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Environmental, Social, and Governance Awareness and its Impact on Young Customer Loyalty on Bank

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Abstract

In the era of sustainable finance, awareness of Environmental, Social, and Governance (ESG) principles significantly influences young bank customers, particularly Millennials and Generation Z, who prioritize sustainability. This study investigates the impact of ESG awareness on the loyalty of these young customers. Data were collected from 200 respondents aged 18-35 in urban areas and analyzed using multiple linear regression to evaluate how ESG dimensions environmental protection, social responsibility, and governance practices affect customer loyalty, including satisfaction, trust, and long-term commitment. A case study of Bank Rakyat Indonesia (BRI) Regional Office Padang illustrates how the bank's ESG initiatives strengthen relationships with young customers and align with Indonesia's sustainable development goals. The findings reveal a positive and significant relationship between ESG awareness and young customer loyalty, with social and governance factors exerting a greater influence than environmental aspects. This research provides valuable insights for financial institutions seeking to enhance their sustainability strategies and foster long-term customer engagement amid growing demands for social and environmental accountability.

Keywords

Customer Loyalti, ESG awareness, Sustainable Finance, Young Customer

1. Introduction

Sustainability issues have become a major concern in global economic development. One approach that emphasizes the integration of sustainability aspects into company operations is the concept of Environmental, Social, and Governance (ESG). According to Friede et al. (2015), ESG refers to three main pillars used to measure the sustainability impact and ethical responsibility of a company: environmental, social, and governance. These three aspects are now increasingly considered by investors and consumers, including in selecting financial institutions such as banks. In the last decade, the concept of Environmental, Social, and Governance (ESG) has become an important pillar in business strategy, including the banking sector. ESG is not only a tool for measuring corporate sustainability, but also a major consideration in consumer and investor decision-making. According to Eccles and Klimenko (2019), companies that pay attention to ESG aspects tend to have better long-term performance and lower reputational risk.

The banking sector has a major responsibility in supporting the transition to a sustainable economy through responsible financing. The implementation of ESG principles in the banking industry reflects a commitment to sustainable development that takes into account the environment, social welfare, and good governance (Schoenmaker & Schramade, 2019). In the banking sector, the implementation of ESG principles not only improves the image of the institution but can also encourage customer loyalty. Customer loyalty in this context refers to the ongoing commitment of customers to continue using the products and services of a particular bank, which is influenced by the values held by the bank (Kotler & Keller, 2016). With increasing awareness of environmental and social issues, especially among the younger generation, ESG factors are becoming an important consideration in building such loyalty.

Population data from the Central Statistics Agency recorded that Indonesia's total population reached 270.2 million people. The results of the 2020 census showed that Indonesia's population is dominated by Generation Z and Millennial. Millennial born in 1981-1996 and Generation Z born in 1997-2012 number more than 144.3 million people or 53.8% of the total population of Indonesia. Millennial and Generation Z are known to have a high level of concern for sustainability values. According to Nielsen (2015), more than 70% of millennial consumers are willing to pay more for products or services from companies that are committed to positive social and environmental impacts.

In the context of banking, the results of a Deloitte study (2022) show that the younger generation tends to choose banks that implement socially and environmentally responsible business practices. Environmental, Social, and Governance (ESG) score is often used as a quantitative measure of the implementation of sustainability principles and good governance by companies, including banking institutions. This score is compiled based on sustainability performance data collected and analyzed by independent rating agencies such as MSCI ESG Ratings, Sustainalytics (a Morningstar Company), Refinitiv ESG Score (Thomson Reuters), and Bloomberg ESG Disclosure Score. The higher the ESG score, the better the company is in implementing sustainability principles.

