



The significance of green channels in the banking sector in India

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Abstract

Research aims to analyse the green channel banking system in India. "Environmentalism" is a catch-all term for people who care about the planet and want to see it bettered and protected. The banking sector has caught the "green bug," which is to be anticipated given the widespread interest in environmental issues. Every big employer, from mutual funds to commercial bank, is diving first into the into their own green initiatives as a strategy for avoiding the global climate change trap. The relevance and popularity of eco-friendly banking options in India are investigated. People's, customers', and employees' familiarity with the banking industry is the subject of this study.

Keywords: green banking, environmentalism, banking sector, consumers, employees

Introduction

Banking institutions have an impact on the rate and direction of economic and social development. Because of this, the banking sector is pivotal in encouraging investments that are beneficial to both the environment and society. To be clear, financial institutions do not directly cause pollution, but they do quite often have banking ties to corporates or equity investments that do. Because of this, the banking system is vital in encouraging investments that are beneficial to society. Frequently, financial institutions finance the operations of contaminating businesses and the projects they undertake. The financial sector enjoys a good reputation for being ecologically responsible in terms of pollution and emissions. The banking industry uses relatively little energy, paper, and water internally and has a minimal, non-polluting impact on the natural environment. Banks' indirect consequences for the environment stem from their customers' behaviour rather than their own operational processes. Therefore, the external functions of a bank have a significant, though tricky to measure, influence on the environment. Banking industry hazard management is essentially eco system management. The value of the company and earnings both rise when the effectiveness of the loan portfolio is improved. Since it is one of the roles of the financial system to encourage environmentally responsible business practises and sound lending. Pravakar Sahoo and Bibhu Prasad Nayak write about banks' efforts to green the economy and restore the natural environment in their article "Green Banking" for the Indian Economic Journal. Banks, businesses, and the economic system as a whole may all benefit from adopting this "Green Banking" strategy. Going green will help banks improve their asset quality in the near future, and it will also guarantee the greening of sectors.

The bank's long-term goal is to earn a certain rate of return on loans and investments. However, environmental obligations introduce the possibility of nonpayment for any given credit extension or depreciation for any given investment (in the case of direct investment). A thorough evaluation of a project's potential effects on the environment is mandatory before the banking sector will provide funding for it. There is a correlation between environmental

protection and economic success, according to studies (Hamilton, 1995; Hart, 1995; Blacconiere and Pattern, 1993) ^[2, 3, 1]. Investment firms and their clients must consider a company's environmental performance before making any financial commitments.

Literature review

Income in the banking system was studied by Ratnasari, Surwanti, and Pribadi (2021) ^[4]. They looked at factors like capital levels, NPLs, performance, and cashflow. The banking industry in Indonesia is the focus of this research, which looks at the years 2012-2016. Positive correlations were found between ecofriendly banking practises, capital adequacy, and liquidity levels, all of which contributed to higher bank profits. Bank profitability was negatively impacted by both the GBP and bank effectiveness, while nonperforming loans had no discernible impact. Despite the growth of the mobility to embrace Green Banking internationally, knowledge about this topic is still in short supply. As a result, the banking firm's efforts to strengthen its policy structure and institutional capacity are failing. Due to a lack of academic research on the topic, both business and policy experts are unaware of the positive impact that banks could have on reducing climate change and facilitating the shift to a moderate economy (Bowman, 2010). The adoption of Green Banking by banks is hindered by a lack of data and information. Because of this, more investigation into Green Banking is needed to fill the resulting knowledge gap (Bose *et al.*, 2017; IFC, 2015; Oyegunle and Weber, 2015; Masud *et al.*, 2018) ^[5, 7].

The self-congruity model suggested that when a commodity or service's characteristics align with those of the consumer's actual or desirable self, the result is greater consumer happiness, fidelity, psychological bond, as well as a sense of connection with the institution. Self-congruence, defined as a match-up between the customer's self and the product's personal qualities or image," is the central concept in this theory. Building self-congruence between such a brand and its target audience is essential for business success because it increases consumers' pleasant emotional, psychosocial, and careful review to the product. Self-congruence with the intended audience is most important for

fostering brand image connectedness, the cornerstone of consumer engagement and retention (Malar *et al.*, 2011).

