CUSTOMERS PERCEPTION ON GREEN BANKING PRACTICES IN COMMERICAL BANKS OF KATHAMNDU, NEPAL

A Thesis

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RECOMMENDATION

This is to certify that the thesis

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has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

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DECLARATION

I hereby declare that this thesis work entitled "**CUSTOMERS PERCEPTION ON GREEN BANKING PRACTICES IN COMMERICAL BANKS OF KATHAMNDU, NEPAL**" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Masters of Business Studies which is prepared under the supervision of respected supervisor Joginder Goet of Shanker Dev Campus, T.U.

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This entitled thesis "**CUSTOMERS PERCEPTION ON GREEN BANKING PRACTICES IN COMMERICAL BANKS OF KATHAMNDU, NEPAL**" has been prepared in partial fulfillment for the Degree of Master of Business Studies (M.B.S.) under the Faculty of Management, Tribhuvan University is based on research models involving the use of qualitative aspect of financial performance.

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Roshani Bhandari
Researcher

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ABBREVIATIONS

ATM	: Automated Teller Machine
ADBL	: Agricultural Development Bank Limited
BOK	: Bank of Kathmandu
CEO	: Chief Executive Officer
CSR	: Corporate Social Responsibility
CFP	: Corporate Financial Performance
CSP	: Corporate Social Performance
EBL	: Everest Bank Limited
E-banking	: Electronic Banking
GME	: Global IME Bank
GI	: Green Investment
GHR	: Green Human Resource
GBS	: Green Business Strategy
GPS	: Green Product/Service
GGGI	: Global Green Growth Institute
IDRBT	: Institute of Development and Research in Banking Technology
IFC	: International Finance Corporation
IT	: Information Technology
KYC	: Know Your Customer
NMB	: National Microfinance Bank
NIBL	: Nepal Investment Bank Limited
OECD	: Organization for Economic Co-operation and Development
PP	: Perceived Performance
RM	: Risk Management
ROA	: Return on Assets
ROE	: Return on Equity
RBB	: Rastriya Banijya Bank
S.D.	: Standard Deviation
SME	: Small to Medium-sized Enterprises
SPSS	: Statistical Package for Social Sciences
UN-ESCAP	: United Nations Economic Commission for Asia and Pacific
WASC	: Western Association of Schools and Colleges

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Over the past few decades, governments, corporations, legislators, advocacy organizations, and even the general public have all discussed how important it is to raise public awareness of environmental issues. Ozone layer depletion, soil erosion, air and water pollution, deforestation, and global warming are environmental problems that are getting worse every day as a result of industrial development and need to be addressed right away. As one of the capital sources for businesses and industries, the banking sector fosters accountability and responsibility because it does not take strong steps to verify that the businesses and industries it finances are not having a detrimental environmental impact. Therefore, banks have an obligation to encourage environmentally friendly businesses because they indirectly contribute to environmental damage by providing financial support for them.

The financial institution is going green because customers who are interested in eco-friendly banking products and services have higher expectations of it and it is their responsibility to address environmental issues. Research indicates that the banking industry may significantly contribute to environmental protection by encouraging green banking habits among its clientele. Green banking is the term for environmentally friendly methods that use online banking procedures to minimize carbon emissions both internally and externally, as well as items that help safeguard the environment. Banks have adopted the notion of "green banking" to encourage environmentally friendly activities, such as utilizing resources efficiently and minimizing waste. However, Ahmad, et al. (2013) talked about how banks embraced the green banking idea to gain a competitive edge, abide with environmental regulations, enhance their brand, and locate new markets and opportunities for their innovative banking goods and services.

According to Ragupathi and Sujatha (2015), there are a number of advantages to using green banking practices. These include reducing paperwork by using online banking, educating clients about social and environmental responsibility, encouraging environmentally friendly business practices, and supporting environmentally friendly lending practices. More than just financial gains, green banking provides banks with

intangible advantages including enhanced client base, beneficial environmental consequences, reputation, and simplified banking procedures (Vijay & Natarajan 2015). Both the bank and the clients profit from this study; the bank saves money on transaction costs, and customers who utilize green banking products enjoy convenience (Wessel & Drennan, 2010).

According to Koiry et al. (2017), customers and banks alike support one another's efforts to "go green." Additionally, it reveals that consumers like to be associated with businesses that care about society and the environment as well as ecologically beneficial products. Customers' loyalty, trust, and attitude are gained as a result, and their risk management is improved. Customers now believe that banks uphold moral principles by supporting environmentally conscious businesses, and they favor using green financial products and services. This indicates that there is growing interest in green banking or that customers' perceptions of the concept are shifting (Shampa & Jobaid, 2017). While Nepal is far from the global green banking trend, rising environmental concerns are forcing banks to offer environmentally friendly goods and services and support Nepal's environmental preservation efforts (Risal & Joshi, 2018).

Growing environmental issues and banks' increased obligation to contribute to environmental protection lead banks to embrace the novel idea of green banking practices. On the other hand, new research has given the green banking notion a distinct position. There have only been a few studies on the idea of green banking conducted in Nepal. For banks and other financial organizations, this is a novel idea, and only a small percentage of clients were aware of and utilized green goods and services. As crucial is the perception that consumers have of the adoption of the green banking idea, which has not yet been examined in the Nepali context. This study was carried out to close this gap, and the paper's goals are to analyze consumers' expectations, awareness, and perceptions of the green banking policies that their banks have implemented.

1.2 Statement of the Problem

In the context of Nepal, the idea of "green banking" is novel and developing. In terms of green banking, banks in Nepal were not found to be particularly active in promoting green banking initiatives; however, based on more recent data, some banks, including Civil Bank, Nepal Investment Bank, and Laxmi Bank, have begun to offer loans for solar

energy and bicycles (Mehta & Sharma, 2016). Mehta and Sharma's (2016) survey indicates that Laxmi Bank is the pioneer bank in Nepal to endorse the concept of green banking. In order to reinforce our focus on the environment, the bank offers attractive loan packages for environmentally friendly products, saves products that reward customers for eco-friendly practices, and promotes bicycles as an emission-free mode of transportation through a variety of initiatives. The CEO of Laxmi Bank claims that going green has become a conscious practice and belief shared by every employee at the bank. Banks and other financial organizations should embrace green banking as part of their business responsibility by implementing policies and plans that encourage eco-friendly behavior and lower carbon emissions.

Green banking, according to Risal and Joshi (2018), aids in lowering both internal and external carbon emissions. Banks use a lot of lighting, air conditioning, IT, electronic devices, and a lot of paper waste. By using automation, renewable energy sources, and other strategies, the resulting internal carbon footprint can be decreased. Conversely, banks can lower their external carbon emissions by funding businesses and initiatives that use green technologies and strive to minimize pollution.

According to Arumugam and Chirute (2019), lending money to businesses that care about the environment will guarantee that natural resources are used properly. Regarding collateral, banks in Nepal ought to prioritize green assets such as solar-powered homes, rainwater harvesting systems, and properties with superior environmental conditions. Polluting factories and buildings that release harmful waste into the environment should receive secondary priority. The CEO of Nabil Bank claims that the bank started a green banking and green innovation initiative with the goal of encouraging and supporting young people in Nepal with creative ideas for sustainable businesses that can also benefit the environment. The present study has endeavored to address the subsequent research inquiries:

i. What are the green banking practices of commercial banks in Nepal?
ii. Is there any relationship between green banking and perceived performance of commercial banks in Nepal?
iii. Do the factors of green banking affect the perceived performance of commercial banks in Nepal?

1.3 Objectives of the Study

The following lists the study's precise objectives:

i. To assess the factors of green banking practices of commercial banks in Nepal.
ii. To examine the relationship between green banking practices and perceived performance of commercial banks in Nepal.
iii. To analyze the impact of green banking on perceived performance of commercial banks in Nepal.

1.4 Significance of the Study

Through the analysis of various green banking practices, this research will assist in identifying the green banking practices used by Nepalese commercial banks and how those practices affect the perception of those banks' financial performance. It will also assist in determining which green banking technique is most crucial to boosting the banks' financial sustainability. A study's relevance might extend beyond its personal meaning and should encompass the ways in which it benefits or affects others, either partially or completely. It talks about who or what kinds of people could gain from reading the research.

i. First, the study will be useful for Nepalese commercial banks in order to see the impacts of Green banking practices in comparison with the perceive financial performance of banking system.
ii. It helps in understanding what the green is banking and what actions should the banks take in order to benefits from the opportunities and how to overcome the challenges.
iii. This study can be used for other researcher as a reference who wants to study further in this or related areas or to serve as a reading material for anyone who is interested.
iv. This research will alert bankers from tomorrow’s problems at today in order to get the intended green banking service can be said it is at infant stage in the country.
v. It also helps to policy maker of banks related with green banking practices.

1.5 Limitations of the Study

Although every effort has been made to cover the majority of the significant sector, this research is nevertheless susceptible to limitations. The following are the study's primary techniques, scope, and assumption limitations:

- It does not include bank customers who do not use the current green banking which would help to compare the attitude of green banking users and non-users towards green banking practice.
- Most of the available data of previous research conducted may not explain specifically to the context of our country.
- Due to the less awareness about green banking, bankers were not able to provide the clear view of what they perceived about green banking.
- The study surveyed only six commercial banks of the Kathmandu valley so the result of the study cannot be generalized for overall scenario of banker's understanding about green banking in other places of Nepal.
- Data and information collected from the respondents are based on their opinions and knowledge which may be subject to bias.
- Lack of sufficient literature review regarding this topic in the context of Nepal.
- This research study only covers banking sector but ignores other areas of the businesses.

1.6 Organization of the Study

There are five primary chapters that make up the entire study. They are listed in the following order:

Chapter - I: Introduction

This encompasses the overall context of the investigation, its primary emphasis, an explanation of the issues raised, its goals, its importance, its constraints, and its structure.

Chapter - II: Review of Literature

The conceptual framework, a review of pertinent empirical research, a dissertation, articles from journals, a report, etc. are presented in this chapter. Finally, this chapter also mentions the research gap.

Chapter - III: Research Methodology

This chapter covers the research methods that will be used to meet the study's objectives. It includes the population and sample, data sources, data analysis, and data presentation.

Chapter - IV: Presentation and Analysis of Data

This chapter is the most significant and is essential to the study. Data analysis and presentation are the topics of this chapter. Several statistical and accounting methods and instruments have been used to evaluate and interpret these gathered data. It also contains the study's key findings.

Chapter - V: Summary, Conclusion and Recommendations

This chapter provides a concise synopsis of the entire research report together with its conclusions. Additionally, it offers interested parties some helpful suggestions and recommendations.

CHAPTER - II
REVIEW OF LITERATURE

Green banking practices often referred to as "green banking," this term describes the environmentally friendly steps that banks take to limit the amount of carbon emissions they emit into the atmosphere as well as their carbon footprint from regular banking operations. Similar to this, a sustainable bank is one that considers how loans and investments will affect society and the environment. It describes the endeavor that banks have taken to promote environmentally friendly investments and to prioritize financing to businesses that have already gone green or are attempting to go green in order to contribute to the restoration of the environment.

According to Bachal (2012), green banking is a type of banking that uses specific areas and methods to help lower both internal and external carbon emissions. Green banking, according to Azam (2012), refers to environmentally or ecologically friendly financial practices that halt environmental damage and improve planet habitability. Green banks are expected to prioritize the environment and society, use resources responsibly, and prevent waste. Green banking contributes to the overall decrease in carbon emissions from the external and internal sources. By using the following strategies, banks can lessen their carbon footprints: internet banking, paperless transactions, energy awareness, mass transit, green buildings, conserving paper, and employing solar and wind energy (Chaurasia, 2014). According to Bhardwaj and Malhotra (2013), green banking refers to the efforts made by banks to encourage the growth of green enterprises while also assisting in the restoration of the environment.

2.1 Conceptual Review

The government, clients, shareholders, employees, and the community are all included in a bank's responsibilities. While companies do have an ethical obligation, limited liability does not shield them from the repercussions of their decisions. A company's track record and how its ethics are viewed impact its reputation and determine whether it succeeds or fails in the long run. He further concluded that our commitment to ethical behavior will be put to the test as we dealt with challenges that were getting more complicated and conflicted (Gumbus, 2006).

