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## Factors motivating the customers to use green banking products and services

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### Abstract

Green banking, also known as sustainable banking refers to the practice of financial institutions offering environmentally-friendly products and services that promote sustainability and reduce negative impacts on the environment. The purpose of the present study is to analyze the factors motivating the customers to use green banking products and services. The researcher has adopted descriptive research design for the present research. Sample size of 385 respondents is selected considering the efforts possible to make by researcher during the stipulated period of research. The researcher has considered the following factors which motivate or influence the customers to use green banking products and services: Time Saving, Convenience, Cost Effectiveness, Effective Accessibility, and Environment Friendly Practices.

**Keywords:** Green Banking, Green Banking Products & Services, Time Saving, Convenience, Cost Effectiveness, Effective Accessibility, and Environment Friendly Practices

### Introduction

Green banking is a concept that refers to the integration of environmental sustainability into the banking industry. The aim of green banking is to promote sustainable banking practices and to create a more environmentally responsible banking sector. Green banking services are financial services that promote environmentally responsible investments and financial transactions; Arora & Sharma, (2015) <sup>[1]</sup>.

Green banking, also known as sustainable banking, refers to the practice of financial institutions offering environmentally-friendly products and services that promote sustainability and reduce negative impacts on the environment; Khan, A., & Qureshi, M. (2019) <sup>[4]</sup>. Customers can be motivated to use green banking products and services for a variety of reasons, including; Garg, M., & Kumar, V. (2017) <sup>[2]</sup>.

- 1. Environmental awareness and concern:** Customers who are aware of the negative impact of traditional banking products and services on the environment may choose green banking options as a way to reduce their carbon footprint and support environmentally-friendly practices.
- 2. Corporate social responsibility (CSR):** Customers may choose green banking products and services as a way to align their values with those of the financial institution and demonstrate their commitment to social and environmental responsibility.
- 3. Financial benefits:** Some green banking products and services may offer financial benefits to customers, such as lower interest rates or fees, which can motivate customers to switch to more sustainable options; Yang & Zhou (2019) <sup>[3]</sup>.
- 4. Government policies and incentives:** Government policies and incentives can also motivate customers to use green banking products and services. For example, some countries offer tax incentives or subsidies for customers who invest in environmentally-friendly products.
- 5. Reputation and image:** Financial institutions that offer green banking products and services may be seen as more socially responsible and environmentally conscious, which can enhance their reputation and image.

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**Review of Literature**

Ankit (2011) [5] has expanded on the idea that customer expectations and satisfaction levels vary according to how they view and interact with the business.

According to Jani (2012) [6], consumer expectations differ between banks in the public and private sectors. Accessibility, privacy, timeliness, cost of service, and network coverage are strong points for public sector banks, while bill payment, technically efficient services, mobile banking, online trading and advertising, E-shopping, and loan applications are strong points for private sector banks.

Kandavel (2013) [7] her paper “Green Banking Initiatives of The Commercial Banks in India” represents the initiatives taken by various Indian banks to adopt Green banking Practice like Indusland Bank, launch solar-powered ATM first in Mumbai & project to reduce carbon emission by 1942 kg. SBI is the fir st bank to venture into installing windmills for captive use. Beside it ICICI Bank, IDBI Bank, HDFC Bank, and so on are moving in this direction for contributing in making environment sustainable & pollution free. Paperless statements and use of cards helps a lot in saving trees.

Zhang *et al.* (2013) [8] carried out a study in Chinese to comprehend the adoption of sustainable practises. The study's findings demonstrated that adoption behaviour is positively and significantly impacted by perceived ease of use, perceived usefulness, self-efficacy, perceived enjoyment, facility conditions, and technical preparedness. "Privacy Risk, Security Risk, and Perceived Risk" had a detrimental effect on adoption behaviour, with notable implications for consumer adoption of ATMs. The findings of this study suggested that the "use context" had a significant influence on users' adoption behaviour.

Hossain *et al.* (2015) [9] had different perspectives because different age groups have different perceptions of e-banking services. Because they believe that the internet has limited usefulness, older people have a large propensity to use it. Therefore, training is required to provide the various age groups with appropriate amenities.

