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The Rise of Eco-Conscious Banking: How Undergrads Are Shaping Finance's Future

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Abstract

Background: The global financial sector is increasingly prioritizing sustainability, with green banking and investment emerging as key strategies to support environmentally responsible economic growth. Despite growing interest, awareness and adoption remain limited in developing economies like Nepal, particularly among younger generations who will shape future financial trends.

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Objective: This study examines undergraduate students' awareness, perceptions, and willingness to engage in green banking and investment, assessing potential gender differences and identifying barriers to sustainable finance adoption.
Methods: A quantitative approach was employed, using a structured questionnaire administered to 217 undergraduate students from public and private colleges. Data were analyzed using descriptive statistics, independent samples t-tests, and ANOVA to compare responses across genders and academic disciplines.
Findings: Results indicated moderate awareness of green finance concepts, with no significant gender differences in green banking perceptions (p=0.220). However, male students showed marginally higher interest in green investment (p=0.066). Key barriers included limited financial products, insufficient policy support, and lack of technical knowledge.
Conclusion: While students demonstrate foundational awareness of green finance, targeted educational initiatives and policy incentives are needed to deepen engagement. The findings underscore the importance of integrating sustainability into financial curricula and fostering institutional support for green finance in Nepal.
Novelty: This study contributes to limited research on youth perspectives toward green finance in developing economies, offering actionable insights for policymakers and educators to bridge awareness gaps and promote sustainable financial behaviors.
Keywords: Green banking, green investment, sustainable finance, undergraduate students, gender differences, Nepal, environmental sustainability

Introduction

In the past decades, the financial sector of the world has undergone a revolutionary shift towards sustainability as the awareness of environmental issues and the imperative to combat climate change have grown (Saif-Alyousfi & Alshammari, 2025; Gomber et al., 2018). Green banking and green investment have become core strategies to facilitate environmentally sustainable economic development in this process. These measures not only help in reducing environmental harm but also create new economic prospects by incorporating Environmental, Social, and Governance (ESG) factors in business models (Blazek, 2025; Aldowaish et al., 2022). The current study will try to examine the status, performance, and future of green banking and investment and their application, problems, and contribution to sustainable development.

Understanding Green Banking and Green Investment

Green banking refers to banking operations with a stress on environmental sustainability through the financing of green projects and containing environmental degradation (Gidage & Bhide, 2025; Gulzar et al., 2024). Such significant efforts are: (i) Financing renewable energy projects (solar, wind, hydropower). (ii) Prioritizing energy-efficient industrial and household technologies. (iii) Develop paperless banking through digitalization., and (iv) Encourage customers to adopt sustainable business models.

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Through aligning financial objectives with environmental considerations, green banking supports low-carbon growth in transition economies (Nieto & Papathanassiou, 2024). Since banks play a large capital allocation role, they can greatly assist in determining whether investment supports addressing climate issues or contributes to worsening environmental degradation (Clark et al., 2018).

Green investment, on the other hand, involves investing funds into businesses and ventures that contribute positively to the environment. This involves: (i) Renewable energy (solar farms, wind farms). (ii) Clean tech (electric cars, battery storage). (iii) Waste management and sustainable agriculture., and (iv) Green infrastructure and water conservation.

Green investment is increasingly appealing to investors, both for returns and as a way to contribute to the global sustainability agenda (Andriuskevicius, 2025). As governments make carbon-neutral pledges, green investments are becoming a more mainstream financial choice.

Why This Study Matters

As interest in sustainable finance grows, several obstacles stand in the way of it becoming mainstream, including: (i) Restricted awareness among stakeholders. (ii) Inefficient regulatory systems in specific sectors. (iii) Restricted financial incentives for green initiatives., and (iv) Subjective risks associated with sustainable investments (Sjafjell et al., 2025).

Information regarding how the overall population—especially the younger generations—view green finance can bring to light the level at which green finance is taken up and where adjustment is required. Additionally, quantifying the real effect of such practices on the ground can cause policymakers, banks, and investors to rationalize their methods to work more efficiently.

Focus on Undergraduate Students

Youth and university students, in particular, are the future of business and finance. Their worldview and behavior toward green banking and investment will determine the direction of markets for the next few decades. This research focuses particularly on: (i) The level of awareness among students of green finance. (ii) How likely they are to support or participate in sustainable banking and investment., and (ii) Barriers that may hinder their adoption of green financial behavior.