While a green bank may not be precisely the same as an ethical bank, a socially conscious bank, or a sustainable bank, it does share many of the same practices and attitudes, and many banks have already abandoned green banking entirely. Similar to traditional banking, green banking takes into account social, environmental, and ecological aspects in order to preserve the environment and natural resources (Risal & Joshi, 2018).

Green banking is the pursuit of commercial and financial practices that lessen environmental harm and promote environmental protection. Green banking aims to prioritize the environment and society while using resources responsibly and reducing waste. According to the governor of Bangladesh Bank, everyone must adopt a more environmentally conscious mindset in order to improve the future by greening financial activities (Sharma, 2017).

Green banking is a branch of finance where environmental awareness is embraced as the foundation for banking operations, treating the registered financial company as an artificial entity within society. Customers are persuaded to take up green projects, and the bank supports these initiatives by providing money and implementing conservation measures like employing solar or renewable energy inside the bank. According to a study, green banking includes promoting environmentally friendly practices, lowering the carbon footprint of banking operations, and improving client behavior in addition to technological advancements and operational improvements. In order to provide us with green credit cards and green mortgages, green banking minimizes the amount of paperwork it generates by processing transactions online or electronically less paperwork equals less tree-cutting (Singh & Singh, 2012).

The term "green banking," which refers to environmentally beneficial actions made by banks to decrease external carbon emissions and to lower their carbon footprint from daily banking operations, is used to describe their green practices. Similar to this, a sustainable bank is one that considers the effects that loans and investments have on society and the environment. It speaks of the steps banks have made to promote environmentally friendly investment and prioritize lending to businesses that have already gone green or are attempting to go green in order to contribute to the restoration of the environment (Deka, 2015).

The positive feedback loop that exists in the European banking industry between corporate social responsibility and financial performance. The primary goal is to examine how corporate social performance (CSP) and corporate financial performance (CFP) relate to one another in the context of European banking. Panel data analysis has been performed in this work in order to validate the research hypotheses. The primary results validate the effective management strategy by demonstrating the beneficial impact of CSP on CFP. The findings, however, show that CFP has a detrimental effect on CSP, making it impossible to verify the theoretical underpinnings of the slack resources strategy. Consequently, there is no evidence to support the notion that integrating the two methodologies would result in a positive feedback loop (Bhardwaj & Malhotra, 2018).

2.1.1 Green Human Resource

Bank hiring and selection procedures are becoming more environmentally friendly every day. Bangladesh's banking industry has made some impressive progress in promoting green human resources practices. Still, those are small numbers. It is necessary to solve the issue of recurrence in green HR practices in banks in order to remove the burdensome aspects of the process for all parties involved. The Bangladeshi commercial banks may follow policy directives from the central bank to implement green HR. Nonetheless, as green HR practices and procedures are genuinely lacking in Bangladesh's banking industry, all HR directors and HR professionals should implement them inside bank premises. All organizations worldwide, however, can use the proposed model of green recruitment and selection processes in a similar manner. Lastly, it is equally important to study the green hiring and selecting procedures and practices in the other sector (Tu & Dung, 2016).

2.1.2 Green Product and Service

Purchasing Services defines a "green" product according to the following standards. Simple to reassemble, either in its entirety or in parts. In the banking industry, green products are used to reduce risk factors. Green banking is a long-term economic strategy that prioritizes sustainable environmental conservation over short-term financial gain. It is a pragmatic approach to future sustainability. They ought to include more environmental data into their lending, investment, and business operations processes. Not just the largest commercial banks but even smaller ones need to embrace green banking. Advertising for e-statements, online banking, and mobile banking, among other services, was not

significantly influenced by respondents, according to the mean analysis of the data collected regarding the impact of Green Banking goods and services on bank customers. Additionally, the majority of respondents gave green banks in Mauritius' implementation of CSR and green projects a high rating for efficiency (Chen, 2017).

2.1.3 Green Business Strategy

The primary method used by green banks to cultivate a positive image is the creation of environmentally friendly goods and services that better meet their customers' changing needs and their environmental duty. The cutting-edge assortment of eco-friendly solutions includes telephone and computer banking, electronic statements, and automated payments. Furthermore, green banks seek out to invest more in their infrastructure and technology rather than just limiting them to goods and services. Reducing carbon emissions and increasing efficiency are the primary goals of green infrastructure (Chen, 2017). The following are the main ways that green banking strategies are used to promote eco-friendly products and services, green investment, and green image:

i. Major natural energy sources, including trees, water, wind, and sunlight, are guaranteed on every floor thanks to green building architecture and interior design.
ii. Saving energy and the environment by using sensor lighting technology.
iii. Start using table stationery communally rather than privately.
iv. Use the entire paper for internal use to cut down on waste and dust. Introduce online communication to all parties involved in the most effective way feasible.
v. Increasing daylight hours in place of air conditioning to save electricity and guarantee adequate air circulation.
vi. Printing with toner and energy-efficient lamps and environmentally friendly cardboard.
vii. Use video or audio conferences instead of in-person meetings to save money, energy, and the environment.
viii. Making effective use of office supplies, photocopy toner, printer cartridges, etc.
ix. Sending voice mail, email, and electronic files rather than paper memos.

2.1.4 Green Investment

In emerging as well as developed economies, the financial sector faces both possibilities and hazards due to climate change. It is imperative for financial institutions to be part of the low-carbon economy transformation path. Climate risk is a significant consideration in every lending decision because energy subsidies, emission requirements, and carbon prices will all directly affect the financial positions of these institutions' clients. Financial organizations will also have to plan ways to manage the climate risks connected to their non-green assets. However, there are also a lot of chances for financial institutions to offer cutting-edge financing solutions for renewable energy production, energy-efficient building modifications, eco-friendly transportation, and climate-smart construction and agriculture. Financial institutions can exploit this rising investor community to lower funding costs and diversify their funding sources by looking for new climate- and environmentally-friendly alternatives (Iqbal et al., 2017).

Any kind of bond instrument used to finance or refinance new or ongoing green initiatives is referred to as a "green bond." These initiatives typically focus on clean mobility, energy efficiency, renewable energy, sustainable water management, forestry and agriculture practices, adapting to climate change, and pollution prevention and control (Islam & Das, 2021).

2.1.5 Risk Management

Instead than trying to eliminate risk, banks are in the business of managing it. The primary factor that influences financial behavior is risk. The financial system would be much simpler if there was no risk. In the real world, risk is, nevertheless, always present. Therefore, in order for financial institutions to thrive in this extremely uncertain world, they must effectively manage risk. Risk management dynamics will surely be the foundation of banking in the future. The only banks that will last in the long run in the market are those with effective risk management systems. One crucial element of comprehensive risk management that is necessary for a banking organization to succeed over the long run is the efficient management of credit risk. The oldest and largest risk that a bank inherits by virtue of its basic nature as a company is credit risk. But for a variety of reasons, this has recently gained more prominence. The most prominent of these is the global wind of economic liberalization. India is not an exception to the trend of economies driven by markets. The clear correlation between the concentration credit

risk profile and the non-performing assets (NPAs) of public sector banks provides empirical evidence that more credit portfolio diversification improves the possibilities of lower concentration credit risk. The capacity of a bank to take on and aggregate risk within reasonable and controllable bounds is essential to its performance (Gumbus & Johnson, 2014).

2.1.6 Conceptual Review of Financial Performance

The "surrounding contexts of people's lives" have an impact on psychological well-being, which has been repeatedly linked to favorable results. The main goal of this study was to find out how psychological well-being of SME owners in South Africa relates to the financial performance of their companies, given the challenging environments they operate in. The required information was gathered by a survey that used a structured questionnaire. All proprietors of SMEs located inside the boundaries of South Africa's Eastern Cape Province made up the population. Field workers distributed questionnaires using criterion and convenience sampling. 495 questionnaires in total might be used for statistical analysis. Descriptive statistics were computed, Pearson's product moment correlations were established, and the validity and reliability of the scale were evaluated. The proposed relationships were investigated using multiple regression analysis. The findings demonstrate the high degrees of psychological well-being and financial success of the participating SME owners' enterprises. The findings also imply that the likelihood of SME owners' SMEs' financial performance increases with the degree to which they exhibit characteristics linked to environmental mastery, self-acceptance, and autonomy (Jain, 2017).

2.1.6.1 Economy

Sustainable and renewable energy sources are essential for green economies. The ultimate objectives of these systems are to reduce carbon emissions, replenish biodiversity, rely on alternative energy sources, and protect the environment in general. A few instances of civilizations adopting this approach are provided in the UNEP publication, Examples of the Green Economy in Practice (Mehedi et al., 2017).

The notion of green economy, which has gained popularity recently, particularly in some parts of the world like Asia, is comparable to that of green growth. The word "growth" is used to imply the special weight that many nations place on the quantitative expansion of

their economies in order to meet the demands of expanding populations, rising aspirations for progress, and the fight against poverty. The phrase "green growth" has been defined by a number of organizations, including the World Bank, the OECD, the Global Green Growth Institute (GGGI), and the United Nations Economic Commission for Asia and the Pacific (UN-ESCAP), which all examine green economic concerns under this umbrella. The Organization for Economic Co-operation and Development (OECD, 2011) defines "green growth" as promoting economic expansion and development while preserving the resources and environmental services that natural assets provide that are essential to human well-being. The concept makes it very evident that green initiatives do not have to impede economic expansion. A slightly more emphasis is placed on finite environmental boundaries by the Green Economy idea (Ahmad et al., 2013).

2.1.6.2 Efficiency

The degree to which a process (or combination of processes) contributes to an organization's processing success, a market's cost-effectiveness, or the reduction of revenue due to expense is referred to as its efficiency. By measuring efficiency, banks can provide the best possible mix of financial services given a given set of inputs. One is questioning, on the one hand, a bank's capacity to technically and efficiently generate financial services for economic agents. However, banks seek to be profitable as financial institutions. As a result, regulatory constraints (minimum reserve, capital adequacy standards, etc.) prevent them from making the most profit. While their management has significant influence over input costs, they have no control over output costs (Worthington, 1998).

2.1.6.3 Effectiveness

The extent to which specific problems are resolved and the degrees to which objectives are met. Effectiveness, as opposed to efficiency, is calculated without accounting for expenses, and whereas efficiency is defined as "doing the thing right," effectiveness is defined as "doing the right thing." Efficiency a product of particular reviews or analyses (such as the WASC Educational Effectiveness Review or its Reports on Institutional Effectiveness) that gauge how well a higher education institution is expected to meet standards or how well a particular educational aim is being achieved. It is not the same as efficiency, which is determined by the amount of input or output. Clear indicators, relevant data, and evidence that best reflects institutional efficacy with regard to student

learning and academic accomplishment must be obtained through a variety of techniques as the main gauge of a program's or higher education institution's success. By implementing quality assurance and accreditation reviews, measuring educational efficacy adds value to the process and helps the institution develop an evidence-based culture (Vlasceanu et al., 2004).

2.1.7 Effect of Green Banking and Financial Performance

It simply refers to a company's financial stability. Profits, liquidity, solvency, financial efficiency, and repayment capability are a few metrics used to evaluate a company's financial performance and determine how well or poorly it is doing. The primary one is profitability, which gauges how much a company makes from its utilization of capital, labor, land, and management. Operating profit margin, return on equity, and return on assets are used to measure it (Pariag-Maraye et al., 1998).

Due to the significant capital expenditures that the businesses would face in the early years, green banking is predicted to be extremely expensive for them. It is anticipated that costs will drop since there will be less paperwork and more recycling, which will boost revenue. Because many green banks enable recycling and redistribution of capital very quickly, return on investment (ROI) in green banking is not significantly sensitive to the duration of capital deployment. Green banks' return on investment is susceptible to default risk since defaults are the main source of operational expenses for all products. Reduced interest income and high loss coverage are the results of a high default rate (Love & Roper, 2015).

If the bank provided funding for a project that negatively impacts the environment, it can be required to pay for repairs and cleanup expenses. If the bank funds an environmentally hazardous project, there may be additional credit risk. For example, the project may be suspended or outright banned by regulatory bodies, which could result in the customer defaulting on the loan. When a financial institution doesn't engage in green banking, it runs the danger of losing revenue from environmentally conscious customers and damaging its reputation (Mehar, 2014).

