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Consumers Behavioral Willingness to Use Green Financial Products: An Empirical Study within a Theoretical Framework



Abstract: - the study looked into the subject of consumer behavioural willingness as a factor for influencing the use of green financial products. Climate change and demand for sustainability in various industries have been influencing the growth of green products and green innovations within industry sectors that also include the financial services sector. Green financial products are a component of green finance innovation and technological integrations that contribute towards the improvement of consumer decisions related to making green purchases in the financial industry. Investment and financing through the integration and acceptance of green policies and demands for sustainability are influencing the development of green financial products as much as it is impacting the consumers' decisions and willingness to pay for green financial products. The study conducted a qualitative data collection and analysis for the accumulation of empirical findings in association with theoretical implications related to consumers behaviour and behavioural willingness for making purchases and thereby using green financial products through an exploration of different theoretical frameworks and models such as consumer perceived value theory and theory of planned behaviour as well as Technology acceptance model.

Keywords:

Green financial product, green finance, consumer behaviour, customer, willingness, purchasing intention

I. INTRODUCTION

A. Background and Problem statement

Green financial products have been evolving and gaining attention at the current time with the emergence of sustainability as a form of trend in a global sphere. Several innovations and product categories are emerging with the demand for sustainable development and maintaining sustainability through product use. The innovations and products such as green financial products are an instance of the increasing adaptations of products being offered to consumers having to be adapting to Macro conditions and market needs of the economy be it at a regional or local level. Demands for financial products are being observed as a dynamic shift in the financial market and interest rate environment alongside the expectation of investors changing towards considering green financial products as investment assets. The development of the trend for regarding sustainability as a criteria for competitive advantage has progress with the transformation of this consideration from a competitive advantage criteria to a competitive criteria itself [1].

The increasing concern towards climate change impact has been transforming several sectors at once to meet the collective goal of reducing climate change impacts by achieving carbon neutrality for instance. Decarbonization and related environmental action are considered interconnected with the access to finance and financial solutions that are handled by finance intermediate. Finance intermediaries such as private banks are responsible for providing a broad range of financial product design for multiple investors in a form of guiding investment as well as direct financing of projects that are regarding climate and energy transition for instance. Green financial products imply acceptance of lower returns on investment and general attitude towards green finance. It is often observed in terms of private bank retail customers have a contribution towards additional financial resources with a instance of increasing interest in green finance among retail consumers of banks [2].

Sustainable financial industry has been growing into an impactful field that addresses the need for alternative forms of investing. A large volume of capital systems and green final have been identified as associated with the large capital investments for economic return that Abids by specific ecological and social standards. Green

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financial products in this case imply at its production for the attempt of Re branding the port actions as well as implementation of new conditions for sustainable and green investments. The condition of an include regulations and standard as well as integration of new trading platforms and marketing techniques among other factors. Green finance is considered as a part of a broader concept of sustainable finance that involves only considering environmental investment criteria as well as climate Finance. Green finance is considered to be mainly focused towards environmental investment criteria as well as climate Finance. It also involves investment and financing towards large infrastructure projects that have more social justice as well as long term non Fossil energy source development along with the particular focus on long term return [3].

The behaviour and intention for making purchases have an influence on the decision making for purchasing products and we can apply for financial products as well. Climate change is identified for its broad impact including in terms of financial instruments being developed into green finals as a response to climate change. Green finance was first introduced by the World Bank in 2009 as environmentally friendly bonds. This has evolved with time into becoming a financial instrument for addressing and formatting climate change. Knowledge and experience of climate change and green finance and it's financial products have an impact on the preferences and perception of consumers in terms of making purchases for alternatives being influenced by the knowledge and intention driving consumers to make eco-friendly product purchases that are related with environmental concerns and effectiveness of consumers to contribute towards those concerns through their eco friendly purchases and impact of providing support to sustainability [4].

