

The Effects of Green Financial Literacy and ESG Awareness on Sustainable Investment Intention: The Mediating Role of Green Trust

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ABSTRACT

This study examines the effects of Green Financial Literacy and ESG Awareness on Sustainable Investment Intention and investigates whether Green Trust mediates these relationships among young Indonesian investors. Using a quantitative cross-sectional survey, data were collected from 327 investors aged 18–40 years who held a Single Investor Identification (SID) and analyzed using PLS-SEM with SmartPLS 4. Green Financial Literacy positively influences Green Trust ($\beta = 0.348$, $p < 0.001$), as does ESG Awareness ($\beta = 0.326$, $p < 0.001$). Green Trust has the strongest direct association with Sustainable Investment Intention ($\beta = 0.438$, $p < 0.001$), whereas the direct effects of Green Financial Literacy ($\beta = 0.154$, $p = 0.004$) and ESG Awareness ($\beta = 0.142$, $p = 0.008$) are smaller. Green Trust also mediates the relationships between Green Financial Literacy and Sustainable Investment Intention (indirect effect = 0.152, $p < 0.001$) and between ESG Awareness and Sustainable Investment Intention (indirect effect = 0.143, $p < 0.001$). The model explains 41.2% of the variance in Green Trust and 52.7% in Sustainable Investment Intention. These findings indicate that sustainability-related knowledge and awareness are more effectively translated into investment intention when investors perceive sustainable investment information, products, and institutions as credible and trustworthy. The study contributes by positioning Green Trust as a psychological mechanism linking cognitive sustainability-related factors with investment intention and by extending this mechanism to young investors in an emerging-market context.

Keywords: Green Financial Literacy; ESG Awareness; Green Trust; Sustainable Investment Intention; Young Investors; Sustainable Finance.

1. Introduction

Sustainable finance has become an increasingly important component of the global financial system. The Global Sustainable Investment Alliance (GSIA) reported that assets managed under responsible and sustainable investment approaches reached US\$16.7 trillion in the Global Sustainable Investment Review published in 2025, indicating the growing integration of sustainability considerations into investment decisions. However, the increasing availability of sustainable investment products does not automatically lead to greater investor participation, as investors must possess adequate knowledge to evaluate sustainability characteristics, risks, and ESG information quality.

Recent studies highlight that general financial literacy may not be sufficient to support sustainable investment decisions. Filippini, Leipold, and Wekhof (2024) demonstrate that individuals

with high financial literacy can still have limited sustainable finance literacy, which refers to the ability to understand and evaluate financial products based on their sustainability characteristics. Furthermore, Filippini et al. (2026) show that sustainable finance literacy education improves investors' ability to select more sustainable funds and make decisions aligned with sustainability objectives. Therefore, sustainability-specific financial capability represents an important cognitive factor in sustainable investment behavior.

The Indonesian investment context provides a relevant setting for examining this issue. By the end of 2025, the number of Indonesian capital market investors reached 20.36 million, reflecting rapid growth in public participation in investment activities. Alongside this growth, regulatory initiatives have strengthened the sustainable finance ecosystem, including the issuance of TKBI Ver-

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sion 2 (2025) and TKBI Version 3 (2026) by the Financial Services Authority (OJK) to support sustainable economic classification and ESG-based capital allocation. Nevertheless, increased access to sustainable products and regulations alone cannot fully explain why investors translate ESG knowledge and awareness into investment intentions.

The Theory of Planned Behavior (TPB) suggests that intention is a key determinant of behavior and is influenced by individual evaluation, social norms, and perceived behavioral control (Ajzen, 1991). Recent evidence indicates that psychological mechanisms, particularly trust, play an important role in sustainable investment decisions. Sesini et al. (2026) highlight the relevance of TPB-based factors and trust in explaining ESG investment intention, while Candy et al. (2025) demonstrate that Green Trust mediates the relationship between sustainability-related factors and green investment intention among Indonesian investors. Alie et al. (2025) further show that trust can translate sustainability assurance into investment responses among Indonesian Gen Z investors.

Despite these findings, existing studies have not sufficiently explained how sustainability-specific knowledge and awareness are transformed into investment intention through trust mechanisms. Green Trust represents an important psychological mechanism because investors must not only understand ESG information but also believe that sustainable investment products and sustainability claims are credible. Candy et al. (2025) confirms the mediating role of green trust in connecting sustainability orientation with investment intention.

Previous research also indicates the importance of sustainability literacy and awareness. Kurowski, Rutecka-Góra, and Smaga (2026) found that climate literacy significantly increases socially and environmentally responsible investment tendencies and has stronger influence than financial literacy. However, the mechanism through which sustainability knowledge and ESG awareness influence investment intention through trust remains underexplored, particularly among young Indonesian investors.

Based on the literature, three research gaps are identified. First, limited studies distinguish Green Financial Literacy as a specific capability involving understanding green products, ESG criteria, sustainability risks, and sustainability-related investment information (Filippini et al., 2024, 2026). Second, although ESG awareness has been linked to sustainable investment interest, limited evidence explains how it develops investor trust toward sustainable investment products. Third, the mediating role of Green Trust between Green Financial Literacy, ESG Awareness, and Sustainable Investment Intention remains insufficiently examined, especially in the Indonesian Gen Z context.

