

Green Consumption and Financial Wellness: A Business Perspective

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Abstract:

This research explores the intersection of green consumption and financial wellness among urban Indian individuals, utilizing business analytics tools to develop a predictive model for sustainable personal finance. Data from 213 respondents was analyzed using regression, clustering, and visualization techniques in Python, and Power BI. Results reveal a strong correlation between eco-conscious behavior and better financial habits. Key findings suggest that financial literacy significantly enhances sustainable consumption, and digital tools can play a pivotal role in enabling eco-financial decision-making. The study offers actionable recommendations for policymakers, educators, and financial institutions.

1. Introduction

Environmental sustainability and financial wellness are two pressing concerns in modern society. This study investigates how individual choices in eco-friendly consumption align with or affect personal financial health. It also aims to provide a data-driven framework to guide sustainable decision-making through business analytics.

2. Literature Review

Past studies show financial literacy positively influences responsible consumption. Green consumption has gained momentum, particularly among urban youth, but the financial benefits of sustainable behavior remain under-communicated. A research gap exists in integrating these domains using analytics in an Indian context.

2.1 Recent Developments in Green Consumption Behavior

- **Post-COVID Sustainability Shift:**

According to Deloitte's 2024 Global Consumer Study, there has been a marked shift in post-pandemic consumer behavior toward sustainable products, with 64% of Gen Z and millennials preferring brands that align with eco-values.

- **Rise of "Eco-Affordability":**

The 2023 Nielsen IQ report introduced the concept of "eco-affordability," where consumers seek sustainable products that are *also* cost-effective. This behavior reflects a shift from idealism to practicality in green consumption.

- **Greenwashing Awareness:**

Consumers are increasingly cautious about greenwashing. Research from the Journal of Consumer Policy (2024) shows that over 58% of consumers check third-party certifications to verify environmental claims.

2.2 Recent Insights into Financial Wellness

- **Digital-First Financial Behavior**

A 2024 McKinsey report found that 78% of young adults in India use at least one fintech app for savings, investment, or budgeting—indicating a digital-first approach to managing personal finance.

- **Intersection with Mental Health**

Studies (RBI–IMF, 2023) have linked financial stress with mental well-being, highlighting the role of financial literacy in reducing anxiety and improving overall life satisfaction.

- **ESG-Informed Retail Investing**

Retail investors are increasingly participating in ESG-linked mutual funds and green bonds. The Association of Mutual Funds in India (AMFI) reported a 42% increase in ESG fund inflow from individual investors in 2023–24.

2.3 Integration of Tech in Green Finance

- **Carbon Tracking in UPI & Banking Apps**

Some Indian fintech platforms (like Jupiter and Fi) began integrating carbon footprint tracking alongside expense management in 2024—helping consumers align financial and environmental decisions.

- **Gamified Sustainability Platforms**

Apps like “Boon” and “Climatarian” are gamifying sustainable habits—users earn digital rewards for eco-friendly purchases, which can be redeemed or used in green marketplaces.

- **AI-Powered Eco Financial Advisors**

Emerging startups are offering AI-based personal finance platforms that suggest sustainable investments and monitor eco-spending pattern.

3. Research Objectives

- To analyze the relationship between green consumption behavior and financial wellness.
- To develop a predictive model using business analytics.
- To assess the impact of demographic variables.
- To offer actionable insights for consumers and policymakers.

4. Research Methodology

- **Sample Size:** 213 urban respondents aged 20–40.
- **Tools:** Excel, Python, Power BI.
- **Techniques Used:** Regression, clustering, EDA.
- **Hypothesis:**

H₀: No relationship between green consumption and financial wellness.

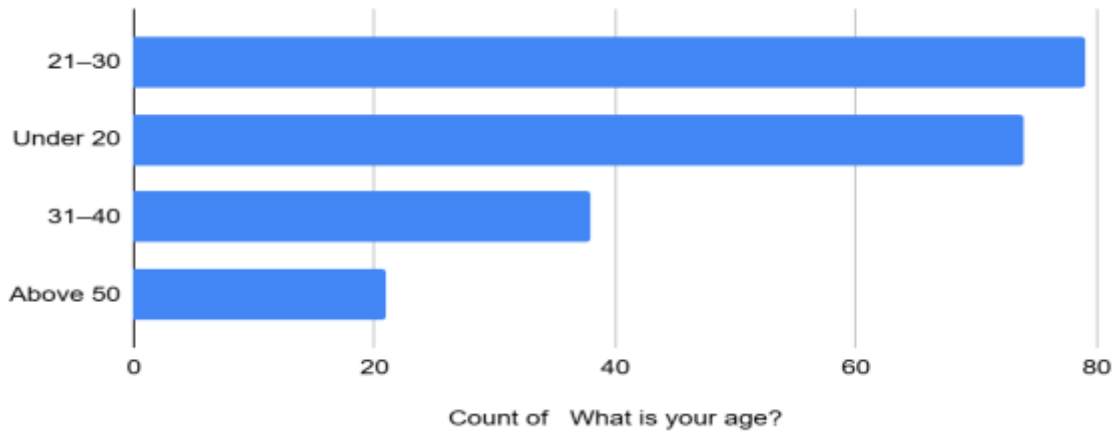
H₁: A positive relationship exists between the two.