The study will be exploring the relationship and intention of using green financial products among consumers as well as their behaviour and willingness towards green finance and green financial products as a computer towards the financial industry and its transformation into sustainability so exploring theoretical models in association to it.

B. Research Objectives and Questions

The study will be exploring the following research questions and objectives

Research Questions

- ❖ What is the relation of consumer behavioural willingness towards use of green financial products?
- ❖ What are the different applicable theories to understand these relations and impacts?
- ❖ What are the impacts of consumer behavior and willingness on green financial products?

Research Objectives

- ❖ To understand the relation of consumer behavioural willingness towards use of green financial products
- ❖ To identify the different applicable theories to understand these relations and impacts
- ❖ To exp-lore the impacts of consumer behavior and willingness on green financial products

II. REVIEW OF LITERATURE

There are a range of existing literature and among them some of them would be reviewed in association to the research study subject. Financial Technology has been evolving in the current periods in the financial service industry and financial products have been evolving into inclusion of sustainability as a diverse dimension regarding evolving demands of consumers. Sustainability is becoming one of the aspects that are being considered into the elements of investment and financial activities and behaviour determinants. Consumers taking part in greeninvesting or sustainable investing as a form of financial practice involves the inclusion of trust as a component for making financial decisions. Trust is regarded as a key element for ensuring sustainable capital among companies with green initiative. Thereby trust is considered as an element of influencing the decisions of investors as well as influencing personal attitude, subjective non and perceived behavioural control that are considered as causing positive impact towards the trust consumers have on green financial products. Environmental concern among consumers particularly young consumers such as generation Z, are considered to be influencing their intention and willingness for paying for green products [5].

Consumer behaviour is influenced by several elements that are contributing towards the decision making process of consumers in making purchasing of products or services. There are several elements such as social, economic , psychological or cultural aspects that influence decisions towards making product purchases. For instance social factors are considered as influencers towards consumer decisions for purchasing certain products that are socially acceptable in nature. Showcasing of green products that can also include financial products would

indicate the client perspective and their genuine purchasing conduct regarding green things or products. Customers are impacted by several factors that include the utility natural bodies and economic of green products that influence the eagerness to pay and making purchasing decisions among consumers [6].

There are different theoretical perspectives that can be explored in particular association to the element of green financial products being considered for purchase among consumers and their willingness to pay or make purchasing decisions towards acquisition and consumption of green financial products. One of these theoretical implications include consumer received value that implied positive impact of customer satisfaction and customer repeat purchase intention. The consumer's perfect value is capable of influencing the satisfaction of consumers from a product or service. Financial products are provided by banks as a career towards executing their service activity to consumers and the consumer demand is considered as a guiding element associated with financial product consumption. Financial products meeting consumer needs and quality of those products being capable of satisfying customers is capable of impacting the development of the banks and service institutions that provide financial products to the consumers [7].

Consumer behaviour and trust towards products are the elements that influence consumers in making purchases and displaying a willingness for making purchasing decisions towards certain products and services. The development of trust regarding a product aur services such as indications of financial products or banking initiatives that are associated with financial products can influence consumers into making purchasing decisions that would be impacted by Green initiative that influence willingness of making such purchases. Banks and Financial Institutions require gaining the trust of customers in a perspective of green products and initiative being ended to them as a way of integrating their interactions and activities in association to making green purchases with these institutions involve the needs to maintain the reliability trust vagina and dependability of their environmental performance promises and expectations towards the customers. Providing information of a product and its “greenness” of the financial products being shared which stakeholders is capable of gaining more trust of consumers to make willing purchasing decisions [8].

Another theory that can be implemented as a political element to understand purchasing decisions and consumer behaviour in association to making purchases is the theory of planned behaviour. TPB is a theoretical framework that indicates buying intention being divided into attitude observable behavioural control and social norms [9]. The buying behaviour is predicted through the combination of all these factors and they have various consequences on consumers' intention to purchase a product. Innovation in the financial service industry and their respective products such as fintech in the tree and products are recognised as innovations that have been introduced into the industry to the consumers as a way of scattering to consumer demands and innovation and encouragement of changing consumer consumption patterns.

