# Effect of Green Finance Awareness on Sustainable Investment Decisions: Mediating Role of Environmental Concern

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**ABSTRACT:** As sustainable development and environmental protection become more prominent, more people are interested in the factors which affect their sustainable investment behavior. This research aims to determine how the awareness of green finance affects the decisions of sustainable investments and to find out if it has a mediator effect on environmental concern. The objective of this study is to investigate the effect of enhanced awareness of green financial products, sustainable investment opportunities and concepts of environmental finance on investment decisions that are good for the environment. A quantitative research design was employed, and data were gathered from 300 respondents; investors, banking customers, business students, and financial professionals were obtained through the use of a structured questionnaire with a five-point Likert scale. Data collected were analyzed descriptively and analyzed using the Statistical Package for Social Sciences (SPSS) with reliability test, correlation test, regression test, and mediation test. The results show that the awareness of green finance exerts a significant positive impact on sustainable investments and environmental concerns. The study highlights the significant role of environmental concerns in sustainable investments. It finds that green finance awareness has both direct and indirect effects on sustainable investment decisions, mediated by environmental concern. The findings emphasize the importance of financial literacy and environmental values for responsible investing, adding empirical support to the literature on sustainable finance regarding the mediating role of environmental concern. The results have practical implications for policy makers, financial institutions and educators interested in fostering the adoption of sustainable investment practices and encouraging long-term environmental and economic sustainability.

**KEYWORDS:** Green Finance Awareness, Sustainable Investment Decisions, Environmental Concern, Sustainable Finance, Responsible Investment, ESG Investing

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## Introduction

As the financial connection with environmental protection, climate change mitigation and sustainable economic development, green finance is a growing field of financial research and practice. Traditionally, investors used to consider only profitability, risk factor, liquidity, and return while making investment decisions. However, the rising impact of climate change, carbon emission, environmental deterioration, biodiversity loss, and resource depletion has altered the perception of investors, financial institutions and policy makers towards investment activities. Green finance is defined as financial products, services, policies and mechanisms that enable sustainable, environmentally responsible projects ranging from renewable energy to sustainable transport, green buildings, sustainable agriculture, waste management, pollution control, and low-carbon technologies. The recent research indicates that green finance has a positive effect on sustainable development in the allocation of capital to activities that create environmental benefits and promote carbon-neutral growth (Barua, 2020). Likewise, according to the global evidence, green finance can facilitate sustainable development by enhancing the linkage of the financial system and environmental performance (Wang et al., 2022). This means that finance has become not just a means of economic growth, but a means to environmental responsibility and sustainability.

Increasingly, green financial instruments like green bonds, ESG funds, responsible investment portfolios, climate finance, and sustainability-linked loans are becoming more prevalent, further demonstrating the importance of green finance. These products enable investors to invest in projects and companies that are aligned with environmental and social objectives. By fostering green innovation and reshaping capital allocation and industrial transformation, green finance has been proven to facilitate low-carbon economic development (Cui et al., 2023). The interest in green bonds has stemmed from the fact that they create a new source of financing for companies to finance environmental initiatives, and when green bonds are released, investors tend to be attracted to them, especially when they are certified or issued by companies with a reputable environmental commitment (Flammer, 2021). Furthermore, green bonds are seen as a crucial tool to fulfill the environmental agenda of climate change as they pave the way for private capital to be allocated to environmental projects (Fatica & Panzica, 2021). These are the results of a financial market that is increasingly turning towards sustainable finance as a new investment category, and not solely as an ethical one.

A key factor in sustainable investment decision-making is investor awareness of green finance (Asghar et al., 2025; Abbas et al., 2025). Green finance awareness is the extent to which investors have knowledge and understanding of green financial products, green ESG criteria, financial risks associated with climate change, environmental consequences of investments and sustainable investment opportunities. If the investors are aware of green finance, then they are more likely to understand that their investment decisions can have consequences other than personal financial gain. They could be aware that fostering sustainable development, addressing social issues, and protecting the climate can help support environmentally responsible businesses. Research on responsible investing has shown that the information on ESG has an impact on investor preferences and perceptions of the fundamentals of the firms that are part of their portfolio, leading investors to increasingly incorporate the information on the environmental and social aspects into their portfolio decisions (Pedersen et al., 2021). Likewise, other study results have shown that sustainable finance literacy and the perceived environmental impact have significant effects on sustainable investment attitudes among investors (Yucel et al., 2023). Awareness is an important basis for sustainable financial behavior because investors can only make responsible investment decisions if they understand the meaning, purpose and benefits of green finance.

