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Original Article

# The Influence of Green Investment on Investment Intention Among Generation Z in Indonesia: The Moderating Role of Financial Literacy

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## Abstract

As environmental concerns continue to rise, sustainable investment has gained increasing attention, particularly among young investors. However, despite the growing awareness of environmental issues, the level of investment intention in green assets among Generation Z remains relatively low. This study investigates the impact of green investment on investment intention among Generation Z in Indonesia, with financial literacy as a moderating variable. Using a quantitative approach, data were collected from 538 Generation Z respondents. The analysis was conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method. The findings reveal that green investment has a significant positive effect on investment intention. Moreover, financial literacy strengthens this relationship, highlighting its moderating role. These results emphasize the importance of enhancing financial literacy to encourage sustainable investment decisions among Generation Z. This study contributes to the literature on green finance by providing empirical evidence on the role of financial literacy in shaping young investors' sustainable financial behavior.

**Keywords**: Green Investment, Investment Intention, Financial Literacy, Generation Z.

## 1. Introduction

The increasing awareness of environmental and sustainability issues has led to a significant transformation in the behavior and preferences of the younger generation in Indonesia, particularly those born after the 1990s. This demographic cohort, often referred to as Generation Z, is becoming more conscious of the long-term consequences of environmental degradation and climate change. As a result, their attitudes toward consumption, career choices, and financial decision-making are increasingly influenced by sustainability considerations. One of the most notable shifts is their growing interest in green investment, which reflects their desire to contribute to environmental preservation while simultaneously achieving financial growth (Pašiušienė et al., 2023). The relevance of Generation Z in Indonesia stems from their unique exposure to rapid technological advancements, digital financial literacy, and an evolving socio-economic landscape that emphasizes sustainability. As digital natives, they are more likely to access information on global environmental challenges and investment opportunities, making them more responsive to sustainable finance initiatives. Additionally, Indonesia's increasing focus on green economic policies and corporate sustainability practices has reinforced their preference for ethical and environmentally responsible investments.

The rise of green investment aligns with the increasing global and local pressure on corporations to integrate sustainable practices into their business operations. Consumers, especially from younger generations, are now holding companies accountable for their environmental footprint, demanding greater transparency and commitment to sustainability (Falcone, 2020). This is evident in their preference for businesses that adhere to ethical and environmentally responsible standards, as well as their willingness to support green financial instruments such as environmental, social, and governance (ESG) funds, green bonds, and sustainable mutual funds (Aryoso & Santi, 2023). These financial products have gained traction among young investors who seek to align their investment choices with their values (Kandpal et al., 2024).

Furthermore, the shift toward sustainability is not limited to consumption patterns and investment preferences. It extends to career decisions, as many young professionals are increasingly prioritizing employment opportunities in companies that implement sustainable business strategies. They are drawn to organizations that integrate corporate social responsibility (CSR) initiatives, reduce carbon emissions, and promote ethical labor practices (Cucinelli & Soana, 2023). This growing trend demonstrates that environmental concerns are not merely a passing interest but a fundamental consideration in their lifestyle and financial behavior. With this evolving mindset, Generation Z in Indonesia no longer perceives environmental responsibility as a separate obligation imposed by governments and corporations. Instead, they recognize it as a shared responsibility that influences their daily choices, including their financial decisions. Consequently, their increasing engagement with green investment reflects a broader commitment to shaping a more sustainable and responsible economic future (Nilasari & Fitriyah, 2024).

Survey data indicate that environmental awareness has become a key factor in the purchasing decisions of Indonesia's younger generation. According to a 2022 GlobalWebIndex survey, approximately 73% of young Indonesians expressed a preference for purchasing products or services from companies that demonstrate a commitment to environmental issues. This suggests that they carefully consider the environmental impact of the goods and services they consume (Hartanto et al., 2023). Moreover, this awareness extends beyond consumption behavior and into workplace preferences. The same survey found that around 67% of young Indonesians are inclined to seek employment in companies that uphold sustainable business practices. This underscores the growing significance of corporate social and environmental responsibility in shaping the career choices of Indonesia's youth.

