



A Study On Customer Perception Towards Green Finance Services Provided By Shriram Finance Limited

¹V. Savitha and ²Dr. S. Kamalasaravanan

¹Student II MBA, Department of Management Sciences, Hindusthan College of Engineering and Technology, Coimbatore, Tamil Nadu, India.

²Professor, Department of Management Sciences, Hindusthan College of Engineering and Technology, Coimbatore, Tamil Nadu, India.

ABSTRACT: This study explores customer perception of green finance services offered by Shriram Finance Limited, focusing on the awareness, acceptance, and satisfaction levels among its clientele. As environmental concerns grow and sustainable financing gains traction, financial institutions like Shriram Finance are increasingly integrating eco-friendly loan products and services into their portfolios. The research aims to assess how customers perceive these green finance initiatives in terms of trust, transparency, accessibility, and environmental impact. It also investigates the factors influencing customer adoption, such as awareness levels, perceived benefits, and alignment with personal values. The findings provide insights into how Shriram Finance tailor can better its green financial services to enhance customer engagement and contribute to sustainable development goals.

Keywords: Green finance, customer perception, sustainable banking, Shriram Finance Limited, eco-friendly loans, environmental impact, green lending, financial services, sustainability, customer satisfaction.

I. INTRODUCTION

Green finance refers to financial investments that support sustainable environmental outcomes and promote the transition to a low-carbon, resource-efficient economy. It includes a broad range of financial instruments such as green bonds, green loans, green equity, green insurance, green microfinance, green deposits, carbon credits. The core idea of green finance is to channel capital towards activities that mitigate climate change, enhance energy efficiency, conserve biodiversity, and promote sustainable land and water use.

Green finance is gaining global attention as economies face the twin challenge of economic growth and environmental protection. It enables governments, corporations, and investors to align financial goals with environmental responsibility. As the world becomes more aware of climate problems, green finance is growing. People now recognize that looking after the environment benefits not just the Earth but also enhances business opportunities. Investing in green projects can reduce risks and bring stable returns in the long run.

Green finance brings many benefits to the environment, the economy, and society. One of the most important benefits is that it helps protect nature. By supporting clean energy, eco-friendly buildings, and pollution control, green finance reduces damage to the Earth. It aids in reducing carbon emissions, enhancing air and water quality, and safeguarding forests and wildlife.

Green finance additionally promotes sustainable economic growth. It creates new job opportunities in clean energy, green transport, and recycling industries. People can find work while also helping the planet. Businesses that adopt green practices often save money in the long run by using less energy and reducing waste.

Another benefit is that green finance reduces risk. As climate change causes more natural disasters like floods, droughts, and storms, businesses and countries that invest in green solutions are better prepared. Green finance helps them become stronger and more secure in the face of these challenges. Green finance also encourages innovation. It supports new technologies like electric vehicles, solar power, and smart buildings. These innovations not only help the environment but also make life better for people by improving health, saving time, and lowering energy costs. Green finance helps countries meet their environmental goals. Many nations have promised to reduce pollution and take care of the Earth. Green finance provides the money needed to reach those goals. It also improves a country's global image and helps build stronger international relationships.

The future of green finance looks bright. More people, companies, and governments are realizing the need to care for the environment. As a result, the demand for green finance is increasing all over the world. This growth is expected to continue as new technologies and ideas are developed. Digital tools like online banking and mobile apps are making green finance more accessible. People can now invest in green projects from their phones or laptops. More companies are working on clean energy, smart cities, and eco-friendly transport, all of which need green finance.

Young people are especially interested in protecting the planet. They are choosing to support businesses and banks that care about the environment. This is pushing more companies to become green. International cooperation is also growing. Countries are sharing ideas and funds to support large-scale green projects. Global banks and organizations are creating new green finance tools to reach more people. With the right support and smart decisions, green finance can help solve some of the biggest problems facing our planet. It can lead us to a cleaner, safer, and more equal world.

II. INDUSTRY OVERVIEW

Shriram Finance is one of the largest non-banking financial institutions in the country, providing financing solutions for commercial vehicles, two-wheelers, auto loans, home loans, gold loans, personal loans, and loans for small enterprises. We belong to the Shriram Group, a financial conglomerate with a legacy of 50 years, known for being a reliable partner in delivering transformative experiences and lasting impacts on customers' lives. Shriram has led the way in the NBFC industry, establishing a significant presence in rural regions. Shriram Finance Limited is recognized as one of India's top NBFCs, serving 9.44 million private and corporate clients throughout the country as of December 31, 2024. Customers of Shriram enjoy a wide array of products, which include Fixed Deposits, Fixed Investment Plans, Commercial Vehicle Loans, Passenger Vehicle Loans, Construction Equipment Loans, Farm Equipment Loans, Two-Wheeler Loans, Gold Loans, MSME Finance, and Personal Loans.

