Green Banking Initiative: Reducing the Carbon Footprints

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Abstract: Environmental concerns are becoming more prevalent in all sorts of businesses; yet banking has a unique position due to its capacity to impact the country's economic growth and development. The current research proposes a conceptual model for green banking initiatives and investigates the impact of three green banking initiatives, namely green product development, green corporate social responsibility, and green internal process, on two possible outcomes, namely green brand image and green trust. The qualitative research consists of 36 semi structured in-depth interviews with middle- to senior-level managers from twelve public and private Indian banks. The banking sector may play a major role in greening the banking system by expanding the availability of credit and supporting the needs of a "green economy." According to the study's findings, 63 percent of all respondents believe their bank is working on several green banking products and services, 53 percent of bankers believe their bank uses green internal processes in their daily operations, and 78 percent believe their bank is involved in several green corporate social responsibility initiatives. Furthermore, more than 60% of respondents stated that green banking initiatives play a positive impact in regaining customer trust through improved green brand image, according to the study. The current qualitative study adds to the body of knowledge and sets the road for future research in green banking for sustainable development in India, where there are few studies on the subject. Today, sustainability is an “emerging mega-trend" and a critical business goal for driving green business innovation. Cisco, HP, and Walmart, for example, have successfully integrated it into their business procedures. Because of environmental concerns among marketing scholars and practitioners, the relevance of green marketing in the current setting is obvious. Environmental inequality has come from industrialization, and corporations are prospering at the expense of local communities. Natural and industrial disasters have come from uneven industrialization, which has disrupted ecological balance. Environmental contamination at high levels has sparked public awareness about environmental issues. Diverse firms are becoming increasingly concerned about the environment. The manufacturing, technology, electronics, and information technology businesses are all willing to adopt environmental stewardship as a top corporate priority. Banks play a critical role in a country's long-term growth, and green banking has become a buzzword. The financial services market is reshaping because of financial, economic, and environmental changes, and an all-encompassing engagement of ethical proposals and values into banking practices is taking place. By diverting funds to climate-sensitive projects, the banking industry helps the adoption of environmentally beneficial initiatives, mitigates climate risks, and supports recovery. As environmental and green banking have become synonymous with long-term viability, banks are emphasizing their corporate social responsibility (CSR) efforts. Banks across the world are investing heavily in green measures to project a positive image. Greening banks reduces carbon footprints from financial activities even further, which benefits banks, industry, and the economy. Green banking has been the subject of numerous research in the past. Green bank marketing is included as part of a bigger CSR approach. Banks of economic actors play a critical role in funding environmentally friendly projects and thereby contribute to society. In the non-banking industry, the relationship between green marketing and CSR was explained. The primary focus was on the development of green services.) They also believe that implementing sustainable banking methods can be a powerful stimulant for long-term development, and they point to a lack of sustainable banking studies in Indian banks. underlined the importance of incorporating green banking projects into day-to-day operations and discussed the critical role that green banking plays in building economies on a social, corporate, and environmental level.

Key Words: — *Green Banking, Green Challenges, Concept, Financial Products.*

I. Introduction

Eco-friendly funding is known as green banking. Green banking is the practice of banks financing businesses while considering the environment's welfare. Green banking is crucial if you want the business to have a lasting good impact. The formation of successful green businesses is essential since businesses are the engine of the economy and sustainable businesses can affect the sustainability of the economy. The introduction and adoption of green banking require the involvement of central banks. The green financing idea was developed by the green growth movement, and green growth is related to the green economy, which has its roots in the idea of sustainable development. However, the German Development Institute's definition, which reads, "Green finance comprise financing of (including preparation cost and capital cost) green investments, financing of public green programs, and green financial system," is a recognized definition of the term.

II. Literature Review

Green banking was first implemented in the state of Florida in 2009. The largest commercial bank in India, SBI (State Bank of India), took the lead in implementing greater sustainability requirements and pioneered the "green banking" concept. SBI was the first bank in Coimbatore to start a wind farm project.

Green banking is a type of banking activity in which banks take the initiative to conduct their everyday operations as a conscious organism in society, considering both internal and external environmental sustainability. Socially responsible and sustainable banks, as well as green banks and ethical banks, engage in such banking operations.

A green bank is a bank that promotes and enacts green technologies in bank operations both internally and externally to minimize carbon footprints and facilitates environment management (Bose et al., 2017). It is an influencer for holistic growth of economy in the nation (Jeucken & Bouma, 1999; UNEP FI, 2016). Green banks adopt social and economic aspect into their strategies and progress towards sustainable practices (UNEP FI, 2011, 2017).

