



International Journal of Multidisciplinary Research in Science, Engineering and Technology

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)



Impact Factor: 8.206

Volume 9, Issue 3, March 2026



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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Green Banking in India: Reality, Rhetoric and Financial Viability

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ABSTRACT: Environmental sustainability has become a global concern, and the banking sector plays a vital role in supporting sustainable economic development. Green banking refers to environmentally responsible banking practices that aim to reduce carbon footprints and promote eco-friendly financial activities. This study examines the reality, rhetoric, and financial viability of green banking practices in India. The research focuses on customer awareness, adoption of digital banking services, and the environmental benefits associated with green banking initiatives. A descriptive research design was used, and primary data were collected from 100 respondents using a structured questionnaire. Statistical tools such as percentage analysis, Chi-Square test, and rank analysis were applied to interpret the data. The findings reveal that most respondents are aware of green banking practices and actively use digital banking services such as mobile banking and internet banking. The results also indicate that green banking initiatives contribute to environmental sustainability by reducing paper usage and promoting digital transactions. However, awareness and adoption still need improvement. The study suggests that banks should increase awareness programs and promote innovative green financial services to strengthen sustainable banking practices.

KEYWORDS: Green Banking, Environmental Sustainability, Digital Banking, Financial Viability, Sustainable Development

I. INTRODUCTION

Environmental sustainability has become an important issue due to climate change, environmental degradation, and the rapid depletion of natural resources. Businesses and financial institutions are increasingly adopting environmentally responsible practices to contribute to sustainable development. In this context, the banking sector has introduced the concept of green banking to reduce environmental impact and promote eco-friendly financial activities.

Green banking refers to banking practices that encourage environmental sustainability by reducing carbon emissions, promoting digital banking, and financing environmentally friendly projects. These initiatives include paperless banking, online transactions, green loans, and financial support for renewable energy projects. In India, green banking has gained importance in recent years as banks attempt to integrate environmental responsibility into their operations. Several banks have introduced services such as internet banking, mobile banking, e-statements, and digital payment systems to reduce paper usage and promote environmentally sustainable banking practices. However, there is ongoing debate regarding whether green banking initiatives represent genuine environmental commitment or merely act as marketing strategies to improve corporate image. Additionally, questions remain regarding the financial viability of green banking practices and their long-term sustainability. Therefore, this study examines the implementation of green banking in India and evaluates whether these initiatives genuinely contribute to environmental sustainability while maintaining financial viability.

II. REVIEW OF LITERATURE

Previous studies highlight the increasing importance of green banking practices in promoting sustainable development in the financial sector.

Pawar and Munuswamy (2022) found that green banking initiatives positively influence customer loyalty and perception toward environmentally responsible banking. Similarly, More, Sharma, and Joseph (2023) reported that younger customers show higher awareness and adoption of green banking services.



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Kaur and Kaur (2020) emphasized that paperless banking systems improve operational efficiency while contributing to environmental sustainability. Singh and Sharma (2021) also observed that digital banking services such as internet and mobile banking significantly reduce the carbon footprint of banking operations.

Patel and Shah (2021) stated that green banking initiatives enhance corporate image and strengthen customer trust in financial institutions. Meanwhile, Kapoor (2023) identified customer awareness as a major factor influencing the adoption of green banking services.

Despite these contributions, several studies highlight a research gap in evaluating the financial viability and actual environmental impact of green banking initiatives. Therefore, the present study attempts to examine green banking practices in India by analyzing customer awareness, adoption of digital banking services, and their contribution to environmental sustainability.

III. RESEARCH METHODOLOGY

Research Design:

The study adopts a descriptive research design to analyze green banking practices and customer awareness in India.

Sources of Data:

Primary data were collected through a structured questionnaire distributed among bank customers. Secondary data were collected from journals, research articles, and banking reports related to green banking practices.

Sample Size:

100 respondents.

Sampling Technique

Convenience sampling technique was used to select respondents.

Tools Used:

- Percentage Analysis
- Chi-Square Test
- Rank Analysis (Weighted Mean Method)

Software Used:

Microsoft Excel.

IV. RESULTS AND DISCUSSION

4.1 Percentage Analysis

Percentage analysis was used to interpret the demographic characteristics and awareness levels of respondents regarding green banking practices.

