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TRUST, TRANSPARENCY, AND GREENWASHING: A CONCEPTUAL FRAMEWORK FOR GREEN FINANCE ADOPTION

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ABSTRACT
Green finance has emerged as an important approach for promoting environmental sustainability and responsible economic development through instruments such as green bonds, ESG investments, sustainable banking, and eco-friendly financial products. However, the success of green finance depends not only on sustainable financial products but also on effective sustainability communication. The present conceptual study examines the role of communication, transparency, trust, and perceived greenwashing in influencing green finance adoption. The study is based on secondary data collected from scholarly articles, sustainability reports, and other published sources, and adopts a thematic and interpretative review approach. The findings suggest that transparent and credible sustainability communication strengthens consumer trust and positively influences adoption behaviour, while perceived greenwashing increases consumer skepticism and weakens confidence toward green financial products. The study further highlights the importance of ESG disclosures, evidence-based sustainability communication, and organizational transparency in promoting sustainable financial behaviour. The study contributes to the existing literature by proposing a conceptual framework linking communication, transparency, trust, greenwashing, and green finance adoption.

KEYWORDS: *Green finance, sustainability communication, transparency, trust, greenwashing, ESG disclosure, green finance adoption.*

1. INTRODUCTION
The increasing global concern about environmental sustainability and climate change has significantly contributed to the rapid growth of green finance worldwide. Governments, regulatory authorities, financial institutions, and investors are increasingly promoting sustainable financial practices that support environmental protection and responsible economic development. As a result, green finance has emerged as an important mechanism for achieving sustainability goals through green bonds, sustainable investments, eco-friendly loans, ESG-based banking services, and renewable energy financing. The growing importance of Environmental, Social, and Governance (ESG) principles has further encouraged financial institutions to integrate sustainability into their business strategies and promote environmentally responsible financial solutions. However, the success of green finance depends not only on the availability of sustainable financial products but also on how effectively these products and sustainability initiatives are communicated to consumers. Communication through sustainability reports, ESG disclosures, advertisements, social media, and environmental statements plays a major role in influencing consumer perceptions, building credibility, and encouraging participation in sustainable finance.

Despite the growing promotion of sustainable finance, consumers have become increasingly skeptical about the authenticity of environmental claims made by organizati ons. The rise of greenwashing has intensified concerns regarding the credibility and transparency of sustainability communication. Greenwashing refers to the deceptive use of environmental marketing practices that create a misleading perception regarding the environmental responsibility of an organization (Kewalramani & Sobelsohn, 2012). When sustainability claims appear vague, exaggerated, or unsupported by evidence, consumers are more likely to lose trust and become hesitant to adopt green financial products. Trust therefore becomes a critical factor influencing green finance adoption, as consumers are more likely to support financial institutions that are transparent, credible, and genuinely committed to sustainability.

Although previous studies have examined greenwashing, sustainability communication, and green consumer behaviour, most research has mainly focused on green products and marketing rather than the financial services sector. Furthermore, trust, transparency, and greenwashing have often been studied separately, creating limited understanding of their combined influence on green finance adoption. Therefore, the present conceptual study examines the interconnected role of communication, transparency, trust, and perceived greenwashing in influencing green finance adoption and proposes a conceptual framework to strengthen consumer confidence and sustainable financial behaviour.

2. OBJECTIVES OF THE STUDY

1. To explore the role of communication in green finance adoption.
2. To examine the relationship between transparency and consumer trust in green finance.
3. To evaluate the influence of perceived greenwashing on consumer confidence and green finance adoption behaviour.
4. To propose a conceptual framework linking communication, transparency, trust, greenwashing, and green finance adoption.

3. RESEARCH METHODOLOGY

The present study is conceptual and exploratory in nature and is entirely based on secondary data collected from scholarly journal articles, books, conference proceeding s, sustainability reports, and other published literature related to green finance, sustainability communication, trust, transparency, and greenwashing. Relevant literature was gathered from academic databases such as Google Scholar, Scopus-indexed journals, research repositories, and sustainability reports. The study adopts a thematic and interpretative review approach to analyse the relationships among communication, transparency, trust, perceived greenwashing, and green finance adoption. By synthesizing existing theoretical and empirical findings, the study develops a conceptual framework explaining how communication practices influence consumer trust and adoption behaviour toward green financial products and services.