Formal records of the financial activity and status of a company, individual, or other entity are called financial statements. An easily comprehensible format and a structured

presentation of pertinent financial data are employed. The degree to which a company uses its resources to produce gross revenues as well as the efficacy of its decisions about financing, purchasing, production, and product pricing are measured by financial efficiency.

2.1.8 Policies Guideline Regarding Green Banking

In order to overcome the institutional and market obstacles to bank lending and investment for the green economy, banking policy can be helpful. While the banking industry is impacted by environmental sustainability issues both directly and indirectly, it also contributes significantly to the development of financial resilience and the creation of chances for profit in the adaptation and management of environmental hazards. Although environmental and social governance programs are present in the majority of large international banks, they are typically not central to bank management or commercial strategy.

By encouraging the mainstreaming of green banking practices and helping banks reallocate credit and investment capital to sustainable economic sectors, banking policy can benefit the banking sector. Green banking recognizes the financial sector's need to back legislative efforts aimed at converting a nation's economy into one that is low-carbon and resilient to climate change. In order to lessen the influence of banks and the economy on the environment, green banking aims to refocus banking operations and products/services and instill an awareness of the environment as part of organizational culture (Ragupathi, & Sujatha, 2015).

Green banking, then, represents a paradigm shift away from the "business as usual" approach and has significant ramifications for financing and investment portfolio assessments and evaluations, strategic focus, the creation of financial instruments, goods, and services, and the use of natural resources in internal bank and DFI operations. The Green Banking Guidelines (GBG) aim to lessen banks' and development banks' (DFIs') susceptibility to environmental hazards, carry out their environmental protection duties, and provide the funding necessary to restructure the economy to one that is resource-efficient and climate resilient. Due to the conduct of their clients, banks and DFIs, as agents of economic activity, are directly exposed to environmental concerns. Although the onus of ensuring compliance with environmental laws and regulations mostly falls on

the borrowers, banks and development finance institutions (DFIs) are encouraged to implement suitable processes to detect, evaluate, and reduce environmental risks in order to avert unjustified financial losses (Rauth & Malhotra, 2015).

2.2 Empirical Review

Ahmad et al. (2013) examined the factors influencing Bangladeshi commercial banks' adoption of green banking. This study looked at creating banking techniques that guarantee the economy's sustainable growth. The survey was carried out in Dhaka city's bank branches, with 300 bankers who hold officer and higher level positions serving as respondents. The survey's data was gathered using a structured questionnaire, and its analysis was done using the Likert scaling technique. The factors driving the implementation of green banking policies have been determined by the study. Based on eigenvalue analysis, it is discovered that six of the eighteen components are kept, and those six components have 65% of the sway over the adoption of green banking in Dhaka's commercial banks. According to the report, the majority of commercial banks in Dhaka use green banking techniques to enhance their reputation in the marketplace since the idea of green banking addresses environmental concerns. They came to the conclusion that Bangladeshi commercial banks are adopting green banking practices in an effort to become more ethical corporate citizens. The study discussed the various factors that impact banks' adoption of green banking practices. Additionally, they discussed the benefits of using green banking practices for long-term, sustainable economic growth.

Deka (2015) examined the green banking practices by using environmental strategies of banks. The goal of this study is to identify the banks that, by implementing green banking practices, can better contribute to the environment by identifying the key stakeholders. Assam was the survey's location, and 486 State Bank of India (SBI) clients participated. The survey was conducted using a structured questionnaire. Techniques for descriptive analysis have been used. The majority of respondents are found to be utilizing green banking, albeit inadvertently. According to the report, only 19.5% of respondents use internet banking, and the majority of them did not feel comfortable doing so. Only 20% of respondents overall, according to an analysis of SBI's mobile banking user base, utilize these services. The effects of various green banking practices on the environment were also examined in the survey, and it was discovered that 80.7% of respondents thought that adopting green banking practices helped the environment because it used less paper and

energy. The others do not consider green banking to be environmentally beneficial. The study comes to the conclusion that implementing green banking practices benefits sustainability as well as the environment because they reduce the use of paper, energy, fuel, water, time, and expense.

Vijay and Natarajan (2015) investigated that customer's awareness about green banking products in certain commercial banking in India in Cuddalore district. The purpose of this study is to investigate the associations between gender, age, risk management status, yearly income, occupation, and account kinds. A multi-stage sample technique was used to gather primary data, and books, periodicals, government publications, RBI bulletins, journals, and other diverse sources were used to gather secondary data. In a similar vein, the t-test, one-way variance, coefficient of variance, and multiple regressions were utilized to examine the data. The findings indicate that the respondent's gender, age, risk management status, yearly income, occupation, and account types with regard to green banking do not significantly correlate with each other. It also demonstrates, nevertheless, that there is a strong correlation between the degree of knowledge about green banking and the regions, banks, and types of banks. The results of the moderate correlation demonstrate a positive correlation (0.756) between awareness level, green banking product, and a selected personal variable. Additionally, the R square indicates a 57.6% variation between awareness level and other personal characteristics. Additionally, it demonstrates that 42.08% of respondents were ignorant of green banking, with a mean awareness level of 3.20 regarding energy use and 3.17 regarding online bill payments.

Masukujjaman et al. (2015) analyzed the perception of bankers on green banking. They look at the idea of green banking, including its benefits, drawbacks, and relationship to Islamic banks. In Dhaka, Bangladesh, 48 Islamic banks participated in the survey. They employed a basic judgmental sampling method. In-person interviews were conducted using a structured questionnaire in order to gather data. They saw that the majority of bankers thought of green banking as ethical and socially responsible banking, as well as banking that was good for the environment. The benefits of green banking are also discovered by the study, with the two main advantages being the preservation of the environment and the decrease in resource waste. Moreover, being green lowers stationary costs and boosts operating profit. Going green also involves a lot of social responsibilities, such as corporate social responsibility. They also list some of the

challenges associated with implementing green banking projects. The biggest obstacles to the adoption of green banking are its high implementation costs and its potential to compromise consumer privacy. According to the study's findings, bankers felt that because green banking is concerned with environmental issues, it is tied to environmental banking. One of the main challenges with implementing green banking initiatives is the high adoption cost.

Faruque et al. (2016) analyzed the green banking and its practices and potential to grow in Bangladesh. The green banking practices in Bangladesh are estimated in this study. The purpose of the study was to raise public and industry knowledge of green banking. The study's foundation is secondary data gathered from various periodicals, newspapers, websites of commercial banks, and the internet. The information has been examined in light of the development of green banking initiatives. According to the report, the majority of banks prioritized online and mobile banking. 3.91% and 1.42% of all accounts in online and mobile banking, respectively, are made possible by banks. The study 27 also discovered that 99 branches of 18 banks have already installed solar power panels, indicating that some banks are introducing the usage of solar energy in their respective branches. They found that 3226 branches are supporting the online coverage, 212 branches, 150 SME units, and ATM boots are powered by solar energy. Bangladesh is among the nations with the greatest global climate change, according to the study's findings. It is evident from the analysis that Bangladesh's usage of green banking is insufficient. Therefore, they advise the government to employ green banking in order to lessen environmental issues.

Tu and Dung (2016) researched on the factor that affect the green banking practices in Vietnamese banks. The goal of this study is to uncover the variables that influence green banking practices and the sector's contribution to Vietnam's economy's sustainable growth. The study employed the questionnaire method following initial interviews with a number of Hanoi-based banks. Due to the high initial investment costs associated with green loans, those banks with substantial revenue streams were chosen. A total of 329 responses were obtained from the 32 Vietnamese banks that were chosen to receive the questionnaire. The data that has been gathered has been examined using SPSS. Five variables were identified by the study, which emphasizes the willingness of Vietnamese banks to adopt green banking: knowing the definitions of green banking, knowing the

current activities of green banking, knowing the barriers to adopting the practices, knowing the benefits of developing green banking, and focused business sectors of green banking. It is discovered that there is a favorable correlation between these five factors and the propensity to implement green banking practices. The researchers came to the conclusion that there is relatively little understanding of the model and actual application of it in Vietnam's commercial banks. The researchers recommended that commercial banks raise awareness of green banking practices inside Vietnamese banks.

Ganesan and Bhuvaneswari (2016) conducted a research on the customer perception towards green banking in India. Convenience sampling was used to select 100 customers for the sample. The study employed a combination of primary and secondary data collection methods. Primary data were gathered using a structured questionnaire with 26 multiple-choice questions and a closed-ended format. Secondary data were gathered from books, research papers, journals, and bank websites. Chisquare analysis (used to find the link between any two variables), one-way ANOVA (used to identify each variable and determine the relationship between the independent and dependent variables), and frequency tables were used to evaluate the data. This study examined the effective and efficient use of physical infrastructure and information technology to lessen environmental impact and promote environmental development. It also demonstrates how, despite never having been a polluting industry, the banking industry is currently growing its carbon footprint as a result of its extensive energy use. In a similar vein, this study concentrated on raising customers' knowledge of important green banking services and shown how risk management qualifications directly affect the utilization of green banking facilities. It demonstrates that people in the 25–35 age range made full use of all the green banking services and that there are no issues with the services.

Shampa and Jobaid (2017) researched on the various factors that influence customers about green banking practices in Bangladesh. A basic random sampling procedure was employed to gather the sample, and 246 respondents in total were selected for final analysis. In order to examine data and determine the demands and information of the client, a five-point Likert scale and twenty-three dimensions are identified and condensed into five variables. The data was analyzed using the multiple interdependence technique, and principal component analysis (PCA) was employed to identify the minimum elements that accounted for the greatest amount of variance. The findings indicate that customers'

expectations regarding green banking were previously revealed in the quantitative section, and further information will support important choices. Comparably, it also demonstrates that the "level of information and customer needs" had an impact on customers' expectations, with a maximum variance of 16.04%, where website information has an impact of 0.714 and 24/7 service has an impact of 0.755. The second component was "high yield saving and ethics," which upheld a high standard of ethics and had lower maintenance fees (0.737), better deposit rates (0.523), cheaper transaction costs (0.535), and better deposit rates (0.75). The third aspect was energy efficiency, which encourages banks to make efficient use of their resources and renewable energy sources. The fourth component was product benefits, which are related to environmentally friendly products such as green home equity loans, green mortgages, and other loans. The final factors were personalization and integration, which have an impact on customer marketing and green banking strategies.

Koiry et al. (2017) conducted about the customer's awareness and practices about green banking in Sylhet district of Bangladesh. Data were gathered using convenience sampling and random sample techniques. A total of 56 banks were chosen, with 10 customers chosen from each bank. Cronbach Alpha, the F-test, and tcalculation were used to assess the data. The findings demonstrate the importance of consumers to banks. The age group of 30-64 years old, highly educated, professionals, meal customers, and those with awareness of green banking had the highest response rates. In a similar vein, it also demonstrates how they communicated via audio and video conferences, used debit and credit cards, used natural gas-powered vehicles to visit the bank, used electronic systems, always used ATMs, and employed a variety of other phrases related to green banking. The Cronbach's Alpha value of 0.859, which is higher than the minimum recommended limit of 0.70, and the F-test value of 37.128, which was significant at 1%, demonstrate the reliability of the post-hoc test. This study also demonstrates that green banking can be viewed as an integral element of the banking sector in order to safeguard the environment, and that customers' positive perceptions and thorough understanding of green banking practices are crucial. Consumers were aware of the banks's SMS service, which is a crucial component of green banking.

Iqbal et al. (2017) researched on the customer's perception about green banking in Bangladesh. These days, banks are embracing the idea of green banking by offering

environmentally friendly financial services. This idea reduces the influence of the environment on their commercial operations. With the use of innovative methods for providing financial services, banks can provide customers with green banking as a competitive advantage. These services' experiences and level of service delivery are tailored to the views of the clientele. This study also demonstrated how customer behavior about green banking is strongly influenced by service quality and other underlying issues. This analysis demonstrated that while performance expectancy is positively impacted by a number of green banking characteristics, including responsiveness, privacy, empathy, and the quality of the information provided, customers' behavioral intentions are also influenced by other factors, including effort expectancy, performance expectancy, and facilitating conditions. In a similar vein, this study demonstrates how technology use and electronic quality contribute to the improvement of green banking services. The results of this survey also demonstrate how sensible consumers were in this day and age, only desiring services that offer the highest level of quality and utility and influence their decision to use green banking. But it also demonstrates that raising the caliber of the services will boost client performance in green banking.

