

Issues and Prospectus of Green Banking in Tamilnadu

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Abstract

In Tamilnadu the banking sector spotlight the development of friendly banking environment. Green banking is also called as ethical banking, which means using the all banking resources with care and responsibility and avoiding the wastages. This paper highlights the attempts to scrutinize the adoption of green banking products according to their geographical area of customers, the urban peoples is more tending towards green banking products and rural peoples are lesser in their knowledge of green banking products. Therefore, more knowledge and awareness is need for the rural area customers.

Keywords: Green banking, ethical banking, environment friendly banking.

Introduction

All the financial institutions influence the economical development of the country both in quantity and quality. The bank plays a vital role among economic growth and environmental protection. There are intending the various strategies of economic development. In this generation all the sectors are changing their products into friendly environment for the customers. Like others, banking sector also taken the initiatives steps to change their environment into friendly manner. Green banking is defined as promoting environmental-friendly practices and reducing the carbon footprint from banking activities. The green banking system makes the customers to eco friendly practices and reducing the wastages. The bank can minimal the use of paperwork by promoting paperless banking through online banking. It has three dimensions they are economic, environment and social dimensions. The bank aims to develop the infrastructural facilities and information technology. Banking sector is generally considered as environment friendly in stipulations of secretion and pollutions. The internal environmental has an impact of the banking sector such as usage of energy, paper and water are relatively low and clean. The benefits of green banking are mutually given to the customers, industries, and for the economic activities.

Review of Literature

Getzner and Krautter (2004)¹ in their research paper tested the respondents' willingness to invest in green shares. Authors found education, income, environmental awareness and the expected profit are the main explanatory variables.

Bhardwaj and Malhotra (2014)² linked the performance of bank with the green banking adoption. They found a positive relationship between adoption of green banking and bank profitability.

Rajput, Arora, and Khanna (2014)³ found no relationship between green banking initiatives and bank's profitability.

Sudhalakshmi and Chinnadorai (2014)⁴ studied the green banking adoption status of Indian banks. Their study showed that not many initiatives have been taken by banks in India as far as green banking is concerned.

Bahl (2012)⁵ suggested RBI and Indian government should play a proactive and formulate green banking policy, guidelines & financial incentives for effective green banking.

Objectives of the Study

The green banking adoption has many vibrant it always have many functions to decision makers to know how the usage of green banking product is useful for the customers in friendly environment. It enables the decision makers to ascertain which group needs to more targeted. It always provides the expedient to the customers and always saves the expenditure to the banks. The present study is only focusing and examining on the geographical area of the customer and how they adopt the green banking environment.

Research Methodology

The present study is tested by the following methodology

Data Collection

The primary data is collected through the questionnaire method and secondary is collected from the journals, newspapers, magazines.

Sampling Techniques

- 1) **Judgmental Sampling:** Judgmental sampling is a non-probability sampling technique where the researcher selects units to be sampled based on their knowledge and professional judgment.
- 2) **Convenience Sampling:** Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

Statistical Techniques

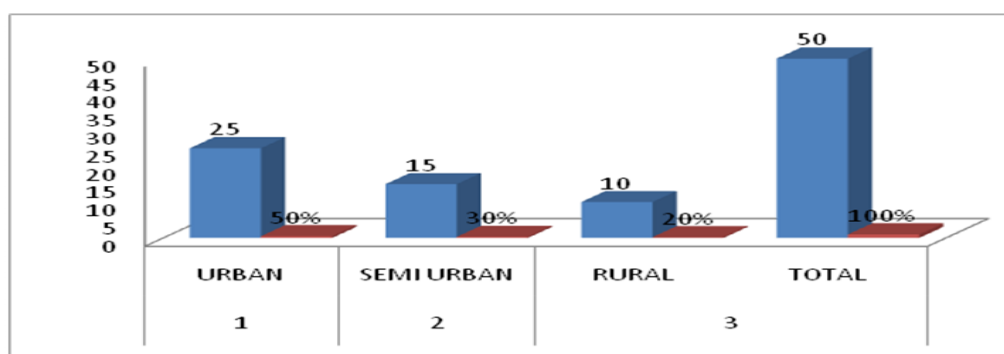
The Analysis of Variance, popularly known as the ANOVA, is used in cases where there are more than two groups. In order to test the null hypothesis, Analysis of Variance and Post hoc Multiple Comparisons test has been applied. To test the equality of variance among various geographical locations, Levene test has been applied.

Data Analysis and Interpretation

The descriptive analysis of mean usage of green banking products used by the customers across various geographical regions have been shown in the table 1. the descriptive statistics shows that the usage of green banking is high among the urban area customers and the second place is goes to the semi urban people and the last stage is goes to the rural people. The standard error of the mean score for each group is between one and two, which is consistent and moderately low.

To test the hypothesis is usage of green banking products independent of geographical location, ANOVA test has been conducted. The *P* value of chi-square statistics is found to be 0.039 (less than 0.05), which reject our null hypothesis that usage of green banking is independent of Age. Since, ANOVA test assume variance is equal across various group age group, therefore, to test the equality of variance, Leven test¹ has been applied. Our results show that the usage of green banking products is not same across various geographical locations.

Chart 1



Green Banking Products

1. Online banking
2. Green credit cards
3. Green saving account
4. Green loans
5. Mobile banking

Issues in Green Banking

1. Diversification Problems
2. Startup Face
3. Higher Operating Cost
4. Reputational Risk
5. Credit Risk

Prospects of Green Banking

1. Using organizational resources with responsibility.
2. Keeping the world livable for a long period of time.
3. To minimize paper works as much as possible inside and outside the bank.
4. To achieve cost and time efficiency.

Conclusion

In today's world of business many innovative technologies has been used in various sectors. All the human beings are making their life as a friendly environment; the same system is followed by banking sector. The green banking method is used to reduce the cost and make the business into ethical one.

The present study finds that the urban area is more tending towards green banking products than the semi urban and rural area. Therefore the present study finds that there is more of need to create awareness and knowledge about the green banking products and adoption towards the rural area customers.

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