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## ROLE OF GREEN BANKING SERVICES FOR THE SUSTAINABLE DEVELOPMENT OF THE ECONOMY

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### ABSTRACT

Green banking services are financial services that prioritize environmental and social responsibility. They aim to support sustainable development by promoting environmentally responsible practices, supporting renewable energy projects, and minimizing the environmental impact of banking operations. The purpose of the present study is to analyze the role of green banking services in the sustainable development of the economy. 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 research has considered several variables for role of green banking in sustainable development of the economy like: Creating social responsibility, Economic development, Raising environment consciousness, Raising India's GDP and Social development.

**Keywords:** Green Banking, Sustainable Development, Economy, Banks, Green Banking Services.

### INTRODUCTION

Since 1992, sustainable development has evolved as a fresh growth paradigm for achieving the underlying future objective. In a larger sense, Sustainable development is defined as “long-term cultural, socioeconomic, and environmental wellness,” with the focus on “long-term,” “together with the necessity of integrating our social, economical, and environmental well-being.” According to **Rahman&Rahman (2020)** the triple bottom line of economic, social, and environmental concerns is frequently involved in sustainable development, which is founded on enlightened self-interest.



Sustainable development involves a broad range of issues, including poverty reduction, education, health, gender equality, clean water and sanitation, renewable energy, sustainable consumption and production, biodiversity, and climate change mitigation and adaptation; **Sachs, J. D. (2012)**

Green banking has a significant impact on managing environmental sustainability, sustainable development, and climate change, which are integral components of complete socioeconomic development in developing countries; **MonirulAlam et al. (2018)**.

Green banking services are financial services that prioritize environmental and social responsibility. They aim to support sustainable development by promoting environmentally responsible practices, supporting renewable energy projects, and minimizing the environmental impact of banking operations.

The role of green banking services is critical for the sustainable development of the economy in several ways:

1. Encouraging sustainable investments: Green banking services can encourage customers to make sustainable investments, such as investing in renewable energy projects, energy-efficient buildings, or environmentally responsible businesses. By offering products and services that prioritize sustainability, banks can incentivize more responsible investment practices.
2. Promoting sustainable business practices: Green banking services can also encourage businesses to adopt more sustainable practices by offering loans and credit facilities for green projects and sustainability initiatives. Banks can also provide advisory services to help businesses develop more environmentally responsible strategies and operations.
3. Reducing environmental impact: Banks can reduce their own environmental impact by implementing sustainable practices in their own operations, such as reducing energy consumption, minimizing waste, and using sustainable materials.
4. Creating awareness: Green banking services can also play a role in creating awareness about environmental issues and the importance of sustainable development. By educating



customers about the impact of their financial decisions and the benefits of sustainable practices, banks can contribute to a more environmentally conscious society.

Overall, green banking services play an essential role in promoting sustainable development and mitigating the impact of economic activities on the environment. By prioritizing sustainability in their operations and services, banks can contribute to a more sustainable and resilient economy for the future.

## **REVIEW OF LITERATURE**

**The study by Chen et al. (2009)**, attempted to explain the continued use and assessment of sustainable technologies by an individual, based on “TPB (Theory of Planned Behavior), TAM (Technological Acceptance Model) and TR (Technological Readiness)”. The study was done on various sustainable services, like, mobile banking, internet banking, ATM, kiosks, e-reservation etc.

Green banking has four advantages, according to **Meena (2013)** it decreases deforestation, increases consumer and employee environmental awareness, benefits from reduced interest rates, and modifies corporate activities in a way that is more environmentally friendly.

**RambalakYadav and GovindSwaroopPathak (2013)** their paper “Environmental Sustainability through Green Banking” studied that various approaches adopted by private and public banks towards Green Banking. They used case study method and secondary data to collect the information about various banks, how actively they are participating towards protecting the environment.

**Zhang et al. (2013)** 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.



**Jayadatta and Nitin (2017)** explained about how green banking is an eco-friendly practice adopted by today's banking which making things easy quick digital and available anywhere any time beside this it is also reducing the cost including in so many banking activities.

In order to meet sustainability criteria, **Volz (2018)** identified sustainable banking, where investment and lending decisions are based on environmental monitoring and risk assessment, as well as insurance services that address environmental and climatic risk, which are important elements of green finance.

**Bukhari et al. (2020)**, 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 role of green banking services for the sustainable development of the economy.

