



Green Banking Implementation: Evaluating its Impact on Customer Perspective

Antheo Mattew Himawan Hardosubroto, Edwald Mentink

Departemen Akuntansi Fakultas Ekonomika dan Bisnis Universitas Diponegoro
School of Finance and Accounting, Saxion University of Applied Sciences

ABSTRACT

The current condition of global environment is deeply concerning, with multiple interconnected issues causes serious threats to our ecosystems, human health, and sustainable development. With increasing environmental concerns, many industries have adopt sustainable practices in order to avoid some risk that may damaging our planet. In response, banking industries have adopt green banking practices, prioritizing sustainability practices align with the environmentally friendly policy in order to reduce carbon footprint, address climate change and lower energy costs. Green finance is one of the key aspect of green banking where involves shifting their investment from non-eco-friendly companies to sustainable companies. This study investigates how green finance initiatives by banks influences customer perceptions, particularly in the terms of customer trust and loyalty.

The methodology employed qualitative interviews with 11 customers from different generations of ING bank in the Netherlands and literature review as the supporting data. The study finds that green finance initiatives significantly impact customer trust and loyalty. Younger generations, including Generations Y and Z, tend to view green finance favourably, leading to increase trust and loyalty to their bank. On the contrary, Generation X perceives green finance less favourably, potentially lower their trust and loyalty to their banks.

Keywords: “Green Banking”, “Green Banking Practices & Initiatives”, “Green Finance”, “Green Banking in the Eye of Banking Customer”, “Green Bank Equity”, “Green Finance Investment”, “Green Banking on Customer Satisfaction”, “The Effect Transition of Green Finance”, etc.

BACKGROUND

The economic expansion within specific industries is characterized by a rise in total income that they have generated, driven by an increase in economic activity in those sectors. The higher level of economic growth indicates that their economic tools and activities are working effectively (Ayu et al, 2021). Rapid economic growth brings both positive and negative sides. On the positive side, an increasing economy leads to employment opportunities in certain sectors, followed by optimization in the input of the production that results in higher company income (Muhammad Arif & Zana Zein Hardimanto, 2022). On the other side, some researchers argue that the negative sides of economic activity will lead to negative effects on the surrounding environment due to residues in economic processes which a negative impact on the environment (Chen, J et.al, 2022).

The banking industry plays a crucial role in driving economic growth because it mostly deals with financial transactions and provides monetary services (Faster Capital, 2023). However, banking activities can produce a detrimental effect on their surrounding environment, both directly or indirectly. According to Clare Carlie 2022, many banks continue to finance industries with significant climate impact, such as oil and gas companies, which contribute to climate breakdown and environmental degradation.

In response, to minimize the negative impact on the environment, banking industries need to shift into an environmentally focused strategy through the adoption of Green Banking. Green banking refers to the initiatives of banks that are more concerned about environmental and social factors with an aim to prevent any activities that can harm the earth and achieve a sustainable environment (Tonmoy Toufic Choudhury, 2013). As mentioned by Jin Noh Hee in 2023, green banking products include; green loans, green deposits or savings, green credit cards, green finance, etc. Within green banking products, this thesis will focus on green finance.



Green finance involves the allocation of customer's savings towards companies that have projects or initiatives that have positive impacts on the environment. In simple terms, green finance drives the transformation from the resource-inefficient and carbon-producing industries into the green industry (Gao, 2009). It involves where banks shift their investment techniques to sustainable technologies and environmentally friendly practices.

It is important to know that these bank environmental initiatives could influence how the bank customer's perceptions are influenced positively or negatively when they decide where to deposit their money after shifting their investment to renewable industries. Additionally, customer perception plays a significant role in the bank industries, as it can be measured by the products or services offered (Kotler & Armstrong, 2015). Furthermore, customer perceptions towards the banking industries are important due to the fact that every customer has a different reason as to which financial service they use, resulting in different levels of behavior that include trust and loyalty (Liang C, 2009). Trust is always a matter of concern because trusting in financial terms can be defined as an individual's confidence when their money is secure after being deposited to the banking institution (Gennaioli, 2015). Loyalty, on the other hand, is determined by the customer's preference for a bank's service or products, despite many competitive options and offerings in the market (Flavio Moretto, 2023). When bank customers deposit their money in the bank, it becomes the bank's responsibility to earn and maintain their trust, which influences their loyalty to the bank and whether or not they stay with the bank or switch to another institution. Therefore, customer perceptions serve as the main key for the banking industries, as for the basis foundation for building and developing stable mutually beneficial and long-term relationships with customers (Huidong Sun, 2020).

In the age of sustainable economics, many banking institutions are shifting their investment towards environmentally friendly companies to prioritize environmental sustainability. However, it remains unclear how customers perceive banking industries investing in these environmentally sustainable companies and how it influences their decision to deposit their money. This study aims to investigate customer perceptions when the bank allocates their funds to new, environmentally friendly investments. It examines customer's responses which is their trust and loyalty to the bank as an effect of bank financing shifting from non-eco-friendly companies to companies that prioritize environmental sustainability.

