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GREEN INVESTMENT OR MARKET HYPE? INVESTIGATING HERDING BIAS IN GREEN FINANCE

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Abstract

This study intends to examine the moderating role of green financial literacy for the relationship between herding bias and overconfidence bias on the green investment decisions. The study established that perceived behavioral biases affect green investment decisions negatively in many ways through the influence of irrationality by surveying 320 investors. However, green financial literacy eliminates those bias, they assist people in making better decisions regarding investment with an inclusion of sustainability. The study also stresses the importance of financial literacy in the improvement of good green finance practices. Therefore, by applying the behavioral finance knowledge, policy makers and financial organizations can enhance the decision making and sustainability of investors.

Keywords: Green Investment, Behavioral Finance, Herding Bias, Overconfidence Bias, Green Financial Literacy, Sustainable Finance, ESG Investments, Investor Psychology.

1. Introduction

The awareness of sustainability and environmentalism has shifted the global financial markets in a very dramatic way. There is a growing trend of investors adopting ESG factors in their investment decisions (Baker et al., 2023). Green investment is the process of channelling funds towards initiatives that are friendly to the environment and can be in areas of renewable energy, sustainability in infrastructure, and corporate sustainability among others (Friede et al., 2023). However, investors' behavior in green finance is affected by psychological factors such as herding bias and overconfidence bias that affect their financial literacy and hence their investment decisions (Ricciardi & Simon, 2022). Financial literacy is a significant factor that helps investors to

make sound decisions especially in the area of green investments (Lusardi & Mitchell, 2023).

Herding bias refers to a situation where people embark on an investment decision based on the actions of others and not through rational decisions (Bikhchandani & Sharma, 2022). Bias 2: In the case of green investment, these distortions can be seen as overly optimistic or pessimistic approach to the estimates of sustainable assets due to reliance on the trends in the market. Overconfidence bias makes investors overestimate their knowledge and decision-making capacity, which may cause them to make wrong decisions regarding green investment (Pompian, 2023). Such biases can lead to enhancement and efficiency of green investments and over, thus highlighting the role of factor that influences the financial literacy to reduce these disparities (Tang and al., 2023).

Green financial literacy is defined as the investor's knowledge and skills in assessing environmental and sustainable financial products (Klapper et al., 2023). This is an idea that combines the utilization of financial literacy with sustainable development consciousness to enable the investors to invest sustainably (Chen & Ghosh, 2023). It is based on this background that this study posits that behavioral biases' influence on investment decisions is tempered by financial literacy to make sound decisions regarding sustainable finance (Fernandez et al., 2023).

This paper seeks to establish the mediating role of green financial literacy between herding bias, overconfidence bias and green investments. It seeks to establish the effects of cognitive biases in sustainable investment decisions and whether improving financial literacy reduces gap between rational and irrational decisions. The results will be useful for the development of the financial behavior theory and will help to enhance investor

awareness and encourage long-term investment.

Background

There is growing interest in investor behavior and buying trends because of an increase in sustainable financing. The appeal of green investments has increased because governments and corporations are focusing on carbon neutrality and corporate social responsibility (UNEP, 2023, p. 19). However, despite the increasing interest in ESG investments, psychological biases remain a factor in investors' decisions (Gigerenzer & Gaissmaier, 2023). Research has shown that most investors rely on the trends in the market without analyzing the information on their own, which results in irrational decisions (Kahneman, 2022). It is therefore important to establish the relationship between behavioral finance and green financial literacy in order to formulate policies that improve sustainable investment.

Motivation

This research aimed at conducting investigation for the development of sustainable finance and investing because the phenomenon is becoming more popular and relevant in today's world. Although the literature in finance has documented various behavioral biases, there is a dearth of literature on the impact of these biases in green investments (Jain & Sharma, 2023). Also, relatively little attention has been paid to the existence and factors that prevent the appearance of herding and overconfidence biases, as well as the contribution of green financial literacy in this process. This research has filled the current gap as follows: The study has contributed knowledge to the sustainable finance literature and policy makers, educators as well as investors by offering practical recommendations to enhance and develop better financial literacy program and informed decision-making of green investments.