PT. Bank Rakyat Indonesia is one of the business entities that has adopted ESG since 2013. In addition, in the domestic scope, BRI complies with OJK Regulation Number 51 of 2017 which regulates the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. In the regional scope, BRI adopts several standards, including the Good Corporate Governance implementation standard from ASEAN Corporate Governance Scorecard (ACGS) and the Sustainability Bond issuance standard, namely the ASEAN Sustainability Bond Standards. In the international scope, BRI follows reporting standards

consisting of Global Reporting Initiatives (GRI), Sustainability Accounting Standard Board (SASB), Stakeholders Capitalism Metrics, and Task force on Climate-related Financial Disclosure (TCFD), sustainability impact identification standards, namely Sustainable Development Goals (SDGs), carbon emission calculation standards and NZE target setting, namely GHG Protocol, Partnership for Carbon Accounting Financials (PCAF), and Science-based Target initiatives (SBTi), as well as ESG Rating parameter measurement standards, namely S&P Global Corporate Sustainability Assessment, MSCI, and Sustainalytics.

BRI's sustainability performance is considered to be getting better from year to year. This is indicated by the increasing scores of MSCI ESG, S&P Global ESG, and LSEG ESG BRI and the improving Sustainalytics ESG Risk Rating (low risk). Various activities and real actions are also continuously encouraged to demonstrate BRI's commitment and awareness of the importance of environmental, social and good corporate governance sustainability. BRI has 13 branch offices spread throughout West Sumatra Province with a total of 5,067,224 customers. BPS data states that the results of the 2020 census showed that the population of West Sumatra was 5,534,472 people. The composition of the West Sumatra population is dominated by the productive age population of 15-64 years as much as 51.49%. The proportion of generation Z is 1.65 million people or 31 percent of the total population and the millennial generation is 24 percent of the total population of West Sumatra.

Studies on the influence of ESG awareness on the loyalty of young customers in the banking sector are still very limited. In fact, understanding this relationship is important for banks to develop effective sustainability and marketing strategies. Therefore, this study seeks to analyze the relationship between ESG awareness and young customer loyalty to BRI in the Padang City area, West Sumatra. This study aims assess the level of ESG awareness among the younger generation as bank customers, analyze the relationship between ESG awareness and young customer loyalty to the bank, and identify the ESG dimensions that most influence young customer loyalty.

2. Literature Review

2.1. Theoretical Review

The ESG concept is a framework used to evaluate the extent to which an organization operates sustainably and responsibly. ESG offers a thorough method for assessing a company's effects on the environment and society in addition to its financial success and the caliber of its governance procedures (Abror & Muharam, 2024). ESG has grown from a specialized interest to a widespread concern, especially in industries like banking and finance where long-term stability and stakeholder confidence are crucial (Xu & Zhu, 2023). According to Schoenmaker and Schramade (2019), ESG reflects three main pillars. The environmental aspect includes initiatives aimed at reducing carbon emissions, improving energy efficiency, promoting the responsible use of natural resources, and managing waste effectively. The social aspect focuses on how companies treat their employees, build relationships with the community, promote social inclusion, and protect consumer rights. Meanwhile, the governance aspect emphasizes the importance of transparency in management, the structure of the board of directors, accountability mechanisms, and compliance with legal regulations.

According to Eccles and Klimenko (2019), ESG not only has an impact on a company's reputation but is also closely related to long-term financial performance and public trust. The implementation of ESG in the banking sector can strengthen the reputation of institutions, increase public trust, and attract customer segments who care about sustainability values.

Customer loyalty is a deep commitment to a brand, product, or service that drives customers to make repeat purchases or use services consistently (Oliver, 1999). This dedication shows that devoted consumers have an emotional bond with the company or service provider and is both behavioral and attitudinal (Sah et al., 2024). According to Dick and Basu (1994), the dimensions of loyalty include belief, which refers to trust in service quality; a positive attitude, which reflects a favorable perception of the brand or company; and repeat behavior, which is the voluntary and consistent reuse of services. Customer loyalty itself refers to a positive attitude and continuous commitment from consumers toward a brand or institution. Griffin (2002) characterizes customer loyalty through consistent repeat purchases, willingness to recommend the brand or service to others, and resistance to switching to competitors.