Therefore, this study develops an integrated TPB–Signaling Theory framework by positioning Green Financial Literacy and ESG Awareness as cognitive antecedents, Green Trust as a psychological mechanism, and Sustainable Investment

Intention as the outcome variable. Specifically, this study examines the direct effects of Green Financial Literacy, ESG Awareness, and Green Trust on Sustainable Investment Intention, as well as the mediating role of Green Trust.

This research contributes theoretically by extending sustainable investment literature through the integration of sustainability-specific knowledge, ESG awareness, and trust mechanisms within the TPB framework. Practically, the findings may assist financial institutions, investment managers, and regulators in developing sustainable finance literacy strategies, improving ESG information credibility, and strengthening transparency of sustainable investment products.

2. Literature Review

2.1 Theory of Planned Behavior

The Theory of Planned Behavior (TPB) developed by Ajzen (1991) explains that behavioral intention is the immediate predictor of behavior and is influenced by attitude, subjective norm, and perceived behavioral control. These components represent individual evaluation, social influence, and perceived ability to perform a behavior.

In sustainable investment contexts, TPB is relevant because investment decisions involve not only financial considerations but also evaluations of environmental and social impacts. Sesini et al. (2026) confirmed that TPB-based factors and trust are important in explaining ESG investment intention, demonstrating that sustainable investment decisions involve psychological and cognitive processes beyond financial factors.

This study adopts TPB as the primary behavioral framework but does not replicate the complete TPB model. Green Financial Literacy and ESG Awareness are positioned as cognitive antecedents that influence investor beliefs, while Green Trust serves as a psychological mechanism translating these factors into Sustainable Investment Intention. Thus, this study extends TPB by incorporating sustainability-specific knowledge and trust mechanisms.

2.2 Stakeholder Theory as Supporting Perspective

Stakeholder Theory introduced by Freeman (1984) emphasizes that organizations create value through relationships with various stakeholders, including shareholders, communities, governments, and the environment. In sustainable finance, this perspective explains why ESG information becomes relevant for investors, as ESG performance reflects how companies manage stakeholder interests and long-term risks.

However, stakeholder theory is not used as the primary explanation of individual investment intention. Its role is limited to providing a normative foundation regarding the relevance of ESG considerations in investment decisions, complementing TPB and Signaling Theory.

2.3 Sustainable Finance Perspective

Sustainable finance integrates environmental, social, governance, and financial

considerations into investment decisions. However, the availability of sustainable investment products does not guarantee investors' ability to evaluate them. Filippini, Leippold, and Wekhof (2024) found that individuals with high general financial literacy may still possess limited sustainable finance literacy, indicating that sustainability-related knowledge represents a distinct capability.

Furthermore, Filippini et al. (2026) demonstrated that sustainable finance literacy education improves investors' ability to select more sustainable funds. Therefore, sustainable finance knowledge represents an important foundation for evaluating sustainable investment alternatives. In this study, sustainable finance provides the contextual basis, while TPB and Signaling Theory explain the mechanisms influencing investment intention.

2.4 Green Financial Literacy

Green Financial Literacy refers to investors' ability to understand, evaluate, and interpret sustainable investment information, including green financial products, ESG criteria, sustainability risks, and ESG disclosures. This construct differs from general financial literacy because understanding conventional financial concepts does not automatically enable investors to evaluate sustainability characteristics.

Filippini et al. (2024) demonstrated that general financial literacy and sustainable finance literacy are distinct competencies. Similarly, Kurowski et al. (2026), based on 1,012 respondents in Poland, found that climate literacy significantly increases responsible investment tendencies and has stronger influence than financial literacy.

Based on TPB, Green Financial Literacy represents a cognitive capability that strengthens investors' beliefs and reduces uncertainty in sustainable investment decisions. Therefore, higher green financial literacy is expected to enhance Green Trust and Sustainable Investment Intention.

2.5 ESG Awareness

ESG Awareness refers to investors' understanding of the importance of environmental, social, and governance factors in investment decisions. Unlike Green Financial Literacy, which emphasizes evaluation capability, ESG Awareness focuses on recognizing the relevance and implications of ESG issues.

An investor may understand the importance of climate change, corporate governance, or social responsibility without having sufficient knowledge to evaluate ESG investment products. Therefore, Green Financial Literacy and ESG Awareness represent different but complementary cognitive dimensions.

From a Signaling Theory perspective, ESG Awareness enables investors to interpret sustainability signals from companies, regulators, and investment providers. However, research examining ESG Awareness as an antecedent of Green Trust remains limited, particularly among Indonesian young investors.

2.6 Green Trust

Green Trust represents investors' confidence that sustainable investment products,

information, and sustainability claims are credible, reliable, and consistent. Trust becomes essential because investors cannot directly observe the complete environmental and social impacts of investment products.

According to Signaling Theory, Green Trust develops through investors' evaluation of sustainability signals, such as ESG disclosures, ratings, and certifications. Candy et al. (2025) found that Green Trust mediates the relationship between sustainability-related factors and green investment intention among Indonesian investors.

Therefore, Green Trust is positioned as a psychological mechanism connecting investors' cognitive resources with Sustainable Investment Intention.

2.7 Sustainable Investment Intention

Sustainable Investment Intention refers to investors' willingness or tendency to allocate funds to investment products considering ESG factors alongside financial returns. Consistent with TPB, intention represents the immediate cognitive determinant of actual behavior (Ajzen, 1991).

