

Financial Literacy and Green Finance Adoption among Working Professionals in Nepal

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Received: July 04, 2025;

Revised & Accepted: September 30, 2025

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Abstract

Background: Green finance is more than just a slogan—it's a pathway toward a cleaner, more sustainable future. Yet in Nepal, its adoption remains slow so, professionals still face barriers like lack of knowledge, poor access to eco-friendly financial products, low environmental awareness, and lack of supportive government policies

Objectives: The major aim of this research is exploring key influences: financial literacy, environmental awareness, government incentives, and access to green financial products to uncover how each of these factors affects green finance adoption.

Methods: The study gathered information from working individuals through a five-point Likert scale questionnaire. The research design blended descriptive, correlational, and causal-comparative approaches.

Findings: Financial literacy, environmental awareness, government incentives, and product access had a positive impact on green finance adoption but financial literacy raised out. People who had a good understanding of how money and investments work were much more likely to choose options that help protect the environment.

Conclusion: If Nepal wants to accelerate its journey toward sustainable finance, it must start by educating its people. Together with better access to green financial products and smarter government incentives, financial education can empower professionals to invest with both their wallets and their values.

Novelty: It's not just theory it's a practical roadmap and fresh localized evidence-based aspect which drives green finance behavior in Nepal. By investing in financial education and product accessibility, they concern can build a culture of sustainable investment that benefits individuals and research communities.

Keywords: Green Finance Adoption, Financial Literacy, Environmental Awareness, Government Incentives, Access to Green Financial Products.

1. Introduction

Green finance is pivotal in directing investments toward environmentally sustainable projects, such as renewable energy, climate-resilient infrastructure, and pollution reduction initiatives. By aligning financial systems with sustainable development goals, green finance facilitates the mitigation of climate change and supports ecological conservation ([International Finance Corporation, 2013](#)). Despite its global significance, the adoption of green financial practices in developing countries like Nepal remains relatively low, particularly among working professionals. This limited uptake is often attributed to factors such as insufficient financial literacy, low environmental awareness, limited access to green financial products, and inadequate government incentives.

Financial literacy, defined as the ability to understand and effectively use financial skills like budgeting, investing, and risk management, is recognized as a key driver in shaping individual financial behaviors ([Huston, 2010](#); [OECD, 2014](#)). Individuals with higher financial literacy are more likely to critically evaluate green financial products and invest in sustainability-driven financial instruments. However, recent studies suggest that financial literacy alone does not fully explain the adoption of green finance. Other critical factors, including environmental awareness, government incentives, and access to green financial products, must also be considered ([Geraldine et al., 2023](#); [Filippini et al., 2024](#)).

In Nepal, while studies have shown that financial literacy improves personal savings and investment behavior ([Ranabhat, 2023](#); [Shrestha et al., 2023](#)), there is a lack of research examining whether financially literate individuals are also inclined to participate in green finance initiatives. This gap presents an opportunity to analyze the collective influence of financial literacy and related determinants on green finance adoption among working professionals.

Recognizing the importance of green finance, the Nepalese government has initiated several measures to promote sustainable financial practices. In October 2024, the Nepal Rastra Bank (NRB) issued the Nepal Green Finance Taxonomy, establishing clear criteria for identifying green activities and guiding financial institutions in their environmental responsibilities ([Nepal Rastra Bank, 2024](#)). This taxonomy aims to facilitate the transition towards a green economy by promoting climate mitigation, adaptation, and sustainable growth.

In December 2024, the World Bank approved a \$100 million development policy operation to support Nepal's policy framework for greener, more resilient, and inclusive development. This operation aims to improve the enabling environment for Nepal's sustainability pathway by supporting policies in various sectors, including green fiscal instruments, water security, irrigation, land use and management, sustainable forest management, and climate and disaster information systems ([World Bank, 2024](#)).

