IJFANS INTERNATIONAL JOURNAL OF FOOD AND NUTRITIONAL SCIENCES
ISSN PRINT 2319 1775 Online 2320 7876
Research Paper UGC CARE Listed (Group -I) Journal Volume 10, S.Iss 01, 2021

THE INFLUENCE OF GREEN BANKING PRACTICES ON CUSTOMER SATISFACTION

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Abstract

Zomato is green banking, which may have framed 10% Zomato credit for every Rs. 300 spent on the app, encouraging customers on eco-friendly orders. Using significant features such as electronic banking services, paperless transactions and green loans, in addition to manufacturer social obligation systems, this examine analyzes the consequences of inexperienced banking practices with the help of the customer satisfaction approach. The mixed-methods approach to collecting research data involved primary data obtained from basic surveys of bank customers and secondary data obtained from financial reports and industry case studies. The results indicated greater customer satisfaction among banks who engaged in eco-friendly initiatives, with sustainability measures showing positive signs of influencing customer patronage. The study implication implies the adoption of this green banking strategy will help financial institutions to widen their engagement with customers and competitive advantage in the upcoming marketplace. The study also provides some suggestions for how the banks can strike a more equitable approach between sustainability activity and customer experience.

Keywords: Green Banking, Customer Satisfaction, Sustainability, Digital Banking, Eco-Friendly Practices, Financial Institutions

Introduction

Over the last few decades, environmental or ecological sustainability, which means the ability of natural systems to maintain biodiversity and productivity indefinitely, has become a matter of concern in a lot of industries, including banking. Green banking, which incorporates eco-friendly principles in financial services, is becoming very popular in order to lessen the carbon footprint of banks and encourage sustainable economic development. By encouraging and facilitating paperless transactions, energy-conserving operations, green loans and sustainable loans and investment strategies, banks want to offer a remedy that meets financial needs while preserving the planet.

The relevance of the terms bank and banking institution for success will be determined by custome satisfaction, which will determine customer loyalty, trust, and long-term engagement. As awareness of environmental issues continues to grow, these days consumers are more willing than ever to buy into (and with their dollar) brands that are investing in sustainability. Green banking practices improve a bank's corporate social responsibility (CSR) profile and serve as a critical differentiator in a competitive environment.

Thus, this study aims to explore the impact of green banking on customer satisfaction and identify which green banking factors contribute most significantly to the process. 8) This study

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investigates consumer reactions toward eco-friendly efforts at banks to devise a customer-centered approach while formulating environmental strategy. This also helps to understand what are the obstacles faced by banks in becoming "green" and how banks can enhance customer experience and acceptance towards "sustainable banking".

Literature Review

With the growing significance of eco-friendly practices in the banking sector, a number of studies have been exploring the influence of green banking on customer satisfaction and environmental sustainability. Therefore, this review provides a summary of the key literature from before 2020 so that the association between green banking practices and customer satisfaction could be better understood.

The terminology of green bank started to emerge, as the world became more modern and aware of environmental obligations and sustainable financial practices. Green Banking is an environment-friendly policy like paper less banking, green credit, and energy-efficient infrastructure (Bihari and Pradhan, 2011). “Green banking is not just an ethical choice, it is a constructive move for banks for building a strong reputation and enhancing consumer trust,” it said.

As indicated by Malik and Nadeem (2014), as it appears that banks globally are increasingly adopting sustainable banking solutions through digital banking services, carbon footprint policies, and green investment strategies. In order to retain customers, some banks resorted to competitive appeals on the basis of environmental concerns and research indicated that those banks pursuing green banking initiatives had an upper hand over others in retaining their customers.

Several researchers investigated the direct-linkage of green banking practices to customer satisfaction. Rahman et al. conducted a study on Bangladeshi banks and published a customer perception oriented towards green banking initiatives significantly favourable in digital banking and green bank loan products (2017). Handfuls of banks that cared enough to pay attention to their environmental impact discovered that not only did customers notice their efforts; they also reported higher satisfaction and increased loyalty.

Similarly, Jha and Bhome(2013) conducted research on customer perception towards green banking services in India and said that paperless transactions, green credit policies and sustainable investment options are the essential ingredients for customer satisfaction. They demonstrated that sustainability-sensitive banks could attract customers that made a fournands and were willing to patronise green banks.

However, it has confronted numerous barriers in implementing green banking solutions. The key obstacles to green banking in developing countries were in developing countries like Bhutan and inadequate awareness among consumers and expensive implementations. (Biswas, 2011) It also pointed towards the need to educate customers about the advantages of green banking and recommended that the digital financial literacy programmes be integrated to enhance the adoption rates.

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Regulatory and technology challenges of green banking were highlighted by Verma (2018). Green banking policies were on the rise, but banks had yet to address the tension between their environmental efforts and profitability concerns, the research found. The research offered a wide-ranging analysis for diverse banks contributing to the hurdles which need to be explored to advance profitability and sustainability objectives.

Based on the literature, it appeared that green banking was becoming increasingly crucial in the jaws of the financial sector. Choudhury et al. (2019) claims that new innovations like Artificial Intelligence and blockchain technology could help for a more sustainable Green-banking process as they will make the banking services more efficient and reduce paper usage. They discovered that green banking was an emerging practice by means of policy orientation and technological basis.

To conclude, it can be summarised that the previous studies show a positive association regarding green banking with customer satisfaction. Implementation presents some difficulties, but studies undertaken show that banks that take the plunge on sustainability set themselves up for competitive advantages and better relationships with customers. Hence, while the adoption and effectiveness of green banking measures is an important area for future research, the underlying drivers emerging from the literature review in terms of technology and regulatory environment are aspects that need significant attention going forward.