In the banking industry, customer loyalty includes behaviors such as not switching to another bank, recommending the bank to others, and using various service products offered. In the banking context, customer loyalty is very important because it is directly related to customer retention, funding stability, and long-term profitability (Kotler & Keller, 2016). More significantly, they frequently act as brand ambassadors, influencing others via recommendations, internet evaluations, and word-of-mouth roles that are becoming more and more crucial in the age of digital banking (Baskoro et al., 2023). Maintaining client loyalty in the highly competitive banking industry requires more than just providing conventional benefits or competitive rates; it also entails delivering consistent, excellent experiences, making sure that communication is transparent, and attending to new values like sustainability and ethical governance (Yen & Chen, 2024).

Millennials and Gen Z are demographic groups that actively demand social responsibility from companies. Nielsen (2015) reported that 73% of millennials are willing to change their consumption habits to support brands that are committed to sustainability. A study by Deloitte (2022) also showed that the younger generation considers sustainability aspects when choosing financial services, including banks. ESG awareness in the younger generation can be shaped by exposure to digital information, education, moral values, and the influence of social media. When sustainability values align with personal values, the tendency to be loyal to the brand will increase.

Younger people's high degree of digital literacy is one of the factors contributing to their increased knowledge of ESG issues. They can remain up to speed on ESG-related concerns and hold firms responsible since it's so easy to get information through digital news, podcasts, social media platforms, and cellphones (Shalhoob & Hussainey, 2022). Young customers have higher expectations for corporate openness as a result of this digital exposure, and they act quickly when firms fail, as seen by the extensive online activism and brand boycotts that follow (Fauzi et al., 2022). ESG consciousness is shaped not just by digital exposure but also by moral principles and education. In order to inculcate principles linked to social justice, ethical economic practices, and environmental protection, schools and colleges are progressively including sustainability subjects into curriculum (Oncioiu et al., 2020).

Additionally, peer networks, celebrities, and social media influencers frequently spread sustainability messages that shape the beliefs and actions of young people. Their conviction that businesses should function as change agents rather than merely profit makers is reinforced by this ongoing exposure (Li et al., 2023). In the banking industry, this means choosing financial institutions that promote ESG reporting, provide ethical investing products, and encourage green financing. Because they are often more flexible in integrating and displaying their ESG commitments through user-friendly interfaces, digital banks have an advantage in this regard (Lu et al., 2024).

Previous research has shown a strong link between ESG practices and consumer behavior across various contexts. Friede et al. (2015) found that ESG is positively related to long-term financial performance, while Nielsen (2015) highlighted that younger generations are more inclined to choose brands that support sustainability. ESG influence how customers perceive value and trust in financial institutions. Suki and Suki (2019) demonstrated that younger consumers tend to be loyal to banks that adopt environmentally friendly practices. ESG performance significantly affects the market value of banks in the United States. In the Indonesian context, socially responsible practices foster customer loyalty in Islamic banks. ESG perceptions significantly influence the investment preferences of the millennial generation. Collectively, these studies underscore the critical role that sustainability and ESG considerations play in shaping consumer perceptions and preferences.

This study is grounded in three main theoretical frameworks. The first is Stakeholder Theory, which emphasizes that an organization's success depends on its ability to fulfill the expectations of various stakeholders (Freeman, 1984). In the context of ESG, customers as stakeholders expect companies to demonstrate strong commitments to social, environmental, and ethical principles. The second is Customer Loyalty Theory, where Oliver (1999) defines loyalty as a deep commitment to repurchase a product or service in the future, despite external influences or marketing efforts from competitors. High levels of customer loyalty in banking can be achieved when the institution's values align with the personal values of its customers. The third is the Green Consumer Behavior Theory, which suggests that consumers are increasingly inclined to choose products and services that uphold social and environmental sustainability (Peattie, 2010). These theoretical perspectives collectively support the notion that ESG practices are integral to building trust, alignment, and loyalty among consumers.

