Factors Influence for the Adoption of Green Banking Practices of Commercial Banks in Thiruvananthapuram District

*Raseena and M. Gnana Muhila

Department of Commerce,

Nanjil Catholic College of Arts and Science, Kaliyakkavila,

Affiliated to Manonmaniam Sundaranar University, Tirunelveli – 627012,

*Corresponding Author – Email: raseenaasna76@gmail.com

ABSTRACT

The main aim of the study is to know the factors behind for the adoption of green banking practices of commercial banks and identify the relationship between factors influencing the adoption of green banking practices and demographic profile of employees. Banks can play a crucial role in ensuring environmentally sustainable and socially responsible investments in the economy. It is at the interest of the banks to practice green banking and thereby avoiding the aforesaid risks involved in the banking sector. Thus, now a days, banks are gradually coming to realize that there is an immediate need for a shift from 'profit, profit and profit' motive to 'planet, people and profit orientation' for sustainable development in the long-run. In this context, an attempt has been made to study the factors influence for the adoption of green banking practices of commercial banks in Thiruvananthapuram District. The research was undertaken on the basis of data collected from both primary and secondary sources. The primary data were collected from employees who are working in commercial banks with the help of questionnaire. Survey method has been followed for the study. The simple random sampling method has been selected for the purpose of this study. It is found that reputational risk and credit risk are the important nature of problems faced while operating with green banking among the bank employees who are Manager. The study discloses that start-up face and reputational risk are the important nature of problems faced while operating with green banking among the employees who are executives.

Keywords: *Green banking practices, Commercial Banks, Gain energy efficiency and Employees*

Introduction

Green banking practices are the new innovation the field of banking sector. Green banking pertains to the business of banking sector were managed in a most significant manner that helps for the overall diminution of external carbon emission and internal carbon footprint. Green banking not only promotes environmental sustainability but also the social responsibility. Green Banking covers both internal and external aspects. Internal in rapports of its day by day working i.e. paperless banking which includes use of newer technologies to save the paper and so the environment. Replacing daily courier services with scans and electronic deliveries, electronic transfer of salary and reimbursements, implementation of the online banking system, use of ATM's for cash withdrawals and deposits, e-statements of accounts,

electronic fund transfer through RTGS can lead to an increase in customer convenience, reduction in costs incurred by the banks and an improvement in the banking performance. External aspect of Green Banking includes change in the habit of its industrial customers to protect and sustain the environment.

Statement of the Problem

Innovation refers to introducing something new in the economy. Green banking is a new term to the banking sector as well as to the customers. At the introduction stage of this system faces lot of problems like lack of awareness of employees. This problem creates a hindrance to the installation process. However it is very good and very effective and approvable to the sector for the protection of the environment. It is an eco-friendly system so everyone can accept it with pleasure. Extremely it is a new concept so the people are not too much aware about these practices adopted by the banking sector.

Banks in India are playing a vital role towards sustainable development by introducing various green banking practices. Adoption of these green banking practices by the customers will result savings of energy, fuel, paper and other natural resources. During their day to day business banks heavily contributes towards the carbon emission in terms of use of paper, electricity, stationary, lighting, air conditioning, electronic equipment, etc. even though this is moderate compared to other carbon sensitive industries like steel, oil and gas, etc. In the case of banks, the direct interface with the environment has considerably increased due to rapid growth of the banking industry. Being a major source of fund provider, banks can play a crucial role in ensuring environmentally sustainable and socially responsible investments in the economy. It is at the interest of the banks to practice green banking and thereby avoiding the aforesaid risks involved in the banking sector. Thus, now a days, banks are gradually coming to realize that there is an immediate need for a shift from 'profit, profit and profit' motive to 'planet, people and profit orientation' for sustainable development in the long-run. In this context, an attempt has been made to study the factors influence for the adoption of green banking practices of commercial banks in Thiruvananthapuram District.

Objectives of the Study

i) To identify the nature of problems faced by employees while operating with green banking

ii) To identify the relationship between factors influencing the adoption of green banking practices and demographic profile of employees

Hypotheses

Null Hypothesis (H_0) : "There is no significant association between the age group of the sample employees and factors influencing the adoption of green banking practices".

Null Hypothesis (H_0) : "There is no significant association between the marital status of the sample employees and factor influencing the adoption of green banking practices"

Methodology

The research was undertaken on the basis of data collected from both primary and secondary sources. The primary data were collected from employees who are working in commercial banks with the help of questionnaire. Survey method has been followed for the study. Questionnaires were constructed to collect primary data from the employees who are working in commercial banks. The secondary data were collected from the reports of the commercial banks, related agencies, seminars, workshops, proceedings, magazines, journals, and websites etc.

