


Chapter 4


Ethical Implications of Using Neuromarketing in Sustainable Finance

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ABSTRACT

Neuromarketing explores the use of neuroscientific techniques to study and shape consumer behaviour. Through the analysis of brain activity, eye movements, and other physiological responses, companies can uncover valuable insights into consumer preferences that conventional marketing approaches may overlook. The objective of this research paper is to analyse neuromarketing with the aim of identifying ethical concerns that give rise to criticism in this field and propose strategies to address these concerns. The present study is undertaken in the format of a critical literature review. Following an analysis of the history, nomenclature, methodology, findings, and implications of neuromarketing for consumer research, this paper concludes with an overview of the primary ethical considerations. The study's results suggest

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that neuromarketing has significant promise for consumer research, as it effectively acquires more precise data and novel insights on human behaviour that were previously unachievable.

1. INTRODUCTION

Increasingly, in areas such as sustainable finance and neuromarketing, the use of neuroscience techniques in market research has been gaining momentum. Neuromarketing combines psycho-social understandings of consumer behaviour with advances in neuroimaging technology in order to better understand consumer behaviour and decision-making processes (Ariely & Berns, 2010). The use of neuromarketing practices creates ethical dilemmas that deserve scrutiny as sustainable finance becomes more mainstream.

To be clear, sustainable finance, incorporating environmental, social, and governance (ESG) factors into investment decision-making, has grown rapidly in recent years. The Global Sustainable Investment Alliance 2021 states that assets associated with sustainable investing reached \$35.3 trillion in 2020, which is an increase of 15% from 2018. With the increased interest, financial institutions are now looking for innovative mechanisms to attract and retain funds in sustainable products. This feature has made it a strong tool in domains like sustainable finance, a highly developed area which incorporates environmental, social, and governance (ESG) factors into financial decision making, where so much of the moral appeal and the ethical commitment is indispensable. The global sustainable finance market will grow at a compound annual growth rate (CAGR) of 22.4% between 2022–2031 and reach \$22.48 trillion by 2031 (Allied Market Research, 2022). This growth is an indication of ever-evolving consumer and investor preferences that are shifting towards moral and socially responsible investing decisions. In this aspect, neuromarketing could be valuable for promoting sustainable principles, anchoring moral brand identity, and steering conscientious consumer behaviour, but raises various potential ethical dilemmas. I hope I have paraphrased each paragraph per your guidelines.

The ethical implications of neuromarketing derive from the possibility that neuromarketing could be used to manipulate consumers' choices (rather than just influence them). It has been suggested that the dependency neuromarketing uses on unconscious brain responses could pose a threat to informed consent and informed consumer autonomy, and that this dependency could impact the ability to differentiate exploitation and persuasion (Stanton, Sinnott-Armstrong, & Huettel, 2016). In situations involving sustainable finance, the ethical issue becomes even more complex as accountability, transparency, and trust are crucial. For example, neuromarketing could be manipulated, and therefore, can provide the impression

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