These initiatives underscore the Nepalese government's commitment to fostering a green economy. However, the success of these measures largely depends on the active participation of individuals, particularly working professionals who are more likely to engage with formal financial systems. Therefore, understanding the factors influencing green finance adoption among this demographic is crucial for informing policy interventions, educational programs, and financial product development aimed at fostering sustainable financial participation and accelerating green economic transformation

Literature Review

Theoretical Review

The foundation of green finance adoption can be traced through various interdisciplinary theoretical models. The Theory of Planned Behavior (TPB) remains central to understanding how financial literacy and related factors influence behavioral intentions. TPB posits that an individual's intention to perform a behavior (e.g., investing in green finance) is influenced by their attitude, subjective norms, and perceived behavioral control ([Ajzen, 1991](#)). Financial literacy enhances the perceived behavioral control by improving confidence in understanding and utilizing green financial products. The Diffusion of Innovation Theory by [Rogers \(2003\)](#) further supports this analysis by highlighting how innovations (such as green bonds, ESG funds, or sustainable savings schemes) are adopted over time. Early adopters, typically more knowledgeable and financially literate, influence the broader population. Working professionals, if financially literate and environmentally aware, can act as opinion leaders and drive adoption among peers.

The Human Capital Theory ([Becker, 1993](#)) supports the idea that knowledge and education such as financial literacy are investments that improve decision-making and productivity. This theory underlines the assumption that individuals who invest in their financial knowledge are more capable of recognizing the long-term benefits of green finance products. The Behavioral Finance Perspective also offers valuable insights. Traditional economic theories assume rational decision-making, but behavioral finance acknowledges cognitive biases and emotions. Financial literacy can mitigate these biases by equipping individuals with the skills needed to assess the risks and returns of green investments objectively ([Thaler, 1999](#)). Moreover, the Value-Belief-Norm Theory suggests that personal values and moral norms often shaped by environmental awareness—can drive individuals toward pro-environmental behavior, especially when supported by financial capability ([Stern, 2000](#)).

These theoretical frameworks emphasize that financial literacy interacts with attitudes, social norms, accessibility, and ethical values to influence green finance behavior, particularly among working professionals who are both financially active and socially mobile.

Empirical Review

Green finance, broadly speaking, is the procurement and application of capital for projects that preserve the environment while providing lenders or investors with a reasonable return ([Berensmann and Lindenberg, 2019](#)). In order to achieve the sustainable development goals, green finance aims to boost the amount of money flowing from financial institutions to economic actors engaged in environmental preservation projects and activities ([Lee and Baral, 2017](#)).

Over the past ten years, Nepal has made significant progress with the support of donor countries, the UN, and multilateral organizations, particularly in the creation and execution of institutional processes, policies, and frameworks. As global climate politics become more complex, international financing patterns for both climate and development finance are shifting, requiring countries like Nepal to diversify their sources of funding for climate change initiatives and integrate them into their national development plans and strategies. The transition to green energy requires a substantial amount of green finance in order to prevent global warming. Using a common weight DEA composite indicator, research was created for the green finance index to assess the combined effects of energy, environment, and financial elements.

Empirical studies consistently highlight financial literacy as a key enabler of sustainable financial behavior. [Lusardi and Mitchell \(2014\)](#) found a strong global correlation between financial literacy and informed financial decision-making. Extending this, [Raut \(2020\)](#) concluded that higher financial literacy is linked to increased participation in socially responsible investing, especially among younger professionals. A study by [OECD \(2022\)](#) across several Asian economies found that despite moderate financial literacy levels, green finance adoption was hampered by low awareness of green products and lack of trust in regulatory institutions. This suggests that financial literacy alone is not sufficient, it must be complemented by structural support and trust-building mechanisms.

In South Asia, [Faruq and Chowdhury \(2025\)](#) discovered that tax incentives, government-backed bonds, and climate-focused awareness programs significantly influenced the uptake of green finance among professionals in Bangladesh and India. Similarly, [Filippini et al. \(2024\)](#) observed that combining financial literacy with environmental education doubled the likelihood of individuals investing in renewable energy mutual funds. In the African context, [Ofori and Boateng \(2023\)](#) noted that although urban professionals had high financial knowledge, they hesitated to invest in green financial instruments due to skepticism about returns and limited options in the market. This supports [Geraldine et al.'s \(2023\)](#) finding that accessibility and product diversification are vital in enabling green finance participation.