Although sustainable investment instruments such as green bonds, green sukuk, and ESG funds continue to expand, investor participation depends on knowledge, perceived credibility, and confidence in sustainability information. Sesini et al. (2026) and Candy et al. (2025) demonstrate the importance of TPB factors and Green Trust in explaining sustainable investment intention.

Thus, Sustainable Investment Intention is viewed as the outcome of cognitive evaluation and trust formation processes.

2.8 Theoretical Synthesis and Variable Integration

This study integrates TPB and Signaling Theory as complementary frameworks. TPB explains the formation of Sustainable Investment Intention, while Signaling Theory explains how investors evaluate ESG information under conditions of information asymmetry.

Within this framework, Green Financial Literacy and ESG Awareness represent cognitive antecedents that help investors process sustainability information. Green Trust represents the credibility evaluation mechanism that connects these cognitive factors with investment intention.

The proposed relationships are:

1. Green Financial Literacy → Green Trust → Sustainable Investment Intention
2. ESG Awareness → Green Trust → Sustainable Investment Intention

The model also examines direct relationships:

1. Green Financial Literacy → Sustainable Investment Intention
2. ESG Awareness → Sustainable Investment Intention
3. Green Trust → Sustainable Investment Intention

Previous studies have established the importance of sustainable finance literacy (Filippini et al., 2024; 2026) and the mediating role of trust in green investment decisions (Candy et al., 2025). However, limited research has examined how sustainability-specific knowledge and ESG

awareness jointly influence investment intention through Green Trust, particularly among Indonesian Gen Z investors.

Therefore, this study contributes by proposing a cognitive–trust–intention mechanism, where Green Financial Literacy and ESG Awareness represent cognitive capabilities, Green Trust represents credibility evaluation, and Sustainable Investment Intention represents behavioral readiness. Stakeholder Theory and the sustainable finance perspective provide contextual support, while TPB remains the primary framework explaining intention formation.

Research on retail green sukuk investment intention in Indonesia reveals that key determinants of investment intention among young people are green investment intention, green life-style, sustainable investment intention, and environmental knowledge. Factors such as investment awareness, subjective norms, social platform influence, and environmental knowledge also influence interest in investing in retail green sukuk. Research on factors influencing SRI intention among prospective young investors in Indonesia integrates environmental and social concern, subjective norm, and perceived government intervention, with perceived benefit as a predictor and mediator.

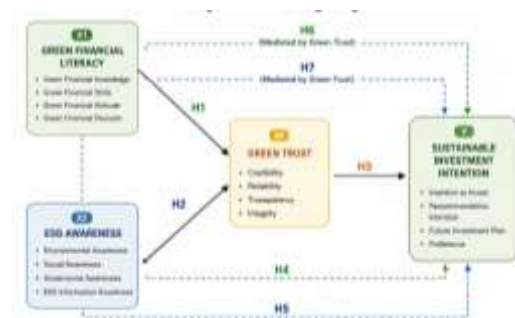


Figure 1. Conceptual Framework

2.10 Hypothesis Development

2.10.1 Green Financial Literacy Positively Influences Green Trust

Green Financial Literacy refers to investors' ability to understand and evaluate sustainable financial products based on ESG characteristics, sustainability risks, and related information. This construct differs from general financial literacy because conventional financial knowledge does not necessarily enable investors to assess sustainability-related investment features. Filippini, Leippold, and Wekhof (2024) demonstrated that individuals with high general financial literacy may still have limited sustainable finance literacy.

From the Signaling Theory perspective, investors face information asymmetry because the sustainability quality of investment products and ESG claims cannot be directly observed. Investors with higher green financial literacy are better able to interpret ESG disclosures, sustainability reports, and other signals, reducing uncertainty and strengthening trust in sustainable investment information. Supporting this argument, Filippini et al. (2026) found that sustainable finance literacy education improves

investors' ability to evaluate and select more sustainable funds.

Therefore, investors with higher green financial literacy are expected to develop stronger confidence in the credibility of sustainable investment information and products.

H1: Green Financial Literacy positively influences Green Trust among young Indonesian investors.

2.10.2 ESG Awareness Positively Influences Green Trust

ESG Awareness reflects investors' understanding of the importance of environmental, social, and governance factors in investment decisions. Unlike Green Financial Literacy, which emphasizes evaluation capability, ESG Awareness represents recognition of ESG relevance and implications for corporate performance and risk.

According to Signaling Theory, ESG information functions as a signal that investors use to evaluate sustainability quality. Investors with higher ESG awareness have greater ability to interpret ESG disclosures and assess the credibility of sustainability-related information. Chen, Dube, and Froymovich (2025) highlight the importance of ESG rating quality and information credibility in investor evaluation. In Indonesia, Alie, Lim, and Lindawati (2025) also found that sustainability assurance and ESG disclosure influence Gen Z investment decisions through trust mechanisms.

Thus, greater ESG awareness is expected to strengthen investors' trust in sustainable investment information and products.

H2: ESG Awareness positively influences Green Trust among young Indonesian investors.

2.10.3 Green Trust Positively Influences Sustainable Investment Intention

Green Trust represents investors' confidence that sustainability-related information, products, and claims are credible and reliable. Due to information asymmetry in sustainable investment, investors rely on sustainability signals to evaluate product credibility. When these signals are perceived as trustworthy, uncertainty decreases and willingness to invest increases.

