Sustainable Banking: Financing a sustainable Society lead to Sustainable Development-An Analytical Study

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Abstract

The Banks are the lifelines of the economy and play a catalytic role in activating and sustaining economic growth of India. A strong banking system is one of the essential pre-requisites in the quest for growth. Our banking system, at the present juncture is facing significant challenges from several quarters. These challenges, if not addressed quickly and adequately, may result in loss of opportunitiesas and when the economic growth starts picking up momentum. Sustainability is meeting the present needs without compromising the ability of future generations to meet their own needs. Sustainable Banking is using money with conscious thought about its internal, external, financial, technological, infrastructural, environmental, cultural and social impacts, and with the support of savers and investors who want to make a difference, by meeting present day needs without compromising those of future generations. This research study comprises three dimensions of Banks Sustainability namely, financial, internal and social & environmental sustainability of public sector, private sector and foreign banks located in Bengaluru. The research study uses survey, descriptive and analytical method of research. The sampling units of the three sectors of four public, private and foreign banks which includes, 20 - top level management officers, 4- bank branch managers and 40 - banks staff from each of the three sectors to the tune of 192 (20+4+40 = 64X3) respondents as sample size. For the analysis causal relationship between independent and dependent variables have been appropriately aligned. For the measurement of sustainability, scaling techniques and statistical tools and techniques such as averages, percentages, standard deviation, factor analysis, chi-square test, cross correlation and Croanbach's alpha have been used. To make the data presentable in a meaningful way, wherever necessary tables, charts, diagrams, graphs have been used. The qualitative data under the study have been quantified by using Likert's scale.

Keywords: Sustainability, Sustainable Banking, Internal, External, Social and Environmental Sustainability, Sustainable development.

1.   Introduction

Banking industry in India has undergone evolutionary and revolutionary changes. In the 21st century banking is a significant part of a nation's growth story. The financial vibrancy of a nation depends on the effective and meaningful role played by the banking industry. The Bank as a financial intermediary has redefined its way of doing business. The paradigm shift in the structure, technology, people and activities in terms of products and services has brought in new role and responsibilities for the banks operating in India. The banking sector reforms have opened up new challenges, issues, opportunities and benefits to Indian banking industry -both for Indian banks and foreign banks.

With the advent of new technologies in to the banking sector, the products, services and way of doing business changed significantly, phenomenally and drastically. In the post reforms scene there is stiff competition in Indian banking industry. It is period of survival of the fittest. Only innovative banks will survive and sustain in the present changed business paradigms[1].

In today's competitive business environment, banks crave for their sustainability. There is financial sustainability, human resource sustainability, social and environmental sustainability, internal and external sustainability that are to be taken care by the banks operating in India in turbulent business environment. Private Banks and Foreign banks sustainability is managed by them rigorously apart from complying with the norms of the regulatory agency. For this purpose they invented new products and services most of them are customized. Public sector banks despite the constraints are moving forward to achieve and sustain the multiple sustainability paradigms.

2.   Nature of Banks' Sustainability

Sustainability in banking business is a dynamic state that occurs when a banking company creates ongoing value for its shareholders and stakeholders, which creates sustainable value.

Banks' Sustainability is 'the identification of value, defining values stream, determining flow, defining pull and improving process, such as marketing of banking products, finance and internal management.

3.   Statement of the Problem

The present research work presents the business case for sustainable banking by drawing on responses of top level management, bank managers and banks staff in three categories of banks - public sector, private sector and foreign banks operating in India. For the study parameters are drawn from International

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[1]S.S.Mundra, Deputy Governor, Reserve Bank of India (2015) web source:www.rbi.ac.in

Financial Corporation (IFC) survey reports (2005) including 14 case studies from pioneering financial institutions. The IFC survey collected and analyzed data from more than 120 financial and banking institutions in 43 emerging market countries that had participated in IFCs Competitive Business Advantage training workshops. The results reveal drivers, opportunities and trends in the banking sector's response to sustainability. The thesis has taken concrete steps to integrate financial, internal, external, technological, social and environmental sustainability into policies, practices, products, and services.

