



DIGITAL TRANSFORMATION OF INDIAN BANKING SECTOR – A SPECIAL REFERENCE TOWARDS GREEN BANKING INITIATIVES

Dr. S. Chandrasekaran* **M. Narayanan****

**Assistant Professor of Commerce, Post Graduate and Research Department of Commerce, Vivekananda College, Tiruvedakam West, Madurai. (Affiliated to Madurai Kamaraj University).*

***Research Scholar, Post Graduate and Research Department of Commerce, Vivekananda College, Tiruvedakam West, Madurai. (Affiliated to Madurai Kamaraj University).*

Abstract

Climate change has become a global concern as it has direct impact of bio diversity, agriculture, forestry, dry land, water resources and human health. There for Indian banking sector plays an important role in promoting environmentally sustainable and socially responsible investment. Banks may not be the polluters themselves, but they usually have a banking relationship with some companies or investments or projects that are polluters are cold be in future. Banks can utilize green banking initiatives as an opportunity to gain advantage in the market by creating a difference in their strategy making process. It helps in reducing the use of paper, power and energy. This paper covers introduction, ideal benefit of green banking, methods in green banking and green banking product and services. This study for digital transformation of banking system of initiatives at customer's usage of green banking process. Finally, this study suggested that customer awareness programmes and especially for rural area customer not aware the banking initiatives, so that bankers aware for digital transformation at customers.

Keywords: *Green Banking, Digital Transformation, Green Banking Products and Services, Green Banking Initiatives.*

Introduction

Economic development is a key concern for any country. Building up an economy with the costs of the environment has received a major setback over the years as the awareness for sustainable economic development is mounting. Financial institutions are the intermediaries that significantly affect a country's economic development in a significant manner. The concept of green banking emerges to develop an economic system prioritizing environmental and social issues while implementing the digital transformation.

Since banks and financial institutions belong in the middle of the economy, their influence to implement green banking policy in an economy knows no bounds. A banking institution considers the environmental issues before taking an investment decision to a project.

Review of literature

Mohamad Aarif and Faizanuddin (2021), in this study entitled on “Green Banking: Benefits, Challenges and Opportunities in Indian Context” analysed that major services, challenges, Benefits of Green Banks in India. Green financing is the part of green banking. Green banking means promoting environmentally friendly practices and reducing your carbon footprints from your banking activities. Green banking aims at improving the operations and technology along with making the clients habits environment friendly in the banking business. They have highlighted to promote green banking in India essential policy & initiative measures, in a rapidly changing market economy where globalization of markets has intensified the competition, banks should play a pro-active role to take environmental and ecological

initiatives. For Sustainable development banking and financial sector play very important role. Finally, they conclude that Indian banks are running behind time and it is the need of the hour to think it seriously for the sustainable growth of the nation. Green Banking concept will be beneficial for both the banking industries and the economy, Green banking will ensure the greening of the organization but it will also improve the assets quality of the banks in future. Green Banking encourage environment – friendly investment. Green banking as a concept is a proactive and smart way of thinking towards future sustainability. It is very important for the banks to be pro-active and accelerate the rate of the growth of the economy.

Aliyar Lebbe Mohamed Abdul Shameem and Athambawa Haleem (2021), in their paper entitled on “A Study on Green Banking Practices in Banking Industry: Sri Lanka Context” dealt to investigation is to determine the multidisciplinary factors that impact on green banking practices in the banking industry in study area. They have presented that establishing relevant variables to measure the economic factors, management support, customer pressure, competitor pressure, environmental concern and it extend of impact on practices of green banking. It is becoming an important norm for commercial banks to adopt green banking practices and policies as it has strong relevance to the sustainability of the firm in the long term from a legal and shareholder perspective. Finally, they conclude that green banking practices not only contributes to a sustainable environment it also helps to build a strong brand image and attract environmentally conscious customers. Importance of green banking is growing across the banking sector and regulators are coming up with new policies which are forcing the banks to adapt to the trend and avoid any financial penalties.

Objectives of the study

- To study the digital transformation of banking sector
- To study at green banking initiatives of Indian banking sector
- To know aware the green banking initiatives of customers

Research Methodology

This research was based on data collected from both primary and secondary sources. Primary data were collected from his 100 customers at private banks and public banks using an interview plan. A convenient sampling was chosen for the selection of respondents. Collected data were processed using appropriate statistical tools. Statistical tools are used based on the purpose of the study and the types of data included in the analysis. Secondary data were collected from official bank websites, magazines and online journals.

