

# Investment Feasibility Of Green Banking Practices And Its Impact On Financial Performance Of Banks

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## Abstract:

*Integrating financial parameters with green innovations has illuminated the pathways to the future development of banks. The present study explores in estimating the Investment feasibility of Green Practices and its impact on financial performance of Banks.*

*Green banking is a recent worldwide developing concept, and there is a huge demand for further exploration regarding green banking practices [42]. However, there is a lack of literary work on the relationship between financial performance and green banking disclosures in Bangladesh. This article is an attempt to fill that gap. The methodology involved collecting secondary data from banks website. The performance was assessed on two green practices i.e., ATMs and Mobile Banking. Analysis is conducted using statistical techniques One way and ANOVA*

*The research revealed that banks investment on green practices had a significant impact on financial performance of State Bank of India (SBI). Overall, the study contributed significantly to fostering sustainability within the banking sector, empowering banks to enhance their financial performance while contributing positively to the environment and society.*

**Keywords:** Green Practices, SBI, ATMS, Mobile Banking, Internet Banking

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## INTRODUCTION

A momentous transformation has taken place on a global scale, as societies worldwide have embraced sustainable practices and confronted the critical challenges posed by climate change and environment deterioration. Policymakers and researchers have recently concentrated on green finance due to rising worldwide concern for environmental protection, climate change, and sustainable development. Sustainable financing initiatives in the banking business aim to enhance long-term financial stability.

### Statement of the Problem

With a number of studies being carried out on green financing and sustainability little has been studied in the context of financial performance. Bank, being a major financial sector, it has a huge responsibility to play in facilitating sustainable growth by balancing its profits. Therefore, an attempt is made in this study to fill that gap.

### Objectives of the study

- To examine the impact of green banking practices on financial performance of banks
- To measure the investment feasibility on green banking practices
- To provide suggestions for betterment

## LITERATURE REVIEW

The increasing environmental consciousness globally calls for increased attention to sustainable development and associated corporate investments and initiatives for refinancing which deserves the attention of stake holders. The banks are included, being a major part of the money market and the financial system of any economy, since moving the economy on a sustainable path cannot happen without the inclusion of GB [1].

Green banking disclosure and financial performance are very meticulously related [2]

Greening the banking sector involves minimizing carbon footprints associated with banking operations, creating mutual benefits for banks, industries, and the economy (Bihari & Pandey, 2015).

Adopting green banking methods has a number of benefits. Basically, it entails providing environmentally friendly goods and services, making green investments, developing green policies and strategies, educating the public about environmentally friendly business practices, and all of which are excellent ideas and will encourage people to change their operations in a way that benefits future generations and positively impact bank performance (K & Arulrajah, 2017) 3.

## METHOD OF DATA ANALYSIS

Descriptive test is served to analyse the data. Descriptive statistics consisted of means and standard deviations while the test for the significance of data is with One-way and ANOVA. The study is undertaken for a period of 5 yrs from 2018 to 2022. Volume of transactions and Cost per transactions are used as variables for the study. Return on Investment (ROI) is calculated to estimate the investment feasibility of banks on green banking practices ATMs and Mobile Banking.

## RESULTS

**Table:1 One-way**

### Descriptives

Consolidated Roi or ATM Transactions

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Vol_Transaction_2018	12	376415687.0000	32884238.84107	9492862.07349	355522038.4494	397309335.5506	3.43E+008	4.58E+008
Vol_transaction_2019	12	358830314.1667	76679407.56808	22135438.30037	310110542.9554	407550085.3779	1.98E+008	4.47E+008
Vol_Transaction_2020	12	169319682.6667	28320117.51203	8175313.73453	151325938.4579	187313426.8755	1.02E+008	2.06E+008
Vol_Transaction_2021	12	183132188.8333	16893246.59492	4876660.23453	172398732.0263	193865645.6403	1.42E+008	2.01E+008
Vol_Transaction_2022	7	188991125.8571	7416009.65420	2802988.18078	182132460.8590	195849790.8553	1.74E+008	1.94E+008
Total	55	261369315.5091	103053009.69160	13895664.99210	233510184.5708	289228446.4473	1.02E+008	4.58E+008

**Table:2 ANOVA**

Consolidated Roi For ATM Transactions

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	484612177354572220.000	4	121153044338643056.000	68.168	.000
Within Groups	88863654196311392.000	50	1777273083926227.800		
Total	573475831550883580.000	54			

**Table:3**Oneway  
**Descriptives**

Consolidatedaed Roi For Mobile Banking Transactions								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Vol_Transaction_2018	12	70341567.7500	31424962.91604	9071605.39943	50375098.8877	90308036.6123	4.10E+007	1.22E+008
Vol_transaction_2019	12	213239806.7500	64396606.16559	18589698.95230	172324155.2254	254155458.2746	1.30E+008	3.18E+008
Vol_Transaction_2020	12	389794286.1667	153816027.50832	44402862.44380	292064244.8623	487524327.4711	2.46E+007	5.76E+008
Vol_Transaction_2021	12	787116517.4167	255832253.23461	73852410.13619	624568458.6699	949664576.1634	1.80E+008	1.13E+009
Vol_Transaction_2022	7	1366401328.2857	175998002.83635	66520992.39272	1203630323.6501	1529172332.9214	1.11E+009	1.61E+009
Total	55	492558462.4545	447442861.08680	60333183.08098	371597713.3051	613519211.6040	2.46E+007	1.61E+009

**Table:4**  
**ANOVA**  
Consolidated Roi for Mobile Banking Transactions

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9588540774385066000.000	4	2397135193596266500.000	98.040	.000
Within Groups	1222535378242321660.000	50	24450707564846432.000		
Total	10811076152627388000.000	54			

## DISCUSSION:

The study tested above hypotheses to find out whether investment in green banking practices (ATMs and Mobile Banking) will help to enhance a bank's financial performance. The study shows that green banking practices will have a positive influence of banks financial performance indicating the level of significance as less than 0.05. Tables 1 and 3 are tested to find out the ROI earned by banks on ATMs and Mobile Banking. The study revealed the sig. of .000 indicating a strong relationship between investment on green banking practices and their financial performance. Table 2 and 4 revealed the consolidated ROI of ATMs and Mobile Banking over a period from 2018 to 2022. In a total of 54 observations made the df value is at 4 indicating F value of ROI on Mobile banking is 98.040 which more significant than ATMs 68.168.

## CONCLUSION

Green banking practices are fetching progressively imperative in the financial sector, as they contribute to environmental sustainability and improve a bank's overall performance. A study measuring the effect of green banking activities on bank performance in India w.r.t. SBI found in two dimensions ATMs and

Mobile Banking were positively significant resulting in better operational efficiency. The study revealed that investment feasibility on Mobile Banking is more significant than ATMs. This recommends integrating environmentally friendly practices in banks for an improved performance in turn strengthening customers trust and loyalty, making banks a socially responsible institution.

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