

RATIONAL CHOICE THEORY: GREEN BANKING PRACTICES FOCUSED

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ABSTRAK

Kerusakan lingkungan semakin meningkat. Bank sebagai penggerak ekonomi di negaranya sendiri memiliki pengaruh yang tinggi untuk mendorong praktik ramah lingkungan. Sebelum tahun 2010-an, perbankan tidak memiliki kesadaran yang cukup untuk melakukan praktik ramah lingkungan yang termasuk dalam kegiatan operasionalnya. Di Indonesia, pemerintah telah mulai memberlakukan aturan perbankan hijau pada tahun 2012. Indonesia memulai praktik perbankan hijau yang memuncak pada tahun 2020 saat munculnya pandemi COVID-19. Penelitian ini mengkaji apakah pertumbuhan praktik green banking di Indonesia telah dipahami oleh nasabah, pengaruh praktik ramah lingkungan bank terhadap loyalitas nasabah bank umum, dan apakah kesadaran dan pengetahuan terhadap praktik hijau bank akan berpengaruh terhadap loyalitas terhadap bank. Penelitian ini mengkaji pentingnya penerapan green banking karena meningkatnya kesadaran dan tingkat pengetahuan nasabah tentang lingkungan yang tinggi. Penelitian ini merupakan penelitian pertama yang dilakukan di Kota Batam di mana penelitian ini mengkaji green banking dengan menggunakan teori grand pilihan rasional. Penggunaan teori pilihan rasional akan menjadi hal baru untuk penelitian ini. Selain itu, variabel kepercayaan hijau yang memediasi kesadaran perbankan hijau dan pengetahuan perbankan hijau yang memengaruhi loyalitas hijau akan menjadi hal baru dari penelitian ini.

Kata kunci: bank, inovasi, loyalitas, keberlanjutan, kepercayaan

ABSTRACT

Banks as economic drivers in their own country have a high influence on encouraging environmentally friendly practices. It is due to the increasing damage to the environment in Indonesia. Before the 2010s, banks did not have enough awareness to carry out environmentally friendly practices included in their operational activities. In Indonesia, the government started to enforce green banking rules in 2012. Indonesia initiated green banking practices, which reached their peak in 2020 during the COVID-19 pandemic. This study examines whether customers have understood the growth of green banking practices in Indonesia, the effects of banks' environmentally friendly practices on the loyalty of commercial bank customers, and whether awareness and knowledge of banks' green practices will have an impact on loyalty towards banks. This study examines the importance of implementing green banking due to the increasing awareness and high level of customer knowledge about the environment. This research is the first to be conducted in Batam City, examining green banking through the lens of the grand theory of rational choice. The rational choice theory will serve as the novelty for this research. Also, the green trust variable mediating green banking awareness and green banking knowledge affecting green banking loyalty will serve as the novelty of this research.

Keywords: banks, innovations, loyalty, sustainability, trust

INTRODUCTION

The condition of the natural environment we live in is getting worse and has become an urgent problem due to the increasing impact of climate change and ecosystem damage. Global warming has been a significant change over the past 65 years (Abbass et al., 2022) and is considered a significant threat to human health (Caminade et al., 2019). Based on the Global Risks Report 2024 published by the World Economic Forum (WEF), extreme weather is predicted to have the most significant risk in the coming decades. About 66% of respondents stated the significant concern that 2023 is the hottest year on record, exacerbating the impacts of climate change such as floods, wildfires, and warming in the Arctic region. In addition, the report also highlights long-term risks, such as biodiversity loss, critical changes to the Earth's systems, and a lack of natural resources which can threaten the sustainability of life on the planet (Heading and Gallier, 2024). Addressing to Climate (2024), weather has been recorded to cause a series of disasters such as heat waves in Asian countries, floods in countries such as Arabia, Brazil, and Kenya, and also fires in Canada.