According to Indian Banks Association, green banking refers to a normal banking system which involves all environmental as well as social factors with an aim to ensure ecological sustainability and optimum use of natural resources (Scholten’s, 2009. He created a framework to assess global banks' social responsibility and tested it on 30 institutions, concluding that there is a positive and significant relationship between a bank's CSR score and its financial size and quality.

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Green marketing in banks includes the development of green products such as green financial products, renewable energy loans, greener technologies, green lending, and environmental management strategies.

This enhances the banks' reputation and contributes to their long- term viability. This has prompted numerous banks to invest in developing their environmental image to better prepare for future issues. banking initiatives that are green result in a favorable, green image. Green corporate social responsibility (GCSR), green internal process (GIP), and green product development are all part of his green bank marketing strategy (GPD). According to green banking promotes environment-friendly practices in banking sector. He further postulated that green banking guides the bank’s core operation towards sustainability, have studied the adoption level of sustainable banking tools and categorized 40 criteria into five heads. They also employed content analysis to assess Indian banks' sustainable operations, concluding that green banking adoption in India is still in its early stages.

Bank of Ceylon in its annual report of 2015 stated that all their services and goods are driven towards more technology-oriented platforms which helps in reduction of carbon footprints. Also, peoples bank has initiated a paradigm shift to its old model of banking (Oyegunle & Weber, 2015). Banks in China, Turkey, Mongolia, Vietnam, Indonesia, Kenya and Peru have also introduced green banking concepts like SmartGen with mobile and internet-oriented passbook free application, fortune branches being installed and initiation of smart zones .Currently, Indian banks are seen being desirable towards entering global markets (Laskowska, 2018; Nuryakin & Maryati, 2020; As a result, green strategies have become prevalent, not only amongst smaller alternative and cooperative banks, but also amongst diversified financial service providers, asset management firms and insurance companies (Allen & Craig, 2016; Hossain et al., 2020; Kapoor et al., 2016).

III. Green Banking Initiatives In India

Green initiatives can be defined as the development of green products that use less energy, as well as the distribution, pricing, and communication strategies that go along with them. Green marketing is defined as a holistic management process that identifies, anticipates, and meets the requirements of customers and society in a profitable and sustainable manner.

Green marketing is defined similarly in banking as it is in other industries. Green bank marketing can be defined as the creation of an innovative environmentally friendly financial product, such as green loans that finance clean technology, as well as green strategies, such as waste management programmes and energy efficiency, to help banks improve their green reputation and performance.

Green marketing in banks should address green methods and process (Kärnä et al., 2003) that suggests green communication also be a part of green initiatives. Environmental factors should be used in bank lending choices, as well as bank environmental management strategies and the development of environmental financial products. He claimed that "green" marketing refers to the creation of new green financial solutions that help banks improve their reputation and performance. Lymperopoulos et al. (2012) empirically validated that green bank marketing which comprises of green product development (GPD), green corporate social responsibility (GCSR) and green internal processing (GIP) is a complex concept, is crucial for the bank's green image (Hartmann et al., 2005) and critically contributes in developing customer loyalty and satisfaction (Chang & Fong, 2010).

In today's market, the financial services sector has been reshaped, necessitating new marketing insight to provide instructions for successful practice. Going green has become a huge trend in the banking business all around the world. Green banking has encouraged banks to become more familiar with paperless, technology-driven goods and services while reducing environmental consequences and is critical since the success or failure of these investments is determined by the apparent pleasure of green customers. They also assist banks in establishing an environmental reputation and concern, which has grown increasingly important in recent years. In terms of unique sustainability policy for banking practices, India lags other rising market nations. The Ministry of Finance and the Reserve Bank of India are working together to build a policy framework tailored to the Indian green banking sector. The Green banking initiatives of prominent Indian commercial and public sector banks in Indian banking have been divided into three areas in this study. Product development, business social responsibility, and internal processes are all green.

The table below illustrates the three types of green banking initiatives: GPD, GCSR, and GIP, as well as many products developed by various banks within each category.

