

The Application and Development of Green Finance in the Banking Industry: Policy Promotion and Marketing

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Abstract: *The application and development of green finance in the banking industry are driven by both policy promotion and marketing. Policy support promotes the promotion of green finance products through incentive measures and regulatory frameworks, while marketing enhances customer acceptance by increasing product transparency and optimizing customer experience. In the process of promoting green financial products, banks need to optimize product design based on customer feedback and adjust strategies in a timely manner through market research. In addition, this paper can enhance product identification and further expand market influence by sharing successful cases and positive stories. Research has found that through comprehensive policy promotion and marketing strategies, the banking industry can more effectively promote the application and development of green finance, achieving the dual goals of environmental protection and financial returns.*

Keywords: *green finance, banking, policy promotion, marketing management*

1. Introduction

With the increasing global attention to climate change and environmental protection issues, green finance, as a financial tool and strategy to support sustainable development, is gradually becoming the focus of attention in the financial field. The core goal of green finance is to promote environmentally friendly allocation of resources through financial means, thereby supporting the development of green industries, reducing environmental pollution and ecological damage, and promoting the transformation of the economy towards low-carbon and environmental protection. In this context, the banking industry, as an important component of the financial system, carries the important mission of promoting the development of green finance.

In recent years, with the increasing attention of governments and regulatory agencies to green finance, many countries and regions have successively introduced a series of policies to support green finance. These policies not only include standardization requirements for green financial products, but also include incentives for financial institutions to invest in green projects. The implementation of these policies not only promotes the development of the green finance market, but also provides institutional support for the design, promotion, and risk management of green finance products in the banking industry. At the same time, the demand for green finance in the market is constantly increasing. Enterprises and investors are increasingly recognizing the importance of environmental and social responsibility for long-term development, and green finance, as an effective tool to meet this demand, is gradually gaining market recognition. The banking industry plays a crucial role in the green finance market. By providing green loans, issuing green bonds, and developing green investment products, banks can not only support the financing needs of environmental projects, but also establish a good corporate image in the fierce market competition. However, the promotion and development of green finance also face some challenges. The implementation effect of policies, market acceptance, product innovation capability, and risk management all have an impact on the development of green finance in the banking industry. To effectively address these challenges, the banking industry needs to continuously optimize green financial products, enhance marketing strategies, and closely monitor policy developments and changes in market demand.

This paper aims to explore the application and development of green finance in the banking industry, with a focus on analyzing the impact of policy promotion and marketing on the practice of

green finance in the banking industry. By studying the policy framework of green finance, analyzing the application cases of green finance products in banks, and exploring marketing strategies, this study will provide theoretical support and practical guidance for the development of the banking industry in the field of green finance. The paper will first systematically review the basic concepts of green finance and its application in the banking industry, then analyze in detail the role of policy promotion and marketing in the development of green finance, and finally explore the future development trends and challenges of green finance. Through comprehensive analysis of these contents, we hope to provide useful references and inspirations for promoting innovation and practice of green finance in the banking industry.

2. Overview of green finance

2.1 Definition and connotation of green finance

Green finance refers to a financial system that prioritizes environmental benefits and sustainable development in financial activities, promoting environmental protection and resource conservation [1]. Its connotation includes four main aspects: environmental benefits, economic benefits, social benefits, and risk management. The environmental benefits are mainly reflected in promoting environmental protection, reducing carbon emissions, improving air and water quality, and protecting biodiversity through financial support. The economic benefits are reflected in the long-term economic returns that green finance projects can bring, such as improving energy efficiency, reducing operating costs, and enhancing market competitiveness. In terms of social benefits, green finance focuses on creating green employment opportunities, enhancing public environmental awareness, and promoting the fulfillment of social responsibilities. In terms of risk management, green finance involves environmental risk management, which protects the safety of investments and loans by identifying and avoiding environmental risks.

2.2 Main tools and products of green finance

2.2.1 Green bonds

Green bonds are debt instruments specifically designed to fund environmental projects or support sustainable development projects [2]. Its issuer promises that the funds raised will be used for green projects, which typically involve renewable energy, energy conservation and emission reduction, pollution control, and other fields. Green bonds not only help promote environmental protection, but also provide investors with opportunities to participate in green development.

2.2.2 Green loans

Green loans refer to loans provided by financial institutions to enterprises that support environmental projects or have environmental benefits. Compared to traditional loans, green loans typically have lower interest rates and more favorable repayment conditions to encourage businesses to make green investments. The use of funds for green loans must comply with specific environmental standards and requirements, ensuring that the loans are used for projects that truly contribute to environmental improvement.

