

Research Paper



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GREEN BANKING PRACTICES: A CASE STUDY OF SONITPUR DISTRICT OF ASSAM

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ABSTRACT

Green banking refers to the practices made by the banks to reduce the internal carbon footprint and external carbon emission from their day to day practices. It has gained momentum recently for the development of green economy which conforms to long term development and sound ecological balance. It is providing benefits to multiple sections of the society viz; Bankers, Customers, Environment etc in various capacities. At present Green banking practices are performed through various Information technology devices such as ATM, Green channel counters, mobile banking, online banking, tele-banking, credit cards, etc which aims at reducing the use of finite natural resources. One of the largest commercial bank of our country i.e. the State Bank of India (SBI) is practicing green banking practices in different formats.

This paper tries to find out the level of knowledge of green banking services among the bank consumers, and their frequency of availing it. And also explores the various factors which can influence their knowledge and execution of green banking services.

The study reveals that the knowledge and execution of green banking services varies widely between the strata. And the factor which has been derived to be influencing their knowledge and execution are many such as technical knowledge, distance from banks, attitude of the customers etc.

E- Banking also increases the efficiency and profitability of the banks. But a question arises whether the green banking services are safe or not? Of course it is, depending upon the care and concern with the proper way of using it.

KEY WORDS: Green banking, Modern banking Services, Digital Financial Inclusion

INTRODUCTION

At present our environment is degrading at a very fast pace. All the necessary components of the Earth are affected. Here efforts need to be taken by all the stakeholders to preserve all those, so that the future generations do not suffer from inadequacy of those components.

In the context of environment protection and preservation, "Green Banking" plays an important role. The word Green has been used not in the sense of color but in the sense of environmental friendliness. It refers

to the practices made by the banks to reduce the internal carbon footprint and external carbon emission from their day to day practices.

Green Banking has gained momentum recently for the development of green economy which conforms to long term development and sound ecological balance. It is an effort of the banking sector to keep the environment clean through rationalizing various policies, strategies, activities etc.

Green banking practices are performed through various Information technology devices such as ATM,



Green channel counters, mobile banking, online banking, tele-banking, credit cards, etc which aims at reducing the use of finite natural resources. Information technology has influenced the banking industry to a great extent and has given birth to Electronic banking. In short it is also known as E- banking or Modern Banking Services (MBS), which refers to the effective use of the modern banking devices by the banks for eco-friendly and convenient banking services. And currently these devices have transformed the traditional banking system to a modern one.

It is providing benefits to multiple sections of the society viz; Bankers, Customers, Environment etc. Bankers can carry out their transaction without the hassle of filling paper work, which in turn reduces their monotony of their work and increases efficiency to the required level. It is favorable to the consumers on the ground that it is safe, convenient and easy mode of transaction. The customers can do their business without visiting the bank premises. On the other hand, green banking also helps in the conservation and preservation of the exhaustible natural resources by reducing the use of paper, reducing carbon footprint, and carbon emissions. By using E-banking services it can provide contribution to the environment by saving energy and fuel.

E- Banking also increases the efficiency and profitability of the banks. By reducing the paper work, bank reduces their cost of operation, which in turn can benefit the consumers in the shape of high interest rates.

One of the largest commercial bank of our country i.e. the State Bank of India (SBI) is practicing green banking practices in various formats. They have undertaken various initiatives under it, such as; ATM services, green channel counters, Green IT project, SMS unhappy scheme, Green house loans, Vishwayaytra foreign travel cards, Fruit bearing tree plantation, Rain water harvesting project, Green banking practices for the employees etc.

For a certain section of the society a question arises, whether the green banking services are safe or not. They wondered about the safety and security of their funds. But it could be admitted widely that, green banking services are safe and convenient to use. In availing certain services, passwords and PIN codes are provided, and one has to take care of that, in the sense that, one should maintain secrecy with regard to their codes, so obtained.