Fintech is considered to lead towards A reduction of cost and enhancement of volume of financial transactions as well as increasing financial literacy alongside the fact that it is an enabling inclusion for financial institutions to be capable of adopting green technology such as green finance and green innovation [9]. This form of innovative approach for services is regarded to contribute towards feasible adoption of environmental sustainability related policies and adoption of pro environmental attitude and growth of the green industry. Consumers are making a shift towards green financial products and innovations under the influence of the innovative changes within the financial industry hence pushing the subjective nor influencing subjective norms and attitude of green initiative and environmental sustainability among prospective consumers.

[9].

Another theoretical model that can be explored in association to the aspect of using green financial products that observe certain friends of adoption of digital transformation and technological innovations could include the technology acceptance model as a theoretical framework. TAM is recognised as an effective theoretical model that understands user acceptance and the intention of users to adopt and use a certain technological application. The theoretical model focuses on Ease of use and perceived disability of the technology that are influencing factors towards the person's intention of using a new technology [10]. Innovative inclusions of services and technology such as fintech are considered as enabling instruments that simplify or is investors that are looking into making investment decision towards green products as it is observed as a disruptive innovation due to its inventiveness and application for fintech is considered to be associated with facilitation of positive attitude towards fintech having an influence on green financing and financial products.

III. METHODOLOGY

The ongoing research will be exploring the aspect of consumer behaviour and their willingness towards making purchases and using green finance and green financial products full stop this makes the research a qualitative research study due to its higher focus on exploring the subject matter in perspective of evaluating existing literature available in the form of research articles that are providing qualitative and textile information in association with the study subject. The study explores textual and qualitative data in association with the research study in order to gather empirical findings and data related to explore the research questions and objectives.

The research study implements a secondary qualitative Data Collection procedure for the accumulation of Information and empirical data in relation to the research subject. The secondary data collection method involves accumulation of information from selected research articles and journals that are capable of providing empirical data in relation to the research questions and objectives that are intended to be explored into the study. The data are evaluated through the implementation of a secondary qualitative data analysis method that would be evaluating the research articles that have been selected for empirical data in association to the current research study.

IV. RESULTS

The results explore and look into research studies in association to the current research subject of consumer behavioural willingness to make financial product purchases. One of the studies selected implied the need for diversification of green financial products as a means for green financial development. The study included addressing different kinds of products such as green credit, green investment and green insurance being a few of the products [11]. The study also implied green finance as a concept of Sustainable financials that is dependent on the emergent need for contributing to the protection of the environment and is regarded as an objective necessity for sustainable development of the financial industry. Environmental preference of consumers is regarded as a social dimension element that influences green innovation of corporations and implying the potential demand and adoption of green financial products as a source of green innovation.

Another study included the consumer dimension of financial awareness as a component that influenced purchasing intent of financial products. Consumers as per the studies implication were confronted with a wide range of financial offices including investments saving or credit schemes with a huge variety of alternatives that influence conscious consumer choices. Giving preferences to services and products as well as offering financial products and services that are known by consumers are in a way supporting and representing ownership values and community. Consumers having knowledge about financial products are in a way influencing and informing consumers that are identified to have important characteristics towards making purchasing decisions. These characteristics could be considered to include socially conscious forms of purchasing decision making quality that are influenced by ethical and environmental as well as social and sustainability related considerations alongside self interest[12]. This could also be implied that environmentally friendly products and services being chosen by consumers could be recognised as the consumers considering the environment as a value for making purchasing decisions.