2.2.3 Green investment fund

Green investment funds are investment funds specifically designed to invest in enterprises and projects with environmental or sustainable development potential. These funds aim to support green technology and sustainable development projects such as clean energy, energy-saving technologies, and green buildings through capital injection. Green investment funds not only provide investors with opportunities to participate in the green economy, but also promote technological progress and market development in related fields.

2.3 Development history of green finance

The development process of green finance can be traced back to the 1980s, when environmental awareness gradually increased and the world began to pay attention to the relationship between finance and the environment. Entering the 21st century, green finance has gained widespread recognition and rapid development. In 2006, the United Nations launched the Principles for Responsible Investment, laying the foundation for the development of green finance. Subsequently, financial instruments such

as green bonds and green loans were successively launched and received widespread attention from the international financial market. In recent years, governments and financial institutions around the world have further promoted the formulation of green finance policies, promoted the standardization of green finance standards, and facilitated the vigorous development of the global green finance market. This development process marks the gradual deepening of green finance from concept to practice, ultimately becoming an indispensable part of the global financial system.

3. The application of green finance in the banking industry

The application of green finance in the banking industry involves multiple levels, including product design, integration of loan and investment businesses, as well as risk management and evaluation.

3.1 Design and implementation of green financial products

The design and implementation of green finance products are the foundation for banks to promote green finance strategies. When designing these products, banks need to ensure that they comply with environmental standards and meet market demand. Common green finance products include green bonds, green loans, green funds, etc.

When designing green financial products, banks should consider several key aspects. Firstly, collaborate with environmental protection agencies to develop environmental standards that cover reducing carbon emissions, improving energy efficiency, and protecting water resources. Secondly, when designing products, it is important to ensure clear structure and transparent use of funds. For example, green bond funds should be dedicated to environmental projects, and green loans should have clear investment directions. In addition, banks need to conduct market research to understand the needs of investors and borrowers, ensuring that their products meet both environmental requirements and market appeal. It is also necessary to comply with relevant laws and regulations and maintain good communication with regulatory agencies. At the same time, in order to enhance market awareness, banks should promote and advertise through reports, seminars, and online platforms.

3.2 Application of green finance in loan business

The application of green finance in loan business is mainly reflected in the issuance and management of green loans. Green loans are specifically used to fund environmental projects, including renewable energy, energy efficiency improvement, waste management, and water resource conservation. In the approval process of green loans, banks must carefully evaluate the environmental benefits of the project, including a detailed review of the potential impact of the project on the environment, to ensure that loan funds are only used for projects that meet green standards. These standards typically involve goals such as reducing greenhouse gas emissions, lowering environmental pollution, and improving resource efficiency.

In order to incentivize businesses and institutions to make green investments, banks typically offer more favorable loan interest rates and conditions. This preferential measure may include lower interest rates than traditional loans, longer repayment periods, or more relaxed guarantee requirements, aimed at reducing the financing costs of enterprises and encouraging their participation in environmental projects. At the same time, in green loan contracts, banks need to clearly specify the purpose of loan funds, ensure that they are dedicated to environmental projects, and establish environmental performance indicators in the contract. These indicators can include the specific environmental goals of the project, expected environmental benefits, and requirements for regular reporting. Borrowers are required to submit reports on the environmental benefits of the project on time to ensure transparency and traceability of benefits. In addition, banks need to establish effective risk control mechanisms to manage and prevent default risks of green loans. This includes conducting regular audits of green loan projects, checking whether the actual environmental effects of the projects are in line with expectations, ensuring that the projects are progressing as planned and achieving expected goals. By monitoring the actual performance of the project, banks can promptly identify and respond to potential issues, protecting the security of loan funds. By analyzing successful green loan projects, banks can accumulate valuable experience and further optimize the implementation strategies and operational processes of green loan business. Summarizing the experience of successful cases, banks can continuously improve their green loan products, enhance the overall efficiency and market competitiveness of their business, promote more enterprises to participate in the practice of green

finance, and help achieve sustainable development goals.

3.3 Application of green finance in investment business

The application of green finance in investment business covers green investment funds, green asset management, and other aspects. Banks can establish dedicated green investment funds to invest in enterprises and projects with environmental and sustainable development potential, and must comply with green investment standards to ensure that funds are used for truly green projects. When making investment decisions, banks need to evaluate the environmental benefits of the project, including environmental impact, technical feasibility, and market prospects. In addition, banks should incorporate green financial products into their investment portfolios in asset management to achieve the dual goals of sustainable returns and social benefits. In order to attract investors, banks need to showcase the value and potential returns of green investments, provide transparent investment reports, performance analysis, and environmental impact assessments. At the same time, banks should pay attention to changes in green finance policies and market trends, and adjust their investment strategies in a timely manner to cope with the impact of policies and incentive measures on returns and risks.

