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A conceptual study on "How green marketing influences consumer adoption of green banking services"

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Abstract

The concept of Green i.e., usage of eco-friendly products has predominantly increased its significance due to sustainability concept specially on environmental safety concern. It has urged even Financial Institutions to integrate its banking services in such a way ensures green safety measures through carbon-neutral accounts, eco-friendly credit cards, and sustainable investment funds etc., However, in spite of increasing the concept of green marketing strategies, consumers are still least to response to these eco-friendly green initiatives.

There is no universally accepted definition of green banking and it varies widely between countries. [1] highlighted that there is absolute lack of research done on green banking and insisted to conduct more research work on green banking. This conceptual research paper describes the influence of green marketing on consumer adoption of green banking services, focusing on how eco-branding, sustainability, green advertising, digital engagement frame consumer perception. Considering the theories of consumer behavior, sustainability marketing and financial decision-making, this research paper evaluates the various factors influence on consumer willingness to inculcate the green banking services say psychological, social and economic factors. Key forces which challenge the marketing sustainable financial products through greenwashing skepticism, perceived financial

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trade-offs and lack of consumers awareness. Furthermore, the framework is proposed, consolidating elements of the Theory of Planned behavior (TPB), the Green Trust Model and consumer perceived value theory to elucidate the mechanism which foster the adoption of green marketing concept in green banging services. By synthesizing the various review of literature and identifying the research gaps, this research paper provides strategic view for financial institutions on how to expand their effectiveness of green marketing strategies and engage their consumers effectively. This paper contributes to the disclosure on green consumerism, sustainable finance and ethical marketing initiatives to ensures foundation for future empirical research on the marketing, finance, and environmental sustainability.

Subject Classification: *62P20, 62P25, 91B84, P1G50.*

Keywords: *Green marketing, Green banking services, Consumer perception, Financial decision making, Sustainable finance.*

Introduction

Green marketing is not a newly developed concept; its origins can be traced back to the late 1980s and early 1990s. However, the foundation for this idea was laid earlier when the American Marketing Association (AMA) conducted the first workshop on "Ecological Marketing" in 1975. The outcomes of this workshop led to the publication of the first major book on the topic, titled *Ecological Marketing*. Following this, several other important publications on green marketing appeared, including works.

Over the years, consumer awareness and concern for environmental issues have grown substantially, influencing their purchasing decisions [2], [3]. Environmentally conscious consumers are taking proactive steps to stay informed and responsible, and are increasingly demanding that companies deliver on their green commitments ([4], [2], [3]).

In this context, green banking—also known as G-banking—has played a significant role in supporting ecological sustainability by helping to lower carbon dioxide emissions [5], [6]. The concept of G-banking has emerged as a strategic initiative to address climate change and promote environmental stewardship through eco-responsible investment in products and services [7].

Modern consumers exhibit stronger preferences for environmentally sustainable products, driving companies to implement green practices throughout their operations. A range of strategies—whether public, private, or non-commercial—are now employed to tackle environmental concerns [8]. The heightened focus on climate change has brought green finance and banking to the forefront as essential tools for fostering environmental sustainability [9]. Additionally, technological innovations in green services have empowered eco-conscious customers to access sustainable options independently, reducing the need for direct assistance from service personnel [10].

A conceptual framework

This study integrates multiple theoretical perspectives to explain consumer adoption of green banking services:

1. **Theory of Planned behavior (TPB):** The Theory of Planned Behavior (TPB) is a psychological framework that posits an individual's behavioral intentions are shaped by their attitudes toward the behavior, perceived social pressure (subjective norms), and their sense of control over performing the behavior. This model helps explain how consumer attitudes, social expectations, and perceived ease or difficulty influence their willingness to adopt green banking services. Furthermore, each component of the TPB has been shown to significantly affect customers' intentions, ultimately guiding their actual adoption of green banking practices [11].
2. **Green Trust Model:** Green trust represents a consumer's willingness to believe in a brand based on the perception that the company is committed to environmental responsibility and will meet its ecological promises [12]. Consumers who demonstrate higher levels of green trust are more likely to engage in eco-friendly purchasing behaviors [13], [14], [15]. The degree of confidence consumers have in the environmental claims of products and services greatly influences their support and usage. Studies [14], [15] underscore the crucial role of trust in shaping consumer choices, particularly highlighting the necessity for transparency and sincerity in green marketing efforts.
3. **Consumer Perceived Value Theory:** Consumer Perceived Value Theory states that a customer's perception of a product or service's value is based on their assessment of the benefits they receive compared to the sacrifices they make (like price, time, and [16] in their study, it has found that link between CSR and customer perceived value can vary according to the CSR dimension. This study finds that the economic dimension is the only one to contribute the three types of CPV (functional value, emotional value and social value). The environmental dimension affects only the functional value. The social dimension does not generate any value.

