


Chapter 8

Towards Sustainable Finance:


Understanding Green Banking Adoption Among Indian Young Adults

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ABSTRACT

This study explores the factors influencing the adoption of green banking among young adults in India, drawing on the Theory of Planned Behaviour. Key determinants include environmental concern, social factors, perceived behavioural control, subjective norms, and attitude toward behaviour. The moderating role of effort expectancy is also examined. Based on data from respondents aged 18–35, the findings provide practical insights for banks to develop targeted strategies that encourage green banking practices among youth.

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1. INTRODUCTION

There are many environmental concerns such as climate change and global warming that have led to an increase in the need for conserving natural resources and sustainability (Aslam et al., 2020). Because of this reason, businesses are now expected to take responsibility for the planet and people along with profits. As a result, industries have adopted eco-friendly and sustainable practices as a part of their social responsibility (Ubais Parayil Iqbal et al., 2024).

The principal philosophy behind these initiatives on a global level is to “save the planet” and to “go green” in both manufacturing and service sectors industries (Aslam et al., 2020). There are various studies conducted to examine the green practices in the manufacturing sector but the service sector is very sparsely studied. In fact, as the service sector is the major contributor of GDP, the need to adopt green practices in their operations is quite high (Ashraf, 2023). Banks are considered one of the most important organisations of a country which is responsible for all the financial operations of the country (Nisha et al., 2020).

Generally, it is assumed that the banking industry is not really generating any pollution for the environment but that's not true. The operations of the banking sector involve activities which can pollute nature such as consumption of energy and usage of paper by their various branches (Bukhari et al., 2019). The Banking Sector is also financing many big projects which can lead to environmental damage. Therefore, green banking can be an option which can prevent climate change and protect the environment by providing nature- friendly investments (Bukhari et al., 2022).

The acceptance of digitalisation and environmentalism across the globe has put the various financial institutes, particularly the banking sector under a huge amount of pressure to adopt a green agenda (Bouteraa et al., 2022). Banks play a major role in the economic growth and development of any company and act as the chief financier for the population (Bukhari et al., 2022). By integrating green ideas and concepts into their lending and investment practices, banks have the power to contribute to environmental conservatism. Therefore, the greening and digitalisation of the banking sector plays a huge role in a country's sustainability. As a result, green banking, an ideology based on principles and practices of environmental sustainability has developed. It involves promoting technological upgrade and paperless based financial services in the banking sector (BOUTERAA et al., 2021).

Adoption of eco-friendly practices in a bank's operational activities has a significant external effect on the overall environment even if the activities of the bank is not directly concerned with the environment. Paper use and electricity consumption during the traditional banking operations in the extensive branches of a bank contribute greatly to carbon emissions. Therefore, green banking is important to minimize the adverse effect on the environment (Rehman et al. 2021).

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