

# Green Banking Practices: An Analysis of Influencing Factors and Outcomes

S. Lakshmi Priyaa<sup>1\*</sup> and K. Balasathya<sup>2</sup>

<sup>1</sup>Research Scholar, PG and Research Department of Commerce, Mannar Thirumalai Naicker College (Autonomous), Madurai, Tamil Nadu

<sup>2</sup>Assistant Professor, PG and Research Department of Commerce, Mannar Thirumalai Naicker College (Autonomous), Madurai, Tamil Nadu

\*Corresponding Author Mail Id: [lakshmipriyaasaravanan@gmail.com](mailto:lakshmipriyaasaravanan@gmail.com)

## Abstract

*Ethical banking is another name for green banking. Going green in banking activities such as phone banking, internet banking, mobile banking, and net banking is beneficial. Because it lessens the carbon footprint of financial operations and contributes to environmental protection, it is also known as sustainable banking. In an effort to combat climate change and global warming, SBI was the first commercial bank in India to implement a green banking strategy in 2007. Green banking was initially launched in 2003. All other nations gradually adopted the idea of "green banking" in their financial operations starting in 2007. Analysing the several elements impacting banks customers' adoption of green banking is the study's primary goal. This paperless banking system is environmentally friendly and reduces operational costs. Green Banks are organizations dedicated to halting climate change and accelerating the shift to renewable energy. The purpose of this conceptual research was to examine several facets of green banking's performance. A number of previously published articles were reviewed in order to have a better understanding of the performance and policies of green banking.*

*Keywords: Ethical Banking, Renewable energy, Climate change, Green banking, Net banking*

## 1. Introduction

The goal of green banking is to make sure that public funds are used in a way that is advantageous to both the environment and society. The increasing global climate change brought on by environmental deterioration has propelled this movement's notable global expansion in recent decades. One of the biggest contributors to this problem is now acknowledged to be banks. Green banking, which emphasizes inclusive practices that guarantee sustainable economic growth, is a relatively new phenomena in the financial sector. It encourages eco-friendly investments and gives preference to funding for businesses that are currently green or are moving in that direction.

Technological developments, operational enhancements, and changes in customer behaviour within the banking sector have led to the emergence of green banking. It entails encouraging environmentally friendly practices including opening money market and CD accounts with small, regionally oriented banks, paying payments electronically, and utilizing internet banking rather than branch banking. While Indian banks are still experimenting with green banking, international financial corporations are taking the practice quite seriously.

Similar to conventional banking, ethical banks place a high priority on protecting the environment. They function similarly to conventional banks, adhering to the same regulatory agencies and striving to preserve the environment. Green banks promote moral, socially conscious business practices by taking into account aspects like project sustainability and possible long-term effects prior to granting loans. Green banking is lowering carbon footprints from financial operations and promoting environmentally friendly practices. This may be accomplished in a number of ways, including transferring to online banking, paying bills electronically, creating accounts with smaller internet-based financial institutions, and identifying nearby banks that support local green initiatives.

## 2. Literature Review

Study	Author(s)	Key Insights
Factors influencing banking customers for adopting green banking	Mrs. Jeena Raju, Dr.V. Sitharathasankar	Adoption is influenced by machine upgrades, but banks struggle with employee attitudes toward consumers. Consumer complaints necessitate an alteration in attitude and severe punishments for misconduct. Customer service must be proactive.
A Conceptual Study on factors influencing green banking facilities in India.	Dr. S. Selvaraj	Green banking can help develop a low-carbon economy by regulating polluting enterprises and providing a foundation for financing and investment strategies, acting as a guide for the transition of the economy.
The Effect of Green Banking Practices on	Jing Chen, Abu Bakkar Siddik, Guang-Wen Zheng, Mohammad	To achieve sustainable economic growth, the nation should take a proactive role in educating, organizing, promoting, and overseeing Green Banking-related activities.

Banks' Environmental Performance and Green Financing: An Empirical Study	Masukujjaman & Sodikov Bekhzod	
Impact of Green Banking Practices in Enhancing Customer Loyalty: Insights from Banking Sector Customers	Gyan Mani Adhikari, Nabin Sapkota, Devendra Parajuli, Ganesh Bhattarai	The study suggests that banks should successfully convey their green image to retain environmentally concerned consumers, highlighting the need of building a strong green image in green banking practices to increase customer loyalty.
Investigating the impact of green banking initiatives on bank performance: Empirical evidence from emerging economy	Raad Mozib Lalon, Mohammad Omer Faruk, Khaled Bin Amir	Based to the study, bank performance is greatly impacted by green banking elements such as the risk management committee, online branches, ATMs, employee training, green finance ratio, and bank-specific elements.

### 3. Unique Approach

The study examines five factors: Economic & financial factors, Environmental Concern, Technological Readiness, Social Influence and Institutional support for the adoption of green banking practices. The study finishes with key findings and recommendations for the adoption of green banking practices.

### 4. Methodology

The study utilized a streamlined methodology to examine the factors influencing the adoption of green banking practices in Madurai City. The approaches were crafted to effectively study and analyse the specified variables.