STATEMENT OF THE PROBLEM

Green banking or Modern Banking Services (MBS) is one of the most contemporary and innovative methods of banking, which provides benefits to the masses in various forms. In the 21st century and very busy schedule, it provides the helping hand to the bank consumers in availing banking services without visiting the bank premises. In spite of the various advantages of green banking, it is being observed that substantial numbers of consumers throught over the counters of the bank for the sake of traditional services. This activity is generally witnessed specially among the aged people and the people hailing from village areas. However, in Asia the number of times consumers uses banks branches is falling but insignificantly. In a survey conducted by McKinsey & Company found that the number fell down to 27% across the continent.

REVIEW OF LITERATURE

Sahoo and Nayak (2008) in their study have discovered the importance of green banking in national and as well as in international perspectives and stresses sustainable banking and development. Their study have found that even though banks plays an important role in the emerging economy, but less initiative has been taken by them in the parlance of green banking. They have forwarded few polices and initiatives for the successful implementation of Green banking. Dr Bahl (2012) through her study has tried to highlight the means both internally and externally to create awareness for green banking, and impart education to attain sustainable growth through green banking. The author further has highlighted various methods for effective green banking. Premalatha and Sundaram (2012) have also analyzed the satisfaction of Customers towards ATM services of the banks. It has also explored their conveniences, safety, assurance and flexibility towards availing the said service.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- a) To determine the level of knowledge of green banking services among the bank consumers and their frequency of availing it, in various strata in the study area;
- b) To explore the various factors which can influence the knowledge and execution of green banking services of the bank consumers;

RESEARCH METHODOLOGY

Study area:

The study has been carried out in the sonitpur district of Assam. It has been accorded as one of the

most financially included districts of Assam. As per the 2011 census it is spread over an area of 5324 sq/km with a population of 16,77,874. The district is bounded by Arunachal Pradesh on the north, Morigaon, Jorhat and Golaghat district on the south, Lakhimpur district on the east, and by Darrang district on the west. The people here are not a homogenous a lot. It consists of

Assamese, the Bengalis, the Nepalis, the Adivasis, the Muslims and the Tribals such as Bodos, Mishings etc.

Sampling Units:

In order to provide a fair representation of the study, from each block data has been collected on the basis of a well designed frequency distribution table as denoted below:

Demographic profile of survey respondent	
<i>Variables</i>	<i>Frequency</i>
Age (in years)	
Less than 20 years	15
21-35 years	15
36-50 years	15
Gender	
Male	23
Female	22
Ethnic Groups	
Plains (Assamese, Bengali, Nepali & Hindi Speaking people)	15
Tea tribes	15
Tribal (Bodo, Karbi, Mishings)	15
Occupation	
Professional	15
Student	15
Others	15

There are 14 blocks in Sonitpur district of Assam. Out of 14 blocks a sample of 25%, which account of 4 blocks are being chosen as the area for drawing sample. In forming the sample of blocks, care has been

taken on the basis of demography, location specific features etc to give a fair representation of the district. And the, remaining have been detailed below in the table:

Selected Blocks	No: of villages selected	No: of HH's selected from the villages	No: of respondents selected from each HH
Tezpur	3	15	45
Biswanath	3	15	45
Dhekiajuli	3	15	45
Rangapara	3	15	45
Total number of HH selected from four blocks (Sample Size)		N= 180	



The study is based on both primary and secondary data. Primary data has been collected through structured and unstructured questionnaires/schedules. And secondary data has been collected through publication of various bodies, data published by research investigators and data published by technical journals.

In order to obtain the findings of the study, both qualitative and quantitative methods have been applied. Relevant research publications, journals books, manuals has been reviewed and presented in the study.

FINDINGS OF THE STUDY

- Green banking is the use and execution of knowledge of environment friendly banking. It is towards the modernization of banking services along with convenience. The success of green banking can be judged from the frequency of its use and the benefit derived from it. The factors which can be made responsible for it is the awareness and the knowledge to execute it, has been determined below:

a) **Age (in years):** It has been observed that respondents aging between 21-35 years have maximum knowledge about the green banking services. And apparently respondents aging below 36-50 years have least knowledge of it. Respondents aging below 20 years have recorded average knowledge about various modern banking practices. Along with that it has been explored that respondents of the 2nd age group are more confined with the modern banking practices in comparison with the traditional ones. They use ATM, Online banking, mobile banking and green channel counters in maximum.