Biswakarma (2017) examined the green banking practices for understanding strategy convergence in banking sector in Nepal. This study used a quantitative technique with a descriptive and informal research design, and 350 employees were included in the sample. This study demonstrates that although the banking sector has never taken pollution into account, its carbon footprint is growing daily, which is directly related to rising energy consumption, increased paper waste, a dearth of green buildings, and other factors. The bank should embrace pollution-reduction initiatives and green banking technology to lower its carbon footprint. The idea of "green banking" is a proactive and astute approach to improving spaceship Earth's efficiency. Green product/service, risk management, green investment, green banking strategy, and green human resource management were some of the elements that were associated with green banking. The outcome demonstrates that there is a substantial correlation between the effectiveness of banking and every aspect of green banking. Eco-friendly products that integrate social responsibility for renewable resources with targeted green investment to meet annual goals, strategic plans, and budgets at pertinent activities that improve the efficiency of Nepalese banks. It also demonstrates the enormous potential for green banking practices

inside Nepalese banking institutions. The nation's development and risk reduction would both benefit from these institutions' emphasis on efficacy.

Sharma (2017) examined the issues and challenges in adopting the green banking. Green banking seeks to lower the cost of banking operations while promoting eco-friendly practices. Numerous banks in India have already launched various green banking programs. These programs have reduced operating costs for banks while also providing clients with comfort. The purpose of the study is to gauge customer knowledge of green banking and pinpoint the driving forces behind the implementation of green banking in a few Indian banks. In Jaipur, Rajasthan, a few chosen public and private banks hosted the study. 207 clients of the chosen institutions make up the responders. There were 31.41% female respondents and 68.59% male respondents in the survey. According to this, more male respondents than female respondents actively use financial services. The study employed correlation analysis to determine the link between two distinct variables. It is discovered that there is a 0.433 link between perceptions of and awareness of green banking and issues related to green banking, as well as a 0.557 association between the two. Following the discovery of the correlation, it was established that private and public banks faced very different green-related concerns and challenges. Likewise, it is discovered that there is a noteworthy disparity in the degree of client awareness concerning green banking between the chosen private and public banks in India. The study comes to the conclusion that clients of both public and private banks play a critical role in the viability of the green banking idea.

Shaumya and Arulrajah (2017) conducted a research to identify the impact of green banking practices on bank's environmental performance. These days, nearly every industry in the global economy is dealing with a significant difficulty related to environmental issues and how they affect day-to-day corporate operations. In Sri Lanka, the majority of banks are starting green banking programs. The purpose of the study is to quantify how green banking policies affect a bank's environmental performance. Primary data for the survey were gathered via a self-administered questionnaire. In the Batticaloa Region of Sri Lanka, 155 workers of particular commercial banks were surveyed. With the use of the computer-based statistical data analysis program SPSS, the gathered data were examined. According to the study, there is a positive and high association between green banking and banks' environmental performance, indicating that the degree of green

banking implementation positively impacts banks' environmental performance. It has been discovered that the adoption of green banking practices is a prerequisite for banks to improve their environmental performance. The distinct dimensions that have individually impacted the environmental performance of the bank. Of these dimensions, 1.6% has an effect on the bank's environmental performance, 2.3% on employee-related activities, and 55.2% on policy-related practices. The study comes to the conclusion that banks can enhance their environmental performance by using green banking practices.

Shayana et al. (2017) analyzed the complexities and prospects of green banking in coastal region of Karnataka, India. The primary goals of this study are to decrease the amount of paper used in banking operations and to promote environmentally friendly banking practices. One hundred people participated in the survey, which was performed in the coastal region of Karnataka. Secondary sources such as books, articles, journals, newspapers, and web browsing are also used to gather data. According to the report, consumers mistakenly believe that green banking is cashless, indicating a common misperception. The fact that half of the respondents said they did not use online banking indicates that banks should advertise these services. Additionally, they noted that in assessing the challenges associated with the adoption of green banking, 35% of clients report complexity due to a lack of personal advice options, 30% report security issues, and the remaining 30% and 10% report transactional difficulties and ignorance. The survey found that bankers find it difficult to implement green banking practices, but those issues are preventable, demonstrating support for these policies. They come to the conclusion that banks should set short- and long-term goals to appropriately promote green banking practices.

Mehedi et al. (2017) investigated on the perspectives of banker’s regarding the indicators for adopting the green banking in commercial banks of Bangladesh. The purpose of the survey was to find out how middle-level bankers felt about the idea of adopting green banking. Shahjalal Islami Bank Limited was the source of the study participants chosen to gather data. Six scheduled commercial banks in Bangladesh were chosen, and the semi-structured questionnaire approach was used to collect the study's data. Sixty questionnaires were emailed to the respondents in order to collect data. Of them, thirty were chosen for additional study after 36 of the questionnaires with correct answers were received. The acquired data were analyzed using a 5-point Likert scale. Additionally,

SPSS was utilized by the researcher to analyze the components. The researcher discovered that political entities, environmental pollution control measures, social group pressure, and pressure from international organizations are some of the elements that impact the adoption of green banking. The study also looked at the factors that have the greatest influence, such as institutional regulatory framework, environmental policy, and organizational pressure, which together account for 23.327% of the variance out of 57.641%. The study comes to the conclusion that Bangladesh should embrace the idea of green banking in order to make certain corrections. The adoption tools that banks are currently using to support the adoption of green banking practices are limited to credit cards, debit cards, and additional online banking services.

Risal and Joshi (2018) researched on the influence of green banking practices on environmental performance of banks in Kathmandu, Nepal. In order to perform the survey, 189 commercial bankers from five of Nepal's largest banks—Agricultural Development Bank Ltd. (ADBL), NIC Asia Bank, Sanima Bank, Laxmi Bank, and Siddhartha Bank—provided data. To get the data, they employed a convenience sampling technique. The study uses a descriptive model in conjunction with a cross-sectional qualitative technique. To examine the study's data that had been gathered, they employed SPSS software. According to the study, banks' environmental performance and green banking practices are positively correlated. They discussed how green banking practices improve banks' environmental performance in Nepal, where the dependent variable varies by 6.8% with a significance level of 0.016. Additionally, they discovered that while there was no significant correlation between the performance of the bank and customer-related activities, there was a substantial correlation between green policies, environmental trainings, and energy-efficient equipment with the bank's performance. The results of a straightforward regression analysis show that green projects and loans have little effect on banks' environmental performance. The study comes to the conclusion that, in the context of Nepal, green banking practices have a favorable impact on banks' environmental performance.

Uddin and Ahmmed (2018) analyzed the evidence from Bangladesh about Islamic banking and Green banking for the sustainable development. Green banking, or Islamic banking with an emphasis on environmental protection, is a crucial component in Bangladesh. The link between Islamic and green banking, which support sustainable

development, is the subject of this study. Based on qualitative research, data for this study were gathered from primary and secondary sources. The questionnaire approach was used to gather the study's primary data, which included responses from respondents who worked as managers, executives, and investors in Bangladeshi Islamic banks. Eight Islamic banks are in existence: First Security Islami Bank Limited, Union Bank Limited, Islami Bank Bangladesh Limited, Al-Arafa Islami Bank Limited, Social Islami Bank Limited, Exim Bank Limited, Shahjalal Islami Bank Limited, and ICB Islami Bank Limited. A total of 126 respondents were chosen for interviewing from 42 Islamic bank branches located in Dhaka and Chittagong. According to the study, the majority of participants concurred that they utilize internet and online banking for their business activities. The survey also looked into how bankers are assessing the application of green banking components. The majority of bankers said that Islamic banking's green banking component supported an eco-friendly financial system. According to the study's findings, Islamic banks should use training sessions, seminars, and workshops to raise bankers' and customers' understanding of green banking practices.

Deepa and Karpagam (2018) analyzed the customer's understanding on green banking in the selected private and public banks in Tirupur, India. The purpose of this study is to investigate how consumers see green banking practices. Customers of the banks in Tirupur city participated in the survey. Primary and secondary sources have provided the study's data. Primary data was gathered via a questionnaire, while secondary data was gathered via banking-related articles, journals, and websites. For the study, a sample size of thirty has been selected. Convenience sampling was used in the study's selection of the general population and sampling units. To analyze the gathered data statistically, they employed weighted average analysis, henry garret ranking approach, and percentage analysis. According to the study's findings, the majority of respondents (53%) were associated with State Bank of India, which includes SBI groups. The least number of respondents were associated with Axis Bank, Bank of India, ICIC Bank, and Lakshmi Vilas Bank. Comparably, the outcome shows that while most respondents are well aware of the use of alternative energy, they are less aware of the specializations of green finance. They also come to the conclusion that the Indian government and Reserve Bank of India (RBI) should take a leading role in developing green policy guidelines and financial incentives for efficient green banking operations.

Arymugam and Chirute (2018) examined the factor determining the adoption of green banking among commercial banks in Malaysia. The goal of green banking is to improve the world without causing harm to the environment. This study's main goal was to examine the current variables influencing Malaysian commercial bankers' adoption of green banking practices. The study also seeks to determine the parameters influencing the uptake of green banking and their relationship. Explanatory research design served as the foundation for the survey. The use of the explanatory research design stems from its ability to ascertain the viability of the variables picked for the investigation. The primary source of the data was selected at random from among 160 workers, clients, and stakeholders who worked for Malaysian banks in Kuala Lumpur. Similarly, Cronbach's alpha and Pearson chi-square are the methods utilized to analyze the data that was gathered. The study's conclusions demonstrate that the 23 variables that were selected for the investigation had favorable relationships with one another. They come to the conclusion that most banks implement green banking programs to promote investments that are good to the environment. In addition, banks can strengthen their operations, business model, strategy for goods and services, and financing activities by incorporating sustainability and accountability ethics.

Sahoo and Nayak (2019) conducted a research on the green banking practices in India. The goal of the study is to enable markets to function within the intended framework in order to achieve sustainable development. The study focused on using green banking to prevent asset quality issues as well as to promote sustainable growth. They added that banks had to adopt a greener strategy in order to balance ecological and environmental factors. This paper explores the key takeaways for sustainable banking and growth in India, emphasizes the value of green banking, and sites global experiences. Research indicates that the implementation of the green banking idea could have a favorable impact on environmental challenges. The survey discovered that due to scheduling conflicts, not a single bank is implementing the idea of green banking. They clarified that the financial and banking industries ought to be pushed to support sustainable development. It has been discovered that certain banks are launching green bank loans and products, like investing in environmental projects like farming, recycling, technology, waste management, etc., giving clients the option to invest in eco-friendly banking products, and funding initiatives that integrate social and ecological issues. The study comes to the conclusion

that banks ought to be heavily involved in incorporating ecological and environmental factors into lending practices.

Polasik and Wisniewski (2020) analyzed the influencing aspects that impact on the decision for the adoption of internet banking in Poland. The primary data used in the study was gathered through interviews with 3519 internet users who were chosen as respondents. The study employed an interactive questionnaire to gather data. He noted the several factors, including internet experience and connection type, perceived security, marketing campaign exposure, familiarity with other banking products, and socio-demographic traits, that influence the decision to use online banking. The study discovered that encouraging the use of online banking requires a high degree of perceived security in cyberspace. Additionally, clients who are accustomed to using electronic payment cards or other distribution methods, such as mobile banking, exhibit high levels of account usage activity online. According to the report, Polish consumers share some preferences with those of more industrialized nations, but there are still certain obstacles to the continued development of online banking. According to the study, one constraint is the existence of infrastructure impediments along with lower per capita income and lower saturation levels of basic banking services. The study comes to the conclusion that even if consumer trust is difficult to earn and simple to lose, online banking companies should try to keep up a positive reputation by effectively managing security risks.