But sometimes awareness does not lead to sustainable investment actions. Investors might be familiar with the concept of green finance, but not interested in purchasing green products due to perceived financial risk, lack of trust, or limited information, fear of greenwashing, or uncertainty about returns. The study on sustainable finance demonstrates that media attention, sustainable financial product literacy, trust in sustainable finance and perception of greenwashing can have an impact on the probability of investing in a sustainable financial product (Strauß et al., 2023). Thus, the impact of green finance awareness on sustainable investments could be influenced by psychological and attitudinal aspects. Environmental concern is one of such factors; it is the level of awareness, emotional involvement and sense of responsibility of an individual about environmental protection. More environmentally concerned investors are more likely to be concerned with the environmental, climate, future generation, and social impact of their investment decisions. Previous studies have shown that attitudes, self-efficacy, collectivism and moral value are significant factors affecting intention to invest socially (Nel, 2020). However, personal values affect the decision on socially responsible investment, which implies that investment behavior is not just driven by financial knowledge, but also by ethical and environmental values (Singh et al., 2021).

The relationship between green finance awareness and sustainable investment decisions can thus be mediated by environmental concern. Investors become more aware of green finance, which could lead to greater environmental awareness due to the understanding of the relationship between financial activities and ecological results. This is a concern that can then lead them to select investments that are sustainable. There is recent research on socially responsible investors that indicates that investors who consider sustainability issues are more likely to have high levels of knowledge and positive attitudes, personal norms, perceived behavioral control, environmental concern and feelings of connectedness to nature (Robba et al., 2024). Likewise, the research on the behavior of socially responsible investment indicates that investor differences, motivation, and risk-taking preference are significant factors that affect socially responsible investors' sustainable investment behavior (Zhang & Huang, 2024). The results indicate that sustainable investment is not only a rational financial choice but an investment choice driven by values as well, meaning that environmental awareness, personal responsibility, and concern for ecological sustainability play a part in this choice.

Although there is a considerable amount of research on green finance and sustainable investment, there is still a gap in importance. While investors are becoming more aware of green finance, it remains uncertain whether this awareness has a positive impact on sustainable investment decisions and whether this relationship can be attributed to the investors' concern for the environment or not. There are previous studies on green finance, ESG investing, green bonds, sustainable finance literacy, and SRI behaviors, with a relatively smaller number of studies that test the mediating role of environmental concern between green finance awareness and SRIs. This gap is significant as it is important that awareness can lead to knowledge, but that environmental concern can lead to an emotional and moral drive to translate this knowledge into actual investment behavior. There is also recent evidence that private investors are more likely to take ESG factors into account when deciding on whom to invest in, but that their investment decisions are influenced by their demographic characteristics, values, trust, and preferences for sustainability (Buchanan et al., 2025). We have also found that climate literacy is associated with increased willingness to make socially and environmentally responsible investment decisions, suggesting that an understanding of the environment can influence financial decisions (Alsayegh et al., 2020). In addition, environmental awareness positively affects green investment decisions, while financial literacy can also significantly influence the decision (Mansyur & Rahim, 2025). The results indicate the necessity of studying the linkage between the awareness of green finance and the decision on sustainable finance based on environmental concern.

Thus, the following objectives were set for the present study: (1) to explore the impact of green finance awareness on sustainable investment decisions, (2) to analyst the impact of green finance awareness on environmental concern, (3) to investigate the impact of environmental concern on sustainable investment decisions, and (4) to test the mediating role of environmental concern between green finance awareness and sustainable investment decisions. These goals are significant due to their ability to shed light on the question of why, as well as how, green finance awareness plays a role in investor behavior, not just whether or not it does. If it is revealed that environmental concern is a mediator, then financial awareness programs need to not only educate investors on the technical aspects of green products, but also on their understanding of environmental responsibility and implications for climate change (Akram et al., 2024).

This research has implications for investors, financial institutions, policy makers and researchers. It offers insights to investors on how to better make investment decisions in light of knowledge about green finance and environmental considerations. The study emphasizes the need for financial institutions to develop convincing, clear and accessible green financial products as well as to enhance investor education. The results can be applied to create awareness campaigns for banks, investment firms and financial advisors that inform them about the financial and environmental benefits of sustainable investment. The study can be used for policy measures linked to green finance literacy, disclosure of environmental, social and governance (ESG) information, investor protection and climate-related financial education. The study enriches the research body by exploring the mediating role of environmental concern between green finance awareness and decisions on sustainable investments. Overall, this research can help to better understand the combined effect of awareness and environmental concern to foster sustainable investment behavior in an economic climate increasingly defined by climate change, environmental and social expectations, and sustainable development goals.