At the same time, businesses in Indonesia are becoming increasingly aware of the necessity to incorporate environmental considerations into their operations. Pressure from society, regulators, and government policies has encouraged companies to adopt more eco-friendly business practices (Fatimah et al., 2020). For instance, the Indonesian government has introduced regulations to promote sustainable business conduct, such as Regulation of the Minister of Social Affairs of the Republic of Indonesia No. 9 of 2020 on Corporate Social and Environmental Responsibility (Minister of Social Affairs Regulation Number 9 of 2020 concerning Social and Environmental Responsibility of Business Entities, 2020). However, to further enhance the effectiveness of sustainable business promotion, the government must also strengthen financial infrastructure to support green investments.

Green finance, including green investment, plays a crucial role in driving sustainability initiatives. Data from Indonesia's Financial Services Authority (Otoritas Jasa Keuangan, 2023) reveal that investment in sustainable financial instruments has grown significantly in recent years. In 2023, the total assets managed by sustainable investment funds surpassed IDR 50 trillion, reflecting a rising commitment to green finance among investors and financial institutions in Indonesia. This development highlights the increasing integration of sustainability principles into Indonesia's financial ecosystem, providing opportunities for young investors to align their financial decisions with environmental concerns (Indriastuti & Chariri, 2021).

Green investment, which refers to the allocation of financial resources to projects that contribute to environmental sustainability, has garnered increasing interest from Generation Z, a demographic cohort consisting of individuals born after the 1990s (Lestari & Wiryono, 2023). This generation, often characterized by their strong awareness of climate change and sustainability, is gradually shifting towards ethical and impact-driven investment choices. Researchers have found that green investment has a positive impact on both environmental preservation and long-term economic growth, making it an essential component of a sustainable financial system (Pašiušienė et al., 2023).

Several studies suggest that green investment plays a crucial role in reducing carbon emissions, both in the short and long term. By channeling capital into eco-friendly projects, green investment not only mitigates environmental degradation but also fosters green economic growth. In addition, it helps curb environmental violations by encouraging businesses to comply with stricter sustainability standards and adopt eco-conscious operational strategies. As a result, companies that engage in green investment tend to exhibit enhanced environmental performance, leading to greater long-term corporate success and resilience in a rapidly evolving global economy (Zhou et al., 2022).

With regard to Generation Z, research indicates that their investment intention—the willingness to engage in investment activities—is influenced by multiple factors, one of the most significant being financial literacy. Unlike previous generations, Generation Z has been found to exhibit lower levels of financial literacy, which in turn affects their perception of, and decision-making regarding, green investment opportunities (Anwar et al., 2023). Without a solid understanding of investment principles, risk assessment, and sustainability-related financial instruments, young investors may struggle to recognize the long-term benefits of green investment.

However, financial literacy does not merely shape investment preferences; it also serves as a moderating factor in the relationship between green investment and investment intention. When individuals possess a higher degree of financial knowledge, they are more likely to understand the risks and rewards associated with sustainable financial instruments (Yucel et al., 2023). In turn, this increased awareness enhances their confidence in making informed investment decisions, particularly in areas related to environmental, social, and governance (ESG) considerations. Generation Z investors who have a strong grasp of financial concepts are thus more inclined to participate in green investment, recognizing its potential to generate long-term economic and environmental benefits (Syahfi, 2023).

Given the crucial role that financial literacy plays in fostering responsible investment behavior, it is imperative to strengthen financial education among young investors. By equipping Generation Z with comprehensive knowledge of investment strategies, sustainability frameworks, and risk management, policymakers, educators, and financial institutions can empower them to make informed decisions regarding green investment (Utami et al., 2025). Ultimately, improving financial literacy among young investors not only supports the expansion of sustainable finance but also contributes to broader economic development and environmental protection, reinforcing the foundations of a green and resilient future.

