

A Study on Consumer Attitude towards Green Marketing Practices by Select Indian Banking Companies

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Abstract: *Green banking is a trending talk of the banking industry in the past 2 years. In a softer side banks do not contribute directly to the green house effect except using energy saving system and process. Banks has two faces in contributing to global warming crisis, i.e. employing traditional/conservative systems and process and encouraging Green House Gases emitting industries. Later is more is treacherous for the mankind. Hence there is need and support that the banking industry should raise to the occasion at requisite times. As the sea levels are increasing and temperature is shooting up at very high rates it is the time to introspect and act accordingly to save the planet. The analysis was done by using T-Test and Chi-square test. The study tries to make a sincere effort to know the awareness of the customer about the green banking products, connectedness of customers towards the green practices and accessibility of green products to the customers by the private sector banks in the Shimoga city. This study helps to find the involvement of private banks in practicing green banking in the study area.*

Keywords: Green banking, green practices, connectedness, accessibility, global warming

1.Introduction

First of all, environmental problems are one of the reasons why the green marketing emerged. According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing refers to holistic marketing concept wherein the product, marketing consumption on disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both producers and consumers are becoming increasingly sensitive to the need for switch into green products and services. Many people believe that green marketing refers solely to the promotion and advertising of products with environmental characteristics. Generally terms like phosphate free, recyclable, refillable, ozone friendly and environment friendly are most of the things consumers often associated with green marketing. Thus green marketing includes a broad range of activities, like product modification, changes to the production process, packaging changes, as well as modifying advertising.

The financial institutions influence the economic development and growth of the country both in terms of Quantity and Quality, there by adopting various strategies for economic growth. As environmental issue has gained greater attention, pressure is being placed on all industries, including financial institutions to implement Green Initiatives. The banking industry influences economic growth and development, both in terms of quality and quantity, leading to a change in the nature of economic

growth. Therefore, banking sector plays a crucial role in promoting environmentally sustainable and socially responsible investment. Banking sector is reckoned as environmental friendly in terms of emissions and pollutions. Internal environmental impact of the banking sector such as use of energy, paper and water is comparatively low and clean. Environmental impact of banks is not physically related to the banking activities but with its customer's activities. Therefore, environmental impact of bank's external activity is huge, though difficult to estimate. The following are the steps taking by the bank for environmental protection.

Steps in Green Banking

The following are some of the steps that can be taken for going green in banking:

1. Go Online
2. Use Green Checking Accounts
3. Use Green Loans for Home Improvements
4. Power Savings Equipment
5. Use Green Credit Cards
6. Save Paper
7. Use of Solar and Wind Energy
8. Mobile Banking

2.Literature Review

1. Vikas Nath, et al.,(2014)⁰¹ in their article “**Green Banking Practices – A Review**”, this paper highlight the World Bank's environmental, green rating standards given by RBI and social norms, the initiatives taken by public and private sector banks in India in the adoption

of Green Banking practices and to enlist the significant strategies for adoption of Green Banking.

2. Kavita S.Vadrale (2016)⁰² in her article “**Green Banking Initiatives by Indian Public and Private Sector Banks**”, attempt made to understand the use of Green Banking Products in banking sector and examine the green banking initiatives by Public and Private Sector Banks in India. And it was concluded that both banks have effectively initiated green banking initiative. Comparatively, Public sector banks have shown better performance in terms of Green banking initiatives.
3. Ragupathi .M & Sujatha .S (2015)⁰³ in their article “**Green Banking Initiatives of Commercial Banks in India**” tries to find out the ways to Go Green through ‘Green Banking’. Generally, the banks are using Online banking instead of branch banking, paying bills online instead of mailing them; Opening up accounts at online banks, instead of large multi- branch banks, finding the local bank in your area that is taking the biggest steps to support local green initiatives.

Research Gap:

Most of reviewed studies are focused on comparing public and private sector in practicing green banking, strategies adopted to practice green banking, steps taken to promote green banking and so on and so forth. And also geographical scope of Shimoga city is not considered in the previous study. Hence there exist gap to find green banking practices among the private sector banks in Shimoga city by considering customer awareness, connectedness and accessibility as the major variables in the study.

