

# A Study on Green Financial Products and Their Influence on Consumer Buying Behaviour

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## Abstract

*Green finance has emerged as an essential tool for promoting sustainable development and environmentally responsible investment practices. Green financial products such as green bonds, green loans, sustainable mutual funds, and eco-friendly insurance policies are designed to support projects that promote environmental protection and resource conservation. These products encourage individuals and institutions to invest in activities that contribute to environmental sustainability while also generating financial returns. In recent years, consumer awareness regarding environmental issues and climate change has increased significantly, influencing purchasing and investment decisions. Consumer buying behaviour towards financial products is increasingly shaped by environmental concerns, social responsibility, and ethical investment considerations. Consumers today prefer financial services that not only provide economic benefits but also support environmental sustainability. Green financial products attract environmentally conscious consumers who seek to align their financial decisions with ecological values. Studies indicate that consumer perceived value, awareness, trust, and incentives significantly influence the adoption of green financial products. The integration of digital technologies and green finance platforms has also improved accessibility and awareness among consumers. Green consumer behaviour refers to purchasing decisions that consider environmental impacts and sustainability aspects of products or services. Consumers often prefer products that have minimal environmental impact and support sustainable development initiatives. This study examines the influence of green financial products on consumer buying behaviour. The research analyzes consumer awareness, attitudes, and preferences towards green financial products and identifies key factors influencing their adoption. Primary data were collected through a structured*

*questionnaire and analyzed using statistical tools such as percentage analysis, correlation, regression, and chi-square tests. The findings reveal that environmental awareness, perceived benefits, and trust in financial institutions significantly influence consumer purchasing behaviour regarding green financial products. The study concludes that effective marketing strategies, financial literacy programs, and government policies can enhance consumer participation in green finance and promote sustainable economic development.*

***Keywords:*** *Green Finance, Green Financial Products, Consumer Behaviour, Sustainable Investment, Environmental Awareness*

## **Introduction**

Environmental sustainability has become a major concern across the world due to increasing environmental degradation, climate change, and depletion of natural resources. Financial systems are now playing an important role in promoting sustainable development through green finance initiatives. Green finance refers to financial investments that support environmentally friendly projects and encourage sustainable economic activities. In recent years, financial institutions have introduced various green financial products such as green bonds, green loans, green mutual funds, and sustainable insurance policies to promote environmentally responsible investment practices.

Consumer awareness about environmental issues has also increased significantly. Many consumers prefer financial products that contribute to environmental protection while providing financial benefits. As a result, consumer buying behaviour is gradually shifting towards sustainable and eco-friendly financial products. The demand for green financial products is influenced by several factors such as environmental awareness, perceived benefits, trust in financial institutions, and government initiatives.

Understanding consumer behaviour towards green financial products is important for financial institutions to design effective marketing strategies and encourage sustainable investments. This study examines the influence of green financial products on consumer buying behaviour and identifies the key factors affecting consumer adoption of these products.

## **Concept of Green Finance**

Green finance refers to financial activities that support environmental sustainability and promote environmentally responsible investments. It includes funding projects that aim to reduce carbon emissions, improve energy efficiency, and promote renewable energy sources. Governments and financial institutions encourage green finance as a strategy to achieve sustainable development goals and address environmental challenges. Green finance plays a vital role in supporting eco-friendly business practices and encouraging organizations to adopt sustainable production methods. By integrating environmental considerations into financial decision-making, green finance helps balance economic growth with environmental protection.

## **Types of Green Financial Products**

Green financial products are financial instruments designed to support environmentally sustainable projects and investments. These include green bonds, green loans, green mutual funds, sustainable insurance policies, and eco-friendly savings schemes. Green bonds are issued to finance projects such as renewable energy and waste management. Green loans provide financial assistance to businesses that adopt environmentally friendly technologies. Green mutual funds invest in companies that follow sustainable business practices. These products not only provide financial returns but also contribute to environmental protection and sustainable development.

## **Green Consumer Behaviour**

Green consumer behaviour refers to the purchasing decisions made by consumers based on environmental considerations. Consumers who are environmentally conscious prefer products and services that minimize environmental damage and promote sustainability. In the context of financial services, consumers increasingly prefer green financial products that support eco-friendly projects and responsible investment practices. Factors such as environmental awareness, social responsibility, and ethical values influence green consumer behaviour. Financial institutions can encourage green consumer behaviour by providing transparent information about the environmental benefits of their financial products.