Green finance at Shriram Finance Limited involves specialized financial products and services aimed at supporting initiatives that lower environmental impact, encourage sustainability, and enhance energy efficiency. These products are crafted to meet environmental criteria, facilitating investments in areas such as renewable energy, energy-efficient infrastructure, pollution control, and sustainable agriculture.

In December 2024, Shriram Finance launched a new business unit called Shriram Green Finance. This vertical was created to focus all the company's activities related to financing eco-friendly and sustainable projects. The main aim of this initiative is to provide a more structured and efficient way to support projects that benefit the environment. The creation of this vertical came in response to the growing need for financial products that support sustainable development in India, such as projects focused on renewable energy, electric vehicles (EVs), and energy efficiency.

Shriram Green Finance plans to secure funding from both domestic and international sources that specialize in green investments. The company is engaging with private equity funds that focus on climate-friendly projects, aiming to raise capital specifically for financing electric vehicles. By securing these funds, the company intends to offer its customers financing at lower interest rates, making it more affordable for them to adopt eco-friendly solutions. These lower interest rates could be 100 to 200 basis points lower than standard rates, which would make green financing more accessible to a larger number of people and businesses.

By providing financing for electric vehicles and renewable energy projects, Shriram Green Finance helps reduce harmful emissions and contributes to the fight against climate change. These initiatives align with the global movement towards sustainability and cleaner energy sources. The projects supported by Shriram Green Finance are expected to create new job opportunities in the green sectors, such as renewable energy, electric vehicles, and energy-efficient industries. This will not only help the environment but also boost economic growth by encouraging sustainable business practices and investments.

III. STATEMENT OF THE PROBLEM

The need for sustainable financial products is rapidly growing due to increasing environmental concerns and the global push for climate change mitigation. However, despite the potential benefits of green finance, customer adoption and engagement with such services remain inconsistent. Many customers still have limited awareness or understanding of green finance, which can lead to low levels of participation. This study aims to examine the perceptions of customers towards green finance services provided by Shriram Finance Limited, identifying the barriers to adoption, the level of trust in these services, and factors that could enhance customer interest and engagement. The problem lies in assessing the effectiveness of Shriram Finance Limited's green finance offerings in attracting and retaining customers.

IV. OBJECTIVES OF THE STUDY

1. To assess customer awareness and understanding of green finance services offered by Shriram Finance Limited.
2. To evaluate the level of customer satisfaction with the company's green finance services.
3. To identify factors influencing customer's perception and decision-making process in adopting green finance services.
4. To understand the challenges and barriers customers face when engaging with green finance services and to propose recommendations for enhancing customer engagement with green finance offerings.

V. SCOPE OF THE STUDY

This study is limited to examining customer perceptions of green finance services provided by Shriram Finance Limited. It focuses on customers who have interacted with or shown interest in green finance services in the past two years. The geographical scope of this study will primarily be within India, with a focus on regions where Shriram Finance Limited has a substantial customer base. The study will explore customer demographics, their awareness levels, satisfaction, and key factors influencing their decision to adopt green finance services. The analysis will be based on survey data, interviews, and secondary research, providing insights that can help Shriram Finance Limited improve its service offerings.

VI. REVIEW OF LITERATURE

(Joshi R & Patel K, 2021) Explored the relationship between green finance offerings and customer loyalty. The research found that customers who perceive an institution's green finance products to align with their personal values of sustainability are more likely to develop strong loyalty toward the institution. Institutions like Shriram Finance Limited can enhance customer satisfaction by emphasizing the environmental and economic benefits of their green offerings. This can result in improved customer retention rates, as the emotional connection to sustainability creates long-term loyalty. The findings underscore the importance of aligning a company's green finance services with customer values to foster stronger relationships.

(Patel A & Desai K, 2022) In their research on consumer adoption of green finance products, identified several key factors that influence customer decisions. These include the perceived benefits of the product, the institution's reputation for sustainability, the cost of green products compared to traditional alternatives, and the level of customer education regarding environmental issues. The study concluded that institutions offering green finance services, like Shriram Finance Limited, need to ensure transparency and provide clear

communication about the environmental impact of their offerings. Furthermore, incentives such as lower interest rates for green loans or tax benefits can significantly boost customer adoption. This understanding of customer behaviour is essential for designing effective marketing strategies for green finance.