## Literature Review

### Green Finance Awareness

Green finance awareness is the level of awareness of the sustainability financial products, green investment opportunities, environmental, social and governance (ESG) principles and the contribution of financial systems for environmental sustainability among the public. It includes investors' understanding of a range of financial products and services that promote sustainability, such as green bonds, sustainable mutual funds, climate finance projects, renewable energy investments, and more. Green finance awareness helps investors to evaluate the environmental and financial effects of investments and promotes sustainable financial activities. Yucel et al. (2023) found that sustainable finance knowledge has a significant impact on investors' attitudes towards sustainable investments, as it enhances their knowledge of the impacts of sustainable investments and the opportunity for value creation over time. Likewise, Strauß et al. (2023) revealed that investor sustainable finance awareness enhances trust in sustainable financial products and positively impacts sustainable investment participation. Now, with the sustainable finance market growing more and more worldwide, green finance awareness has emerged as one of the key factors in investor behavior and decision-making.

### Sustainable Investment Decisions

Sustainable investment decisions are those that consider "environmental, social and governance" (ESG) in addition to the traditional financial goals of investing. Sustainable investments consider the wider social and environmental effects of investment activity, in contrast to traditional investments, which look mainly at risks and returns. Sustainable investors are looking for financial returns from investments in organizations or projects that are making a positive contribution to sustainable development. Pedersen et al. (2021) define sustainable investments as the incorporation of ESG information into investment decision-making processes with the goal of reaching both financial and non-financial goals. However, recent studies indicate that sustainable investment has become a trend because of its increased awareness of climate-related hazards, ethical concerns and value creation in the long term (Uliyah et al., 2025). Making sustainable investments is thus a strategic choice to make a highly profitable investment while simultaneously taking the environment and society into account.

## Environmental Concern

Environmental concern is a measure of how concerned people are about environmental problems and how willing they are to act to protect the environment and promote sustainability. Represents individual beliefs, attitudes, emotions and values about the protection of the environment and ecological health. People who have great environmental concerns tend to be more inclined to have environmentally responsible behaviors, such as sustainable consumption and green investment practices. According to Robba et al. (2024), Environmental Concern was one of the psychological factors that affect socially responsible investment decisions. Environmental concern is especially relevant in the field of sustainable finance, as investors who are concerned about environmental degradation are more likely to take environmental considerations into account when making investment decisions.

**H1:** Sustainable investment decisions are significantly positively influenced by green finance awareness.

There is a high level of attention on green finance awareness and sustainable investment decisions in sustainable finance literature. Green finance awareness equips investors with the information needed to comprehend the advantages, dangers, and sustainability value of green financial products. Those investors with higher awareness are more likely to identify both the environmental and financial value of sustainable investments, which in turn translates to a more positive attitude to invest in green financial instruments. The study of Yucel et al. (2023) showed that sustainable finance literacy positively affects sustainable investment attitudes, as investors with high levels of knowledge have a better understanding of the environmental aspect of their investment choices. Likewise, Strauß et al. (2023) found that SFL is a key determinant to increase participation in sustainable investments, as it boosts investors' confidence and trust in sustainable financial products. Moreover, according to Auriellia and Gunarsih (2025), sustainable investment awareness positively contributes to the interest of individuals in the instruments of sustainable financing.

The positive effect of awareness on investment decisions can be explained by the theory of planned behavior, which states that knowledge plays a role in the development of a positive attitude and intention, which eventually affects behavior. The more investors know about sustainable finance products, the more likely they are to view them as positive and engage in sustainable investments. Additionally, Kurowski et al. (2025) found that climate and financial literacy were positively related to the EEI behavior, as informed investors could better assess sustainability risks and opportunities. Some studies also indicate that knowledge about green finance can decrease the information gap and the uncertainty around sustainable financial products. Due to a lack of knowledge and understanding, investors often do not want to use new financial instruments. With greater awareness, though, investors have greater confidence, making it easier to make investment choices sustainably. Wang and colleagues (2022) explained how green finance supports sustainable development by channeling financial flows to projects with a positive environmental impact, and how the importance of awareness of such opportunities is growing for investors. Based on the literature, it is possible to say that investors with a greater degree of green finance awareness are more likely to exhibit sustainable investment behavior. So is the following hypothesis put forward:

**H2:** The awareness of green finance significantly positively influences environmental concern.

Green finance awareness can not only shape investment behavior but also play a part in the development of environmental concern. Awareness raises the awareness of individuals about environmental problems like climate change, pollution, loss of biodiversity and depletion of resources. People are more inclined to have positive attitudes and concerns about the environment as they learn more about the environmental impacts of economic activities and the financial choices of their community. Green finance measures are one of the effective ways to raise environmental awareness, as they reveal the relationship between financial activities and sustainable development outcomes (Lee, 2020). In the same way, Fu and Ng (2020) found that green finance mechanisms promote environmental responsibility through the support of low-carbon development and environmental innovation.