Sampling Design

The simple random sampling method has been selected for the purpose of this study. There are 3402 public sector commercial banks branches in Kerala, 459 public sector commercial banks branches and 12 public sector commercial banks located in Thiruvananthapuram District. Among them only 5 public commercial banks are taken for the study. These five public sector commercial banks have 370 branches in total, 50 percent of the branches are taken for the study and only one employee is taken from each branch for analysis (i.e., 185 employees).

Table 1

Sample public sector commercial bank branches taken for the study

Sl. No	Name of the Bank	No. of Branches	No. of Branches Taken	Sample Employees Taken
1.	State Bank of India	154	77	77
2.	Canara Bank	90	45	45
3.	Union Bank of India	54	27	27
4.	Indian Overseas Bank	43	21	21
5.	Indian Bank	29	15	15
	Total	**370**	**185**	**185**

Source: Secondary data: Lead Bank, Thiruvananthapuram

Analysis and Interpretation

Association between age group of the sample employees and factors influencing the adoption of green banking practices

To find out the association between age group of the sample employees and factors influencing the adoption of green banking practices, analysis has been made with the following null hypothesis.

Null Hypothesis (H_0) : "There is no significant association between the age group of the sample employees and factors influencing the adoption of green banking practices".

To test the above null hypothesis, one way ANOVA test has been used and the result is presented in the following table.

Table 2

One Way ANOVA for Factors influencing the adoption of green banking practices based on Age group of Employees

Factors	Age group	Sum of Squares	df	Mean Square	F	Sig.
Environment Factor	Between Groups	537.802	5	107.560	5.359	.000
	Within Groups	12525.069	179	20.072		
	Total	13062.871	184			
Economic Factor	Between Groups	821.931	5	164.386	6.028	.000
	Within Groups	17017.410	179	27.271		
	Total	17839.341	184			
Policy Guideline Factor	Between Groups	25.348	5	5.070	.706	.619
	Within Groups	4478.341	179	7.177		
	Total	4503.689	184			
Legal Factor	Between Groups	210.714	5	42.143	3.314	.006
	Within Groups	7908.960	179	12.715		
	Total	8119.674	184			

Source: Computed Data

The ANOVA test shows that there is a statistically significant relationship between age group of the employees and environment factor influencing the adoption of green banking practices. Therefore, **H₀ is rejected** (p-value 0.000 < 0.05) at 5% level of significance. That is the sample employees differ significantly in the environment factor influencing the adoption of green banking practices when they are classified based on their age group. Hence it is inferred that the environment factor influencing the adoption of green banking practices is differ among the different age group of the employees in the study area.

The ANOVA test shows that there is a statistically significant relationship between age group of the employees and economic factor influencing the adoption of green banking practices. Therefore, **H₀ is rejected** (p-value 0.000 < 0.05) at 5% level of significance. That is the sample employees differ significantly in the economic factor influencing the adoption of green banking practices when they are classified based on their age group. Hence it is inferred that the economic factor influencing the adoption of green banking practices is differ among the different age group of the employees in the study area.

The ANOVA test shows that there is a statistically significant relationship between age group of the employees and legal factor influencing the adoption of green banking practices. Therefore, **H₀ is rejected** (p-value 0.006 < 0.05) at 5% level of significance. That is the sample employees differ significantly in the legal factor influencing the adoption of green banking practices when they are classified based on their age group. Hence it is inferred that the legal factor influencing the adoption of green banking practices is differ among the different age group of the employees in the study area.

The ANOVA test further shows that there is no statistically significant relationship between age group of the employees and policy guideline factor influencing the adoption of green banking practices. Therefore, **H₀ is accepted** (p-value 0.619 > 0.05) at 5% level of significance. Further it is found that the policy guideline factor influencing the adoption of green banking practices is not varied among different age group of the employees.

Association between marital status of the sample employees and Factor influencing the adoption of green banking practices

To find out the association between marital status of the sample employees and factor influencing the adoption of green banking practices, analysis has been made with the following null hypothesis.

Null Hypothesis (H₀) : "There is no significant association between the marital status of the sample employees and factor influencing the adoption of green banking practices"

To test the above null hypothesis, 't' test has been used and the result is presented in the following table.