(Sharma N & Tiwari R, 2023) Focused on how customers perceive the financial benefits of green finance products compared to traditional financial offerings. The study found that while customers are increasingly motivated by environmental concerns, they also evaluate the financial returns of green finance products. This suggests that financial institutions, such as Shriram Finance Limited, need to balance both environmental and financial value in their green finance products. Offering competitive interest rates, low fees, and attractive financial incentives can help in enhancing customer perception and encouraging green finance adoption.

(Mehta S & Joshi V, 2023) Awareness of green finance products significantly influences consumer engagement. The research emphasized that customers are more likely to choose sustainable financial products if they are informed about the environmental benefits and financial incentives associated with these offerings. In the case of Shriram Finance Limited, increasing awareness among customers about the company's green finance initiatives is crucial for expanding its customer base. Additionally, the study found that effective marketing campaigns that focus on educating consumers about the long-term benefits of green finance, including energy savings and reduced carbon footprints, can help overcome skepticism and drive adoption.

(Rao N & Sharma P, 2024) Trust is a fundamental element influencing customer perception of green finance products. According to trust in the financial institution's ability to deliver on its green promises is a crucial factor in consumer decision-making. The study found that institutions that clearly communicate the impact of their green products and offer transparent reporting on their sustainability efforts are more likely to earn customer loyalty. Shriram Finance Limited can benefit from this insight by enhancing its transparency regarding how its green finance products contribute to environmental sustainability and by providing regular updates to customers on the outcomes of their investments. Building trust through clear communication and robust environmental commitments can encourage more customers to adopt green finance services.

VII. RESEARCH METHODOLOGY

Research methodology is a systematic approach to addressing the research problem. It encompasses various steps that are typically followed when examining research problems.

It is essential for the researcher to possess knowledge of both the research methods/techniques and the underlying methodology.

7.1 RESEARCH DESIGN

"A research design refers to the structured approach for gathering and analyzing data with the aim of aligning its relevance to the research objective while maintaining efficiency in the process." The selected research design for this study is descriptive in nature. The researcher must outline the current situation to understand the consumer behaviour, thus a descriptive research approach is used. Descriptive research is limited to reporting past events and current circumstances.

7.2 SAMPLING SIZE

The sampling size taken for the study is 120 respondents.

7.3 COLLECTION OF DATA

The study depends upon both primary and secondary data.

7.4 STATISTICAL TOOLS

- Simple percentage analysis
- Chi-square test analysis
- Correlation analysis

VIII. FINDINGS

1. Majority 32.5% of the respondents are between 41 – 50 years.
2. Majority 50.8% of the respondents are male.
3. Majority 26.7% of the respondents are retired.
4. Majority 28.3% of the respondent's monthly income ranges between Rs. 40001-60000.
5. Majority 30% of the respondents are always aware about the concept of green finance.
6. Majority, 35% of the respondents are aware about green finance through social media.
7. Majority, 31.7% of the respondent's influencing factor is governmental benefits
8. Majority 28.3% of the respondents are receiving SMS updates.
9. Majority 30.8% of the respondents are agreed that the brand is sustainable and eco-friendly.
10. Majority 56.7% of the respondents said that green finance products are very affordable.
11. Majority 29.2% of the respondents are agreed that the product reduce carbon emission.
12. Majority 68.3% of the respondents are facing challenges in understanding green finance offering.
13. Majority 39.2% of the respondents are agreed that the application process for green finance is transparent.
14. Majority 70.8% of the respondents stated that enough information is provided about green finance at branches.
15. Majority 30.8% of the respondents receive support and encouragement from government subsidies or incentives for green finance.
16. Majority 25.8% of the respondents are very satisfied with the Shriram green finance service.
17. Majority 35.8% of the respondents are satisfied with the communication about green finance services.
18. Majority 27.5% of the respondents prefer to invest in sustainable investment funds.
19. Majority 30.8% of the respondents are satisfied with the customer support service offered by Shriram finance.
20. Majority 41.7% of the respondents are always engage in sustainable investment options like green finance.
21. Majority 25% of the respondents consider low returns as a barrier to investment.
22. Majority 58.3% of the respondents believe that green finance products should be promoted more in rural area.
23. Majority 37.5% of the respondents are strongly agreed that financial returns are a key factor in engaging with green finance, Majority 37.5% of the respondents are strongly agreed that environmental impact is a major factor in engaging with green finance, Majority 25.8 % of the respondents are strongly agreed and agreed that company's reputation influences their decision to engage with green finance, Majority 30% of the respondents are strongly agreed that convenience and accessibility influences their engagement with green

finance and Majority 35% of the respondents are agreed that customer support and service influences their decision to engage with green finance.