Islamic principles underpin the Muslim user's value and set of beliefs across a variety of sectors. For Muslim consumers to feel a connection to a product line, that brand must share values with Islam. Using the preceding conceptual assertion, one could argue that Going Green would become more enticing to Muslim consumers if its tenets were similar to those of Islam. A consumer's brand dedication, insistence to reuse, and general behavioral patterns towards a company's offerings all improve when they believe that the company's attributes are congruent with their own (Wallace *et al.*, 2017) ^[9]. According to research by Malar *et al.* (2011), customers' positive sentimental connection to business viewpoints affects customers' favorable motivational, psychological, and perceptual responses to the company.

Why green banking is important

Recently, green banking was seen as a side project, and sustainability issues weren't to be material to the banking activities. At first, it might seem prying for a bank to look into the ecological sustainability of a client's company. But now they have to worry about the dangers this poses to their company. Indirect expenses are borne by financial institutions environmental contamination even though they are not directly impacted.

Green banking in India

The State Bank of India is just one of many banks that offer customers new ways to conduct banking without the use of paper documents and speed up interbank fund transfers. The practise of viable banking is one example. With green stream banking, just the bank account and minimum payment need be entered into a swipe machine. When you deposit money into a bank account, the money is automatically transferred there. You can complete this step without even using a pen and paper.

Connect online

It's no secret that adolescent Indian specialists in the service industry love the idea of electronic payments. Banks that allow customers to manage their money online use less paper, ink, and postage. The ability to pay bills and make deposits and transfers of cash electronically are two of the many advantages of banking online. Paper, power, and other natural wealth used in banking are reduced as a result. Consumers can still save time & expense by paying their bills promptly and preventing late payments.

Use green checking accounts

Consumers can view their own accounts through the use of ATMs in bank vending machines or highly specialised tap displays in a number of bank locations. A "green" account is what you'd call this type of financial instrument. Internet banking services like paying bills, using card payments, and viewing statements online can significantly reduce paper usage and paper waste, both of which are advantageous to the environment. Financial institutions have a responsibility to encourage environmentally responsible checking by offering bonuses like increased interest rates, financial assistance, etc. to their customers.

Utilize green loans for home renovations

The Indian government's Ministry of Nonrenewable Asset has initiated a green initiative to encourage citizens to invest

in solar energy by providing the option of low-interest lending for the purchase of solar panels from participating state controlled and planned commercial banks for as little as 4% per year. SBI's new Green Housing Loan Strategy is one example of a programme that rewards environmentally conscious construction practises with financial benefits. Economic rewards include reductions of 5% in profit and 0.25% in interest income as well as the absence of a handling fee for loans granted for projects with an IGBC rating.

Energy-saving devices

Initially, financial institutions intend to change all GSL led lights in their commercial and residential properties as an action against climate change. Also, a feasibility study has been launched by financial institutions to mandate rainwater gathering on all bank-owned properties. As a section of their 'Green Office Project' initiative called 'Hum aur Hariyali,' Indusind Bank installed Mumbai's first solar-powered ATM in Dec. 2009.

Use ecological credit cards

Inside an attempt to lessen their negative ecological impact, banks are encouraging customers to use plastic money instead of currency notes.

Utilization of solar and wind power

Among the most significant actions that could be taken to help the solar system is to increase the use of renewable energy sources like solar and wind energy. To meet all its power needs, the SBI in India was the country's first financial intermediary to install wind turbines. It has placed ten wind turbines in Tamil Nadu, Maharashtra, and Gujarat with an aggregate capacity of fifteen mwh as portion of its green banking strategy.

ATM

To begin with, only cash could be withdrawn from ATMs. However, somebody can put money into some other user's profile by using an ATM. Not only that, but ATM deposits have become a commonplace service offered by many financial institutions. The greatest feature is that there is no set appointment time required to make use of such services. You can use any automated teller machine (ATM) in India to make a withdrawal or deposit of rupees. Both the sender's account and the recipient's account must be housed in a bank for an ATM transfer to be possible.