Scope

This paper is devoted to the investigation of individual investors' behavior in green investment decisions, including herding bias, overconfidence bias, and financial literacy. The study is restricted to investors in urban financial centers as sustainable investment opportunities are more available in these areas. It adopts a quantitative research method, where structured questionnaires are used to collect responses from 320 investors. The study will also seek to determine the moderating role of green financial literacy on the effects of behavioral biases on green investment decisions. The conclusions may be useful for investment companies, educators in the sphere of finance, or, generally, policy makers to facilitate a long-term sustainable investment process that is beneficial for all counterparts.

Problem Statement

However, the investor behavior is still driven by psychological factors, which results in irrational decisions in the green investments. Herding bias and overconfidence bias are the main factors that determine investment decisions instead of the assessment of sustainable assets. Although financial literacy has been found to reduce such biases, the part played by green financial literacy in the decision-making process of sustainable investment is still unknown. This research seeks to fill this gap through examining the moderating role of the green financial literacy in the herding bias, overconfidence bias and green investment decisions.

Research Questions

RQ1: What role does play in green investment decision-making?

RQ2: Does green financial literacy mediate the relationship between herding bias, overconfidence bias and green investment decisions?

2..Literature Review

Relationship Between Herding Bias and Green Investment Decisions

Herding bias is a situation where investors follow the actions of others instead of making their own decisions (Bikhchandani & Sharma, 2022). In green investments, this bias can result to overvaluation or undervaluation of sustainable assets going by the trends in the green market. Research shows that FOMO and social factors are significant factors that contribute to herding in green finance (Tang et al., 2023). As such, herding bias can at other times contribute towards the development of sustainable markets, as well as destabilizing it and leading to creation of speculative bubbles with inefficient capital allocation.

Relationship Between Overconfidence Bias and Green Investment Decisions

This causes them to have an overconfidence bias because they assume that they know more or possess powerful forecasting skills, causing them to engage in high risk-taking (Pompian, 2023). In green investments, overconfidence may lead investors to overestimate their ability to identify profitable sustainable investments hence making wrong investment decisions. Chen and Ghosh (2023) have found that overconfidence leads to the exclusion of external information and reliance on self-generated information, which is not helpful in making rational decisions on investments.

Relationship Between Green Financial Literacy and Green Investment Decisions

Green financial literacy helps investors to assess and make decisions on sustainable investment opportunities (Fernandez et al., 2023). The results also show that the level of financial literacy has a negative relationship with biases and a positive relationship with rationality in green finance among investors. Green financial

literacy reduces the gap between biased behavior and good investment practices by equipping the investors with the right knowledge and tools to evaluate sustainability indices.

Prospect Theory and Green Investments

Kahneman and Tversky's (1979) Prospect Theory is one of the most influential theories in behavioral finance as it rejects the rationality postulate. In contrast with rational theories that argue that economic agents seek to make utility maximization of an investment, the Prospect Theory is built on the framework of the loss and gain theory where an individual will consider the perceived gains or losses as opposed to the real numeric values of the outcomes of a decision. This results in systematic errors that are evident in loss aversion whereby a loss is perceived as bigger than a gain.

Perceived Risk and Loss Aversion

Sustainable investment tends to yield long term gains, for instance, low carbon footprinting and sustainability in the business. However, they can be considered as being associated with certain risks such as market risks, policy risks and longer payback period. This is because loss aversion leads investors to be more concerned with short-term financial risks than long-term gains, thus they are reluctant to invest in sustainability (Friede et al., 2023).

Herding Behavior and Reference Dependence

Reference dependence is another type of social comparison that investors use to compare their investment performance with that of other investors. If conventional investment portfolios perform better than green investments in the short run, investors may shy away from sustainable funds due to the possibility of losing money to conventional investments. This herding behavior enhances the continuation of non-sustainable investments even though the long-term gains of green finance are more advantageous (Bikhchandani

& Sharma, 2022).