Based on the research background presented, it can be concluded that green investment has become a key focus for young Indonesians, particularly Generation Z, consisting of individuals born after the 1990s. Awareness of environmental and sustainability issues has brought significant changes in their behavior and preferences, including consumption patterns, career choices, and support for sustainable business practices. This is reflected in Generation Z's growing interest in green investment, which is expected to have a positive impact on the environment and sustainable economic growth (Malzara et al., 2023). However, despite the increasing interest of Generation Z in green investment, certain factors may moderate the relationship between green investment and their investment intention. One of these factors is financial literacy. Generation Z tends to have lower levels of financial literacy compared to previous generations, which may influence their perception and decision-making regarding green investment (Ghouse et al., 2024). Therefore, it is crucial to understand how financial literacy moderates the effect of green investment on the investment intention of Generation Z.

This study holds significant urgency of sustainable development in Indonesia, particularly regarding the participation of Generation Z in green investment and their understanding of financial literacy. Green investment is not merely an investment choice but a necessity in addressing pressing environmental challenges such as deforestation, pollution, and climate change (Tran et al., 2020). Generation Z is a highly relevant group in this regard, as they will inherit the consequences of today's investment decisions. Therefore, understanding the investment intentions and behavior of Generation Z is crucial to ensuring that their investment decisions contribute to sustainable development. Additionally, financial literacy plays a vital role in making informed and sustainable investment decisions. Low financial literacy among Generation Z may hinder their ability to understand and manage financial information necessary for making wise investment decisions, including green investment. Consequently, this study aims not only to identify the relationship between green investment, investment intention, and financial literacy but also to bridge the knowledge gap on how financial literacy influences the perception and decision-making process of Generation Z in investment activities.

## 2. Literature Review

Green investment, also widely recognized as sustainable investment, has emerged as a prominent research area, forming a key priority within the European Commission's Green Deal Investment Plan (European Parliament, 2020). Researchers are actively exploring the factors that can further encourage investors to choose environmentally responsible companies, thereby contributing to economic transformation. A study conducted by Anderson and Robinson highlights that the selection of green investments is also influenced by concerns about potential disasters caused by climate change. These concerns ultimately drive shifts in investment portfolios, serving as an incentive for green investment. Additionally, the study indicates that climate change concerns are more strongly associated with everyday consumer behavior rather than financial actions. Besides fear-based motivations, monetary incentives also play a crucial role in investment choices, as some respondents believe that environmentally friendly investments can also be financially rewarding (Anderson & Robinson, 2019).

Another study by Wang et al. (2021) emphasizes the importance of the relationship between environmental news, investor sentiment, and the stock returns of green companies in China. The findings reveal that environmental news significantly affects the stock returns of green companies, with investor sentiment playing a partial role in this effect. It is essential to consider the relationship between environmental news and market reactions, as it can provide additional insights into the dynamics of the green financial market (Wang et al., 2021). Furthermore, research conducted by Dhasmana et al. underscores that investor sentiment does not play a direct role in the impact of the Environmental, Social, and Governance (ESG) index. This suggests that ESG initiatives may not immediately attract positive sentiment but instead generate long-term positive effects for investors. The study also highlights the importance of trust as a key component in ensuring sustainable capital among companies engaging in green initiatives (Dhasmana et al., 2023). Overall, these studies indicate that green investment is not solely about financial returns but also encompasses broader environmental and social impacts. This underscores the necessity of incorporating non-financial factors into investment decision-making, which can facilitate the promotion of environmentally conscious and sustainable economic growth.