Mobile banking

banking has become more cutting edge alongside the advancement of smart cell phone. A tactic to create banking more approachable via mobile app is presently being implemented as a consequence of technological advancements and heightened levels of competition. Those who are accustomed to using modern conveniences have quickly adapted mobile banking. Banks' use of mobile banking-supporting technology is constantly being upgraded. This episode sees the release of numerous banking-related apps for both iOS and Android. These apps are gaining popularity among tech-savvy users. In-App Transactions in the Financial Sector Any financial transaction, such as making a deposit or withdrawal, viewing your account balance, purchasing a prepaid card, recharging your phone, booking a train ticket, or booking a

hotel room, can be completed instantly with the help of ones bank's smartphone app.

Banking correspondent

Many financial institutions now use Banking Reporter officers to better serve their clientele. An agent who has been designated as a banking correspondent by an user's bank is permitted to transfer funds among accounts at the same bank. The same goes for informing the general public about their banking choices. Particularly helpful to the middle class, the under skilled, and the fewer educated in both remote and urban areas are banking correspondents. They help clients with every step of the banking process, from opening an account to making a deposit or transferring funds. This supporting correspondent could be a local grocery store near your house or place of work. Banking correspondents are paid a predetermined percentage of each transaction's gross proceeds. When transferring money to or from a customer's account, financial institutions often turn to banking correspondents to facilitate the transaction.

High speed of NEFT-RTGS of banking

It is now much easier for companies to transfer money between banks thanks to amenities like RTGS (Real Time Gross Settlement) and NEFT (National Electronic Funds Transfer). The interrelated nature of the internet as well as other mouldings this sort of innovation made feasible. Through Internet Banking, customers can view the RBI's website and view a complete directory of all bank locations that provide NEFT and RTGS. Anytime, anywhere, you can use this tool to send funds anywhere in India. However, at the current time, it is not possible to utilize this service to perform global money transfers. The transfer of large sums of money between bank accounts is becoming increasingly simple. Customers should be aware that their bank likely will start charging a fee to use this service.

Western union money transfer

Western Union is the best choice for making international currency transactions. A large part of the company's appeal comes from its affiliation with the Western Union network. Over two hundred countries now have access to the internet. Within a day, you can send money to almost any country. It is widely used by Indian nationals living and working in the Gulf and beyond. Western Union is accepted by a wide variety of banks and money transfer services thanks to their extensive network of partner institutions. There are a large number of Western Union banking agents in India. When sending money from the U. S. to India, the recipient must transform the US dollar amount received into Indian rupees at a Western Union office in India. Cash is deposited into his account. In most banking institutions, this will incur a fee. Western Union, on the other hand, has made international mobile money transfers possible. Mobile banking offers significant advantages over conventional online banking due to its direct cross-border payment processing capabilities. Another name for this business is M Wallet. Using this feature, you can shop at major retailers using money from your M Wallet account. Money can be used to finance your trips. Getting your money out is an option too. You can use this feature, which is provided by many different mobile network companies. Western Union has partnered with a number of mobile network providers so that you can send and receive money from your phone. m

Wallet is compatible with these mobile service providers. Providers of mobile networks often offer m-Wallet apps for their customers to make it easier to send and receive money from their mobile devices. Only mobile phones associated with the identical mobile phone network supplier as Western Union can receive and transmit money through Mobile Transfer Of funds. Because the sender's mobile phone is not involved, this facility is one of a kind.

Pay money electronically

National automated clearing house (NACH)

The National Automated Clearing House Service (in India is regulated by the National Payment Corporation of India. Users from all over India use ECS to pay for this product in large amounts. The payments are sent repeatedly, rather than once. This facility opened at the year's end in 2012 and has been serving the community ever since. This service enables the sending and receiving of money electronically. Lending institutions have become more reliant on this service as of late. All future disbursements of the home loan will be made directly into the borrower's bank account. This facility has been a boon to financial institutions because it has reduced the need for paperwork. The NACHS expedites the processing of massive loans. This platform's integration of openness and safety makes it indispensable in the realm of managing data.

Core banking solution (CBS)

The Core Banking Option is now being used by every bank in the nation. Remote account management is possible if your bank provides access to their Core Banking Solution. Assume you were looking for a new bank in Agra and settled on Bank of Baroda. You had to leave Agra for Delhi at some point. If that's the case, there's no need to apply for a Bank of Baroda (BOB)account. When you open an account with BoB in Delhi, you can use any of their regional offices to make payments and withdrawals. If you're still looking for alternatives, you can find them.