Overconfidence Bias and Probability Misjudgment

Overconfidence bias is one of the cognitive biases that result in investors relying more on their forecasting of future returns than is warranted. According to Prospect Theory, investors may overvalue the conventional assets and undervalue green investments, which results in inefficient investment decisions (Pompian, 2023).

Policy Uncertainty and Probability Weighting

Policies and incentives are important in green finance and are provided by the government. However, this can lead to overestimation of the likelihood of policy changes being detrimental to green investments and reduce investor participation (Klapper et al., 2023).

Theory of Planned Behavior and Green Investments

The Theory of Planned Behavior (TPB) is a psychological model stated by Icek Ajzen in 1991 to indicate that human behavior is determined by intentions in relation to certain behaviors, which in turn are shaped by attitudes toward the behavior, perceived social norms and perceived control over the behavior. According to TPB, financial literacy plays a role in determining the investors' attitudes and behaviours, especially in the context of sustainable investment decisions. This theory is quite useful in explaining how green financial literacy influences the investors' attitude towards green investment.

Attitude Toward the Behavior

The extent to which a person has a positive or negative attitude towards engaging in a specific behavior. If investors have a positive attitude towards green investments, they will be willing to invest in green assets.

Subjective Norms

The perceived pressure from the society to either participate in a

certain activity or not to participate in it. Where friends, family members as well as financial institutions encourage green investments, the same can influence people maybe forced to conform.

Perceived Behavioral Control

The confidence that one has in his/her capacity to execute a particular task. These are some of the ways that investors can gain confidence in green finance in order to carry out sustainable investing.

Financial Literacy and Attitude Toward Green Investments

Sustainable financial literacy is a significant factor that influences investors' perception of sustainable investments. When investors are aware of the advantages of ESG investing, they are likely to have a positive attitude towards green investments. Research conducted in explaining the results of the experiment indicates that investors who possess financial literacy in investing processes are less likely to be overwhelmed by the cognitive biases as well as they are more disposed towards the long term sustainable investment (Chen & Ghosh, 2023).

Social Influence and Subjective Norms

To a large extent, investors make decision based on bandwagon mentality, societal pressure and institutional pressure. As the awareness of the undesirable impacts of climate change and the demand for corporate sustainability investment rises, green investment is being perceived as socially acceptable. As per TPB, when investors notice that other people, especially those they respect, such as financial gurus, policy makers or colleagues, are investing in green funds, they feel compelled to follow the same trend (Baker et al., 2023).

Perceived Behavioral Control and Decision-Making

Some investors do not invest in green markets and products

because of information failure, legal issues or due to perceived difficulties. Thus there is evidence suggesting how higher FINLIT leads to greater perceived behavioural control of the investors when it comes to making sustainable investment decisions. It has been also identified that educational programmes, investment platforms with ESG information, as well as government stimuli can help to improve the level of perceived behavioural control and thus, encourage participation in green investment (Klapper et al., 2023).

3. Research Methodology

This study employed a quantitative research methodology to examine the mediating role of green financial literacy in the relationship between herding bias, overconfidence bias, and green investment decisions. A structured survey questionnaire is used to collect data from 320 investors actively involved in green investments. The study employed statistical techniques, such as Structural Equation Modeling (SEM), to analyzed relationships between variables.

Research Design

A cross-sectional research design is adopted, as data is collected at a single point in time. The study used a survey-based approach, ensuring a broad reach to investors in urban financial hubs. The questionnaire consists of demographic questions and validated scales measuring herding bias, overconfidence bias, green financial literacy, and green investment behavior. The data is analyzed using SPSS and SmartPLS to test hypotheses and establish mediation effects.

Ethical Considerations

Ethical guidelines is strictly followed. Informed consent is obtained from all participants, ensuring voluntary participation. Confidentiality and anonymity is maintained, with personal data secured. The study was adhere to institutional ethical review

standards, ensuring no harm to participants and compliance with research integrity guidelines.