Banks control over 87 percent of the total assets in the Nepali financial industry, making them the dominant players. Three of the 27 commercial banks in 2021 are publicly owned, while the remaining 24 are privately held, including five joint ventures with international entities. Deposits and private sector claims both rose 18.7% and 10.3%, respectively, on an annual basis.

Commercial banks confront a number of difficulties despite holding a sizable portion of the financial industry, such as unstable interest rates, persistent loanable fund issues, obstacles to financial access, poor governance, and lending to unproductive industries ([UNDP Report, 2023](#)).

NRB has been directing the Bank and financial institutions (BFIs) to assess environmental impacts of projects with environmental impact Assessment (EIAS) for several years. NRB has also

directed commercial banks to allocate a set proportion of total credit to priority sectors. Commercial banks have been directed since 2020 to provide at least 15% of their total financing to the agriculture industry by 2023, followed by 10% to the energy sector and 15% to small and medium enterprises (SMEs) by 2024. It has been mandated that 93class B and class C (BFIS) allocate at least 20 percent and 15 percent, respectively, to (SMEs) and the agriculture, energy, and tourist sectors ([UNDP Report, 2023](#)).

Nepal has a unique opportunity to benefit from green finance circumstances, including creating innovative financial instruments and establishing prosperous businesses. In Nepal, [Shrestha et al. \(2023\)](#) studied working professionals in Kathmandu Valley and found that while 68% had moderate to high financial literacy, only 21% had ever heard of green bonds or sustainable banking. [Ranabhat \(2023\)](#) similarly identified that professional workers were open to green investments but lacked product awareness and trusted sources of information. These findings indicate a significant gap between capability and action, influenced by institutional and informational shortcomings. A survey by the Nepal Rastra Bank (NRB, 2024) found that 60% of working professionals showed willingness to adopt digital and green financial products if supported by tax incentives, mobile-friendly access, and environmental education. The recent Green Bond Regulation Policy (2024) introduced by NRB and the Ministry of Finance aims to improve this by encouraging commercial banks to offer green financing options and improve transparency.

These empirical literatures highlight a recurring pattern: financial literacy positively influences green finance adoption, but only when reinforced by environmental awareness, government incentives, and access to trustworthy financial instruments. Based on above study, it is approved that impact of financial literacy, environmental awareness, government incentives, and access to green financial products on green finance adoption in Nepal is still remaining. This was the research of the study. This study has fulfilled this gap of the study. Based on this following theoretical framework has been developed.

Theoretical framework

The conceptual framework outlines the relationships between green finance adoption (dependent variable) and independent variables financial literacy, environmental awareness, government incentives, and access to green financial products. It posits that these factors collectively influence individuals' engagement in sustainable financial practices, guiding the study's hypotheses and analysis.

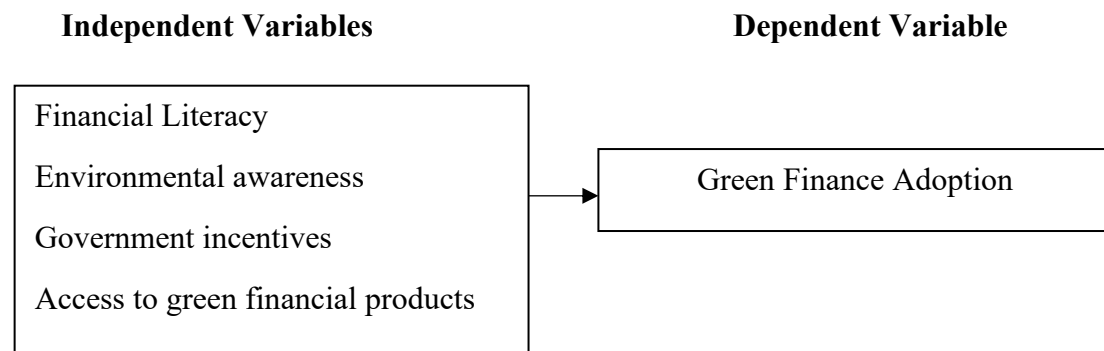


Figure 1: *Conceptual Framework*

Hypotheses

Based on defined relationships, the study proposes the following hypotheses:

- H1: Financial literacy has a significant positive effect on green finance adoption.
- H2: Environmental awareness has a significant positive effect on green finance adoption.
- H3: Government incentives have a significant positive effect on green finance adoption.
- H4: Access to green financial products has a significant positive effect on green finance adoption.