2.2. Research Framework

Based on previous theories and research, it can be formulated that awareness of ESG principles affects young customers' loyalty to banks. The ESG dimensions environmental, social, and governance reflect the values that young people consider in building trust and commitment to a financial institution. This framework shows that ESG awareness acts as an independent variable that affects customer loyalty as a dependent variable, through perceptions of value and trust as potential mediating factors.

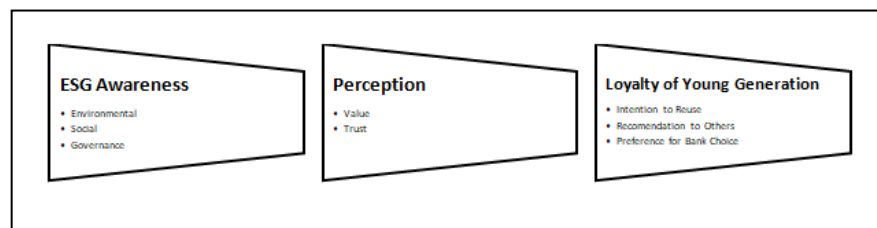


Figure 1. Research Framework

3. Methods

This study uses a quantitative approach with an explanatory survey research type (Sekaran & Roger, 2020). This approach is used to explain the causal relationship between ESG (Environmental, Social, and Governance) awareness and young customers' loyalty to banks. In this case, customer loyalty acts as the dependent variable, while ESG awareness serves as the independent variable. The purpose of explanatory research is to test the causal link between these variables, examine

hypotheses developed from relevant theories, and assess the extent to which each ESG dimension influences young consumer loyalty, both partially and simultaneously.

The population in this study consists of the younger generation (aged 18–35 years) who are active bank customers in Indonesia. The sampling technique used is purposive sampling, a method of selecting respondents based on specific criteria to ensure that the data collected is relevant to the research objectives. These criteria include being aged 18–35 years, having been active bank customers for at least one year, and being familiar with or having heard the term ESG or sustainability. The sample size was determined using the Slovin formula with a 5% margin of error, resulting in a minimum required number of respondents ranging from 100 to 200 people.

This study uses both primary and secondary data (Sekaran & Roger, 2020). Primary data were obtained through online surveys using closed-ended questionnaires distributed via digital platforms such as Google Forms. The questionnaire was based on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree) and included indicators related to consumer loyalty and ESG dimensions. The ESG awareness instrument was adapted from studies by Friede et al. (2015) and Nielsen (2015). Secondary data were used to support and strengthen the analysis of the primary data, sourced from credible references such as scientific journals, banking ESG reports, and other academic publications relevant to the research topic.

Before conducting further analysis, it is essential to ensure the validity and reliability of the questionnaire items used to measure each variable. Validity is tested using the Corrected Item-Total Correlation, where an item is considered valid if it has a correlation value above 0.30, indicating that it contributes positively to the construct being measured. Reliability is tested using Cronbach's Alpha, where a value of 0.70 or higher indicates good internal consistency among the items, meaning they reliably measure the same underlying concept.

In addition to these preliminary tests, descriptive analysis is used to describe the respondents' demographic profiles and the distribution of responses for each variable. This includes percentages, frequencies, means, and standard deviations to identify general trends and provide an overview of the data. If linear regression is applied, classical assumption tests must be conducted to ensure the model's appropriateness. These include the normality test, which assesses whether the residuals are normally distributed; the multicollinearity test using the Variance Inflation Factor (VIF), where a value above 10 indicates multicollinearity among independent variables; and the heteroscedasticity test, which checks whether the residuals have constant variance across all levels of the independent variables.