Neetu Sharma *et al.* (2015) [14] highlighted the basic aspects of Green Banking as its eco-friendly, quick accelerate, helps in saving lot of energy fuel time and reduce the pressure on environment but beside ATM & mobile banking customer’s needs better awareness program regarding Green loans, Green CD’s, Green Projects & Mortgages by conducting workshops and seminars.

According to Sneha Singh's (2016) [11] research, green banking not only benefits environmentally friendly banking systems but also lessens the daily workload of banking sector employees, which has a direct impact on their working conditions, the calibre of their work, and their ability to unwind.

The concept of sustainable banking, according to Alsayegh (2020) [12], comprises employing green banking strategies to take ethical, social, and environmental concerns into account.

Bukhari *et al.* (2020) [13], while shifting their focus to the adoption of green banking, took into account how environmental, social, and governance factors interacted to affect environmental sustainability. This study discovered that a number of environmental factors have an impact on the process, and banks can force adoption by using specific activities in a sequential and comparable way.

**Objective of the study**

- To analyze the factors that motivates the customers to use green banking products and services.

**Methodology**

Research methodology has been presented in the context of, survey design, data sources, and tools of the data collection, sample design, data analysis and interpretation.

**Research Design**

The descriptive research design has been adopted for the study. Descriptive research studies include those that make specific predictions or that describe factors and traits relating to a person, a group, or a scenario.

**Sample Design & Sample Size**

Researcher employed stratified random sampling in the current study to gather data from various respondents. Sample size of 385 respondents is selected considering the efforts possible to make by researcher during the stipulated period of research.

**Data collection methods**

**Primary Data**

In the present study the primary data has been collected from the customers of selected banks National Capital Region.

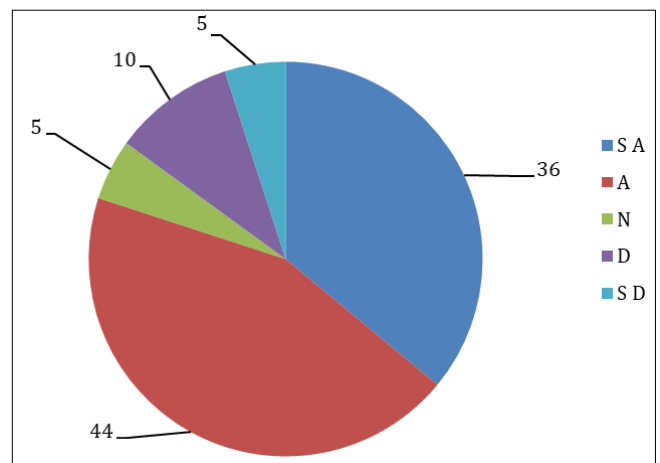
**Secondary Data**

The researcher used the sources listed below to get secondary data: Research journals, magazines, newspapers, and websites, as well as reports and publications.

**Analysis related to factors motivating the customers to use green banking products & services**

**Table 1:** In response to the statement “Do you agree that time saving motivates you to use green banking services?”

S. No.	Components	No. of Respondents	Per cent
1	S A	138	36
2	A	169	44
3	N	19	5
4	D	40	10
5	S D	19	5
	Total	385	100



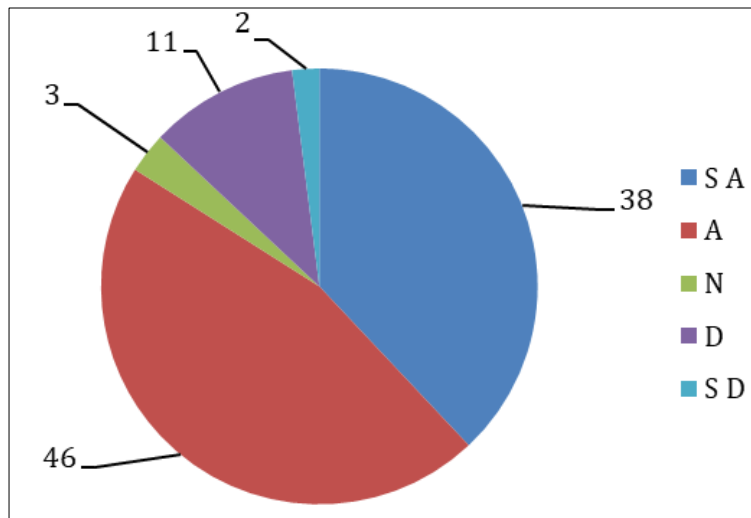
**Fig 1:** In response to the statement “Do you agree that time saving motivates you to use green banking services?”