## **Factors Influencing Consumer Adoption of Green Financial Products**

Several factors influence consumers' willingness to adopt green financial products. Environmental awareness is one of the most significant factors, as consumers who are aware

of environmental issues are more likely to support sustainable investments. Financial benefits such as tax incentives, higher returns, and risk reduction also motivate consumers to invest in green financial products. Trust in financial institutions and government policies supporting green finance play an important role in influencing consumer decisions. Additionally, marketing strategies, financial literacy, and social influence can encourage consumers to adopt green financial products.

### **Role of Financial Institutions in Promoting Green Finance**

Financial institutions play a crucial role in promoting green finance by introducing innovative financial products that support sustainable development. Banks, insurance companies, and investment firms develop green financial instruments to finance environmentally friendly projects and businesses. These institutions also raise awareness among consumers about the benefits of green financial products through marketing campaigns and financial education programs. By integrating sustainability into their financial services, institutions contribute to reducing environmental risks and promoting responsible investment practices. Effective collaboration between financial institutions, governments, and consumers can significantly increase the adoption of green finance.

### **Importance of Green Financial Products in Sustainable Development**

Green financial products are essential for achieving sustainable economic growth while protecting the environment. These products help channel financial resources toward projects that reduce pollution, conserve natural resources, and promote renewable energy. By supporting environmentally responsible initiatives, green financial products contribute to climate change mitigation and environmental conservation. They also encourage businesses to adopt sustainable practices and improve corporate social responsibility. Increasing consumer participation in green financial products can strengthen the financial system's role in promoting sustainability and long-term environmental protection.

### **Review of Literature**

Xie et al. (2024) examined consumer willingness to adopt green financial products and found that perceived value, rewards, and consumer motivation significantly influence adoption behaviour. The study used a structural equation model and highlighted the importance of digital platforms in promoting green financial services. It concluded that

environmental awareness and incentives encourage consumers to participate in green financial initiatives and increase their willingness to use sustainable financial products.

Shrotriya (2024) analyzed consumer behavioural willingness to adopt green financial products using theoretical frameworks such as perceived value theory and the technology acceptance model. The study emphasized that consumer perception and awareness strongly influence adoption behaviour. The research suggested that financial institutions should improve communication strategies to promote green financial products effectively.

Ghvanidze et al. (2016) studied green consumption behaviour and reported that consumers increasingly consider environmental impacts while making purchasing decisions. The study found that environmental responsibility and sustainability awareness influence consumer preferences for eco-friendly products and services.

Belz and Peattie (2009) highlighted the concept of sustainable consumer behaviour and explained that consumer purchasing decisions are increasingly influenced by sustainability concerns and environmental awareness.

Chen and Chang (2012) examined green marketing and consumer trust and found that environmental credibility and green brand image significantly influence consumer purchase intentions.

### **Need for the Study**

Growing environmental concerns and climate change have increased the importance of sustainable financial practices. Consumers are gradually becoming aware of environmentally responsible investment options, yet the adoption of green financial products remains relatively limited. Understanding consumer attitudes and behaviour towards these products is essential for financial institutions to promote sustainable financial services effectively. This study helps identify the factors influencing consumer buying behaviour towards green financial products and provides insights for improving green finance adoption.

### **Statement of the Problem**

Despite increasing environmental awareness and the availability of green financial products, many consumers still prefer conventional financial products. Limited awareness,

lack of trust, and insufficient marketing strategies hinder the adoption of green financial products. Therefore, it is necessary to analyze the factors influencing consumer buying behaviour towards green financial products and understand how financial institutions can encourage consumers to adopt sustainable financial options.

### **Scope of the Study**

The study focuses on understanding consumer behaviour towards green financial products and identifying factors that influence their adoption. It provides insights for financial institutions and policymakers to develop strategies that encourage consumers to invest in environmentally responsible financial products. The research contributes to promoting sustainable finance and increasing awareness about green financial initiatives.

### **Objectives of the Study**

1. To study the concept and importance of green financial products.
2. To analyze consumer awareness regarding green financial products.
3. To examine the influence of green financial products on consumer buying behaviour.
4. To identify factors influencing consumer adoption of green financial products.
5. To provide suggestions to promote green financial products.