Hypothesis

H_{01} - There is no significant difference among different residential status of customers preferred banking services of banking sector

Data analysis and Interpretation

Gender of the Respondents

In the study the data are collected from both the male and female respondents. So, gender factor has been considered important for the present study and the consolidated data is presented in Table 1.

Table 1, Gender of the Respondents

S. No	Gender	No. of Respondents	Percentage
1	Male	43	43
2	Female	57	57
3	Transgender	0	0
	Total	100	100%

Sources: Primary Data

The above table shows that, about the gender of the respondents among the 100 respondents, 43 respondents are male (43 %), 57 respondents are female (57%) and nil respondents of transgender (0 %).

In other words 43 % of the respondents are in the gender of male, 57 % of the respondents are in the gender of female.

It is inferred that the majority of the respondents 57 (57 %) are female.

Marital status of the respondents

For the purpose of this study, the public and private sector bank customers are considered as the respondents. Since the perception of the respondents varies from the marital status to another, the respondents have been categorized into three groups as presented in Table 4.2

Table 2, Marital status of the respondents

S.No	Marital Status	No. of Respondents	Percentage
1	Married	45	45
2	Unmarried	53	53
3	Widowed	2	2
	Total	100	100%

Source: Primary Data

The above table shows the Marital Status of the respondents. The Marital Status of the respondent is divided into three groups. They are Married, Unmarried and widowed.

Among the 100 respondents, 45 respondents are the married (45%), 53 respondents are unmarried (46%) and 2 respondents are widowed (2 %).

It is inferred that more number of the respondents 53 (53 %) are unmarried.

Age group of the respondents

For the purpose of this study, the public and private sector bank customers are considered as the target respondents. Since the perception and satisfaction of respondents varies from one age group to another, the respondents have been categorized into five groups as presented in Table 3.

Table 3, Age of the respondents

S.No	Age Group of Respondents	No. of Respondents	Percentage
1	18 – 25	28	28
2	26 – 35	29	29
3	36 – 45	25	25
4	46 – 55	10	10
5	Above 55	8	8
	Total	100	100%

Sources: Primary Data

The above table shows the age of the respondents. The age of respondents are divided into five groups. They are age of 18 – 25, 26 – 35, 36 – 45, 46 – 55, and above 55.

Among the 100 respondents, 28 respondents are in the age group of 18 – 25, 29 respondents are from the age group of 26 – 35, 25 respondents are from the age group of 36 – 45, 10 respondents are from the age group of 46 – 55, and 8 respondents are from the age group of above 55.

In other words, 28 % of the respondents are in the age group of 18 – 25, 29% percentage of the respondents are in the age group of 26 – 35, 25% percentage of the respondents are in the age group of 36 - 45, 10 % of the respondents are in the age group of 46 – 55, and 8 % percentage of respondents are in the age group of above 55.

It is inferred that more number of the respondents 29 (29%) from the age group of 26 – 35.

Educational Status of the Respondents

Educational is a precious asset for every individual. Education makes people think wiser and decide matters with clear – headedness. The following table presents the educational status of the respondents.

Table 4, Educational status of the respondents

S.No	Educational Status	No. of Respondents	Percentage
1	Primary education	12	12
2	Higher education	13	13
3	Under graduate	51	51
4	Post graduate	24	24
	Total	100	100%

Sources: Primary Data

The above table shows the educational status of the respondents. The educational status of the respondents is divided into four groups. They are primary education, higher education, under graduate, and post graduate.

Among 100 respondents, 12 respondents have completed primary education, 13 of respondents are have completed higher education, 51 respondents are have completed under graduate, and 24 respondents have completed post graduate. It describe that, 12% of the respondents have completed at primary education, 13 % of the respondents have completed higher education, 51 % of the respondents have completed under graduate, and 24 % of the respondents have completed post graduate.

It is inferred that the majority of the respondents 51 (51%) are having the educational status of under graduate.

Category of banking services preferred the respondents

The banking services are usage of the customers in public and private sector banks. The following use often in banking services given below table 5.

