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# AWARENESS AND ADOPTION OF GREEN FINANCE INSTRUMENTS AMONG RETAIL CUSTOMERS IN PUNE: AN EMPIRICAL STUDY

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## ABSTRACT

As environmental sustainability becomes a global priority, green finance has emerged as a key instrument for promoting eco-friendly investments. This study investigates the level of awareness and adoption of green finance instruments—such as green bonds, green mutual funds, and sustainable banking products—among retail banking customers in Pune. Using a structured questionnaire and empirical analysis of responses from 100 participants, the study evaluates customer knowledge, perception, behavioral intent, and barriers to adoption. The findings suggest that while awareness of green finance is growing, actual adoption remains limited due to low financial literacy, perceived complexity, and lack of marketing by financial institutions. The study concludes with policy recommendations for banks, regulators, and NGOs to enhance awareness and encourage broader adoption among retail investors.

**Keywords:** Green Finance, Green Bonds, Green Mutual Funds, Financial Literacy, Retail Investors Etc

## 1. INTRODUCTION

In recent years, the world has become more concerned about climate change and environmental problems. To help protect the environment, many countries are now encouraging investments in eco-friendly projects. This is where green finance comes in. Green finance means using money for projects that are good for the environment, such as clean energy, pollution control, and green buildings.

Retail customers—ordinary people who use banks for saving, investing, or taking loans—can also play an important role in supporting green finance. They can choose to invest in things like green bonds, ESG (Environmental, Social, and Governance) mutual funds, or use banking services that are eco-friendly.

However, not many people know about these green finance options, especially in Indian cities like Pune. Even if they do know, they may not use them for many reasons, such as lack of information, trust, or interest.

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This study aims to find out how aware retail customers in Pune are about green finance, and how many of them are actually using green finance instruments. It also looks at the reasons why people choose to adopt or ignore these options. The results can help banks, government, and other organizations create better plans to promote green finance among the general public.

## 1.1. DEFINITION OF GREEN FINANCE

Green finance refers to the financing of investments that provide environmental benefits in the broader context of sustainable development. This includes financial activities—such as lending, investing, and insuring—that support projects aimed at reducing carbon emissions, conserving natural resources, and protecting ecosystems.

## 1.2. MEANING OF GREEN FINANCE

Green finance means using money to support activities that are good for the environment. It helps fund clean energy, reduce pollution, protect forests, and promote a healthier planet. It also encourages companies and governments to act in environmentally responsible ways.

## 2. LITERATURE REVIEW

Gupta and Arora (2019) found that age and education level affect how people choose to invest. Their study showed that younger people and those with more education are more likely to think about investing in green finance options. This means that as young people learn more about money and the environment, they may be more willing to invest in eco-friendly financial products. These groups are usually more open to new ideas and are influenced by global trends, their friends, and their personal values about protecting the environment.

Kumar and Dhingra (2020) found that many Indian investors do not know about green finance options like green bonds, ESG (Environmental, Social, and Governance) funds, or sustainable mutual funds. Even when some people are aware of these options, they often hesitate to invest. This is because they find these products too complicated or feel they are too risky. Most everyday investors prefer to avoid financial products they don't fully understand, so they tend to stay away from green finance.

The OECD (2020) pointed out that government support and help from banks and financial institutions are very important for promoting green finance. They explained that things like tax benefits, financial rewards, clear rules, and strong promotion by banks can make people feel more confident about investing in green products. When the government and private companies work together to make green investments easier and more appealing, it shows the public that these options are trustworthy and worth considering.

Misra and Singh (2022) found that trust is very important when it comes to green investments. People are more likely to invest if they get clear and honest information about how their money will be used. If the details are unclear or the claims about helping the environment are too general, people may not trust the investment and choose not to go ahead with it. Good communication and transparency help build the confidence that investors need.

## 2.1. OBJECTIVES OF THE STUDY

1) To study the level of awareness about green finance instruments.
2) To study how many customers are using or willing to use green financial products.
3) To study the factors that influence adoption.
4) To study barriers that prevent people from adopting green finance.

