Green Marketing in Financial Services: 
Indian Perspective

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Abstract- In recent years, the term ‘green marketing’ has risen in prominence. Green customer’s needs are recognized by the companies across the world and they are trying to meeting these opportunities profitably. Today protection of the environment gaining importance and it is noticed by every sector in the world. Here there is no exception for financial services sector. At present ‘GOING GREEN’ is the one of the important approach following by financial institutions. Green approach which is adopted by the various financial services includes insurance, banking, stock brokage and consumer finance companies etc., the study is descriptive and the data has been collected from secondary sources like books, journals, websites, and news papers.

Keywords – Green Marketing, Environment Friendly, Carbon commodity products and services, Carbon Credit Green Insurance.

I. INTRODUCTION

Green marketing involves achieving organizational goals by considering ecological friendly aspects and serve the target markets. Green marketing adopts a strategy that motivates consumers to purchase eco-friendly products and its leads to sustainable development in the country. Financial products that start to gain clients add value and build careers by capturing public and corporate image worldwide through their eco-consciousness. Financial firms are putting efforts to occupy the market by introducing new or modified products and services like green auto insurance, eco-mortgages and new sustainability backing investment funds.

1.1 Green Marketing :

In the opinion of Kangis (1992) there is no proper definition about green marketing. Grove et al (1996) opinined that the application of ‘green’ to the marketing mix (4P’s) is called green marketing. Peattie and Charter (1999) opionined that the requirements of customers and society satisfied in profitable and sustainable way is called green marketing. Evangelinos et al (2000) defined the green marketing of financial products as, those improves financial institutions reputation and environmental performance.

Countries Ranked According to their Response Level on Green Marketing

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<thead>
<tr>
<th>S.NO.</th>
<th>COUNTRY</th>
<th>RANK</th>
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<tbody>
<tr>
<td>1.</td>
<td>India</td>
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<td>2</td>
<td>UK</td>
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<td>4.</td>
<td>Thailand</td>
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<td>5.</td>
<td>Australia</td>
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<td>6.</td>
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<td>7.</td>
<td>China</td>
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Source – Namex International Journal of Management Research

Table 1

1.2 Objectives of the Study:

1. To study the present Indian Financial services Market Size.
2. To study the present state of green marketing in financial sector.
3. To study the green marketing in Indian banking sector.
4. To study the green marketing in Indian insurance sector.
5. To make suggestions for green marketing in Indian financial sector.

1.3 Methodology:

This study has been made to look inside of financial institutions in India on various activities related with green marketing. The nature of study is descriptive, secondary data sources are utilized.

1.4 Scope of the Study:

Present study is restricted to green marketing in Indian banking and insurance sector only.

II. INDIAN FINANCIAL SERVICES MARKET SIZE

Finance is the oxygen of business organization. The functional areas of business organization like production, marketing activities can be exercised smoothly when there is free flow of finance in the organization. In India financial services market size can be traced in terms of outstanding credit recorded by scheduled commercial banks as Rs.72,606.11 billion.

![Retail banking gross revenue in India](image)
The data supplied by the association of mutual funds in India (AMFI) showing that the mutual fund industry have reached a size of Rs. 14.21 trillion. New premium income of Rs.1.38 trillion of life insurance industry recorded a growth rate of 22.5% over the last few years. The turnover on NSE & BSE of capital market segment recorded the total including Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) of cash and Futures & Options (F&O) increased from Rs.8307635.67 crore to Rs.35288275.58 crores during the period of Jan/2017 to Jan/2020. The growth rate of digital payments industry in India is expected to reach US$ 500 billion by 2020. This is the contribution of 15% in GDP. Funds rising in India by IPO have already risen to Rs.20, 217 crore by 2020.