Climate change is mainly led by heat-trapping activities which change the composition of the atmosphere (Trenberth, 2018). Companies often neglect the environmental problems (Itan et al., 2023). According to Hesniati and Oktianto (2024), companies should implement responsibility towards the environment. Since 1990, banks have been considered as one of the economic actors that should participate in protecting the environment (Ashiq and Shahir, 2020). However, stakeholders have not been able to realize this. In 2012, the Sustainable Banking Network (SBN) was formed, a banking community that focuses on developing green banking. Awan, et al (2020) argue that in the context of global environmental crisis, the financial sector plays an important role through the adoption of the concept of green banking, which was also found in Indonesia (Setyowati, 2023). Major countries such as the United Kingdom, the United States, and Canada have

not found regulations that support green banking practices (Akomea-Frimpong et al., 2022). Environmental damage, such as water scarcity, deforestation, and fauna extinction, is a significant risk that affects the economy (Elsdon and Abdelli, 2024). Green banking can seek financing and investment in environmentally friendly projects, such as renewable energy, waste management, and energy-efficient construction, which are part of banks' daily operational activities (Chen et al., 2022). Without the adoption of green banking practices, the traditional financial system tends to support economic activities that damage the environment, such as the over-exploitation of natural resources and activities with high carbon emissions (Zhang et al., 2022). Inequities in resource allocation and unsustainable project financing also exacerbate environmental, social, and economic impacts, with more responsible approach to financial management due to the role of banks in business activities (Cuandra and Setiawan, 2020).

Europe is the continent that is most aggressive in implementing green financing regulations. It believes that environmentally friendly activities can be achieved through the economy (Park and Kim, 2020). Through the central bank, it takes actions such as requiring disclosure of sustainability activities, tax facilities for companies that carry out sustainability, and several other actions outside the bank's obligations (Brühl, 2021). By continuing to commit to the green movement, countries in Europe have reduced energy use by 30% and heating use by 49% in the bank's working environment since 2010. Germany, as one of the pioneers in the implementation of green banking located on the European continent through the KfW Development Bank, as well as the second largest issuer of green bonds in the world, has managed to raise more than EUR 16 billion through green bond transactions in 2021. These funds are used to support programs such as energy-efficient construction and renewable energy. The transparency and impact reporting strategies implemented by KfW not only increase global investor confidence but also strengthen the liquidity of the green bond

market. This step proves that green banking not only contributes to environmental sustainability but also strengthens the trust of international financial markets (Cahn, 2021). As the findings of Ibe-enwo et al. (2019), the adoption of green practices by banks helps to acquire customer support. Green banking encompasses the interconnection of nature, well-being, economy, and society (Karyani and O'Brien, 2020). Ovidiu-Ioan and Oana-Adriana (2020) show that customer loyalty is also impacted by a corporation's responsibility to the environment.

In Indonesia, banks have been required to consider environmentally friendly factors since

the issuance of Peraturan Bank Indonesia (PBI) 14/15/PBI/2012 by Bank Indonesia (2012), which is mentioned in clause 11, verse 1. The concept of green banking was introduced through the Sustainable Finance Roadmap by the Otoritas Jasa Keuangan (OJK) in 2018. This initiative aims to create a financial ecosystem that supports sustainable development through policies, regulations, and financial products that are aligned with economic, environmental, and social interests (OJK, 2023). Since 2015, OJK has appointed eight banks, as follows in table 1:

Table 1
Green Bank List

Bank Name	Bank Code
Bank Mandiri	BMRI
Bank Rakyat Indonesia	BBRI
Bank Negara Indonesia	BBNI
Bank Central Asia	BBCA
Bank Muamalat	BMMT
Bank Pembangunan Daerah Jawa Barat dan Banten	BJBR
Bank Arta Graha Internasional	INPC
BRI Syariah	BBRIS

Source: Saputra, 2024

The eight banks that have been appointed not only received statements from the OJK, but also became cooperative institutions in the green banking pilot project in Indonesia and joined the preparation of the project roadmap from 2015 to 2024 (Fossei.org, 2022). To support the implementation of sustainable finance, banks in Indonesia need to make adjustments,

developments, or innovations in products and/or services, including increasing their financing portfolios, investments, or placements in financial instruments and projects that are aligned with sustainable finance principles (OJK, 2018).

