Exploring Client Perceptions and Intentions in Emerging Economies: The Case of Green Banking Technology

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ABSTRACT
This article describes how in response to the global initiative to save the environment, many emerging economies today promote environmental-friendly practices by implementing various forms of green banking services. Beyond its usefulness for the environment, green banking also benefits the clients by offering new channels of financial services delivery. As such, there may be various factors which can shape the behavioral intentions of clients for adopting green banking, including their environmental concerns, perceived financial cost and timeliness factor attached to these services. Using UTAUT model and Structural Equation Modeling (SEM), this paper thus proposes a model to identify such adoption factors in the context of an emerging economy. The article finds that timeliness, facilitating conditions, environmental concerns, effort expectancy and performance expectancy, plays an important role in capturing clients’ overall perceptions of green banking. Results therefore indicate clients may be fairly pragmatic in developing general attitudes towards the use of green banking.

KEYWORDS
Bangladesh, Corporate Social Responsibility, Emerging Economies, Environmental Concerns, Financial Cost, Green Banking, Sustainability, Timeliness, UTAUT

INTRODUCTION
In recent years, the eminent problem of global warming has finally shifted the attention of business practices of all functional areas to climate change, resource efficiency and environmentally conscious issues. As such, initiatives related to green safety and sustainable ecological balance is growing in support. Environmental degradation has become such a pressing issue today that even the financial sectors need to address this universal concern (Goyal and Joshi, 2011). This is because financial institutions, particularly banks, play a vital role in the economic system of a country and generally affects all types of business practices through their financing activities (Bahl, 2012). Thus, banks should contribute to the saving of the environment by considering environmental aspects as part of their lending and investing principles, which would then divert industries to invest in environmental management and the use of appropriate green technologies (Masukujaman and Akhtar, 2013).

As a response to this global development and environmental degradation, financial sectors of many developed and developing countries have adopted green technologies to address the issue of sustainable business practices. As such, various eco-friendly practices and in-house operations,
broadly known as green banking, are now part of most banking activities (The Daily Observer, May 26, 2015). Green banking mainly involves the environmental and social responsibility of banks in terms of the contribution they make towards ensuring sustainability of the environment and ecological system, through their in-house operations and the wide range of financial products and services that they offer (Nisha, 2016).

Green banking focuses on two aspects: green revolution of internal operations through the consumption of renewable energy, digitalization and other measures that can reduce the emission of carbon mark from the banking activities and the use of environment-friendly financing like sustainable banking, ethical banking, green mortgages, green loans, green credit cards, mobile banking, online banking, etc. (Inderst et al., 2012). Additionally, banks worldwide use energy-wise Green Machines, which source power from clean, emission-free methods such as wind power and invests hugely for local environment and wildlife projects in their community (Hossain et al., 2015).

Since the objectives of green banking provide incentives for environmental sustainability, its adoption is increasingly growing in emerging economies to promote the concept of social responsibility towards the environment (Masum, 2015). This is because most of the emerging economies tend to be prone to natural calamities which often cause huge losses to the environment, adversely affecting biodiversity, agriculture, forestry, water resources and human health (Biswas, 2011). For emerging economies like Bangladesh, this issue is all the more pressing because people in this country have very little awareness about environmental hazards, air and water pollution, industrial, medical and household wastes community, etc. (Hossain and Ahmed, 2015). Thus, the growth of green banking initiatives can be rightly justified in Bangladesh.

The Central Bank of Bangladesh has already shown keen interest in promoting environmentally-friendly and socially responsible approaches to banking, following which leading commercial banks of the country now follow various forms of green banking policies within their banking operations (Rahaman et al., 2015). However, the application of green banking chiefly requires the involvement of the bank clients as well, since they are the ones who are at the forefront of using such initiatives to conduct their banking transactions. This is where it becomes imperative to examine the thought process of the clients towards the concept and implementation of green banking in Bangladesh. In particular, since environmental concern is the focal point of green banking, clients’ views related to environmental sustainability, along with the relative advantages like timeliness and the financial cost attached to such initiatives needs to be examined.

To pursue this purpose, a conceptual research model has been developed on the basis of the original Unified Theory of Acceptance and Use of Technology (UTAUT) model and the method of Structural Equation Modeling (SEM) applied to investigate the underlying relationships related to the perceptions of bank clients towards green banking practices in the country. Findings of this research provide further insights into identifying the factors that can influence clients’ perceptions into adopting and using green banking in Bangladesh. This study can also assist banks to understand and assess the level of social responsiveness of bank clients in context of emerging economies.

The remainder of the study is organized in the following manner. Section two presents review of literature, section three describes the research model and hypotheses, section four discusses research methods, section five presents data analysis and results, section six concludes the findings of the study and provides implications and section seven discusses limitations and further research directions for this study.

**LITERATURE REVIEW**

To further this study, the need for green banking and the current practice of green banking services in Bangladesh has been highlighted, followed by the research platform and finally, the theoretical background of the proposed determinants of timeliness, environmental concerns and perceived financial cost, has been discussed to determine the gaps of this study.
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