Results and Discussion

Explain the moderating role of financial literacy on each of the behavioral bias-investment choice relationship as you present the moderation results. Reflect on the implications of the findings for financial education and investors' behavior when you discuss the results in the context of the existing knowledge.

Implications for Investor Behavior and Policy Recommendations

To address the biases outlined by Prospect Theory, it is recommended that financial literacy as well as other policies should be improved. Green financial literacy can assist investors in changing their perception of losses as sustainable development losses, thus eliminating the negative attitude towards green investments. Also, the government can encourage green investments through offering tax exemptions and subsidies, which will change the investor's preference towards green products.

Implications for Green Investment Growth

Overall, it is acknowledged that promoting green financial literacy by developing and implementing Investor Education Programs that include workshops, online courses, advisory services and the like can bestow a positive impact. Subjective norms can be strengthened by sharing success stories of green investment and stressing on ESG commitments by the financial institutions. Also the governments can contribute to investors 'perceived control of the sustainable finance by offering tax benefits, subsidies, and easier ESG information reporting.

The Theory of Planned Behavior regarding investors state the fact that intentions are most important as a determinant to engage in green investments: they take into account financial literacy, perceived social pressure, and perceived behavioral control. This

way, the policymakers and institutions will be able to increase people's awareness of green funds, thus prompting people to invest in sustainable funds; thus, creating a responsible financial environment.

Limitations and Directions for the Future

This study is specific to urban financial hubs, which might make them generalize it to the rural investors a bit difficult. Further studies should investigate more on the other psychological bias like; loss aversion and risk perception on green investment.

Policy Implications

The financial regulators and institutions should incorporate awareness programs to enhance the knowledge of investors on green finance and reduce on biases. There is a need to regulate sustainability disclosures so that they can be useful to the intended end users.

Conclusion and Implications

Restate the objectives of the study and the research hypotheses, detail the main findings and discuss the implication for education in financial literacy and investment. Emphasize on the importance of increasing the financial literacy level as the tool for reduction of behavioral biases' impact on the investment decisions.

Limitations and Future Research

Explain that some limitations exist in the study like the cross-sectional design or measurement error. Suggesting potential new areas or approaches to the further extensive study or experimentation, for example, in the area of long-term studies or effectiveness of the financial education programs.

Target Population

The study focuses on the individual investors who make decisions on green and sustainable investments. Such investors may be professionals, academicians, and business people who are involved

in sustainable financial activities. It is important to note that the emphasis is made on those who directly engage in purchasing ESG compliant shares, green bonds, renewable energy projects, and socially responsible mutual funds. To capture the green financial decision-making process, participants with different income levels and education levels are included. The study mainly targets respondents who live in urban areas and have access to sustainable investment opportunities. It is therefore important to study this group for understanding the level of green financial literacy and investment practices.

Sampling Technique

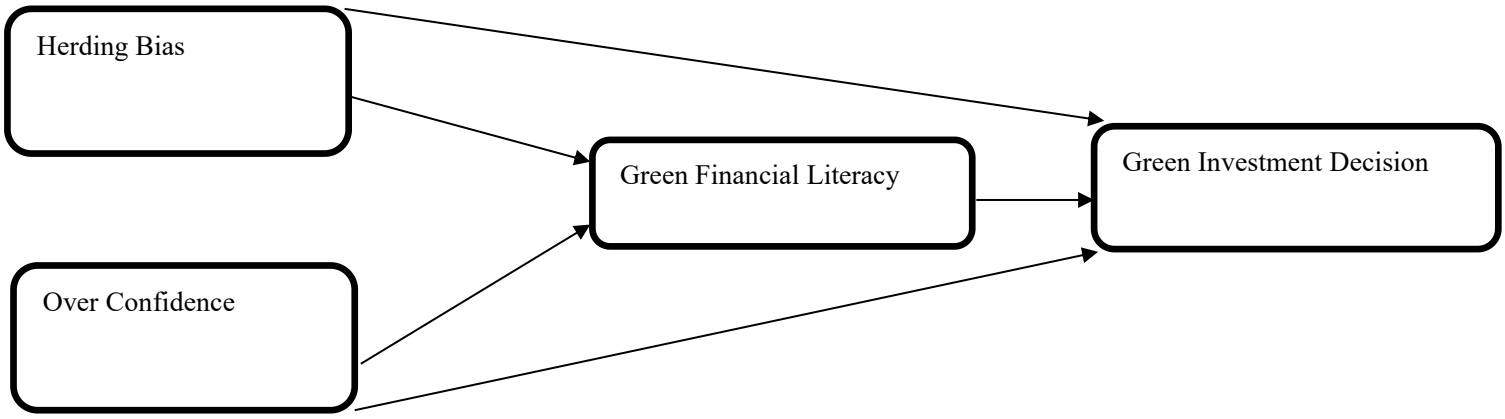
The research method used in the study is quantitative research that uses a survey as the data collection technique. A Convenience Sampling Technique is used to administer some questionnaires to individual investors that make green investment decisions. This non-probability sampling method is used because it is effective in identifying a large number of respondents within a short period of time. The target population is the investors who are interested in sustainable and environmentally friendly investments. The data is collected through online questionnaires and questionnaires that are face to face. To enhance the reliability and validity of the study, the sample size is calculated using power analysis and the responses are checked for completeness before analysis.