Green Marketing Strategies in Banking

It has been observed that the green banking initiative has motivated numerous financial institutions—not only within India but also globally—to recognize and adopt environmentally sustainable practices [17]. Green banking (GB) involves a range of financial strategies and operational measures designed to promote sustainability, reduce environmental impact, and support a low-carbon economy. It represents a strategic framework through which banks integrate ecological considerations into both their internal operations and external engagements [18]. According to research by [19], central banks in the Asia-Pacific region, particularly in India, have acknowledged their crucial role in advancing green finance and have taken steps to support this agenda.

Consumer Perception and Adoption Barriers

The introduction of any new concept often faces significant challenges in terms of acceptance and implementation. Despite a growing global interest in sustainable finance, several obstacles continue to limit widespread consumer adoption. One major issue is skepticism related to greenwashing [20]. In the banking sector, greenwashing becomes particularly concerning when institutions showcase minor, symbolic green efforts while continuing to finance environmentally damaging activities. Such contradictions diminish consumer trust in financial products marketed as sustainable, thereby complicating efforts to meet global sustainability objectives [21].

Another hurdle is the limited awareness among consumers. Although numerous financial institutions have undertaken initiatives to promote green financial services, a large portion of the population remains unaware of these offerings or their potential benefits in everyday life. A study [22] indicates that while consumer awareness about green banking remains relatively low, there is still a strong enthusiasm for adopting these services.

Additionally, perceived financial trade-offs act as a deterrent. Many consumers associate new sustainable trends with increased financial costs, such as higher fees or inconvenience, compared to traditional banking methods. This perception reinforces a preference for conventional banking, making it difficult to encourage a shift toward more sustainable practices.

Implications for Financial Institutions with Sustainable Development

Every financial institution should be proactive and very sensitive before implementing their strategies to work on, while incorporating their marketing strategies specially with green marketing initiatives since it plays a crucial role in succeeding the consumers mindset of green adoption. Via., enhance consumer education, increase transparency, offer financial incentives, be genuine and honest, aim for continuous improvement, regulatory compliance

Green Marketing Initiatives by Financial Institutions and its Impact on Consumer Behaviour

The concept of Green marketing has not being overlapped, its significance has been stretched out in all the fields, with special initiatives even the financial institutions have been inculcated green initiatives in their various financial operations through offering sustainable investments plans, green bonds, eco-friendly loans, green savings deposits, carbon footprint calculators etc., in support to this even the consumers have also been significantly influenced and perceived the environmental responsibility and promoting a mindset towards sustainable financial choices which lead to increase in consumer loyalty, a positive brand image and even they are willing to pay a premium value for the green financial products offered by the various financial institutions. This, in turn, can lead to increased customer loyalty, a positive brand image, The study by [9] highlighted the impact of green banking on environmental performance, revealing a significant correlation between the two. Similarly, the research presented in [8] focused on the implementation of Green Banking Practices (GBP) within selected Indian banks. This progression is further reinforced by findings from [23], which explore how customer perceptions of green banking shape their attitudes toward the banks that adopt such practices. Additionally, the research conducted by [24] contributes to this evolving discourse, though its specific findings were not detailed here.

Future Trends in Green Banking Services

The concept of Sustainability plays a significant aspect in every business irrespective of its nature of activity is dealing with, environmental aspects that is concept of green are continuously enhancing its priority in both business as well as human lifestyles. Green marketing tends to offer more opportunities for various financial institutions to adapt and make responsible impact of conserving the environment.

According to [25], green banking is a vital aspect of sustainable finance, contributing significantly to both environmental conservation and economic resilience. Financial institutions possess the potential to enact substantial change by embedding sustainability into their operational strategies, investment portfolios, and lending frameworks. Nonetheless, for green banking to be effectively implemented, several obstacles must be overcome—including limited consumer awareness, regulatory challenges, and the complexities of managing financial risks.

Conclusion and Future Research Directions

Green marketing plays a crucial role in influencing consumer adoption of green banking services. However, overcoming skepticism, raising awareness, and providing financial incentives are essential to drive widespread adoption. Future research should empirically test the proposed framework, exploring how different marketing strategies affect consumer decision-making across various demographic segments. The concept of green cannot be seen only as an opportunity of company's competitive advantage prospective; it is with equal importance of every individual consumer to put effort to save the planet for present as well future though various stakeholders are putting some efforts to make it reliable and more conscious. Green marketing is still in its infant stage though the concept of green is emerged in late 90's and a lot of research has to be done on green marketing to ensure its full potential to the world. [26], [7] the literature study revealed that there is a more significant scope for the further research to be executed in the field of green banking as well green financial institutions with special concentrate on the consumer perception and their behavior on green banking services.

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