Mansyur and Rahim (2025) conducted research where they found that environmental awareness has a positive influence on green investment behavior. It is known that the knowledge and understanding of environmental issues make people more aware of environmental sustainability. Moreover, sustainability education and financial literacy interventions have been found to boost environmental awareness and promote sustainable financial practices. This also contributes to raising investors' awareness on green finance, regarding the impact of climate-unfriendly business operations and the value of investing in sustainable projects. The more people become aware, the more likely they are to recognize environmental dangers and put sustainability into their considerations when making decisions. Thus, green finance knowledge is assumed to positively impact environmental concern.

**H3:** Sustainable investment decisions are significantly influenced by environmental concern.

Sustainable behavior has always been found to be one of the largest factors in environmental concern. People who are worried about the environment consider the environmental effects of their behavior and try to do things in ways which are helpful in protecting the environment. Environmentally concerned investors are more likely to invest in companies and projects that operate in an environmentally responsible manner when evaluating investment decisions. Robba et al. (2024) noted that socially responsible investors are more environmentally conscious than conventional investors. Likewise, Garg et al. (2022) found that values towards the environment have significant effects on socially responsible investment intentions. According to the results, the investors who are interested in environmental issues are more likely to invest in environmentally friendly investments.

Additionally, Zhang and Huang (2024) found that sustainability-oriented attitudes have a positive impact on socially responsible investment behavior. Investors who are more environmentally concerned are more likely to consider environmental performance when making investment decisions. A similar finding by Singh et al. (2021) was that personal values have a positive impact on sustainable investment decisions in a manner that promotes social and ecological responsibility. Environmental concern has an impact on investment behavior because it generates moral and ethical motives that surpass the financial ones. Some investors may view sustainable investments as a benefit to the environment as well as a financial opportunity. Thus, it is assumed that environmental concerns have positive impacts on sustainable investment decisions.

**H4:** There is a mediation effect between green finance awareness and sustainable investment decisions.

While awareness can directly impact sustainable investment decisions, the concept of awareness is also starting to be seen as having an impact on behavior through psychological processes. One such mechanism is environmental concern, which could account for the linkage of awareness to real investment. In addition, based on behavioral theory, it is not always enough to promote behavior change; awareness has to be followed by some action. Rather, awareness leads to attitudes, beliefs and emotional reactions which in turn lead to behavior. The concept of green finance awareness in sustainable finance is to provide knowledge about the environment and sustainable investment opportunities, and environmental concern then turns the knowledge into motivation to take action. Nel (2020) highlighted the significance of psychological and attitudinal aspects in bridging the gap between knowledge and intentions of investing in sustainability. In the same way, Barua (2020) reasoned that green finance awareness fosters environmental awareness and promotes environmentally responsible financial actions. Moreover, Wang et al. (2022) proposed that promoting awareness of sustainable finance boosts the dedication of individuals to environmental sustainability and affects their investment decisions.

Studies of recent years have also shown that awareness can have an indirect effect on behavior via a mediating variable. The results of Mehta et al. (2020) showed that sustainable investment awareness had a positive and significant impact on green finance investment interest, with financial literacy playing an intermediary role. Likewise, previous studies in the area of sustainable consumption and pro-environmental behavior have demonstrated that environmental concerns often act as a channel through which knowledge can affect consumption behavior. Green finance awareness is presumed to improve environmental concern by raising the investors' awareness of environmental issues and the importance of finance to them. This then led to an increase in environmental concern, which incentivizes investors to make sustainable investment decisions. Hence, green finance awareness is put forward as an intermediary variable that accounts for the relationship between green finance awareness and sustainable investment decisions.

## Methodology

This study is a quantitative research design to explore the relationships between green finance awareness, environmental concern and sustainable investment decisions. A quantitative approach can be used, as it is possible to gather numerical data and perform statistical analysis to test the hypotheses put forward. This research aims to study the direct and indirect effects of awareness of green finance on sustainable investment decisions through the mediator of environmental concern. The target population comprises investors (individuals), banking clients, business students and financial professionals who may be involved or interested in investment-related activities. The groups have been deemed suitable as they are likely to possess knowledge of financial products and sustainable investment opportunities. A convenience sampling technique is used to get the data needed, as the researcher can get the responses from the easily accessible participants. A total population of 300 respondents is selected, which is considered a sufficient number of respondents to draw statistical analysis and a reliable result.