Within the TPB framework, trust strengthens investors' beliefs and evaluations underlying behavioral intention. Candy, Kelvin, and Hesniati (2025) demonstrated that Green Trust mediates the relationship between psychological factors and green investment intention among Indonesian investors. Similarly, Saputera, Chen, and Sukma (2025) and Alie et al. (2025) emphasized the role of trust in ESG-related investment decisions.

Therefore, higher Green Trust is expected to increase Sustainable Investment Intention.

H3: Green Trust positively influences Sustainable Investment Intention among young Indonesian investors.

2.10.4 Green Financial Literacy Positively Influences Sustainable Investment Intention

Green Financial Literacy provides investors with the knowledge and ability to evaluate

sustainable investment opportunities. From the TPB perspective, such knowledge represents a cognitive resource that strengthens perceived capability and supports intention formation.

Filippini et al. (2024) showed that sustainable finance literacy is distinct from general financial literacy, while Filippini et al. (2026) demonstrated that literacy interventions increase investors' preference for highly sustainable funds. Similarly, Kurowski, Rutecka-Góra, and Smaga (2026) found that climate literacy increases socially and environmentally responsible investment tendencies.

Therefore, investors with higher Green Financial Literacy are expected to have stronger Sustainable Investment Intention.

H4: Green Financial Literacy positively influences Sustainable Investment Intention among young Indonesian investors.

2.10.5 ESG Awareness Positively Influences Sustainable Investment Intention

ESG Awareness enables investors to recognize the relevance of environmental, social, and governance issues in investment decisions. From the TPB perspective, awareness influences investors' evaluations of sustainable investment behavior and increases the perceived importance of ESG considerations.

Sesini et al. (2026) demonstrated that TPB-based factors significantly explain ESG investment intention. In Indonesia, Enjelia et al. (2026) found that sustainability awareness contributes to green investment interest among Gen Z investors, while Prakoso and Putra (2025) showed that environmental attitudes influence socially responsible investment attitudes.

Thus, higher ESG Awareness is expected to increase Sustainable Investment Intention.

H5: ESG Awareness positively influences Sustainable Investment Intention among young Indonesian investors.

2.10.6 Green Trust Mediates the Influence of Green Financial Literacy on Sustainable Investment Intention

Green Financial Literacy may influence Sustainable Investment Intention not only directly but also through trust formation. Although literacy improves investors' ability to understand sustainable products, investment intention depends on whether investors perceive sustainability information and claims as credible.

Based on Signaling Theory, financially literate investors are better able to evaluate sustainability signals and distinguish credible information from uncertain claims, which strengthens Green Trust. Candy et al. (2025) and Alie et al. (2025) provide empirical support that trust functions as a mechanism connecting sustainability-related factors with investment decisions.

Therefore, Green Trust is expected to mediate the relationship between Green Financial Literacy and Sustainable Investment Intention.

H6: Green Trust mediates the positive relationship between Green Financial Literacy and Sustainable Investment Intention among young Indonesian investors.

2.10.7 Green Trust Mediates the Influence of ESG Awareness on Sustainable Investment Intention

ESG Awareness may encourage sustainable investment decisions by increasing investors' understanding of sustainability issues. However, awareness alone may not be sufficient because investors must also trust the credibility of ESG information, disclosures, and sustainability claims.

Through the Signaling Theory perspective, ESG-aware investors are better able to interpret sustainability signals, which may strengthen Green Trust and subsequently increase Sustainable Investment Intention. Therefore, Green Trust represents the mechanism through which ESG Awareness is translated into investment intention.

H7: Green Trust mediates the positive relationship between ESG Awareness and Sustainable Investment Intention among young Indonesian investors.

3. METHOD

3.1 Research Approach and Design

This study employs a quantitative approach with a cross-sectional survey design. The quantitative approach was chosen because the research aims to test relationships among constructs formulated based on theoretical frameworks and to examine direct and indirect influences among variables through a structural model. A cross-sectional design was used because all data were collected during a single observation period, allowing measurement of respondent perceptions, knowledge, trust, and investment intentions under relatively similar market conditions and information environments.

Because data were obtained at a single time point and all constructs were measured through self-reported measures, this study is intended to test theoretical and predictive relationships, not to definitively prove temporal causality. Thus, the term "influence" in statistical analysis refers to structural relationships predicted by the model, while causal inference should be interpreted cautiously given the cross-sectional research design.

3.2 Population and Research Object

The research object is sustainable investment intention among young investors in Indonesia, focusing on the role of green financial literacy, ESG awareness, and green trust. The unit of analysis is the individual investor. The target population includes young Indonesian investors who hold a Single Investor Identification (SID) and have experience investing in capital market instruments. The selection of young investors is based on the increasing participation of young age groups in the Indonesian capital market and the growing importance of understanding factors shaping their responses to sustainable investment products.

To avoid overgeneralization, the study distinguishes between the target population and the accessible population. The target population is all young Indonesian investors meeting the research criteria, while the accessible population is investors who can be reached through investment community networks, social media, academic communities, and digital channels during the data collection period.

3.3 Sampling Technique and Respondent Criteria

The study uses purposive sampling, a non-probability sampling technique that selects respondents based on characteristics substantively relevant to the research objectives. This technique was chosen because the research requires respondents who genuinely have investment experience and can provide assessments of sustainable investment products or decisions.

Respondent inclusion criteria are:

1. Aged 18–40 years;
2. Residing in Indonesia;
3. Holding a Single Investor Identification (SID) in Indonesian capital market instruments;
4. Having at least one year of investment experience; and
5. Willing to provide complete responses to all research items.