This study was intended to analyze as to how the Indian public and private sector banks and foreign banks operating on the Indian soil are devising their own unique approaches and business case for sustainability to achieve the greatest long-term benefit. This is determined by how they are aligning their business goals with trends in the markets and sectors in which they operate.

4.   ResearchIssues

The present study aims to cover the following research issues.

▪   What are the factors which govern the internal and external sustainability of banks in the present day Indian context?

▪   What are the forces that determine the financial sustainability of public sector, private sector and foreign banks operating in India?

▪   What are the major challenges and opportunities in sustaining the sustainability of banks in relations to technological, regulatory, infrastructural, stakeholders and social and environmental risks that banks face in the present Indian context?

5.   Objectives of the Study

•   To examine the internal and external sustainability of select public sector, private sector and foreign banks operating in India.

•   To analyse the financial, technical, human resources, regulatory, social and environmental sustainability of sample banks;

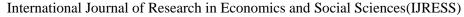•   To analyse the impact of overall sample banks sustainability practices on their performance;

6.   Scope of the Study

The scope of the study encompasses the internal, external, financial, technological, regulatory, infrastructure, customer, social and environmental sustainability of Indian public sector, private sector and foreign banks. The internal sustainability of sample banks includes financial sustainability, HR

sustainability, technological sustainability, infrastructure and institution building sustainability. The external sustainability includes RBI Guidelines, Prudential Norms, BASEL-III Norms and Other Regulatory Norms, technology, competition, customers and economic parameters.

7.   Review of Literature

HuwMaggs (2014)[2]contend that Multinational banks can influence financial system transformation. Banks are also at the heart of the contemporary financial system, which underpins both the physiology and psychology of modern business, and that needs to evolve significantly. Multinational banks service not only millions of individuals, but also governments, civil society organizations, and of course, businesses - large and small - across every industry. Banks can therefore leverage their collective knowledge and reach to influence stakeholders to, for example, drive integration of key externalities into the financial system.

SWED Bank (2016) [3]our goal is to promote a sound and sustainable economy by strengthening the bank's and our customers' long-term competitiveness. This will be done by avoiding large credit impairments and operating losses, focusing on long-term profitability, developing long-term relationships with customers and employees, and maintaining adequate buffers on a strong balance sheet. We will also work towards open, stable and honest markets.

ABN AMRO BANK (2016)[4] wants its employees to think about sustainability and apply in their daily work. Their attitude and behaviour make a difference for our customers. Either directly or indirectly, an employee's actions can positively impact society and the environment. We encourage our employees to develop sustainable products and services, and to consciously make the right choices. To inspire our employees and encourage them to think about sustainability, this bank has organised a number of activation programmes in 2014.

S.S.Mundra, Deputy Governor, Reserve Bank of India (2015)[5]in his lecture has highlighted in the presentation on Indian Banking Sector: Emerging Challenges and Way Forward, Since the onset of the Financial Crisis in 2008, the global economy has continued to face rough weather and the Indian economy and the Indian banking system have not remained immune. Recovery has been moderate and sometimes uneven. Different jurisdictions continue to be tormented by financial fragilities and macroeconomic

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[2]Why finance giants should bank on sustainability, web article www.bank.assurance.com
[3]Sustainable Banking - strategy and goals, web resource www.banking .org.com
[4]WWW.ABNAMROBANK.COM
[5]Memorial Lecture series launched by State Bank of Mysore in the memory of His Highness Sri NalwadiKrishnarajaWadiyar on April 29, 2015

imbalances.

Triodos Bank (2016)[6]Sustainable Banking is using money with conscious thought about its environmental, cultural and social impacts, and with the support of savers and investors who want to make a difference, by meeting present day needs without compromising those of future generations.

WME Business Environment Network (2016)[7] reports that Commonwealth Bank is not just the most sustainable company in Australia, it is also the most sustainable bank in the world, and the fourth most sustainable firm globally. A rather impressive achievement considering the bank ranked 21 in last year's Global 100 Most Sustainable Corporation in the World index. The 12th annual index published by Canadian media and investment research firm Corporate Knights ranks listed companies based on their sustainability performance.