The Theory of Planned Behavior (TPB) examines various background factors—such as personality, socioeconomic status, gender, age, ethnicity, education, and past experiences—that potentially shape an individual's behavioral beliefs, ultimately influencing attitudes toward behavior and intentions to act. However, TPB has been relatively underutilized in understanding individual investment intentions based on these background factors. To gain deeper insights into the fundamental reasons behind individual investment intentions, the present study explores two key background factors: personality traits and financial literacy (Nugraha & Rahadi, 2021). Personality refers to "the way an individual interacts, reacts, and behaves with others, often demonstrated through measurable characteristics" (Sadiq & Khan, 2019). Meanwhile, financial literacy is examined from the perspective of its potential influence on investment intentions (Lusardi & Mitchell, 2023).

Theory of Planned Behavior (TPB) holds significant relevance. According to TPB, individuals first form beliefs about a particular behavior, which are shaped by background factors such as personality, socioeconomic status, and past experiences (Sobaih & Elshaer, 2023). Regarding green investment, personality traits can play a crucial role in shaping beliefs about investing. For instance, individuals with a higher risk tolerance may hold more favorable beliefs about green investments, perceiving them as attractive opportunities with high potential returns while simultaneously contributing positively to environmental sustainability (Rahadjeng & Fiandari, 2020). Conversely, financial literacy can also influence beliefs and attitudes toward green investment. Individuals with higher levels of financial literacy may be better equipped to understand the benefits and risks associated with green investments, leading to stronger beliefs about their importance and a more positive attitude toward them (Prihastiwi et al., 2023). Thus, in understanding individual investment intentions of green investment, the roles of personality traits and financial literacy emerge as critical factors. Personality influences an individual's perception of green investment, while financial literacy strengthens positive beliefs and attitudes toward it (Bongomin et al., 2016).

## 3. Methods

This study aims to investigate the relationship between green investment, investment intention, and financial literacy among Generation Z in Indonesia. The research approach involves the distribution of questionnaires to members of Generation Z born between 1997 and 2012. The sampling technique used is random convenience sampling, where respondents are selected based on their availability and ease of access. This method enables researchers to collect data efficiently and effectively. The sample consists of Generation Z individuals in Indonesia who participated through an online questionnaire, resulting in a total of 538 respondents.

The independent variable in this study is green investment, which refers to the allocation of funds for projects that support environmental sustainability. Green investment is chosen as the independent variable due to its significance in understanding the impact of investment on environmental and sustainable economic development. The measurement of green investment includes several indicators: basic understanding of green investment, knowledge of its impact and benefits, awareness of associated risks, familiarity with various green investment products, and understanding of global trends and regulations related to green investment (Malzara et al., 2023).

The dependent variable is investment intention, which reflects an individual's willingness or motivation to invest. Investment intention is assessed through indicators such as direct interest in investing, consideration of environmental factors when making investment decisions, intention to achieve financial goals, willingness to take risks, and the influence of external and social factors (Nugraha & Rahadi, 2021).

Meanwhile, financial literacy serves as a moderating variable, influencing green investment and investment intention. Financial literacy refers to an individual's ability to understand and manage financial information effectively, including investment knowledge and financial risk management. The indicators used to measure financial literacy include knowledge of financial concepts, financial management skills, understanding of investment principles, awareness of insurance protection, and overall awareness of financial literacy (Bongomin et al., 2016).

Data analysis is done through SEM with PLS as the method. PLS is selected as it allows for the examination of link within variables and addresses issues of data non-normality, which are commonly found in empirical studies with relatively small samples. By utilizing PLS, the researchers can identify the relationships between green investment, investment intention, and financial literacy more accurately and comprehensively.