## **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 ROLE OF GREEN BANKING IN SUSTAINABLE DEVELOPMENT OF ECONOMY**

Table 1: In response to the statement “Do you agree that green banking play an important role in creating social responsibility”

<b>S. No.</b>	<b>Components</b>	<b>No. of Respondents</b>	<b>Per cent</b>
1	S A	154	40
2	A	182	47.5
3	N	10	2.5
4	D	25	6.5
5	S D	14	3.5
	<b>Total</b>	<b>385</b>	<b>100</b>

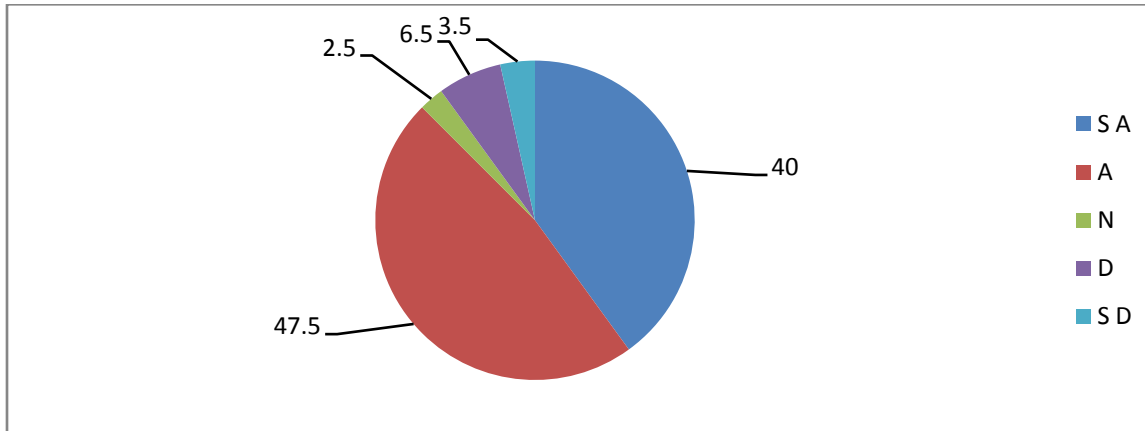


Figure 1:In response to the statement “Do you agree that green banking play an important role in creating social responsibility”

Analysis: Green banking plays a crucial role in fostering social responsibility, according to 40% of respondents who strongly agreed, 47.5 percent of respondents who agreed, 2.5 percent of neutral respondents, 6.5 percent of disagrees, and only 3.5 percent of severely disagrees.

Table 2:In response to the statement “Do you agree that green banking play an important role in economic development”

S. No.	Components	No. of Respondents	Per cent
1	S A	162	42
2	A	186	48
3	N	7	2
4	D	20	5
5	S D	12	3
	<b>Total</b>	<b>385</b>	<b>100</b>

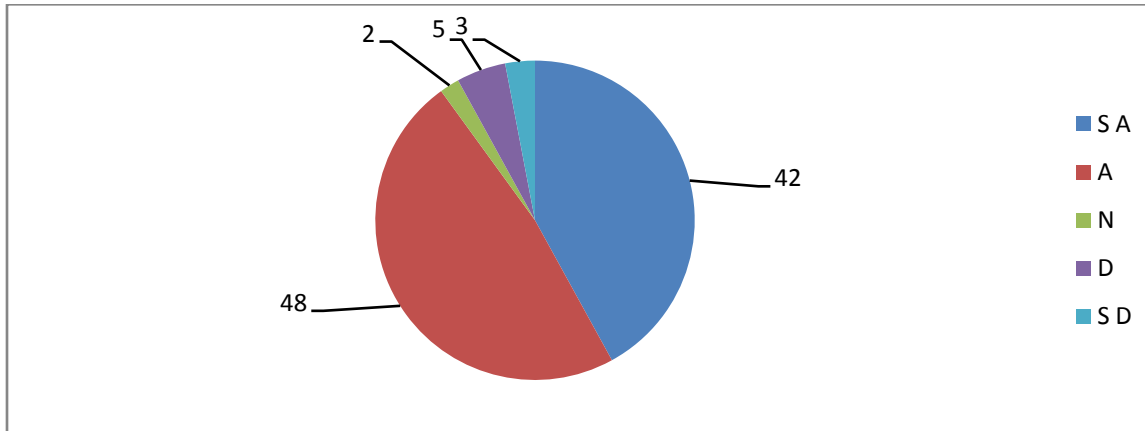


Figure 2: In response to the statement “Do you agree that green banking play an important role in economic development”

Analysis: A significant role for green banking in economic development was agreed upon by 42% of respondents strongly, 48% of respondents, 2% of neutral respondents, 5% of disagreeing respondents, and only 3% of highly disagreeing respondents.

