

Consumer Guilt and Green Banking Services

by Burhanudin Ronny Sihotang

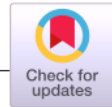
Submission date: 07-Aug-2023 09:59AM (UTC+0700)

Submission ID: 2142380357

File name: IJCS_2021_-_Artikel.pdf (759.98K)

Word count: 13071

Character count: 72193



Consumer guilt and green banking services

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Funding information

Ministry of Research, Technology, and Higher Education of the Republic of Indonesia, Grant/Award Number: SP DIPA-042.06.1.401.516/2018

Abstract

Banks offer loans to support many projects; however, some of these projects may not give adequate consideration to the environment. Little is known regarding the extent to which banking customers experience guilt when discovering that their bank supports projects that disregard the environment. An experiment with 313 participants was conducted, and the results showed that customers do experience guilt when discovering that their bank supports projects that do not give adequate consideration to the environment. This study found that guilt drives perceived consumer effectiveness and negative word-of-mouth regarding banking projects that neglect environmental considerations but not attitudes towards green banking. Negative word-of-mouth, but not the attitude towards green banking, mediates the effect of perceived consumer effectiveness on the intention to use green banking services. Negative word-of-mouth, rather than attitudes towards green banking and its perceived consumer effectiveness, drives the intention to use green banking services. These findings imply that banks need to encourage their customers to perceive that they are eco-friendly to avoid a significant loss of customers.

KEYWORDS

attitude towards green banking, guilt, intention to use green banking services, negative word-of-mouth, perceived consumer effectiveness

1 | INTRODUCTION

Banks are often found to support projects that demonstrate less concern with protecting the environment. Rainforest Action Network (RAN, 2020) recently reported that 35 leading investment banks poured \$2.7 trillion into fossil fuel industry from 2016 to 2019, despite the existence of an agreement within the United Nations Framework Convention on Climate Change, known as the Paris Agreement, which came into force in 2016. Banking funding to the fossil fuel industry has increased each year since 2016, and by 2030, it is estimated that funding will hit \$1 trillion per year (RAN, 2020). Deadly bush fires, withering coral reefs, rising sea levels, and ever more cataclysmic storms are amongst the negative impacts of the decision by banks to support projects unfavourable to the environment (Ewing, 2020). Further, the environmental problems caused by some of these problems have been shown to lead to increases

in stress, disgust, anxiety, and worry in people, which reduces public well-being (Atik, Firat, Ozgun, & Uzunoğlu, in press; Doherty & Clayton, 2011).

Following the negative impacts of environmental degradation, banking customers have demonstrated interest in green banking, a type of banking that respects environmental issues in their operation. This interest has appeared in developed countries, such as Greece (Lymperopoulos, Chaniotakis, & Soureli, 2012) and France (Park & Kim, 2020), as well as in developing countries such as India (Bryson, Atwal, Chaudhuri, & Dave, 2016) and Indonesia (Dialysa, 2015). Missing from previous studies on green banking (Bryson et al., 2016; Lymperopoulos et al., 2012) is the role of emotion with moral perspective in driving behavioural intention (Antonetti & Baines, 2015). According to Antonetti and Baines (2015, p. 2) "... past memories of guilt influence how this emotion is processed at subsequent times ... but this topic has not been investigated in previous research".

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