Age Distribution of Respondents

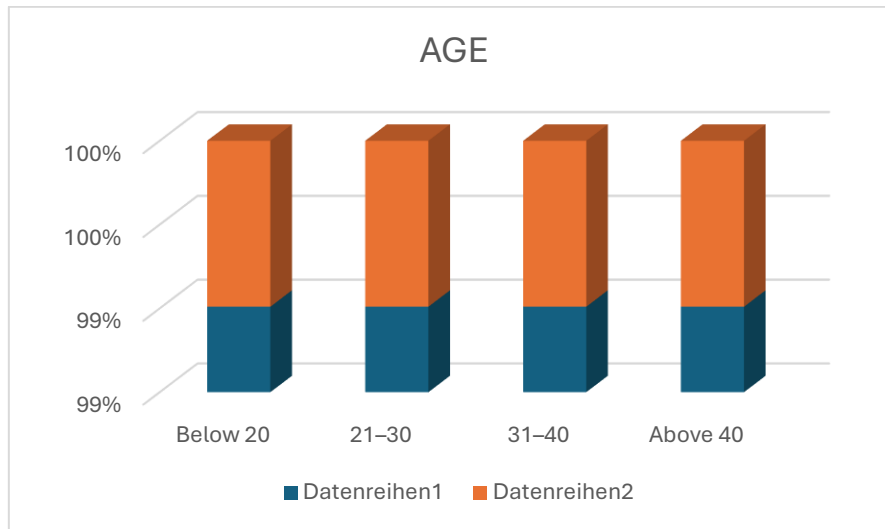
Age Group	Frequency	Percentage
Below 20	20	20%
21–30	40	40%
31–40	25	25%
Above 40	15	15%
Total	100	100%



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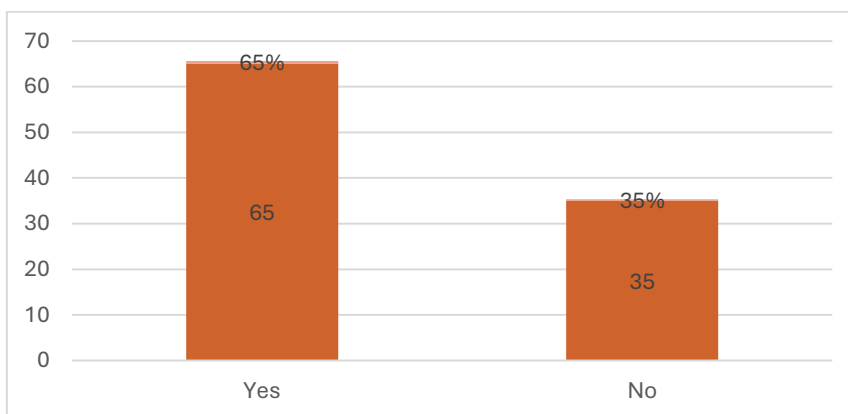
Interpretation: The majority of respondents (40%) belong to the age group of 21–30 years. Around 25% are between 31–40 years, while 20% are below 20 years. Only 15% are above 40 years. This indicates that younger individuals are more active users of banking services and are more aware of green banking practices.



Awareness of Green Banking

Response	Frequency	Percentage
Yes	65	65%
No	35	35%
Total	100	100%

Interpretation: The analysis shows that 65% of respondents are aware of green banking initiatives, while 35% are unaware. This indicates that awareness of green banking is increasing, but there is still a need for banks to promote these initiatives through awareness campaigns and educational programs.



4.2 Chi-Square Analysis

Relationship between Awareness of Green Banking and Use of Online Banking

$$\chi^2 = 0.284$$

$$p\text{-value} = 0.59$$

Since the calculated Chi-Square value is less than the table value (3.84), the null hypothesis is accepted.



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Interpretation: The results indicate that there is no significant relationship between awareness of green banking and the use of online banking services. This suggests that customers may adopt online banking primarily due to convenience and technological accessibility rather than environmental awareness.

Relationship between Awareness of Green Banking and Receiving E-Statements

$$\chi^2 = 4$$

$$p\text{-value} < 0.05$$

The calculated value is greater than the table value (3.84), so the null hypothesis is rejected.

Interpretation: There is a significant relationship between awareness of green banking and the use of e-statements. Customers who are aware of green banking practices are more likely to adopt paperless banking services.

4.3 Rank Analysis

Preference of Green Banking Services

Green Banking Service	Respondents	Rank
Mobile Banking	40	1
Internet Banking	30	2
ATM Services	20	3
E-Statements	10	4

Interpretation: The analysis shows that mobile banking is the most preferred green banking service among respondents. This is mainly due to the increasing use of smartphones and the convenience of conducting financial transactions anytime and anywhere. Internet banking ranks second, followed by ATM services, while e-statements receive the lowest preference among respondents.

V. LIMITATIONS OF THE STUDY

1. The study is limited to a sample size of 100 respondents, which may not represent the entire population.
2. Convenience sampling was used, which may lead to sampling bias.
3. The research focuses mainly on customer perception rather than detailed financial performance of banks.
4. The study is limited to the Indian banking sector and does not include international comparisons.
5. Time constraints limited the scope of detailed data analysis.

VI. CONCLUSION

Green banking has become an important initiative in the banking sector due to increasing environmental concerns and the need for sustainable development. The findings of this study reveal that many bank customers are aware of green banking practices and actively use digital banking services such as mobile banking and internet banking.

The analysis shows that digital banking services contribute significantly to reducing paper usage and promoting environmentally friendly financial activities. Mobile banking is identified as the most preferred green banking service among customers. However, the results also indicate that customer awareness still needs improvement, and many individuals adopt digital banking primarily for convenience rather than environmental reasons.

To strengthen green banking practices, banks should increase awareness programs, encourage paperless transactions, and introduce innovative eco-friendly financial products. With improved customer awareness and stronger regulatory support, green banking can play a significant role in promoting environmental sustainability and achieving long-term economic growth in India.



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