GREEN BANKING PRACTICES AND PERCEIVED PERFORMANCE OF NEPALESE COMMERCIAL BANKS (WITH REFERENCE TO KATHMANDU VALLEY)

A Thesis Proposal

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INTRODUCTION

1. Background of the study

The disastrous impact of recent storms, floods, droughts and excessive heat that many people have experienced around the world, motivate us to think seriously about global warming and its impact and to do whatever we can to address this problem. Governments, enterprises, and people, all have roles to play in combating global warming and building a sustainable environment. A good thing is that there is now greater awareness and a growing commitment to address environmental problems we face. An action to arrest environmental degradation would significantly affect not only current but also future generations and our further progress. So, a proactive multipronged action is necessary by all the industry and business sectors, regulatory agencies and the individuals (IDRBT, 2013).

There is no one distinct definition of green banking; however, the following will try to bring the meaning of green banking. It means promoting environmentally-friendly practices and reducing carbon footprints from banking activities. There are many differences compared to normal banking, Green Banks give more weight to environmental factors, their aim is to provide good environmental and social business practice, they check all the factors before lending a loan, whether the project is environmental friendly and has any implications in the future, you will award a loan only when you follow all the environmental safety standards (Schultz, 2010).

2. Problem statement and research questions

Green banking survey is a very effective tool to identify the financial performance of the commercial in Nepal. In context of Nepal, green banking in India is concerned, the banking and financial institution are running behind the schedules compared to global trends. Besides few banks, these banks unaware or pretend to be unaware about the green banking practices and sustainability of the banks. Thus, the statements of problem are:

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. Is there any effect of green banking on perceived performance of commercial banks in Nepal?

3. Objectives of the study

i. To identify the green banking practices of commercial banks in Nepal.

ii. To explore the relationship between green banking practices and perceived performance of commercial banks in Nepal.

iii. To examine the impact of green banking on perceived performance of commercial banks in Nepal.

4. Conceptual framework

The conceptual framework introduces and describes the theory that explains why the research problem under study exists.
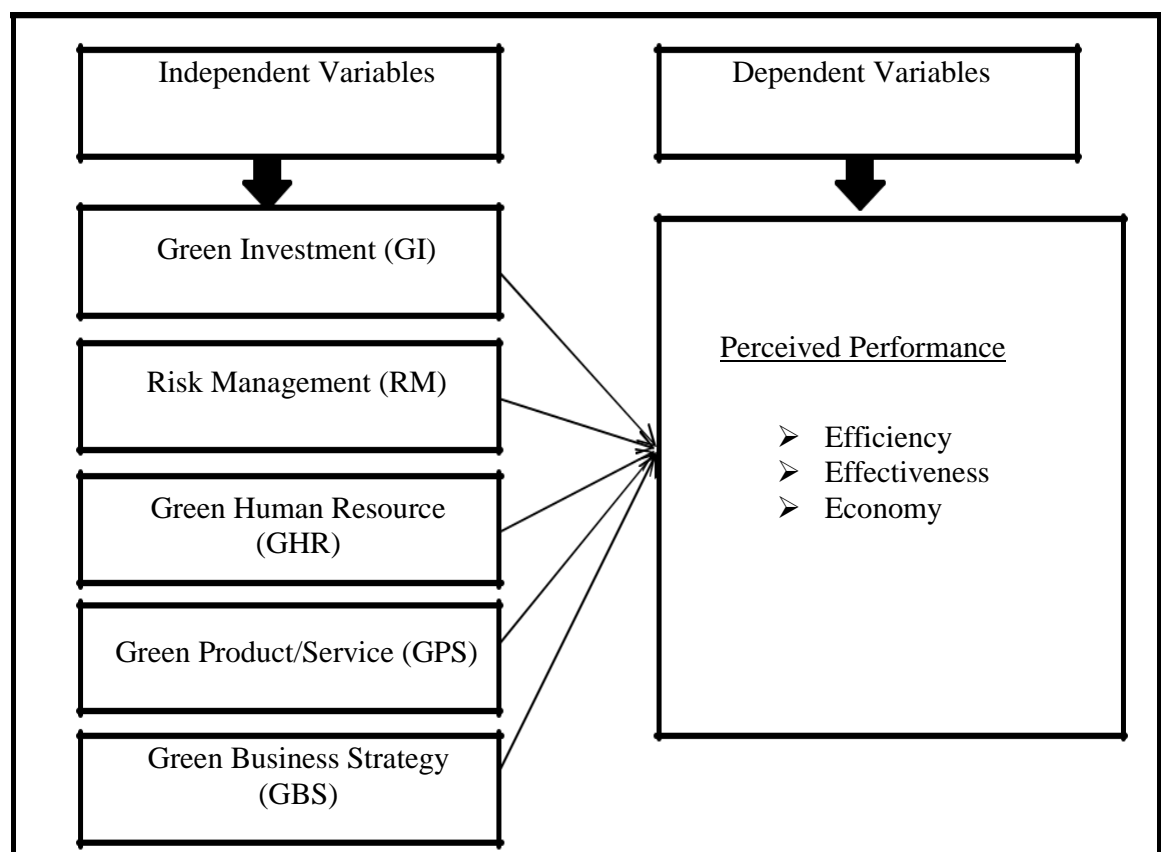

Figure 4.1: Conceptual framework

5. **Significance of the study**

This research will help to identify the green banking practices of Nepalese Commercial banks and its impact to the perceive financial performance of those banks through the analysis of different kind of green banking practices and it will help to identify the which of the green banking method is more important to increase the financial sustainability of the banks. The significance of a study may include the meaning of the research work to personally and should include how your research benefits or impacts others in part or whole. It discusses what people or groups of people might benefit from reading of 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.