Table 2
Number of Commercial Banks Year over Year

Year	Total of Banks
2014	119
2015	118
2016	116
2017	115
2018	115

Year	Total of Banks
2019	110
2020	109
2021	107
2022	106
2023	105

Source: BPS, 2022

Previous research by Vinoth (2023) and Junarsin et al. (2022) was conducted to test customer trust, knowledge, and awareness in realizing loyalty to general green products and services. Research by Rocha et al. (2025) focuses on green banking awareness, green trust, and green loyalty. Most of the bank activities contribute to green finance to support the environment (Akomea-Frimpong et al., 2022). The study is conducted to test customer trust, knowledge, and awareness to realize green banking loyalty in the banking sector. The grand theory of rational choice theory has never been used in green banking research. It shows the novelty of this research. Rational choice is an approach with the consumer's assumption to make decisions (Ranjan, 2025), which will form the trust of consumers through their preferences. The science of rational choice is the science of making decisions based on subjective probabilities (Hechter, 1997). Rational choice is made with individual interests as the basis for calculation (Smith, 2020). With the rise of concern about environmental issues, consumers with knowledge and awareness of green policies are tested to see whether they will rationally choose green products and services. This study examines green banking knowledge that has not been studied for its influence on green banking loyalty in Indonesia. Customers who are aware of green banking activities are not enough to prove that customers have sufficient knowledge about green banking. Environmental awareness is used to test whether customers who care about the environment also have the same concern for the banking sector. This research is expected to benefit the community by raising awareness of the importance of environmental sustainability and increasing their knowledge of green banking. For academics to be an encouragement

to increase green banking research in society. For banks, it is hoped that they continue to encourage green banking activities and improve their green banking policy.

THEORETICAL REVIEW

Loyalty is the intention of the customer in reusing the services received (Javid et al., 2023), which will then result in a firm commitment from customers to rebuy in the future (Gelderman et al., 2021). Loyalty provides benefits for banks by reusing them, as well as providing referrals to the bank's services (Lady and Selvia, 2021). According to Kim et al. (2024), loyalty from customers can be obtained through small actions from the bank as feedback from the customer. Green loyalty is loyalty based on environmentally friendly actions carried out by the company (Pawar and Munuswamy, 2022). Green loyalty can be divided into 3: loyalty from the customer's willingness to continue using existing products, loyalty based on willingness to pay, and referral loyalty (Zhang et al., 2023).

Green banking awareness is awareness of environmentally friendly actions, especially in bank operations (Rocha et al., 2025). Awareness from customers influences their actions in choosing to use the bank's eco-friendly services (Chuma, 2024). According to Shobha and Sarala (2018), customer awareness is the driving force behind using the bank's services.

Awareness of green banking makes customers interested in banks that implement these measures (Chuma, 2024). However, this interest still needs to be tested to determine whether it will generate trust. Therefore, it is necessary to test whether customer awareness of green banking will result in customer trust.

Research by Rocha et al. (2025) demonstrates the positive influence of green banking awareness

on green trust, as low awareness among users raises doubts about the use of green bank facilities. Drawing to Imaningsih et al. (2024), green awareness is a key factor in gaining customer trust. With no more references found for the literature review that has been prepared, the research hypotheses are concluded as follows:

H₁: Green banking awareness has a positive effect on green trust.

Green awareness raises the loyalty of consumers through green practices performed by companies (Dabija et al., 2018). Rocha et al. (2025) show positive results towards the impact of green banking awareness on green loyalty, because customers who have green banking awareness will give a better response to the provided services. While Chuma (2024) find that many customers do not have awareness of the green banking actions provided by the bank, which is believed to hinder customers from having green loyalty to the bank. These results are in line with research from Ellahi et al. (2023), who find that customers with awareness of green banking practices have a higher desire to use the bank's services. Based on the literature review above, the research hypotheses are developed as follows:

H₂: Green banking awareness has a positive effect on green banking loyalty.

Judith and Christina (2019) stated that, in addition to awareness from customers, knowledge from customers is a driver for customers to use the bank. Negassa (2023) stated that good education gives customers the desire to use the bank. Green knowledge has a positive influence on green loyalty Negassa (2023). The study provides friendly environmental education to buyers can increase the desire of buyers to increase transactions with the business. The same results were found in research from Jalu et al. (2023) because green knowledge can add value to be felt by buyers, so that customers will have a higher desire to use the products provided. Research from Ellahi et al. (2023) revealed that knowledge from customers has an indirect influence on the choice of banks and will affect how customers make their choice (Sultana et al., 2022). However, Karyani and Obrien (2020) states

that knowledge of the customer's environment only affects their behaviour. From the literature review that has been presented, the research hypotheses can be concluded as follows:

H₃: Green banking knowledge has a positive effect on green banking loyalty.

The research of Vinoth (2023) shows a positive result of the relationship between environmental awareness and green trust because customers who care about the environment will be more responsive to environmentally friendly products. Moreover, Li et al. (2021) has proven that environmental awareness helps establish trust. Through the literature review, the research hypotheses are concluded as follows:

H₄: Environmental awareness has a positive effect on green trust.