THEORITICAL FRAMEWORK

Green Finance

Nowadays, customers are not only concerned with price or quality, but they are also worried about the environment (Mudassar, 2013). Additionally, today's clients are becoming increasingly more ecologically aware, considering not only the security of their funds but also the possible effects of their investments on the environment and quality of life in society (Muhammad A, 2010). In response to the public's growing concern over banks' environmental practices, banks should adopt green banking initiatives more broadly (Islam et.al, 2014). According to Biswas N (2011), green banking initiatives could be beneficial for both banks and stakeholders, as such an approach enhances operational efficiency, reduce fraud and lower banking costs. Furthermore, customers expect green banking financial products to be easily understandable and services to be accessible to everyone (Saha Shampa, 2017). One of the most important green banking initiatives is green finance, which involves banks shifting their investments by financing projects aimed at prioritizing environmentally friendly products and services, such as renewable energy, alternative energy, energy efficiency, recycling and recyclable products, waste management, and green industry development (Khairunnessa F, 2021). To put it simply, green finance accomplishes by allocating capital through diverse financial mechanisms aimed in reducing the negative consequences of environmental degradation and climate change.

However, there are some barriers that might affect customers' preference to support green finance initiatives, as an example, banks are unable to evaluate the advantages and significance of funding sustainable energy projects due to the insufficient documentation and information provided by companies seeking for funding for their clean energy (Griffin A, 2017). Hence, banks can be discouraged from funding renewable energy initiatives. Moreover, from the consumer perspective, there is a chance that customers perceive the bank in lacking commitment to



environmental sustainability or being indifferent about socially responsible investment practices (McKinsey, 2023). This perception could lead to losing customer trust and loyalty towards the bank, especially those who prioritize green initiatives when choosing a bank (McKinsey, 2023). The purpose of this study is to investigate how consumers in the Netherlands perceive green finance efforts and how they affect their trust and loyalty to Dutch banks.

Customer Trust

Customer trust is one important factor in running a business in every industry (Kim Thompson, 2013). Ultimately, their trust influences their decision to remain loyal, enabling companies to endure over time. Building a strong relationship to create trust from customers to the business is crucial especially when it comes to financial matters. Having our own money to be held by someone else can be risky. Therefore, there are many things to be considered when someone decides to put or trust their money to someone or to a company to be invested or just to be kept. Indeed, according to Gennaioli (2015), trusting in a financial firm could be described as an individual having confidence that their deposit or investment is safe with the financial firm and often influenced by the institution's commitment and performance towards sustainability.

In today's environmentally conscious society, customers are becoming more aware of environmental issues and they are now expecting their banks to play more active part in funding eco-friendly companies and sustainable projects (Imrul Jobaid, 2017). When customers place their trust in a firm or company based on its commitment and performance in green activities, this can be defined as green customer trust (Martinez P, 2015). Chen (2010) described green customer trust as the customer's willingness to rely on a product, service, or brand due to its environmental performance and reliability. To earn green trust from their customer, bank must ensure that its environmental performance, expectations and promises should be consistent, dependable and trustworthy (Chen, 2010).

Customer Loyalty

Customer loyalty refers to the behavior of customers who keep up their relationships with companies by purchasing products or services to fulfill their needs (Behara et al, 2002). According to Chen (2013), loyalty is a consistent decision to purchase or use specific products or services in the future. This means that loyalty can be defined as having the ability to repurchase a product or service in the future based on the trust of each customer despite the other offerings in the market. Customer loyalty covers important attributes that satisfy customer needs and make a long-term relationship between the firm and customers (Flores A, 2020).

Nikky Engelen, (2022) reports that 37% of bank customers in the UK want their bank to reduce environmental effect by reinvesting in clean technologies, renewable energy projects, and companies that support sustainability objectives instead of fossil fuels and unsustainable industries. This expectation is a reflection of their wish to have their beliefs aligned with the organizations they choose to work with. Consequently, when banks prioritize financing for environmentally responsible businesses, customers are more likely to view banks favorably and become more loyal. According to Chen Y.S (2016), customers are more likely to repurchase a product or services from banks because of their strong environmental attitudes and dedication to sustainability.

SRI Theory

Socially Responsible Investing (SRI) theory is an investment approach that considers both financial return and social/environmental impact. This theory is relevant to the work of the researcher because it emphasizes the selection of investments based on social, ethical, and environmental values in addition to their potential financial performance. This reflects the current demand from customers for banks to undertake green finance initiatives. SRI theory highlights the importance of integrating societal well-being and personal values when making investing decisions (Van Dooren, 2018). Furthermore, social, environmental, and sustainability components are included in the SRI theory (Chatzitheodorou K, 2019). By incorporating SRI principles into this research, the researcher can investigate how bank customers perceive green finance initiatives and how banks' commitment to sustainable and socially responsible practices in their financing activities affects customer trust as well as loyalty (Igbudu.N, 2018).



Perceived SRI Performance

Perceived SRI performance refers to the customer's subjective evaluation of the benefits and drawbacks of the bank's social responsible investing behavior from the green finance initiatives (Aashish Garg et.al, 2022). Bank customer perceptions of SRI performance are crucial in determining their investment decisions (Nilsson et al., 2014; Raut et al., 2020). It depends on each individual's preference when they deposit their money into the banks, whether they seeking financial return or contributing to environmental sustainability through social responsibility investments (Aashish Garg et.al, 2022).

Collectivism

Collectivism is an individual's core value that influences their decision-making when it comes to investments and encourages others to care more about ethical, social, and environmental issues (Singh et al., 2020). Most of the time, consumers' decision-making in investing is influenced by their tendency to have views that align with those of society (Nair and Ladha, 2013). Numerous studies have concluded that customers do not seek on financial return only but they also seek for non-financial rewards, including environmental, social or ethical concerns. As a result, collectivism drive customers' positive attitudes towards social responsible investing (Aashish Garg et.al, 2022).