Statement of the Problem

Not only the business firms have realized the importance of the environment but in this context the financial sector and especially the banks have taken initiatives to protect the environment. In this regard, this concern for environmental sustainability by the banks has given rise to concept of Green Banking. And bank has taken certain measures to market their green products/ services. Therefore an attempt is made to know consumer attitude towards green marketing practices of selected Private Banks in Shimoga district.

Objectives of the Study

The primary objective is to study consumer attitude towards Green marketing Practices by select Indian Banks in Shimoga District. Based on this primary objective the following specific objectives are framed.

1. To study the awareness of green products and services among the customers of select private Indian banks in Shimoga District.
2. To access the customer’s connectedness to green products/services.

Hypothesis

- H1:** There is high level of awareness of green products and services among the customers of select private Banks
H2: Age and Education Significantly influences the customer’s connectedness to green products/services.
H3: Age and Education Significantly influences the customer’s access to green products/services.

3.Scope of the Study

The study is confined to 100 customers of ICICI Banks and HDFC Bank branches operating in Shimoga District only.

The study tries to assess customer’s awareness level towards green marketing product/services offered by select Banks. The study also tries to understand the attitude of the bank employees towards green marketing strategies such as green product, green price, green promotion, green place, green physical evidence, green process, green people management and technology and customers acceptability adopted by bank. The study also tries to investigate the factors like connectedness, accessibility, which influences customer’s intention to adopt green banking products / services offered by select Banks in Shimoga District.

4.Research Methodology

The study follows a descriptive research design, where the data is collected from 100 customers of ICICI and HDFC at Shimoga. The customers are supplied with a structured questionnaire to extract the data. Only primary data is considered for the analysis and interpretation of results. Customer awareness on green banking products, association of customers and accessibility of green banking to the customers are major purpose of the study and it is done with the help of difference in mean t-test and chi square dependency test.

5.Limitations of the study

Though proper care will be taken, the present study will be subjected to certain limitations which are inherent in this type of study. The limitations are as follows:

1. The study is confined to only select banks operating in Shimoga District; therefore the conclusion may not be generalized.
2. Only respondents of Shimoga district concentrated for collecting the data.

Data Analysis and Hypothesis Testing

Table No 1: Demographic Profile

Gender	No. of Respondents
Male	56
Female	44
Total	100
Marital Status	No. of Respondents
Single	41
Married Without Kids	19

Married With Kids	40
Total	100
Education	No. of Respondents
SSLC & below	3
PUC/Diploma/ITI	24
Graduate	47
Post Graduate	23
Others	3
Total	100

Occupation	No. of Respondents
Employed	37
Self Employed	46
Student	9
Home Maker	8
Total	100
Income	No. of Respondents
Below Rs.20,000/-	21
Rs.20,000/- to Rs.40,000/-	34
Rs.40,000/- to Rs.60,000/-	31
Rs.60,000/- and Above	14
Total	100
Product	No. of Respondents
Saving Account	23
Current account	59
TD/RD	18
Total	100

Source: Primary Data

The above table explains the demographic characteristics of the respondents (customer). Most of the respondents are male. Almost unmarried and married with kids constitutes fairly more and equal. Both the banks have more of corporate customers. On an average graduate customers are seen more in the respondents profile. The banks have a customer base that has a decent income band which follows a platykurtic distribution. The banks do have a strong CASA position.

Hypothesis Testing

H₀: There is no significant difference between proportion of awareness and unawareness of green products and services among the customers of select private Banks

H₁: There is a significant difference between proportion of awareness and unawareness of green products and services among the customers of select private Banks

Table No 2: Awareness of Green Products

Green Products/Services	Yes	No
ATM	97	3
Telephone Banking	6	94
NEFT/RTCG	47	53
Green Saving Accounts	4	96
Green Checking Accounts	3	97
Green Loans	9	91
Green Credit cards	2	98
Green Money market account	0	100
Green Mortgage	5	95
Remote Deposits(RDC)	3	97
Online/Mobile Banking	78	22
Green CD's	4	96