# 4. Results and Discussion

## 4.1. Characteristics of Respondent

**Table 1. Data of Respondent**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Gender** | | | | | |
| Valid | Male | 237 | 44.1 | 44.1 | 44.1 |
| | Female | 301 | 55.9 | 55.9 | 100.0 |
| | Total | 538 | 100.0 | 100.0 | |
| **Place of Residence** | | | | | |
| Valid | Bali - Nusa Tenggara | 64 | 11.9 | 11.9 | 11.9 |
| | Jabodetabek | 124 | 23.0 | 23.0 | 34.9 |
| | Jawa (non-Jabodetabek) | 140 | 26.0 | 26.0 | 61.0 |
| | Kalimantan | 32 | 5.9 | 5.9 | 66.9 |
| | Papua - Maluku | 15 | 2.8 | 2.8 | 69.7 |
| | Sulawesi | 60 | 11.2 | 11.2 | 80.9 |
| | Sumatera | 103 | 19.1 | 19.1 | 100.0 |
| | Total | 538 | 100.0 | 100.0 | |
| **Year of Birth** | | | | | |
| Valid | 1997 - 2000 | 269 | 50.0 | 50.0 | 50.0 |
| | 2000 - 2003 | 237 | 44.1 | 44.1 | 94.1 |
| | 2003 - 2006 | 24 | 4.5 | 4.5 | 98.5 |
| | 2006 - 2009 | 8 | 1.5 | 1.5 | 100.0 |
| | Total | 538 | 100.0 | 100.0 | |
| **Education** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Valid | Diploma | 27 | 5.0 | 5.0 | 5.0 |
| | S1 | 404 | 75.1 | 75.1 | 80.1 |
| | S2 | 7 | 1.3 | 1.3 | 81.4 |
| | High school | 97 | 18.0 | 18.0 | 99.4 |
| | Junior high school | 3 | .6 | .6 | 100.0 |
| | Total | 538 | 100.0 | 100.0 | |
| **Investment in Green and Sustainable Initiatives** | | | | | |
| Valid | Maybe | 14 | 2.6 | 2.6 | 2.6 |
| | No | 81 | 15.1 | 15.1 | 17.7 |
| | Yes | 443 | 82.3 | 82.3 | 100.0 |
| | Total | 538 | 100.0 | 100.0 | |

Based on the respondent characteristics data, the sample consists of 44.1% male (237 respondents) and 55.9% female (301 respondents), suggesting a higher proportion of female respondents. Geographically, respondents are spread across multiple regions in Indonesia, with the largest group residing in Jawa (Non-Jabodetabek) at 26.0% (140 respondents), followed by Jabodetabek with 23.0% (124 respondents), and Sumatera with 19.1% (103 respondents). Other regions include Bali-Nusa Tenggara (11.9%, 64 respondents), Sulawesi (11.2%, 60 respondents), Kalimantan (5.9%, 32 respondents), and Papua-Maluku (2.8%, 15 respondents). In terms of age, the majority of respondents were born between 1997 and 2000, comprising 50.0% (269 respondents), followed by those born between 2000 and 2003 at 44.1% (237 respondents), while the remaining 5.9% are younger, with 4.5% born between 2003 and 2006 and 1.5% born between 2006 and 2009. Regarding educational attainment, the majority have completed a Bachelor's degree (S1) at 75.1% (404 respondents), followed by those with a high school education (18.0%, 97 respondents), a diploma (5.0%, 27 respondents), a Master's degree (S2) (1.3%, 7 respondents), and a Junior high school education (0.6%, 3 respondents). Finally, when asked about investment in green and sustainable initiatives, a significant majority (82.3%, 443 respondents) expressed a positive response, with 15.1% (81 respondents) indicating they not invest, and only 2.6% (14 respondents) unsure.

The large percentage of respondents who are willing to invest in green and sustainable initiatives (82.3%) indicates a strong potential for the growth of green investments in the population. This suggests that there is a positive inclination toward sustainable investments, which could be a significant factor influencing investment intentions. Furthermore, the high level of education (with the majority holding a Bachelor's degree) may indicate a solid foundation for financial literacy, which is a crucial factor in shaping investment behaviors. Financial literacy could therefore serve as an essential moderating variable, influencing the link within green investment interest and actual investment intentions. Since a large portion of the sample is from younger generations (born between 1997 and 2003), there may also be increased openness to innovative financial products such as green investments. This demographic trend highlights the importance of tailoring investment strategies to the preferences and financial understanding of younger, educated individuals.