Primary Data is collected by means of a structured questionnaire, which is provided through online and offline means. The goal of the questionnaire is to assess the perception, awareness and investment behavior of its respondents concerning sustainable finance. All measurement items are measured on a five-point Likert scale from strongly disagree (1) to strongly agree (5). There are four sections to the questionnaire. The first section collects demographic data, including age, gender, education, occupation and investment experience. The second section assesses green finance awareness, the third section environmental concern and the fourth section sustainable investment decisions. There are 3 variables in the study. The independent variable is green finance awareness, which is the respondents' knowledge of green financial products, ESG principles, and sustainable investment opportunities. Environmental concern is the mediating variable, which is people's concern for environmental protection and sustainability. Sustainable investment decisions are the dependent variable, and the dependent variable is an investment decision taking into account environmental considerations besides finance.

The data collected is analyzed using the Statistical Package for the Social Sciences (SPSS). Demographic characteristics and general information about the study variables are summarized by descriptive statistics. To determine the internal consistency of the measurement scales, reliability analysis is done using Cronbach's Alpha. Pearson correlation analysis is used to look at the relationships between the variables and to test the direct effects proposed in the hypotheses, using regression analysis. Moreover, mediation analysis is conducted to investigate if environmental concern serves as a mediator between the relationship of green finance awareness and sustainable investment decision. The analytical procedures are used to give an in-depth evaluation of the proposed research model and to fulfill the research objectives.

## Data Analysis

The analysis of the data collected from 300 respondents was done on the Statistical Package for Social Sciences (SPSS). Demographic analysis, descriptive statistics, reliability analysis, correlation analysis, regression analysis, mediation analysis and hypothesis testing were the statistical analyses carried out.

## Demographic Analysis

### Table 1

*The demographic analysis of the respondents (N = 300)*

| Variable | Category | Frequency | Percentage (%) |
|---|---|---|---|
| Gender | Male | 178 | 59.3 |
| | Female | 122 | 40.7 |
| Age | 18–25 Years | 96 | 32.0 |
| | 26–35 Years | 118 | 39.3 |
| | 36–45 Years | 58 | 19.3 |
| | Above 45 Years | 28 | 9.3 |
| Education | Bachelor's | 121 | 40.3 |
| | Master's | 134 | 44.7 |
| | PhD/Others | 45 | 15.0 |
| Occupation | Student | 74 | 24.7 |
| | Employee | 143 | 47.7 |
| | Business Owner | 53 | 17.7 |
| | Financial Professional | 30 | 10.0 |
| Investment Experience | Less than 1 Year | 82 | 27.3 |
| | 1–5 Years | 137 | 45.7 |
| | More than 5 Years | 81 | 27.0 |

Demographic analysis shows that the majority of the respondents were male (59.3%), and the female respondents (40.7%). The age group of 26-35 years had the highest number of respondents (39.3%), suggesting that young and middle-aged people were more active in investment-related activities. Regarding education, 44.7% of the respondents had a Master's degree, which indicates a fairly highly educated sample. The single largest occupational group (47.7%) was employees, and almost half of the respondents (45.7%) had investment experience between one and five years. The characteristics suggest that the sample is appropriate for studying green finance and sustainable investment decision-making perceptions.

## Descriptive Statistics

### Table 2

*Descriptive Statistics*

| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Green Finance Awareness | 300 | 1.80 | 5.00 | 4.12 | 0.68 |
| Environmental Concern | 300 | 2.00 | 5.00 | 4.05 | 0.72 |
| Sustainable Investment Decisions | 300 | 1.90 | 5.00 | 4.18 | 0.65 |

All study variables show relatively high mean scores, as shown in the descriptive statistics. The mean value (M) of sustainable investment decisions was the highest (M = 4.18), followed by green finance awareness (M = 4.12) and environmental concern (M = 4.05). The results of this analysis indicate that respondents have a high level of knowledge about green finance in general, are quite concerned about environmental issues, and have positive attitudes towards sustainable investment practices. Moreover, the moderate standard deviations suggest that responses are consistent and have limited variation in observations.

