



The Perception of Customers Towards Sustainable Practices in Indian Banks

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Abstract

Sustainable Development (SD) is currently becoming more well-known. As a result, many kinds of organizations are working together to guarantee that sustainable development is noticed in pursuing their objectives, such as profit-making, providing social services, philanthropy, etc. Sustainable development (SD) is preserving the integrity of social and natural systems while pursuing economic growth. Non-financial reporting is a framework for organizations to report on their operations in this area, particularly about the triple bottom line or the accounting of the environment, society, and economy.

Given their critical role in funding global economic and developmental activities, financial institutions, particularly banks, must contribute significantly to sustainable development. In this context, it is challenging to overstate how important it is for banks to behave responsibly as corporate citizens in society, particularly in a growing nation like ours. Their actions should demonstrate how they care about the environment and human rights.

This paper emphasizes the significance of "Going green" and promoting sustainable practices in the Indian banking sector. The perception of customers toward Sustainable practices in Indian banks has not been the subject of much research. The study aims to comprehend consumers'

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feelings about green banking services and their effectiveness and benefits. Friedman Ranking test and Chi-Square have been used as tools for the analysis.

Keywords: Sustainability, Sustainable practices in India, Green Banking Initiatives, Customer Perception.

Introduction

Commercial banks are organizations that typically take deposits from customers and make loans. In India, commercial banks are also created; these institutions are known as commercial banks and were built in compliance with the Banking Regulation Act of 1949 (Goyal & Joshi, 2012). The Central Bank of India also promotes green and sustainable finances in managing climate risk. Indian financial institutions need proper mechanisms to control climate and environmental hazards. Finance Minister Nirmala Sitharaman will also introduce a green rupee bond during the fiscal year (Bajpai & Biberman, 2022; Chaurasia, 2022; Puri & Misra, 2017). Monetary authorities are improving their policy frameworks to account for the effects of climate change and other environmental factors. Sustainable Finance has also become a hot topic worldwide (Durrani et al., 2020). However, the financial authorities need to gain experience in new fields like climate risk and sustainable Finance.

Given their critical role in funding global economic and developmental activities, financial institutions, particularly banks, must contribute significantly to sustainable development. In this context, it is challenging to overstate how important it is for banks to behave responsibly as corporate citizens in society, particularly in a growing nation like ours. Their actions should demonstrate how they care about the environment and human rights. The enclosures introduce the terms Corporate Social Responsibility and Sustainable Development, their perceived need, global initiatives in the financial sector resulting from those initiatives, and other related issues. They also highlight the significance of the issues raised and the international industries. In sustainable development, global warming and climate change are particularly crucial, especially for developing nations that must be prepared for such products.

Most Asian businesses are "essentially naïve," according to recent climate change studies, to the threats that climate change issues

represent to their business models and the environment. Over two-thirds of the respondents, corporations received a score of zero for their response to climate change. According to the findings, Asian companies often lag behind their American and European competitors. In this situation, it becomes urgent for financial institutions in India to make sustainable development efforts, and banks can support these endeavors by taking on a significant role.

Given the situation, banks are urged to pay attention to the issues brought up and consider using them to build, with the consent of their boards, a reasonable and acceptable plan of action to support sustainable growth. The IFC Project Finance Principles (the Equator Principles) and carbon trading are mentioned explicitly in this context. Additionally, it will be wise for banks and other financial institutions to continuously stay updated on developments and adjust their strategies, plans, etc., in light of those developments. Along with the yearly accounts of banks, the progress accomplished under it might be made public.

Financial markets in developed and developing countries establish sustainable environmental security policies in response to these environmental concerns. These policies include integrating technology-based services into financial services (Hussin & Kunjuraman, 2015). They do this because banks play a significant part in a nation's economic structure, and their financing activities frequently impact all company practices.

Delivered are the services of digital banking. It also includes all conventional functional advantages, such as marketing and risk management. ATMs and plastic cards have started to modernize traditional banking.

Fig: 1 Sustainable banking practices in India:

Mobile Banking
Internet Banking
Online bill payments
Digital payment Transactions (UPI-enabled APP)
Digital currencies

IVR banking (Interactive Voice Response technology automates telephone interactions with callers)
Cash /Cheque Deposit machines
Green channel counters for customers
Opening a savings bank account through online
Solar-based ATMs

Information systems research must comprehend how people embrace and use this information technology because it is the foundation for green banking. To explain how people accept and use technology, a variety of theoretical models, primarily based on social and psychological ideas, are used. Consumer complaints about banking typically refer to interfering with or interfering with customers' business activity.

Fig: 2 Benefits of Sustainable banking practices:

Trust
Privacy
Customer-centric
User friendly
Less paperwork
Quick, convenient, and easy to use - anytime, anywhere
Adoption and implementation of ethical standards
Conservation of natural resources
Reduced carbon footprint
Reduced/Re-use of paper
Fewer trips to banks/ Lesser use of fuel

Literature Review

According to a study conducted by the Reserve Bank of India (RBI) in 2007, the typical Indian citizen has a significant knowledge gap in many areas. Given this context, India's financial institutions must

work together to promote long-term sustainability. However, banks are crucial and can contribute significantly to this initiative. The Reserve Bank of India (RBI) issued a notice on the topic on December 20th, 2007, instructing banks to take into account the issues raised and, with approval from their superiors, formulate a workable and agreeable plan that would contribute to the promotion of the concept of sustainable development. To comply with a recent regulation from the Reserve Bank of India, all Indian financial institutions must maintain knowledge of carbon trading, IFC, and Equator principles. To comply with these standards, financial institutions must rework their policies. In 2007, the Reserve Bank of India urged businesses to provide transparent descriptions of compliance with this recommendation in annual reports.