Biospheric Values

Biospheric values reflect on individual's value that asses their own and others' behaviors concerning the benefits and costs to the environment (Rahman and Reynolds, 2016). Customers who have biospheric motivation tend to prioritize both their private interest and well-being of the others. This is defined strong preference in prioritizing ecological integrity because of its benefits to humans, which leads to an increased tendency to make environmentally friendly decisions (Haws et al., 2014). In conclusion, customers with greater biospheric values BV might view the bank's socially conscious investment decisions favorably.

SRI Bias

SRI bias refers to the inclination to adopt investments that promote ecological and social welfare (Sahi, 2017). Customers are willing to let their institutions invest in a company that prioritize environmental sustainability even though the expected returns are lower than those of others (Nilsson, 2008; Williams, 2007). As a result, SRI bias may show favorable attitudes and intentions toward socially responsible investing (Aashish Garg et.al, 2022).

Attitude Towards SRI

In general, attitudes are defined as individuals' favorable or unfavorable evaluations when engaging in certain conduct (Tonglet, 2004), which plays a significant role in investment-related decisions (Naatu et al., 2022). According to Achim Machauer (2001), customer attitudes shape their perspectives of the banks offerings. Customers with a positive attitude toward environmentally sustainable investments are more likely to trust their banks that support them and remain loyal to their banks over competitors' offerings (Zuzana Fungáčová, 2019). On the contrary, those with a negative attitude towards these investments may question the bank's motives and may be less likely to trust and loyal to them. Therefore, attitudes towards environmentally sustainable investments have a positive relationship with customer trust and loyalty in banks.

RESEARCH METHODOLOGY

At this writing the author is qualitative approach. By using a qualitative strategy, it seeks to investigate the correlations between variables and provide meaningful explanations between uncertainty phenomena. The primary data collection will be collected by conducting in depth interview with customers of ING bank in Netherlands. It enables the interviewee to think and talk about their experiences, needs, understandings, and expectations in certain cases. The secondary data can be collected from the several journals, articles and websites that have been published to discuss the correlation between the customer perspective towards green finance initiatives. By combining of both the primary and secondary data gathering, it can help the researchers to gain more comprehensive and detailed insights about various aspects that influence each variable.

RESULTS AND DISCUSSION

Perceive green finance

Question 1	Interviewee	Generation	Answer
How familiar are you with the green finance initiatives, especially in the context of green banking services that are provided by ING?	1	Z	I'm quite familiar with green finance initiatives and yes, I've noticed ING's efforts on green banking.
	2		I know the initiatives, but I am not sure what are the detail of the initiatives that ING did.
	3		I understand the basic definition of green finance at ING but not their efforts in maximizing it.
	4		I'm familiar with green finance initiatives but not their effort in running green finance initiatives.
	5	Y	I know about ING's green initiatives but not the details of their current efforts.
	6		I know green finance initiatives involve financial institutions using invested funds for eco-friendly practices, like investing in green companies.
	7		I've heard a little about green finance as a customer of ING Bank.
	8		I am quite familiar with green finance initiatives, where banks shift their investments towards sustainable projects.
	9	X	I am not familiar with green finance initiatives. All I know is the banks always invest in decent companies without thinking of its impact.
	10		I don't have any knowledge on the meaning of green finance initiatives.
	11		I need you to explain more about the meaning of green finance because the bank never told me about these initiatives.

From the first questions of the interview, the evidence shows only generation Z and Y participants have knowledge and awareness about the green finance within ING's bank green banking practices. However, they lack detailed information about the specific types of companies ING invests in to support sustainability and are unaware about all of the efforts that ING made to maximize their green finance initiatives. On the other hand, generation X participants are unfamiliar with the meaning of green finance initiatives and do not know about the types of efforts the bank undertakes to enhance these kinds of investments. In this generation, they tend to focus on the traditional banking system method and they have a long-established investment habit in financing companies that offer the highest return. This indicates that the bank may not effectively communicate to their customer about their initiatives especially in the context of green finance. As the result, the researcher needs to explain the meaning of ING's green finance initiatives and their efforts in promoting the green finance practices.

Biospheric Values

Question 2	Interviewee	Generation	Answer
Do you choose banks based on how much they care about the environment?	1	Z	Yes, it's important for me to bank with a company that shares my values. Knowing ING prioritizes environmental well-being is a big plus.
	2		I used to choose banks for safety and financial returns, but now I also consider their green commitments. I am concerned about the well-being of others and sustainability.
	3		I prioritize financial returns and data security that the

			bank will offer. Recently, I also considered the impact on our environmental that is caused by human activities.
	4		As a student, financial return and security are crucial because we only lived with our pocket money, but I also consider a bank's environmental motivations due to concerns about future air and food quality.
	5	Y	I choose banks based on the returns I receive. But, if ING provides significant returns through environmental investments, I will choose them because I care about the well-being of others and the environment and I am willing to sacrifice some benefits for these causes.
	6		I primarily seek financial benefits when choosing banks, but I am open to environmental benefits if I can still receive some financial returns.
	7		No, I choose banks based on ease of access for daily activities and any exclusive offers they provide, not on their environmental initiatives.
	8		When I first chose banks, I chose this institution for my convenience, such as easy mobile banking and their branches near my residence. But now, I would prefer a greener bank that prioritizes the planet and our living organisms.
	9	X	No, because I only choose banks depending on the safety and return that I will get. I don't consider other factors in choosing banks.
	10		No, I choose ING because they have a lot of branches, including near my house. So, I use ING because of the convenience that I feel. That's all.
	11		No, I am the type of person who only uses the bank for my daily transaction. That is the reason I choose ING because I already getting used to it with their features in ATM and mobile banking.