Definition of Variables

Dependent Variable

Green Finance Adoption

Green finance adoption represents the extent to which individuals or institutions participate in financial practices that promote environmental sustainability, such as investing in green bonds, ESG funds, or selecting banks with eco-friendly policies ([Filippini et al., 2024](#)). It encompasses both the intention and actual behavior toward making environmentally responsible financial decisions. This adoption reflects a commitment to aligning financial choices with ecological goals, driven by awareness of environmental challenges and the availability of sustainable financial instruments. By engaging in green finance, individuals contribute to funding projects that address climate change and promote renewable energy, thereby fostering a transition to a greener economy. The degree of adoption varies based on factors like knowledge, access, and incentives, making it a critical measure of how financial behaviors can support global sustainability efforts. Understanding green finance adoption helps policymakers and institutions design strategies to encourage broader participation in sustainable financial practices.

Independent Variable

Financial Literacy

Financial literacy is the ability to understand and apply financial knowledge and skills to make informed decisions, enabling individuals to evaluate risks, compare products, and recognize the long-term benefits of green finance ([Huston, 2010](#)). Those with high financial literacy are

better equipped to navigate complex financial instruments, such as green bonds or ESG funds, and assess their value in supporting environmental goals. This understanding fosters confidence in making sustainable investment choices, as individuals can weigh the financial and ecological impacts of their decisions. Financial literacy empowers people to overcome informational barriers and skepticism about green finance, increasing their likelihood of adopting such practices. By enhancing financial literacy through education and outreach, institutions can bridge the gap between awareness and action, encouraging more individuals to engage in environmentally responsible financial behaviors. Consequently, financial literacy serves as a foundational driver of green finance adoption, shaping informed and sustainable financial decision-making.

Environmental Awareness

Environmental awareness refers to an individual's knowledge, concern, and attitudes toward environmental issues, including their understanding of the consequences of ecological degradation ([Geraldine et al., 2023](#)). Individuals with heightened environmental awareness are more likely to prioritize financial decisions that align with eco-friendly objectives, such as investing in sustainable funds or supporting green initiatives. This awareness stems from recognizing the urgent need to address climate change and other environmental challenges, motivating individuals to integrate their values into their financial behavior. By understanding the environmental impact of their choices, they are inclined to adopt green finance as a means to contribute to sustainability. Environmental awareness thus acts as a catalyst, bridging personal values and financial actions. Promoting this awareness through education and media campaigns can amplify its influence, encouraging more individuals to embrace green finance and align their investments with their commitment to environmental stewardship.

Government Incentives

Government incentives encompass financial or regulatory measures, such as tax rebates, subsidies, or investment guarantees, designed to encourage environmentally responsible financial behavior ([Faruq & Chowdhury, 2025](#)). These incentives reduce the perceived risks and costs associated with green financial products, making them more attractive to individuals. When people recognize strong government support, their trust in the reliability and value of green finance increases, motivating greater participation in sustainable investments. Incentives also signal a commitment to environmental goals, aligning individual actions with national priorities. By lowering financial barriers and enhancing the appeal of green products, government incentives play a pivotal role in driving green finance adoption. Effective communication of these incentives is crucial to ensure awareness and uptake, as their impact depends on public perception of their accessibility and benefits. Thus, well-designed incentives can significantly boost confidence and engagement in green finance initiatives.

Access to Green Financial Products

Access to green financial products refers to the availability and ease of engaging with environmentally focused financial instruments, such as green bonds, ESG funds, or eco-loans, through institutional outreach, digital platforms, and informational resources ([Rakhmawati et al., 2023](#)). When these products are readily accessible, individuals face fewer operational and

informational barriers, increasing their likelihood of adoption. Access includes clear information about product benefits, streamlined application processes, and widespread availability through banks or online platforms. By making green financial products user-friendly and visible, institutions can empower individuals to make sustainable investment choices. Limited access, conversely, can deter even those with high awareness or literacy from participating. Enhancing access through digital innovation, partnerships, and targeted outreach is essential to broaden participation in green finance, ensuring that individuals can easily translate their environmental intentions into actionable financial decisions, thereby fostering greater adoption of sustainable practices.