6. **Limitations of the study**

The basic limitation of this study is that it only considers green banking practices and it does not take into consideration what perspective does all bankers employees have on the technology.

i. It will 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.

ii.   Most of the available data of previous research conducted will not explain specifically to the context of our country.

iii. Due to the less awareness about green banking, bankers may not able to provide the clear view of what they perceived about green banking.

iv.   The study will survey 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.

v.   Data and information collected from the respondents will be based on their opinions and knowledge which may be subject to bias.

7. Literature review

Jain (2017) green banking is also called as an ethical bank or a sustainable bank. Green practices of banks popularly known as green banking refers to the environment-friendly initiatives taken by the banks to reduce the carbon footprint from their day to day banking activities and also to minimize the external carbon emission. Likewise, sustainable bank is a bank concerned with the social and environmental impacts of its investments and loans. It refers to the initiative taken by banks to encourage environment friendly investments, to give lending priority to those industries which have already turned green or are trying to grow green and thereby help to restore the natural environment.

"Green" in green banking principally indicates bank's environmental accountability and environmental performances in business operation. Green banking is a kind of banking conducted in selected area and technique that helps in reduction of internal carbon footprint and external carbon emissions (Bahl, 2012). According to Azam (2012), green banking means eco-friendly or environment friendly banking to stop environmental degradation to make this planet more habitable. Green banks are to use resources with responsibility, avoid waste and give priority to environment and society. Green banking helps the overall reduction of external carbon emission and internal carbon footprint. Banks can reduce their carbon footprints by adopting the following measures such as paper-less banking, energy consciousness, using mass transportation, green building, go online, save paper, use of solar and wind energy (Chaurasia, 2014).

Risal and Joshi (2018) explored the influence of green banking practices on environmental performance of banks in Kathmandu, Nepal. They conducted the survey by collecting the data from 189 commercial bankers from five major banks of Nepal, they are: Agricultural Development Bank Ltd (ADBL), NIC Asia Bank, Sanima Bank, Laxmi Bank and Siddhartha Bank. They used convenience sampling method to collect the data. The study apply cross-sectional qualitative approach with descriptive model. They used SPSS software to analyze the collected data of the study. The study found that there is positive relationship between green banking practices and bank's environment performance. They addressed the positive impact of practicing of green banking on bank's environmental performance in Nepal in which the variation in dependent variable is 6.8% with significance level at 0.016. Similarly, they also found that there is significant relationship between green policies, environmental trainings, energy efficient equipment's and bank's performance whereas there were not significant relationship with customer's related practices with bank's performance. After simple regression analysis, it is found that green loan and green project has not impact on environmental performance of banks. The study concludes that there is positive influence of green banking practices on bank's environmental performance in context of Nepal.

8. Research methodology

For the purpose of the study, the data will be collect through the structure questionnaire to selected commercial bank in Kathmandu districts. The questionnaire is modified as per the objectives of the study. The data will be based on primary sources of the data collection as well as secondary sources. The researcher personally contacts 300 employees of commercial bank in Kathmandu districts on the basis of convenience. They were appraised about the purpose of the study and request was made to them to fill up the questionnaire with correct and unbiased information.

8.1 Research design

This study undertakes quantitative approach towards descriptive and casual research design. A descriptive research design will use for answering the current situation of green banking practices and financial performance, sustainability perception in Nepalese banks. Similarly, the need of casual research design needed and reflects to test the relationship and impact of exogenous variables over the endogenous variable

in the study.

8.2 Population sample size

A sample size of 300 employees will consider for the study. Six banks will be taken as sample for the study.

8.3 Sources of data

Data will collect from both primary source. The primary data will conduct through structure questionnaire.

8.4 Data collection & processing procedure

Data collection in this study will be present in the effective and useful way. The study will use the data collect from the structured questionnaire by administering to the respondents. It will presume that there are certain factors of green banking that influence the financial performance of the commercial banks. Financial performance has been examined as possible consequence of those influencing factors of green banking practices. Finally, the relationship between green banking practices and the financial performance have been measure by the numerical finding using appropriate parameters. Descriptive research designs have been use for the research as for as this study is concern two kinds of tools arithmetic and statistical tools are used.

8.5 Data analysis tools and techniques

Several tools and techniques will use to analyze the primary data collected from various source for obtaining the conclusion. The following financial as well as statistical tools will be used to analyze the data:

Statistical tools

Statistical tools measure the data and give the result in numeric form which helps to analyze the data in logical way. The following statistical tools have been used in this study.

- Average/ Mean
- Standard deviation
- Correlation coefficient

9. Chapter plan

The study is organized into the following five chapters:

Chapter I: Introduction

The first chapter is the introductory part of the study. This chapter describes the general background of the study, statement of the problem and research questions, objectives of the study, significance of the study, limitations of the study.

Chapter II: Review of the literature

This chapter includes a discussion on the conceptual framework and review of the related and pertinent literature available. The conceptual considerations and review of related literature conducted in this chapter provides a framework with the help of which the study has been accomplished.

Chapter III: Research methodology.

This third chapter describes the research methodology employed in the study. In this chapter, research design, nature and sources of data, methods of data collection and tools and techniques of data analysis are discussed.

Chapter IV: Data presentation and analysis.

This forth chapter consists of presentation and analysis of data, which deals with the empirical analysis of the study and the major findings of the study.

Chapter V: Discussion, conclusion and implications

This chapter concludes the research with necessary discussion, conclusion and implications of the study.

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