Table 3

't' test for Factor influencing the adoption of green banking practices based on Marital Status of Employees

Factors	Levene's Test for Equality of Variances			t-test for Equality of Means	
		F	Sig.	t	p Value
Environment Factor	Equal variances assumed	.860	.354	1.224	.222
	Equal variances not assumed			1.209	.227
Economic Factor	Equal variances assumed	1.000	.318	2.542	.011
	Equal variances not assumed			2.567	.011
Policy Guideline Factor	Equal variances assumed	.246	.620	.709	.479
	Equal variances not assumed			.728	.467
Legal Factor	Equal variances assumed	.003	.960	.910	.363
	Equal variances not assumed			.967	.334

Source: Computed data

The 't' test shows that there is a statistically significant relationship between marital status of the employees and economic factor influencing the adoption of green banking practices. Therefore, **H₀ is rejected** (p-value $0.011 < 0.05$) at 5% level of significance. That is the sample employees differ significantly in the economic factor influencing the adoption of green banking practices when they are classified based on their marital status. Hence it is inferred that the economic factor influencing the adoption of green banking practices is differ among the different marital status of the employees in the study area.

The 't' test further shows that there is no statistically significant relationship between marital status of the employees and environment factor influencing the adoption of green

banking practices. Therefore, **H₀ is accepted** (p-value 0.222 > 0.05) at 5% level of significance. Further it is found that the environment factor influencing the adoption of green banking practices is not varied among different marital status of the employees.

The 't' test further highlights that there is no statistically significant relationship between marital status of the employees and policy guideline factor influencing the adoption of green banking practices. Therefore, **H₀ is accepted** (p-value 0.479 > 0.05) at 5% level of significance. Further it is found that the policy guideline factor influencing the adoption of green banking practices is not varied among different marital status of the employees.

The 't' test further highlights that there is no statistically significant relationship between marital status of the employees and legal factor influencing the adoption of green banking practices. Therefore, **H₀ is accepted** (p-value 0.363 > 0.05) at 5% level of significance. Further it is found that the legal factor influencing the adoption of green banking practices is not varied among different marital status of the employees.

Category of job level of Bank Employees and Nature of problems faced while operating with green banking

In order to find the relationship between category of job level of bank employees and nature of problems faced while operating with green banking, 'ANOVA' test is used. The hypothesis is framed as follows,

The null hypothesis (H₀) - **"There is no significant difference among different category of job level of bank employees with respect to the nature of problems faced while operating with green banking in Thiruvananthapuram District".**

The result of 'ANOVA' test for nature of problems faced while operating with green banking among different category of job level of bank employees is presented in Table 4.

Table 4

Nature of problems faced while operating with green banking among different category of job level of sample bank employees

Nature of Problems	Category of job level (Mean Score)				F Statistics
	Manager	Executives	Officers	Clerks	
Start-up face	4.1181	4.6818	4.3333	4.0833	3.510*
Higher Operating Cost	4.0551	4.5455	4.3704	4.0794	2.717*
Reputational Risk	4.3622	4.6385	4.6296	4.4167	1.624
Credit Risk	4.2598	4.5159	4.4074	4.2917	0.908
Brand Risk	3.7323	3.8182	4.0741	3.5833	1.740

Source: Primary data

*-Significant at five per cent level

Table 4 discloses that reputational risk and credit risk are the important nature of problems faced while operating with green banking among the bank employees who are Manager as their mean scores are 4.3622 and 4.2598 respectively. It further discloses that start-up face and reputational risk are the important nature of problems faced while operating with green banking among the employees who are executives as their mean scores are 4.6818 and 4.6385 respectively.

Table 4 reveals that Reputational Risk and Credit Risk are the important nature of problems faced while operating with green banking among the employees who are officers as their mean scores are 4.6296 and 4.4074 respectively. Further indicates that Reputational Risk and Credit Risk are the important nature of problems faced while operating with green banking among the employees who are clerks as their mean scores are 4.4167 and 4.2917 respectively. Regarding the nature of problems faced while operating with green banking among different category of job level of bank employees, start-up face and higher operating cost are statistically significant at 5 per cent level.

Suggestions

✓ It is found from the study that there is a significant difference between educational qualification of employees and challenges faced by employees while adopting green banking services of commercial banks. It is suggested that the banks may concentrate on different educational qualification of employees regarding challenges faced while adopting green banking services namely start-up face and higher operating cost.

Conclusion

Green Banking is the emerging concept in India; globally it is being accepted on huge level, while Indian banks are still having big way to go. Green Banking may be seriously considered as a solution to the crucial situation of global warming growing due to rapid corrosion of global climatic modifications. On the overall basis, it may be concluded, the concept of Green Banking is a need of an hour looking at the current pollution and harmful effects of Global Warming. At least it will contribute to environmental conservation which makes the citizens' to breath fresh air and stay healthy.

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