Environmental awareness increases green loyalty through green knowledge of the environment, which eventually becomes a habit for customers to continue to use environmentally friendly products (Golob and Kronegger, 2019). A study by Junarsin et al. (2022) has shown that buyers with environmental awareness will choose products that are more environmentally friendly. Thus, pushing the buyers to choose environmentally friendly products (Su and Wan, 2024).

In the study of Sasikumar and Sundaram (2024), it was found that awareness among buyers has a positive influence on the loyalty of the buyers. The lack of awareness from buyers causes them not to repurchase. While Pramadhani and Nugroho (2024) reveals that environmental awareness positively impacts green loyalty, as users with higher awareness tend to exhibit greater reuse of the service. In the research of Junarsin et al. (2022), awareness is tested by marketing criteria. They find that potential buyers must have confidence in the product before having the intention to use it. Through these results, the customers now have enough knowledge of the environment to choose a more environmentally friendly product as their primary choice. According to Moiescu and Gică (2020), customer environmental awareness has

evolved to enable them to identify companies with environmentally friendly practices. From the literature review, the research hypotheses can be concluded as follows:

H₅: Environmental awareness has a positive effect on green banking loyalty.

Trust is the most basic foundation of a long-term relationship (Arasyi and Kusumawati, 2023). Shoppers will not buy or use products they do not trust (Rocha et al., 2025). Customers provide loyalty based on trust through the commitment shown by the bank (Chrisjatmiko, 2018). Study of Vinoth (2023) shows positive results for green trust to green loyalty because trust from customers encourages customers to choose environmentally friendly services. Research from Mufflih et al. (2024) also explained that green loyalty has a positive influence on green loyalty because if customers already believe in the bank's environmentally friendly actions, it will trigger the desire of customers to continue transacting at the bank. Research from Rocha et al. (2025) shows positive results; there is an influence of green trust on green loyalty because low trust results in low use of environmentally friendly services provided. Research from Chrisjatmiko (2018) shows positive results between green trust and green loyalty because customers assess the commitment of the bank to continue using the bank's services. Through the literature review that has been prepared, the research hypotheses are concluded as follows:

H₆: Green trust has a positive effect on green banking loyalty.

Research by Junarsin et al. (2022) shows that buyers with environmental awareness tend to prefer products that are perceived as environmentally friendly before purchasing them, as they are increasingly aware of environmental issues. According to Hameed et al. (2023), buyers now tend to be pickier in using products, with the factor of trusting more environmentally friendly products.

Prospective buyers, before making a purchase decision, tend to choose products that are environmentally friendly because they have higher confidence (Hameed et al., 2023). A

product that is not trusted will not be purchased at all (Rocha et al., 2025). So, buyers who have environmental awareness should have a green trust to be able to provide green loyalty to the product.

Research by Vinoth (2023) shows that green trust mediates the relationship between environmental awareness and green loyalty. For customers to trust the services provided, they must first be educated about the service before it is offered. Then, Junarsin et al. (2022) stated that there is an influence of trust as a mediator on the influence of green awareness on the intention of customers to keep buying a product. It can be influenced by the usage of social media, which is relatively high, especially in the era of social media as a means of promotion at this time. In contrast, the research on green trust mediating the effect of green banking awareness and green banking knowledge on green banking loyalty has not yet to be conducted. These will serve as the novelty of this research. Through the literature review, the research hypotheses are concluded as follows:

H₇: Green trust mediates the relation of environmental awareness, green banking awareness, and green banking knowledge to green banking loyalty.

RESEARCH METHOD

This study employs numerical data for analysis, making it quantitative (Purnomo, 2024). This study uses a questionnaire as a research instrument. In this study, the authors took data samples using the purposive sampling technique because they required data with specific criteria to get the most appropriate results (Nyimbili and Nyimbili, 2024). In determining the number of samples, this study uses a sample of criteria: 1 commercial bank customer, 2 using E-banking services, and 3 understanding the E-banking services used. This study utilised data from 284 respondents out of 285 respondents who completed the questionnaire. According to Hair et al. (2019), to obtain the best sample, the number of respondents should be above 50. The ideal number is obtained by multiplying the number of questions in the questionnaire by 10, which requires at least 220 respondents.

