Consumer Segmentation of Green Financial Products in Indonesia: Insights from Sociodemographic Factors

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ABSTRACT

This study investigates the segmentation of green financial products users in Indonesia based on their sociodemographic characteristics and preferences for green financial products. Utilising data from 196 respondents collected through an online survey, the research employs non-hierarchical K-means cluster analysis to identify distinct consumer segments. The findings reveal three distinct consumer groups: conservative consumers (C1), influenceable consumers (C2), and consumers interested in financial return (C3). Each segment exhibits unique investment behaviours and attitudes towards green financial products, influenced by factors such as gender, age, education, and income. The conservative group prioritises stability and avoids risk, showing little interest in green investments. The moderate group balances an interest in green investments with a moderate risk tolerance. In contrast, the high-risk group prioritises financial returns and shows a strong interest in green financial products. These insights offer valuable guidance for financial industry players and policymakers in developing targeted marketing strategies and policies to promote green investments, contributing to sustainable development and environmental conservation.

Keywords: Green financial, investment, segmentation, sociodemographic, sustainability

INTRODUCTION

Indonesia has shown notable progress through initiatives such as the sovereign Green Sukuk and expanded green bond offerings. However, financial literacy and

inclusion remain major challenges, with green bonds and sukuk accounting for only 0.22% of the total outstanding bonds and sukuk (Tarigan, 2024). Despite an increase in the financial inclusion index for the capital market to 5.19% in 2022, it still lags behind other financial sectors, necessitating ongoing efforts (OJK, 2022). While studies have examined green investment intentions (Adhiyogo et al., 2022; Affandi & Rahmawati, 2023; Cantika et al., 2022), little attention has been given to profiling consumers based on sociodemographic variables. Regulatory reports such as the OJK's National Financial Literacy and Inclusion Survey lack detailed segmentation by financial product type, limiting insights into which population groups are more likely to adopt green financial products. This gap weakens the effectiveness of marketing strategies, policy design, and financial literacy initiatives aimed at increasing sustainable investment. Given that factors such as age, gender, income, and education influence green consumer behaviour (Gáspár et al., 2023; Shah et al., 2024), this study aims to classify Indonesian consumers based on sociodemographic characteristics to uncover their motivations and investment behaviours. The findings will support financial institutions and policymakers in designing targeted strategies to enhance financial inclusion and increase participation in sustainable finance.

METHOD

This study targets Indonesian retail investors in green financial instruments, using purposive non-probability sampling. An online survey via T-survey was distributed to users of Ajaib, Bibit, Pluang, Stockbit, Ipot, and RTIBusiness. Of 200 responses, 196 were analysed after excluding incomplete ones. A non-hierarchical K-means cluster analysis was used, as it outperforms hierarchical clustering (Kaushik & Mathur, 2014). The questionnaire, adapted from Gáspár et al. (2023), assessed factors like "Greens, financial return matters less," "Sustainable," "Risk takers for return," and "Influenceable." It comprised three sections: sociodemographic characteristics, conscious consumption and sustainability, and financial product selection.

RESULT

The results of the cluster analysis for each factor are interpreted in Figure 1 and Table 1. The findings reveal three distinct consumer segments: Conservative (C1), who exhibit below-average investment preferences; Influenceable (C2), who exhibit moderate investment preferences, moderate interest in green financial products, and susceptibility to influence in financial decision-making; and those who are primarily interested in financial returns, open to green financial products, but resistant to external influence in decision-making (C3).
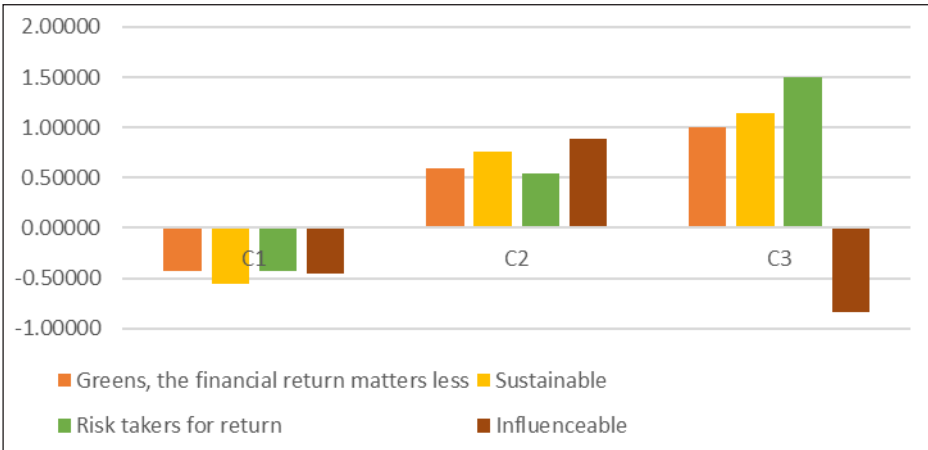
Figure 1. Cluster centres

