



CHALLENGES AND PROSPECTS OF MODERN BANKING SYSTEM - AN EMPIRICAL STUDY ON CUSTOMER PERCEPTION TOWARDS GREEN BANKING INITIATIVES IN INDIAN BANKING SECTOR

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Abstract:

Purpose: The banking sector in India actively engaged in promoting sustainable environment protection in the country. This study is providing modern banking system for the customers, and give more emphasis of green banking initiatives of banking sector. The banking sector generated for more awareness and motivation of customers in the banking initiatives. To ensure the Indian banking sector providing various services to the customers.

Theoretical Framework: This study providing services are some customers are aware, but some customers are not aware in the banking initiatives. Green banking initiatives are ensured major of tool in the environment sustainable development in the country.

Design/Methodology: The study is descriptive study and analytical nature. Both primary data and secondary data was used for conducting the study. The primary data collected for structured interview schedule by 200 customers are both selected public sector and private sector banks in the Madurai district. Customers selected for convenience sampling method. The secondary data collected for various bank reports, various books and journals, etc., this study data analysed for simple percentage analysis and ranking analysis.

Originality: The banking sector providing concern with eco-friendly projects are other agencies. The adopt the green banking initiatives are providing services for customers, but another way of the challenges and prospects in the banking sector.

Findings: The present study deals with the customers prospects and customers faced by the various influence of using modern banking system in the green banking initiatives. It also studies the customer perception of green banking initiatives of banking sector. The banks achieved the its aim of on green banking initiatives through the online banking portals usage and going green practices in the banking system.

Key Words: Green Banking Initiatives and Practices, Customers Perception, Green Banking Services, Customers Prospects, Modern Banking System, Etc.,

1. Introduction:

In terms of emissions and pollution, the banking sector is generally regarded as environmentally friendly. The banking sector's internal environmental impact, such as its use of energy, paper, and water, is relatively low. In terms of emissions and pollution, the banking sector is generally regarded as environmentally friendly. The banking sector's internal environmental impact, such as its use of energy, paper, and water, is relatively low. Green banking benefits consumers, businesses, and the environment. For customers, green banking means more deposit and loan services through online and mobile banking.

Banks began offering low interest loans to customers who wish to install solar equipment, ETPs, biogas plants, Hoffman kilns (HHK) hybrids, etc. Green initiatives taken by banks or a green banking concept involve using all the bank's resources responsibly, reducing waste, and prioritizing choices that are sustainable. In addition, it means promoting environmentally friendly practices, increasing banking activities, and reducing carbon footprints. People open money market and CD accounts at online banks instead of large multi-branch banks. They use online banking instead of large branch offices. The goal is to ensure that banking processes and the use of computer technology and physical infrastructure are as efficient, effective, and environmentally friendly as possible.

2. Review of Literature:

Myung ko and Ruben Mancha, et.al, (2012), in this paper entitled on "Customers' Personality, Their Perceptions, and Green Concern on Internet Banking Use" developed a theoretical model that posits factors influencing Internet banking use and validated it. They have dealt with advanced developments in information technology and the change internet has done in banking sector to operate their business and how consumers conduct their banking activities. Most of the banks offer their banking services over the Internet in addition to traditional services in the brick-and-mortar environment. As a result, consumers can access their accounts, transfer funds between accounts, view their online bank statements, pay their bills, and conduct other banking transactions electronically through the bank's website 24/7. Although there are many benefits of Internet banking for banks and their customers, the major benefits are cost savings for banks, and convenience and efficiency for customers. Finally, the author concludes with factors influencing the usage of internet banking use and empirically validated it. The results indicated are openness to experience was found to have a significant positive association with Internet banking use. The security concern was negatively associated with Internet banking use while perceived usefulness was positively associated with Internet banking use. Moreover, the results indicated have concluded that green concern has a strong positive association with Internet banking use, indicating that bank customers use Internet banking because they are influenced by people around them who practice "going green." The final model includes bank customers' personality traits and their perceptions toward Internet banking use in four dimensions.

Akilan Akert, Md Tofael Hossain Majunder and Mohammed Mizanur Rahuman, (2012), in their research article entitled on "Green Banking - A New Dimension" studied the concept, needs and significance, and products of green banking. The study forms mainly the extensive review of related literature based on highly work. It is seen that there has not been much initiative in