Item	**Green banking initiatives**	**Banks undertaking these initiatives**
Green Product development	Green loans, green financing, green mortgages, loans for green construction, loans for eco-friendly vehicles, automated cash deposit terminals, solar ATM, online payment channels,	SBI, PNB, IDFC, IDBI, YES Bank, IndusInd, BOB, Canara bank, ICICI, Axis, HDFC, Kotak bank
Green corporate social responsibility	Tree plantation campaigns, maintenance of parks, wildlife protection sponsorship, green credit cards, Internet banking, green savings account, payment of school fees through ATM, Green CDs, green awareness programs, Brochures within branches	

3.1 Green product development

Because of environmental legislation and public awareness of environmentally friendly practices, green product creation has become a major strategic factor for many companies throughout the world. Green product development can be defined as the creation of business loans for green logistics and waste management, renewable energy sources, loans to produce organic products, green mutual funds, encouraging the purchase of hybrid cars and other green products, installing photovoltaic systems, and investing in the production of eco-friendly products, green mortgages, green bonds, and climate funds. GPD promotes "end of pipe technology," in which companies are conscious of environmental challenges in their manufacturing and product design processes. During its entire life cycle, the product is designed to consume as little non-renewable resources as possible while avoiding harmful materials and renewable resources.

The most effective way to demonstrate green technological growth would be over its entire life cycle.

3.2 Green corporate social responsibility

Green corporate social responsibility (GCSR) can be defined as the environmental aspect of CSR, or the obligation to consider the environmental implications of a company's operations and to minimize practises that may have an adverse impact on future generations' enjoyment of the country's resources. It can be defined as the creation of a community involvement programme, charitable giving, and sponsorship, as well as a health and sanitation programme. Access points for financial services in sparsely populated or remote areas of the country (increase disadvantaged people's access to financial services). It can reduce corporate risk, improve reputation, and provide cost-cutting options. While legislative demands have driven much of the drive for sustainability, research has shown that if implemented constructively, it can generate improvements in a variety of sectors.

3.3 Green internal process

Green internal processes are relevant strategies for maximizing 8Jthe use of bank resources and conserving energy, such as saving paper and water, recycling, and providing eco-friendly equipment; appropriate curriculum for personnel training to protect the environment; and upgraded internal functions to insulate the environment.

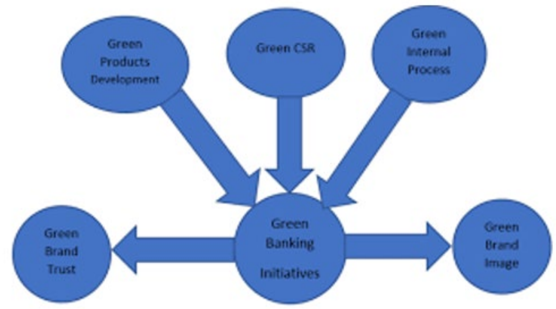
3.4 Challenges of implementing green banking initiatives

Green banking attempts in India are fraught with difficulties. Customers and bank workers are unaware of the notion of "green banking," and even if they are, the information they receive is erroneous. There is a significant difference between what banks want or are attempting to convey and what people believe banks are doing in terms of green banking. Greenwashing has caused consumers to be skeptical of environmental advertising, leading to an increase in mistrust, which has a negative impact on green brand equity.

3.5 Outcomes Of Green Banking Initiatives

- Green Brand Image
- Green trust

Green banking initiatives improve client trust and willingness to acquire a product or service, and they also improve the image of the green brand.



IV. Methodology

As previously stated, there is a scarcity of comprehensive research on green banking in India. As a result, the need for exploratory research has been identified and selected for the current project. Qualitative research illuminates and advances the casual relationship between loosely connected thoughts and provides a comprehensive grasp of the experience or topic under observation and analysis. When little is known about the elemental variance, qualitative research is more suited for formulization and theory dissemination in the background.

The current study addresses the above-mentioned twin circumstances by examining several branches of the same bank as well as branches from different banks. Henceforth, the findings obtained from analysis of each case from contrasting groups (between State Bank of India (SBI), Punjab National Bank (PNB), Bank of Baroda (BOB), Canara Bank, ICICI Bank Ltd, HDFC Bank Ltd, Axis Bank Ltd, Kotak Mahindra Bank, IndusInd Bank, YES Bank, IDFC Group, IDBI) were regarded as the object of comparison, and the findings obtained from each case from similar groups.

V. Data Collection

The current study used an exploratory research approach, and data was acquired by interviewing 36 middles to senior level bank personnel from 12 public and private sector banks. State Bank of India (SBI), Punjab National Bank (PNB), Bank of Baroda (BOB), Canara Bank, ICICI Bank Ltd, HDFC Bank Ltd, Axis Bank Ltd, Kotak Mahindra Bank, IndusInd Bank, YES Bank, IDFC Group, and IDBI from the Delhi NCR region were among the twelve banks targeted. Purposive sampling was used to choose three middle-level managers from each bank, who were then interviewed using a semi structured questionnaire procedure. The semi structured questionnaire was filled out by selected respondents with their experience and skills, which aided in obtaining crucial points and in-depth information of many areas of green banking.