## Reliability Analysis

Table 3

*Reliability Analysis*

| Variable | Number of Items | Cronbach's Alpha |
|---|---|---|
| Green Finance Awareness | 6 | 0.881 |
| Environmental Concern | 5 | 0.857 |
| Sustainable Investment Decisions | 6 | 0.894 |
| Overall Scale | 17 | 0.912 |

All constructs have Cronbach's Alpha values above the recommended value of 0.70. The reliability coefficient of green finance awareness was 0.881, environmental concern was 0.857, and sustainable investment decisions was 0.894. The overall scale showed good internal consistency (Cronbach's alpha = 0.912). The results also indicate that the questionnaire has internal consistency and reliability in measuring the intended constructs.

## Correlation Analysis

Table 4

*Correlation Matrix*

| Variables | GFA | EC | SID |
|---|---|---|---|
| Green Finance Awareness (GFA) | 1 | | |
| Environmental Concern (EC) | .621** | 1 | |
| Sustainable Investment Decisions (SID) | .694** | .658** | 1 |

Note: $p < 0.01$

The correlation analysis values show that there are significant positive relationships between all variables. The correlation between green finance awareness and environmental concern ($r = .621$, $p < .01$) is positive, indicating that people with higher green finance awareness have greater environmental concern. Likewise, sustainable investment decisions are positively correlated with green finance awareness at the 1% level ($r = .694$ and $p < .01$), suggesting that awareness has a positive influence on the sustainable investment decisions. There is also a positive correlation between environmental concern and sustainable investment decisions ($r = .658$, $p < .01$), indicating that persons more concerned with environmental sustainability are more likely to make sustainable investment decisions.

## Regression Analysis

Table 5

*Regression analysis*

| Variable | Beta | t-value | Sig. |
|---|---|---|---|
| Green Finance Awareness | 0.694 | 16.642 | 0.000 |
| **$R^2$** | **Adjusted $R^2$** | **F-value** | **Sig.** |
| 0.482 | 0.480 | 276.95 | 0.000 |

The regression results show that green finance awareness is positively and significantly affecting the decision on sustainable investment ($\beta = 0.694$; $p < 0.001$). The positive value of the beta coefficient indicates that there is a positive correlation between the awareness of green finance and the decisions to make sustainable investments. The model exhibits a high explanatory power of 48.2% ($R^2 = 0.482$) in explaining the decisions on sustainable investments. The significant F-value further confirms that the regression model is statistically significant.

### Table 6

*Regression analysis*

| Variable | Beta | t-value | Sig. |
|---|---|---|---|
| Green Finance Awareness | 0.621 | 13.683 | 0.000 |
| **$R^2$** | **Adjusted $R^2$** | **F-value** | **Sig.** |
| 0.386 | 0.384 | 187.23 | 0.000 |

The findings show that the awareness of green finance is significantly positive and has a significant impact on environmental concern ($\beta = 0.621$, $p < 0.001$). The results indicate that people with higher knowledge and awareness about green finance are more likely to build up a higher level of environmental concern. The model accounted for 38.6% of the variance in environmental concern, demonstrating that the level of green finance awareness is also significant in explaining environmental attitudes.

### Table 7

*Regression analysis*

| Variable | Beta | t-value | Sig. |
|---|---|---|---|
| Environmental Concern | 0.658 | 15.121 | 0.000 |
| **$R^2$** | **Adjusted $R^2$** | **F-value** | **Sig.** |
| 0.433 | 0.431 | 228.65 | 0.000 |

The regression analysis shows that sustainable investment decisions are significantly affected by environmental concern ($\beta = 0.658$, $p < 0.001$). This suggests that those who are more concerned about environmental sustainability are more inclined to choose sustainable investment possibilities. The model accounts for 43.3% of the variance in the sustainable investment decisions, providing further evidence that environmental concern is a key determinant of investment.

## Mediation Analysis

### Table 8

*Mediation analysis results.*

| Path | Effect | Boot LLCI | Boot ULCI | Result |
|---|---|---|---|---|
| GFA → EC | 0.621 | 0.532 | 0.711 | Significant |
| EC → SID | 0.401 | 0.298 | 0.512 | Significant |
| Direct Effect (GFA → SID) | 0.446 | 0.332 | 0.559 | Significant |
| Indirect Effect | 0.249 | 0.164 | 0.351 | Significant |

The mediation analysis was performed by using the PROCESS Macro in SPSS. The results show that the indirect effect of green finance awareness on sustainable investment decisions through environmental concern is significant, as the confidence interval does not contain zero (LLCI = 0.164, ULCI = 0.351). Moreover, the impact of green finance awareness on sustainable investment decisions is still significant even with the inclusion of the mediator. This result indicates that there is a partial mediation effect, in that the green finance awareness affects sustainable investments directly and indirectly via environmental concerns. As such, environmental concern is an important psychological mechanism through which awareness is associated with sustainable investment behavior.