## 4.2. Validity and Reliability Test

**Table 2. Convergent Validity Test Result**

| Item | Financial Literacy | Green Investment | Investment Intention |
|---|---|---|---|
| FL1 | 0.825 | | |
| FL10 | 0.801 | | |
| FL2 | 0.824 | | |
| FL3 | 0.677 | | |
| FL4 | 0.863 | | |
| FL5 | 0.818 | | |
| FL6 | 0.720 | | |
| FL7 | 0.826 | | |
| FL8 | 0.835 | | |
| FL9 | 0.826 | | |
| GI1 | | 0.796 | |
| GI10 | | 0.784 | |
| GI2 | | 0.761 | |
| GI3 | | 0.765 | |
| GI4 | | 0.788 | |
| GI5 | | 0.762 | |
| GI6 | | 0.767 | |
| GI7 | | 0.794 | |
| GI8 | | 0.775 | |
| GI9 | | 0.790 | |
| II1 | | | 0.851 |
| II10 | | | 0.833 |
| II2 | | | 0.871 |
| II3 | | | 0.808 |
| II4 | | | 0.893 |
| II5 | | | 0.864 |
| II6 | | | 0.871 |
| II7 | | | 0.901 |
| II8 | | | 0.890 |
| II9 | | | 0.905 |

The analysis shown in the table 2 reveal that all the components of the variables have factor loading values exceeding 0.50. As such, it can be inferred that all the items of the research variables have passed the convergent validity test.

**Table 3. Reliability Test Result**

| Variable | Cronbach's Alpha | rho_A | Composite Reliability |
|---|---|---|---|
| Financial Literacy | 0.939 | 0.945 | 0.948 |
| Green Investment | 0.928 | 0.928 | 0.939 |
| Investment Intention | 0.964 | 0.966 | 0.969 |

From the findings presented, it is evident that the Cronbach's alpha and composite reliability scores for all variables exceed the threshold of 0.70. This indicates that all the research variables exhibit good reliability, making them suitable for use as instruments in subsequent research.

## 4.3. Path Coefficient Test

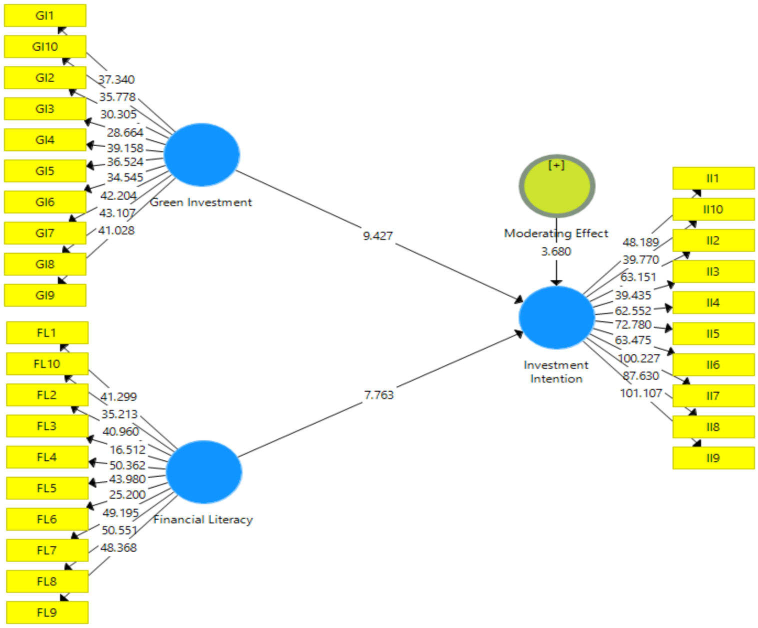


**Figure 1. Bootstrapping Model SEM-PLS**

**Table 4. Path Coefficient Result**

| Variable | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| Financial Literacy -> Investment Intention | 0.428 | 0.426 | 0.055 | 7.763 | 0.000 |
| Green Investment -> Investment Intention | 0.513 | 0.516 | 0.054 | 9.427 | 0.000 |
| Moderating Effect -> Investment Intention | 0.099 | 0.097 | 0.027 | 3.680 | 0.000 |