The criterion regarding "having basic knowledge of sustainable investment products" was not used as a primary inclusion requirement, as such criteria could create selection bias. Knowledge of sustainable finance is part of the construct intended to be measured through green financial literacy. If only respondents already possessing such knowledge were permitted to participate in the survey, variation in exogenous constructs could be reduced and relationships among variables could be distorted.

3.4 Sample Size Determination

Sample size was determined based on the requirements of the PLS-SEM model rather than relying solely on the 10-times rule. The structural model includes two predictors of Green Trust and three predictors of Sustainable Investment Intention, including indirect effect analysis. Therefore, a minimum target of 300 valid responses was established to ensure reliable estimation of direct and mediation effects. After data screening, the final sample consisted of 327 valid observations, exceeding the required minimum for PLS-SEM analysis.

During the data screening process, 418 responses were initially collected through Google Forms (100.0%). After screening, 91 responses (21.8%) were excluded due to incomplete responses (6.7%), failure to meet inclusion criteria (5.5%), straight-lining responses (3.6%), duplicate submissions (2.4%), unreasonable completion time (1.9%), and inconsistent responses (1.7%). Therefore, 327 valid responses (78.2%) were retained for the final analysis using PLS-SEM.

3.5 Instrument and Construct Operationalization

The research instrument was a structured questionnaire using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). All constructs were modeled as reflective constructs,

with indicators adapted from established literature and contextualized for Indonesian sustainable investors. The measurement items were translated, back-translated, and refined through expert review and pilot testing to ensure clarity and relevance. A detailed construct–indicator–source–adaptation table is provided to demonstrate measurement transparency.

3.5.1 Green Financial Literacy

In this study, Green Financial Literacy (GFL) is conceptualized as a sustainability-specific financial capability that enables investors to understand and evaluate sustainable financial products, ESG characteristics, and the risks, benefits, and sustainability information relevant to investment decisions. Although the construct is informed by the sustainable finance literacy literature (Filippini et al., 2024, 2026), GFL is not treated as synonymous with general financial literacy or as an unchanged replication of sustainable finance literacy. The distinction lies in its contextual emphasis on the investor's ability to interpret sustainability-related financial information and apply that knowledge when evaluating green or ESG-oriented investment alternatives. Thus, GFL represents the contextualized application of sustainable finance knowledge to investment evaluation, particularly in an environment where investors must assess both financial characteristics and sustainability claims. This conceptualization allows the study to examine whether sustainability-specific financial capability contributes to investment intention directly and indirectly through Green Trust.

Indicators include the ability to understand sustainable financial product characteristics, understand ESG criteria, evaluate green investment risks and benefits, and assess sustainability information relevant to investment decisions.

3.5.2 ESG Awareness

ESG awareness is defined as the level of investor awareness regarding environmental, social, and governance factors and their relevance to risk, performance, and investment decisions.

Indicators include understanding of E, S, and G dimensions; awareness of ESG factor impacts on investment performance and risk; and awareness that investment decisions can have social and environmental consequences.

3.5.3 Green Trust

Green trust is defined as investor belief that information, claims, products, and institutions related to sustainable investment possess credibility, reliability, and integrity.

Indicators include trust in ESG information credibility, reliability of sustainability claims, credibility of green investment products, and reliability of institutions or mechanisms supporting sustainable investment.

3.5.4 Sustainable Investment Intention

Sustainable investment intention is defined as investor readiness or tendency to allocate funds to investment products that consider ESG factors in addition to financial considerations.

Indicators include intention to invest in sustainable products, willingness to increase allocation toward ESG investments, and tendency to choose sustainable products when suitable alternatives are available.

3.6 Pilot Test and Data Collection

Prior to the main survey, a pilot test was conducted with approximately 30–50 respondents sharing characteristics similar to the target population but not necessarily included in the main sample. The pilot test aimed to assess language clarity, item comprehension, questionnaire completion time, and initial reliability. After the instrument was declared suitable, main data were collected through an online questionnaire using Google Forms. Distribution was conducted through young investor communities, social media, capital market communities, alumni networks, and other digital channels.

On the questionnaire's initial page, screening questions were provided to ensure respondent compliance with research criteria. Respondents also received explanations that participation was voluntary, data were used only for academic purposes, and identifying information would not be published.

To reduce invalid responses, the study implemented several data-quality checks, including:

- completion checking;
- straight-lining identification;
- unreasonable completion time checks;
- duplicate response checks;
- response consistency checks on related items; and
- inclusion criteria verification.

Responses failing to meet any of these criteria were excluded prior to PLS-SEM analysis.

3.7 Data Analysis Technique

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. PLS-SEM was chosen because the research model has several latent constructs, direct and mediated relationships, and is oriented toward variance explanation and prediction of endogenous constructs. Analysis was conducted in several stages: measurement model evaluation, structural model evaluation, hypothesis testing, mediation testing, and predictive capability evaluation.

3.8 Measurement Model Evaluation

All constructs were modeled as reflective constructs. The measurement model was assessed through indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Indicator reliability was evaluated using outer loadings (≥ 0.708), while internal consistency was assessed using Cronbach's alpha and composite reliability (≥ 0.70). Convergent validity was examined through AVE (≥ 0.50), and discriminant validity was evaluated using HTMT criteria.

