



# SUSTAINABLE MODERN BANKING PRACTICES AND ITS EFFECT ON CUSTOMER SATISFACTION

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## **Abstract**

Technological innovations and sustainable development are complementary to economic growth. banking sector is the major contributor to the economic growth (GDP). Today green banking is outlooked through narrow approach of just paperless banking, internet banking, ATMs etc., rather there is need to widen the horizon of green practices ensuring banking standards. The variables for assessment should pass through the lens of renewable practices, green energy standards, carbon foot prints and sustainability. Therefore, banking sector needs to plays a key role in promoting sustainable development practices.

This paper aims to study the sustainable banking practices adopted by banks and its impact on customer satisfaction. As a healthy customer base has a potential to trap the whole e- banking service market which will lead to the maximization of ecological and social value satisfaction of the customers.

**Keywords:** E-banking, sustainability, customer satisfaction.

## **INTRODUCTION**

*“A shared blue print for peace and prosperity for people and the planet, now and in the future”* the mission of sustainable development goals set up by United Nation General Assembly in 2015 known as Agenda 2030. It is the future goals and framework for Millennium development which is one of the concerns for every developed and developing economy today. The other concern is Net Zero emission, today lot of air time is being spent on Net – Zero. It has become a buzz word and its increasingly echoed that Net Zero is the future, whether its global big economies, medium economies or aspiring economies every country is pledging the roadmap to Net Zero. It is universal and significant concept for the future to come, in Indian context last year Prime Minister has also set a goal to become Net Zero by 2070 in COP 26 meeting concluded in November 2021.

Net -Zero is basically carbon neutrality, which means that countries emission is compensated by the absorption and removal of greenhouse gases from the atmosphere. As various countries accelerated the transformation towards a Net -Zero economy, it has become necessary that every sector of the economy contributes its pie of share in order to achieve this target

A sector that has very encompassing and tacit regulatory effect in order to bring paradigm shift is banking sector. This sector touches the lives of almost all individuals of a country and putting it on the steering in order to achieve this ambition is prudent step.

**SUSTAINABILITY**

Sustainability refers to the ability to maintain or support a process continuously over time. In business and policy context, sustainability seeks to prevent the depletion of natural or physical resources, so that remain available for future. Sustainable development refers to the development that meets the needs of the present generation without jeopardizing the ability of future generations to meet their own needs

The managerial implications for implementing sustainability in banking sector requires sustainability governance as a platform to evaluate and monitor the sustainable finance action plan and build a sustainability strategy. This will enable banks to manage not only economic, but also environmental, social, and governance (ESG) risk

**GREEN BANKING:**

"Green Banking", an effort by the banks to make the industries grow green and, in the process, restores the natural environment. This concept of "Green Banking" will be mutually beneficial to the banks, industries and the economy. Not only will "Green Banking" ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future.

Green Banking is no more a new concept in this fast developing and dynamic world. The word green can be understood as minimizing environmental degradation and making this planet habitable and in banking sector it emerged as concept of green banking. With the digitization the concern came for the green e- banking practices,

India is amongst one of the most vulnerable countries to the impact of climatic change. In order to achieve these climatic sustainability targets, huge developing nations like India will need approximately USD 1 Trillion in additional financing cause the next 10 years. The situation is so consternation that the scientists are communicating the issues of ecological imbalances, thus there was need felt by the present organizations to create awareness about the green practices among people and follow environmentally friendly practices reducing carbon footprints from the banking activities.

The banking industry has a central role to play in making investment funding for green incentives and also put in place various mechanism to change the ecosystem of how project evaluation and policies are looked through the lenses of sustainability, climate risk mitigation and resilience

**MILLENNIUM DEVELOPMENT GOALS:**

Under the millennium development goals there are seventeen goals that has been set up to transform the world:

No poverty, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production, climate change, life below water, life on land, peace, justice and strong institutions, partnership for goals. From the above sustainable goal 9: industry innovation and infrastructure, goal 13: climate action and goal 17 partnership to achieve goals are interlinked to the sustainable and green E- Banking

As E- banking innovations are resultant of infrastructural developments in banking sector leading to the growth and development goals, and all developmental activities are accompanied with the climatic actions and environmental vulnerability leading to partnership between banks and the customers to achieve the sustainability and revolutionize the banking sector with green banking practices, thus urge for customer satisfaction at large.