Analysis: Time savings is the main reason that 36% highly agreed, 44% agreed, 5% were neutral, 10% disagreed, and just 5% strongly objected that they use green banking

services. The vast majority of those surveyed concurred that time savings is what encourages them to use green banking services.

**Table 2:** Response to the statement “Do you agree that convenience motivates you to use green banking services”

S. No.	Components	No. of Respondents	Per cent
1	S A	146	38
2	A	178	46
3	N	12	3
4	D	42	11
5	S D	7	2
	<b>Total</b>	<b>385</b>	<b>100</b>



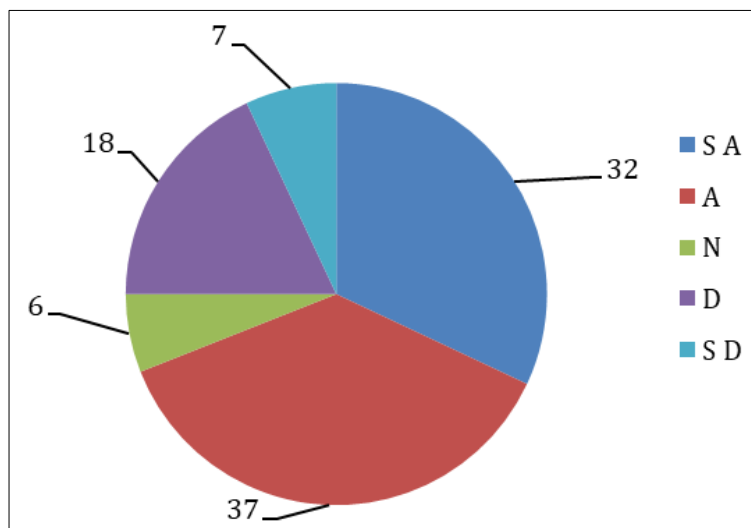
**Fig 2:** In response to the statement “Do you agree that convenience motivates you to use green banking services”

Analysis: Only 2% strongly disagreed with the statement that convenience drives them to utilize green banking services, whereas 38% highly agreed, 46% agreed, 3% were

indifferent, and 11% disagreed. The vast majority of those surveyed concurred that ease is what drives them to utilise green banking services.

**Table 3:** In response to the statement “Do you agree that cost effectiveness motivates you to use green banking services”

S. No.	Components	No. of Respondents	Per cent
1	S A	123	32
2	A	142	37
3	N	23	6
4	D	70	18
5	S D	27	7
	<b>Total</b>	<b>385</b>	<b>100</b>



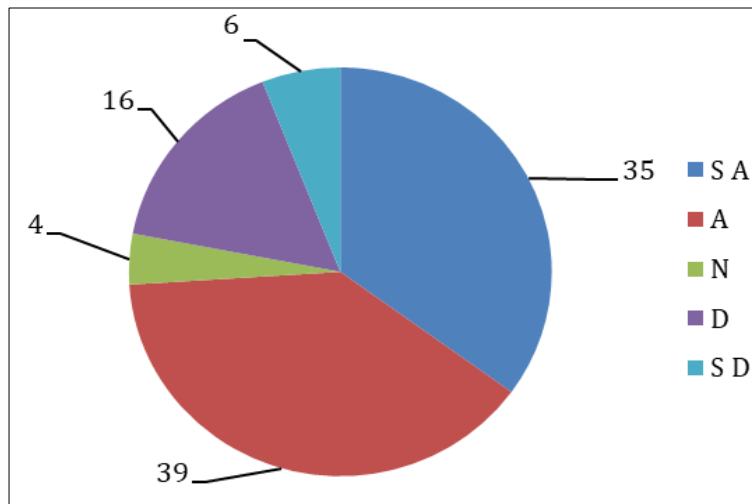
**Fig 3:** In response to the statement “Do you agree that cost effectiveness motivates you to use green banking services”

Analysis: Cost effectiveness is what drives people to adopt green banking services, according to 32% strongly agree, 37% agree, 6% neutral, 18% disagree, and 7% strongly

disagree. The cost-effectiveness of green banking services, according to nearly two thirds of respondents, is what encourages them to use them.