Source: Primary Data

Table No 3: t-Test: Two-Sample Assuming Equal Variances

	Yes	No
Mean	21.5	78.5
Variance	1122.82	1122.82
Observations	12	12
Pooled Variance	1122.82	
Hypothesized Mean Difference	0	
Df	22	
t Stat	-4.17	
P(T<=t) one-tail	0.00	
t Critical one-tail	1.72	
P(T<=t) two-tail	0.00	
t Critical two-tail	2.07	

Source: Table No 2

The above table describe the awareness of green banking products among customers. The result obtained is unfavourable for the awareness of green products in the selected banks. As the p-value is 0.00 it is interpreted as there is a significant difference between the proportions of awareness and unawareness among green products in both the banks at 5% significance level. Referring to the average of awareness and unawareness, average of later is too high. Hence it can be said that awareness about of green banking products is too low.

H₀: Age and Education Significantly doesn't influence the customer's connectedness to green products/services.

H₁: Age and Education Significantly influences the customer's connectedness to green products/services.

Table No 4: Analysis Table for Age and connectedness

Connectedness with age	χ^2 obtained	χ^2 critical value	Result
I like to be part of the green banking initiatives of the bank in developing sustainable environment.	16.55	26.29	H₀ Accept
I often use the green banking channels to do my regular transactions.	5513.27	26.29	H₀ Reject
I often share green banking initiatives and programs of bank in social media platform to create awareness among the people.	6.34	26.29	H₀ Accept
I feel more prestigious using online services than queuing at the bank halls.	20.13	26.29	H₀ Accept

Source: Primary Data

Interpretation: Testing the dependency of age on connectedness at 5% significance, the above results have been obtained. There is no dependency between age and customers' being an integral part of the green banking system. Age is dependent on often use of green banking channels. All the age group shares the green banking initiatives in their social media. There is no significant dependence between age and prestige quotient.

Table No 5: Analysis Table for Education and Connectedness

Connectedness with Education	χ^2 obtained	χ^2 critical value	Result
I like to be part of the green banking initiatives of the bank in developing sustainable environment.	12.33	26.29	H₀ Accept
I often use the green banking channels to do my regular transactions.	655.44	26.29	H₀ Reject
I often share green banking initiatives and programs of bank in social media platform to create awareness among the people.	356.74	26.29	H₀ Reject
I feel more prestigious using online services than queuing at the bank halls.	551.94	26.29	H₀ Reject

Source: Primary Data

Interpretation: Testing the dependency of education level on connectedness at 5% significance, the above results have been obtained. The can be understood as follows. Being a part of green banking initiatives is doesn't have a significant dependence on education level. Usage of green banking channels, sharing green banking initiatives in social media and prestige quotient are significantly dependent on education level.

H₀: Age and Education Significantly doesn't influence the customer's access to green products/services.

H₁: Age and Education Significantly influences the customer's access to green products/services.

Table No 5: Analysis Table for age and access to green products/services

Access with age	χ^2 obtained	χ^2 critical value	Result
I do not need to know special and advanced skills to use green banking channels offered by my bank.	6188.34	26.29	H₀ Reject
My bank provides technological know-how, which makes me feel easy to use green banking channels.	564.34	26.29	H₀ Reject
I can do my transaction anywhere due to green banking channels.	789.25	26.29	H₀ Reject
I do not find server problem while doing online transaction.	15.16	26.29	H₀ Accept
I feel safe while transferring money to another bank Account.	981.01	26.29	H₀ Reject
Lengthier procedure is not followed for while doing online transaction.	9.45	26.29	H₀ Accept
Time consumption is very less in online banking.	17.11	26.29	H₀ Accept

Source: Primary Data

Interpretation: The chi square test for dependency is run to check the dependency between accessibility factors and age at 5% significance level. The above results are marked

and the interpretation is as follows. Age has a significant bearing on knowing advanced skills about using green banking channels, banks initiation in providing know how in using green technology, flexibility in using anywhere without domicile issues and security quotient. Age doesn't have a dependency on finding server problems, lengthier transaction and time consumption.