In question no 2, the focus is on each individual's values that reflect each generation's choices of banks. From generation Y and Z perspective, most of them prioritize banks that provide decent amount of return, good customer service, ease of use and, security of funds and data. Then, it follows the bank's ethical banking practices, including its commitment to environmental efforts, such as how they try accelerating the transition to clean energy and promoting sustainability. This indicates that generation Y and Z are concerned about their private interests and the well-being of the others. Their banking choices that they made are align closely with these values.

On the contrary, generation X tends to prioritize convenience in their banking activities to meet their daily life needs without considering other factors. For instance, participants I10 and I11 choose ING because it has many branches conveniently located near their houses or workplace and offers a wide network of ATMs and accessible online banking. This suggests that generation X is only concerned about their private interest but less concerned about the well-being of the others. Overall, the results indicate a lack of emphasis environmental considerations among Generation X.

Collectivism

Question 3	Interviewee	Generation	Answer
What are your primary objectives when depositing	1	Z	Honestly, financial return is my top priority when choosing a bank. However, ING's commitment to sustainable practices is a positive factor that I appreciate.
	2		I prioritize financial returns since I'm not familiar with green finance. However, I would seek positive



money in ING?			environmental impacts once I learn more about green finance initiatives more from ING.
	3		Of course, financial return is my primary objective, but I am becoming more interested in non-financial returns like environmental impact, supporting green finance initiatives can help reduce carbon emissions.
	4		I prioritize financial returns but also care about positive environmental impacts from the bank's activities especially in the scope of their investments.
	5	Y	I primarily use ING because I receive my profit from the interest from there and for the daily transactions. But on the other hand, I would not choose a bank supporting non-sustainable companies so I may not deposit my money to the banks that do not prioritize environmental, but for now, my priority is still the financial return then sustainability is my second objective in deposit my money to ING.
	6		Financial return is my main priority, but I am starting to consider non-financial returns, especially through green finance initiatives, as they can benefit me indirectly through the green investment that they decide.
	7		My main reason for depositing money in ING is to get interest returns and because I am already comfortable with ING. I have not yet considered non-financial rewards.
	8		As a student, financial return and safety are my main concerns. Environmental impact is my secondary concern.
	9	X	The most important thing is to get the financial return from ING that is useful for savings in my future.
	10		Of course, the important thing is to get the financial return from them. Moreover, ING is a well-known bank for their safety in Netherlands so obviously I only trust several banks in Netherlands including ING which can keep my money safe.
	11		For my safety in keeping my money and I already feel convenience in using their feature for my daily transaction.

In the third question, it explains the main benefits ING customers seek when depositing their money into ING Bank. The majority of generation Y and Z respondents have a similar answer in which they first prioritize the financial return gained from the interest they earn on their deposits. However, there is a tendency for both generations to seek non-financial rewards, particularly related to the green services that ING offer and the environmental impacts of the bank's investment choices. Some respondents are explicitly stating that they are starting to consider these factors more seriously. This shows that generation Y and Z have a collectivist value that means they also emphasis on the collective interest other than their personal interest.

In contrast, generation X respondents primarily focus on the financial return and the safety of their money when depositing with ING. For instance, I9 only cares about the financial return, while I10 and I11 prioritize the security of their deposits. Unlike generations Y and Z, they do not care about the environmental impacts of the bank's green investments choices because they feel like the world is not threatened by human activities.

SRI Bias

Question 4	Interviewee	Generation	Answer
When you deposit money with ING, are you mainly focused on financial returns or also interested in supporting environmental or social impacts through the bank's investments?	1	Z	I'm interested in both financial returns and the positive non-financial impact that comes with ING's investment choices. Even the return might be lower compared to the bank who invest their money into unsustainable companies, I still choose ING with the lower return.
	2		I prioritize financial returns but also care about environmental sustainability. If the return gap is small, I would choose greener investments; if the gap is large, I would reconsider it.
	3		Initially, I focused on financial returns, but I am becoming more interested in supporting environmental and social impacts, even if it means the returns might be lower but as long as ING provided the detailed information on the investments that they want to fund.
	4		When I deposit my money to ING's, I am willing for ING to adopt green investments if the return difference is not significant because nowadays the main considerations of people is about the environmental impact from what they will produce.
	5	Y	I support environmental investments by ING, especially to avoid harming the ecosystem. On certain cases, if I want to receive a high return, I will not choose sustainable banks but if I want to do the long-term investments then I would choose sustainable banks even with lower returns.
	6		I don't mind getting a lower return if I know I'm contributing to the environment, rather than supporting companies that could harm the environment.
	7		I currently prioritize financial returns but would support sustainable investments if they offer comparable or slightly lower returns.
	8		Currently, I focused on the financial returns but would still be interested in ING's green initiatives, even with slightly lower returns because I want to help this environment turn into a better one.
	9	X	No, I am not interested when bank investing in green companies because I do not know the risk that the bank will face after investing into green companies. Either the investments might be loss or gone.
	10		I feel like I am not really care about bank's green initiatives in investing into green companies. If given an option, I would still choose when bank invest in non-eco-friendly companies but have a higher return.
	11		I would like to see my bank, ING to still achieve the highest return as they can and I am not going to complain if the banks invest in oil companies or any other non-environmental companies if they are doing their job in giving the highest return to me and keeping my money safe.

In the fourth question, respondents' interest in adopting green finance is being explored. From the answers, generation Y and Z tend to be interested in supporting environmental or social impacts through green investment by banks. When given choices, even if sustainable investments

potentially offer lower returns compared to higher returns from non-sustainable investments, they prefer the sustainable option. However, as answered by I2 and I5, both generation Y and Z stated that financial return still plays a significant role in their banking decisions.