The Case of Developing Economies (e.g., Nepal)

In economies like Nepal's, where climate vulnerability is high but financial infrastructure is yet to be established, green banking and investment face the following challenges: (i) There are limited green financial products. (ii) Governments have no policy support., and (iii) Technical know-how in sustainable finance is lacking.

Nevertheless, given Nepal's propensity for rich natural resources and high exposure to risks posed by climate disasters, adopting green finance can bring forth heavy economic and environmental benefits.

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Research Objective

This study aims to measure undergraduate students' understanding, mindset, and sensitivity towards green banking and investment, analyzing how eager they are to take part in sustainable financial activity.

With the analysis of student opinion, this research will provide further insight into how the next generation views the role of finance in sustainability and what needs to be done to catalyze the green finance revolution.".

Materials and Methods

Research Philosophy and Design

The study employed a positivist research philosophy that was interested in empirical observation and measurable evidence to assess the proposed theoretical model. Quantitative method was employed to carefully analyze undergraduate students' attitudes and perceptions concerning green banking and investment. Descriptive research design was employed to provide an organized and objective representation of the respondents' views, thus ensuring reliable and generalizable findings.

Data Collection Process

Data were gathered with a standardized questionnaire applied among undergraduate students from public and private colleges. 217 participants responded, providing an adequate sample size for statistical inference. The questionnaire used a five-point Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree), allowing for correct measurement of participants' attitude on a list of statements concerning green finance. This provided standardized data collection, enhancing the validity and comparability of the responses.

Data Analysis Techniques

Analysis was primarily centered on descriptive statistics in order to provide the most significant demographic characteristics and the central tendencies of the response. Measures of mean, frequency, percentage distribution and ANOVA were used to describe the data, giving details of the predominant perceptions regarding green banking and investment among the students. This rendered the analysis comprehensible in a simple and impartial way, allowing evidence-based inference based on the current trends and attitudes among the sample population.

Results and Analysis

Table 1

Gender and Education

		Count	Table N %
Gender	Male	104	47.9%
	Female	113	52.1%
Education Qualification	BBA	98	45.2%
	BHM	34	15.7%
	BA	40	18.4%
	BBS	45	20.7%

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Table 1 shows the demographic variables of respondents. Demographically, the gender mix of the respondents is relatively balanced, with 47.9% male (104) and 52.1% female (113) respondents, indicating approximately equal numbers. In terms of academic qualifications, the majority of the respondents were students of BBA (45.2%), followed by BBS (20.7%), BA (18.4%), and BHM (15.7%), indicating that the largest subgroup was made up of BBA students and that the study had garnered opinions primarily from business and management disciplines. This sampling ensures diverse but relevant observations about undergraduate attitudes towards green banking and investment, on the basis of views of students most likely to utilize financial and sustainability vocabulary in their academic and future working lives.

The data was collected by structured questionnaire amongst the undergraduate students. This is all about demographic profile of the respondents and how it has been interpreted and analyzed on the basis of the primary data collected from questionnaires. This will be easier to understand demographic characteristics of the respondents.

Table 2

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
green_bank	Male	104	3.6801	.52123	.05111
	Female	113	3.5945	.50280	.04730

The provided statistical finding contrasts male and female undergraduate students' perceptions of green banking. The group statistics indicate that the male students (N=104) have a slightly higher mean perception rating (3.6801) compared to female students (N=113, mean=3.5945), and both groups share similar standard deviations (0.52123 and 0.50280 for males and females, respectively). This indicates that although males report slightly higher positive perceptions, variation in responses is similar for both genders. The means of the standard errors are also equivalent (0.05111 for men and 0.04730 for women), showing that the sample means are quite accurate estimates of the population means for both groups.

Table 3

Independent Samples Test

		Levene's Test Equality Variances		fort-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
green_bank	Equal variances assumed	.085	.771	1.230	215	.220	.08554	.06953	-.05152	.22260
	Equal variances not assumed			1.228	211.983	.221	.08554	.06964	-.05173	.22281

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The Independent Samples Test output provides Levene's Test for Equality of Variances, which determines whether there are statistically different variances between the two groups. In this case, the non-significant p-value (Sig. = 0.771) indicates that the equal variances assumption is met, i.e., the variation in perceptions is equal for both genders. As such, the t-test for equal variances assumed is the statistic to interpret. The t-value of 1.230 with 215 degrees of freedom gives a p-value of 0.220, which is not statistically significant at the conventional 0.05 level. This indicates that the difference in mean perception scores between males and females results from random sampling variation and not because there exists a true difference in the population. Interpreting these findings critically, the lack of statistical significance would only suggest that gender is not necessarily a factor in shaping perceptions of green banking among undergraduate students. This would imply that there are possibly other determinants—environmental concern awareness, financial awareness, or experience with green banking initiatives—which may influence perceptions more significantly. However, the small mean difference, if statistically insignificant, can have real-world importance if it is reflective of a consistent trend in bigger or more diverse samples. Further studies involving a larger sample size or a more nuanced measurement of perceptions (e.g., multi-item scales) might be able to detect more nuanced gender-based differences that this analysis was not able to detect.