After confirming measurement model validity and reliability, the structural model was assessed through inner VIF, R^2 , and effect size (f^2).

Inner VIF was used to detect multicollinearity, R^2 evaluated the explanatory power of endogenous constructs, and f^2 assessed the individual contribution of predictor variables based on Cohen's (1988) guidelines.

3.10 Hypothesis Testing

Hypothesis testing was performed using bootstrapping with 5,000 subsamples. The significance of path coefficients was evaluated based on β , t-values, p-values, and 95% confidence intervals. A hypothesis was supported when the coefficient direction was consistent with the proposed relationship and the confidence interval did not include zero.

3.11 Mediation Testing

Mediation effects were examined using specific indirect effects through bootstrapping. The mediating roles of Green Trust were tested for the relationships between Green Financial Literacy $\rightarrow$ Sustainable Investment Intention and ESG Awareness $\rightarrow$ Sustainable Investment Intention. Mediation was considered significant when the 95% bootstrap confidence interval of the indirect effect excluded zero. Direct and indirect effects were jointly interpreted to determine the type of mediation.

3.12 Common Method Bias

Because data were collected through self-reported questionnaires, potential common method bias (CMB) was addressed through procedural and statistical approaches. Procedural remedies included ensuring anonymity, using clear items, separating construct sections, and applying data-quality screening. Statistically, CMB was assessed using full collinearity VIF, where low VIF values indicate limited common method variance. However, VIF results were interpreted as supporting evidence rather than the sole indicator of CMB absence.

3.13 Research Ethics and Respondent Protection

Respondent participation was voluntary. Before completing the questionnaire, respondents were provided information regarding the research purpose, the nature of participation, data usage, and their right to withdraw participation. Data were collected anonymously and used only for academic purposes.

Personal identification information not necessary for research purposes was not collected. Data are securely stored and accessible only to the research team.

4. Result and Discussion

4.1 Respondent Profile

A total of 418 questionnaire responses were initially received. All responses were subjected to screening based on completeness, eligibility criteria, response time, straight-lining, duplication, and consistency across related items. Following this screening procedure, 327 responses were retained for analysis, while 91

responses were excluded because they failed one or more data-quality or eligibility criteria. The final analytical sample therefore consisted of 327 valid respondents.

Table 1. Respondent Characteristics

Characteristic	Category	F	%
Gender	Male	172	52.60%
	Female	155	47.40%
Age	18–25 years	198	60.60%
	26–30 years	81	24.80%
	31–40 years	48	14.70%
Education	High School/Vocational	67	20.50%
	Bachelor's (D3/S1)	203	62.10%
	Master's/Doctoral (S2/S3)	57	17.40%
Occupation	Student	124	37.90%
	Private Employee	118	36.10%
	Civil Servant/State-Owned Enterprise	45	13.80%
	Entrepreneur	40	12.20%
Investment Experience	1 year	89	27.20%
	2–5 years	143	43.70%
	>5 years	95	29.10%
Investment Type*	Conventional stocks	114	34.9%
	Mutual funds	87	26.6%
	Green bonds/sukuk	69	21.1%
	ESG-based stocks	57	17.4%

Source: Processed Data 2026

Based on Table 1, the largest age group consisted of respondents aged 18–25 years (60.6%), followed by those aged 26–30 years (24.8%) and 31–40 years (14.7%). Accordingly, the sample is more appropriately described as young Indonesian investors aged 18–40 years rather than exclusively as Generation Z. Although the 18–25 age group represents a substantial proportion of the sample and is broadly associated with younger-generation investors, respondents aged 26–40 years are also included in the analysis. This age composition allows the study to examine sustainability-related investment intention across a broader young-investor segment while avoiding an overgeneralization of the Generation Z label.

Respondents were predominantly students (37.9%) and private employees (36.1%), with the highest investment experience in the 2–5-year range (43.7%). The most popular investment types were conventional stocks (34.9%) and mutual funds (26.6%), while green bonds/sukuk (21.1%) and ESG-based stocks (17.4%) demonstrate still-limited but promising penetration.

4.2 Descriptive Statistics of Research Variables

Descriptive statistics are used to describe the tendency of respondent responses to research constructs. All indicators were measured using a five-point Likert scale, with a score of 1

indicating strongly disagree and 5 indicating strongly agree.

Table 2. Descriptive Statistics of Research Variables

Construct/ Indicator	Mean
Green Financial Literacy (GFL)	3.62
GFL1	3.58
GFL2	3.49
GFL3	3.67
GFL4	3.74
ESG Awareness (ESGA)	3.78
ESGA1	3.85
ESGA2	3.72
ESGA3	3.81
ESGA4	3.74
Green Trust (GT)	3.55
GT1	3.48
GT2	3.52
GT3	3.61
GT4	3.59
Sustainable Investment Intention (SII)	3.71
SII1	3.68
SII2	3.65
SII3	3.78
SII4	3.73

Source: Processed Data 2026

Construct mean scores ranged between 3.55 and 3.78. On a five-point scale, this range indicates relatively positive response tendencies, although not yet showing very high agreement levels.

Green Financial Literacy has a construct mean of 3.62. The item with the lowest mean score is GFL2 (3.49), relating to knowledge of green financial products. This finding indicates that knowledge of specific sustainable investment instruments is a relatively weaker aspect compared to other aspects of the construct. Conversely, GFL4 has the highest score (3.74), indicating that understanding sustainability reporting standards is a relatively stronger aspect in respondents' assessments.