8.   Research Gap

The present research study aimed to build and expand on the previous research and provides for greater insight into the specific issues and drivers within the banking sector on sustainability. For this purpose the review of literature was undertaken on each component of banks' sustainability. Literature survey includes financial, technical, internal, external, regulatory, infrastructural, customer and other stakeholders, social and environmental sustainability of banks. Both Indian and foreign literature on the study was perused in great detail. The review results as well as more detailed investigation of sample banks under the study helped to strengthen the business case for sustainable banking and to show how progress has been made in the implementation of formal internal, external, financial, social and environmental management procedures.This is the first ever study on Banks Sustainability. The size and volume of the study is modest but variables covered are comprehensive. The time element and gap is also a significant factor that caused the widened scope of the present study. The present study aims to add to the existing literature on the topic of banks sustainability. It also focuses on giving insights in the form of suggestions to the banks in India on the concept of sustainability.

9.   Hypothesis
Hypothesis-1

The modes and drivers of financial sustainability differ among public sector, private sector and foreign banks under the study.

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[6]https://www.triodos.com/en/about-triodos-bank/what-we-do/our-expertise -overview/ sustainable-banking/

[7]Commonwealth Bank named most sustainable bank in the world, http://www.ben -global.com

Hypothesis-2

In the present context social and environmental sustainability of banks is more significant

10. Methodology

The study used survey, descriptive and analytical method of research.

▪ **Universe/Population**

All the Public sector, Private sector and Foreign banks operating in Karnataka and Maharashtra states, because major corporate offices of these banks are located in Mumbai, Pune, Bangalore and Mangalore centers.

▪ **Composition of Sample Size**

Sl. No	Category of Respondents	Number	Sampling Technique used
1	Sample Banks:		Purposive and Judgmental Sampling
	▪ Public Sector Banks	04	
	▪ Private Sector Banks	04	
	▪ Foreign Banks	04	
2	▪ **Sample Respondents**		
	▪ Top Management Authorities (5x4=20x3)	60	Judgmental Sampling
	▪ Branch Managers (1x4=4x3)	12	Judgmental Sampling
	▪ Bank Staff (10x4=40x3)	120	Stratified Random Sampling

▪ **Bases of Sampling**

▪ The Bank should be in existence for a minimum period of 15 years before the Collection of data for the study.

▪ The minimum turnover of the bank should be Rs. 500 crores per annum.

▪ Bank must have in place the internal, external, financial, social and environmental Sustainability programmes and practices.

11. Data Collection

(i) Primary Data

The methodology adopted for this research programme is survey cum descriptive cum analytical one. Well-structured questionnaires and schedules for sample respondents were prepared and administered to gather the primary data on the topic from three categories of banks. To elicit further information personal interview of all the three categories of respondents were undertaken.

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(ii)   Secondary Data

The secondary data have been gathered from books, articles, reports, international financial and banking institutions, RBI bulletins, news papers, journals, magazines and web resources.

12.   Plan of Analysis

For the purpose of analyzing data, the statistical tools and techniques such as averages, percentages, standard deviation, factor analysis, chi-square test, KMO and Bartlett's Test, Cross Correlation, and Croanbach's Alpha, have been used. To make the data presentable in a meaningful way, wherever necessary tables, charts, diagrams, graphs have been made use of.

13.   Limitations of the Study

The study encountered certain shortcomings. They are:

▪   The findings are based on the data supplied by the sample respondents.

▪   The banks sustainability cannot be compared among public, private and foreign banks on the common yardsticks. This is because each bank devises and enforces specific sustainability strategies in the areas of internal, external, financial, social and environmental paradigms.

▪   At times, the study is equated "what should be" (value) with "what is"(fact)

Financial Sustainability

The financial sustainability of twelve banks altogether under the study with three different categories is gauged by considering the variables of modes and drivers of financial sustainability.

The drivers of financial sustainability are concerned with managing interest rate fluctuations, competition, bottom-line [customers], pricing of products and services, cash-cow customers and area of operation. The quintessence of financial sustainability is the transaction cost. The measurement of financial sustainability of sample banks rests on the transaction cost, which varies from time to time. The transaction cost is subsumed with HR infrastructure, cost per transaction, technological infrastructure cost per transaction cost of transaction per service, per product and per customer. The data on above is deliberated below in conjunction   with   objectives   and   hypothesis   of   the   study.

