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AN EMPIRICAL STUDY ON THE PERCEPTION OF CUSTOMERS
TOWARDS THE ETHICAL ROLE PLAYED BY BANKS IN THE
ENVIRONMENT WITH SPECIAL REFERENCE TO MAYILADUTHURAI
TALUK, NAGAPATTINAM DISTRICT, TAMIL NADU

Dr.s.mayilvaganan,

Assistant professor of commerce,
A.V.C. College (Autonomous), Mannampandal-609301, Mayiladuthurai
Mayiladuthurai District, TamilNadu

Dr. G. Karthikeyan

Assistant professor of commerce,
A.V.C. College (Autonomous), Mannampandal-609301, Mayiladuthurai
Mayiladuthurai District, TamilNadu

V.sowmya,

Assistant Professor of Commerce with Computer Applications,
PSG College of Arts & Science (Govt. Aided Autonomous Institutions),
Civil Aerodrome Post, Coimbatore – 641 014, TamilNadu

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Abstract

Green banking is being developed in recent times with the help of innovative ideas that assists in promoting sustainability. The customers play a major role in extending their support towards the efforts taken by banks in promoting green banking. In such a case, customer perception on green banking is the need of the hour which needs to be studied. This study intends to find the customer opinion on banker's role in sustainable development and their viewpoint in doing so. Results of the study reveal that green banking is an emerging sector that can raise the environmental values by encouraging consumers to opt for paperless banking and providing them training to get into use of the same.

I. Introduction

The object of introducing green banking by banks is to promote environment friendly practices among its customers. Green banking is followed in banks in such a way that carbon footprints of banking activities are reduced and paperless banking is practiced in order to reduce exploitation of resources and to safeguard natural resources at the same time. Green banking has been promoted in India in numerous banks such as State bank of India, Punjab national bank, Bank of Baroda, Industrial development bank of India, Kotak Mahindra and so on. State bank of India is remarkable in the sense that it is the first bank to bring in green banking by way of promoting many energy saving projects and had become successful in establishing itself as role model to other banks to also do so. Banks should incorporate its ethical values in daily banking activities and customers should also be made aware of the importance of saving the environment via green banking activities.

II. Review of Literature

Sreesha (2014) in his paper titled “A Study of Green Banking Initiatives of Selected Private and Public Sector Banks in India” deals on environmental sustainability concept adopted by a number of private and public sector banks in India. The study points out that banker are not much interested in making its operations entirely green. It also mentions that public sector banks are far better in managing its activities in an ethical manner when compared to private sector banks.

Sahitya & Lalwani (2014) has enlightened the importance of banks in going green in all the aspects and they have also listed out the banks in India who are acting as a benchmark in green initiatives. This paper suggests that banks should start transforming their conventional form of business operations into paperless banking in way of ATMs, mobile banking and internet banking.

Ragupathi. M and Sujatha .S (2015) has mentioned in their paper that although banks are not aware of green banking they are now acting in an environmentally responsible manner. They have started incorporating environmental values in banking business which has not only benefitted the banking sector but also the society in various perspectives. At the end it also suggests that banks should incorporate sustainable development strategies in its business.

III. Objectives of the study

1. To assess the perception of customers towards green banking
2. To know the level of interest among customers in opting for green banking
3. To know the different kinds of green practices of banks that is encouraged by its customers

V. Methodology of Research

The research methodology used for the purpose of this paper is survey method. Questionnaire is framed for data collection purpose with multiple choice questions. Public sector bank is selected to collect samples of 50

customers and consecutively the questionnaires which was framed in a structured manner are given to 50 customers (25 customers in each branch) who have savings bank account in Indian Bank of Mayiladuthuvari branch and Mannampandal branch, Tamil Nadu. The data is collected from them which are further analyzed for to derive meaningful interpretation. Convenient sampling technique is used in data collection. The statistical tools used in this study are frequency tables and chi square test.