Table 1

Characterisation of clusters according to sociodemographic traits

Items	Sig.	C1 - Conservative	C2 – Influenceable	C3 – Risk taking
Gender	< 0.01	Male (64,81%); Female (35,19%)	Male (44,74%); Female (55,26%)	Male (83,33%); Female (16,67%)
Age	< 0.05	18 – 24 (22,22%) 25 – 31 (33,33%) 32 – 38 (16,67%) 39 – 45 (12,96%); Above 45 (14,81%)	18 – 24 (23,68%) 25 – 31 (23,68%) 32 – 38 (31,58%) 39 – 45 (10,53%) Above 45 (10,53%)	18 – 24 (50,00%) 32 – 38 (33,33%) Above 45 (16,67%)
Education	< 0.001	Senior High School/ same level (31,48%); Graduate and post graduate (64,81%)	Senior High School/ same level (13,16%) Graduate and post graduate (73.68%)	Senior High School/ same level (50,00%) Graduate and post graduate (50,00%)
Occupation	< 0.001	Employee (61,11%) Entrepreneur (29,63%)	Student (15,79%) Employee (73,68%)	Student (33,33%) Entrepreneur (50,00%)
Expense per month (IDR)	< 0.05	> 532.001 – 1.200.000 (31,48%); > 1.200.000 – 6.000.000 (53,70%); > 6.000.000 (14,81%)	> 532.001 – 1.200.000 (23,68%); > 1.200.000 – 6.000.000 (55,26%); > Rp6.000.000 (21,05%)	> 532.001 – 1.200.000 (33,33%); > 1.200.000 – 6.000.000 (50,00%); > Rp6.000.000 (16,67%)
Financial Goals	<0.05	Formulate specific goals for some condition (51.85%)	Formulate specific goals for some condition (50.00%)	Long- and short-term financial goals (66.67%)
Gathering information on financial topics	< 0.001	Just before making an investment decision (66,67%)	Just before making an investment decision (63,16%)	Daily information gathering (66,67%)

Source: Rahmah et al. (2016)

DISCUSSION AND CONCLUSION

However, the findings of this study, which revealed that no single user category has been identified as prioritising green financial products in investment decisions, implying that green financial products have not emerged as a popular investment product among Indonesian customers. Indonesian consumers, still lack adequate knowledge and access to investment opportunities, including green financial products. To address this issue, financial literacy programmes and government incentives must be strengthened to encourage wider adoption of sustainable investments. Financial institutions can create tailored marketing strategies to effectively promote green financial solutions by recognising the unique characteristics and preferences of each consumer segment. For conservative investors (C1), financial institutions should focus on offering low-risk products such as green fixed deposits, along with clear information that emphasises investment security and long-term sustainability. The easily influenced segment (C2), would benefit from community-based marketing strategies and influencer endorsements. Additionally, loyalty programmes could be introduced to encourage consistent investment in green products. For the high risk-taking segment (C3), emphasising the possibility for large profits from green investments may need to be more convincing. This group is more likely to respond to green financial products with competitive returns. It is important to provide transparent information regarding the environmental impact of each investment to support informed decision-making.

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