## 5. Survey Design

A well - written questionnaire is the primary tool for data collecting. It is intended to examine a wide range of factors, including financial factors, environmental concern, technological readiness, social influence and institutional support for the adoption of green banking practices.

## 6. Sample Selection

The samples were selected using purposive sampling, representing a variety of demographics, such as economic class, education level, and income level. The sample includes urban individuals, as they place significant importance on adopting green banking practices.

## 7. Data Collection

Over the course of two weeks, data were collected through an online survey. Multiple subject matter experts conducted a preliminary evaluation of the questionnaire. Following revisions, it was distributed via mail and social media means to guarantee a broad reach among the sample group.

## 8. Data Analysis

The collected data were subjected to statistical analysis using both descriptive and inferential techniques. Descriptive statistics, specifically the percentage method, were employed to analyse the demographic profile of the respondents, whereas inferential statistics, in the form of bivariate analysis (such as Pearson's Chi-square test), were utilized to test the stated hypotheses.

### 8.1 Hypothesis

- ❖ Gender has significant influence on the Economic and Financial Factors (F), Environmental Concern (E), Technological Readiness (T), Social Influence (S), and Institutional Support (I) regarding the adoption of Green Banking Practices.
- ❖ Education has significant influence on the Economic and Financial Factors (F), Environmental Concern (E), Technological Readiness (T), Social Influence (S), and Institutional Support (I) regarding the adoption of Green Banking Practices.

## 9. Results

**Table 2 Chi-Square Tests (Gender and the Factors)**

Pearson Chi-Square			
Constructs	Value	Df	P - value
F1	2.98	4	0.561

F2	2.38	4	0.667
F3	9.82	4	0.044
F4	7.30	4	0.121
E1	5.53	4	0.237
E2	6.83	4	0.145
E3	3.99	4	0.407
E4	5.56	4	0.235
T1	3.09	4	0.544
T2	4.15	4	0.386
T3	4.06	4	0.398
T4	3.93	4	0.416
S1	2.23	4	0.694
S2	0.637	4	0.959
S3	3.82	4	0.431
S4	2.95	4	0.566
I1	2.05	4	0.726
I2	2.07	4	0.722
I3	9.20	4	0.056
I4	1.87	4	0.759

(Source: Primary data; *F* = Economic & Financial Factors, *E* = Environmental Concern, *T* = Technological Readiness, *S* = Social Influence, *I* = Institutional Support)

The results indicate that the p-values of 0.561, 0.667, and 0.121 ( $p > 0.05$ ) suggest that gender exerts a significant influence on economic and financial factors, implying that customers are influenced by financial rewards. Conversely, the p-value of 0.044 ( $p < 0.05$ ) indicates that customers are less inclined to adopt green banking when the motivation is a reduction in service fees. The significance values 0.237, 0.145, 0.407, and 0.235 ( $p > 0.05$ ) suggest that gender has a significant influence on environmental concerns related to the adoption of green banking practices, indicating that customers are aware of the necessity for a sustainable future. Likewise, the significance values 0.544, 0.386, 0.398, and 0.416 ( $p > 0.05$ ) demonstrate that gender significantly influences technological readiness in the adoption of green banking practices, implying that customers find online banking convenient due to their acceptance of technology. The significance values of 0.694, 0.959, 0.431, and 0.566 ( $p > 0.05$ ) indicate a significant influence of gender on social influence in the adoption of green

banking practices, suggesting that customers are encouraged to adopt such practices through social media and the influence of friends and family. The significance values 0.726, 0.722, 0.056, and 0.759 ( $p > 0.05$ ) indicate a significant influence of gender on institutional support in relation to the adoption of green banking practices, suggesting that customers are likely to adopt such practices when banks actively encourage and provide green initiatives.

**Table 3 Chi-Square Tests (Education and the Factors)**

Pearson Chi-Square			
Constructs	Value	Df	P - value
F1	13.1	12	0.363
F2	10.5	12	0.570
F3	8.60	12	0.737
F4	13.9	12	0.304
E1	16.3	12	0.178
E2	22.0	12	0.037
E3	9.57	12	0.653
E4	8.66	12	0.732
T1	12.0	12	0.442
T2	11.4	12	0.495
T3	20.1	12	0.065
T4	21.9	12	0.039
S1	9.63	12	0.648
S2	15.3	12	0.227
S3	10.5	12	0.569
S4	9.57	12	0.654
I1	11.0	12	0.527
I2	9.95	12	0.621
I3	14.4	12	0.279
I4	10.2	12	0.596

(Source: Primary data; F = Economic & Financial Factors, E = Environmental Concern, T = Technological Readiness, S = Social Influence, I = Institutional Support)