VII. Results and Discussion

Table 1 showing gender of the customers

Particulars	Frequency	Percentage
Male	35	70
Female	15	30
Total	50	100

It is understood from the above table that male respondents are more in number when compared to female respondents.

Table 2 showing age group of the customers

Particulars	Frequency	Percentage
Below 20 years	10	20
21-30 years	12	24
31-40 years	13	26
41-50 years	12	24
Above 50 years	3	6
Total	50	100

Table 2 shows that respondents belonging to the age group of 31 to 40 years are more in number and it has to be also noted that respondents belonging to 21 to 30 years and 41 to 50 years are also relatively more in number.

Table 3 showing educational qualification of the customers

Particulars	Frequency	Percentage
Up to schooling	10	20
Under graduate	19	38
Post Graduate	10	20
Professional	8	16
Diploma	3	6
Total	50	100

The numbers of undergraduates are more whereas numbers of diplomas are 3 in number out of 50. Respondents who are mere school dropouts are 20 percent which is essential for this study to know the awareness of green banking to less educate.

Table 4 showing nature of occupation of the customers

Particulars	Frequency	Percentage
Business	12	24
Salaried	18	36
Professional	3	6
Student	9	18
Home maker	4	8
Others	4	8
Total	50	100

Salaried people are selected in more number for the study as they are the ones who are indulged in banking operation more than anyone. Salaried class tend to contribute more in saving bank account and in the recent years every salaried person has an account for the purpose of their salary getting credited every month.

Table 5 showing the customer's usage of green products devised by banks

Particulars	Frequency	Percentage
Green cards	3	6
Green car loans	16	32
Green mortgages	1	2
Green home equity loans	1	2
Green certificate of deposits	0	0
Others	4	8
None of the above	25	50
Total	50	100

Green cards are used in India especially in banks such as State bank of India as it encourages paperless transactions for the purpose of customers to make remittances using a card without PIN. Since this initiative is taken by State Bank of India, it is yet to be followed by other banks. Henceforth the numbers of customers using green cards are merely low. Maximum numbers of customers are opting for green car loans as it has become popular due to its advantages such as longest repayment period and lower interest rate. It is an initiative of State bank of India to encourage its customers to purchase electric vehicles in spite of the one which runs on petrol and diesel thereby making the country green and clean. It is noteworthy that customers are attracted by it's another benefit of zero processing fee which is available for customers by also encouraging them to buy pollution free vehicles. A majority of customers have revealed that they have not yet used any form of green initiatives introduced by the banks. This shows that they are not aware of many of the green banking operations carried on by the banks.

Table 6 showing perception of customers towards usefulness of online banking used by banks for environmental conservation

Particulars	Frequency	Percentage
Very much useful	18	36
Much useful	12	24
Somewhat useful	13	26
Not useful	7	14
Not at all useful	0	0
Total	50	100

It is evident from the above table that the customers are of the attitude that online banking or net banking is very much useful for the society. Out of

30 customers who are of the perspective that online banking is useful, 18 customers feel that online banking is extremely useful and 12 customers feel that online banking is much useful. It has to be mentioned that no customer feels that online banking does not contribute to the environment. Huge numbers of customers believing that online banking helps in developing an ethical economy is a sign of customers supporting the environmental initiatives of banks.

Table 7 showing perception of the customers towards paperless banking and its impact towards the environment

Particulars	Frequency	Percentage
Paperless banking makes a good impact on the environment	12	24
Paperless banking makes a better impact on the environment	15	30
Paperless banking has a neutral impact on the environment	9	18
Paperless banking has a lesser impact on the environment	11	22
Paperless banking does not have any impact on the environment	3	6
Total	50	100

27 customers are of the opinion that paperless banking such as ATM, online banking and mobile banking can have a greater impact on the environment and reduces the consumption of paper which is an extract of natural resource. This shows that consumers have a positive outlook towards the paperless initiatives of banks.