**CUSTOMER SATISFACTION:**

"Customer satisfaction is imperative for the incessant survival of any organization "the prominent changes in the customers behavior have resulted into the improved customer demands and banking services. The dynamic customer demands have set in motion the traditional transaction system and led electronic banking. E- Banking has grown to the highest in the last two decades. Swift, speedy and reliable services to customers are the base for customer satisfaction.

Satisfaction can be illustrated as an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product" (Oliver, 1999). And satisfaction is measured with service quality and E-SERVIQAL is the measure for online services.

## GREEN E-BANKING PRACTICES IN BANKING SECTOR

Green banking involves products and services both some of them are:

Green loans: giving loans to a project or business

Green mortgages; refer to types of mortgages that provides you, money saving discount or bigger loan that normally permitted as reward for making efficient improvements or for buying a home that meets particular energy -efficiency standards.

Green credit card: be it in form of environmentally friendly rewards using biodegradable credit card material or promoting paperless banking

Green saving accounts: in case of green saving accounts, banks make donations on the basis of savings done by customers. The more they save the more the environment benefits.

Banks making new commitments to disclose the carbon emission of their investments and loan portfolios, adhere to new principle for responsible banking. Sustainable finance commitments, sustainability challenges

- **Case lets on green banking strategies**

“Various banks in India are undertaking the corporate entrepreneurship approach to innovate and adopt green banking strategies for sustainable development of the banks. For example, ICICI Bank India recognizes that care of the environment and the larger society in which it operates is essential both from business continuity as well as a corporate citizenship perspective. IndusInd Bank, India inaugurated Mumbai’s first solar-powered ATM as part of its Green Office Project campaign ‘Hum aur Hariyali’. It also unveiled a ‘Green Office Manual \_ A Guide to Sustainable Practices’, prepared in association with the Centre for Environmental Research and Education (CERE). IndusInd’s new Solar ATM has replaced the use of conventional energy for eight hours per day with eco-friendly and renewable solar energy. The energy saved will be 1980 kW hrs every year and will be accompanied by a simultaneous reduction in CO2 emissions by 1942 kgs. The uniqueness of this solar ATM is the ability to store and transmit power on demand (in case of power failure) or need (time basis). In terms of costs, the savings will be substantial, approximately Rs. 20,000 per year in case of a commercial user with grid power supply. And in areas with erratic power supply the solar will replace diesel generators and translate into savings as high as Rs. 40,200 every year. Moreover, several banks are putting in place policies to reduce the footprint of their electrical energy consumption by implementing energy efficiency measures such as smart lighting and replacement of inefficient appliances. Additionally, they have expressed interest in procuring energy from cleaner sources if available. The majority of banks have specific policies in place to consider the environmental issues associated with energy use, purchasing, transport, recycling and waste minimization.”

- **State Bank of India's Green Banking Policy**

“The State Bank of India (SBI), as part of its Green Banking Policy, will set up windmills to generate 15 MW of power in Tamil Nadu, Maharashtra and Gujarat for its own consumption. The SBI chairman inaugurated the windmills set up at Panapatti village in Tamil Nadu’s Coimbatore district on April 23, 2010. The mill in Tamil Nadu will generate 4.5 MW of power, while the Maharashtra mill will have a capacity of 9 MW and Gujarat 1.5 MW. SBI was the first Bank in the country to think of generating green power as a direct substitute to polluting thermal power and implement the renewable energy project for captive use. Greener Journal of Business and Management”

## CONCLUSION

The study shows that customers are receptive of the change brought on by the banks green initiatives and willing to adopt them, Green E- Banking practices are one of the crucial strategies that cannot be left at as a social responsibility has become the derive of any successful banking institution



It can be concluded that product strategy, pricing strategy, promotion strategy and distribution strategy of any organization should be emphasized on green practices as people have become more conscious and are modifying their action to protect the environment, E- banking is the result of this. Preserving the environment has become the necessity of any competitive organization as, green marketing practices will enhance customer relation thus, improved customer relation.

In order to accelerate the shift towards a Net- Zero and green economy it has become more imperative that the banking business embrace innovation to sustainability goals and achieve its impactful relevance. In traditional sense the contract between the banking industry and society to achieve green goals and sustainable practices have been limited to reducing paper work and going paperless. But with increasing threat of climate change every passing year its very pertinent that the banking industry widens its horizon by including various other array of practices, policies and compliances to mitigate and become climate resilient in future leading to maximization of ecological and social value satisfaction of the customers in long term.

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