In contrast, generation X prefers the investments that offer them with the higher return because of several factors that they must consider, such as prioritizing financial security for ensuring a stable income for their future. This shows that generation X tends to be more skeptical about environmental issues compared to younger generations. In this generation, they expressed unwillingness to face higher risk by investing in new types of companies and they are less likely to support green finance initiatives because generation X only focuses on building their own wealth. Therefore, this generation only prioritizes the highest return compared to other options.

Attitudes and perceptions towards green finance

Question 5	Interviewee	Generation	Answer
How does ING's focus on environmentally sustainable investments affect your perceptions towards their investment choices?	1	Z	In my opinion, ING's focus on green initiatives makes me feel positive about where my money goes. They are making responsible choices for the environment, which is reassuring to me.
	2		By ING's responsibility in choosing their investments choices makes me feel satisfied on what they are doing right now. I admit I prefer what the bank does now when they are trying to shift their investment to sustainable companies.
	3		Through their future commitment to preserving our planet to be cleaner from their green investment's choices, it can affect my perceptions and my attitude towards ING initiatives. I am satisfied with the ING movement on shifting their investments to the better one especially I could contribute to them through my deposit in their accounts.
	4		I would say that ING initiatives can influence my perceptions from their green effort in reducing greenhouse gas emissions by not investing in companies that are not sustainable. I am satisfied with the ING initiatives that are willing to transform their investments into a greener company.
	5	Y	I have heard from the bank's dedication in saving our planet which influences me in a positive way, that is why I am satisfied with ING's initiatives because they benefit the environment, plants, and animals. I want my bank to care about the environment and contribute to society.
	6		Through the investment that the bank decides, I can indirectly contribute to saving our earth from pollution and any type of disease. As one of ING" customers, I am really happy about what they are doing right now.
	7		Maybe ING must be more transparent and detailed about the companies they want to invest in. Moreover, I can decide whether I am satisfied with their dedication or not.
	8		From the bank initiatives trying to save our planet from the dangers of carbon footprint and pollution by investing in sustainable companies. I think I would be satisfied, even though I prioritize money, but I would still love to see ING invest in a greener company.



			Even though I know that sometimes banks that invest in like green company would have less financial return.
	9	X	I don't like on the way ING shift their investments towards green companies because when they invest in this type of companies, I feel like that the risk will be higher than the normal investments in the long-term aspects and also for the banks should focused on what they did before. They should not focus on environmental issues.
	10		I am not sure whether I feel satisfied or dissatisfied, because I have been using ING for more than 20 years old and I do not have any problem when I deposit my money to ING. So, through these initiatives that they made I just do not mind and not really care if they change their investment choices.
	11		From the investment that they made, I dislike what they did because I do not know the prospect of sustainable investments and I am still confused on each type of investments that they made. Do they will keep their profit stable or higher by financing sustainable companies? I must admit that I still enjoy it when they are still investing in companies that offer higher return and have good prospects.

In this fifth question, it helps determine whether customers are satisfied or dissatisfied with the bank's initiatives in their investment choices. The responses reveal that generation Y and Z are influenced by various factors, such as ING's responsibility in choosing investments (I2) and ING's commitment and efforts to save our planet (I3, I4, I5, I8). These generations express satisfaction with ING's initiatives within green finance practices. They believe that utilizing green finance can help address global issues such as reducing greenhouse gas emissions and benefiting ecosystems.

On the other hand, generation X do not provide any subjective answers because they do not pay too much attention to or care about the investment choices that the bank made. They tend to be unsatisfied with ING because they see that changing investment habits might be challenging for ING. As a result, generation X perceives that the alternative investment might be too risky for banking industries to maintain their profitability, which could impact their financial returns.

Trust

Question 6	Interviewee	Generation	Answer
Do you believe that the green finance initiatives undertaken by ING enhance your trust in the bank?	1	Z	Yes, absolutely. Sure, their convenience in banking and customer service is already a great perk, but seeing a company that prioritizes the environment aligns perfectly with my values, and that makes me even more confident in my choice to bank/being loyal with them.
	2		Yes, if the returns are decent and their motivation for investing in sustainable companies is strong, it could enhance my trust.
	3		Yes, I trust ING more because prioritizing the environment is crucial nowadays.
	4		If ING communicates effectively about their investments and keeps my money safe through their investments, their green initiatives can enhance my trust.

	5	Y	It depends, if ING improves significantly in investing in green companies and communicates their initiatives better, it will enhance my trust.
	6		Yes, seeing real and concrete results from ING's green initiatives would increase my trust in their products.
	7		Yes, ING's green initiatives could enhance my trust, but financial benefits and security are still the most important factor that can increase my trust in them.
	8		If ING had been investing sustainably for 10-20 years, I would trust them more. Since the initiatives are new to me, they haven't enhanced my trust significantly yet.
	9	X	Since you told me about this concept of investment, I feel I am not trusting them anymore because I don't want to put my money at stake when depositing it into a bank through these relatively new investments.
	10		I will still be trusting them when depositing my money into the bank if the return and the safety will not decrease at all.
	11		My level of trust will be lower because in using banking industries for almost in 30 years, I fine with their old investment because I get a guaranteed return so that my money is safety with an additional profit that I get from ING. But after listening to these activities that the ING did, I feel like the new investments that I have never heard of before might be dangerous for their profitability and for my money too.