To examine the influence of the independent variables—environmental awareness (X1), social awareness (X2), and governance awareness (X3)—on customer loyalty (Y), multiple linear regression analysis is used. The effect on the dependent variable of the independent variables of social awareness, environmental awareness, and governance awareness Multiple linear regression is used to study customer loyalty. This method sheds light on each ESG dimension's partial and simultaneous effects. The regression model's expression is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Customer Loyalty

X1 = Environmental Awareness

X2 = Social Awareness

X3 = Governance Awareness

ε = error term

4. Results

The study's respondents' features offer important insights on the demographics of BRI Padang's youthful clientele, especially about their knowledge and perspectives on Environmental, Social, and Governance (ESG) principles. A total of 200 respondents, spanning a broad yet targeted demographic section, provided data for the study. Regarding the distribution of respondents by gender, women make up 60% of the sample, with men making up the remaining 40%. Young women participated in this survey at a higher rate than males, which may indicate that they are more interested in or involved with issues pertaining to banking services and perhaps sustainability.

According to the age distribution, most respondents (48%) are between the ages of 23 and 27. Generally speaking, this generation is categorized as young adults making the move from college to their first jobs. They are a crucial group for banks like BRI to target because of the ways that digital trends, sustainability awareness, and long-term financial planning frequently impact their financial behavior and preferences.

A sizable majority of 55% of respondents said they utilized digital banks when asked what kind of banking services they used. This suggests that young consumers are increasingly choosing online and mobile banking platforms that provide convenient, tech-driven services. 15% of respondents said they use both traditional and digital banking channels, while 30% of respondents utilize traditional banking services. This illustrates a hybrid behavior in which certain clients are transitioning to digital banking while continuing to use traditional services, either as a result of personal preferences or restrictions in digital capabilities.

Half of the respondents had been bank clients for more than a year, according to customer loyalty length. This shows that the respondents' relationship with their banking service providers is comparatively steady, indicating that sustained interaction may affect their perception and loyalty, particularly if the bank exhibits ideals like social responsibility and sustainability.

Crucially, the survey also investigated how well-informed the respondents were on ESG principles. Notably, 72% of participants said they had heard of the term "ESG," indicating that younger people are comparatively well-informed. This is encouraging since it suggests that most young consumers understand the notion of sustainability in relation to business and financial activities. Additionally, it offers a starting point for investigating how their loyalty to financial institutions such as BRI Padang may be impacted by ESG understanding.

The validity test revealed that the Corrected Item-Total Correlation was used to analyze the relationship between each questionnaire item and the overall score. The findings demonstrated that every item on the questionnaire had a correlation value higher than 0.30. This suggests that each question on the survey has a close connection to the general concept it is intended to assess. To put it another way, every item has a significant contribution to determining the respondents' level of ESG knowledge and how it affects consumer loyalty. In social science research, a correlation value greater than 0.30 is generally recognized as the threshold for item validity, indicating that the instrument has excellent construct validity and content.

A reliability test was performed using Cronbach's Alpha to assess the instrument's internal consistency in addition to its validity. For all items combined, the test's Cronbach's Alpha value was 0.872. It is possible to conclude that the instrument is extremely dependable because this number is higher than the generally recognized minimal criterion of 0.70. This high degree of dependability indicates that the questionnaire's items consistently represent the same underlying ideas and that respondents' responses are consistent and reliable when asked the same questions. In educational and psychological research, a Cronbach's Alpha value more

than 0.8 is frequently regarded as extremely good, which lends further credence to the information gathered.