Rakic and Mitic (2020) researched on the potential of green finances, and presented the most important green financial products, in their research article. A particular focus was placed on retail banking's green offerings, including green mortgages, green auto loans, and green cards. Environmental reasons including clean energy, excellent fuel efficiency, and eco-friendly activities are strengthened by these products. This article also demonstrated the benefits for consumers, as it offers more affordable products, and for product providers, since the market for eco-friendly products is always growing. In his study work. Green banking is one of the primary CSRs that Indian banks are presently focusing on. Banks are the true catalysts since they have a significant impact on economic growth, which enables Indian banks to be major players in the country's adoption of green banking practices. The study is split into two sections: the first examines the rise of green banking among banks, while the second looks at public knowledge of specific banks' initiatives in Jaipur, India's tenth-largest financial hub. According to the study's findings,

not many Indian banks have embraced green banking and funded some initiatives that are based on it. Customer and bank employee awareness of green banking is very low. In addition to growing their banking operations, banks can improve their public image and contribute to the betterment of society and the environment.

Islam and Das (2021) examined the practices of green banking in Bangladesh. The study focuses on principles for green banking practices, green financing through mobile banking, and online banking. Based on secondary data, ten commercial banks in Bangladesh were chosen for this study based on their representation of green banking practices as measured by the Risk Based Capital Adequacy (RBCA) and CAMEL'S ratings. In addition, Bangladesh Bank emphasizes the significant environmental concern when opening new locations. According to the report, banks have budgeted Tk. 505 crore for green finance and Tk. 525 crore for green banking. It is discovered that 41 commercial banks have developed the green banking policy, and 40 out of 47 private and public commercial banks have established green banking units. According to the report, online banking is used by 90.73% of private commercial bank branches nationwide. According to the report, 14 of the 23 commercial banks that hold licenses to offer mobile financial services have commenced operations. The study comes to the conclusion that Bangladesh does not pursue green banking to the extent that it should because green banking is crucial to environmental protection. They suggest that the people should be encouraged to use green banking practices by the government.

Yadav and Pathak (2021) analyzed the role of green banking for environmental sustainability in the private and public sector banks in India. The purpose of this study is to identify the various green banking strategies used by Indian public and private sector banks. The data analysis of the study was done using the case study methodology. The official website of the corporation, annual reports, sustainability reports, and publications were among the secondary sources from which the study's data were gathered. Based on their annual net earnings, the banks included in the study were chosen. This study also makes an effort to classify the bank's green marketing and green banking initiative phases. In a similar vein, both public and private sector top performing banks are included in the sample. The study's conclusions demonstrate that the Indian banking industry has begun implementing numerous green banking initiatives as well as realizing the value of environmental conservation. Similarly, this study's findings show that, with the exception

of ICICI Bank, public sector banks have implemented more green banking efforts than private sector banks. According to the study's findings, new services like net banking and mobile banking are being given priority as the banking industry gets more modernized. Additionally, they offer some managerial recommendations, suggesting that banks concentrate on raising public awareness and provide more ecologically friendly services.

Bukhari et al. (2022) examined the Pathways towards Green Banking adoption: moderating role of top management commitment. The aim of this research is to investigate, using empirical methods, the factors that lead to the adoption of Green Banking, the results that follow, and the moderating effect that top management commitment has under the corporate environmental ethics philosophy. In Pakistan, a developing nation, the implementation of green banking is being examined at the bank branch level. Through mail, the branch managers of 212 bank branches spread throughout five major Pakistani cities provided the data. A self-administered survey was employed to gather the data. Partial least square-structured equation modeling in SMART PLS 3.2.9 was used to evaluate the data. The findings show a favorable correlation between the adoption of green banking by Pakistani bank branches and pressure from customers and competitors, demonstrating the impact of different environmental and ethical factors on the adoption practices of banks. It has been demonstrated that community pressure has no effect on branch adoption of green banking. The link between all the examined stakeholder demands and the implementation of green banking was positively impacted by the moderator of top management commitment. Branch managers stated that the use of green banking has improved the image and operational effectiveness of their branches.

Sharma et al. (2023) researched on the customer's awareness on green banking initiatives in selected public and private sector banks in Mumbai. The goal of this study is to determine how customers and bank staff feel about the idea of green banking in both public and private sector banks. Based on primary data, the study specifically targeted respondents with strong risk management backgrounds. In all, 100 responders were taken into account for the research. Since every bank taken into consideration for the study had an excellent rating, both public and private banks were included in the selection process. The study's conclusions indicate that, of all respondents, 77% used green banking goods but were unfamiliar with the jargon, and 23% were fully aware of the green banking services offered by their bank. In a similar vein, the study also shows that, according to

the respondents, the individual banks have not yet implemented green banking measures including press releases, bank environmental policies, energy-saving incentives, solar ATMs, green CDs, etc. Additionally, they listed the following as some of the challenges respondents faced with relation to green banking practices: lack of risk management, lack of infrastructure, traditional approach, lack of data protection and privacy, and technical difficulties. They come to the conclusion that India needs to take strong action to force these banks and other financial institutions to follow the Equator Principle in order for them to participate in green banking projects and help protect the environment going forward.

Ullah (2023) researched on the prospects, progress and difficulties of green banking practices in Bangladesh. The principles and tactics of green banking, which addresses environmental concerns, were examined in this study. After evaluating the significance of green banking, Bangladesh Bank has started a number of green banking initiatives. The study's objective was to evaluate Bangladesh Bank's eco-friendly banking system best practices. Twenty commercial banks participated in the poll. The information was gathered via telephone, in-person interviews, and in some cases, email. The data was analyzed using an unstructured questionnaire, several descriptive statistical techniques, charts, and tables. According to the report, the majority of banks are starting to implement internal environment management. The environmental risk rating of banks was also covered in this study; in 2011 and 2012, 4394 and 12088 projects were rated, and the finance amount for these projects increased by 158.75% and 159.69%, respectively. The study comes to the conclusion that, despite a number of limitations, green banking implementation is generally pretty good.

Gulzar et al. (2024) researched on green banking practices and environmental performance: navigating sustainability in banks. Through a survey of 500 bank employees, the study used partial least squares structural equation modeling (PLS-SEM) to examine the significant impact of green banking practices on the environmental performance of banks, with a focus on both private and public sector banks operating in India. The results shed light on a number of green banking-related topics, including consumer involvement, operational processes, employee-related practices, and policy adherence. They also make a major contribution to the advancement of green finance, which has a major positive impact. The study also emphasizes how banks' green financing

has a significant and advantageous impact on their environmental performance. It's interesting to note that while variables pertaining to staff, policy, and customers did not directly and significantly influence environmental performance, the operational components of green banking practices turned out to have a notable impact on banks' environmental performance. The study's conclusions have important policy ramifications for the goal of environmental sustainability, particularly for India's banking industry. It's interesting to note that while variables pertaining to staff, policy, and customers did not directly and significantly influence environmental performance, the operational components of green banking practices turned out to have a notable impact on banks' environmental performance. The study's conclusions have important policy ramifications for the goal of environmental sustainability, particularly for India's banking industry.

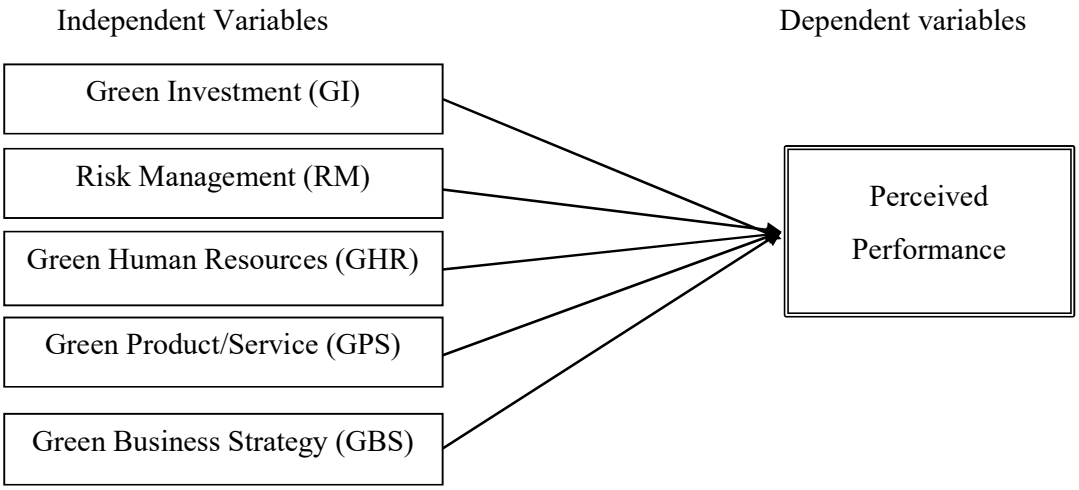
Khan et al. (2024) conducted a research on green banking practices, bank reputation, and environmental awareness: evidence from Islamic banks in a developing economy. The purpose of this study is to look into Islamic banks' green banking practices in a developing Islamic nation. This study, which focuses on banks' aspirations to go green, makes the case that Islamic banks can improve their reputation by implementing green banking practices that will improve the climate in Muslim countries. Thus, the study sheds light on green banking techniques and how they affect Pakistani Islamic banks' standing. Additionally, the moderating effect of workers' environmental knowledge on banks' reputation is examined in this study. The study dissected the employees' go-green attitudes and bank green initiatives using deductive reasoning and quantified employee data. In this sense, Smart-PLS was used to analyze the 390 answer data that were obtained from an employee survey of Islamic banks using the structural equation modeling technique. The study discovers that a bank's reputation is significantly enhanced by its policies-related practices (PRPs), customers-related practices (CRPs), employees-related practices (ERPs), and daily operations-related practices (DORPs). The authors also discover that environmental awareness significantly modifies the correlations between ERPs, DORPs, CRPs, PRPs, and bank repute. In particular, the study could contribute to the environmental sustainability of Pakistan by raising awareness and educating bank management and regulators about the need of using green banking practices in their operations in a sustainable manner.

2.3 Research Framework

A theoretical framework identifies the critical variables that impact a phenomenon of interest and emphasizes the importance of determining how and when those critical variables might vary. The framework that a research study's theory can be supported by is called the conceptual framework. The theory that provides an explanation for the existence of the research challenge is introduced and described in the conceptual framework.

Figure 1

Research Framework



Source: (Rai et al., 2019)

2.3.1 Definitions of Variables

Green Investment

In emerging as well as developed economies, the financial sector faces both possibilities and hazards due to climate change. It is imperative for financial institutions to be part of the low-carbon economy transformation path. Climate risk is a significant consideration in every lending decision because energy subsidies, emission requirements, and carbon prices will all directly affect the financial positions of these institutions' clients. Financial organizations will also have to plan ways to manage the climate risks connected to their non-green assets. However, there are also a lot of chances for financial institutions to offer cutting-edge financing solutions for renewable energy production, energy-efficient building modifications, eco-friendly transportation, and climate-smart construction and agriculture. Financial institutions can exploit this rising investor community to lower

funding costs and diversify their funding sources by looking for new climate- and environmentally-friendly alternatives (World Bank, 2016).

Any kind of bond instrument used to finance or refinance new or ongoing green initiatives is referred to as a "green bond." These initiatives typically focus on clean mobility, energy efficiency, renewable energy, sustainable water management, forestry and agriculture practices, adapting to climate change, and pollution prevention and control.

Risk management

Gumbus (2006) Instead than trying to eliminate risk, banks are in the business of managing it. The primary factor influencing financial behavior is risk. The financial system would be much simpler if there was no risk. In the real world, risk is, nevertheless, always present. Therefore, in order for financial institutions to thrive in this extremely uncertain world, they must effectively manage risk. Risk management dynamics will surely be the foundation of banking in the future. The only banks that will last in the long run in the market are those with effective risk management systems.

One crucial element of comprehensive risk management that is necessary for a banking organization to succeed over the long run is the efficient management of credit risk. The oldest and largest risk that a bank inherits by virtue of its basic nature as a company is credit risk. But for a variety of reasons, this has recently gained more prominence. The most prominent of these is the global wind of economic liberalization. India is not an exception to the trend of economies driven by markets. The clear correlation between the concentration credit risk profile and the non-performing assets (NPAs) of public sector banks provides empirical evidence that more credit portfolio diversification improves the possibilities of lower concentration credit risk. The capacity of a bank to take on and aggregate risk within reasonable and controllable bounds is essential to its performance (Gumbus, 2006).