In this question, it reflects their attitude and perceptions from question 5. This table includes several answers from the interview question to address the first sub question in this research. From this statement, it concludes that positive attitudes can enhance customer's trust. When Generation Y and Z were asked about their trust after the implementation of green finance in their banking institution, almost all of them said that green finance initiatives could enhance their trust. They feel that ING could increase their trust further by clearly communicating about the green investments they intend to fund. Also, by promising them that their deposit will be safe by their banks and potential return will be stable or even increase, it would enhance their trust more.

Generation X said that this green finance initiatives make them dissatisfied in depositing their money into the banks, leading to a loss of trust. They perceive financing sustainable companies as a higher risk because these investments are relatively new and remain unclear. As I11 answered, they are already comfortable with the traditional investment system used by ING and they do not want to sacrifice their money for unprofitable investments.

Loyalty

Question 7	Interviewee	Generation	Answer
Do you feel that ING's green finance initiatives make you more likely to remain loyal to them compared to	1	Z	It's a balance, really. I want a good return, but knowing the bank that I use invests responsibly in a sustainable/greener future is important as well. Even if returns might be slightly lower, the environmental impact makes a difference. Even if they weren't the absolute highest for return, knowing my money supports a worthy cause is great.
	2		I would remain loyal to them because I believe these banks initiatives, especially ING, have a good prospect in the future since all people in Netherlands are prioritizing environmental sustainability in their lives.



other options in the market?	3		I prefer to choose ING over other banks because I believe they will evaluate factors like ESG reports before investing in green companies. To increase my loyalty to them, I suggest they also share information with me as a customer about the companies they invest in because they are responsible for managing their customer's money.
	4		Again, from my previous answer, if they are doing their responsibilities properly, for example by looking at their standards before investing in the companies that they want, I wouldn't switch to other banks just because of their green policy and their commitment in using my money to invest into a proper company.
	5	Y	If they can prove that they can be front runners among banking industries who really care about the environment, I would trust and still be loyal to them. But if they did not commit 100% to contribute into sustainability then I would consider switching to another bank.
	6		If I can still get some benefit from their investment in green environment in any kind of return, even though it might be low, then I'm willing to use their product again.
	7		Like I said before, to remain loyal to them. I think I will be more concerned about the security and the stability and the products they offer rather than green investments choices made by ING.
	8		I would remain loyal to them because they are known for their safety and great financial return but since they are relatively new to this type of initiative, it would lower my level of loyalty to them.
	9	X	Because you told me about the new changes that are happening right now for investments, I am thinking about moving some of my money into another bank or institutions that can keep my money safe and secure. Also, I will search for other institutions that still manage to give me stable return and giving more transparency in their what they are going to do with my money when i deposit my money into them.
	10		I remain loyal to ING if my money is still safe with them. If ING gives a decent amount of return, I will still use them. But I am thinking of redirecting my salary to other banks also after seeing these investments. So, I recommend them to just invest in normal companies.
	11		I will consider for around 4-5 years more about how good they are running these activities, if they run well, I will keep my ING account and still deposit my money into them, but if not, I will move to other industries that can keep my money safe.

This table consists of several responses from ING customers regarding their loyalty, drawn from interview questions addressing the final sub-question in this research. Trust positively influences loyalty, making generation Y and Z tend to be more loyal compared to generation Z as they already trust their institution and their green finance initiatives. Generation Y and Z believe in ING's serious commitment in maximizing green finance. Evidence could be shown in the I3's answer, which states ING considers all of the important factors, including the ESR and ESG frameworks, before investing in companies that align with their green standards. However, there



are secondary reasons on why they are still loyal to ING instead of the green offerings from ING, such as security and stability of the financial return, as noted by I7 and I8.

Since generation X lowered their trust after the implementation of green finance in their banks. They will reconsider their loyalty to ING, feeling like their money is not safe anymore. As a result, some of them decide to redirect some of their money to other institutions that they trust to meet their needs.

CONCLUSION

Firstly, the perception of green finance is one of the factors that influence customer trust and loyalty. As we can see, most of respondents from generation Y and Z show a decent level of awareness and understanding in the definition of green finance initiatives within in the context of green banking practices. On the contrary, generation X shows a significant gap with the younger generations in awareness and knowledge about green finance initiatives. They lack realization of the importance of implementing green finance initiatives in their banks. The findings indicate that ING may not effectively communicate and transparency on their efforts in maximizing green finance initiatives to their customer, especially to older generations.

Secondly, biospheric value is one of the factors that shows individual's values whether they prioritize both personal interest and well-being of the others, also influence customer trust and loyalty. Generations Y and Z are more inclined to support their bank's environmental commitments. Although financial return and service might be important for them, the bank's ethical banking practices towards protecting our environment is also considerations for them in choosing bank. In contrast, generation X prioritizes the safety of their money and financial returns in choosing banks, showing less concern for environmental impacts. From all of the answers, it concludes that generation Y and Z tend to have a stronger biospheric value, while generation X only prioritizes on what can be beneficial for their personal interest that the bank will offer.

Thirdly, collectivism is contributed as one of the factors that influence customer trust and loyalty. Generation Y and Z highlight their primary objective on deposit money is for financial return. However, they also show their interest in seeking non-financial return, especially environmental initiatives that the bank offers. This consideration reflects collectivist values on both generation Y and Z. On the other hand, older generations like generation X show more individualistic values. They primarily only focus on the financial return and the safety reasons for keeping their money safe in their bank.

Fourthly, the last factor that contributes to customer trust and loyalty is SRI bias in each customer in ING. The result shows that generation Y and Z show a strong inclination towards supporting environmental and social impacts through green finance initiatives. They are willing to choose sustainable investments even if the potential return might be lower. On contrary, generation X shows their tendency in receiving the highest return, even if their banks still invest in non-eco-friendly companies. It happens due to their needs for their financial security and stable income. They show skeptical behavior towards sustainability activities and are less likely to support green finance initiatives.

