others | 57138 | 1.725 | VIII |

Table 5 suggests that the mode of virtual charge used by the customers for digital charge activity. The Majority of the respondents used e-banking/internet banking for virtual charge pastime, the researcher offers first rank with an imply rating of 5.55, 2nd rank is given to debit card used by the respondents with the suggest score 4.363, 3rd rank is given to credit card utilized by the respondents with the imply rating 2.988, fourth rank is given to Paytm utilized by the respondents with the mean score 2.4th and 5th rank is given to e-cash utilized by the respondents with the mean score 2.05, 6th rank is given to e-wallet utilized by the respondents with the mean rating 1.925, 7th rank is given to e-pockets utilized by the respondents with the imply rating 1.925 and 8th rank is given to other mode of price used by the respondents with the mean score 1.725.

Majority of the respondents are the use of e-banking/net banking mode of digital price for inexperienced banking initiative interest.

Table No. 6: Awareness Level Among Public

| Particular | Frequency | Percentage |
|-------------------|-----------|------------|
| ATM | 49 | 98 |
| Tele banking | 38 | 76 |
| Mobile banking | 26 | 52 |
| SMS Banking | 12 | 24 |
| E-Statement | 48 | 96 |
| Green mortgages | 5 | 10 |
| Green home loans | 8 | 16 |
| Green cards | 16 | 32 |
| Green financing | 12 | 24 |
| Green certificate | 18 | 36 |

The Table 6 presents data on the awareness of various green banking products and services among respondents, measured by frequency and percentage. The highest level of awareness is seen for ATMs, with 98% of respondents recognizing them as a green banking service. This is followed by E statement, which is known to 96% of the participants, indicating a moderate level of digital banking awareness.

FINDINGS

1. The Majority of respondents are comes under male category(72%)
2. The majority of the respondents are comes under married category (56%).
3. Majority of respondents are come under the age group of 36-45 years (36%)
4. Majority of the respondents used e-banking/internet banking for virtual charge pastime.
5. The highest level of awareness is seen for ATMs(98%).

Suggestions:

- Utilize social media effectively to reach and engage younger audiences interested in sustainability and green banking.
- Provide clear information about the benefits of green banking to enhance customer understanding and interest.
- Collaborate with educational institutions to raise awareness of green banking among students and future customers.
- Regularly seek customer feedback to refine green banking offerings and align them with client needs and preferences.
- Create community programs that promote sustainability to enhance the visibility and impact of green banking initiatives.
- Expand the variety of green banking products to attract a broader audience and cater to diverse customer needs.

CONCLUSION

India's growth account and obligation to cut its carbon intensity by 20-25 percent from 2005 levels by 2020 provides tremendous opportunities for Indian banks from funding sustainable projects to offering innovative products and service in the areas of green banking. Initially, these commitments to environmental and social guidelines will cause a huge financial burden for Indian banks. For effective green banking, the RBI and the Indian government should play a proactive role and formulate a green policy guidelines and financial incentives. 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. This 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 banks in future.

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