Green human resource

Bank hiring and selection procedures are becoming more environmentally friendly every day. Though the figures are small, Bangladesh's banking industry has made some impressive strides to promote green HR practices. To remove the burdensome nature of

all stakeholders from the process, banks should address the issue of recurrence in their green HR practices. The Bangladeshi commercial banks may follow policy directives from the central bank to implement green HR.

Nonetheless, as green HR practices and procedures are genuinely lacking in Bangladesh's banking industry, all HR directors and HR professionals should implement them inside bank premises. All organizations worldwide, however, can use the proposed model of green recruitment and selection processes in a similar manner. Lastly, it is equally important to study the green hiring and selecting procedures and practices in the other sector (Islam & Das, 2013).

Green product and service

Green banking is a long-term economic strategy that prioritizes sustainable environmental conservation over short-term financial gain. It is a pragmatic approach to future sustainability. The report emphasizes that banks have an obligation to inform their clientele about environmentally friendly goods and financing alternatives. The banks in Mauritius will only be able to raise customer awareness and enhance their perception of green banking in general by offering a greater range of green banking goods and services. Moreover, it may be concluded that Mauritius's green banks are in foundation mode.

The Mauritian banks still don't employ many channels to go green with their operations, even if they have begun applying green practices. They ought to include more environmental data into their lending, investment, and business operations processes. Not just the largest commercial banks but even smaller ones need to embrace green banking. Advertising for e-statements, online banking, and mobile banking, among other services, was not significantly influenced by respondents, according to the mean analysis of the data collected regarding the impact of green banking goods and services on bank customers. Furthermore, most respondents gave green banks in Mauritius' implementation of CSR and green initiatives a high rating for effectiveness (Pariag-Maraye et al., 2017).

Green business strategy

x The primary method used by green banks to cultivate a positive image is the creation of environmentally friendly goods and services that better meet their customers' changing needs and their environmental duty. The cutting-edge assortment of eco-friendly solutions

includes telephone and computer banking, electronic statements, and automated payments. Furthermore, green banks seek out to invest more in their infrastructure and technology rather than just limiting them to goods and services. Reducing carbon emissions and increasing efficiency are the primary goals of green infrastructure (Pariag-Maraye et al., 2017).

Perceived performance

The "surrounding contexts of people's lives" have an impact on psychological well-being, which has been repeatedly linked to favorable results. The main goal of this study was to find out how psychological well-being of SME owners in South Africa relates to the financial performance of their companies, given the challenging environments they operate in. The required information was gathered by a survey that used a structured questionnaire.

All proprietors of SMEs located inside the boundaries of South Africa's Eastern Cape Province made up the population. Field workers distributed questionnaires using criterion and convenience sampling. 495 questionnaires in total might be used for statistical analysis. Descriptive statistics were computed, Pearson's product moment correlations were established, and the validity and reliability of the scale were evaluated. The proposed relationships were investigated using multiple regression analysis. The findings demonstrate the high degrees of psychological well-being and financial success of the participating SME owners' enterprises. The findings also imply that the likelihood of financial success for SME owners' enterprises increases with the degree to which they exhibit characteristics linked to environmental mastery, self-acceptance, and autonomy (Love & Roper, 2015).

2.4 Research Gap

The examination of pertinent material has improved the basic comprehension and expertise needed to provide this study significance and direction. Numerous studies study the cash management, financial performance, inventory control, and lending practices of different commercial banks. Researchers have employed a variety of ratio analyses to carry out those analyses. Prior studies evaluating banks' financial performance have concentrated on limit ratios, which are unable to address the issues at hand. Perceived

financial performance management is actually influenced by a number of variables. Several green banking practices are methodically examined and generalized in this study.

The current state of green banking in Nepal and its influence on how commercial banks perceive their financial performance have not been thoroughly examined by previous studies. The financial performance of commercial banks is measured in this study using a variety of financial and non-financial indicators, trend analysis, and statistical methods. Survey data is analyzed using financial instruments. Although the researcher only used data from one fiscal year, all of the facts are factual and up to date. By using and examining a variety of financial methods, such as trend analysis and the coefficient of correlation, this study attempts to describe how financial performance is perceived. This will most likely be the relevant study in the field of banks' and other financial institutions' financial performance.

The majority of studies conducted in foreign regions, such as Bangladesh, China, India, and the United States, have addressed or concentrated on green banking practices as factors influencing banks' ability to remain sustainable. To the best of the author's knowledge, there haven't been many studies in Nepal that address banking sustainability in line with green banking principles. Simultaneously, research in the field of sustainability is bringing to light new difficulties in global organization management. As a result, after recognizing this vacuum in the body of research, the current study, which also looks at a number of other important issues, explores the connection between the effects of green banking practices and bank sustainability in Nepal. It's a worthwhile effort to close the gap.

CHAPTER - III

RESEARCH METHODOLOGY

To accomplish the study's goal, a specific research methodology must be applied. As a result, the purpose of this chapter is to outline the research methodology. It covers the kind of research design that was used, the population and sample, the sampling procedure, the data source, the data collection methods, and the analytical tools that were employed to evaluate the data and establish a connection between Nepal's commercial banks' perceived performance and their use of green banking practices.

3.1 Research Design

In this inquiry, a descriptive design as well as a causal comparative design were employed. While a causal comparative study design was employed to ascertain the cause-and-effect correlations between the independent and dependent variables, descriptive research methodology was employed to ascertain the qualitative factors impacting green banking.

3.2 Population and Sample

The study's population consists of personnel working at the officer (manager, assistant manager, chief executive) and assistant level (supervisor, junior assistant, senior assistant) levels at six banks located in the Kathmandu valley. It consists of the staff members of the banks operating in the Kathmandu Valley's corporate and branch offices. The study's participants comprise 20 commercial banks that have just begun operations in Nepal. Just six of these commercial banks—the domestic Global IME, NIC Asia, and NMB banks; the joint venture NSBI; and the public RBB and ADBL banks—were selected as the study's sample due to their comparable branch counts. 400 respondents were chosen using a suitable sampling procedure from 412 circulated questionnaires.

3.3 Nature and Sources of Data

Primary data were employed in this study in order to conduct the research

Primary Data

The main data are those that are newly and initially gathered, meaning they are unique in nature. Primary data was gathered by means of interviews and questionnaires that were given to respondents and completed by them.

3.4 Data Collection Procedure

A structured questionnaire was used to collect data from the respondents for this investigation. The sampled banks in the Kathmandu Valley were visited by the researcher. After obtaining approval from the department head, the researcher also meets with the branch manager and the staff members of the individual banks to inquire and fill out questionnaires. The questionnaire was given to the research supervisor, experts, and professionals with research expertise, who were asked to review it and determine whether any items needed to be changed or rephrased and whether the time allotted was appropriate.

Through this procedure, the questionnaire was improved, made more readable, and the likelihood of misinterpretation was reduced. Data is personally gathered by the researcher from respondents, both individually and in groups. The researcher provided the title, goal of the study, rationale for choosing the subject, and instructions for filling out the questionnaire to the employees of six banks during the data collection process. After four to five days of dissemination, the remaining questionnaires are collected from those who completed them simultaneously.

3.5 Method of Data Analysis

Quantitative data analysis techniques were used to examine the gathered information. Quantitative data was presented as tables using descriptive analysis techniques like percentages and frequencies. The Statistical Package for Social Science (SPSS Version 22.0) was used to code and enter the data from the questionnaire into a computer for analysis. Using the regression model, it is helpful to determine the standard deviations, correlations, and frequency distribution of each independent and dependent variable in respect to the five independent variables. The most widely used descriptive statistics are the mean, percentage, and standard deviation. In this investigation, the data were described using measures of central tendency.

3.6 Instrumentation of Data Collection

In order to gather primary data, the research questionnaires are used to collect the data. There are multiple choice, single response, and Likert scale questions in this structured questionnaire. Respondents were given self-administered questionnaires. Data was gathered using direct questionnaires. Questionnaires were created for this study in order

to examine several factors that affect the retention process. As per Webb (2002), the questionnaire ought to examine several aspects such as attitudes, beliefs, feelings, behavior, knowledge, and demographic characteristics. A questionnaire often asks respondents for their demographic data and includes a number of measurement scales (Ilieva et al., 2002). The questionnaire's design and questions should be modified to reflect the respondents' backgrounds and levels of risk management. The questionnaire's questions are concise, clear, relevant, appropriate, explicit, and easy to comprehend for the current study.

The questions have a closed-ended format, meaning that the respondent must choose the best option from a range of potential answers (Mitchell, 1994). The same set of structured, pre-formulated questions are asked of each respondent, making coding, data treatment, and interpretation quite simple. Only closed-ended questions are included in the questionnaire to reduce the amount of time needed to complete the answers. To construct a neutral and simple-to-answer questionnaire, the majority of the closed-ended items are measured using 5-point scales anchored by 1 (strongly agree) and 5 (strongly disagree).

CHAPTER - IV
DATA PRESENTATION AND ANALYSIS

The outcomes of the data analysis are covered in this chapter. The data is analyzed using the descriptive statistics method in order to test the study's premise and find answers to the research questions.

4.1 Data Analysis and Presentation

Table 1

Demographics Characteristics of Respondents

Respondent Character	No. of Responses	Percentage
Gender		
Male	136	34
Female	264	66
Total	400	100
Age		
Under 25	8	2
26-35	336	84
36-45	40	10
46-55	12	3
Over 55	4	1
Total	400	100
Present Position		
Manager	12	3
Officer	64	16
Junior Assistant	280	70
Senior Assistant	40	10
Other	4	1
Total	400	100
Qualification		
+2	12	3
Bachelors	96	24
Masters	292	72
Total	400	100

Source: Self- Survey, 2023

In this study, the majority of respondents (i.e., 264) were female, making up 66% of the total respondents. In contrast, 34% of the total respondents—136—were male. Every respondent is divided into five age groups, with the bulk of respondents falling into the 25–35 age range (i.e. 336). It accounted for 84% of all responders. Just 6% of responders were over 46 and under 25 years old. It was determined that 73% of the respondents had a higher degree of risk management (i.e. 292). Additionally, 96 respondents, or 24% of the total respondents, held a bachelor's degree. It was discovered that only 3% of people have +2 level qualifications in risk management. The most common position (i.e., 280) out of the five job positions, accounting for 70% of all replies, was junior assistant. Officers and senior assistants made up 16% and 10% of the workforce, respectively.

Table 2

Frequency table for work experience

Work experience	Frequency	Percent
Less than 5 years	188	47.0
5-15 years	204	51.0
More than 15 years	8	2.0
Total	400	100.0

Source: Self- Survey, 2023

Work experience was categorized into 3 categories. Among which most of the respondents had work experience of 5-15 years (51 %). Only 2 % of respondents had experience of more than 15 years.

Table 3

Frequency table for monthly income

Monthly income	Frequency	Percent
Up to 25,000	12	3.0
25,001-50,000	284	71.0
50,001-75,000	104	26.0
Total	400	100.0

Source: Self- Survey, 2023

71 % of the respondents had monthly income of 25,001-50,000 and only 3 % had the salary below 25,000.

4.2 Descriptive Statistics

The use of costing, budgeting, regulating, performance evaluation, and decision-making management accounting methods in the responding institutions was rated. The scale for rating was 1 to 5.

Each question on the five-point Likert scale has a code that indicates its response: 1 indicates "strongly disagree," 2 indicates "disagree," 3 indicates "neutral," 4 indicates "agree," and 5 indicates "strongly agree."

Table 4

Descriptive Statistics of Green Investment

Particular	N	Min	Max	Mean	SD
Our bank increases the proportion of investment in environment project like solar energy. Hydropower and other similar projects.	400	1.00	5.00	3.0675	1.145
Our bank provides reasonable interest loan (Green loan) to consumer who initiate environmental project in social or individual level.	400	1.00	5.00	3.1575	1.160
Our bank encourages investment to the economic activities that help to recover environmental degradation.	400	1.00	5.00	2.9500	1.114
Our bank encourages investment to that project which helps to prevent deterioration of environment.	400	1.00	5.00	3.2875	1.172
Our bank encourages investment to those project that are not harmful to the environment.	400	1.00	5.00	3.0500	1.154
Overall Mean and SD				3.103	1.149

Source: SPSS Output

Table 4 displays descriptive data for the Green Investment sub-factor as a whole and for each individual item. The variables are measured using five statements. Every respondent filled out a five-point Likert scale response form. With a standard deviation of 1.149, the global mean of green investment is higher than 3, at 3.103. This demonstrates how successful green investments can improve customer image.