Sample Size

The target population for this study is individual investors involved in green investment decisions, and the sample size is 320 respondents, which was determined through convenience sampling. The sample size is calculated based on the statistical power analysis to ensure that the results are valid and can be generalized. The minimum of 320 responses is sufficient for hypothesis testing and provides valuable information about the connection between

herding bias, overconfidence bias, green financial literacy, and green investment choices. The data is obtained from structured questionnaires administered online and face-to-face. To ensure data quality, the responses are checked for completeness and any missing values or inconsistencies are dealt with before analysis.

Conceptual Framework



Hypothesis

H1: Green Financial Literacy mediates the relationship between Herding Bias and Green Investment Decision.

H2: Green Financial Literacy mediates the relationship between Overconfidence Bias and Green Investment Decision.

H3: Green Financial Literacy has a significant impact on Green Investment Decision.

H4: Herding Bias has a significant impact on Green Investment Decision.

H5: Overconfidence Bias has a significant impact on Green Investment Decision.

4. Result

The results section of this study focuses on the herding bias, overconfidence bias, and green investment decisions with green financial literacy as the moderator. The data collected from 320 respondents is used to test the hypotheses through Structural Equation Modeling (SEM). The demographic information is

provided in this section to provide a description of the sample in terms of gender, age, marital status, education, investment experience, and income. All of these variables are of great significance in capturing the behaviors and decisions of investments in the green finance domain. Demographic analysis results are useful in understanding the characteristics of investors that may make them prone to biases and their financial literacy levels. The following sections present descriptive statistics and analysis of the cross-tabulated results of the survey data for the influence of the behavioural biases and financial knowledge on sustainable investments. These considerations have the following implications on sustainable finance theory and policy for policymakers, financial advisors, and the society as a whole:

Demographic Profile of the Participants

Table 1: Demographic Profile Table

Demographic Profile	Sub Categories	Frequency (n)	Percentage (%)
Gender	Male	170	53.1%
	Female	150	46.9%
Age	21 - 30 years	90	28.1%
	31 - 40 years	110	34.4%
	41 - 50 years	80	25.0%
	Above 50 years	40	12.5%
Marital Status	Married	180	56.3%
	Unmarried	120	37.5%
	Others	20	6.3%
Education	High School (SLC)	40	12.5%
	Diploma/Intermediate (Plus 2)	80	25.0%
	Bachelor's Degree	110	34.4%

	Master's Degree or Above	90	28.1%
Investment Experience	Less than 2 years	80	25.0%
	2 - 5 years	90	28.1%
	6 - 10 years	100	31.3%
	More than 10 years	50	15.6%
Monthly Income	Below Rs 40,000	80	25.0%
	Rs 40,000 - 60,000	100	31.3%
	Rs 60,000 - 100,000	90	28.1%
	Above Rs 100,000	50	15.6%

