

## **GREEN MARKETING STRATEGIES IN ISLAMIC FINANCIAL INSTITUTIONS TO ADDRESS CLIMATE CHANGE: A SUSTAINABILITY AND MAQASHID AL-SHARIAH PERSPECTIVE**

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### **ABSTRACT**

Climate change poses a significant challenge to global financial stability and ethical responsibility, calling for new paradigms in sustainable finance. This study explores how Islamic financial institutions (IFIs) in Indonesia implement green marketing strategies to address environmental issues while upholding the objectives of maqāsid al-sharī'ah. Using a qualitative descriptive and interpretive approach, the research adopts a multi-case analysis involving three representative institutions: Bank Syariah Indonesia (BSI), Prudential Syariah, and BAZNAS. Data were collected from official reports, press releases, and institutional documentation to examine how each organization integrates sustainability into its operations and marketing practices. The findings reveal that BSI emphasizes green operational transformation through electric vehicle deployment, digital carbon tracking, and sustainable financing. Prudential Syariah integrates environmental ethics into community programs, such as eco-friendly Qurban distribution to marginalized regions, reflecting ethical branding and customer engagement. Meanwhile, BAZNAS operationalizes the Green Zakat Framework, aligning religious giving with environmental restoration and climate resilience. Collectively, these cases demonstrate that green marketing in Islamic finance extends beyond promotional activities to become an ethical strategy for aligning environmental stewardship, customer trust, and institutional sustainability. The study concludes that Islamic finance can play a transformative role in advancing climate action when sustainability principles are embedded in marketing narratives, product design, and social responsibility programs. This integration reinforces Islamic finance's position as a moral and ecological force within the global green economy.

**Key words:** Green Marketing; Islamic Finance; Sustainability

### **INTRODUCTION**

Climate change has emerged as one of the most pressing global challenges of the twenty-first century, with profound social, economic, and environmental consequences. Financial institutions such as banks, insurance companies, and securities firms play a crucial role in mitigating climate risks by mobilizing funds toward sustainable and environmentally responsible activities (Nieto, 2019; Saif-Alyousfi & Alshammari, 2025). In the context of Islamic financial institutions both commercial and social, these entities play a dual role in achieving *maslahah* (public benefit) while also ensuring profitability. These principles encourage economic activities that promote *maslahah* and prohibit *israf* (wastefulness) and environmental harm. The emerging direction of Islamic finance calls for a shift away from a capital-centered orientation toward one that prioritizes the welfare of people and other stakeholders, including the environment and natural resources. This transformation aligns with the principles of *tawhid*, *rububiyah*, *tazkiyah*, and *'adalah*, integrated within an *ihsan*-based governance paradigm that lies at the core of the Islamic moral-political economy (Asutay, 2025). So in its operations, Islamic Financial Institutions must be able to provide short-term and long-term impacts from policies made both internally and externally by the bank. Human beings, as *khalifah* (stewards of the Earth), have a responsibility to protect and care for the environment; this aligns with the Islamic finance principles of promoting *maslahah* and prohibiting *israf*, making sustainability integral to Shariah-compliant financial activity (Saeed, 1996). Islamic Banking and Finance (IBF) can play a main role in achieving the United Nations' Sustainable Development Goals (SDGs) (Qadri & Bhatti, 2025).

Thus, the intersection of Islamic finance and sustainability provides a fertile ground for developing innovative approaches to climate change mitigation, one of which is green marketing. Green marketing analyses the influence of marketing activities on the environment and how environmental variables affect a company's (Malyan & Duhan, 2019; Asyhari & Yuwalliatin, 2021; Abdullah & Eriklex, 2025). The concept of green marketing refers to marketing practices conducted by an entity that have an environmental impact. Its implementation requires an integrated approach across all marketing functions, including product design, pricing, distribution, and promotional activities. Therefore, green marketing is not merely a theoretical construct but a practical strategy that can enhance customer trust in both the short and long term. In Islamic banking, this concept is especially relevant as it aligns with Shariah principles emphasizing justice, sustainability, and social responsibility, while addressing challenges related to service quality and customer satisfaction (Duwina & Fasa, 2024; Napitupulu et al., 2024). By integrating these values, Islamic banks can attract environmentally conscious customers for example, through sustainability-focused social media campaigns.