3.4 Risk management and assessment of green finance

Green finance risk management and assessment is an important part of ensuring the success of green finance products and projects, mainly involving environmental risk assessment, credit risk management, market risk analysis, compliance risk control, risk management tools and techniques, as well as performance monitoring and reporting. Firstly, banks need to conduct environmental risk assessments on green projects, identify and analyze potential environmental risks such as carbon emissions, resource consumption, and potential environmental impacts. Secondly, green financial products also have credit risks. Banks should evaluate the credit status of borrowers to ensure their ability to repay loans, and carefully analyze the financial and operational risks of green projects. In addition, market risk analysis needs to focus on the impact of market demand fluctuations and changes in green policies on product returns and risks. In terms of compliance risk control, banks should ensure that green financial products comply with relevant laws, regulations, and environmental standards, establish compliance review mechanisms, and regularly inspect the compliance of products. Banks can also use risk management tools and technologies such as environmental risk models and credit scoring systems to improve their ability to identify and manage green finance risks. Finally, establish a performance monitoring and reporting mechanism for green finance products, track the environmental benefits and financial performance of projects, regularly release green finance reports, and provide transparent information for investors and regulatory agencies.

Through the above measures, banks can effectively design and implement green financial products, promote the development of green loans and investment businesses, strengthen the management and evaluation of green financial risks, and promote the realization of sustainable development.

4. Policy promotion and regulatory framework

4.1 Overview of green finance policies at home and abroad

International green finance policies are mainly formulated by multiple international organizations and countries, aiming to promote global green development [3]. The main policies include the Paris Agreement, aimed at limiting global temperature rise to address climate change; The Green Bond Principles provide standards and framework for the issuance of green bonds; And the EU's Green Finance Action Plan, including a classification system for sustainable investments and standards for green bonds. These policies have promoted the standardization and globalization of green finance, and facilitated the growth of green investment and financing activities. The domestic green finance policy is led by national banks and financial regulatory agencies, aiming to promote the development and application of green finance. The policy includes the "Guiding Opinions on Green Finance", which clarifies the development direction and goals of green finance; The Green Bond Support Tool provides financial support for green bonds; And the 'Green Credit Guidelines for Banks' require banks to include green projects in loan approval and risk management. These policies have helped to enhance the market acceptance of green finance products and promote the standardized development of the green finance market.

4.2 The impact of policies on the development of green finance in the banking industry

The policy promotion has a profound impact on the development of green finance in the banking industry. On the one hand, policies provide guidance and incentives to encourage banks to increase the supply and investment of green financial products. For example, policy support for green loans and green bonds has increased banks' willingness to finance green projects. On the other hand, policies have also brought about an increase in compliance and reporting requirements, and banks need to strengthen the evaluation and monitoring of green projects to ensure their compliance with green standards and regulations. These policies have promoted the green transformation of banking business, while also enhancing the transparency and standardization of the green finance market.

4.3 Role and responsibilities of regulatory agencies

Regulatory agencies play a crucial role in the development of green finance, with their main responsibilities including formulating and implementing green finance policies, supervising and evaluating the green finance activities of financial institutions, and promoting standardization and transparency in the green finance market. Regulators such as the People's Bank of China, the Securities Regulatory Commission and international financial regulators are responsible for issuing relevant regulations and standards, conducting market supervision, and ensuring that financial institutions comply with green finance requirements. At the same time, regulatory agencies also need to provide technical support and training to help financial institutions effectively carry out green finance business.

4.4 Current situation and challenges of green finance development in the banking industry under policy promotion

Under the promotion of policies, significant progress has been made in the development of green finance in the banking industry. The green credit and green bond markets continue to expand, and the types and coverage of green finance products are also increasing. However, there are still some challenges to be faced. The lack of unified green finance standards has led to market chaos, difficulties in evaluating and verifying green projects, and banks still need to improve their professional knowledge and technology in the field of green finance. In addition, policy changes and uncertainty in market demand may also affect banks' green finance strategies. Therefore, banks need to continuously adjust and optimize their green finance business to address these challenges and seize opportunities for green development.