this regard by the banks and other financial institutions in the world. The main theme of this paper is about environmental responsibility is to create the environment in view for healthy future generation. One of the major economic agents influencing overall industrial activity and economic growth is the financial institution such as banking sector. Since banking sector is one of the major stakeholders in the industrial sector, it can find itself faced with credit risk and liability risks. Banks can affect production, business and other economic activities through their financing activity and thus it may contribute to protect the environment from environmental degradation. This paper has presented the concept of green banking and necessity of green banking, in additionally some potential green banking products and necessary directions for adopting green banking. The banks will require a well-structured and transparent policy framework as well as long-term strategy. Finally, this study concludes that there has not been much initiative in this regard by the banks and other financial institutions in the world. Therefore, this paper suggests the following for necessary directions for promoting green banking to save the environment and in builds banks performance. Bank should establish a separate Green Unit or Cell. Bank should formulate green banking policy by forming a High-powered committee. By preparing a green office guide" to create awareness among the bank's employees for efficient use of electricity, water, paper and re-use of equipment's and avoid unnecessary consumption of electricity by light, fan, air condition and other electrical appliances; Bank should formulate Environmental Risk Management (ERM) policy guidelines, Climate Risk Fund, Bank should arrange training, seminar and workshop for their employees and customers about green banking, Tree plantation program should be taken; Every bank should introduce E-banking facilities such as online banking, mobile banking, phone banking, SMS banking and ATM network etc. Bank should finance more and more to environment and social friendly products such as Solar, Biogas Wind, Hydro, Effluent Treatment Plants (ETP), CNG conversion loan, Hybrid Hoffman Kiln (HHK) technology-based brickfield, and other renewable energy projects etc. Finally, Bank should disclose a separate report on green banking to their annual reports and websites.

3. Objective of the Study:

- To study the customer perception of modern banking system
- To know the various green banking initiatives of Indian banking sector
- To study the problem faced by the customers to usage of green banking initiatives

4. Limitation of the Study:

- This study is limited area for collected the customers geographical at only Madurai district.
- The major constraint in the conducting the study at very short time.

5. Results and Discussion:

Gender of the Respondents:

In the study the data are collected from both the male and female respondents. So, gender factor has been considered important for the present study and the consolidated data is presented in table 1.

Table 1: Gender of the Respondents

S.No	Gender	No. of Respondents	Percentage
1	Male	86	43
2	Female	114	57
3	Transgender	0	0
	Total	200	100%

Sources: Primary Data

The above table shows that, about the gender of the respondents among the 200 respondents, 86 respondents are male (43 %), 114 respondents are female (57%) and nil respondents of transgender (0 %). In other words, 43 % of the respondents are in the gender of male, 57 % of the respondents are in the gender of female. It is inferred that the majority of the respondents 114 (57 %) are female.

Marital Status of the Respondents:

For the purpose of this study, the public and private sector bank customers are considered as the respondents. Since the perception of the respondents various from the marital status to another, the respondents have been categorized into three groups as presented in table 2.

Table 2: Marital Status of the Respondents

S.No	Marital Status	No. of Respondents	Percentage
1	Married	90	45
2	Unmarried	106	53
3	Widowed	4	2
	Total	200	100%

Source: Primary Data

The above table shows the Marital Status of the respondents. The Marital Status of the respondent is divided into three groups. They are Married, Unmarried and widowed. Among the 200 respondents, 90 respondents are the married (45%), 106 respondents are unmarried (46%) and 4 respondents are widowed (2 %). It is inferred that a greater number of the respondents 106 (53 %) are unmarried.

Age Group of the Respondents:

For the purpose of this study, the public and private sector bank customers are considered as the target respondents. Since the perception and satisfaction of respondents varies from one age group to another, the respondents have been categorized into five groups as presented in table 3.

Table 3: Age of the Respondents

S.No	Age Group of Respondents	No. of Respondents	Percentage
1	18 - 25	56	28

2	26 - 35	58	29
3	36 - 45	50	25
4	46 - 55	20	10
5	Above 55	16	8
	Total	200	100%

Sources: Primary Data

The above table shows the age of the respondents. The age of respondents is divided into five groups. They are age of 18 - 25, 26 - 35, 36 - 45, 46 - 55, and above 55. Among the 200 respondents, 56 respondents are in the age group of 18 - 25, 58 respondents are from the age group of 26 - 35, 50 respondents are from the age group of 36 - 45, 20 respondents are from the age group of 46 - 55, and 16 respondents are from the age group of above 55. In other words, 28 % of the respondents are in the age group of 18 - 25, 29% percentage of the respondents are in the age group of 26 - 35, 25% percentage of the respondents are in the age group of 36 - 45, 10 % of the respondents are in the age group of 46 - 55, and 8 % percentage of respondents are in the age group of above 55. It is inferred that a greater number of the respondents 29 (29%) from the age group of 26 - 35.

Category of Banking Services Preferred the Respondents:

The Green banking services are usage of the customers in public and private sector banks. The following use often in E - banking services given below table 4.