24. Majority 32.5% of the respondents found it easy to find information about the service, Majority 35.8% of the respondents found it easy to apply for the loan, Majority 26.7% of the respondents found it easy to prepare the required documents, Majority 26.7% found it easy to get help from customer support and Majority 35% of the respondents found it easy to understand the loan terms.

25. Majority 82.5% of the respondents recommend green finance services to others.

26. CHI-SQUARE TEST

There is no significance relationship between age and factors influencing the decision to choose green finance.

27. CORRELATION ANALYSIS

There is a moderate positive relationship between monthly income and affordability of green finance products.

IX. SUGGESTIONS

- 1. Enhancing Awareness:** Shriram Finance Limited should invest in customer education and awareness programs to inform customers about the benefits and importance of green finance, helping them understand the long-term value of sustainable investment options.
- 2. Tailored Green Finance Products:** The company could develop a more diverse range of green finance products to cater to different customer needs and financial capabilities, such as small-scale loans for renewable energy projects or green bonds for corporate investments.
- 3. Incentives and Benefits:** Offering financial incentives such as lower interest rates, tax benefits, or rewards for customers who choose eco-friendly products or services could motivate customers to adopt green finance solutions.
- 4. Improved Customer Support:** Shriram Finance Limited should enhance its customer support services by providing dedicated green finance advisors who can guide customers through the decision-making process and answer queries.
- 5. Feedback Mechanism:** Establishing a robust feedback system will help the company understand customer concerns and continuously improve its green finance services to meet evolving customer expectations.
- 6. Digital Integration:** Shriram Finance can leverage digital platforms to promote green finance products through mobile apps, websites, and social media. Offering easy access and digital application processes will increase customer engagement and simplify the onboarding experience.
- 7. Collaborations with Green Projects:** Partnering with renewable energy companies, EV dealers, or sustainable housing projects can create bundled offerings that make green financing more practical and appealing to customers.
- 8. Transparency and Reporting:** Providing clear, transparent information about how green funds are utilized will build trust and encourage more customers to opt for sustainable finance options. Regular reports or updates on environmental impact can enhance credibility.
- 9. Community Outreach Programs:** Conducting community-level seminars or rural outreach initiatives can help spread awareness in underpenetrated markets, especially where knowledge about green finance is still limited.

10. **Employee Training on Green Finance:** Training frontline staff and customer service teams on green finance products ensures that employees can effectively communicate the value and features of such offerings, improving customer understanding and satisfaction

X. CONCLUSION

The study on customer perception towards the green finance services provided by Shriram Finance Limited reveals that while there is growing awareness and interest in sustainable finance options, there is still a gap in customer engagement and understanding of these services. The company has an opportunity to capitalize on the increasing demand for environmentally conscious financial products by enhancing customer education, diversifying its product offerings, and addressing the barriers to adoption. By focusing on customer needs and providing tailored solutions, Shriram Finance Limited can position itself as a leader in the green finance sector, promoting sustainability while also achieving business growth.

BIBLIOGRAPHY

1. Gupta, S., & Patel, V. (2019). Awareness and Adoption of Green Financial Products in India: A Consumer Perspective. *Journal of Environmental Economics and Finance*, 8(3), 89-99.
2. Patel, D., & Shukla, R. (2020). Consumer Perception of Green Finance in Indian Financial Institutions: A Case Study. *International Journal of Banking and Finance*, 15(2), 29-41.
3. Kumar, S., & Soni, R. (2021). Green Finance in India: The Growing Role of Sustainable Financial Services. *Journal of Sustainable Finance*, 12(3), 45-58.
4. Joshi, R., & Patel, K. (2021). "Green Finance and Customer Loyalty in Emerging Markets." *International Journal of Customer Relationship Management*, 11(4), 230-245.
5. Bansal, P., & Sharma, R. (2022). The Role of Green Finance in Promoting Sustainable Development. *International Journal of Environmental Economics*, 18(4), 110-121.
6. Patel, A., & Desai, K. (2022). "Factors Affecting Consumer Adoption of Green Finance Products." *Journal of Environmental Economics*, 20(1), 56-70.
7. Agarwal, A., & Singh, R. (2023). Sustainability and Green Financing: The Changing Landscape in India. *Financial Research Review*, 19(1), 68-80.
8. Sharma, N., & Tiwari, R. (2023). "Perception of Financial Benefits in Green Finance." *International Journal of Sustainable Banking*, 15(2), 91-104.
9. Mehta, S., & Joshi, V. (2023). "Impact of Customer Awareness on Green Finance Adoption." *International Journal of Sustainable Development*, 25(2), 131-145.
10. Rao, N., & Sharma, P. (2024). "Trust and Transparency in Green Finance: The Key to Consumer Engagement." *Journal of Financial Services*, 32(1), 88-100