5. Marketing and customer acceptance

5.1 Market demand analysis of green finance

With the increasing global awareness of climate change and environmental protection, the market demand for green finance is growing rapidly. Consumers and investors are increasingly valuing sustainable development and incorporating environmental, social, and governance (ESG) factors into their decision-making processes. The main driving factors for this growth include policy support and regulatory requirements. Governments and international organizations have introduced a series of green finance policies and regulations, prompting businesses and financial institutions to increase environmental transparency and invest in green projects, thereby creating a favorable demand environment. At the same time, the increasing awareness of corporate social responsibility (CSR) has prompted companies to prioritize green financial products when financing and investing, in order to enhance their social image and brand value. Investors' interest in green investment is also increasing, and financial products such as green bonds and green funds are therefore favored. In addition, financial institutions and businesses are increasingly aware of the risks posed by climate change and are inclined to manage and reduce these risks through green financial products. The improvement of market education and awareness has further promoted the understanding and acceptance of green financial products, thereby driving the growth of market demand.

5.2 Marketing strategies of banks in the green finance market

Banks should clarify their market positioning when developing green financial products, identify target markets such as environmental protection enterprises, social responsibility investors, or ordinary

consumers, and conduct market research to understand customer needs and develop corresponding product strategies. At the same time, banks need to highlight product features, clarify the unique selling points of green financial products, such as the social benefits and energy-saving and emission reduction effects of environmental protection projects, and demonstrate the green value and investment return of products through specific cases and data. To meet the needs of different customers, banks should also diversify their product lines and develop various financial products including green bonds, green loans, green funds, etc., in order to achieve differentiated competition. Finally, through joint promotion activities, collaborating with environmental organizations, government agencies, or other financial institutions to hold green finance forums or environmental protection themed seminars, the product's visibility and influence can be enhanced.

Banks should provide educational resources through various channels, such as websites, seminars, and promotional materials, to help customers understand the concept, advantages, and investment opportunities of green finance. At the same time, customized communication strategies are developed based on the different needs and backgrounds of clients, such as providing professional consultation for corporate clients and providing simple and easy to understand product introductions for individual investors. In addition, by sharing successful green finance project cases and customer success stories, potential customers can enhance their trust and identification with green finance products. Banks should also establish interactive platforms or communities to encourage customers to ask questions and share experiences, thereby enhancing their sense of participation and belonging to green finance.

5.3 Customer acceptance and feedback on green financial products

The acceptance of green financial products by customers is gradually increasing, especially among customers with strong environmental awareness. They show a positive attitude towards financial products that can provide environmental benefits and social returns. However, customer feedback is crucial for banks to optimize green finance products, including information transparency, expected investment returns, and product complexity. Banks need to optimize their products based on these feedbacks, such as simplifying product structure, improving information transparency, and enhancing customer service. In addition, conducting regular market surveys to understand customer satisfaction and changes in demand for green financial products, and adjusting marketing strategies and product designs, can better meet customer needs. Collecting and sharing successful cases and positive stories of customers using green finance products can help enhance market recognition and trust in the products, and motivate more customers to participate in green finance activities.

6. Conclusion

Green finance, as a key tool for addressing global environmental challenges and promoting sustainable development, plays an increasingly important role in the application and development of the banking industry. Policy promotion and marketing are the two core factors driving the successful development of green finance in the banking industry. Policy promotion provides a solid foundation for green finance. Governments and international organizations around the world have established policies, regulations, and standards related to green finance, clarifying the definition and evaluation criteria of green finance products, and enhancing the standardization and transparency of the market. These policies not only incentivize banks and financial institutions to actively participate in green finance, but also promote innovation and development of green finance products through tax incentives, subsidies, and other incentive measures. In addition, policy support has also helped to increase market awareness of green finance, gradually occupying an important position in the global financial system. Marketing plays a crucial role in promoting and popularizing green finance. By formulating clear market positioning strategies and highlighting the characteristics of green financial products, banks have attracted more and more investors and corporate customers. Through diversified product lines, joint promotion activities, and customized communication strategies, banks have not only enhanced the market competitiveness of green finance products, but also strengthened customers' recognition and acceptance of green finance. At the same time, the bank's customer education and successful case sharing have significantly enhanced the market's awareness and trust in green finance.

In practical applications, the promotion and acceptance of green financial products also demonstrate a strong market demand for green investment. With the increasing emphasis on environmental protection and social responsibility, products such as green bonds, green loans, and green funds have been widely recognized and applied. However, market feedback and changes in customer demand

require banks to continuously optimize product design, enhance transparency and service levels to meet customer expectations and market trends.

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