The impact of the three ESG (Environmental, Social, and Governance) characteristics on the loyalty of young customers at BRI Padang was investigated using multiple linear regression analysis. The following equation was produced using the regression model:

$$Y = 2.13 + 0.24X_1 + 0.31X_2 + 0.28X_3$$

where X_1 stands for environmental awareness, X_2 for social awareness, X_3 for governance awareness, and Y for consumer loyalty. According to this equation, consumer loyalty is favorably impacted by each of the three independent variables. Customer loyalty rises by 0.24 units for every unit increase in environmental consciousness. In a similar vein, consumer loyalty increases by 0.31 units for every unit increase in social awareness and by 0.28 units for every unit increase in governance awareness. When all ESG factors are at zero, the constant term (2.13) represents the anticipated baseline level of customer loyalty.

Table 1. Result Of T-Test (Partial)

Variables	Coefficient	T-calculated	Sig.
Environment	0.24	3.42	0.001
Social	0.31	4.15	0.000
Governance	0.28	3.96	0.000

Each independent variable's partial impact on the dependent variable was evaluated using the t-test. The findings indicate that the Social dimension has a t-value of 4.15 and a significance value of 0.000, the Governance dimension has a t-value of 3.96 and a significance value of 0.000, and the Environmental dimension has a t-value of 3.42 and a significance value of 0.001. Every ESG factor has a statistically significant partial impact on youthful customer loyalty, as indicated by the fact that all significance values are less than 0.05. The Social dimension has the highest coefficient and t-value of the three, suggesting that it has the greatest individual impact on loyalty.

To assess the combined impact of all ESG factors on customer loyalty, the F-test was used. The test result has a significance level of 0.000 and an F-count of 26.71, which is higher than the F-table value of 2.65. This indicates that youthful consumer loyalty is greatly impacted by ESG knowledge taken as a whole. The overall fit of the regression model is supported by the high F-statistic, which shows that the combined effect of the ESG variables is significant.

The ESG factors included in the model were shown to account for 42.8% of the variation in young customer loyalty, with a coefficient of determination (R^2) of 0.428. Other elements that were not included in this study, such as product offers, advertising tactics, digital user experience, or customer service quality, are responsible for the remaining 57.2% of the difference.

Strong empirical proof that ESG knowledge has a substantial partial and simultaneous influence on young consumers' loyalty at BRI Padang is provided by the regression study. This implies that enhancing client connections and loyalty in the banking industry, particularly among the younger generation, may be achieved strategically by raising knowledge and performance in environmental sustainability, social responsibility, and good governance standards.

5. Discussion

The results of the study show that ESG awareness has a significant influence on young customer loyalty, both partially and simultaneously. The social dimension has the greatest influence, followed by governance and the environment. This is consistent with research by Fatma et al. (2020) and Suki & Suki (2019), which states that a company's social commitment contributes greatly to forming customer trust and loyalty, especially from the younger generation who have a strong value orientation towards sustainability.

Younger consumers, who often make more socially conscious and values-driven purchasing decisions, should pay special attention to this. The younger generation often referred to as Gen Z and Millennials tends to place a higher value on diversity, social justice, and moral corporate conduct (Theocharis & Tsekouropoulos, 2024). Because of this, a bank's active participation in socially conscious initiatives can work as a powerful emotional and psychological tie that ties this particular demographic to the brand. Awareness of governance is the second most important component. Transparency, accountability, moral leadership, and efficient internal controls are all included in this dimension. This factor's importance is a reflection of consumers' increasing demands that companies, especially financial institutions, follow sound corporate governance principles (Koeswayo et al., 2024).

Even though the environmental dimension has the lowest coefficient of the three, it still has a significant positive impact on customer loyalty, indicating that environmental sustainability, including a bank's efforts to reduce carbon emissions, support green initiatives, or fund environmentally friendly projects, is still relevant for young customers (Onjewu et al., 2023). Young customers are increasingly concerned about whether a bank operates ethically, protects customer data, avoids corruption, and ensures fairness in its services and operations. When customers believe that a bank upholds high governance standards, they are more likely to perceive it as trustworthy and reliable, which has a positive impact on their long-term loyalty (Aldboush & Ferdous, 2023).