ESG Awareness has the highest mean of 3.78. ESGA1 has the highest score at 3.85, indicating that awareness of environmental issues is the most prominent ESG aspect in respondent perceptions. Meanwhile, ESGA2 has the lowest score at 3.72, indicating that the social dimension is relatively less prominent compared to environmental and governance dimensions.

Green Trust has a mean of 3.55 and is the construct with the lowest mean score. GT1 has the lowest value at 3.48. This finding indicates that trust in ESG disclosure is a relatively weaker aspect compared to trust in products and institutions. GT3 has the highest score at 3.61.

Sustainable Investment Intention has a mean of 3.71. SII3 shows the highest value at 3.78, while SII2 has the lowest value at 3.65. Thus, respondents show positive tendencies toward sustainable investment, but the explicit preference for choosing ESG products over conventional products remains relatively low.

Overall, descriptive statistics show an interesting pattern: ESG awareness is relatively higher compared to green financial literacy and green trust, while sustainable investment intention is also at a relatively positive level. This pattern indicates a potential gap between awareness, evaluative ability, and trust that needs further explanation through the structural model. Standard deviation values range from 0.74 to 0.92, indicating moderately varied responses among respondents.

4.3 Measurement Model Evaluation

4.3.1 Indicator Reliability and Convergent Validity

Measurement model evaluation was conducted to assess indicator reliability, internal consistency, and convergent validity.

Table 3. Outer Loadings, AVE, Composite Reliability, and Cronbach's Alpha

Construct	Indicator	Outer Loading	AVE	CR	CA
Green Financial Literacy	GFL1	0.782	0.628	0.871	0.824
	GFL2	0.815			
	GFL3	0.791			
	GFL4	0.774			
ESG Awareness	ESGA1	0.803	0.651	0.882	0.836
	ESGA2	0.826			
	ESGA3	0.788			
	ESGA4	0.809			
Green Trust	GT1	0.847	0.694	0.900	0.856
	GT2	0.831			
	GT3	0.854			
	GT4	0.806			
Sustainable Investment Intention	SII1	0.835	0.672	0.891	0.839
	SII2	0.809			
	SII3	0.823			
	SII4	0.817			

Source: Processed Data 2026

Note: All outer loadings are significant at $p < 0.001$.

CR: Composite reliability

CA: Cronbach's alpha

All indicators have outer loadings between 0.774 and 0.854, exceeding the recommended threshold of 0.708. These results indicate that indicators have adequate reliability. AVE values range between 0.628 and 0.694, all exceeding 0.50. Thus, constructs explain more than half of their indicator variance and meet convergent validity criteria.

Composite reliability ranges between 0.871 and 0.900, while Cronbach's alpha (CA) ranges between 0.824 and 0.856. All values exceed 0.70, indicating good internal consistency.

Overall, the test results demonstrate that all constructs meet indicator reliability, internal consistency reliability, and convergent validity criteria.

4.3.2 Discriminant Validity

Discriminant validity was evaluated using HTMT as the primary criterion and reinforced with the Fornell–Larcker criterion and cross-loadings as additional checks.

Table 4. Fornell–Larcker Criterion

Construct	GFL	ESGA	GT	SII
GFL	0.792			
ESGA	0.418	0.807		
GT	0.536	0.509	0.833	
SII	0.498	0.472	0.601	0.820

Source: Processed Data 2026

The Fornell–Larcker criterion requires that the square root of the AVE for each construct (diagonal values) must be greater than the correlations between that construct and all other constructs (off-diagonal values) in the same row and column (Fornell & Larcker, 1981). This criterion ensures that each construct shares more variance with its own indicators than with other constructs in the model.

Table 5. HTMT Results

Construct Pair	HTMT	Threshold	Result
GFL ↔ ESGA	0.489	<0.90	Satisfied
GFL ↔ GT	0.619	<0.90	Satisfied
GFL ↔ SII	0.571	<0.90	Satisfied
ESGA ↔ GT	0.585	<0.90	Satisfied
ESGA ↔ SII	0.541	<0.90	Satisfied
GT ↔ SII	0.694	<0.90	Satisfied

Source: Processed Data 2026

All HTMT values range between 0.489 and 0.694, far below the 0.90 threshold. This indicates that each construct has adequate empirical identity and there are no indications of discriminant validity issues. Fornell–Larcker and cross-loading results provide consistent additional evidence.

The measurement model demonstrates satisfactory indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Outer loadings ranged from 0.774 to 0.854, indicating adequate indicator reliability. Average Variance Extracted (AVE) values ranged from 0.628 to 0.694, exceeding the recommended minimum of 0.50 and supporting convergent validity. Composite reliability values ranged from 0.871 to 0.900, indicating satisfactory internal consistency. Discriminant validity was assessed using both the Fornell–Larcker criterion and the heterotrait–monotrait ratio (HTMT), with HTMT values ranging from 0.489 to 0.694. These results indicate that the

constructs demonstrate adequate empirical distinctiveness.

4.4 Structural Model Evaluation

4.4.1 Multicollinearity

Table 6. Inner VIF

Predictor	Endogenous Construct	VIF
GFL	GT	1.267
ESGA	GT	1.267
GFL	SII	1.597
ESGA	SII	1.528
GT	SII	1.723

Source: Processed Data 2026

All VIF values are below 5.00. Thus, there are no indications of serious multicollinearity among predictors in the structural model.