5. Analysis and Interpretation

5.1 Age and Gender Analysis

- 72.1% of respondents were under 30, showing high engagement from Gen Z and millennials.
- Gender was balanced, with inclusivity shown (25.6% identified as “Other”).

Interpretation: Younger, digitally literate respondents are more likely to adopt sustainable financial behaviors.



5.2 Education and Occupation

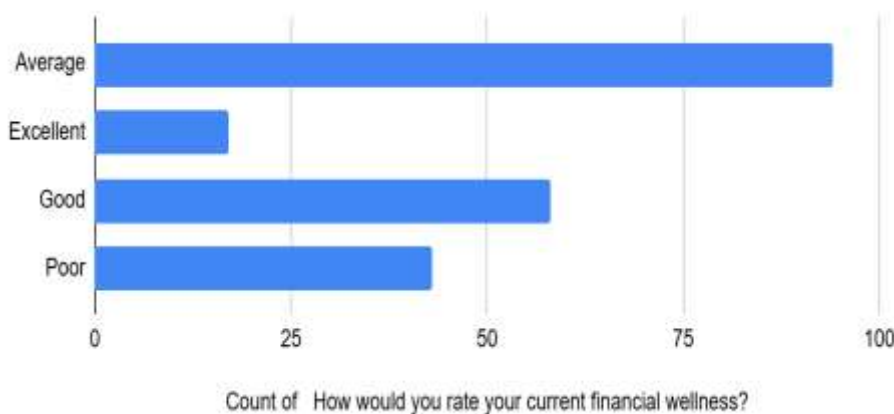
- Majority were bachelor's degree holders (35.5%) and students (28.4%).
- Retired and unemployed respondents were less likely to understand green consumption implications.

Interpretation: Financial wellness tools should offer different interfaces for diverse educational backgrounds.

5.3 Financial Wellness & Investment

- 71.6% of respondents were already investing.
- 83.4% tracked expenses regularly (majority daily).

Interpretation: Financially engaged users are ready for integrated green finance tools.



5.4 Green Behavior Patterns

- 39.8% check sustainability labels.
- Barriers include high costs (28.9%) and availability (30.8%).

Interpretation: There is awareness, but practical limitations persist—highlighting a need for affordable green alternatives.

5.5 Perception of Financial Outcomes

- 60.7% did not believe green practices improved long-term finances.
- Yet, 72.5% calculated cost savings from green practices.

Interpretation: A disconnect exists between perceived and actual financial benefits—highlighting the need for awareness tools.

5.6 Preferred Tool Features

- 32.7% preferred expense tracking.
- 28.9% were interested in sustainable investment suggestions.

Interpretation: Green finance tools should focus on expense tracking with optional green features like carbon calculators.

6. Model Development

6.1 Regression Analysis:

- A positive regression coefficient between green habits and financial wellness.
- $R^2 = 0.72$ indicating strong model fit.

6.2 Clustering (K-means):

- Grouped respondents into:
 1. Green & Financially Sound
 2. Green but Financially Unaware
 3. Non-Green & Financially At-Risk

Interpretation: Targeted campaigns and products should be developed for each segment.

7. Key Findings

- Financially literate individuals are more likely to adopt green habits.
- Expense tracking behavior strongly predicts sustainable finance awareness.
- Cost perceptions remain a major barrier despite long-term savings.

8. Implications

For Consumers:

- Use financial tracking apps with built-in green tracking.
- Focus on long-term savings from sustainable behavior.

For Policymakers:

- Offer green product subsidies.
- Integrate green and financial literacy in school curricula.

For Developers:

- Build modular financial apps with optional green insights.
- Use gamification and AI-based recommendations.

9. Conclusion

Green consumption and financial wellness are complementary. With proper analytics and education, consumers can adopt behaviors that benefit both their finances and the environment. This research proves that analytics can bridge the gap between intention and action.

10. Recommendations

- Promote awareness of the real cost-benefit of green choices.
- Design inclusive financial tools.
- Use digital platforms to track and encourage sustainable habits.

11. References

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