## Discussion of Findings

The first purpose of this study was to explore the impact of green finance awareness on the decision of sustainable investment, and the second was to look for the mediating role of environmental concern. The results support all four hypotheses proposed and help to advance the body of literature on sustainable finance, investor behavior and environmental sustainability.

The first hypothesis posited that the awareness of green finance plays a significant positive role in the decision on sustainable investments. This hypothesis was confirmed by the results, which showed that people with high green finance awareness are more inclined towards sustainable investment behavior. The result implies that investors who gain access to more knowledge about green financial products, environmental, social and governance (ESG) principles, financial risks related to climate change, and sustainable investment opportunities are more inclined to invest in green products. This finding aligns with the findings of previous studies, which found a positive correlation between sustainable finance literacy and sustainable investment behavior (Yucel et al., 2023; Strauß et al., 2023). Those who grasp the advantages of sustainable investments often see them as both socially good and financially sound investments as opposed to conventional ones. The discovery is also in line with the concept of green finance as a tool to attract investment to green projects and encourage responsible investment (Lee, 2020; Wang et al., 2022). Moreover, the global sustainable finance markets are continuing to expand, and investor awareness is now playing an increasingly significant role in determining investment decisions and capital allocation to sustainable finance. In recent years, the sustainable finance market reached a total of $8 trillion worldwide and has been gaining momentum among investors who are interested in investing in sustainable products.

The second hypothesis explored the connection between awareness and environmental concern of green finance. The results showed that there was a significant positive influence, which suggested that people with higher awareness of green finance have a higher awareness of environmental protection. This finding corroborates the idea that awareness is a key driver not only of financial awareness but also of environmental attitudes and values. If investors are more aware of the environmental impacts of economic activities and the role of sustainable finance in solving climate problems, they are more likely to start to be concerned about environmental protection and sustainability. This result aligns with the research conducted by Mansyur and Rahim (2025), which showed that environmental awareness had a positive effect on green investment decisions, as well as the research that pointed out the importance of education about sustainability to promote environmental responsibility. It is also based on recent studies that green finance can help advance sustainable development by raising the awareness of the public to environmental issues and promoting environmental responsibility (Akram et al., 2023; Cui et al., 2023; Fu et al., 2023). The outcome shows that financial education and financial awareness campaigns can go hand in hand to boost financial skills and environmental awareness among investors.

Third, the hypothesis was that there is a significant positive relationship between environmental concern and decisions made on sustainable investments. This hypothesis was well supported by the findings, with investors who are more environmentally concerned being more likely to prefer sustainable investment opportunities. This outcome indicates that the psychological and value aspects are important in investment decision-making. The current study results showed that the financial theories that "investors invest only because of their financial returns" are inadequate, as environmental values also influence investment behavior. A growing number of investors are more inclined to make investment decisions based on their environmental convictions if they are worried about climate change, pollution and environmental degradation. The results align with the studies of Robba et al. (2024), Garg et al. (2022), and Zhang and Huang (2024), who found positive relationships between environmental attitudes and sustainability values with SRI behavior. This finding lends further credence to the idea that sustainable investments are now seen as a means to positive environmental impacts as well as financial gains. Recent studies also indicated that the awareness of the environment and preferences for sustainable goals were important factors in investors' green investment decisions, which further underscores the significance of environmental concerns as a driver of responsible investment practices (Mansyur & Rahim, 2025).

The role of environmental concern as a mediator in the relationship between the dimensions of ecotourism awareness and the dimensions of ecotourism values is one of the most notable findings of this study. The results showed that the link between Green Finance Awareness and the decision on Sustainable Investment is partially mediated by the construct of Environmental Concern. The result implies that an awareness of green finance affects sustainable investment in a direct and indirect way in the form of environmental concern. That is, awareness stimulates an investor's understanding of sustainability issues, which then boosts their environmental concerns, thereby promoting sustainable investments. This finding lends support to the behavioral theories which focus on psychological factors in converting knowledge into behavior. But simply raising awareness isn't enough to create a change in behavior; it needs to be combined with emotional involvement and climate protection concerns to enable real investment behavior changes.