Drivers of Financial Sustainability

SL No	Statement	Scale	Public Sector Banks (n=4)			Private Sector Banks (n=4)			Foreign Banks (n=4)			Mean Score	S.D
			TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)	TLM (n=20)	BM (n=4)	BS (n=40)		
1	The Interest Rate fluctuations did not reduce the customer base in all types of accounts.	SA	7 (35%)	1 (25%)	16 (40%)	8 (40%)	2 (50%)	17 (42.5%)	5 (25%)	1 (25%)	12 (30%)	3.9427	1.1124
		A	8 (40%)	2 (50%)	17 (42.5%)	8 (40%)	2 (50%)	18 (45%)	6 (30%)	2 (50%)	14 (35%)		
		N	2 (10%)	1 (25%)	4 (10%)	1 (5%)	-	1 (2.5%)	5 (25%)	1 (25%)	7 (17.5%)		
		D	2 (10%)	-	2 (5%)	2 (10%)	-	2 (5%)	2 (10%)	-	4 (10%)		
		SD	1 (5%)	-	1 (2.5%)	1 (5%)	-	2 (5%)	2 (10%)	-	3 (7.5%)		
2	Competition impacted my banks bottom-line(Profit)	SA	7 (35%)	1 (25%)	14 (35%)	6 (30%)	1 (25%)	14 (35%)	5 (25%)	1 (5%)	12 (30%)	3.6615	1.2553
		A	4 (20%)	1 (25%)	15 (37.5%)	6 (30%)	1 (25%)	13 (32.5%)	6 (30%)	1 (25%)	11 (22.5%)		
		N	4 (20%)	1 (25%)	6 (15%)	4 (20%)	1 (25%)	8 (20%)	4 (20%)	1 (25%)	6 (15%)		
		D	3 (15%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	3 (7.5%)	3 (15%)	1 (25%)	6 (15%)		
		SD	2 (10%)	-	2 (5%)	2 (10%)	-	2 (5%)	2 (10%)	-	5 (12.5%)		
3	Pricing of banking products and services is risky in the competitive world.	SA	8 (40%)	1 (25%)	16 (40%)	7 (35%)	1 (25%)	15 (37.5%)	8 (40%)	2 (50%)	16 (40%)		
		A	7 (35%)	2 (50%)	17 (42.5%)	8 (40%)	2 (50%)	17 (42.5%)	7 (35%)	2 (50%)	17 (42.5%)		

#	Item											Mean	SD
		N	2 (10%)	1 (25%)	3 (7.5%)	2 (10%)	1 (25%)	4 (10%)	1 (5%)	-	2 (5%)	4.000	1.1116
		D	2 (10%)	-	2 (5%)	2 (10%)		2 (5%)	2 (10%)	-	3 (7.5%)		
		SD	1 (5%)	-	2 (5%)	1 (5%)		2 (5%)	2 (10%)	-	2 (5%)		
4	Interest Rate war among the banks is the biggest competitive factor that impacts the banking business.	SA	7 (35%)	2 (50%)	17 (42.5%)	7 (35%)	2 (50%)	16 (40%)	8 (40%)	2 (50%)	15	4.0625	1.0016
		A	8 (40%)	2 (50%)	17 (42.5%)	7 (35%)	2 (50%)	18 (45%)	8 (40%)	2 (50%)	17 (42.5%)		
		N	2 (10%)	-	2 (5%)	3 (15%)	-	2 (5%)	2 (10%)	-	4 (10%)		
		D	2 (10%)	-	2 (5%)	2 (10%)	-	2 (5%)	1 (5%)	-	2 (5%)		
		SD	1 (5%)	-	2 (5%)	1 (5%)	-	2 (5%)	1 (5%)	-	2 (5%)		
5	Retaining cash-cow (profitable) customers such as high net-worth individuals and corporate customers is very difficult.	SA	8 (40%)	2 (50%)	16 (40%)	4 (20%)	-	6 (15%)	3 (15%)	-	4 (10%)	3.0729	1.4597
		A	8 (40%)	2 (50%)	18 (45%)	3 (15%)	1 (25%)	5 (12.5%)	4 (20%)	-	6 (15%)		
		N	2 (10%)	-	2 (5%)	3 (15%)	-	2 (5%)	2 (10%)	1 (25%)	4 (10%)		
		D	2 (10%)	-	2 (5%)	7 (35%)	2 (50%)	13 (32.5%)	6 (30%)	2 (50%)	12 (30%)		
		SD	0 (-)	-	2 (5%)	3 (15%)	1 (25%)	14 (35%)	5 (25%)	1 (25%)	11 (22.5%)		
6	Addressing the frauds in the banking business is a challenge for external sustainability.	SA	7 (35%)	1 (25%)	16 (40%)	6 (30%)	1 (25%)	10 (25%)	4 (20%)	-	11 (22.5%)	3.5521	1.3449
		A	7 (35%)	1 (25%)	18 (45%)	6 (30%)	1 (25%)	12 (30%)	5 (25%)	1 (25%)	12 (30%)		
		N	1	1	2	2	1	3	3	1	5		