VI. Data Analysis

After reaching a point of weariness where no additional interviews could contribute, data analysis was carried out. After the interview material was transcribed, the data was evaluated using a conceptual framework. Following that, the data analysis procedure began, with extensive content analysis performed for each item in the interview to eliminate the critical elements. It was followed by an intriguing activity in which the cut-outs were highlighted, and the nucleus statements were frozen in relation to the conceptual framework in. Each interview was characterized, with cut-outs that were thought to be interesting being underlined and additional relevant statements being frozen in relation to the conceptual framework. Each interview resulted in a characterization. Then, using intensity analysis, great replies were further evaluated to compare the phenomenon under investigation.

This phase entailed adhering to stringent quality standards. Every aspect was meticulously documented, memoranda were written with care, and motivation for each interpretation was carefully considered. The interview was coded in two stages, with the most important aspects of the findings being assigned to the primary categories of green banking initiatives, green brand image, and green trust. The extensive interview material was then absorbed as if it were a private probe of a confidential interview. The goal of this strategy was to highlight developing trends and support them with appropriate arguments.

VII. Findings

The purpose of this research is to answer the following research questions:

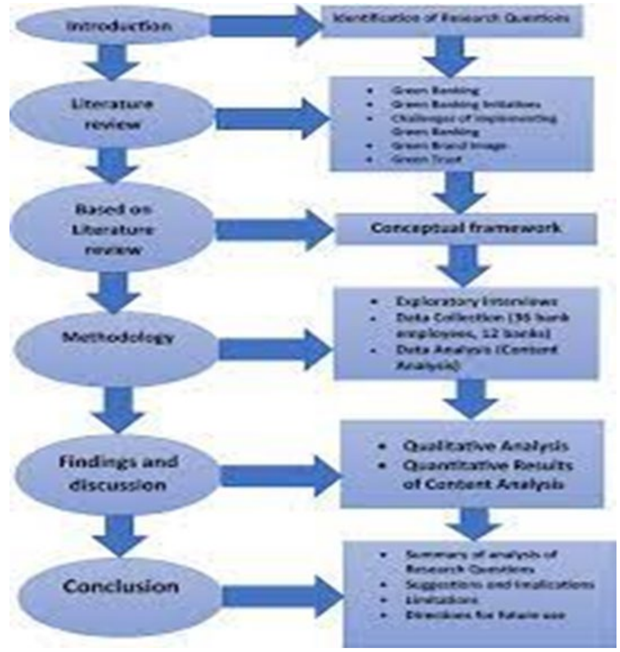
RQ1) What are the major Indian public and private banks' green banking initiatives?

RQ2) What are the main obstacles that Indian banks face in their efforts to "go green"?

RQ3) What role do green banking initiatives play in the building of green trust?

RQ4) What role do green banking activities have in the development of a green brand image?

A flowchart is used to illustrate the process used in the study. The study began with an introduction and had since progressed to findings and debates by responding to the research questions posed at the outset.



RQ1)

The report divides the green banking projects into three categories: green product creation, green corporate social responsibility, and green internal procedure. They are further summarized in detail, along with the many products offered by the various banks under review under various headings. The twelve public and private sector banks are using these green banking initiatives, according to all 36 respondents.

The bank has come up with numerous green products and services, such as green loans/green financing of energy efficient projects, promote renewable energy, green vehicle finance, loans for constructing green buildings, and so on, according to one branch manager of a large public sector bank.

RQ2)

In a country like India, where the average literacy rate is 70%, green banking is still in its infancy, and the intended outcomes have yet to be realized. The investigation indicated that it was caused by a variety of factors. During the semi structured interviews, the bank personnel supplied useful and candid information.

People have a trust issue with green goods and services, according to one of the regional managers. Most clients are hesitant to use new tools and technology.

According to the branch manager, many clients are unaware of various green tools and technologies, resulting in their non-usage or limited use.

Another person mentioned that the elderly and the uneducated are less adaptable to green products and services.

RQ3)

Green trust refers to a person's willingness to trust a product, brand, or service based on its environmental performance. If properly communicated and implemented, green banking initiatives will increase client trust in the bank and have a favorable impact on their purchasing decisions.

One of the bank executives commented, "The bank's priority must be to enable clients to accomplish everything digitally without relying on the bank." This will boost their confidence in the bank and raise their faith in it.

Another bank employee commented, "My bank participates in a variety of green corporate social responsibility programmers, such as tree planting and park maintenance." They improve our credibility and dependability.