### **Research Methodology**

Research methodology refers to the systematic process used to collect, analyze, and interpret data in order to achieve the objectives of the study. It provides a structured framework that helps the researcher understand consumer perceptions and behavior regarding green financial products. In this study, the methodology focuses on examining how green financial products influence consumer buying behaviour and identifying the factors that affect their adoption. Both primary and secondary data sources were used to obtain reliable and comprehensive information.

### **Research Design**

The study adopts a descriptive research design, as it aims to describe the level of consumer awareness, attitudes, and preferences regarding green financial products. Descriptive research helps in understanding the relationship between green financial products and consumer buying behaviour. It allows the researcher to analyze patterns and trends in consumer responses and interpret the results effectively.

## **Sources of Data**

The study is based on both primary and secondary sources of data.

### **Primary Data**

Primary data were collected directly from respondents using a structured questionnaire. The questionnaire contained questions related to awareness of green financial products, consumer attitudes, purchase intentions, and factors influencing adoption.

### **Secondary Data**

Secondary data were collected from journals, books, research articles, conference papers, websites, and reports related to green finance and consumer behaviour. These sources helped provide theoretical support and background information for the study.

### **Sampling Design**

Sampling is the process of selecting a group of respondents from a larger population for the purpose of collecting data.

### **Population:**

The population of the study consists of consumers who are users of financial services such as banking, insurance, and investment products.

### **Sampling Technique**

The study uses convenience sampling, where respondents were selected based on their accessibility and willingness to participate in the survey.

**Sample Size:** A total of 120 respondents were selected for the study to collect primary data regarding their awareness and adoption of green financial products.

### **Data Collection Instrument**

A structured questionnaire was used as the main instrument for data collection. The questionnaire consisted of both closed-ended and multiple-choice questions. It was divided into different sections such as demographic details, awareness of green financial products, consumer attitudes, and purchasing behaviour. The questionnaire helped in collecting quantitative data that could be analyzed using statistical tools.

## Statistical Tools Used for Analysis

The collected data were analyzed using various statistical tools to interpret the results effectively.

1. **Percentage Analysis** Percentage analysis was used to classify and interpret the demographic characteristics of respondents and their level of awareness regarding green financial products.
2. **Correlation Analysis** Correlation analysis was used to measure the relationship between environmental awareness and consumer purchase intention towards green financial products.
3. **Regression Analysis** Regression analysis was applied to identify the extent to which independent variables such as environmental awareness and perceived financial benefits influence consumer buying behaviour.
4. **Chi-Square Test** the chi-square test was used to determine whether there is a significant association between variables such as awareness level and adoption of green financial products.

## Data Analysis and Interpretation

1. **To analyze the level of consumer awareness about green financial products**

**Table 1: Awareness of Green Financial Products**

Awareness Level	Number of Respondents	Percentage
Highly Aware	38	31.7%
Moderately Aware	52	43.3%
Slightly Aware	18	15.0%
Not Aware	12	10.0%
Total	120	100%

**Interpretation:** The table indicates that 43.3% of respondents are moderately aware of green financial products, while 31.7% are highly aware. However, 25% of respondents have limited or no awareness. This shows that although awareness is increasing, financial institutions need to improve promotional and educational activities regarding green finance.

## 2. To examine consumer preference towards different green financial products

**Table 2: Preferred Green Financial Products**

Green Financial Product	Respondents	Percentage
Green Bonds	28	23.3%
Green Mutual Funds	35	29.2%
Green Loans	22	18.3%
Sustainable Insurance	20	16.7%
Green Savings Schemes	15	12.5%
Total	120	100%

**Interpretation:** The table reveals that 29.2% of respondents prefer green mutual funds, followed by green bonds at 23.3%. Green savings schemes have the lowest preference. This indicates that consumers are more interested in investment-based green financial products that offer both financial returns and environmental benefits.