We summarized the previous four questions into the fifth question, as these questions serve as indicators for evaluating customer perceptions and attitudes toward the bank's investment choices. The fifth question aims to determine whether customers are satisfied or dissatisfied with the bank's green finance initiatives. In conclusion, this highlights a generational difference in satisfaction with ING's green finance initiatives, with younger generations being more supportive and older generations being more skeptical.

REFERENCES

- Ahmad, N., Mahmood, A., Ariza-Montes, A., Han, H., Hernández-Perlines, F., Araya-Castillo, L., & Scholz, M. (2021). Sustainable Businesses Speak to the Heart of Consumers: Looking at Sustainability with a Marketing Lens to Reap Banking Consumers' Loyalty. *Sustainability*, 13(7), 3828. <https://doi.org/10.3390/su13073828>
- Aloui, D., Benkraiem, R., Guesmi, K., & Vigne, S. (2023). The European Central Bank and green finance: How would the green quantitative easing affect the investors' behavior during

- times of crisis? *International Review Of Financial Analysis (Online)/International Review Of Financial Analysis*, 85, 102464. <https://doi.org/10.1016/j.irfa.2022.102464>
- Amin, M. A., Mia, M. A. A., Bala, T., Iqbal, M. M., & Alam, M. S. (2023). Green finance continuance behavior: the role of satisfaction, social supports, environmental consciousness, green bank marketing initiatives and psychological reactance. *Management Of Environmental Quality*, 34(5), 1269–1294. <https://doi.org/10.1108/meq-09-2022-0257>
- Anyan, F. (2015). The Influence of Power Shifts in Data Collection and Analysis Stages : A Focus on Qualitative Research Interview. ~ *The α Qualitative Report*. <https://doi.org/10.46743/2160-3715/2013.1525>
- Bose, S., Khan, H. Z., Rashid, A., & Islam, S. (2017). What drives green banking disclosure? An institutional and corporate governance perspective. *Asia Pacific Journal Of Management*, 35(2), 501–527. <https://doi.org/10.1007/s10490-017-9528-x>
- Chatzitheodorou, K., Skouloudis, A., Evangelinos, K., & Nikolaou, I. (2019). Exploring socially responsible investment perspectives: A literature mapping and an investor classification. *Sustainable Production And Consumption*, 19, 117–129. <https://doi.org/10.1016/j.spc.2019.03.006>
- Chen, J., Siddik, A. B., Zheng, G., Masukujjaman, M., & Bekhzod, S. (2022). The Effect of Green Banking Practices on Banks' Environmental Performance and Green Financing: An Empirical Study. *Energies*, 15(4), 1292. <https://doi.org/10.3390/en15041292>
- Chen, M. K. (2013). The Effect of Language on Economic Behavior: Evidence from Savings Rates, Health Behaviors, and Retirement Assets. ~ *The α American Economic Review*, 103(2), 690–731. <https://doi.org/10.1257/aer.103.2.690>
- Chen, S. (2016). Using the sustainable modified TAM and TPB to analyze the effects of perceived green value on loyalty to a public bike system. *Transportation Research. Part A, Policy And Practice*, 88, 58–72. <https://doi.org/10.1016/j.tra.2016.03.008>
- Chen, Y. (2009). The Drivers of Green Brand Equity: Green Brand Image, Green Satisfaction, and Green Trust. *Journal Of Business Ethics*, 93(2), 307–319. <https://doi.org/10.1007/s10551-009-0223-9>
- Chen, Y., & Chang, C. (2013). Towards green trust. *Management Decision*, 51(1), 63–82. <https://doi.org/10.1108/00251741311291319>
- Clemes, M. D., Gan, C., & Zhang, D. (2010). Customer switching behaviour in the Chinese retail banking industry. *International Journal Of Bank Marketing*, 28(7), 519–546. <https://doi.org/10.1108/02652321011085185>
- Ellahi, A., Jillani, H., & Zahid, H. (2021). Customer awareness on Green banking practices. *Journal Of Sustainable Finance & Investment*, 13(3), 1377–1393. <https://doi.org/10.1080/20430795.2021.1977576>
- Flores, A. F., Saldanha, E. S., & Vong, M. (2020). The Mediation Effect of Customer Satisfaction on the Relationship Between Service Quality and Customer Loyalty. *Timor Leste Journal Of Business And Management*, 2, 56–65. <https://doi.org/10.51703/bm.v2i2.22>
- Gannon, N. G., & Hieker, N. C. (2022). Employee Engagement and a Company's Sustainability Values: A Case Study of a FinTech SME. *Management Studies*, 10(3). <https://doi.org/10.17265/2328-2185/2022.03.006>
- Gennaioli, N., Shleifer, A., & Vishny, R. (2015). Money doctors. ~ *The α Journal Of Finance* / ~ *The α Journal Of Finance*, 70(1), 91–114. <https://doi.org/10.1111/jofi.12188>
- Gerring, J. (2017). Qualitative methods. *Annual Review Of Political Science*, 20(1), 15–36. <https://doi.org/10.1146/annurev-polisci-092415-024158>
- Hasan, M. M., Amin, M. A., Moon, Z. K., & Afrin, F. (2022). Role of Environmental Sustainability, Psychological and Managerial Supports for Determining Bankers' Green Banking Usage Behavior: An Integrated Framework. *Psychology Research And Behavior Management*, Volume 15, 3751–3773. <https://doi.org/10.2147/prbm.s377682>