Table No 6: Analysis Table for education and access to green products/services

Access with Education	χ^2 obtained	χ^2 critical value	Result
I do not need to know special and advanced skills to use green banking channels offered by my bank.	581.56	26.29	H₀ Reject
My bank provides technological know-how, which makes me feel easy to use green banking channels.	668.25	26.29	H₀ Reject
I can do my transaction anywhere due to green banking channels.	989.14	26.29	H₀ Reject
I do not find server problem while doing online transaction.	5.57	26.29	H₀ Accept
I feel safe while transferring money to another bank Account.	677.15	26.29	H₀ Reject
Lengthier procedure is not followed for while doing online transaction.	6.66	26.29	H₀ Accept
Time consumption is very less in online banking.	19.70	26.29	H₀ Accept

Source: Primary Data

Interpretation: The chi square test for dependency is run to check the dependency between accessibility factors and age at 5% significance level. The above results are marked and the interpretation is as follows. Education level is significantly dependant on knowing advanced skills about using green banking channels, banks initiation in providing know how in using green technology, flexibility in using anywhere without domicile issues and security quotient. Education doesn't have a dependency on finding server problems, lengthier transaction and time consumption.

6. Findings

1. Male customers are seen majority in the study area. Unmarried and married with kids are constitute almost 81% and equal proportion. Only 3% of the respondents are less literates and graduates are more to the extent of 47%. Almost 83% of the respondents are salaried and self employed i.e. income earners. The banks have a customer base that has a decent income band distributed evenly. As self employed are more in the respondents, current accounts are also found more when compared to savings, term and short term deposits
2. Respondents have poor knowledge of green banking products. Customers have a fair awareness only on ATMs, online banking and RTGS/NEFT. Customers don't have awareness on Telephone banking, Green Saving Accounts, Green Checking Accounts, Green

Loans, Green Credit Cards, Green Money Market Accounts, Green Mortgages, Remote Deposits and Green CDs.

3. As green banking practices use lot of technology, most of the customers find it a stature factor and try show off to their near associations that they are up to date with technology. But they respond that they use less green banking products in their daily transaction. Hence it can be said that connectedness towards green banking is fair.
4. Transactions using green banking process is dependent on the age. Green banking initiatives, sharing green banking practices in social media and prestige quotient doesn't alter with age.
5. Variables of connectedness like, using green banking product, sharing green banking initiatives and prestige factor has a significant bearing on education. Being a part of green banking doesn't differentiate throughout education levels.
6. Accessibility variables like additional knowledge of special skills, technical know-how, and safety are significantly impacted by different age levels. Online issues, length of procedure and time consumption doesn't change with others.
7. Variables of accessibility like additional knowledge of special skills, technical know-how, and safety are significantly impacted by different age levels. Online issues, length of procedure and time consumption doesn't change with others.

7. Suggestions

1. The private banks shall increase more promotional activities to create awareness about green house effect and its impact on lives. So that reduction in carbon foot print is possible.
2. Since customers are sharing information on green banking, it as an added advantage for the banks to have a high rate of customer conversions looking at the shared information.
3. Secured transactions and software infrastructure shall be made still robust to encourage online transaction without any hazels.
4. Banks shall educate the customers by providing various workshops that focus on learning green banking practices.

8. Conclusion

The study intends to know the green banking practices by private sector banks in the Shimoga city. The study area exhibits almost squat position green practices by the private sector banks. As per the obtained results for the analysis, there exists a very low proportion of awareness about of green banking products among the customers of private sector banks. Very few products like ATM, RTGS/NEFT, Online/Mobile banking are having familiar with the customers. Most of the products like Telephone banking, Green Saving Accounts, Green Checking Accounts, Green Loans, Green Credit Cards, Green Money Market Accounts, Green Mortgages, Remote Deposits and Green CDs are not even having an awareness of at least 10% in each case. This clearly shows an

immature green banking solutions rendered by the private banks in the study area.

With respect to connectedness of customers towards the green banking practices, customers feel green banking initiatives are new and discuss/share such topics with their friend and relatives in the social media platform. They also feel green products provide them a cachet feel in their associations and share the information. But alarming signal is usage of green products is less.

Customers opine green practices are reducing their time of transaction, domicile flexibility, technical support and customer friendly procedure when compared to traditional banking practices. But the customers feel issues persist more in infrastructure like serve traffic and security problems. Thus study wrap up by stating private banks has a greater scope to improve in establishing a robust green banking system to serve their customers in greater extent.

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