To further explore this relationship, this study examines the implementation of green marketing strategies within three key Islamic financial institutions in Indonesia: Bank Syariah Indonesia (BSI), Prudential Syariah, and BAZNAS. In line with its commitment to Environmental, Social, and Governance (ESG) principles, Bank Syariah Indonesia (BSI) has implemented a series of sustainability initiatives that embody the essence of green marketing within Islamic finance. One of its flagship programs includes the deployment of 139 electric operational vehicles (EVs) across regional offices and the development of a Digital Carbon Tracking platform to monitor carbon emissions from fuel and electricity consumption throughout more than 1,130 outlets nationwide. Prudential Syariah has adopted an environmentally conscious approach even in its charitable activities, exemplified by its distribution of Qurbani meat to communities in 3T (frontier, outermost, and disadvantaged) regions, aligning with the concept of sustainable and socially responsible finance. By employing minimal-waste slaughtering methods, optimizing logistics, and ensuring fair and needs-based distribution, the institution embeds green marketing principles into its philanthropic operations. BAZNAS (Badan Amil Zakat Nasional), as a social Islamic financial institution, demonstrates the social dimension of green marketing through programs such as Zakat for Environment, Green Village, and Eco-Qurban. These initiatives link environmental stewardship with religious obligations, transforming zakat distribution into an instrument for environmental sustainability and community empowerment. The combination of these three institutions provides a holistic view of how green marketing can be operationalized within the Islamic finance ecosystem, ranging from commercial banking and insurance to philanthropic finance. Their approaches illustrate that sustainability, when rooted in Islamic ethics, not only supports environmental protection but also enhances corporate reputation, customer engagement, and long-term value creation.

## METHOD

This study adopts a qualitative descriptive and interpretive research design, aiming to explore how Islamic financial institutions (IFIs) integrate green marketing strategies to promote sustainability and align with maqāṣid al-sharī'ah. The qualitative approach is appropriate because the objective is not to measure quantitative relationships but to understand meanings, narratives, and institutional practices that underpin the transformation of Islamic financial operations in response to climate change.

The study applies an embedded case study method (Yin, 2014), focusing on three representative Islamic financial institutions in Indonesia such as Bank Syariah Indonesia (BSI), Prudential Syariah, and BAZNAS (Badan Amil Zakat Nasional), each reflecting different functional domains within the Islamic financial ecosystem: commercial banking, Islamic insurance (takaful), and Islamic social finance (zakat). These institutions were selected through purposive sampling based on three criteria: Demonstrated adoption of sustainability or green finance initiatives; Availability of verifiable public information (e.g., sustainability reports, press releases, and ESG disclosures); and Institutional relevance to maqāṣid al-sharī'ah implementation.

The research design combines documentary analysis, content analysis, and interpretative phenomenological analysis (IPA) to extract both factual data and underlying values embedded in institutional green marketing practices.

## RESULTS AND DISCUSSION

The findings of this study highlight the increasing integration of green marketing strategies into the operational and social dimensions of Islamic financial institutions (IFIs). The analysis of three key organizations: Bank Syariah Indonesia (BSI), Prudential Syariah, and BAZNAS, demonstrates that sustainability and maqāṣid al-sharī'ah are becoming central to their marketing narratives and institutional practices. Each organization applies the concept of green marketing according to its institutional role: BSI as a commercial bank focuses on green financing and operational transformation; Prudential Syariah integrates environmental awareness into its social and brand activities; and BAZNAS connects zakat with climate resilience through the Green Zakat Framework.

BSI has actively positioned itself as a pioneer in sustainable Islamic banking through the integration of ESG (Environmental, Social, and Governance) principles into its core strategy. The bank's green marketing is not limited to promotional campaigns but is embodied in its operational and financing structures. One of the most notable initiatives is the launch of 139 electric operational vehicles (EVs) and the establishment of a Digital Carbon Tracking platform to monitor carbon emissions from its network of more than 1,130 outlets across Indonesia. This initiative marks a transition from symbolic environmental claims to measurable environmental performance, reflecting a maturing green strategy rooted in accountability and data-driven impact.