<table>
<thead>
<tr>
<th>DATE</th>
<th>CASH BSE</th>
<th>CASH NSE</th>
<th>F&amp;O BSE</th>
<th>F&amp;O NSE</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Jan/2017</td>
<td>61669.76</td>
<td>385669.11</td>
<td>7.37</td>
<td>7860289.43</td>
<td>8307635.67</td>
</tr>
<tr>
<td>June/2017</td>
<td>85934.52</td>
<td>486302.40</td>
<td>471.44</td>
<td>11432267.31</td>
<td>12004975.67</td>
</tr>
<tr>
<td>Jan/2018</td>
<td>122537.46</td>
<td>814838.90</td>
<td>4.11</td>
<td>16009778.99</td>
<td>16947159.46</td>
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<tr>
<td>June/2018</td>
<td>64162.59</td>
<td>591690.34</td>
<td>30.56</td>
<td>18610616.64</td>
<td>19266500.13</td>
</tr>
<tr>
<td>Jan/2019</td>
<td>82233.16</td>
<td>665892.64</td>
<td>0.47</td>
<td>22084835.44</td>
<td>22832961.71</td>
</tr>
<tr>
<td>June/2019</td>
<td>62763.32</td>
<td>565034.78</td>
<td>0.00</td>
<td>25044136.22</td>
<td>25671934.32</td>
</tr>
<tr>
<td>Jan/2020</td>
<td>62758.45</td>
<td>807347.52</td>
<td>52109.49</td>
<td>34366060.12</td>
<td>35288275.58</td>
</tr>
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Source: [https://www.moneycontrol.com/stocks/marketstats/turnover/](https://www.moneycontrol.com/stocks/marketstats/turnover/)

The projected total market size of India’s insurance sector is US$ 1 trillion mark in the coming years. The total market size is projected as US$ 350-400 billion by 2020. The compound annual growth rate (CAGR) of insurance industry is 12% to 15% in coming years. These are all happening due to the Indian insurance market is the fifteenth largest market in the world in terms of premium volume and 360 million of policies.
III. PRESENT STATE OF GREEN MARKETING IN FINANCIAL AREA

3.1 General Banking:
Without changing day today life of retail bank consumers and business practices, banks are encouraging the consumers and small and medium enterprises to pursue more feasible practices and choices. This is happening due to the most diverse opportunities in the retail banking area. The responsibility of the general bankers cannot be relieved by introducing new niche green products only, but it needs the combination of environmental incentives into main-stream offerings. The observations are noticed that the green mortgage products are made by the process of valuing energy savings, but they are not meeting industry expectations. These are all happening due to the lack of consumer awareness about the green financial products.

3.2 Investment Banking - Corporate Sector:
There is an increased attention on new project finance instruments for national energy security and environmental sustainability. This attention is required for expanding the green power markets. These projects are supported by government initiatives like product tax credits, renewable portfolio standards. On the other hand, traditional private banks giving priority for environmental infrastructure financing. For this banks are applying eco-securitization techniques on natural infrastructural financing feasibility. This is new debt instrument using by banks for the security of natural assets. Currently banks considering climatic changes, for this seriously these firms are trying to develop carbon commodity products and services. The leading institutions of finance sector already observing different methods to develop carbon assets in their financial activities.

3.3 Risk Management Procedures in the Asset Management:
Financial institutions are paying more attention equally on managing operational, compliance risk and market credit risk. This is because of expansion of scope of risk management practices in the asset management. Further, challenges and opportunities are associated the firms those involved full range of risks in their business practices. Asset management firms are more concerned with management and growth of funds; this is for future product development planning. Some firms those looking one step ahead, they are giving priority to environmental issues while financing through the capital market. The IPO support is also providing to the clear technology and carbon credit development services.

3.4 Green Insurance:
In the coming years environmental concerns are likely to grow tremondusly in the insurance sector. As a part of green marketing in insurance sector, the insurance products are featured with carbon natural home/auto, LEED – certified buildings, environmental friendly SMEs, price volatility coverage, clean energy projects, credit guarantee for emission reduction and vehicle usage linked coverage etc.,

3.5 Indian Banking Sector Concerns to Green Marketing :
Banking sector is the important economic representative that will effects the overall industry by its decissions. Being one of the stake holder it has the credit risk and liability risk in the market. Along with these risks, environmental factors also effect their rate of trturn. In this connection, the banks have to play active role in placing the importance of ecological aspects while giving financial assistance. Further banks have to insist the industries to invest for environmental management by use of appropriate management systems and technologies. In india no law or rule can not make the bank responsible for financing their clients who created environmental damage. The difficult task in front of banks in this context is conversion of performing assets to non-performing assets in the future. By knowing ground realities banks have to adopt green banking concept as fast as possible.