Table 3: In response to the statement “Do you agree that green banking play an important role in raising environment consciousness”

S. No.	Components	No. of Respondents	Per cent
1	S A	150	39
2	A	177	46
3	N	16	4
4	D	27	7
5	S D	15	4
	<b>Total</b>	<b>385</b>	<b>100</b>

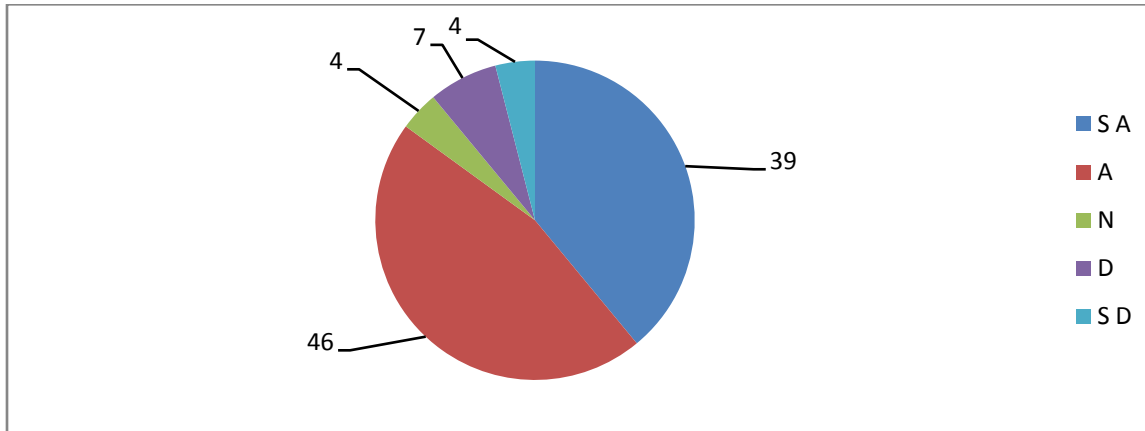


Figure 3: In response to the statement “Do you agree that green banking play an important role in raising environment consciousness”

Analysis: Overall, 39% of respondents highly agreed, 46% agreed, 4% were neutral, 7% disagreed, and just 4% strongly disagreed that green banking plays a significant role in increasing environmental awareness.

Table 4: In response to the statement “Do you agree that green banking play an important role in raising India’s GDP”

S. No.	Components	No. of Respondents	Per cent
1	S A	138	36
2	A	153	40
3	N	19	5
4	D	51	13
5	S D	24	6
	<b>Total</b>	<b>385</b>	<b>100</b>



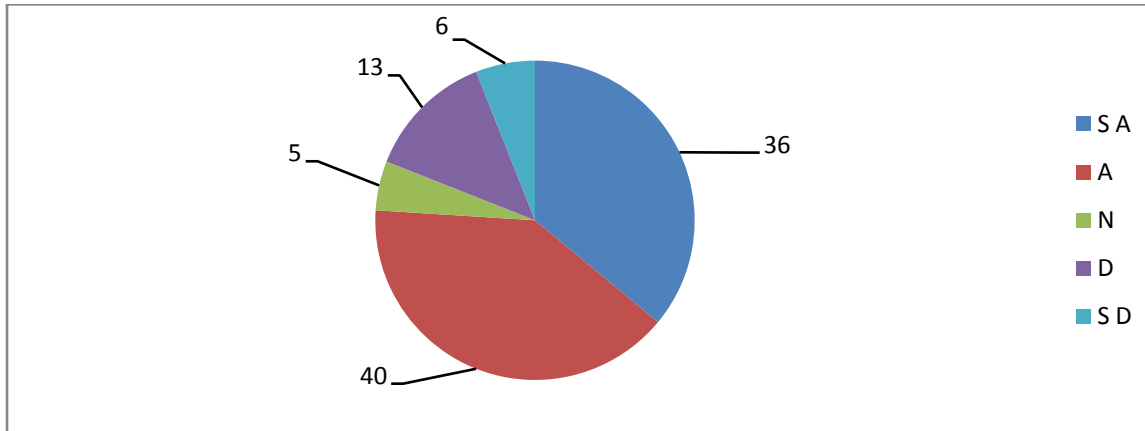


Figure 4: In response to the statement “Do you agree that green banking play an important role in raising India’s GDP”