Table 5

Descriptive Statistics of Risk Management

Particulars	N	Min.	Max.	Mean	SD
Addressing environment issues in financial operations are a part of sound risk management in our bank.	400	1.00	5.00	3.122	1.169
Our bank works with various national and international NGOs for insight & expertise on environmental management issues and performance.	400	1.00	5.00	3.145	1.159
Our bank encourages projects which take care of performance and use of natural renewable resource.	400	1.00	5.00	2.980	1.119
Our bank considers environmental risk management in business decisions.	400	1.00	5.00	3.322	1.169
Our bank carries environmental rating of the investment proposal.	400	1.00	5.00	3.100	1.146
Overall Mean and SD				3.134	1.152

Source: SPSS Output

Table 5 presents descriptive data for each component and the risk management sub-factor as a whole. The variables are measured using five statements. Every respondent filled out a five-point Likert scale response form. With a standard deviation of 1.152, the overall mean of risk management is 3.134, which is higher than 3. This demonstrates how successful risk management can affect consumer perception.

Table 6

Descriptive Statistics of Green Human Resource

Particulars	N	Min	Max	Mean	SD
Our bank follows green practices (online advertisement tools, use of email, video based telephone interviews) while recruiting and selecting staffs.	400	1.00	5.00	3.457	1.047
Our bank conduct green banking training and capacity building program for the employees.	400	1.00	5.00	3.035	1.037
In our bank employees actively participate in the green training programs.	400	1.00	5.00	3.337	1.150
Green events like seminars, symposiums, discussion meetings etc. are conducted in our bank.	400	1.00	5.00	3.305	1.179
Academic training and workshops on green banking. Environmental and social risk management was conducted in our bank.	400	1.00	5.00	3.360	1.113
Overall Mean and SD				3.299	1.105

Source: SPSS Output

Table 6 presents descriptive statistics for each component and for Green Human Resource overall. The variables are measured using five statements. Every respondent filled out a five-point Likert scale response form. Green Human Resource has an overall mean of 3.299, which is higher than 3, and a standard deviation of 1.105. This demonstrates how using green human resource practices can improve an organization's customers' perspective.

Table 7

Descriptive Statistics of Green Product and Services

Particulars	N	Min	Max	Mean	SD
Our bank achieves lasting growth by offering sustainable financial products or services.	400	1.00	5.00	3.152	1.178
Our bank focused on green products/services as our concern for green banking initiatives.	400	1.00	5.00	3.372	1.165
Green products/services are more in demand by customers.	400	1.00	5.00	2.930	1.123
Green products/services has low perceived financial risk.	400	1.00	5.00	3.465	1.186
Our bank develop environment friendly product that combine social concern.	400	1.00	5.00	3.172	1.201
Overall Mean and SD				3.215	1.170

Source: SPSS Output

Table 7 provides detailed statistics for certain Green Product and Service items. The variables are measured using five statements. Every respondent filled out a five-point Likert scale response form. Green Product and Services have an overall mean of 3.215 which is higher than 3, and a standard deviation of 1.170. This demonstrates how successful green products and services may influence consumer perception.

Table 8

Descriptive Statistics of Green Business Strategy

Particulars	N	Min	Max	Mean	SD
Each year our bank determine a set of yearly green target.	400	1.00	5.00	3.035	1.108
Our bank prepare necessary budget for pursuing the strategic plan in synergy with green target.	400	1.00	5.00	2.940	1.151
Our bank use online transaction (E-banking, mobile banking) for green banking.	400	1.00	5.00	2.947	1.150
Our bank provide reasonable interest loan to promote green banking.	400	1.00	5.00	3.167	1.115
Our bank use video conferencing instead of physical movement in order to promote green banking.	400	1.00	5.00	3.200	1.263
Overall Mean and SD				3.038	1.151

Source: SPSS Output

Table 8 provides detailed statistics for certain Green Product and Service items. The variables are measured using five statements. Every respondent filled out a five-point Likert scale response form. With a standard deviation of 1.151, the overall mean of "Green Product and Services" is higher than 3. It is 3.038. This demonstrates how successful green products and services may influence consumer perception.

Table 9

Descriptive Statistics of Perceived Performance

Particular	N	Min	Max	Mean	SD
On almost all the green banking programs/projects activities are done the same as before, but with fewer resources in term of money, staff, space etc.	400	1.00	5.00	3.300	1.115
Every staff in the green banking practice endeavors to optimally use resources on time in the attainment of my bank objectives, targets and tasks.	400	1.00	5.00	3.465	1.075
There is risk management on all green banking programs/projects which is exhibited by how the service is perceived by both senior management and the internal staff on these projects.	400	1.00	5.00	3.357	1.097
The green banking practice aims at minimizing the cost of resources for all the available programs/projects.	400	1.00	5.00	3.305	1.061
There is a high level of modernization exhibited by the extent to which the bank has adopted green banking practices that would be regarded as being innovative and forward looking.	400	1.00	5.00	3.422	1.117
Overall Mean and SD				3.370	1.093

Source: SPSS Output

Table 9 presents the descriptive data for the employee's assessment factor, perceived performance. The variables are measured using five statements. Every respondent filled out a five-point Likert scale response form. With a standard deviation of 1.093, the motivation factor's overall mean is 3.370, which is higher than 3. This illustrates how customers view performance in relation to their perception.

Table 10

Overall Descriptive Statistics

Particular	N	Min	Max	Mean	SD
Green Investment (GI)	400	1.00	5.00	3.103	1.149
Risk Management (RM)	400	1.00	5.00	3.134	1.152
Green Human Resource (GHR)	400	1.00	5.00	3.299	1.105
Green Product and Services (GPS)	400	1.00	5.00	3.215	1.170
Green Business Strategy (GBS)	400	1.00	5.00	3.038	1.151
Perceived Performance (PP)	400	1.00	5.00	3.370	1.093

Source: SPSS Output

Table 10 presents the descriptive data for the green investment, risk management, green human resource, green product and services, green business strategy and perceived performance. The variables are measured using the five customer impression factors. Every element reported its overall score on a five-point Likert scale. This illustrates how customers view performance in relation to their perception.

4.3 Inferential Analysis

Procedures known as inferential statistical analysis are used by researchers to extrapolate findings from a sample to the entire population. It makes it possible to infer population values from one or more observational samples. By forming assumptions and generalizations based on samples, it generates new knowledge.

4.3.1 Correlation Analysis

To determine relationships between the variables, correlation analysis was examined. For each variable, Pearson's correlation was used. The degree of correlation between the variables under investigation is covered in this section. A positive correlation indicates that the relationship is going in a good direction, with one rise leading to an increase in the other. Conversely, an inverse relationship a rise in one when the other falls is revealed by a negative correlation.

Table 11

Correlation Analysis

Variables	GI	RM	GHR	GPS	GBS	PP
Green Investment	1					
Risk Management	.353**	1				
	.000					
Green Human resource	.017	.016	1			
	.742	.755				
Green product and services	-.037	-.009	-.022	1		
	.465	.855	.664			
Green Business Strategy	.093	.097	.138**	.107*	1	
	.064	.052	.006	.024		
Perceived performance	-.110*	.006	-.030	.004	-.025	1
	.028	.905	.547	.992	.598	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

(*Source*: SPSS Output)

Results the bivariate people correlation coefficients between the independent and dependent variables are displayed in Table 11. For this investigation, the significance value is 0.01 at the 1% level of significance. With p-values of 0.032, the perceived performance in relation to green investment is significant while risk management, green products and services, and green human resources are insignificantly favorable.

4.3.2 Regression Analysis

This study uses primary data analysis based on the regression model described in chapter three to test the results' statistical significance and robustness. In order to investigate the estimated relationship between perceived performance as the dependent variable and (green investment, risk management, green human resource, green product and services, and green business strategy) as the independent variables, it essentially deals with regression results from different model specifications. The tables below display the regression findings.

Table 12

Model Summary of Perceived performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.376a	.141	.131	.40306

a. Predictors: (Constant), Green investment, Risk management, Green Human resource, Green product and services, Green Business Strategy

The R-square value of 0.141 indicates that approximately 14.10% of the variance in perceived performance can be explained by the independent variables included in the model i.e. Green investment, Risk management, Green Human resource, Green product and services and Green Business Strategy.

Table 13

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.548	5	2.110	12.986	.000b
	Residual	64.009	394	.162		
	Total	74.558	399			

a. Dependent Variable: Perceived performance

b. Predictors: (Constant), Green investment, Risk management, Green Human resource, Green product and services, Green Business Strategy

The ANOVA table shows insignificant impact of Green investment, Risk management, Green Human resource, Green product and services and Green Business Strategy on Perceived performance at significance level 0.05 i.e. 0.000. The f-statistic value is 12.986.

Table 14

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.269	.345		6.578	.000
	Green Investment (GI)	.374	.051	.347	7.399	.000
	Risk Management (RM)	-.002	.055	-.001	-.030	.976
	Green Human Resource (GHR)	-.048	.057	-.040	-.841	.401
	Green Product Services (GPS)	.054	.043	.060	1.267	.206
	Green Business Strategy (GBS)	-.102	.043	-.110	-2.354	.019

a. Dependent Variable: Perceived performance

Source: SPSS Output

The influence of green investment, risk management, human resources, green product services, and green business strategy were investigated by regression analysis. The findings show that while green investment, green business strategy and constant term have a significant impact on perceived performance while green human resource and risk management has a negative but insignificant relationship with perceived performance. The contrast, green investment and green business strategy have a significant impact on perceived performance while risk management, green human resources and green product services are insignificant on perceived performance at 0.05 level of significance. Risk management, green human resources, and green business strategy have negative coefficients of -0.002, -0.048 and -0.102.

4.4 Major Findings of the Study

- This study found that employees are getting diverted from traditional banking activities and replacing traditional banking by adopting green banking services like internet banking, mobile banking, banking through ATMs.
- This study found that their commercial banks provide almost all kinds of green banking services ranging from online banking, mobile banking, banking through ATMs, green deposits, green mortgages and loans to green credit cards and green reward checking accounts. (Aggregate mean = 2.433 and SD = 0.755 are the results of ‘Status of green product and services’).

- Banks are adopting green banking services to save environment from carbon footprints from banking activities. (Aggregate mean = 2.433 and SD = 0.755 are the results from Table 4.5 'Status of green product and services').
- Majority of the employees assured that green banking system had changed the working environment of banks to a greater extent as evident from removal of traditional practices by the banks and adoption of new online practices. (Aggregate mean = 2.271 and SD = 0.645 are the results from Table 4.6 'Status of green business strategy').
- Green investment and green business strategy are having highest degree of relationship with the economy. (0.459 and 0.467).
- Green investment, green product / services and risk management are having highest degree of relationship with the efficiency (E). (0.492, 0.452 and 0.463).
- Green investment, risk management, green human resource, green product/services and green business strategy are highly correlated with perceived performance. (0.473, 0.461, 0.406, 0.400 and 0.455).
- All the variables of perceived performance (Economic, Efficiency and Effectiveness) also have positive correlation with green banking practice. It means that all variables have higher impact on the perceived performance. (R = 0.590 and R^2 = 34.8%).
- Regression result revealed that constant, green investment, risk management and green product services is positively impact on perceived performance. It also shows significant impact on perceived performance at 0.01 and 0.05 level of significance.
- Similarly, green human resource and green business strategy show positive but insignificant impact on perceived performance.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This is the last chapter in which an attempt has been made to drive conclusion following the analysis and interpretation of the data gathered in accordance with the study design. This chapter covers the debates, findings, and implications from the research on the connection between green banking practices and the perceived financial success of Nepal's commercial banks. There are three components to it. The study's discussions were presented in the first portion, its conclusions were presented in the second, and its implications for resolving the issue raised by the investigation were presented in the third and final section.