4. REVIEW OF LITERATURE

The review of literature has been organized under the following six major themes in order to provide a systematic understanding of the key concepts and relationships relevant to the study.

4.1 Green Finance and Sustainable Development

Green finance has emerged as an important mechanism for promoting environmental sustainability and responsible economic development through green bonds, ESG investments, sustainable banking, and other eco-friendly financial products. The growing importance of ESG principles has increased the integration of sustainability into financial systems and investment decisions. The literature suggests that the success of green finance depends not only on sustainable financial products but also on the credibility of sustainability communication. Nguyen et al. (2019) observed that green trust significantly influences sustainable behavioural intentions, while Hossain et al. (2025a) emphasized that transparency and authenticity in sustainability communication are essential for developing long-term consumer trust. These studies indicate that financial institutions must demonstrate genuine environmental commitment through transparent ESG disclosures and responsible financial practices, as growing environmental awareness has increased the importance of trust, transparency, and credibility within the green finance ecosystem.

4.2 Communication in Green Finance

Communication plays an important role in shaping consumer perceptions toward sustainability and green finance adoption through ESG disclosures, sustainability reports, digital green advertising, and other environmental communication strategies. Effective communication helps reduce uncertainty, improve awareness, and increase the credibility of green financial products. Saif et al. (2026) found that digital green advertising significantly influences perceived greenwashing and green brand credibility, while Ptoya et al. (2026) identified green information quality, environmental communication, and green transparency as major factors influencing consumer perceptions of greenwashing. These studies suggest that organizations should provide reliable and transparent sustainability information to reduce consumer skepticism and strengthen trust. The literature further indicates that sustainability communication positively influences consumer behaviour when environmental claims are supported by clear and verifiable information. However, exaggerated promotional communication without proper evidence may increase consumer suspicion and reduce communication effectiveness. Therefore, credibility and transparency are essential for improving consumer confidence and green finance adoption.

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4.3 Trust in Green Finance

Trust is a major factor influencing consumer acceptance of green financial products and sustainability initiatives, as consumers are more likely to adopt green finance when financial institutions are perceived as transparent, honest, and genuinely committed to sustainability. In green finance, trust includes not only financial reliability but also confidence in the environmental credibility and ethical commitment of organizations. Vini (2023) observed that the relationship between green product producers, marketers, and consumers is largely based on trust, and that greenwashing negatively affects this relationship and consumer behaviour. Similarly, Nguyen et al. (2019) found that perceived greenwashing increases consumer misunderstanding and perceived risk, thereby reducing trust and weakening brand perception. Oktaviani et al. (2025) further reported that environmentally aware consumers critically evaluate sustainability claims before developing trust toward organizations. These studies indicate that trust in green finance is closely associated with transparency, accountability, and the sincerity of environmental commitments.

4.4 Transparency and ESG Disclosure

Transparency is an important component of sustainability communication because it helps reduce information asymmetry and improve organizational accountability through clear disclosure of environmental commitments, ESG performance, and sustainability activities. Transparent communication also acts as a credibility signal that enables consumers to evaluate the authenticity of environmental claims made by financial institutions. Hossain et al. (2025b) found that financial transparency positively influences consumer trust by reducing the negative effects of greenwashing, while Ptoya et al. (2026) emphasized that Green Transparency positively contributes to brand credibility. These studies indicate that transparency improves organizational trustworthiness and strengthens consumer confidence. The literature further suggests that ESG disclosures and sustainability reporting are essential for promoting accountability and reducing ambiguity in sustainability communication. As consumers increasingly demand verifiable sustainability information, transparent disclosure practices and evidence-based reporting have become important for improving credibility and supporting the growth of green finance.

4.5 Greenwashing and Green Skepticism

Greenwashing has become a major challenge affecting consumer trust and the credibility of sustainability communication, as it involves misleading or exaggerated environmental claims that create a false impression of environmental responsibility. Saha (2022) observed that greenwashing exploits consumers' environmental concerns and creates confusion and skepticism toward environmentally friendly products. Similarly, Szabo and Webster (2021) identified several factors influencing consumer perceptions of greenwashing and noted that increased environmental awareness helps consumers identify misleading sustainability communication. Leonidou and Skarmeas (2017) found that consumers with high green skepticism actively seek additional information regarding sustainability claims, while Fryxell and Lo (2003) reported that consumers with greater environmental knowledge are better able to identify misleading environmental claims. These studies collectively indicate that greenwashing negatively affects trust, credibility, and sustainable behavioural intentions.