## 3. RESEARCH METHODOLOGY

This section explains how the study was conducted to understand the awareness and adoption of green finance instruments among retail customers in Pune.

## 4. RESEARCH DESIGN

This study follows a quantitative research design. It uses a survey method to collect data from retail banking customers. The goal is to measure their awareness, behavior, and opinions about green finance.

**Population and Sample**

- **Population:** Retail banking customers in Pune city.
- **Sample Size:** 100 respondents.
- **Sampling Technique:** Convenience sampling is used to select participants

**Data Collection Method**

Primary Data was collected using a structured questionnaire.

Secondary data was gathered from a variety of sources, including books, journals, and websites.

Tools for Data Analysis

The collected data was analyzed using: Percentage method

## 5. LIMITATIONS OF THE STUDY

1) The sample may not represent all of Pune, as convenience sampling was used.
2) Responses may be biased if participants do not fully understand green finance.
3) The study focuses only on Pune and may not reflect other regions.

## 6. FINDINGS

The findings of the study are derived from a structured questionnaire administered to 100 retail banking customers in Pune. The responses have been analyzed across five main sections: demographic profile, banking habits, awareness of green finance, adoption behavior and attitudes, and perceptions.

1) The majority of the respondents i.e. 44% belonged to the 21–30 age group, indicating a strong representation of younger adults. Respondents aged 31–40 accounted for 23%, while only 6% were below 20 and another 27 % were above 50. This suggests that the survey reached a largely economically active population.
2) The majority of the respondents were male (58%), while 42% said they were female.
3) The educational background of the respondents was relatively high: 38% were postgraduates, 35% were undergraduates, and 13% had professional or technical degrees. Only 12% had studied up to the 12th standard, indicating a well-educated group overall.
4) It was found that most of the respondents were salaried individuals (52%), followed by students (21%), self-employed people (18%), unemployed (6%), and retired individuals (3%).
5) In terms of income, 54% of people earned between ₹20,001 and ₹50,000 per month. Around 21% earned between ₹50,001 and ₹1,00,000. About 14% earned less than ₹20,000, and 11% earned more than ₹1,00,000.
6) Most of the respondents, 48%, said they primarily use public sector banks, followed by 44% who use private sector banks. Only 8% used small finance or cooperative banks. When it comes to banking services, all respondents (100%) had a savings account. Internet or mobile banking was used by 84%, while 58% had credit cards and 52% had fixed deposits. Loans were used by 46%, and 26% invested in mutual funds. The high use of digital and investment-related services shows that the respondents are tech-savvy. This also suggests there is good potential to promote green financial products through digital banking platforms.
7) Only 38% of the respondents had heard of the term “green finance,” while the remaining 62% were unaware of it. Among those who were aware, the most commonly recognized products were green loans (30%), ESG-based investment funds (22%), green bonds (18%), and carbon footprint tracking features in banking apps (12%). Notably, 45% of the respondents selected "none of the above," indicating low awareness of specific green finance products. When asked about their source of information, 42% mentioned social media or news, 26% cited communication from banks through SMS, email, or mobile apps, 17% heard about it from friends or family, 8%

couldn't remember, and 7% selected "not applicable. Awareness of green finance remains limited among the general retail banking population, despite high digital engagement. This suggests an opportunity for banks to use digital channels and social media more effectively to educate customers.