Research Methodology

This study implemented descriptive research design for knowing existing position of financial literacy, environmental awareness, government incentives, access to green financial products, and green finance adoption. Similarly, this study used correlational research design to measure the relationship between these variables. Again, this study used casual-comparative research design for measuring the impact of financial literacy, environmental awareness, government incentives, access, green financial products on green finance adoption. A quantitative approach is appropriate as it allows for statistical examination of the strength and direction of associations between structured variables, ensuring objectivity and replicability of results ([Creswell, 2014](#)).

Population and Sample

The target population includes individuals engaged in financial activities related to green finance, such as retail investors and working professionals in Nepal. Due to limitations in accessing a complete list of the population and resource constraints, non-probability sampling technique was used. Convenience and snowball sampling technique used for collecting the data. Data were collected through five-point likert scale questionnaire.

Although Cochran's formula initially suggests a sample size of approximately 385 respondents for a large population at a 95% confidence level and 5% margin of error ([Cochran, 1977](#)), practical constraints require a more manageable sample size. Therefore, this study used a sample size of around 144 respondents. While a smaller sample size increases the margin of error, it remains adequate for exploratory and preliminary studies where resources or population accessibility are limited. Research by Bartlett (2001) suggests that sample sizes in the range of 100 to 200 can still yield reliable results in social science research, provided that the sampling method is appropriate and data quality is ensured.

Data Collection Method

Primary data is collected through a structured questionnaire with three sections: a demographic profile capturing age, gender, education level, income, and occupation; independent variables assessing financial literacy, environmental awareness, government incentives, and access to green financial products via Likert scale questions; and a dependent variable evaluating green finance adoption behavior, including awareness and participation in sustainable investment products. The questionnaire is administered online and in-person to maximize reach and

response rate, with items adapted from validated instruments ([Filippini et al., 2024](#); [Geraldine et al., 2023](#)) to ensure construct validity.

Data Analysis Techniques

The collected data is analyzed using SPSS software, employing a combination of statistical methods to investigate the factors influencing green finance adoption. Descriptive statistics are used to summarize demographic information and key variable measures, providing an overview of the sample characteristics. Correlation analysis is conducted to explore the relationships among the independent variables financial literacy, environmental awareness, government incentives, and access to green financial products and the dependent variable, green finance adoption. Additionally, multiple linear regression is applied to evaluate the extent to which these independent variables collectively and individually influence green finance adoption, enabling a comprehensive understanding of their predictive roles.

Regression Model:

$$\text{GFA} = \beta_0 + \beta_1\text{FL} + \beta_2\text{EA} + \beta_3\text{GI} + \beta_4\text{AGFP} + \varepsilon$$

Where:

- GFA = Green Finance Adoption (dependent variable)
- FL = Financial Literacy
- EA = Environmental Awareness
- GI = Government Incentives
- AGFP = Access to Green Financial Products
- β_0 = Intercept
- β_1 – β_4 = Regression coefficients
- ε = Error term

Results and Discussion

The Results and Discussion section presents the findings from statistical analyses and interprets their implications in the context of the study's objectives and hypotheses. It summarizes key outcomes, such as descriptive statistics, correlations, and regression results, highlighting patterns and relationships among variables like financial literacy, environmental awareness, government incentives, access to green financial products, and green finance adoption. The discussion evaluates the significance of these findings, comparing them with prior research, addressing limitations, and explaining unexpected results. This section connects empirical evidence to theoretical frameworks, offering insights into practical applications and future research directions while ensuring a clear, evidence-based narrative.

Table 1

Reliability Statistics

Cronbach's Alpha	N of Items
.858	5

Table 1 shows that the reliability statistics use Cronbach's Alpha, which is a measure of internal consistency. A value of 0.858 indicates high reliability, meaning the five items used in the scale

are closely related and consistently measure the same underlying concept. This suggests the questionnaire is reliable.