4.6 Green Finance Adoption Behaviour

Green finance adoption behaviour is influenced by factors such as trust, transparency, environmental awareness, and perceived credibility. Behavioural theories including the Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM), and Unified Theory of Acceptance and Use of Technology (UTAUT) explain how consumer attitudes and trust influence behavioural intentions toward sustainable financial products and services. Nguyen et al. (2019) found that perceived greenwashing negatively affects green purchase intention by increasing green skepticism and reducing trust. Similarly, Saif et al. (2026) reported that green brand trust mediates the relationship between digital green communication and consumer behavioural intention. These studies suggest that transparent communication, reliable ESG disclosures, and credible sustainability practices positively influence green finance adoption and environmentally responsible financial behaviour.

5. RESEARCH GAP

Although previous studies have examined greenwashing, sustainability communication, and consumer trust, limited research has explored their combined influence on green finance adoption. Most studies mainly focus on green products and marketing rather than sustainable financial services. Further, trust, transparency, and perceived greenwashing have often been studied separately, creating limited understanding of how communication influences consumer adoption of green financial products. Therefore, the present study

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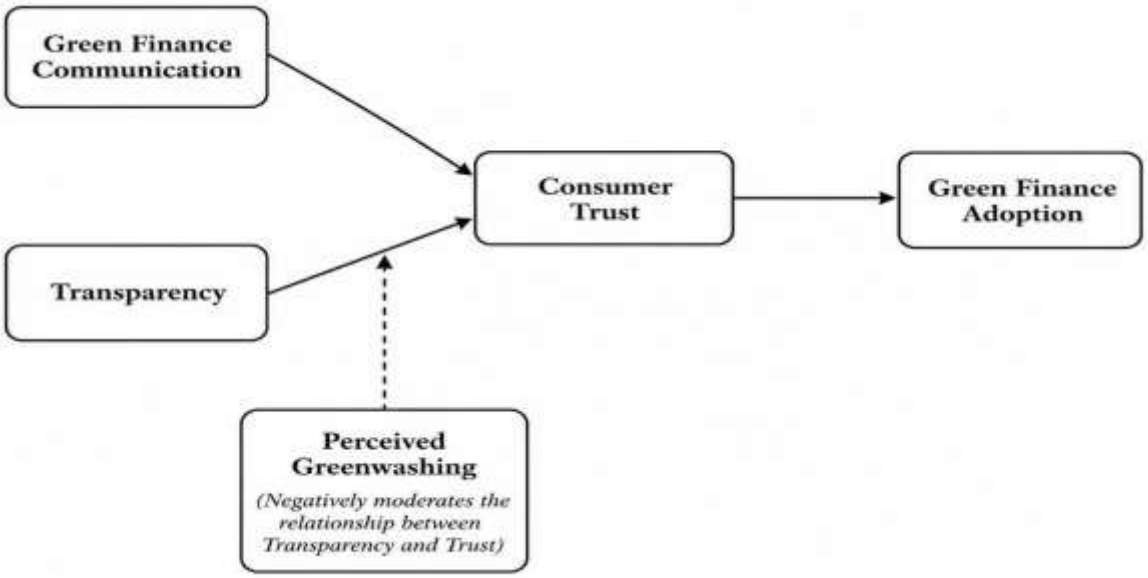
attempts to bridge this gap by developing a conceptual framework linking communication, transparency, trust, greenwashing, and green finance adoption.

6. THEORETICAL FRAMEWORK

The present study is grounded in the Theory of Planned Behaviour (TPB) proposed by Icek Ajzen. According to TPB, behavioural intention is influenced by attitude toward the behaviour, subjective norms, and perceived behavioural control (Ajzen, 1991). The theory suggests that individuals are more likely to engage in a behaviour when they have positive attitudes, perceive social support, and believe they can successfully perform the behaviour.