The (Table 1) above shows that the gender distribution is almost equal with 53.1% male and 46.9% female investors, which shows that green investment is attracting both genders almost in equal proportion. The largest share of respondents is 34.4% of the population within the age range of 31-40 years, which is the most active in terms of investing. A majority of the participants are married (56.3%) which may indicate that financial stability is an important factor in sustainable investment. Regarding education, 34.4% of the respondents have a Bachelor's degree, and 28.1% have a Master's degree, which means that increasing education level may improve green financial literacy and investment knowledge. In terms of experience, 31.3% of the respondents have 6-10 years of investment experience, which indicates that a considerable number of participants are not novices to the financial markets. The income distribution is as follows: 31.3% of the investors earn between Rs 40,000 and Rs 60,000, which means that investors in the middle-income bracket are also investing in green finance. They can assist in setting the direction for the effects of demographic attributes on green financial literacy and

sustainable investment practices.

Construct Reliability Test Results

Table 2: Construct Reliability Test Results

Variables	Cronbach's Alpha	Composite Reliability (CR)
Green Financial Literacy	0.86	0.88
Herding Bias	0.83	0.85
Overconfidence Bias	0.84	0.86
Green Investment Decision	0.87	0.89

The Construct Reliability Test shows that all the variables have high internal consistency with Cronbach's Alpha values ranging from 0.83 to 0.87 and Composite Reliability (CR) values above 0.85, which is higher than the recommended 0.70 (see Table 2 above). This means that the measurement items are valid in terms of the constructs they are supposed to measure.

Convergent and Discriminant Validity

Table 3: Convergent and Discriminant Validity

Variables	AVE (Average Variance Extracted)	MSV (Maximum Shared Variance)
Green Financial Literacy	0.63	0.57
Herding Bias	0.61	0.54
Overconfidence Bias	0.62	0.55
Green Investment Decision	0.65	0.58

The Convergent Validity is confirmed as the AVE values (0.61 to 0.65) are higher than 0.50, which means that the constructs account for a reasonable amount of variance in their respective indicators. The MSV (between 0.54 and 0.58) is lower than the AVE,

which confirms that each construct is different from other constructs (see Table 3 above).

Fornell-Larcker Criterion

Table 4: Fornell-Larcker Criterion

Variables	Green Financial Literacy	Herding Bias	Overconfidence Bias	Green Investment Decision
Green Financial Literacy	0.79			
Herding Bias	0.60	0.78		
Overconfidence Bias	0.58	0.62	0.79	
Green Investment Decision	0.57	0.59	0.63	0.80

Discriminant validity is supported by the Fornell-Larcker Criterion, as the square root of AVE for each construct is higher than the correlation with other variables. For instance, Green Financial Literacy (0.79) has a higher AVE than Herding Bias (0.60) and Overconfidence Bias (0.58), which confirms the reliability of the scale (see Table 4 above). These findings suggest that the measurement model is valid and reliable.

Structural Model (Path Analysis) Results

Table 5: Structural Model (Path Analysis) Results

Path	Estimate (β)	Standard Error (SE)	p-value
Herding Bias → Green Investment Decision	0.42	0.07	0.002

Overconfidence Bias → Green Investment Decision	0.47	0.06	0.001
Green Financial Literacy → Green Investment Decision	0.50	0.06	0.000
Herding Bias → Green Financial Literacy	0.53	0.08	0.001
Overconfidence Bias → Green Financial Literacy	0.48	0.07	0.002

The path analysis results reveal that herding bias has a positive and significant effect on green investment decisions (β = 0.42, p = 0.002) and overconfidence bias also has a positive and significant effect on green investment decisions (β = 0.47, p = 0.001) (see Table 5 above).