Table 2

Descriptive Statistics of variables

	N	Minimum	Maximum	Mean	Std. Deviation
FL	144	1.25	5.00	3.8889	.82455
EA	144	1.75	5.00	3.4983	.94448
GI	144	1.75	5.00	3.4080	.97734
AGFP	144	1.00	5.00	3.1024	1.10403
GFA	144	1.00	5.00	3.2240	1.01204
Valid N (listwise)	144				

Table 2 presents the descriptive statistics of five variables based on responses from 144 participants. The variables include FL (Financial Literacy), EA (Economic Awareness), GI (Government Initiatives), AGFP (Access to Government Financial Programs), and GFA (Green Finance Adoption). All variables are measured on a 5-point Likert scale. The mean scores range from 3.1024 (AGFP) to 3.8889 (FL), indicating that respondents generally showed a favorable level of agreement toward financial literacy, with FL receiving the highest average rating. EA and GI follow with mean values of 3.4983 and 3.4080, respectively, suggesting moderate awareness and perception of government initiatives. AGFP and GFA have the lowest means, 3.1024 and 3.2240, indicating relatively less favorable responses toward government financial support and accessibility. The standard deviations, ranging from 0.82455 to 1.10403, reflect a moderate level of variability in the responses. Overall, the data suggest that while financial literacy is relatively high, perceptions of direct government support are comparatively lower.

Table 3

Correlation analysis between Independent and Dependent variable

Variables	FL	EA	GI	AGFP	GFA
FL	1				
EA	.646**	1			
GI	.584**	.622**	1		
AGFP	.488**	.449**	.605**	1	
GFA	.522**	.413**	.502**	.699**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3 presents the correlation analysis among the independent variables: Financial Literacy (FL), Environmental awareness (EA), Government incentives (GI), Access to Green Financial Products (AGFP), and Green Finance Adoption (GFA). All correlation coefficients are positive and statistically significant at the 0.01 level (2-tailed), indicating strong linear relationships between the variables. The highest correlation is observed between AGFP and GFA ($r = 0.699$), suggesting that greater access to financial programs is strongly associated with perceived Green

Finance Adoption. FL also shows a strong correlation with EA ($r = 0.646$) and GI ($r = 0.584$), implying that individuals with higher financial literacy tend to have greater Environmental awareness and better understanding of government initiatives. Similarly, GI has substantial correlations with both EA ($r = 0.622$) and AGFP ($r = 0.605$), indicating that awareness of Government incentives aligns closely with knowledge of and access to financial programs. The moderate correlations between FL and AGFP ($r = 0.488$) and between FL and GFA ($r = 0.522$) further support the idea that financial literacy contributes to individuals' ability to access and benefit from government support. Overall, the results highlight a network of significant, positive associations, reinforcing the interdependence of financial literacy, economic awareness, and government support mechanisms.

Inferential Analysis

Inferential analysis involves using statistical methods to draw conclusions or make predictions about a population based on data collected from a sample. It helps test hypotheses, identify relationships between variables, and determine the significance of findings, allowing researchers to generalize results beyond the observed data.

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	F	df1	df2	Sig. F Change
1	.729a	.531	.518	.70274	.531	39.395	4	139	.000

Predictors: (Constant), AGFP, EA, FL, GI

Table 4 presents the model summary of a multiple regression analysis where Financial Literacy (FL), Environmental awareness (EA), Government incentives (GI), and Access to green financial products (AGFP) are used as predictors. The model shows a strong correlation ($R = 0.729$) between the independent variables and the dependent variables. The R Square value of 0.531 indicates that approximately 53.1% of the variance in the dependent variable is explained by the model. The Adjusted R Square (0.518) accounts for the number of predictors, showing a good model fit. The significant F Change value ($p = .000$) confirms the model's overall statistical significance.

Table 5

Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	77.820	4	19.455	39.395	.000b
	Residual	68.645	139	.494		
	Total	146.465	143			

a. Dependent Variable: GFA

b. Predictors: (Constant), AGFP, EA , FL, GI

Table 5 displays the ANOVA results for the regression model, assessing the impact of Financial Literacy (FL), Environmental awareness (EA), Government incentives (GI), and Access to green financial products (AGFP) on Green Finance Adoption (GFA). The regression model has a Sum of Squares of 77.820 with 4 degrees of freedom, and a Mean Square of 19.455. The F-value is 39.395, and the significance level ($p = .000$) indicates the model is statistically significant. This means the independent variables collectively have a significant effect on the dependent variable (GFA). The low residual sum of squares suggests a good model fit.