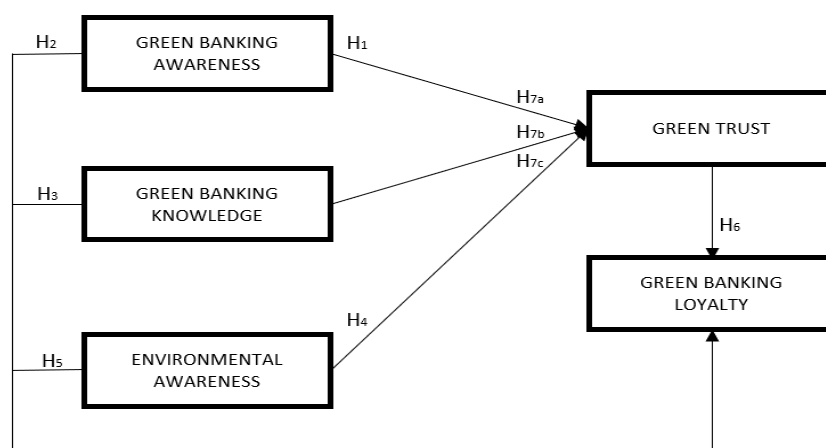


Figure 1
Theoretical framework

Source: Developed by Authors, 2025

This study examines green banking awareness, green trust, and green banking loyalty with questions from Rocha et al. (2025), green banking knowledge with a source of

questions from Jalu et al. (2023), and environmental awareness with a source of questions from Lin and Dong (2023). With indicators shown below

Table 3
Variable Indicators

Variables	Indicators
Green Banking Awareness	I am an environmentally conscious person. I am aware of the concept of green products. I know green banking. This bank provides satisfactory green services.
Green Banking Knowledge	I am aware of Green Banking Practices being followed in this bank. I use environmentally friendly bank services. I choose bank services that minimise carbon waste. I understand environmentally friendly bank services.
Environmental Awareness	I have a wealth of knowledge regarding environmental issues. I am concerned about energy shortage issues. I am concerned about carbon emission issues. I am concerned about climate change issues.
Green Trust	I am willing to protect the environment to the best of my ability. This bank's environmental commitments are generally reliable. This bank's environmental performance is generally dependable. This bank's environmental argument is generally trustworthy. This bank's environmental concern meets my expectations. This bank upholds its promises and commitments to environmental protection.
Green Banking Loyalty	I am happy about my decision to choose this bank because of its environmental functions. I do the right thing to be a client of this bank because of its environmental performance.

Variables	Indicators
	Overall, I am glad to pay for these bank services because it is environmentally friendly.
	Overall, I am satisfied with this bank because of its environmental concern.

Source: Developed by Authors, 2025

In doing research with questionnaires, the Likert scale is used to measure unobservable constructs (Jebb et al., 2021). Researchers tend to use a 5-point Likert scale (Kusmaryono et al., 2022), while this study uses a 6-point Likert scale. The purpose of using six points is to get a tendency from respondents (Taherdoost, 2019). This research was tested using the innovative Please application. This study uses a smart data processor because it needs to test the reliability of the questions used and the validity of the respondents. These data managers can perform the two necessary tests to support the results of this study.

ANALYSIS AND DISCUSSION

Through the data collected, it was found that 112 respondents were male and 172 respondents were female. The most significant number of respondents came from 166 respondents aged 17-24 years, then 106 respondents aged 25-32 years, 10 respondents aged 33-40 years, and two people >40 years or older. The last education level of most of the

respondents was high school, with a total of 119 respondents, then S1 with 144 respondents, S2 with 10 respondents, and D3 with 11 respondents.

Table 4
Research Demography

Gender	
Male	112
Female	172
Age	
17-24 Year	166
25-32 Year	106
33-40 Year	10
> 40 Year	2
Education Level	
SMA	119
D3	11
S1	144
S2	10
Commercial Bank Customers	
Yes	284

Source: Result of Research, 2025

Table 5
Convergent Validity Test Result

Item	Average Variance Extracted	Factor Loading	Description
Green Banking Awareness			
GBA 1	0.599	0.733	Valid
GBA 2		0.519	Valid
GBA 3		0.835	Valid
GBA 4		0.861	Valid
GBA 5		0.864	Valid
Green Banking Knowledge			
GBK 1	0.677	0.846	Valid
GBK 2		0.778	Valid
GBK 3		0.872	Valid