The belief that banks have a more indirect influence in environmental concerns than in social or governance elements may be the reason it is somewhat less prioritized than social and governance issues. However, this component will probably become more significant in the future as environmental consciousness continues to grow on a worldwide scale (Cardillo & Basso, 2024). The results of this study provide credence to the notion that, especially among younger populations, ESG knowledge is increasingly playing a significant role in determining consumer choices and loyalty in the banking sector. This affects banks like BRI strategically. Banks should not only incorporate ESG concepts into their internal operations but also successfully communicate their ESG activities through the proper channels in order to preserve and increase client loyalty, particularly among younger consumers (Galeone et al., 2024).

Authenticity and transparency in sustainability efforts, social media interaction, and ESG reporting can raise consumer awareness and strengthen favorable opinions. Furthermore, the analysis shows that 42.8% of the difference in customer loyalty may be explained by ESG factors taken together. This indicates that although ESG has a significant role, other factors still affect consumer loyalty. These include client happiness, price, rewards programs, convenience, service quality, digital banking experience, and brand loyalty. As a result, banks have to implement a whole customer relationship strategy that incorporates ESG awareness along with these other components (Koh et al., 2021).

The comparatively high degree of ESG awareness among young clients (72% had heard of ESG) is another significant finding of this study. This demonstrates that ESG is no longer a specialized idea but rather a topic that the younger generation finds important and understandable. Social justice movements, corporate scandals

involving poor governance, and more media coverage of climate change are some examples of larger cultural changes that might be linked to this expanding knowledge. Young people's understanding of ESG issues may also be raised via government programs, influencers, NGOs, and educational institutions (Zaporowska & Szczepański, 2023). The results imply that emphasizing social initiatives, guaranteeing transparent governance, and encouraging environmental stewardship are not merely ethical imperatives, but also strategic business decisions that may boost consumer retention and loyalty (Sneideriene & Legenzova, 2025). For BRI and other financial institutions targeting the young market, integrating ESG concepts into their brand identification and customer engagement initiatives is vital to creating enduring relationships with this increasingly powerful consumer group.

6. Conclusion

Based on the results of the research and data analysis, several key conclusions can be drawn. The level of ESG awareness among young bank customers is relatively high, particularly in the social and governance dimensions. There is a significant influence between ESG awareness and young customer loyalty to banks, both in simultaneous and partial relationships. Among the three ESG dimensions, the social aspect is found to be the most dominant factor contributing to customer loyalty, followed by governance and environmental aspects. These findings highlight the importance for banks to visibly and effectively communicate their sustainability values, especially when targeting the younger customer segment.

From these findings, several practical recommendations can be offered to key stakeholders such as banks, academics, and regulators. For banks, the first recommendation is to enhance ESG communication through digital media, as today's young consumers are highly active online and often form brand perceptions based on content available on websites, social media platforms, or mobile apps. Banks should utilize these channels to communicate their ESG initiatives clearly, including social responsibility programs, green financing, and ethical governance practices. Second, banks are encouraged to implement visible social programs, particularly through community-based Corporate Social Responsibility (CSR) activities that are directly experienced by customers. Third, banks should publish sustainability reports that are accessible, visually engaging, and easy to understand—not only for shareholders or financial analysts, but also for the general public.

For academics and future researchers, this study opens new research opportunities. One recommendation is to incorporate mediating variables such as trust or customer satisfaction in future models, to better understand the mechanisms through which ESG awareness influences customer loyalty. These mediators can help reveal whether loyalty is built through increased emotional connection, trust, or perceived value. It is also suggested that future studies explore how ESG is implemented and perceived in digital versus traditional banks, as differences in ESG practices may emerge due to the structural and operational distinctions in these banking models. Lastly, regulators such as the Financial Services Authority (OJK) and Bank Indonesia (BI) are encouraged to promote policies that strengthen ESG transparency in the banking sector, particularly among institutions that cater to the younger demographic.

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