Green Banking Practices in Karnataka: An Empirical Study of Public and Private Sector Banks

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***Abstract*—Green banking refers to environmentally sustainable banking practices that reduce carbon footprints through digital banking, paperless transactions, green financing, renewable energy investments, and sustainable operational processes. Karnataka, being one of India's most technologically advanced states, has witnessed significant adoption of green banking initiatives among public and private sector banks. This study examines the extent of green banking implementation, customer awareness, challenges, and future prospects in Karnataka. Findings indicate that private-sector banks show higher adoption rates and customer awareness than public-sector banks, while digital banking remains the most widely used green banking practice.**

***Index Terms*—Green Banking, Sustainability, Karnataka, Digital Banking, Environmental Performance, Green Finance**

I. Introduction

The banking sector plays a crucial role in promoting sustainable development. Green banking integrates environmental considerations into banking operations through:

- Paperless banking
- Mobile and internet banking
- Green loans
- Renewable energy financing
- Energy-efficient branches
- Electronic statements

Banks in Karnataka have increasingly adopted digital and environmentally friendly banking practices to reduce operational costs and environmental impact.

II. Objectives of the Study

1. To examine green banking practices adopted by banks in Karnataka.
2. To analyze customer awareness regarding green banking.
3. To compare public and private sector banks.
4. To identify challenges in implementing green banking.

III. Review of Literature

Study 1

A Karnataka-based study on customer awareness found that **62% of respondents were aware of green banking initiatives**. Awareness was significantly higher among private-bank customers (**70%**) compared to public-bank customers (**54%**).

Study 2

Research involving **400 customers and 40 bank managers** concluded that customer awareness positively influences the implementation of green banking practices in Karnataka.

Study 3

Studies on environmental sustainability in Karnataka banks reported that internet banking, mobile banking, and e-statements are the most commonly adopted green banking service

IV. Data Analysis

Table-1: Awareness of Green Banking in Karnataka

Category	Percentage
Aware of Green Banking	62%
Not Aware	38%

Source: Karnataka customer awareness study.

Interpretation

A majority of customers are aware of green banking, indicating growing acceptance of environmentally sustainable banking services.

Table- 2: Awareness by Bank Type

Bank Type	Awareness Level
Private Sector Banks	70%
Public Sector Banks	54%

Source: Karnataka study on customer awareness

Interpretation

Private Banks appear more successful in promoting green banking initiatives through digital channels and customer engagement programs.

Table- 3: Most Frequently Used Green Banking Services

Service	Usage level
Mobile Banking	Very high

Internet banking	High
E-Statement	High
Digital payment	Very high
Green loans	Moderate
Renewable Energy Financing	Moderate

V. Benefits of Green Banking

Environmental Benefits

- Reduced paper consumption
- Lower carbon emissions
- Reduced branch-level energy usage
- Promotion of renewable energy projects

Economic Benefits

- Lower operating costs
- Faster transactions
- Increased efficiency
- Better customer convenience

Social Benefits

- Enhanced financial inclusion
- Greater awareness of sustainability and improved corporate image

VI. Challenges Faced by Banks

Challenge	Impact
Lack of Customer Awareness	Slower adoption
Cyber security Concerns	Reduced trust
Initial Technology Cost	High investment
Rural Digital Divide	Limited reach
Regulatory Uncertainty	Delayed implementation

VII. Findings

1. Green banking adoption is increasing across Karnataka.
2. Digital banking is the most effective green banking initiative.
3. Private sector banks outperform public sector banks in customer awareness.
4. More than half of customers are aware of green banking services.
5. Green financing and renewable energy financing remain underutilized.
6. Lack of awareness and technological barriers continue to hinder wider adoption.

VIII. Suggestions

- Increase awareness campaigns in rural Karnataka.
- Promote green loans for renewable energy projects.
- Strengthen cyber security infrastructure.
- Introduce incentives for paperless banking.
- Encourage banks to disclose environmental performance metrics annually.

IX. Conclusion

Green banking has emerged as a significant component of sustainable development in Karnataka's banking sector. The increasing use of digital banking services has reduced environmental impact while improving operational efficiency. Although private sector banks currently lead in awareness and implementation, public sector banks are also progressing steadily. With stronger customer education, regulatory support, and investment in green technologies, Karnataka can become a leading model for sustainable banking in India.

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