#	Statement												Mean	SD
			(5%)	(25%)	(5%)	(10%)	(25%)	(7.5%)	(15%)	(25%)	(12.5%)		
		D	2 (10%)	1 (25%)	2 (5%)	3 (15%)	1 (25%)	7 (17.5%)	4 (20%)	1 (25%)	6 (15%)		
		SD	3 (15%)	-	2 (5%)	3 (15%)	-	8 (20%)	4 (20%)	1 (25%)	6 (15%)		
7	Banks liability and claims are surging on account of multiple customers and multiple banking products such as personal loan, auto loan, mutual fund, insurance, lending etc.	SA	7 (35%)	1 (25%)	15 (37.5%)	7 (35%)	2 (50%)	15 (37.5%)	6 (30%)	1 (25%)	16 (40%)	3.9583	1.1153
		A	8 (40%)	2 (50%)	16 (40%)	7 (35%)	2 (50%)	16 (40%)	9 (45%)	2 (50%)	17 (42.5%)		
		N	2 (10%)	1 (25%)	4 (10%)	3 (15%)	-	4 (10%)	1 (5%)	1 (25%)	2 (5%)		
		D	3 (15%)	-	3 (7.5%)	2 (10%)	-	3 (7.5%)	2 (10%)	-	2 (5%)		
		SD	-	-	2 (5%)	1 (5%)	-	2 (5%)	2 (10%)	-	3 (7.5%)		
8	In rural areas there is high political intervention on behalf of the customers to provide various loans.	SA	8 (40%)	2 (50%)	18 (45%)	-	-	-	-	-	-	1.4063	2.0648
		A	8 (40%)	2 (50%)	18 (45%)	-	-	-	-	-	-		
		N	2 (10%)	-	2 (5%)	-	-	-	-	-	-		
		D	1 (5%)	-	1 (2.5%)	-	-	-	-	-	-		
		SD	1 (5%)	-	1 (2.5%)	-	-	-	-	-	-		
9	Sustainability in Bank plays an important role for strategy development and operative business	SA	6 (30%)	1 (25%)	13 (32.5%)	8 (40%)	2 (50%)	14 (35%)	7 (35%)	2 (50%)	14 (35%)	3.8229	1.2107
		A	7 (35%)	1 (25%)	14 (35%)	8 (40%)	2 (50%)	13 (32.5%)	6 (30%)	2 (50%)	17 (42.5%)		
		N	2	1	6	1	-	4	4	-	4		