The coefficient for the effect of Financial Literacy on Investment Intention is 7.763 with a p-value of 0.000. Since the coefficient is positive, and the t-statistic is greater than the critical t-table value (7.763 > 1.96), or the p-value is less than the 5% significance level (0.000 < 0.05), it can be concluded that Financial Literacy has a positive and significant effect on Investment Intention.

The coefficient for the effect of Green Investment on Investment Intention is 0.513 with a t-statistic of 9.427 and a p-value of 0.000. Since the coefficient is positive, and the t-statistic exceeds the critical t-table value (9.427 > 1.96), or the p-value is less than the 5% significance level (0.000 < 0.05), it can be concluded that Green Investment has a positive and significant effect on Investment Intention.

The coefficient for the Moderating Effect on Investment Intention is 0.099 with a t-statistic of 3.680 and a p-value of 0.000. Since the coefficient is positive, and the t-statistic is greater than the t-table value (3.680 > 1.96), or the p-value is less than the 5% significance level (0.000 < 0.05), it can be concluded that the Moderating Effect has a significant impact on Investment Intention. This means that Financial Literacy is proven to moderate the effect of Green Investment on Investment Intention.

In summary, these results provide strong evidence that both Financial Literacy and Green Investment have a significant positive impact on Investment Intention. Moreover, Financial Literacy also serves as a moderating variable that strengthens the relationship between Green Investment and Investment Intention, enhancing the overall effect.

## 4.4. R-Square Result

**Table 5. R-Square Value**

| Dependent Variable | R Square | R Square Adjusted |
|---|---|---|
| Investment Intention | 0.480 | 0.477 |

The Investment Intention has an R Square value of 0.480, signifying Green Investment and Financial Literacy collectively explain 48% of the variation in Investment Intention. The remaining 52% (100% - 48%) is attributed to variables beyond the investigation.

## 4.5. Discussion

The results of this study provide strong evidence that both Green Investment and Financial Literacy significantly influence Investment Intention, with Financial Literacy acting as a moderating variable within Green Investment and Investment Intention. These discoveries add to the existing literature on sustainable investment practices and highlight the importance of financial literacy in shaping the investment behaviors of Generation Z in Indonesia.

The positive and major effect of Green Investment on Investment Intention is consistent with previous studies that have emphasized the increasing interest of young people, particularly Generation Z, in sustainable investment opportunities. Green Investment, which includes investments in environmentally responsible and socially conscious projects, aligns with the values and preferences of young investors who are increasingly concerned with environmental sustainability and long-term financial growth. As the data show, the coefficient for Green Investment is 0.513, and the t-statistic is 9.427, well above the critical t-value of 1.96, indicating a strong positive relationship with Investment Intention. This result can be interpreted within Theory of Planned Behavior (TPB), which posits that behavioral intention is influenced by three key factors: attitudes, subjective norms, and perceived behavioral control. Generation Z's attitudes toward environmental sustainability have become a major determinant of their investment choices. Their desire to invest in projects that contribute positively to environmental preservation reflects a shift in attitudes, with sustainable practices being viewed as more desirable and ethically responsible. The positive relationship between Green Investment and Investment Intention suggests that as young investors perceive green investments as a means to achieve both financial return and environmental impact, their intention to invest in such instrument's increases.