b) **Gender:** On gender basis, it has been found that, males are the maximum users of modern banking services, in comparison to the Females. However, males & females are more frequent users of MBS in the form of ATM, Green Channels facilities, etc. As in order to avail these popular services one has to visit the banking premises, so in this regard males enjoy more freedom in enjoying those.

c) **Ethnic groups:** Going by the group, the study has found that plain people in comparison to the tea-tribes people and tribals are more aware of the different green banking services prevailing. Plains which consists of the community such as Assamese, Bengali, Nepali and Hindi speaking people are more frequent users of all those in comparison with the remaining. Ethnically, we found that people of the plain group particularly the Assamese avail many other alternative services such as

mobile banking, internet banking, credit cards etc, apart from the services mentioned in between.

d) **Occupation:** This group consists of Professionals, Students & Others (Farmers, Daily wage earners and people of lower economic strata). The study pertaining to this group has revealed that professional people such as salaried persons, business man etc are more concerned with MBS because of their bulk transactions, its convenience, time saving and faster processing etc. The frequency of their access to it is more in comparison to the rest. The students use MBS basically in the form of ATM, Green channels debit cards etc. And the farmers, daily wage earners, etc have registered negligible awareness of various MBS and thereby their frequency of availing MBS is very much negligible.

- The study has revealed that there is a substantial gap in the level of awareness of MBS and its execution. The various factors which can be held responsible for this are many. Few of them have been cited below:

a) **Lower technical knowledge:** The lower level of technical knowledge among the respondents of various strata has resulted into low level of awareness and expertise to execute it. Some of the respondents even lack basic education. As MBS is totally an innovative and technological method of performing tasks, the lack of requisite learning stands as a barrier in successful implementation of MBS.

b) **Distance from banks:** The geographical distance between the residence of the respondents and the banks is also a pertinent factor for determining the awareness and frequency of availing banking services. Popular services such as ATM, green channel counters, kiosk banking demands visit of the customers to the banking premises. So the distance influences the awareness and the frequency of use of various MBS in general.

c) **Attitude of the people:** Attitude of the people also matters a lot. Ethnically tea-tribes, by age group 36-50, and by occupationally the farmers, daily wage earners, and other people belonging to the lower economic strata have a very poor attitude towards MBS. They fear technology and even do not trust their own ability in executing this. Moreover they hold MBS responsible for various untoward happenings such as; banking fraud, rush in the bank floor etc.

d) **Need of it:** The requirement of the respondents also pushes the level of awareness and execution of MBS. Professional people such as salaried persons, business man who need to make bulk transactions at regular intervals are more aware about various MBS. Their

frequency of the usage of it is relatively more in comparison to the people who do not need this at large.

e) **Availability of services:** The availability of various MBS in the bank also influences the awareness and execution of it. Until and unless most of the MBS services are available with the bank, and the customers are not given an opportunity to get access to that, they will be unaware of the MBS and will remain unskilled in executing that.

LIMITATIONS AND FURTHER SCOPE OF THE STUDY

The nos: of sample which has been adopted may be inadequate to give a fair representation of the study. Data has been collected only from nationalized banks excluding the private sector banks. Moreover the problem which is standing as a barrier of the MBS has been well highlighted but misses the solution for that. And last but not the least financial constraint and time constraint might have influenced the work.

CONCLUSION

The Green banking is a win –win situation for all the participants, it will not be only helping the environment but will provide benefit in the form of better operational efficiencies. They can lower their banking cost substantially. It has been explored that every teller transaction costs Re 1, ATM transaction cost Re 0.45, phone banking 0.35, debit cards at Re 0.20 and internet banking costs Rs 0.10 per transaction.

The Green banking practices are at an infancy stage particularly in Assam and India as a whole. As per data Aug 2011, there are 5200 Green channel counters (GCC's) in India, 254 GCC's in NER, 140 GCC's in Assam and so on. The respondents of the various strata do not have adequate knowledge about MBS, and there were various reasons behind this.

But the question arises whether the MBS are safe or not. It is safe, but off course one has to take certain precautions with regard to the confidentiality of the PIN.

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