8) Only 18% of respondents reported having used a green finance product, while a large majority i.e. 70% had not, and 12% were unsure. Despite the low adoption rate, 48% said they would be willing to try green finance products in the future, and another 35% responded with maybe. Only 17% were not interested at all.
9) The main motivators for adopting green finance products included environmental impact (60%), tax benefits (45%), better information or awareness (43%), lower interest rates (30%), easy digital access (28%), trust in the bank (25%), and peer or social influence (18%). On the other hand, key barriers to adoption were lack of awareness (65%), a complicated process (40%), no clear financial benefit (38%), lack of trust in green claims (30%), unavailability of such products (25%), and general disinterest (15%). Here is a clear gap between interest and actual usage of green finance products. Although only a small number have used them so far, over 80% of respondents are either open to or willing to explore such products. Environmental concerns and tax incentives serve as strong motivators, but the lack of awareness and perceived complexity remain major obstacles to broader adoption.
10) Respondents were asked to rate their agreement with five key statements about green finance using a 5-point Likert scale. The results showed that 80% were concerned about environmental issues, and 72% said they would consider using eco-friendly finance products. Additionally, 74% agreed that financial incentives would motivate them to adopt such products, and 88% felt that banks should do more to promote green finance. However, only 40% trusted banks to offer genuine green finance options. These findings indicate a strong level of environmental concern and a general openness to green financial products among consumers. However, the relatively low trust in banks' green offerings highlights the need for greater transparency, clearer communication, and more credible efforts from financial institutions to build confidence in their green finance initiatives.
11) The majority of respondents.i.e.84% agree that financial institutions should take a proactive role in spreading awareness and educating customers about green finance. This could be through digital campaigns, workshops, mobile apps, or advisory services.

## 7. SUGGESTIONS

1) Banks and financial institutions should launch targeted awareness campaigns to educate customers about green finance concepts, products, and their environmental benefits. Since a large portion of respondents reported learning through social media and digital platforms, banks should leverage these channels effectively.
2) Simplifying the process of accessing green financial products is essential to overcome the barrier of perceived complexity. Banks should provide user-friendly product brochures, step-by-step guidance, and visual aids through their digital platforms to help customers understand and use green finance offerings.
3) Building trust in green finance products is crucial, as only 25% of respondents said they trust banks to offer genuine green products. Banks should enhance transparency by publishing regular reports on the environmental impact of green loans or investments and consider third-party certifications for their green products.
4) Financial incentives should be introduced to encourage adoption, including lower interest rates on green loans, tax benefits, or reward-based systems. Respondents indicated that both financial and environmental benefits would motivate them to adopt such products.
5) Integrating green finance services into mobile and internet banking platforms can enhance accessibility. Features such as a dedicated green finance section, carbon footprint trackers, or ESG investment dashboards can help engage tech-savvy customers.
6) Communication strategies should be tailored to different customer segments. For example, young adults and students can be targeted with messages focused on climate action, while salaried individuals may respond better to information about tax savings and return on investment.

7) Partnerships between banks, government agencies, and environmental organizations can help promote specific schemes such as loans for solar panels or electric vehicles. These collaborations can also help deliver local awareness campaigns in rural and semi-urban areas.
8) Customer feedback mechanisms should be strengthened to continuously assess awareness, satisfaction, and barriers to adoption. Banks can conduct regular surveys and use analytics to personalize future outreach efforts.
9) Highlighting customer success stories can serve as social proof to inspire others. Sharing real-life examples of how individuals or businesses have benefited from green finance can enhance trust and encourage adoption.
10) Green finance should be incorporated into broader financial literacy programs, particularly those aimed at youth and rural populations. This will ensure that sustainable finance becomes part of long-term financial behavior and decision-making.

## 8. CONCLUSION

This study on the awareness and adoption of green finance instruments among retail customers in Pune reveals a growing interest in sustainable financial practices, despite low current usage. While only a small percentage of respondents have used green finance products, a significant majority expressed willingness or openness to adopting them in the future. Environmental concern, tax benefits, and better awareness emerged as key motivators, whereas lack of awareness, complexity, and limited trust in banks' green claims were major barriers.

The findings highlight a clear gap between awareness and action, suggesting the need for focused interventions by financial institutions. Simplified product access, transparent communication, digital integration, and targeted education campaigns—especially through digital platforms—can play a crucial role in bridging this gap. Moreover, tailoring communication to different customer segments and incorporating green finance into broader financial literacy programs can enhance understanding and trust.

Overall, the study underscores the potential for green finance to grow among retail customers in Pune if supported by the right strategies. Banks, policymakers, and environmental stakeholders must work collaboratively to build awareness, simplify access, and foster trust to make green finance a mainstream choice for sustainable economic development.

## CONFLICT OF INTERESTS

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