Item	Average Variance Extracted	Factor Loading	Description
GBK 4		0.792	Valid
Environmental Awareness			
EA 1		0.883	Valid
EA 2	0.638	0.821	Valid
EA 3		0.855	Valid
EA 4		0.671	Valid
Green Trust			
GT 1		0.788	Valid
GT 2		0.769	Valid
GT 3	0.688	0.851	Valid
GT 4		0.867	Valid
GT 5		0.866	Valid
Green Banking Loyalty			
GL 1		0.845	Valid
GL 2	0.729	0.823	Valid
GL 3		0.872	Valid
GL 4		0.874	Valid

Source: Result of Research, 2025

In validity testing, the author uses Convergent Validity testing. Specifically Average Variance Extracted (AVE) should be at least 0.7. However, in certain conditions, aresearch that is rarely conducted, scores with at least 0.5 are still acceptable (Statistikian, 2021). So, the result of this study is valid for the values

above 0.7. However, the study conducted in Batam City explores variables that have not been previously researched using rational choice theory. Therefore, results above 0.5 are still considered acceptable. Through the value shown in the table, the only indicator of GBA 2 and EA 4 is under 0,7.

Table 6
Construct Reliability Test Result

Variable	Cronbach's Alpha	Average Variance Extracted	Description
Green Banking Awareness	0.825	0.599	Reliable
Green Banking Knowledge	0.841	0.677	Reliable
Environmental Awareness	0.808	0.638	Reliable
Green Trust	0.886	0.688	Reliable
Green Banking Loyalty	0.876	0.729	Reliable

Source: Result of Research, 2025

In researching the reliability of this study, construct reliability was used through Cronbach's alpha with a minimum value of 0.5 (Statistikian, 2021). Through the table shown above, this study was declared valid. In the

convergence test, all values show a number greater than 0.5. The Cronbach's alpha score was above the minimum value of 0.7, with the minimum value of 0.808 in environmental awareness and the highest value of 0.886 in green

trust. The Average Variance Extracted (AVE) value was above 0.5, with green banking loyalty having the highest value of 0.729 and green

banking awareness having the smallest value of 0.599. Based on the results, the indicators in this research are valid and reliable.

Table 7
R-Square Test Result

Variable	R Square
Green Banking Loyalty	0.691
Green Trust	0.619

Source: Result of Research, 2025

R-squared was used to determine the extent to which the independent variable influenced the dependent variable (Astuti and Bakri, 2021). The R-square test showed a result above 0.5. The test determines the influence of independent variables on dependent variables. In this

research, independent variables used to examine the relation to green banking loyalty have a 69.1% effect value and 61.9% effect on green trust as the dependent variable. So, the rest of the percentage is affected by other variables that are not mentioned and researched in this study.

Table 8
Hypotheses Testing

Hypotheses	Relationship between Variables	T-Statistic	P-Value	Description
H1	Green Banking Awareness -> Green Trust	4.870	0.000	Significant
H2	Green Banking Awareness -> Green Banking Loyalty	1.900	0.058	Insignificant
H3	Green Banking Knowledge -> Green Banking Loyalty	2.693	0.007	Significant
H4	Environmental Awareness -> Green Trust	0.771	0.441	Insignificant
H5	Environmental awareness -> Green banking Loyalty	1.621	0.106	Insignificant
H6	Green Trust -> Green banking Loyalty	6.134	0.000	Significant
H7a	Green Banking Awareness -> Green Trust -> Green Banking Loyalty	3.945	0.000	Significant
H7b	Green Banking Knowledge -> Green Trust -> Green Banking Loyalty	3.013	0.003	Significant
H7c	Environmental Awareness -> Green Trust -> Green Banking Loyalty	0.793	0.428	Insignificant

Source: Result of Research, 2025

Lastly, the bootstrapping tests are performed to test the hypotheses. The significance value is indicated by the p-value,

which should be smaller than 0.05, and the t-statistic should be higher than 1.96 (Astuti and Bakri, 2021). Thus, the significant results are

indicated by the p-value, which is below 0.05, and the t-statistic is greater than 1.96. If the results are opposite to the indicator mentioned before, then the test results are insignificant. The result shows that H2, H4, H5, H7b, and H7c are accepted with the result of significance, and H1, H3, H6, and H7a are not accepted for having different results from what is stated in the hypotheses.