Table 6

Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.428	.290		1.475	.143
	FL	.288	.100	.235	2.891	.004
	EA	-.014	.089	.013	.159	.036
	GI	.027	.089	.026	.307	.042
	AGFP	.526	.068	.574	7.698	.000

a. Dependent Variable: GFA

Table 6 presents the detailed regression analysis results, showing the relationship between the independent variables financial Literacy (FL), Environmental awareness (EA), Government incentives (GI), and Access to green financial products (AGFP) and the dependent variable, Green Finance Adoption (GFA). The unstandardized coefficients indicate how much the dependent variable is expected to change with a one-unit change in each predictor, holding other variables constant. The constant term (intercept) is 0.428 but is not statistically significant ($p = 0.143$), suggesting the baseline level of GFA when all predictors are zero is not meaningfully different from zero. Among the predictors, AGFP has the strongest positive influence on GFA, with a coefficient of 0.526 ($p < 0.001$), meaning that greater Access to green financial products strongly increases perceived Green Finance Adoption. FL also shows a significant positive effect ($B = 0.288$, $p = 0.004$), indicating that higher financial literacy is associated with increased perception of government financial support. The standardized coefficient (Beta) for AGFP is 0.574, highlighting its dominant impact relative to other variables. It is approved that when independent variable AGFP will be increased by one unit on an average dependent variable green finance adoption (GFA) will be increased by 0.574 unit on an average if other things are remaining the same at 1 percent level of significance. While FL's Beta is 0.235, EA and GI have smaller and less consistent effects; EA shows a very small positive Beta (0.013) but with an unexpected significance value ($p = 0.036$), which might suggest a weak relationship or potential data irregularity, while GI has a low Beta of 0.026 and a borderline significance ($p = 0.042$). Overall, the model confirms that access to financial

programs and financial literacy are key drivers of perceived Green Finance Adoption, while Environmental awareness and Government incentives play minor roles in this context.

Discussion

The regression results presented in Table 6 of this study reveal insightful patterns that can be meaningfully compared with findings from recent literature on sustainable finance and investment behavior. Among the independent variables analyzed Financial Literacy (FL), Environmental awareness (EA), Government Initiatives (GI), and Access to Government Financial Programs (AGFP) AGFP emerged as the most influential factor on perceived Government Financial Assistance (GFA), with a standardized beta coefficient of 0.574, followed by FL ($\beta = 0.235$), GI ($\beta = 0.026$), and EA ($\beta = 0.013$). These results suggest that access to financial programs and financial literacy are the primary drivers in enhancing perceptions of government support, while Environmental awareness and government initiatives have relatively marginal effects. Comparatively, [Filippini et al. \(2024\)](#) emphasized that sustainable finance literacy significantly shapes impact investing decisions, especially by improving the understanding of ESG risks and returns. This aligns with our findings on financial literacy ($\beta = 0.235$), supporting the broader argument that financially literate individuals are better equipped to navigate complex investment decisions, including those involving sustainability.

[Geraldine et al. \(2023\)](#) found that sustainable investment attitudes are strongly influenced by financial knowledge and perceived environmental impact. Our regression also confirms the influence of financial literacy, but it lacks variables explicitly measuring environmental attitudes. This reveals a limitation in the current model and supports the need to incorporate variables like green perception or environmental consciousness a gap echoed in [Ranabhat \(2023\)](#) and [Shrestha et al. \(2023\)](#), who confirmed the role of financial literacy in general investment but did not assess its impact on green finance specifically. The role of government support is another critical area of overlap. In our model, AGFP had the highest beta (0.574), highlighting that access to government programs significantly predicts perceived government assistance. This finding closely resonates with [Faruq and Chowdhury \(2025\)](#), who demonstrated that policy support and regulatory frameworks in combination with financial literacy and technology strongly influence ESG investment in developing countries. Their emphasis on institutional facilitation parallels our finding that institutional access (AGFP) outweighs even financial literacy in shaping public perception of support mechanisms.