- Haws, K. L., Winterich, K. P., & Naylor, R. W. (2013). Seeing the world through GREEN-tinted glasses: Green consumption values and responses to environmentally friendly products. *Journal Of Consumer Psychology*, 24(3), 336–354. <https://doi.org/10.1016/j.jcps.2013.11.002>
- Ibe-Enwo, N., Igbudu, N., Garanti, N., & Popoola, N. (2019). Assessing the Relevance of Green Banking Practice on Bank Loyalty: The Mediating Effect of Green Image and Bank Trust. *Sustainability*, 11(17), 4651. <https://doi.org/10.3390/su11174651>
- Igbudu, N., Garanti, Z., & Popoola, T. (2018). Enhancing Bank Loyalty through Sustainable Banking Practices: The Mediating Effect of Corporate Image. *Sustainability*, 10(11), 4050. <https://doi.org/10.3390/su10114050>
- Kaabachi, S., Mrad, S. B., & Barreto, T. (2022). Reshaping the bank experience for GEN Z in France. *Journal Of Marketing Analytics*, 10(3), 219–231. <https://doi.org/10.1057/s41270-022-00173-8>
- Khairunnessa, F., Vazquez-Brust, D. A., & Yakovleva, N. (2021). A Review of the Recent Developments of Green Banking in Bangladesh. *Sustainability*, 13(4), 1904. <https://doi.org/10.3390/su13041904>
- Liang, C., Wang, W., & Farquhar, J. D. (2009). The influence of customer perceptions on financial performance in financial services. *International Journal Of Bank Marketing*, 27(2), 129–149. <https://doi.org/10.1108/02652320910935616>
- Martínez, P. (2015). Customer loyalty: exploring its antecedents from a green marketing perspective. *International Journal Of Contemporary Hospitality Management*, 27(5), 896–917. <https://doi.org/10.1108/ijchm-03-2014-0115>
- Naatu, F., Nyarko, S. A., Munim, Z. H., & Alon, I. (2022). Crowd-out effect on consumers attitude towards corporate social responsibility communication. *Technological Forecasting & Social Change/Technological Forecasting And Social Change*, 177, 121544. <https://doi.org/10.1016/j.techfore.2022.121544>
- Nilsson, J. (2007). Investment with a Conscience: Examining the Impact of Pro-Social Attitudes and Perceived Financial Performance on Socially Responsible Investment Behavior. *Journal Of Business Ethics*, 83(2), 307–325. <https://doi.org/10.1007/s10551-007-9621-z>
- Nunkoosing, K. (2005). The problems with interviews. *Qualitative Health Research*, 15(5), 698–706. <https://doi.org/10.1177/1049732304273903>
- Park, H., & Kim, J. D. (2020). Transition towards green banking: role of financial regulators and financial institutions. *Asian Journal Of Sustainability And Social Responsibility*, 5(1). <https://doi.org/10.1186/s41180-020-00034-3>
- Rahman, I., & Reynolds, D. (2016). Predicting green hotel behavioral intentions using a theory of environmental commitment and sacrifice for the environment. *International Journal Of Hospitality Management*, 52, 107–116. <https://doi.org/10.1016/j.ijhm.2015.09.007>
- Rahman, M. H., Rahman, J., Tanchangya, T., & Esquivias, M. A. (2023). Green banking initiatives and sustainability: A comparative analysis between Bangladesh and India. *Research in Globalization*, 7, 100184. <https://doi.org/10.1016/j.resglo.2023.100184>
- Ringel, M., & Mjekic, S. (2023). Analyzing the Role of Banks in Providing Green Finance for Retail Customers: The Case of Germany. *Sustainability*, 15(11), 8745. <https://doi.org/10.3390/su15118745>
- Sahi, S. K. (2017). Psychological biases of individual investors and financial satisfaction. *Journal Of Consumer Behaviour*, 16(6), 511–535. <https://doi.org/10.1002/cb.1644>
- Saleh, M. S. M. S. M. S. M. (2013). Bank Selection Criteria in a Customers' Perspective. *IOSR Journal Of Business And Management*, 7(6), 15–20. <https://doi.org/10.9790/487x-0761520>
- Singh, M., Mittal, M., Mehta, P., & Singla, H. (2020). Personal values as drivers of socially responsible investments: a moderation analysis. *Review Of Behavioral Finance./Review Of Behavioral Finance*, 13(5), 543–565. <https://doi.org/10.1108/rbf-04-2020-0066>



- Sun, H., Rabbani, M. R., Ahmad, N., Sial, M. S., Cheng, G., Zia-Ud-Din, M., & Fu, Q. (2020). CSR, Co-Creation and Green Consumer Loyalty: Are Green Banking Initiatives Important? A Moderated Mediation Approach from an Emerging Economy. *Sustainability*, 12(24), 10688. <https://doi.org/10.3390/su122410688>
- Tulcanaza-Prieto, A. B., Aguilar-Rodríguez, I. E., & Lee, C. W. (2022). Customer Perception and Its Influence on the Financial Performance in the Ecuadorian Banking Environment. *Sustainability*, 14(12), 6960. <https://doi.org/10.3390/su14126960>
- Van Dooren, B., & Galema, R. (2018). Socially responsible investors and the disposition effect. *Journal Of Behavioural And Experimental Finance*, 17, 42–52. <https://doi.org/10.1016/j.jbef.2017.12.006>
- Williams, G. (2007). Some Determinants of the Socially Responsible Investment Decision: A Cross-Country Study. *The Journal Of Behavioral Finance*, 8(1), 43–57. <https://doi.org/10.1080/15427560709337016>