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#	Statement		C1	C2	C3	C4	C5	C6	C7	C8	C9	Mean	Std.Dev
			(10%)	(25%)	(15%)	(5%)		(10%)	(20%)		(10%)		
		D	3 (15%)	1 (25%)	4 (10%)	2 (10%)	-	5 (12.5%)	2 (10%)	-	3 (7.5%)		
		SD	2 (10%)	-	3 (7.5%)	1 (5%)	-	4 (10%)	1 (5%)	-	2 (5%)		
10	As global players rapidly increase their presence in the banking sector, it is making the sector more complex and thus more vulnerable to financial and non-financial risks, as well as increased competition.	SA	8 (40%)	2 (50%)	18 (45%)	8 (40%)	2 (50%)	17 (42.5%)	7 (35%)	2 (50%)	16 (40%)	3.2135	1.9255
		A	8 (40%)	2 (50%)	18 (45%)	9 (45%)	2 (50%)	17 (42.5%)	7 (35%)	2 (50%)	17 (42.5%)		
		N	1 (5%)	-	1 (2.5%)	1 (5%)	-	2 (5%)	2 (10%)	-	2 (5%)		
		D	2 (10%)	-	2 (5%)	1 (5%)	-	2 (5%)	2 (10%)	-	2 (5%)		
		SD	1 (5%)	-	1 (2.5%)	1 (5%)	-	2 (5%)	2 (10%)	-	3 (7.5%)		
	Mean Score		3.905	4.050	4.0675	3.365	3.60	3.355	3.230	3.400	3.300		
	Std.Deviation		1.1544	0.9044	1.0539	1.6448	1.5326	1.6796	1.6218	1.5981	1.6724		

(Source: Primary Data) [Key: SA=Strongly Agree, A= Agree, N= Neutral, D= Disagree, SD= Strongly Disagree.] [BM= Branch Managers]

The study identified drivers of financial sustainability in relation to public, private and foreign banks. The parameters are interest rate fluctuations and maintenance, managing competition and bottom-line, pricing of banking products, retaining high-profile customers, addressing banking frauds, dealing with unprecedented banks liability and claims, political intervention, strategy development and operative aspects of banking business and risk management.Reserve Bank of India de-regulated interest rates fixation and that resulted in interest rate war among the players in all sectors. The study aimed to know whether interest fluctuations and war reduced the customer base in different types of accounts. The responses from four sample banks each from three sectors (n=4x3=12) indicate that the majority of three-fourth agreed that, interest rate fluctuations and interest rate war has shaken the number and type of customers. The mean score is 3.9427 and standard deviation is 1.1124. Competition from among the players within the country and with foreign players impacted the bottom-line of banks, more specifically to the public sector banks because of certain regulatory and governmental constraints. The mean score is 3.6615 and standard deviation is 1.2253.

Pricing of banking products at this competitive juncture is risky says 75percent to 90 percent in three sample sectors by three sample category of respondents that is top level management (n=20x3=60), branch managers (n-=4x3-12) and banking staff (n=40x3=120). The corresponding mean score is 4.000 and standard deviation 1.1116.

Eighty percent of top level management sample respondents (n=20+04+40=64) of public sector banks expressed the fact that, retaining cash-cow and high net-worth individual (HNI) is very difficult. On the contrary 50 percent private sector sample respondents (n=64) and 75 percent of foreign banks (n=64) disagreed with the fact that retaining cash-cow customers, high-net worth individual and corporate customers is not difficult. This is on account of facilities and services offered by the respective banks. This could be attributed to the kind of technology, variety of products, customized services, innovative banking services coupled with customer relationship management and baking experience. The mean score is 3.0729 and standard deviation is 1.4597.

Addressing banking frauds is tough for public sector sample banks. It is moderate for private sector sample banks and because of checks and balances the banking frauds is less pronounced in foreign banks, it is also due minimal number of foreign banks operating in In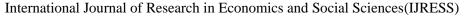dia (see table). Due to paradigms shift in the type of banking products and customers, banks liabilities and claims are surging, all the three sectors sample banks under the study agreed to the given statement. The mean score is 3.9583 and standard deviation is 1.1153. For public sector banks, the obligatory duties such as priority sector lending, loan waiving, small scale

industry growth finance are the suppressing factors. This is not the case with the other counter parts.

For all the banks under the study, sustainability is a strategy and the vehicle is business operations. 65 percent to cent percent of the respondents in each category of banks agreed to this fact. The mean score 3.8229 and standard deviation is 1.2107. Global competition and banking sector vulnerability to financial and non-financial risk is moving towards northern side. 90 to 95 percent of the sample respondents in three sectors confirmed this fact (see table). Thus, the drivers of financial sustainability of sample banks play a dominant role in the present contexts that are explained morefully above.

Hypothesis Testing

Chi-square test as non-parametric analysis is employed to corroborate the formation of alternative hypothesis that the modes and drivers of financial sustainability are similar among public sector, private sector and foreign banks.