Table – 5

S.No	Category of banking sector	No. of respondent	Percentage
1	Public sector bank	39	39
2	Private sector bank	47	47
3	Both	14	14
	Total	100	100 %

Sources: Primary Data

The above table shows the category of banking sector preferred the respondents. The banking services usage the customers divided the three categories. They are: public sector, private sector and both.

Among the 100 respondents, 39 of the respondents are preferred the banking sector of public sector, 47 of the respondents are preferred the banking sector of private sector bank and 14 of the respondents are preferred the banking sector of both in public and private sector bank.

It is derived, 39 % of the respondents are preferred the banking sector of public sector, 47 % of the respondents are preferred the banking sector of private sector bank and 14 % of the respondents are preferred the banking sector of both in public and private sector bank.

It is inferred that the majority of the respondents 47 (47 %) are have preferred the Banking sector of private sector banks.

Customers preferred the banking services at banking sector among different residential status – chi – square test

The customers preferred the banking services at which banking sector in study area. In order to customers prefer the banking sector among different residential status. Chi – Square test is attempt with the null hypothesis as,

“There is no significant difference among different residential status of customers preferred banking services of banking sector”

	N	Mean	Std. Deviation	Minimum	Maximum
Residential status	100	2.0700	.76877	1.00	3.00
Banking sector preferred	100	1.7500	.68718	1.00	3.00

Sources: Primary Data

The researcher makes an analysis of correlation different residential status at preferred banking sectors. The highly preferred the private sector banks in the study area. The mostly high level of positive correlation about the preferred the banking sectors. The standard deviation from the highly positive correlation in the preferred banking sectors.

Chi-Square Test of Frequencies

	Observed N	Expected N	Residual
City	26	33.3	7.3
Town	41	33.3	7.7
Village	33	33.3	.3
Total	100		

Sources: Primary Data

Table 8, Banking Sector Preferred			
	Observed N	Expected N	Residual
Public sector bank	39	33.3	5.7
Private sector bank	47	33.3	13.7
Both	14	33.3	19.3
Total	100		

Sources: Primary Data

At 5 % level of significance the above tables telling the customers preferred the banking sector at different residential status. The different residential status about preferred the banking sectors in chi – square test solution at higher level of preferred in resident area of both at private and public sector usage in the customers. The medium of expected in private sector banks preferred in the customers. The lowest level of banking sector preferred the public sector banks in the customers at expected in banking services.

Since P value of 0.005 significance level of customers preferred the banking services at different banking services, the null hypothesis is accepted.

Findings and Suggestions

- It is inferred that the majority of the respondents 57 (57 %) are female.
- It is inferred that more number of the respondents 53 (53 %) are unmarried.
- It is inferred that more number of the respondents 29 (29%) from the age group of 26 – 35.
- It is inferred that the majority of the respondents 51 (51%) are having the educational status of under graduate.
- It is inferred that the majority of the respondents 47 (47 %) are have preferred the Banking sector of private sector banks.
- The different residential status about preferred the banking sectors in chi – square test solution at higher level of preferred in resident area of both at private and public sector usage in the customers. The medium of expected in private sector banks preferred in the customers. The lowest level of banking sector preferred the public sector banks in the customers at expected in banking services.

Suggestion

The bank authorities should take initiative to adopt the user – friendly technology in order to avail the E – Banking facilities. The bank which provides banking services can increase the number of withdrawals in a day to attract bank customers towards banking services. Sometimes the bank website server does not accept final submission for money transaction at the registration time and the registration process took long time to finish the submission. This is frustrating the customer. At the time, they do not know whether the process is completed or not. This is the big issue in the registration. The bankers must respond immediately to the queries of customers to increase the customer satisfaction of the Banking services. The customer satisfaction is primarily depends on trust, confidence, transaction legitimacy and security. Hence, the banker should ensure the above things to succeed in banking in the future years. The information about the benefits and usage of banking services is to be informed to all the people in variety of age, gender and income of the respondents. Small size families are found to use banking

services in large numbers. Large families also try to use the banking services in all their financial transaction. The use of mobile way E – banking services appears to be less which needs to be encouraged.