From the above table, the value of significance 0.363, 0.570, 0.737 and 0.304 ( $p > 0.05$ ) shows that Education has a significant influence on Economic and Financial factors to adopt green banking practices, which indicates that the customers' believe green banking provides long term financial savings. The significance values of 0.178, 0.653, and 0.732 ( $p > 0.05$ ) indicate that education has a significant influence on environmental concern. However, the significance value of 0.037 ( $p < 0.05$ ) suggests that education has no significant influence on environmental concern, implying that customers are not willing to alter their banking habits on the basis of environmental considerations. The significance values of 0.442, 0.495, and 0.065 ( $p > 0.05$ ) indicate that education has a significant influence on technological readiness for the adoption of green banking practices. However, the significance value of 0.039 ( $p < 0.05$ ) suggests that education has no significant influence on technological readiness, implying that customers do not believe digital tools will enhance their overall banking experience. The significance values of 0.648, 0.227, 0.569, and 0.654 ( $p > 0.05$ ) indicate a significant influence of education on social influence in the adoption of green banking practices, suggesting that customers are motivated to adopt green banking practices through the impact of social media and public figures on these platforms who promote the green banking initiatives. The significance values of 0.527, 0.621, 0.279, and 0.596 indicate that education has a significant influence on institutional support, suggesting that customers adopt green banking practices in response to bank policies and government regulations that promote green banking initiatives.

## **10. Implications of Findings**

- The study highlights how demographic characteristics like gender and education affect consumer views and adoption behaviour, adding to green banking literature.
- It demonstrates that consumers' financial motives, social influence, and institutional support promote green banking uptake, supporting and expanding behavioural and adoption theories in sustainable finance.
- There is room for more study on the attitude–Behavior gap in sustainable banking since the results show a paradoxical sense of environmental concern and technical preparedness, where awareness exists but does not necessarily transfer into adoption behaviour.
- Banks may utilise financial incentives, institutional rules, and social influence strategies to enhance client engagement in green banking.
- The report highlights the necessity of focused awareness efforts that emphasise both environmental benefits and the enduring financial and technological advantages of embracing green banking services.

- There is evidence to support the creation of frameworks that incentivise banks to incorporate sustainable practices and spread awareness of them among their customers.
- The study highlights that adopting green banking is not just a personal choice but also a socially constructed practice influenced by peers, the media, and legislative frameworks by highlighting the importance of social influence and institutional support.
- Promoting the use of green banking helps achieve more general environmental sustainability objectives by bringing financial practices into line with efforts to mitigate climate change and promote sustainable development.

## 11. Suggestions

- ✓ Financial incentives based on rewards should be implemented by banks to encourage clients to use green banking.
- ✓ To support sustainable banking activities, banks and government agencies must provide stronger institutional and policy support.
- ✓ One way to increase societal impact on green banking practices is through influencer endorsements and social media campaigns.
- ✓ To increase customer technical preparedness, banks could fund user-friendly digital platforms and run awareness campaigns.
- ✓ To close the gap between environmental concern and real customer uptake, targeted awareness initiatives are required.
- ✓ For various customer groups, educational programs should be put in place to emphasise the financial and environmental advantages of green banking.

## 12. Conclusion

By analysing the effects of gender and education on a number of factors, such as financial and economic considerations, environmental concern, technological readiness, social influence, and institutional support, this study offers a thorough understanding of the factors influencing the adoption of green banking practices. Although consumers acknowledge the importance of sustainability, the results show that concrete advantages like financial incentives, easily navigable technology, and encouraging institutional frameworks have a significant influence on their adoption behaviour. However, the findings also point to a disconnect between awareness and real behavioural change, especially when it comes to environmental issues. By addressing these issues holistically, this paper not only contributes to the existing body of knowledge on sustainable banking but also offers valuable



insights for financial institutions and policymakers in formulating effective strategies that promote the widespread adoption of green banking practices.

## References

- 1) Mrs. Jeena Raju, Dr. V. Sitharathasankar, “Factors influencing banking customers for adopting green banking”, *International Journal of Psychosocial Rehabilitation*, Vol. 26, Issue 01, 2022, ISSN: 1475 – 7192.
- 2) Dr. S. Selvaraj, “A Conceptual Study on factors influencing green banking facilities in India”, *Journal of Corporate Finance Management and Banking System*, Vol. 03, No. 01, Dec 2022 – Jan 2023. ISSN: 2779 – 1059.
- 3) Jing Chen, Abu Bakkar Siddik, Guang-Wen Zheng, Mohammad Masukujjaman & Sodikov Bekhzod, “The Effect of Green Banking Practices on Banks’ Environmental Performance and Green Financing: An Empirical Study”, *Energies* 2022, 15, 1292.
- 4) Gyan Mani Adhikari, Nabin Sapkota, Devendra Parajuli, Ganesh Bhattarai, “Impact of Green Banking Practices in Enhancing Customer Loyalty: Insights from Banking Sector Customers”, *Financial Markets, Institutions and Risks*, Vol. 09, Issue 01, 2025, ISSN: 2521- 1242.
- 5) Raad Mozib Lalon, Mohammad Omer Faruk, Khaled Bin Amir, “Investigating the impact of green banking initiatives on bank performance: Empirical evidence from emerging economy”, *Discover Sustainability* (2025), 6:453.