In the context of green finance, TPB provides an appropriate framework for understanding consumer adoption behaviour toward sustainable financial products and services. Communication-related factors such as transparency, credibility, and trust positively influence consumer attitudes and behavioural intentions toward green finance adoption. Transparent sustainability communication and reliable ESG disclosures strengthen consumer confidence, whereas perceived greenwashing creates skepticism and negatively affects adoption intention (Nguyen et al., 2019). Therefore, the theory helps explain the relationship between communication, trust, transparency, greenwashing, and green finance adoption behaviour.

7. Conceptual Framework



8. DISCUSSION

The study highlights the important role of communication in influencing consumer trust and green finance adoption. Transparent and credible sustainability communication helps reduce information asymmetry and improves consumer confidence regarding ESG practices and environmental commitments. When sustainability information is clear, accurate, and evidence-based, consumers are more likely to perceive financial institutions as trustworthy and environmentally responsible. Studies by Hossain et al. (2025b) and Ptoya et al. (2026) further show that transparency and high-quality sustainability information positively contribute to brand credibility and consumer trust.

The findings also indicate that communication functions as a trust-building mechanism in green finance. Effective sustainability communication positively influences consumer attitudes and behavioural intentions toward green financial products. Consumers are more likely to support financial institutions that consistently demonstrate genuine environmental responsibility through reliable ESG disclosures and sustainability practices. Thus, communication not only informs consumers but also strengthens trust and encourages sustainable financial behaviour.

However, the study reveals that greenwashing acts as a major barrier to green finance adoption. Misleading environmental claims and exaggerated sustainability messages increase consumer skepticism and reduce trust in financial institutions. Studies by Saha (2022), Szabo and Webster (2021), and Nguyen et al. (2019) indicate that perceived greenwashing creates confusion, distrust, and perceived risk, thereby weakening adoption intention

toward green financial products. Repeated exposure to unsupported environmental claims further damages institutional credibility and reduces the effectiveness of sustainability communication.

The study also highlights the growing importance of ESG transparency and consumer awareness in shaping sustainable financial behaviour. Consumers increasingly demand reliable ESG disclosures and evidence-based sustainability reporting before developing trust toward green financial products. Studies by Fryxell and Lo (2003) and Leonidou and Skarmeas (2017) show that environmentally aware consumers critically evaluate sustainability claims and are more capable of identifying greenwashing practices. Overall, the findings suggest that

transparent communication and credible sustainability practices strengthen consumer trust and positively influence green finance adoption, while perceived greenwashing weakens consumer confidence and behavioural intention.

9. IMPLICATIONS OF THE STUDY

The present study provides important theoretical, practical, and policy implications in the context of green finance and sustainability communication. The study contributes to the existing literature by integrating communication, trust, transparency, and greenwashing within a unified framework and extending the applicability of the Theory of Planned Behaviour (TPB) to sustainable finance communication. The findings indicate that transparent and evidence-based communication plays a significant role in building consumer trust and encouraging green finance adoption, while perceived greenwashing negatively affects consumer confidence and behavioural intention. From a practical perspective, the study suggests that financial institutions should improve ESG disclosures, provide accurate and verifiable sustainability information, and avoid vague environmental claims that may create skepticism among consumers. Consistent and authentic sustainability communication can strengthen institutional credibility and promote environmentally responsible financial behaviour. The study also highlights important policy implications by emphasizing the need for standardized ESG disclosure frameworks, stronger anti-greenwashing regulations, and improved sustainability reporting guidelines to enhance transparency, accountability, and public trust in green finance systems.

10. CONCLUSION

The study concludes that communication, transparency, and trust are important factors influencing green finance adoption, while perceived greenwashing acts as a major barrier to consumer confidence and sustainable financial behaviour. Transparent and evidence-based sustainability communication helps reduce consumer uncertainty, improve credibility, and strengthen trust toward green financial products and services. In contrast, misleading or exaggerated environmental claims create skepticism and negatively affect adoption intention. The study also highlights the growing importance of ESG disclosures and consumer awareness in evaluating the authenticity of sustainability commitments. Overall, the findings suggest that financial institutions should prioritize transparent communication, reliable sustainability reporting, and genuine environmental practices to strengthen consumer trust and encourage green finance adoption. The study further emphasizes the need for stronger ESG disclosure standards and anti-greenwashing regulations to improve accountability and credibility within the green finance system.

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