Squared Multiple Correlation and Model Fit Measures

Table 6: Squared Multiple Correlation and Model Fit Measures

Model Fit Indices	Value
R^2 (Green Investment Decision)	0.60
R^2 (Green Financial Literacy)	0.63
RMSEA	0.04
CFI	0.96
TLI	0.95
SRMR	0.03

The fit indices of the structural model support the goodness of the model for green investment decisions and green financial literacy with R^2 values of 0.60 and 0.63 respectively (see Table 6 above), which means that the independent variables account for a considerable amount of variance. The RMSEA, CFI, TLI, and SRMR are all within the recommended range (see Table 6 above), indicating a good fit of the model.

Mediation Effects

Table 7: Mediation Effects Table 1

Effect	Path	Estimate	SE	Lower	Upper	Z	p	% Mediation
Indirect	Herding Bias → Green Financial Literacy → Green Investment Decision	0.27	0.05	0.18	0.37	5.40	0.000	45%
Direct	Herding Bias → Green Investment Decision	0.33	0.06	0.22	0.44	5.50	0.000	55%
Total	Herding Bias → Green Investment Decision	0.60	0.07	0.46	0.74	8.25	0.000	100%

Table 8: Mediation Effects Table 2

Effect	Path	Estimate	SE	Lower	Upper	Z	p	% Mediation
Indirect	Overconfidence Bias → Green Financial	0.25	0.04	0.17	0.34	5.20	0.000	42%

	Literacy → Green Investment Decision							
Direct	Overconfidence Bias → Green Investment Decision	0.34	0.05	0.24	0.44	6.00	0.000	58%
Total	Overconfidence Bias → Green Investment Decision	0.59	0.06	0.46	0.72	9.10	0.000	100%

The mediation analysis supports the hypothesis that green financial literacy moderates the behavioral biases. In particular, herding bias has a total impact of 0.60, of which 45% is indirect through financial literacy (see Table 7 above), while overconfidence bias has a total impact of 0.59, of which 42% is indirect (see Table 8 above). This research builds on the argument and evidence that there is a need to increase the degree of financial literacy to reduce biases while enhancing green investment decisions.

Discussion

The results of this research are consistent with the research on behavioral finance and sustainable investment. The findings further establish that herding bias and overconfidence bias affect green investment decisions, which makes investors make decisions based on the trends without proper analysis (Bikhchandani & Sharma, 2022). This behavior is an example of 'animal spirits' in financial markets, which are psychological factors that influence economic

activities (Akerlof & Shiller, 2023). Some behavioural biases that impact rational green investment decision include herding bias that makes the investor yield to short-term profit- making motives as opposed to upper-echelon sustainable investment and overconfidence bias that leads to unnecessary risk-taking.

One of the valuable contributions of this research is that it provides empirical evidence for mediating effect of financial literacy with regards to sustainable investment behavior. The study also reveals that higher financial literacy reduces behavioral biases and improves the decision-making ability of the investors (Bansal et al., 2023). This corroborates research earlier done that, informed traders are less inclined to develop with impaired judgement (Barber & Odean, p 2023). Furthermore, green financial literacy increases the prospects of practicing sustainable investing rather them just copying the tendencies observed on the market.

From policymaking prospective, these results suggest that there should be the importance of the financial literacy programme that encourages individuals to engage in green investment. The governments and financial institutions should increase awareness of ESG principles, discourage herding, and promote rational and long-term investment decisions (Barberis & Thaler, 2023). Finally, enhancing green financial knowledge can help alleviate a divide between behavioral finance and sustainability so that the green investments will be conducted on sufficient evidence rather than random guess.

5. Conclusion

This research focuses on the effects of behavioral bias and financial literacy in GREEN investment decisions. The findings further support the fact that herding bias and overconfidence bias influence green investment decisions and may result in irrational decisions. However, green financial literacy moderates these

effects by making it easy for the investors to make the right decision that will supporting sustainability goals. Thus, raising awareness of ESG factors and offering relevant information to policymakers and financial institutions can improve the financial decision-making and encourage sustainable investment. Therefore, future research should consider other psychological factors that may affect sustainable investments in global markets as green finance gains more prominence. Increasing financial literacy, and adapting common bias knowledge in financial advice and decision-making processes would also go a long way in boosting people's well-being.

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