The significant role of Financial Literacy as a moderating variable in the relationship between Green Investment and Investment Intention further strengthens the findings. The coefficient for the Moderating Effect is 0.099, with a t-statistic of 3.680, confirming the moderating influence of Financial Literacy. Financial Literacy, defined as the ability to understand and apply financial concepts, is critical in enhancing young investors' ability to make informed decisions regarding sustainable financial products. The moderating effect of Financial Literacy aligns with the TPB's perceived behavioral control component. According to the theory, individuals with higher perceived control over their behaviors are more likely to engage in the desired behavior. Generation Z, greater financial literacy enhances their understanding of investment risks, returns, and the broader implications of sustainable investing. As young investors become more financially literate, they feel more empowered to navigate complex investment decisions, particularly in green financial products, and thus are more likely to act on their intention to invest sustainably. Furthermore, Financial Literacy may help mitigate the barriers to sustainable investment that some young people might face, such as misconceptions about the profitability of green investments or the complexity of evaluating ESG criteria. By equipping Generation Z with the necessary financial knowledge, Financial Literacy can increase their confidence in making green investment decisions, ultimately leading to higher investment intention and participation in sustainable financial markets.

To leverage these findings in promoting green investment among Generation Z, targeted strategies should be implemented to enhance financial literacy, particularly in sustainable finance. Policymakers can integrate financial education on green investment into the national curriculum and higher education programs, ensuring that young individuals gain early exposure to sustainable financial concepts. Financial educators and institutions can develop digital learning platforms, gamified financial literacy applications, and social media campaigns to engage Generation Z, who are highly active in digital spaces. Additionally, collaborations between the government, financial institutions, and fintech companies can facilitate accessible and practical investment training, such as workshops, simulation-based learning, and mentorship programs. Encouraging the inclusion of green financial products in youth-focused financial literacy programs can also address the knowledge gap and build confidence in sustainable investing. By fostering a supportive ecosystem that enhances financial literacy, policymakers and financial educators can empower Generation Z to actively participate in sustainable investment, driving a more environmentally responsible financial market.

## 5. Conclusion

In conclusion, the results of this study provide compelling evidence that Green Investment significantly influences Investment Intention among Generation Z in Indonesia, with Financial Literacy serving as a key moderating factor. The findings emphasize the importance of financial education in enabling young investors to make informed decisions about sustainable financial products. Furthermore, the application of the Theory of Planned Behavior highlights how attitudes, subjective norms, and perceived behavioral control interact to shape investment intentions. Given the increasing importance of sustainability in financial markets, this study offers valuable insights into how to foster responsible investment behavior among the younger generation, ultimately contributing to both economic growth and environmental preservation.

Despite its contributions, this study has several limitations that should be acknowledged. First, the research relies on a cross-sectional design, which limits the ability to capture changes in investment intention over time. A longitudinal study could provide deeper insights into how financial literacy and investment preferences evolve as Generation Z gains more experience with sustainable financial products. Second, while the study utilizes survey-based quantitative methods, incorporating qualitative approaches such as in-depth interviews or focus group discussions could offer a more nuanced understanding of the motivations, concerns, and decision-making processes behind green investment choices. Third, the study focuses solely on Generation Z in Indonesia, which may limit the generalizability of the findings to other cultural or economic contexts. Future research could explore cross-country comparisons to examine whether similar patterns exist in different regions.

Based on these findings, specific recommendations can be made for financial educators and policymakers. Financial literacy programs should integrate sustainability-focused investment education into school curricula and university programs, ensuring that young investors are equipped with the knowledge necessary to assess and engage in green investments. Additionally, policymakers can collaborate with financial institutions to develop accessible educational tools, such as mobile applications, webinars, and gamified financial learning platforms tailored to Generation Z's digital consumption habits. Regulatory incentives, such as tax benefits for sustainable investments or government-backed green bonds, could also encourage greater participation in responsible investing. By addressing these aspects, financial educators and policymakers can enhance Generation Z's financial capability and confidence, ultimately fostering a more sustainable financial ecosystem.

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