As part of its sustainability roadmap, BSI channels significant resources into green financing, reporting approximately IDR 59.19 trillion in sustainable financing as of early 2024, which later rose to IDR 72.8 trillion in 2025, representing a 19.3% year-on-year increase. Of this, IDR 15.3 trillion was directly allocated to projects such as renewable energy, waste management, and eco-friendly SMEs. These figures demonstrate not only a financial commitment but also a transformation of marketing value propositions from mere promotion of Islamic ethics toward the creation of environmental and social value chains.

Scientifically, these initiatives exemplify how an Islamic bank operationalizes *hifz al-bī'ah* (environmental preservation) and avoids *isrāf* (wastefulness) in both production and consumption. Green marketing thus acts as an integrative strategy linking environmental performance, brand image, and customer trust. The Digital Carbon Tracking system enhances transparency, an essential element in modern green marketing by quantifying carbon footprints and reducing reputational risks of greenwashing. In alignment with *maqāsid al-sharī'ah*, BSI's approach illustrates that financial intermediation can achieve *maslahah* (public good) through sustainable development and ecological stewardship. Furthermore, BSI's narrative of sustainability is not merely environmental but spiritually infused. Its campaigns link environmental care to the Islamic duty of stewardship (*khilāfah fī al-ardh*), positioning the bank as a moral economic actor. This approach resonates with young Muslim consumers who increasingly demand ethical transparency and environmentally conscious products, suggesting that green marketing is not only an ethical obligation but also a strategic market advantage.

While BSI emphasizes operational transformation, Prudential Syariah adopts a socially embedded and community-oriented sustainability approach, positioning itself not merely as a financial service provider but as a moral actor within society. Its green marketing strategy manifests through a fusion of ethical branding, community empowerment, and religiously grounded environmental stewardship. The 2024 environmentally responsible Qurban distribution program, directed toward 3T (frontier, outermost, and disadvantaged) regions, demonstrates this synthesis in practice. By employing eco-friendly packaging, local livestock sourcing, and optimized logistics to reduce emissions, the initiative transcends the conventional scope of CSR, evolving into what may be called "ritual-based sustainability marketing." This term captures how Prudential Syariah integrates ritual obligations (*qurban*) with ecological ethics, effectively transforming a religious practice into an environmental and social movement.

From a marketing theory standpoint, this initiative reflects the transition from transactional to relational green marketing, where the focus shifts from promoting products to cultivating trust and long-term moral relationships with stakeholders. The company's messaging aligns ecological responsibility with Islamic virtues such as *ta'āwun* (mutual assistance) and *ihsān* (excellence in ethical conduct), constructing an emotionally resonant and spiritually legitimate narrative that strengthens both brand authenticity and social capital. Such positioning reinforces the notion that in Islamic finance, brand equity is increasingly derived from ethical coherence rather than product differentiation—a trend particularly salient in the post-pandemic era, when consumer consciousness toward sustainability and social justice has intensified.

Analyzed through the lens of *maqāsid al-sharī'ah*, Prudential Syariah's model operationalizes *hifz al-nafs* (protection of life) and *hifz al-māl* (protection of wealth) in practical, measurable ways. By providing safe and sustainable qurban distribution, the initiative safeguards community health and environmental welfare while maintaining economic value through efficient resource utilization. This dual focus on ethical intention (*niyyah*) and material impact (*athar*) situates Prudential Syariah within the emerging paradigm of faith-driven sustainability, in which *maslahah* (public good) becomes both the objective and evaluative criterion for business success.

From the perspective of Islamic consumer behavior, this strategy also responds to a significant shift in Muslim ethical consumption patterns. Contemporary studies indicate that Muslim consumers increasingly assess brands not only by *Sharī'ah* compliance but also by their broader ethical and ecological commitments. Prudential Syariah's communication approach, anchoring environmental care in Qur'anic principles and communal benefit, therefore resonates with an audience that values spiritual alignment over material incentives. Furthermore, the program's design leverages green symbolic capital: by associating qurban, a core Islamic ritual, with environmental stewardship, Prudential Syariah redefines what constitutes religiously meaningful consumption in modern society. This redefinition has strategic implications, positioning the firm at the intersection of spirituality, ecology, and innovation dimensions increasingly demanded in the post-ESG Islamic finance landscape. Through consistent engagement and transparent storytelling, Prudential Syariah effectively cultivates trust as a spiritual asset, turning CSR from a performative obligation into an ongoing moral dialogue between the institution and its stakeholders. Ultimately, the case of Prudential Syariah reveals that Islamic insurance (*takaful*) can become a vehicle for climate ethics, merging financial protection with ecological compassion. Its approach illustrates that green marketing, when embedded within the *maqāsid al-sharī'ah* framework, is not merely about environmental friendliness but about re-enchanting finance, restoring meaning, morality, and mutual care into economic relationships. This model, if replicated across the Islamic financial ecosystem, could serve as a blueprint for integrating sustainability, spirituality, and market competitiveness under a unified ethical vision.