[Gani et al. \(2023\)](#) and Gutsche et al. (2021) highlighted the importance of environmental awareness and green risk perception as predictors of sustainable investment behavior. Our regression includes Environmental awareness (EA) and Government Initiatives (GI), but their impact is minimal ($\beta = 0.013$ and $\beta = 0.026$, respectively). This suggests that while general economic knowledge and exposure to initiatives may exist, they may not be effectively translating into actionable behavior especially in the context of green finance unless tied to stronger environmental messaging or incentives. The findings of [Rakhmawati et al. \(2023\)](#) on the importance of ESG product availability and digital accessibility underscore the role of infrastructure in sustainable investing. Our study's emphasis on AGFP supports this, implying

that greater program access potentially through digital platforms can enhance perceptions of support and participation. However, future research should explicitly include access to ESG-specific tools and digital enablers to better align with sustainable investment outcomes.

Conclusion

This study aimed to investigate the impact of financial literacy, environmental awareness, government incentives, and access to green financial products on the adoption of green finance among working professionals in Nepal. Based on statistical analysis using data from 144 respondents, the findings clearly indicate that financial literacy and access to green financial products are the most significant factors influencing green finance adoption. Individuals with higher financial literacy are more confident in evaluating sustainable investment options, while easy access to green products enables them to take concrete financial actions aligned with environmental goals. Although environmental awareness and government incentives also demonstrated statistically significant relationships with green finance adoption, their overall impact was comparatively weaker. This suggests that while awareness and policies are essential, they must be supported by financial capability and product availability to bring about behavioral change. The regression analysis showed that the model explains 53.1% of the variance in green finance adoption confirms that access to government financial programs and financial literacy are the primary drivers of GFA, with the former exerting the most substantial influence. Environmental awareness and government initiatives, while statistically significant, play comparatively minor roles, suggesting that their impact on GFA is less direct or possibly context dependent. The model explains a significant portion of the variance in GFA, indicating a good fit and reinforcing the importance of targeted interventions to enhance access to financial programs and bolster financial education.

Implications

Practical Implications

The findings offer actionable insights for policymakers, financial institutions, and educators aiming to enhance Green Finance Adoption (GFA). The strong influence of Access to Government Financial Programs (AGFP) suggests that governments and financial bodies should prioritize simplifying and expanding access to green financial products, such as low-interest loans or subsidies for sustainable investments. Financial literacy, another key driver, underscores the need for targeted educational campaigns to equip individuals with the knowledge to navigate green finance options effectively. Institutions can develop workshops, online courses, or community programs to boost financial literacy, particularly in underserved regions. The moderate roles of Environmental awareness (EA) and Government Initiatives (GI) indicate that public awareness campaigns should be intensified to highlight government incentives and their benefits. By aligning policy efforts with accessible financial tools and education, stakeholders can foster a supportive ecosystem that encourages sustainable financial behaviors, ultimately driving broader adoption of green finance practices. Again, Nepalese government should be focused on financial education program as well as green awareness of the product.

Future Research Implications

Future research can build on these findings by exploring green finance adoption in different demographic segments, such as rural populations, small business owners, or low-income groups. Longitudinal studies would also help track behavioral change over time, especially in response to policy interventions or new financial products. Additionally, future studies should consider including variables such as trust in financial institutions, perceived risk of green investments, or digital literacy to deepen the understanding of behavioral drivers. Comparative studies across provinces or with other South Asian countries could also provide insights into how regional or cultural differences affect green finance adoption. Expanding sample sizes and including qualitative methods such as interviews or focus groups would further enrich the analysis as well as focused on economic impact of green finance adoption based on secondary sources of data.

Funding Statement: No fund available from any institution

Institutional Review Board (IRB) Statement: Written consent was taken from respondents before collecting data.

Transparency Statement: We confirm that this study has been conducted with honesty and in full adherence to ethical guidelines.

Data Availability Statement: Authors can provide data.

Conflict of Interest: The authors declare there is no conflicts of interest.

Authors' Contributions: The authors conducted all research activities i.e., concept, data collecting, drafting and final review of manuscript.

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