3.6 Insurance Sector Green Marketing in India :
Based on environmentally related characteristics insurance premiums vary to the insurance products are usually called as green insurance. The green insurance is also characterized by premium based on clean technology and emission reducing activities. For example the auto insurance premium fixation is based on the usage and
environmental footprint of the vehicle. Further energy efficient buildings are provided special premises rates i.e.
green house insurance and carbon neutrality is the prime for offering carbon offset schemes to help clients.

In the present scenario the insurance sector needs the new model of approach for sustainability. The strategic
approach which is, with an intention to reduce the risk, innovative solutions, business performance improvement and
giving priority to economic, social and environmental sustainability. Here the problem is not the relation of
insurance sector to environment but the insurance marketing offering green related insurance policies and
endorsement. The connection between insurance sector and environment is not very prominent. However Insurance
marketing may take many forms, one way is that to offer “Green” related insurance policies and endorsement.

Green technology is the important resource to make money in the insurance sector. For this new types of policies are
needed in the green economy to protect the business organizations and helps start-ups, whose customers are
expecting guaranteed performance. Project financiers also feel security by these new types of policies. New
technology developments, encouraging innovations are possible where green policies support modernization in
green technology. In the coming next five years there is a tremendous growth in the green insurance industry. To
grab these opportunities government support is needed.

IV. CHALLENGES IN IMPLEMENTING GREEN MARKETING PRACTICES

Even though majority of firms implementing environmental friendly marketing practices, they are facing several
challenges. They are

   a) New Concept to the Consumers: The merits of green products can early understand by the Indian literates
      but it is new to the masses. For this green marketing practicing firms have to educate them on
      environmental threats. For this they need lot of time and efforts, really it is big challenge.

   b) Expensive Task: Green marketing need R&D programs to develop and promoting green products/services
      like green power/energy and green technology which require lot of money and ultimately leads to increased
      costs.

   c) Difficult to Get Customer Confidence: Without customer’s support/confidence, green marketing strategies
      cannot implement by the organizations. The success of green marketing depends on, how far the company
      can convince and attain the customer confidence. Another side customer may not pay interest to purchase
      green products at extra prices. This is big problem to the company.

   d) Long-run Programme: The success of green marketing depends up on whether the company having long-
      run goals or short-run goals. Because in short-run generally the profits are very low on green products due
      to their cost of production. And also the company not follow the unethical practices for short-run profits.

   e) Difficult to Convince the Stake Holders: In common practices organizations pay attention on short term
      expenses rather than log-run benefits. In this regard it is very hard to convince the stake holders on long-run
      benefits.

   f) Challenge of Balancing Environmental Quality and Customer Satisfaction: Green marketing tries to reach
      two important objectives i.e improved environmental quality and customer satisfaction. Here it is big
      challenge to the organization to maintain balance between these two objectives.

V. CHALLENGES IN IMPLEMENTING GREEN MARKETING PRACTICES

There are some suggestions for green marketing practicing financial firms to face challenges and for successful
implementation of green marketing in financial sector.

   a) Still Green Marketing Needs Lot of Research: For fully explore its potential and sustainable development
      in India, green marketing still needs systematic research in financial sector.
b) Educate the Customer: Customer did not know what green related issues that the company product attempt to address. For this, the institutions educate the customers on those issues which are related to green marketing.

c) Transparent Business Policies: Whatever the firms are doing that environmental friendly, should have the transparent business policies that would establish the kind of environmental credentials that will helps to become successful green marketing company.

d) Customer must be Made to Believe: Green marketing practicing firms have to reassure the buyer that the product quality and performance were not forego in the name of the ecological protection.

e) Consider Consumer Affordability: Environmental friendly products are usually priced at high due to their inability to earn economies of scale and using high quality raw materials and components. For this the firms have to consider the affordability of consumers about the premium and they have to feel it’s worth it.

f) Make the Customer to feel it as their Personal Gain: For successful implementation of going green concept, organizations have to make the customer to take initiation for environmental actions. In this regard customers have to feel it as their personal benefit.

g) Greening of Products is not enough: Usually there are two important expectations from the customers are, pocket friendly purchase and ecological impact on their lives. So organizations consider these two expectations while marketing the green products.

VI. CONCLUSION

Today market conditions are changing rapidly due to globalization of markets and severe competition. On the other hand industries and firms are influenced by severe law suits and public policies. All these would affect the financial institution’s return on investment. Thus, the financial institutions have to play pro-active role while implementing the green marketing practices. They have to force the firms and mandate the investment for environmental management, and work for sustainable development.

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