Korslund (2013) published the results of new research comparing sustainable banks and Global Systemically Important Financial Institutions (GSIFIs) relative to several key questions, and he found that the new bank models based on sustainable banking principles offer an intriguing path to a more substantial and sustainable banking sector. Focus Financial Services (2013) argues that incorporating sustainability into an organization's strategy means more than reducing energy use, increasing investments in environmentally conscious businesses, or decreasing carbon dioxide emissions. The six pillars of sustainable banking—customers, culture, compliance, compensation, expenses, and capital—define how a bank develops and operates over time. Yadav and Pathak (2014) report that the banking sector in India is already developing green banking-related tools and processes. Public sector banks were likewise shown to be more attentive to sustainability concerns than their private sector counterparts.

Objectives of the Study

- To examine the Sustainable practices adopted in the Indian Banking Sector.
- To assess customers' awareness and usage of sustainable practices.

Research Methodology

The survey aimed to learn more about customers' opinions, significant problems, and possibilities while adopting sustainable

banking practices; all the questions were in Boolean form, "Yes" and "No," to save time for the respondents. Additionally, respondents had the chance to offer qualitative comments on two open-ended questions that were asked to critically understand the role of Indian commercial banks in promoting sustainable Finance.

Procedure

The present study will use a primary data collection approach wherein data will be collected through a quantitative survey instrument developed from standard scales.

Sample Size

The commercial banks were selected by using a random sampling technique. The questionnaire was shared with around 50 customers of commercial banks.

Results and Discussion

Table: 1 Customers 'awareness on Sustainable practices in Banking

	Mean Rank	Rank
Familiar with various Digital Payment Transactions	9.18	1
Familiar with Mobile Banking, Internet banking, Telebanking, Solar ATMs, Passbook Printing kiosks, and Cash /Cheque Deposit machines.	8.54	2
Aware of the facility of opening a savings bank account through online	7.53	3
Know about green channel counters for customers (Which enable the customers to deposit and withdraw money from their account without filling up pay-in slips, withdrawal forms, remittance forms, or cheques)	7	4

	Mean Rank	Rank
Aware of the recent development of sending Annual reports to banks as electronic copies	6.99	5
know banks are offering a waiver on the Processing Fee of Auto Loans on Car Models, which use Alternate Sources of Energy, like Electric Vehicles (EVs),	6.77	6
know banks are providing green loans to industries that promote the production of Energy from renewable sources like solar, windmills, biogas, sun-based streetlights	6.46	7
aware that banks have kept fewer processing fees if the customer buys houses in LEED-certified buildings	5.94	8
Aware of the Green Credit Cards	5.16	9
Green Buildings for bank/branches	4.9	10
Familiar with Sustainable Banking Practices (green banking)	4.9	10

Table: 2 The usage of sustainable practices in banking

	Mean Rank	Rank
Online bill payments	7.52	1
Mobile Banking	7.49	2
Internet Banking	7.47	3
Digital payment Transactions (UPI-enabled APP)	6.65	4
Solar-based ATMs	6.38	5

	Mean Rank	Rank
IVR banking (Interactive Voice Response technology automates telephone interactions with callers)	5.08	6
Cash /Cheque Deposit machines	4.94	7
Green channel counters for customers	4.85	8
Opening a savings bank account through online	4.25	9
Digital currencies	3.37	10

Table 3: Chi-square test to compare significant differences in age about awareness of Sustainable banking products & services

		Aware of Sustainable Banking Products & Services		Total
		Yes	No	
Age	20-30yrs	3	0	3
	30-40 yrs	8	0	8
	40-50 yrs	28	7	35
	Above 50 yrs	4	0	4
Total		43	7	50
Chi-Square Tests				
		Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square		26.300 ^a	3	<.001
Likelihood Ratio		41.109	3	<.001

Linear-by-Linear Association	4.401	1	.036
N of Valid Cases	50		
a. two cells (25.0%) have an expected count of less than 5. The minimum expected count is 2.12.			

If $p < 0.05$, we can say there is a statistically significant relationship between the two variables, age, and awareness of sustainable banking products & services.

Conclusion

The notion of sustainable banking is outlined in the literature study. It helped me comprehend the connections between finance and environmental responsibility more thoroughly. The research highlighted why sustainable banking is crucial in the present moment. The term makes explicit the relationship between sustainability and the banking industry. There were several holes in our understanding of sustainable banking in India, which were highlighted by our literature assessment. Further investigation into the connection between sustainability and banking is required, and it was shown that this was an issue in India.

Sustainable practices in banking will help customers to perform banking sustainably. This will mutually help the banks, customers, and the economy.

This paper has attempted to study the perspective of banking customers toward Sustainable practices in the Indian banking sector. Through the analysis, we can understand that the customers are adopting sustainable practices in banking.

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