Table 4

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
green_investment	Male	104	3.7466	.52422	.05140
	Female	113	3.6220	.46865	.04409

The statistical document investigates green investment difference perceptions among male and female undergraduate students. Group statistics reveal that male students (N=104) possess a marginally greater mean perception score (3.7466) than their female counterparts (N=113, mean=3.6220), and males are also marginally more variable in response (SD=0.52422 vs. 0.46865). The standard errors are minimal (0.05140 for men and 0.04409 for women), indicating that the sample means are reliably representative of the population means. This means male undergraduates, in terms of the average, have a better perception of green investment than female undergraduates, though it is uncertain what the practical effect of the difference is.

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Table 5

Independent Samples Test

		Levene's Test Equality of Variances		fort-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
green_investment	Equal variances assumed	1.370	.243	1.848	215	.066	.12457	.06741	-.00829	.25743
	Equal variances not assumed			1.839	207.172	.067	.12457	.06772	-.00894	.25808

The Independent Samples Test shows that the Levene's Test for Equality of Variances is not significant (p=0.243), thereby confirming the variances by gender are statistically equal. The equal variances assumed t-test yields a t-statistic of 1.848 with an associated p-value of 0.066, which is extremely close but short of standard significance ($p<0.05$). This borderline-significant result suggests a weak trend in which male students will have a more favorable attitude towards green investment, but the difference is not strong enough to establish it. The 95% confidence interval for the difference in means (-0.00829 to 0.25743) includes zero, once again consistent with the expectation that the population difference will be nonsignificant.

Discussion

The results of this study agree with the results of several prior studies and also present some opposing observations. In accordance with the findings of Rahman et al. (2023) that concluded there were no significant differences in green banking perceptions of university students of Bangladesh between male and female, the current study also tested minimal difference between male and female respondents ($p = 0.220$). This means that environmental and financial literacy programs in schools can be easily targeting both males and females simultaneously. Once more, unlike the findings from the research by Thakur et al. (2024) on the basis of which it was concluded that women in India possessed stronger pro-environmental financial mindsets, our findings reveal that cultural and geographical differences may influence gender dynamics surrounding green finance attitudes. This discrepancy highlights the need for context-specific research when assessing demographic variables influencing attitudes towards sustainable finance.

With regard to green investment, our study found a slightly greater (though not statistically significant) preference among male students, which is in line with David and Venkatachalam (2019), where they noted that men in East Asia would invest more in green bonds and ESG funds compared to women as they are more risk-accepting. But this contrasts with Lee et al. (2025), whose global survey found that younger women were more likely to prioritize ethical

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investments. Our study's marginally non-significant trend ($p = 0.066$) might imply that within emerging economies like Nepal, exposure to financial confidence and investment education can be an influence on gender-based differences. More research with larger samples would be required to determine if such a trend becomes statistically significant in comparable socioeconomic environments.

Overall, the overall moderate rates of awareness and participation in green finance among undergraduate subjects in this study reflect overall challenges that have been identified in the literature. Similar to Dewasiri et al. (2024), who emphasized policy and education requirements for South Asian green finance adoption, our findings show that poor financial incentives and regulatory support limit more student involvement. However, unlike Sulich and Rutkowska (2020), who set high demand for youths' green banking in Europe, our study communicates Nepali students may still require even more robust institutional arrangements to embrace green finance wholeheartedly. These comparisons raise the importance of localized measures in guaranteeing sustainable financial practices, particularly in the growing economies where awareness and infrastructure are still in their infancy stages.

Conclusion

The present research indicates that undergraduate students in Nepal portray moderate awareness and engagement in green banking and investment with no significant gender differences in perceptions towards green banking but a slightly greater orientation towards green investment among male students. The study supports some of the global trends but also identifies regional heterogeneities that require stronger policy infrastructures, targeted financial education, and institutional capacity to promote the take-up of sustainable finance in emerging economies like Nepal. Future research can explore socio-cultural and economic drivers of these orientations to formulate more effective interventions that facilitate more rapid transition to environmentally sustainable financial practices among youth.

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