Table 8 showing customer's perception on green banking approach

Particulars	Yes		No		Total
	Count	%	Count	%	
Green banking is a sensible approach of bank	39	78	11	22	50
It is not possible to achieve sustainability only through E-banking	27	54	23	46	50
Extending low interest loans for sustainable development projects can enhance green banking	42	84	8	16	50
ATM is one of the popular platform for developing green banking	25	50	25	50	50

Above table indicates that customers have a opinion that E-banking technology followed by banks are not the only way of creating a sustainable environment but also they have to concentrate on extending long term loans at low rate of interest to sustainable development projects thereby indirectly supporting the conservation of environment. It can be inferred that customers are more concerned about the environmental values of banks and they think that banks should incorporate their environmental values in their investments and lending apart from implementing paperless mechanism in the daily banking activities. Customers are neutral on banks using ATM as a platform in their green banking mechanism.

Table 9 showing familiarity with the concept of green banking of the customers

Particulars	Frequency	Percentage
Very much familiar	25	50
Much familiar	15	30
Somewhat familiar	7	14
Not familiar	2	4
Not at all familiar	1	2
Total	50	100

80% of the customers contacted for the study have said that they are familiar with the concept of green banking whereas 6% of customers have said that they are unfamiliar with the concept of green banking. Customers are becoming familiar with green banking with each passing day as banks are creating awareness to customers by motivating them to indulge in mobile banking, online banking and by also informing them the benefits of these latest technologies on the environment. Banks are also sending mails and messages regarding the advantages of opting paperless mechanism and encouraging them to use the same.

Table 10 showing Chi Square Test on association between customer's level of education and customer's usage of different green products devised by banks

Particulars	Green cards	Green car loans	Green mortgages	Green home equity loans	Green certificate of deposits	Others	None of the green products	Total
Up to schooling	0	0	0	0	0	2	8	10
Undergraduate	1	8	0	0	0	0	10	19
Postgraduate	2	2	0	0	0	2	4	10
Professional	0	5	1	0	0	0	2	8
Diploma	0	1	0	1	0	0	1	3
Total	3	16	1	1	0	4	25	50

Source: Primary Data

Null Hypothesis: There is no association between level of education of the respondents and usage of different green products devised by banks

Alternative Hypothesis: There is an association between level of education of the respondents and usage of different green products devised by banks

Factors	Calculated Value	Table Value	Degrees of Freedom
Level of Education	54.69	36.415	24

Source: Computed Data

Interpretation: There is an association between level of education of the respondents and usage of different green products devised by banks

Table 11 showing Chi square test on association between customer's usage of different green products devised by banks and the level of familiarity with the green products devised by banks among the customers

Particulars	Very much familiar	Much familiar	Somewhat familiar	Not familiar	Not at all familiar	Total
Green cards	0	0	3	0	0	3
Green car loans	5	11	0	0	0	16
Green mortgages	0	0	1	0	0	1
Green home equity loans	0	0	0	0	1	1
Green certificate of deposits	0	0	0	0	0	0
Others	0	0	2	2	0	4
None of the above	0	4	1	0	0	25
Total	25	15	7	2	1	50

Source: Primary Data

Null Hypothesis: There is no association between usage of different green products devised by banks and the level of familiarity with the green products devised by banks among the respondents

Alternative Hypothesis: There is an association between usage of different green products devised by banks and the level of familiarity with the green products devised by banks among the respondents

Factors	Calculated Value	Table Value	Degrees of Freedom
Usage of green products devised by banks	128.87	36.415	24

Source: Computed Data

Interpretation: There is an association between usage of different green products devised by banks and the level of familiarity with the green products devised by banks among the respondents

VIII. Conclusion

The study concludes that customers are much aware of green banking and it is also striking that customers are motivated to make the environment sustainable with all the growing E-banking technology. It is remarkable that customers tend to use different green banking technologies according to their level of knowledge as shown by the chi-square test. Well educated customers tend to use new green products of banks and less educated customers are not willing to use these products as they do not possess much knowledge on how to use. It can be suggested that banks can identify less educated or uneducated people and provide assistance in operating the new green products in banking operations in order to make them use those products.

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