The theory of customer perceived value is considered you have a contribution towards being understanding of the factors infracting the perceived value of consumers. The study shows that improvement of customer perceived value is capable of enhancing consumer satisfaction that could in turn influence the loyalty of customers towards products and services [13]. This would be evaluated in consideration is the fact that the perceive value that could influence the development of satisfaction among constants that can further on impact the loyalty of customers towards the product and service could be explored in perspective of green financial products as the perceived value of products being capable of contributing towards the goal of sustainable development and environmental responsibility of consumers can influence where willingness to use a consumer product based on the expected satisfaction and loyalty that the consumers must have developed dependent on the information they gathered and the trust they have on the product and its features.

Another study included the evaluation of different green financial products and services that are accessible to people such as green banking bonds insurance and loan schemes. The study also identified the implications of green products and services that contribute towards the appeal of environmental friendliness and green growth to environment friendly consumers [14]. Theory of planned behaviour country towards the evaluation of the intention of Eco Friendly consumers through exploring the attitude and norms of customers with their consequent

behaviour being shaped by the subjective normal that identified that consumers projecting ecologically conscious consumer priorities purchasing eco friendly products [15]. These implication Syndicate the consumer purchasing behaviour and the behavioural willingness of customers to purchase and use Green financial products being influenced by the environmental consciousness and sustainability demand of customers to make purchases that would be contributing towards the goal of sustainable development.

The TAM model identified the influence of utilising new technology under the influence of perceived usefulness and ease of use [16]. The acceptance and adoption of digital platform and services as well as these expectancy of green performance under sustainable banking services are influenced by the aspect of consumers recognising using a eco friendly banking solutions are capable of saving them time and increase the application of financial transactions is likely to expand there positive attitude towards technological applications that integrate the use of green financial products.

V. DISCUSSION

The above studies had contributed towards the understanding of consumers making purchasing decisions for financial products. Individuals having experience and interest in saving or investing money could be considered to be more interested in investing in green financial products that are a result of the development of sustainable products for investors and customers to realise the opportunity of sustainable transition. Also people having a positive perception of the impact that sustainable financial instruments have on the environment are capable of influencing their positive attitude towards these kinds of financial products [17].

This indicates green financial products and the willingness of consumers to pay for green products. the implication of the fact that consumers that are more conscious towards environmental impact and sustainability are influenced to make certain decisions towards making purchase of financial products there by employing their influence for making sustainable purchasing decisions that influence making purchase in decision towards buying green financial products as a financial product that can assist consumers in contributing towards action against climate change and positive environmental impacts.

It is identified that the compliance with regulations of guidance have been influencing banks and Financial Institutions in providing more green financial products to consumers in a way of adding consumers to be capable of improving their environmental responsibility contribution by the encouragement of maximizing green financial product use is considered as a strategic element of influencing consumer buying behaviour in towards the willingness of green financial product purchase and use [18]. Thereby increasing acceptance among consumers in making purchasing decisions and adopting to technology advancement is also considered as an impactful contribution towards the growth of willingness to use green financial products.

VI. CONCLUSION

In conclusion, the findings that have been evaluated above include the assessment of consumer behaviour as an element of influence towards making purchasing decisions and taking part in consumption of green financial products. The study contributed in the understanding of perception of value made by consumers regarding a product or service having an influence in the eagerness to pay for those products that can be influenced by the trust they have on the product. In case of trust on green product such as green financial product having similars of relationship in association to the purchasing intense and consumption of green financial products could be associated to the fact of informativeness and reliability of information regarding green product and their influence on maintaining positive environmental impact having role in the decision making of consumers and shaping their perception of value regarding green product.

Through the theory of planned behaviour it was identified that subjective loan has an influence on consumers making a purchasing decision that is socially acceptable such as adoption of green initiative as a way to comply with adoption of green initiative as a way to comply with achieving the demand for and contributing to a sustainability development and environmental responsibility. The application of the theory of land behaviour was capable of assisting in the recognition of the fact that technology and advancements in the field of financial services and products have an implication on the decisions of purchase among consumers as well as the willingness to use products associated with green financial products and green finance.

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