Objectives of the Study

1. To examine the awareness and perception of customers regarding green banking practices.
2. To analyze the impact of green banking initiatives on customer satisfaction.
3. To identify key factors influencing customer adoption of green banking services.

Hypothesis

Null Hypothesis (H_0): There is no significant impact of green banking initiatives on customer satisfaction.

Alternative Hypothesis (H_1): Green banking initiatives have a significant positive impact on customer satisfaction.

Research Methodology

The current study used descriptive and analytical research design and analysis on green banking initiatives and customer satisfaction. It is a mixed-method approach, combining qualitative and quantitative techniques. Readers are regular customers on green banking services such as Transactions paperless, green loans and bank's digital banking used for primary data collection and structured pending questionnaire used in the bank. We assess it through a Likert-style scale survey and an elemental customer perception survey. Bank's report, academic journal and sustainable banking government policies are the sources of secondary data. The data collected is by convenience sampling method from few banks. SPSS is used for analyzing the data through techniques like descriptive statistics, correlation analysis, and regression analysis to analyze the relationship between green banking elements and customer satisfaction. But this study will help to investigate the effectiveness of green banking strategy & will provided the understanding behaviour of the consumer towards green banking strategy.

Table: Descriptive Statistics of Green Banking Initiatives and Customer Satisfaction

Variable	N	Mean	Std. Deviation	Minimum	Maximum
Awareness of Green Banking	200	4.15	0.78	2.0	5.0
Use of Digital Banking	200	4.32	0.65	3.0	5.0
Preference for Paperless Transactions	200	4.20	0.85	2.0	5.0
Perceived Environmental Impact	200	4.05	0.91	2.0	5.0
Satisfaction with Green Loans	200	3.98	0.89	2.0	5.0
Overall Customer Satisfaction	200	4.25	0.72	3.0	5.0

Analysis of Descriptive Statistics

Descriptive statistics of Green Banking Initiatives and Customer Satisfaction No: 33 No 21 The awareness of green banking: Mean = 4.15, SD = 0.78, i.e most of customers are high informed to the concept of green banking, with little variation. The average (4.32) and the standard divergence (0.65) are quite high for the use of digital banking services, which shows that also digital banking services are used much fuzzy grit by customers.

The paperless transactions (mean 4.20, SD 0.85) and perceived environmental impact (mean 4.05, SD 0.91) has displayed that the customers are aware and appreciate such banking which can generate improvements in the environment. However, the satisfaction with the green loans has the lowest arithmetic mean (3.98) and a wide standard deviation (0.89), which suggests that customers were not conclusive about their satisfaction with these loans.

Using this, we had a customer satisfaction mean value of 4.25 with a standard deviation of 0.72, indicating that customers are very satisfied with green banking initiatives. The high mean of each variable with low SD show that almost all respondents' attitudes for green banking is positive. Source of funds and green cleaning solutions towards customer satisfaction are positive significant relationship which supports alternative hypothesis (H_1) that there is significant positive relationship was establish between green banking initiatives and customer satisfaction.

Table: Pearson Correlation Between Green Banking Initiatives and Customer Satisfaction

Variables	Customer Satisfaction (r-value)	p-value	Significance
Awareness of Green Banking	0.62	0.000	Significant
Use of Digital Banking	0.68	0.000	Significant
Preference for Paperless Transactions	0.59	0.000	Significant
Perceived Environmental Impact	0.55	0.000	Significant

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Variables	**Customer Satisfaction (r-value)**	**p-value**	**Significance**
Satisfaction with Green Loans	0.50	0.000	Significant
Overall Green Banking Initiatives	0.71	0.000	Significant

Interpretation of Results:

There is a strong positive correlation between green banking practices and the satisfaction of customers. Overall green banking initiatives have the greatest positive correlation with customer satisfaction, ($r = 0.71$, $p < 0.05$), meaning that the more a bank engage in green practices the more customer satisfaction is likely to increase.

Among the individual factors, the major positive correlates of satisfaction include use of digital banking ($r = 0.68$) and awareness of green banking ($r = 0.62$). This shows that if customers are highly aware of green banking services and actively use digital banking platforms, their satisfaction level is higher. The result reveals that highest significant positive correlation of preference towards paperless transaction ($r = 0.59$) and perceived environmental impact ($r = 0.55$), which allude the customer concerns towards green banking.

The lowest association is for satisfaction with green loans ($r = 0.50$), suggesting that whereas participants are high on their satisfaction with green measures initiated by their banks in general, they might be less contented with this particular area.

This is because all the p-values are lower than the 0.05 level of significance and thus meaning that the correlations are statistically significant confirming that green banking initiatives positively affect customer satisfaction. The cumulative statistical results support the alternative hypothesis (H_1) i.e. this study highlights the importance of adopting sustainable banking practices toward positive customer experience.

Conclusions of the Study

Therefore, the current study aimed to explore the impact of green banking in customer satisfaction. According to the descriptive statistics, customers have a positive perception of green banking services such as digital banking, paperless transactions, green loans, etc. There exists moderate to strong positive correlation between satisfaction regarding services offered as green banking initiatives and green banking initiatives, where overall green banking initiatives has strong correlation ($r = 0.71$, $p < 0.05$).

So the results authenticate the Alternative Hypothesis(H_1) and conclude that green banking practices do significantly impact customer satisfaction. The significant players exemplifying the digitization of banking in a more environmentally sustainable manner are awareness about green banking and adoption of digital banking, which substantially enhances customer satisfaction. To help them understand these findings to enhance their green banking practices, awareness, and digital experience of their customer banking to help improve customer satisfaction. Needless to say, regulatory bodies and financial institutions should also focus on innovations for driving sustainability for long-term viable savings in the ecosystem and integrated economic benefits.

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