Table 4

S.No	Category of Banking Sector	No. of Respondent	Percentage
1	Public sector bank	78	39
2	Private sector bank	94	47
3	Both	28	14
	Total	200	100 %

Sources: Primary Data

The above table shows the category of banking sector preferred the respondents. The Green banking services usage the customers divided the three categories. They are: public sector, private sector and both. Among the 200 respondents, 78 of the respondents are preferred the banking sector of public sector, 94 of the respondents are preferred the banking sector of private sector bank and 28 of the respondents are preferred the banking sector of both in public and private sector bank. It is derived, 39 % of the respondents are preferred the banking sector of public sector, 47 % of the respondents are preferred the banking sector of private sector bank and 14 % of the respondents are preferred the banking sector of both in public and private sector bank. It is inferred that the majority of the respondents 94 (47 %) are have preferred the Banking sector of private sector banks.

Rank the Not Use of Green Banking Services:

The green banking services are not use of respondents in the study area. The rank-based determination of the not use in green banking services are given below table 5.

Table 5

S.No	Statement	Mean Score	Rank
1	Bank offer should be in front of me during the process	58.05	2
2	The idea of making an incorrect operation	59.73	1
3	Not have sufficient knowledge about internet banking	48.39	3
4	The absence of the habit of using the internet	47.66	4
5	Be difficult to use internet banking	42.79	6
6	Not safe	45.38	5

Sources: Primary Data

6th rank is given to be difficult to use internet banking and the mean score is 42.79.

5th rank is given to the not safe and the mean score is 45.38.

4th rank is given to the absence of the habit of using the internet and the mean score is 47.66.

3rd rank is given to the not have sufficient knowledge about internet banking and the mean score is 48.39.

2nd rank is given to the bank offer should be in front of me during the process and the mean score is 58.05.

1st rank is given to the idea of making an incorrect operation and the mean score is 59.73.

The table 5 reveals that mean is high the first rank is in the idea of making an incorrect operation with a total mean of 59.73. The second highest rank is given to the bank offer should be in front of me during the process with a total mean of 58.05, and the Third rank is given to the not have sufficient knowledge about internet banking with a total mean of 48.39.

Reasons of Green Banking Services Usage:

The reasons of green banking services of the customers in public and private sector banks at study area. The ranking based for reasons of green banking services given below table 6.

Table 6: Reasons of Green Banking Services Usage

S.No	Statement	Mean Score	Rank
1	Save time	51.66	1
2	24 hours availability	51.40	2
3	Banking transaction are easy	50.81	4
4	Transaction cost is cheap	49.61	5
5	Be technologically	51.14	3
6	Security	49.51	6
7	Curiosity	48.87	7

Sources: Primary Data

7th rank is given to the curiosity with total mean of 48.87.

6th rank is given to the security with total mean of 49.51.

5th rank is given to the transaction cost is cheap with total mean of 49.61.

4th rank is given to the banking transaction are easy with total mean of 50.81.

3rd rank is given to be technologically with total mean of 51.14.

2nd rank is given to the 24 hours availability with total mean of 51.40.

1st rank is given to the save time with total mean of 51.66.

The table 9 reveals that garret ranking is high the first rank is in time with a total mean of 51.66. The second highest rank is given to the 24 hours availability with total mean of 51.40, and the third rank is given to be technologically with total mean of 51.14.

6. Findings and Discussion

- It is inferred that the majority of the respondents 114 (57 %) are female.
- It is inferred that a greater number of the respondents 106 (53 %) are unmarried.
- It is inferred that a greater number of the respondents 29 (29%) from the age group of 26 - 35.
- It is inferred that the majority of the respondents 94 (47 %) are have preferred the Banking sector of private sector banks.
- That garret ranking analysis the first rank is in the idea of making an incorrect operation with a total mean of 59.73. The second highest rank is given to the bank offer should be in front of me during the process with a total mean of 58.05, and the Third rank is given to the not have sufficient knowledge about internet banking with a total mean of 48.39.
- that garret ranking is high the first rank is in time with a total mean of 51.66. The second highest rank is given to the 24 hours availability with total mean of 51.40, and the third rank is given to be technologically with total mean of 51.14.

7. Conclusion and Implications:

This study identifies the various green banking initiatives and practices adopted by the Indian banking sector taking both public sector banks and private sector banks. It can conclude that although the Indian banking sector has actively adopted the green banking initiatives at various banking service that online banking, mobile banking, NEFT/RTGS, E- statement, etc., In India, green banks are just getting started. Green banking initiatives is a big issue in India, with the potential to have a huge impact on our country's development. Despite the fact that green practices are becoming more popular, most Indian banks have yet to incorporate them into their operations. Furthermore, green practices were only offered in a few locations. Green banking initiatives is no longer just about education; it must also be put into practise. Finally, we may argue that all banks' slogans should be "Go Clean."

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