The result of green banking awareness significantly affecting green trust is in line with the research by Rocha et al. (2025). Having green awareness, especially in the banking sector, will raise trust from consumers through what they observe. As explained in the previous study, consumers without green banking awareness will reject the implementation of green banking practices. While in this study, consumers with green banking awareness trusted the implementation of green banking.

This study indicate that green banking awareness has no significant effect on green banking loyalty, which differs from the findings of studies conducted by Rocha et al. (2025), Chuma (2024), and Ellahi et al. (2023). It is due to the study's positive findings on green banking awareness among respondents, which contrasts with previous studies that reported negative results on green banking awareness. The respondents in this study have an awareness of green banking. The previous studies on how green banking awareness affects green banking practices, did not show consumer loyalty. The consumers only agree on the implementation in banks, and this does not necessarily affect their banking options.

The positive result that green banking knowledge affects green banking loyalty, in this study, is in line with Negassa (2023) and Jalu et al. (2023). They studied how consumer knowledge brings value to their purchases, resulting in repurchase behavior or intentions. In this study, knowledge can change the purchase behavior of customers, which results in loyalty by repurchase behavior. It is primarily affecting green banking.

Having differences in how green banking awareness affects green trust, environmental awareness has an insignificant effect on green

trust, aligned with the results of Vinoth (2023) and Li et al. (2021). Environmental awareness has a negligible impact on green trust. The respondents in this study are already aware of the environment. Theirs differs from the previous studies. The different results of environmental awareness compared to green banking awareness are due to environmental awareness encompassing a broader understanding of the environment. In contrast, this study is explicitly conducted within the context of green banking.

In previous studies of Pramadhani and Nugroho (2024) and Junarsin et al. (2022), a significant effect of environmental awareness on green banking loyalty was found. The result of this study is different because the objects are done primarily on the banking industry. Its environmentally friendly customers are not required to be loyal to green banks. It is also due to their perspectives that banks do not directly affect the environment. The perspectives of customers with environmental awareness will have a general value in assessing a business's environmental friendliness. The results are in the missed assessment of the green banking policy.

This study shows significant results of green trust affecting green banking loyalty, which is in line with the results of Arasyi and Kusumawati (2023), Vinoth (2023), Muflih et al. (2024), Rocha et al. (2025), and Chrisjatmiko (2018). This study found that loyalty does not just appear. The loyalty of customers is affected by how much they trust the product provided. By having more trust in a product or service, consumers will give their loyalty to a specific product or service.

In this study, green trust mediates the effect of green banking awareness and green banking knowledge on green banking loyalty. As this study specifically focuses on the banking industry, environmental awareness refers to general environmental awareness. Consumers with green banking awareness and knowledge will have more exposure to green banking, so consumers will put their loyalty in products and services that make them trust. In comparison, environmental awareness focuses on general environmental issues, which leads to a lack of exposure to specific green policies, especially green banking.

For future study, the environmental awareness of respondents could be used to assess Green Bank's policy. It may have a positive effect from the perspective of the general bank user.

CONCLUSIONS AND SUGGESTIONS

As the results, this study show that awareness and knowledge encourage trust and loyalty. However, in terms of green banking, awareness and knowledge should be specified due to the general knowledge and awareness that do not explain the green initiatives of banks. This study also shows that green banking in Indonesia has already shown a significant impact. The awareness and knowledge of respondents are relatively high. It also shows that the pilot project of green banking in Indonesia, which began in 2015, has had a positive effect, which will have a greater impact on the future of banking operations and policies that encourage corporates to follow the green path.

Throughout this study, the trust of consumers highly affects loyalty. The trust of customers is also affected by the level of awareness they have in specific fields. It was also found that customers with green banking knowledge will have loyalty towards the green bank. Having awareness of green banking will require help from the trust to provide loyalty.

Studies with general valuation will often yield insignificant results on a specific topic due to the different ways of assessment needed to carry out the research. However, it is also a way to evaluate how the policy is being used in the perception of common customers. The author did not conduct research covering the whole of Indonesia due to limited time and resources, so this research was conducted only on Batam City customers. This is a point that can be developed in future research, allowing it to be carried out in other cities in Indonesia, where it can also compare the knowledge of commercial bank customers categorized by city and province.

The future research needs to add how respondents assess green banking as a good option. By making respondents assess the bank's policy, it will add insights into green banking for

respondents, which will bring a different perspective towards green banking. Researchers could investigate certain bank in a particular assessment for each bank with a green policy.

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