RQ4)

According to one management, "green efforts have affected all of our eco-friendly and environmentally aware consumers, and they have increased the bank's green image within the society through positive word of mouth."

Manager of the region Commented: Efforts to raise environmental awareness have resulted in a green brand image among our environmentally conscious clients. This will be a future driver of customer pleasure and loyalty. Green corporate social responsibility efforts by banks, such as wildlife sponsorship and the establishment of school fee collection modules, help to boost the bank's green image.

One of the customers told me that he observed two ambulances supplied by this bank outside an eye facility, according to a bank employee. The ambulance was painted with a slogan about environmental preservation. He was really moved.

It can be determined that 63 percent of the total respondents believe their bank is developing a variety of green banking products and services. 53% of bankers said their bank incorporates green internal processes into their daily activities; 78 percent said their bank participates in several GCSR activities such as marathons to promote sustainability, carbon footprint reduction, green loans, green mortgages, and so on; and 22% said their bank still has a long way to go in terms of fulfilling its green corporate social responsibilities. Even though 84 percent of bankers say their institution is concerned about creating a norm for environmental responsibility, 16 percent believe their institution is far from doing so. Most bankers, 70 percent, believe their institution is very professional when it comes to environmental protection, but 30 percent believe their institution is still a novice when it comes to green projects and thus fails to engage in environmental preservation. Though, when it comes to achieving ecological performance and success, half of the respondents agree, and the other half disagree.

Most respondents, 63 percent, indicated that their bank takes numerous steps to improve its environmental stance, and around the same number, 65 percent, said that their bank appears to be trustworthy when it comes to the environmental arguments it makes to its clients. The dependability of a bank's environmental promises was a commonly held notion among bankers, with 84 percent agreeing and only 16 percent disagreeing. When it comes to the bank's environmental performance, the same findings were obtained.

7.1 Suggestions And Implications of The Study

The theoretical implication of this study is to confirm the beneficial association between green banking initiatives, green trust, and green brand image of Indian banks through qualitative research. The issues and recommended conceptual framework, which consists of three constructs, namely green banking initiatives, green trust, and green brand image, have been very clearly laid out in a semi structured interview with 36 middle- to senior-level bank managers from twelve banks. Because there are few studies on green banking in India, the current qualitative study adds to the body of knowledge and opens the path for future green banking research for sustainable development.

The managerial ramifications of this study are extensive. According to the findings, if green banking activities are successfully implemented, improving environmental reputation and strengthening environmental awareness will no longer be a pipe dream. As a result, by effectively resource planning green initiatives, the bank can develop new and fascinating prospects that will help them gain prominence and gain the trust of present and prospective clients. Because "social banking" is a key part of "green banking," the study will encourage the banking sector to engage in green corporate social responsibility and employ green internal processes to raise awareness among the many stakeholders.

Environmentalists, policymakers, and other stakeholders will find the report extremely useful in implementing effective and efficient green banking policies.

7.2 The Limitations and Direction for Further Studies

The claimed association in this qualitative study can be quantitatively tested, and the impact of demographics on it can be investigated. The research was carried out in India's Delhi NCR region, and an in-depth examination of other countries at various phases of development can provide significant knowledge. Apart from bank workers, the suggested framework can be examined from the perspective of other stakeholders.

The paper explains how banks may improve their green brand image and build trust with stakeholders by implementing green initiatives. The findings of the study offer useful and differing perspectives to government officials, strategists, and academics in developing effective green banking strategies for the "green economy."

VIII. Conclusion

The current study proposed a conceptual model of green banking initiatives that included three antecedents, namely green product development, green corporate social responsibility, and green internal process, as well as two green banking outcomes, namely green brand image and green trust, with themes and dimensions as described. The proposed relationship in the conceptual model was then correctly concluded based on the findings of semi structured interviews and discussions. This study focuses on the effect of green banking initiatives in rebuilding client trust through a more environmentally friendly image. All four research questions given at the start of the project have been answered effectively.

The study discovered a link between green banking initiatives and a positive brand image. The bank personnel acknowledged that environmentally conscious customers were proud of green banking initiatives and that positive word-of-mouth helped to build customer loyalty and the principles of green marketing.

The study also found that 63 percent of total respondents believe their bank is developing several green banking products and services; 53 percent of bankers believe their bank incorporates green internal processes into their daily activities; and 78 percent of respondents believe their bank is involved in several green corporate social responsibility initiatives, based on in-depth interviews. Furthermore, more than 60% of respondents agreed that green banking projects have a beneficial impact, according to the study a role in regaining client trust with a more environmentally friendly image.

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