The finding of the mediation effect is in line with earlier research, which indicates that awareness influences behavior through mediating attitudinal and psychological factors (Widyawati, 2020). Furthermore, it backs literature on sustainable finance that highlights how investors are increasingly incorporating sustainability into their investment decision-making due not just to their financial understanding but also their environmental values (Pedersen et al., 2021). Partial mediation also implies that there are other pathways by which the awareness of green finance can impact sustainable investment decisions. There may be other factors, such as trust in sustainable financial products, perceived investment performance, financial literacy, risk perception and preference for ESG, that can be used to explain this relationship. Further research could thus include other mediators and moderating factors to gain a better insight into sustainable investment behavior.

The results of this study may have theoretical significance. First, they suggest an indirect effect of awareness on attitudes and behavioral intentions, and these, in turn, affect behavior, supporting the Theory of Planned Behavior. Second, the findings support the sustainability behavior approach, which includes environmental values as an important factor in decision-making. Third, the study results add to the existing literature, indicating that there are other motivations behind sustainable investment behavior beyond traditional financial ones. Rather, an increasing number of investors are considering environmental responsibility, sustainability awareness, and social values in their decision-making (Alhamis, 2025).

The outcome of the study also has important practical implications. For financial institutions, it is important to raise the awareness of investors about green financial products and sustainable investment opportunities. Governments and policymakers can foster sustainable finance participation by implementing financial literacy initiatives, environmental awareness and educating campaigns, and ESG disclosure mandates. The results are especially relevant in the current financial climate when worries about greenwashing are rising, and investors are looking for more transparency and credibility in green investment products. Recent research has emphasized the need to increase investor awareness and oversight to instill confidence in sustainable investment markets.

The results indicate that the awareness and concern of green finance are complementary in promoting sustainable investment decisions in general. Improving investor awareness and increasing environmental awareness may be used to foster sustainable investment behavior and long-term sustainable development as global financial markets incorporate sustainability into investment strategies. The findings thus offer relevant information for academics, industry practitioners, financial institutions and policy makers who want to further develop sustainable finance and environmental good practices for investments.

## Conclusion

This study aimed to analyze the impact of green finance awareness on sustainable investment decisions and subsequently explore how environmental concern plays a role in this relationship. With environmental sustainability a priority in the world today, it is important that we understand the factors that influence people to make responsible choices in investing. The study aimed to answer the following questions: Does a higher level of green finance awareness lead to sustainable investment behavior, and does environmental concern act as a channel by which this impact occurs? The results are helpful to understand the relationship between green finance awareness, environmental concern and the decisions of sustainable investment.

The findings indicated that the awareness of green finance is an important factor affecting sustainable investment decisions. People with a more positive attitude towards green financial products, sustainable investment opportunities and the environmental dimensions of finance are more likely to make investment decisions that promote environmental sustainability. This discovery suggests that awareness and knowledge are key motivational aspects towards responsible financial conduct. As investors realize the benefits of sustainable investments in both the environment and the economy, they are prepared to invest in sustainable financial instruments.

The study also revealed that awareness of green financing had a significant impact on environmental concern. People with higher knowledge of green finance have greater concerns about environmental protection and sustainability. This indicates that awareness is not limited to just helping to develop knowledge about financial matters; it also helps develop positive attitudes towards the environment. This increased awareness of the environmental impacts of economic activities and the contribution of finance to sustainable development is likely to raise awareness of the importance of preserving natural resources and environmental issues.

In addition, the results have supported the positive influence of environmental concern on sustainable investment decision-making. Those with strong environmental concerns are more inclined to back investments that are environmentally sustainable and take environmental factors into their investment decisions. This clearly shows that in addition to financial factors, people consider their personal values, beliefs, and environmental responsibility as well when making investment decisions. An Environmental Sustainability Career Day and a Toolkit will be created and made available to investors interested in sustainable investing.

One of the important findings of this study is the confirmation of the mediation of the environmental concern. The results show that the role of environmental concern in the link between green finance awareness and sustainable investment decisions is partially mediated. This suggests how green finance awareness has a direct and indirect impact on sustainable investment behaviors, via the mediation of environmental concern. That is, a higher level of awareness leads to greater concern for the environment, and in turn to better decisions regarding sustainable investments. This finding reinforces the value of taking a psychological and attitudinal view when studying sustainable financial actions.

The study findings suggest that awareness about green finance and environmental concerns plays an important role in making sustainable investment decisions in general. The results highlight the importance of raising awareness on green finance to boost investors' environmental responsibility as well as their sustainable investment practices. The findings also indicate that there is a need to raise awareness among the public about green financial products and environmental concerns among the financial institutions, policy makers, educators and sustainability professionals. These can help to develop sustainable finance markets and advance wider environmental and economic sustainability goals. Stakeholders can contribute strongly to responsible investment practice and sustainable development in the long term by raising both financial awareness and environmental awareness.

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