**Table 4:** In response to the statement “Do you agree that effective accessibility motivates you to use green banking services”

S. No.	Components	No. of Respondents	Per cent
1	S A	134	35
2	A	150	39
3	N	15	4
4	D	62	16
5	S D	24	6
	Total	385	100



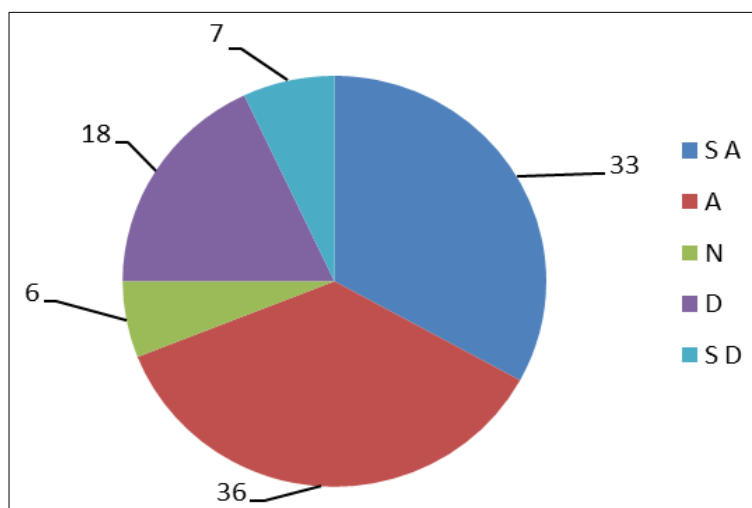
**Fig 4:** In response to the statement “Do you agree that effective accessibility motivates you to use green banking services”

Analysis: Effective accessibility drives people to adopt green banking services, according to 35% strongly agreed, 39% agree, 4% neutral, 16% disagree, and 6% strongly

disagree. So many respondents-a resounding majority agreed that good accessibility encourages them to adopt green banking services.

**Table 5:** In response to the statement “Do you agree that environment friendly practices motivate you to use green banking services”

S. No.	Components	No. of Respondents	Per cent
1	S A	128	33
2	A	138	36
3	N	24	6
4	D	69	18
5	S D	26	7
	Total	385	100



**Fig 5:** In response to the statement “Do you agree that environment friendly practices motivate you to use green banking services”

### Analysis

Environmentally friendly practises encourage people to adopt green banking services, according to 33% strongly agreeing, 36% agreeing, 6% neutral, 18% disagreeing, and 7% strongly disagreeing. Thus, nearly two thirds of respondents concurred that using green banking services is motivated by environmentally beneficial behaviours.

### Findings

1. The study reveals that time savings is the main reason that 36% highly agreed, 44% agreed, 5% were neutral, 10% disagreed, and just 5% strongly objected that they use green banking services. The vast majority of those surveyed concurred that time savings is what encourages them to use green banking services.
2. Only 2% strongly disagreed with the statement that convenience drives them to utilise green banking services, whereas 38% highly agreed, 46% agreed, 3% were indifferent, and 11% disagreed. The vast majority of those surveyed concurred that ease is what drives them to utilise green banking services.
3. Cost effectiveness is what drives people to adopt green banking services, according to 32% strongly agree, 37% agree, 6% neutral, 18% disagree, and 7% strongly disagree. The cost-effectiveness of green banking services, according to nearly two thirds of respondents, is what encourages them to use them.
4. Effective accessibility drives people to adopt green banking services, according to 35% strongly agreed, 39% agree, 4% neutral, 16% disagree, and 6% strongly disagree. So many respondents-a resounding majority agreed that good accessibility encourages them to adopt green banking services.
5. Environmentally friendly practises encourage people to adopt green banking services, according to 33% strongly agreeing, 36% agreeing, 6% neutral, 18% disagreeing, and 7% strongly disagreeing. Thus, nearly two thirds of respondents concurred that using green banking services is motivated by environmentally beneficial behaviours.

### Conclusion

The researcher has considered the following factors which motivate or influence the customers to use green banking products and services: Time Saving, Convenience, Cost Effectiveness, Effective Accessibility, and Environment Friendly Practices. From the above stated factors, convenience is the major influencing factor for the customers to use green banking products and services.

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