Analysis: Of all respondents, 36% highly agreed, 40% agreed, 5% were neutral, 13% disagreed, and 6% strongly disagreed that green banking was a key factor in increasing India's GDP.

Table 5: In response to the statement “Do you agree that green banking play an important role in social development”

S. No.	Components	No. of Respondents	Per cent
1	S A	147	38
2	A	158	41
3	N	17	4
4	D	43	11
5	S D	20	5
	<b>Total</b>	<b>385</b>	<b>100</b>

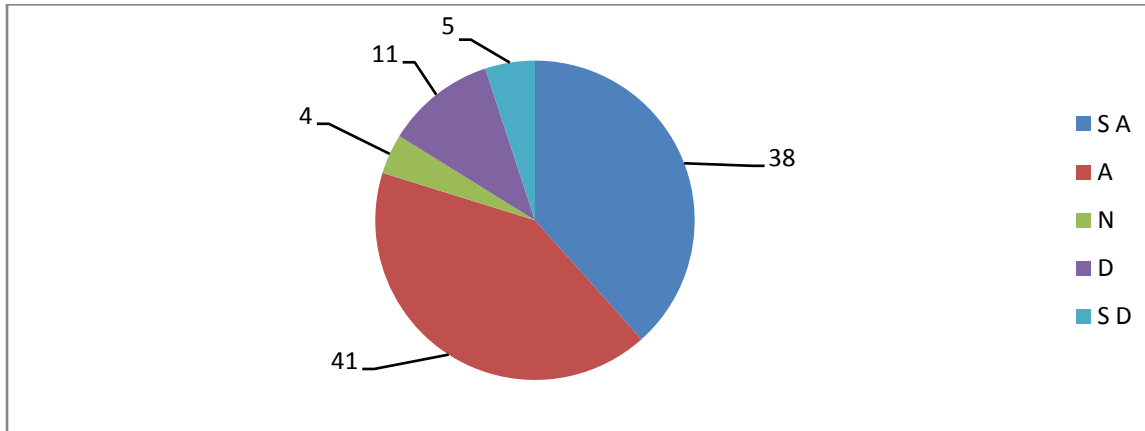


Figure 5: In response to the statement “Do you agree that green banking play an important role in social development”

Analysis: Overall, 38% of respondents highly agreed, 41% agreed, 4% were neutral, 11% disagreed, and 5% strongly disagreed that green banking is crucial for societal advancement.

## FINDINGS

1. The result reveals green banking plays a crucial role in fostering social responsibility, according to 40% of respondents who strongly agreed, 47.5 percent of respondents who agreed, 2.5 percent of neutral respondents, 6.5 percent of disagrees, and only 3.5 percent of severely disagrees.
2. The study found that a significant role for green banking in economic development was agreed upon by 42% of respondents strongly, 48% of respondents, 2% of neutral respondents, 5% of disagreeing respondents, and only 3% of highly disagreeing respondents.
3. Overall, 39% of respondents highly agreed, 46% agreed, 4% were neutral, 7% disagreed, and just 4% strongly disagreed that green banking plays a significant role in increasing environmental awareness.
4. Of all respondents, 36% highly agreed, 40% agreed, 5% were neutral, 13% disagreed, and 6% strongly disagreed that green banking was a key factor in increasing India's GDP.



5. Overall, 38% of respondents highly agreed, 41% agreed, 4% were neutral, 11% disagreed, and 5% strongly disagreed that green banking is crucial for societal advancement.

## **CONCLUSION**

The research has considered several variables for role of green banking in sustainable development of the economy like:

- (a) Creating social responsibility,
- (b) Economic development,
- (c) Raising environment consciousness,
- (d) Raising India's GDP,
- (e) Social development.

Green banking has a big impact on all of the aforementioned variables. But among all the factors, the research study discovered that green banking has a role in economic development.

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