Conclusion

These changes in technology, competition and lifestyles all have an impact on how banks operate today. Actually the customer had to physically visit the bank office in order to carry out banking operations. With the introduction of E– banking customers are saving money and time since they don't have to physically visit the bank office. Every bank realizes that they must provide some kind of E– banking to their customers in order to survive. Through E– banking, banks can better maintain the relationship with customers because with E – banking customers tend to interact more with provided services. It also increases the revenues of banks and can easily gain competitive advantage through differentiation of banking services and thereby an image improvement. The operationalization of customer satisfaction in banking sector is somewhat hazy, and it should be operationalized along the same dimensions that constitute service quality. Therefore, if the banking industry adopts the above mentioned recommendations made by the researcher, it will certainly increase customer satisfaction with E-banking services.

References

1. Mohamad Aarif and Faizanuddin (2021), Green Banking: Benefits, Challenges and Opportunities in Indian Context, *International Journal of Advanced Research in Science, Communication and Technology (IJARSCT)*, 3 (3), 63 – 70. DOI: 10.481751568
2. Aliyar Lebbe Mohamed Abdul Shameem and Athambawa Haleem (2021), A Study on Green Banking Practices in Banking Industry: Sri Lanka Context, *Journal of Contemporary Issues in Business and Government*, 27 (1), 490 – 505. <https://cibeg.org.au/>
3. Bangladesh Bank. Annual Report 2019– 2020; Bangladesh Bank: Dhaka, Bangladesh, 2020. Available online: <https://www.bb.org.bd/pub/annual/anreport/ar1819/chap6.pdf> (accessed on 20 October 2021).
4. Bangladesh Bank. Quarterly Review report on Green Banking Activities of Banks and Financial Institutions and Green Refinance Activities of Bangladesh Bank; Bangladesh Bank: Dhaka, Bangladesh, 2020. Available online: <https://www.bb.org.bd/pub/publicitn.php#> (accessed on 20 October 2021).
5. Bhuiyan, M.A.H.; Hassan, S.; Darda, M.A.; Habib, M.W.; Hossain, M.B. Government Initiatives for Green Development in Bangladesh. Available online: <https://www.preprints.org/manuscript/202008.0298/v1> (accessed on 22 October 2021).
6. Bose, S.; Khan, H.Z.; Monem, R.M. Does Green Banking Performance Pay Off? Evidence from a Unique Regulatory Setting in Bangladesh. *Corp. Gov. Int. Rev.* 2020; 1–26. [5]. Business Standard. Going green top priority for financing, *The Business Standard*, 2020. Available online: <https://tbsnews.net/economy/banking/going-green-top-priority-financing-164839> (accessed on 20 October 2021).
7. Uppal R K (2011), “Emerging Issues and Strategies to enhance M- Banking Services”, *African Journal of Marketing*, Vol 2, Iss 2, pp 29-36 <http://www.academicjournals.org/ajmm>
8. Solanki, Virender Singh. Impact of ICT Banking on Customer Services: An empirical study. *BVIMR Management Edge*. 2011, Vol. 4 Issue 1, p50-56. 7p.
9. Sharma, Surinder; Singh, Ramandeep. Factors Influencing ICT Banking: An Empirical Investigation. *IUP Journal of Bank Management*. Nov2011, Vol. 10 Issue 4, p71-80. 10p. 3 Charts



10. An empirical investigation of mobile banking adoption :The effect of innovation attributes and knowledge based trust(Hsiu-Fen-Lin 2011)
11. Dharmalingam. S. and Kannan. K. V, “Customer Perception on Service Quality of New Private Sector Banks in Tamilnadu an Empirical Study”, JBFSIR Volume 1, Issue 5, 2011.
12. Rahmath Safeena, Hema Date, and Abdullah Kammani, (2011) Internet Banking Adoption in an Emerging Economy: Indian Consumer’s Perspective, International Arab Journal of e-Technology, Vol. 2, No. 1, January 2011, PP No. 56 – 64.
13. An empirical study on service quality perceptions and continuance intention in mobile banking context in India(2012)- Dr. Rejikumar G, Sudharani Ravindran D
14. Rahmath Safeena, Hema Date, Abdullah Kammani, and Nisar Hundewale, (2012) Technology Adoption and Indian Consumers: Study on Mobile Banking, International Journal of Computer Theory and Engineering, Vol. 4, No. 6, December 2012, PP No. 1020 – 1024.
15. Prema C. (2013), Factors Influencing Consumer Adoption of Internet Banking in India, Karunya School of Management, Karunya University, Coimbatore, India.