5.1 Summary

The study helped to better understand Nepal's commercial banking industry's perceived performance as well as its green banking practices. It supports earlier research on the subject empirically, with support from Nepal. The study's primary goal was to comprehend and pinpoint the variables that promote sustainability and green banking practices at Nepal's commercial banks. This study looked into the various elements that may have an impact on commercial banks' sustainability. The study employed the information gathered from the survey carried out in the Kathmandu Valley to investigate the information pertaining to 400 samples of Nepali employees of commercial banks. In Nepal, the current state of green banking practices in commercial banks is characterized by a moderate environment. In order for the respondent to perceive a moderate environment, the majority of respondents believed that the determinants were essentially less than 3 and not close to 4 or 5.

With respective mean values of 2.13, 2.40, 2.46, 2.43, and 2.27, risk management, green human resources, green product/service, and green business strategy rank highest among the individual dimensions of green investment. In a similar vein, employees' agreement with green banking practices is mediocre (Field Survey 2020). But there's a moderate degree of agreement to use the present green banking techniques in the near future. Out of the five elements of green banking practice, the study's findings indicate that five variables—green investment, risk management, green human resource, green product/service, and green business strategy—are compatible with the findings of earlier

empirical research. In contrast to earlier empirical investigations, this research topic addresses sustainable development within the context of Nepal. The relationship between perceived performance and green banking practices in the Nepalese setting is the main subject of this study. According to the study's findings, Nepalese banks are implementing green banking practices at a modest degree. This includes offering green products and services, risk management, green investment, green human resources, and green business strategies. The banks have a moderate focus on environmentally friendly goods and services because they want to support green banking activities and create environmentally friendly products that also address social issues. Similarly, financial institutions support investments in businesses that mitigate environmental degradation. The strategic plan of Nepalese banks is not as strong as it may be in terms of aligning with green aims.

Our bank has inadequate procedures for training employees in green banking, developing their competence, and managing social and environmental risks. This study demonstrates that many emerging nations also engage in greener or cleaner activities. Regarding the association between green banking practices, the data suggests that green investments, risk management, human resources, business strategy, and green products/services are all rather strongly correlated with perceived performances. Green banking is a long-term economic strategy that prioritizes sustainable environmental conservation over short-term financial gain. It is a pragmatic approach to future sustainability. The report emphasizes that banks have an obligation to inform their clientele about environmentally friendly goods and financing alternatives. The banks in Mauritius will only be able to raise customer awareness and enhance their perception of green banking in general by offering a greater range of green banking goods and services.

Moreover, it may be concluded that Mauritius's green banks are in foundation mode. The Mauritian banks still don't employ many channels to go green with their operations, even if they have begun applying green practices. They ought to include more environmental data into their lending, investment, and business operations processes. Not just the largest commercial banks but even smaller ones need to embrace green banking. Advertising for e-statements, online banking, and mobile banking, among other services, was not significantly influenced by respondents, according to the mean analysis of the data collected regarding the impact of Green Banking goods and services on bank customers. Furthermore, most respondents gave green banks in Mauritius' implementation of CSR

and green projects a high rating for effectiveness (Rauth & Malhotra 2015). According to the report, banks in Mauritius have the chance to grow their business by offering more environmentally friendly products because of the country's population of green consumers. By using green marketing as a tool for customer communication regarding campaign activities for environmentally conscious programs, banks can broaden the concept of green and strengthen their reputation as environmentally friendly financial institutions.

5.2 Conclusion

Recommendations on Nepal's commercial banks' perceived performance and green banking practices have been made based on the study's findings. There has also been discussion of the study's weaknesses and recommendations for additional research. The study's conclusions are provided in the section that follows by outlining the key ideas that address the research questions: Finding out which commercial banks in Nepal used green banking techniques was the research's primary goal. According to the study's conclusions, green banking encourages eco-friendly behavior and lowers the carbon footprint of financial operations. Open up CDs and money market accounts with online banks (mobile banking, internet banking, credit card, online fund transfers, etc.); pay bills online rather than by mail; support green projects. These are just a few examples of how this can be done.

In addition to identifying and securing opportunities that benefit banking customers, green banking contributes to the creation of efficient, user-friendly, time-saving, and broadly applicable market-based solutions to address a variety of environmental problems, such as climate change, deforestation, air quality issues, and loss of biological diversity. Examining the connection between green banking practices and the perception of Nepal's commercial banks' performance was the second goal. The findings indicate that a number of contributing elements, including green investment, risk management, green human resources, green products and services, and green company strategy, have had a positive and significant impact. The observed determinants of commercial banks' perceived performance are numerous, but green investment and green business strategy have demonstrated a greater influence on perceived performance. Similarly, there is a significant correlation between efficiency and green investment, green product/service, and green company strategy. Examining how green banking has affected Nepalese

commercial banks' perceived performance was the third goal. According to study findings, green investment, green human resources, risk management, green product/service, and green company strategy all have a significant impact on perceived performance. According to their perceptions, green investments and green company strategies have a significant impact on financial performance.

5.3 Recommendations

Every commercial bank should implement initiatives that encourage other banks to operate more efficiently and with greater vigor. The elements that lead to green banking practices should be reflected in the corporate philosophy and green banking policy. The banking industry in Nepal continues to face challenges in becoming more sustainable and environmentally friendly, even as it recognizes the significance of perceived performance on a global scale. In order to reach a perceived performance state with regard to green banking practices, these banks ought to place a strong emphasis on putting an efficient plan into action. The integrated application of the model's examined components is essential to implementing the integrated perceived performance in terms of the social, ecological, and economic dimensions, as this empirical study of Nepalese commercial banks demonstrates. To promote a culture of perceived performance, green banking practices should be thoroughly ingrained. Green banking practices ought to be founded on social, ecological, and financial objectives. According to research, an organization's culture functions on several levels, and in order to create and preserve a culture of perceived performance, leaders must take care of each of these levels.

More sample would be the main target of future research. In order to do their research, they will use more factors than just this one. Only six of Nepal's commercial banks were included in this analysis. Other banks, financial institutions, and other economic sectors are not covered. Similarly, additional research may compare development banks to financial institutions, all commercial banks to other banks, or the banking sector to other sectors of the economy. After a predetermined amount of time, more research on the same subject and in the same locations can be done to evaluate green banking practices in light of governmental regulations. In order to enable researchers to investigate potential changes in demographic characteristics, the relationship between green banking practices and demographic characteristics, the impact of green banking practices on Nepalese investors, and the predictability of green banking practices with regard to corporate social

responsibility (CSR), among other things. That might be a novel subject for future study. Adopting a green approach goes beyond simply being environmentally friendly because it has numerous social benefits, including lowering risk and bank costs, improving bank reputations, and helping to achieve the shared objective of environmental protection in addition to improving bank reputation. In general, green banking fulfills both the bank's corporate social obligation and its business goals. As a result, it is now crucial for banks to understand their social and environmental obligations as well as to compete in the global market by implementing green banking practices.

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Annex: Questionnaires

Dear respondent,

I am conducting this questionnaire survey for an academic research as required by the MBS program. The title of my research is "CUSTOMERS PERCEPTION ON GREEN BANKING PRACTICES IN COMMERICAL BANKS OF KATHAMNDU, NEPAL" I would like to state that this research is purely for an academic purpose and I am simply interested in your candid and honest opinion. I assure you that strict confidentiality will be maintained and the information furnished by you will be used only for the academic purpose.

Thanking for your Cooperation

Roshani Bhandari

MBS student

Shanker Dev Campus, Kathmandu

Part I

Bank	
Department	
Gender	a) Male b)Female
Age	a)Under 25 b)25-35 c)36-45 d)46-55 e)Above 55
Qualification(Highest Degree)	a)+2 b) Bachelors c) Masters
Present Position: (Please tick)	a)Manager b)Officer c)Sr. Assistant d) Jr. Assistant e)Other if any (please specify)
Years of Experience	a) Less than 5 b) 5-15 c) More than 15
Earning per month	a)up to 25000 b)25001-50000 c)50001-75000 d)above 75000

Part II

Below are several statements about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item by choosing the appropriate number. Please give your responses as followings:

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

SN	Green Investment	1	2	3	4	5
	Our bank increases the proportion of investment in environment project like solar energy. Hydropower and other similar projects.					
	Our bank provides reasonable interest loan (Green loan) to consumer who initiate environmental project in social or individual level.					
	Our bank encourages investment to the economic activities that help to recover environmental degradation.					
	Our bank encourages investment to that project which helps to prevent deterioration of environment.					
	Our bank encourages investment to those project that are not harmful to the environment.					

SN	Risk Management (RM)	1	2	3	4	5
	Addressing environment issues in financial operations are a part of sound risk management in our bank.					
	Our bank works with various national and international NGOs for insight & expertise on environmental management issues and performance.					
	Our bank encourages projects which take care of performance and use of natural renewable resource.					
	Our bank considers environmental risk management in business decisions.					
	Our bank carries environmental rating of the investment proposal.					

SN	Green Human Resource (GHR)	1	2	3	4	5
	Our bank follows green practices (online advertisement tools, use of email, video based telephone interviews) while recruiting and selecting staffs.					
	Our bank conduct green banking training and capacity building program for the employees.					
	In our bank employees actively participate in the green training programs.					
	Green events like seminars, symposiums, discussion meetings etc. are conducted in our bank.					
	Academic training and workshops on green banking. Environmental and social risk management was conducted in our bank.					

SN	Green Product and Services (GPS)	1	2	3	4	5
	Our bank achieves lasting growth by offering sustainable financial products or services.					
	Our bank focused on green products/services as our concern for green banking initiatives.					
	Green products/services are more in demand by customers.					
	Green products/services has low perceived financial risk.					
	Our bank develop environment friendly product that combine social concern.					

SN	Green Business strategy (GBS)	1	2	3	4	5
	Each year our bank determine a set of yearly green target.					
	Our bank prepare necessary budget for pursuing the strategic plan in synergy with green target.					
	Our bank use online transaction (E-banking, mobile banking) for green banking.					
	Our bank provide reasonable interest loan to promote green banking.					
	Our bank use video conferencing instead of physical movement in order to promote green banking.					

SN	Perceived Performance	1	2	3	4	5
	On almost all the green banking programmers/projects activities are done the same as before, but with fewer resources in term of money, staff, space etc.					
	Every staff in the green banking practice endeavors to optimally use resources on time in the attainment of my bank objectives, targets and tasks.					
	There is satisfaction on all green banking programmers/projects which is exhibited by how the service is perceived by both senior management and the internal staff on these projects.					
	The green banking practice aims at minimizing the cost of resources for all the available programmers/projects.					
	There is a high level of modernization exhibited by the extent to which the bank has adopted green banking practices that would be regarded as being innovative and forward looking.					

Thank You

CUSTOMERS PERCEPTION ON GREEN BANKING PRACTICES...

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CHAPTER – I INTRODUCTION 1.1 Background of the Study Over **the**

past few decades, governments, corporations, legislators, advocacy organizations, and even the general public have all discussed how important it is to raise public awareness of environmental issues. Ozone layer depletion, soil erosion, air and water pollution, deforestation, and global warming are environmental problems that are getting worse every day as a result of industrial development and need to be addressed right away. As one of the capital sources for businesses and industries, the banking sector fosters accountability and responsibility because it does not take strong steps to verify that the businesses and industries it finances are not having a detrimental environmental impact. Therefore, banks have an obligation to encourage environmentally friendly businesses because they indirectly contribute to environmental damage by providing financial support for them. The financial institution is going green because customers who are interested in eco- friendly banking products and services have higher expectations of it and it is their responsibility to address environmental issues. Research indicates that the banking industry may significantly contribute to environmental protection by encouraging green banking habits among its clientele. Green banking is the term for environmentally friendly methods that use online banking procedures to minimize carbon emissions both internally and externally, as well as items that help safeguard the environment. Banks have adopted the notion of "green banking" to encourage environmentally friendly activities, such as utilizing resources efficiently and minimizing waste. However, Ahmad, et al. (2013) talked about how banks embraced the green banking idea to gain a competitive edge, abide with environmental regulations, enhance their brand, and locate new markets and opportunities for their innovative banking goods and services. According to Ragupathi and Sujatha (2015), there are a number of advantages to using green banking practices. These include reducing paperwork by using online banking, educating