HDFAC's chillr app

There are times when an immediate transfer of funds to an individual is necessary. In a pinch, you either can rush to the nearest branch or use the ease of online banking. HDFC Bank just launched a mobile phone app to fix this. You can instantly wire funds to any individual in your contact list using this programme. Chillar, developed by HDFC Bank, is intended to improve m - banking. HDFC claimed their app was the only one of its kind to allow users to link their bank accounts towards the app. Therefore, no advance payment is required. No sensitive information, including passwords, will be stored on the device by using this application. A user's M-PIN grants them the service's access.

Tax amount on money transfer

HDFC says it co-created the application with the software firm Mobmi of Kochi, India. Using this app, any legal resident of the U. S. can obtain or transfer cash to another user. Any transfer funds made via this app will incur a tax amount of Rs 3.50 per transfer.

Maximum transaction limit

The maximum amount that can be sent using the Chillar app is Rs 5,000. Within a day, you'll have enough money to buy ten things. If you want to use Chillar to send funds, you'll

need to provide personal details like your name, mobile number, and email id. The seven-digit mobile payment identity (MMID), bank account number, or ISFC code of clients of other financial firms will be required in addition. Any worldwide wire transfers will necessitate an MMID. Consumers with HDFC Bank can do everything the app does, but those with numerous different banks can just collect cash at this moment.

Axis bank touch ID App

Touchscreen has been incorporated at Axis Bank, the 3rd biggest private bank with in country. This mobile app requires only one tap to authenticate a purchase. The authenticity of the document can also be checked. Apple Pay provides consumers of participating banking institutions with an iPhone 5 or later model to make in-store purchases, send and receive money, and make mobile payments. There is now a Smartwatch banking app available from the bank. Connecting the Axis mobile phone app with a Smartwatch enables customers to view their savings account balances, recent five transactions, notices, and more without entering any extra user credentials. This method can also be used to locate the closest ATMs.

A new alternative to bitcoin online banking

Bitcoin can function as an electronic payment system. Some other names for virtual currency include crypto currency and hidden currency. So far as I am aware, no such comprehensive database exists. Individuals manage their own finances through complex calculations and secret coding. Mining is a slang term for depositing funds into a financial institution. Even though there is a small fee associated with sending money to another person, it is still much more cost-effective than using a credit card. However, unlike with credit cards, the extra charge will be the responsibility of the shopper. On the other hand, there is a worldwide debate about whether or not it is actually legal. In 2009, Bitcoin was unveiled to the general public. Bitcoin is now accepted as payment for Microsoft's services. To transfer money to Microsoft, you can use this cryptocurrency. Purchases of Microsoft software and hardware are eligible for the credit.

Virtual wallet challenge

All Xbox, Windows Mobile, and Microsoft Store purchases are eligible for this credit. Unfortunately, Microsoft has not made any announcements regarding this. But Microsoft has created a new page on its support website outlining the application of virtual money on its device. Presently, only customers in the United States can use Cryptocurrencies. Furthermore, there is a limit to how much can be exchanged in bitcoins at any given time. Bitcoin's popularity in the business world is growing. They are accepted by a growing number of retailers; examples include PayPal, Dell, and Expedia.

Conclusion

It can't be denied that financial institutions such as banks play a crucial part in improving the world as a place. In addition to bettering their own procedures, green lenders and environmentally friendly banks inspire other businesses to follow suit. Indian banks are significantly lagging behind their developed-world counterparts when it comes to their green banking practises. Indian banks that want to grow

internationally must first acknowledge that it is their moral duty to safeguard the environment and their fellow citizens. However, in the present day, many Indian banks are attempting to "Go Green" by promoting eco-friendly services and products to clients and incorporating environmental risks into everyday business operations. Green mortgages, green credit cards, solar and wind power, paper recycling, and environmentally friendly building materials are just a few examples. ATMs, teller windows, and ATMs are other examples. Unfortunately, there is still a great deal of ground to cover. Indian banks should phase in their greening initiatives over time, with both short- and long-term targets established. This concept of "Green Banking" can be beneficial for financial institutions, companies, and the economy as a whole. Green banking will assist banks in the long run by boosting the value of their funds by business for a long time to implement green methodologies.

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