H_o: Modes and drivers of financial sustainability differ among public sector, private sector and foreign banks under the study.

H_1: Modes and drivers of financial sustainability are similar among public sector, private sector and foreign banks under the study

The **KMO and Bartlett's results** of eleven items are given below:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.670
Bartlett's Test of Sphericity	Approx. Chi-Square	92.534
	Df	55
	Sig.	.001

For a degree of freedom 55, the table values are 73.311. The calculated values are 92.534. Therefore, the result indicates insignificance of the fact that there exists no relationship between modes of financial sustainability and sample banks performances.

Hence the alternative hypothesis is that, modes of financial sustainability significantly influence the banks performances under the study.

Factor Analysis: The factor analysis was done to see which parameters figures more important than the others.

Total Variance Explained						
Compo- nent	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.794	25.404	25.404	2.602	23.651	23.651
2	2.650	24.087	49.492	1.997	18.156	41.807
3	1.887	17.152	66.644	1.784	16.222	58.029
4	1.485	13.503	80.146	1.772	16.109	74.138
5	1.069	9.722	89.869	1.730	15.731	89.869
6	.517	4.698	94.567			
7	.383	3.480	98.047			
8	.113	1.024	99.071			
9	.091	.830	99.901			
10	.009	.085	99.986			
11	.002	.014	100.000			

Extraction Method: Principal Component Analysis.

5 Components are extracted

14. Findings

▪ Financial Sustainability of Banks under the study are captured on the parameters like number of deposits, managing non-performing assets, profitability position from year-on-year basis, spread, fund-based and fee-based activities, compounded annual growth rate (CAGR), cost of transactions, long-term results versus short-term gains, social and environmental performance and aligning of business goals with corporate goals of sample public sector, private sector and foreign banks.

▪ The internal sustainability of sample public sector, private sector and foreign banks encompasses human resource sustainability, change management, e-banking, m-banking, technological, infrastructural, energy resources, institution building and integrated sustainability. Internal sustainability of banks is very significant to retain the level of human resources and technological competency. It is also important to deepen the roots of the banking system of the

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sample banks by giving room to flexibility. By being flexible, the sample bank manages the changing dimensions of Indian banking system. Besides this, internal sustainability enabled the accomplishment of competitive edge and long-term growth of all the three categories of banks under the study.

▪ The external sustainability is equally significant as that of internal sustainability of banks. The changing technology, intense competition, high expectations of the customers, inflationary and deflationary conditions, agricultural, industrial and services sector growth necessitated the banks to evolve, implement and evaluate long-term strategy and tactical plans. Maintaining external sustainability is a herculeant task for the sample bankers.

15.   Conclusion

With the above objective based findings and banks sustainability paradigms in the present context in mind, this research study aimed to build and expand on the previous research and provides for greater insight into the specific issues and drivers within the banking sector on sustainability. The thesis results as well as more detailed investigation of twelve sample banks, that help to strengthen the business case for sustainable banking in sample public, private and foreign banks and to show how progress has been made in the implementation of financial, internal, external, technological, regulatory, infrastructural, institutional, social and environmental sustainability.

16.   Suggestions

The financial sustainability is the crucial aspect for all other sustainability of the sample public, private and foreign banks. Financial sustainability is achieved under certain modes, at the same time, attending to the drivers of sustainability. The regulatory norms of the Reserve Bank of India, technological paradigms impacts the transaction cost of the sample banks.

The internal sustainability of sample public sector, private sector and foreign banks encompasses human resource sustainability, change management, e-banking, m-banking, technological, infrastructural, energy resources, institution building and integrated sustainability. Internal sustainability of banks is very significant to retain the level of human resources and technological competency. It is also important to deepen the roots of the banking system of the sample banks by giving room to flexibility. By being flexible, the sample bank manages the changing dimensions of Indian banking system. Besides this, internal sustainability enabled the accomplishment of competitive edge and long-term growth of all the three categories of banks under the study.

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technology, intense competition, high expectations of the customers, inflationary and deflationary conditions, agricultural, industrial and services sector growth necessitated the banks to evolve, implement and evaluate long-term strategy and tactical plans. Maintaining external sustainability is a herculeant task for the sample bankers.

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