BAZNAS, Indonesia's national zakat agency, reflects the social finance dimension of Islamic economics by linking faith-driven philanthropy with climate resilience and sustainability. In collaboration with the United Nations Development Programme (UNDP) and Bank Syariah Indonesia (BSI), BAZNAS introduced the Green

Zakat Framework in 2023 as an innovative approach to mobilizing zakat and charitable funds for environmental and community resilience projects. The framework identifies strategic areas such as renewable energy, sustainable agriculture, disaster recovery, and reforestation programs. One of its most significant initiatives, the Gerakan Tanam Sejuta Pohon (One Million Trees Movement), launched with the Ministry of Religious Affairs, promotes environmental education, carbon absorption, and community participation in tree-planting activities. This initiative reflects a major shift in how zakat is conceptualized: rather than a mere redistributive instrument, it functions as a sustainability mechanism that aligns with both global development agendas and the spiritual objectives of maqashid al-shariah. From a green marketing perspective, BAZNAS applies a value-driven communication model that emphasizes environmental responsibility as a religious duty. Its strategy does not rely on commercial promotion but rather on ethical engagement, where environmental stewardship is framed as an act of ibadah and social responsibility. By connecting the spiritual motivation of donors to tangible climate actions, BAZNAS strengthens the moral narrative of green marketing, positioning environmental protection as part of maslahah (public good) that benefits both people and the planet. This moral communication approach enhances public trust, stimulates collective participation, and strengthens the legitimacy of Islamic finance institutions in addressing global sustainability challenges. The integration of the Green Zakat Framework with the Sustainable Development Goals (SDGs), especially SDG 13 (Climate Action) and SDG 11 (Sustainable Cities and Communities), demonstrates that Islamic philanthropy can complement global climate policies without losing its theological integrity. It transforms zakat into an instrument for achieving ecological balance and intergenerational justice. Through this approach, BAZNAS acts as both a religious and environmental institution, bridging faith-based values with modern sustainability frameworks. This integration embodies the essence of maqashid al-shariah, particularly hifz al-bi'ah (protection of the environment) and hifz al-nafs (protection of life), by ensuring that environmental preservation is considered a moral and spiritual obligation. In the context of sustainability and green marketing, BAZNAS's initiatives represent a practical model of how Islamic social finance can address climate change while maintaining authenticity and community trust. Its programs promote behavioral change among Muslim communities by transforming religious giving into climate-conscious action. This approach illustrates that the strength of Islamic finance in facing environmental challenges lies not only in financial instruments but also in its ability to integrate ethical values with sustainable development. Therefore, BAZNAS's strategy provides an effective example of how maqashid al-shariah can guide green marketing practices to achieve both environmental sustainability and social equity.

## CONCLUSION

Beyond its institutional implications, this study highlights that sustainability in Islamic finance should be viewed as an act of worship and stewardship (khalifah), rather than a market-driven obligation. Integrating environmental concerns into marketing and governance systems ensures that every financial activity contributes to maintaining environmental harmony, social justice, and spiritual integrity. Future research should advance this discussion by developing a measurable framework to assess the tangible impact of green marketing on consumer behavior, institutional resilience, and environmental impact. Cross-country comparative analysis across the Islamic financial ecosystem could further enrich understanding of how different cultural and regulatory contexts influence the implementation of sustainability within Sharia-compliant institutions. This is particularly interesting, as the primary focus of Islamic financial institutions in Southeast Asia and those in the Middle East in addressing climate change may differ. Ultimately, this study confirms that Islamic finance, through the lens of maqāshid al-sharī'ah, has the potential to develop into a global model for ethical and sustainable financial transformation, bridging economic development with environmental responsibility and moral goals. The concept of maqashid sharia should not just be a theory, but should be able to be put into practice in all aspects of Islamic financial institutions, both commercial and social.

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