## 3. To identify the factors influencing consumer buying behaviour towards green financial products

**Table 3: Factors Influencing Consumer Adoption**

Factors	Respondents	Percentage
Environmental Awareness	34	28.3%
Financial Benefits	30	25.0%
Government Support	21	17.5%
Social Influence	18	15.0%
Marketing and Awareness	17	14.2%
Total	120	100%

**Interpretation:** The table shows that environmental awareness is the most influential factor affecting consumer buying behaviour, accounting for 28.3%. Financial benefits also play an important role. Government support and marketing efforts have relatively lower influence, indicating that increasing awareness campaigns may significantly improve adoption of green financial products.

#### 4. To examine the relationship between environmental awareness and consumer purchase intention (Correlation Analysis)

**Table 4: Correlation between Environmental Awareness and Purchase Intention**

Variables	Correlation Value (r)
Environmental Awareness & Purchase Intention	0.69

**Interpretation:** The correlation coefficient of 0.69 indicates a strong positive relationship between environmental awareness and purchase intention towards green financial products. This suggests that consumers who are more environmentally conscious are more likely to invest in green financial products.

#### 5. To test the relationship between awareness and adoption of green financial products (Chi-Square Test)

**Table 5: Chi-Square Test Result**

Variable	Chi-Square Value	Significance Level	Result
Awareness & Adoption	11.82	0.05	Significant

**Interpretation:** The chi-square value indicates a significant relationship between consumer awareness and adoption of green financial products. This means that higher awareness levels lead to greater adoption. Increasing awareness through education and marketing initiatives can therefore encourage more consumers to choose sustainable financial products.

### Regression Analysis

**Table 6: Regression Analysis – Influence on Consumer Buying Behaviour**

Variables	Beta Value	Significance
Environmental Awareness	0.54	0.01
Financial Benefits	0.41	0.02
Government Support	0.28	0.05

**Interpretation:** Regression analysis shows that environmental awareness has the strongest influence on consumer buying behaviour towards green financial products. Financial benefits also significantly influence adoption decisions. Government support has a moderate impact, indicating that policy incentives and awareness programs can further encourage consumers to adopt green finance options.

## Findings

1. The study reveals that a majority of respondents are moderately aware of green financial products, while a smaller percentage of consumers still lack awareness about such products.
2. Green mutual funds and green bonds are the most preferred green financial products among consumers.
3. Environmental awareness is identified as the most influential factor affecting consumer buying behaviour towards green financial products.
4. Financial benefits such as better returns, tax benefits, and incentives also influence consumer adoption of green financial products.
5. The correlation analysis indicates a strong positive relationship between environmental awareness and consumer purchase intention.
6. Regression analysis shows that environmental awareness and financial benefits significantly influence consumer buying behaviour.
7. The chi-square test confirms that consumer awareness and adoption of green financial products are significantly related.
8. Consumers show a growing interest in sustainable investments that combine financial returns with environmental responsibility.

## Suggestions

1. Financial institutions should conduct awareness campaigns and educational programs to increase consumer knowledge about green financial products.
2. Governments should introduce tax benefits and incentives to encourage consumers to invest in green financial products.
3. Banks and financial institutions should develop innovative and attractive green financial products to meet consumer expectations.

4. Marketing strategies should highlight both financial returns and environmental benefits to attract environmentally conscious consumers.
5. Financial literacy programs should be organized to improve understanding of sustainable investment options among consumers.
6. Collaboration between government agencies, financial institutions, and environmental organizations can help promote green finance effectively.

### **Limitations of the Study**

1. The study is limited to a sample size of 120 respondents, which may not fully represent the entire population.
2. The research is based mainly on primary data collected through questionnaires, which may involve respondent bias.
3. The study focuses only on selected green financial products, and other emerging green financial instruments are not considered.
4. Time constraints limited the ability to collect data from a larger geographical area.
5. Consumer attitudes and perceptions may change over time, which could affect the findings of the study.

### **Conclusion**

Green financial products play a significant role in promoting environmentally sustainable economic development. The findings of the study indicate that consumer awareness and environmental concern are major factors influencing the adoption of green financial products. Consumers are increasingly interested in financial services that support sustainability while providing financial benefits. However, limited awareness and insufficient promotion remain key barriers to wider adoption. Financial institutions and policymakers should focus on improving consumer education, introducing attractive incentives, and developing innovative green financial products to encourage sustainable investment behaviour. Increasing consumer participation in green finance will contribute to environmental protection, sustainable economic growth, and the achievement of global sustainability goals.

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