4.4.2 Coefficient of Determination

Table 7. R² and Adjusted R²

Endogenous Construct	R ²	Adjusted R ²	Interpretation
Green Trust	0.412	0.408	Moderate
Sustainable Investment Intention	0.527	0.523	Moderate

Source: Processed Data 2026

Based on the reported output, Green Trust has an R² of 0.412. This means Green Financial Literacy and ESG Awareness jointly explain 41.2% of Green Trust variance. Sustainable Investment Intention has an R² of 0.527, indicating that Green Financial Literacy, ESG Awareness, and Green Trust jointly explain 52.7% of Sustainable Investment Intention variance. These values indicate moderate explanatory capability of the model. However, R² interpretation should be placed within the research context and field, not treated as a universal threshold.

4.4.3 Effect Size

Table 8. Effect Size (f²)

Relationship	f ²	Interpretation (Cohen, 1988)	Practical Significance
GFL → GT	0.187	Medium	Practically Substantial
ESGA → GT	0.164	Medium	Practically Substantial
GT → SII	0.267	Medium	Practically Substantial
GFL → SII	0.041	Small	Practically Limited
ESGA → SII	0.035	Small	Practically Limited

Source: Processed Data 2026

GFL and ESGA each demonstrate medium effect sizes on Green Trust, while Green Trust has a medium effect size on Sustainable Investment Intention. Conversely, the unique

contributions of GFL and ESGA to SII after accounting for other predictors are relatively small. These results are important because they demonstrate that Green Trust is not only statistically significant but also has a relatively stronger contribution to SII compared to the direct effects of both cognitive antecedents.

4.4.4 Predictive Relevance

Table 9. Q² Results

Endogenous Construct	Q ²	Result
Green Trust	0.287	>0
Sustainable Investment Intention	0.352	>0

Source: Processed Data 2026

Predictive relevance was assessed using the blindfolding procedure to generate Q² (Geisser, 1974; Stone, 1974). The Q² values for Green Trust (0.287) and Sustainable Investment Intention (0.352) were both above zero, indicating that the model has good predictive relevance for the endogenous constructs (Hair et al., 2021).

4.4.5 Model Fit

Table 10. Model Fit

Indicator	Value	Criteria	Interpretation
SRMR	0.058	<0.08	Adequate
NFI	0.912	>0.90	Supporting information

Source: Processed Data 2026

The SRMR value of 0.058 is below 0.08 and indicates relatively low model residuals. The NFI of 0.912 also indicates adequate model fit. In PLS-SEM, these two measures are used as supporting information and not as the sole basis for assessing structural model quality.

4.5 Common Method Bias

Because data were collected through self-report questionnaires from the same respondents, the potential for common method bias needs attention.

Table 11. Common Method Bias Assessment Results

Method	Result	Criteria	Interpretation
Harman's single-factor	28.40%	<50%	No indication of dominance
Full collinearity VIF	3.24	<3.30	No indication of dominance

Source: Processed Data 2026

Harman's single-factor test results indicate that a single factor explains 28.4% of the variance, while the maximum full collinearity VIF of 3.24 is below 3.30. Both checks do not indicate strong evidence that common method variance is a dominant source of bias in the model. However, these results should not be interpreted as evidence that common method bias is entirely absent. Statistical checks are viewed as part of a

series of evaluation procedures, along with procedural controls in the questionnaire design.

4.6 Hypothesis Testing

4.6.1 Direct Effects

Table 12. Direct Effects Hypothesis Testing Results

H	Relationship	β	t	p	Decision
H1	GFL $\rightarrow$ GT	0.348	5.891	<0.001	Supported
H2	ESGA $\rightarrow$ GT	0.326	5.412	<0.001	Supported
H3	GT $\rightarrow$ SII	0.438	7.234	<0.001	Supported
H4	GFL $\rightarrow$ SII	0.154	2.876	0.004	Supported
H5	ESGA $\rightarrow$ SII	0.142	2.643	0.008	Supported

Source: Processed Data 2026

Results indicate that all hypothesized direct relationships have positive and significant directions.

Green Financial Literacy positively influences Green Trust ($\beta = 0.348$; $t = 5.891$; $p < 0.001$). ESG Awareness also positively influences Green Trust ($\beta = 0.326$; $t = 5.412$; $p < 0.001$). Furthermore, Green Trust positively influences Sustainable Investment Intention with a path coefficient of 0.438 ($t = 7.234$; $p < 0.001$).

Green Financial Literacy also positively influences Sustainable Investment Intention ($\beta = 0.154$; $t = 2.876$; $p = 0.004$), while ESG Awareness positively influences Sustainable Investment Intention ($\beta = 0.142$; $t = 2.643$; $p = 0.008$).

Substantively, the direct effects of Green Financial Literacy and ESG Awareness on SII are relatively small compared to the effect of Green Trust on SII. This finding provides an initial indication that knowledge and awareness are important antecedents, but trust is a stronger mechanism in sustainable investment intention formation.

4.6.2 Indirect Effects

Table 13. Mediation Testing Results

H	Relationship	Indirect Effect (β)	95% Bootstrap CI	t-Statistic	p-Value
H6	GFL $\rightarrow$ GT $\rightarrow$ SII	0.152	[0.091, 0.213]	4.876	<0.001
H7	ESGA $\rightarrow$ GT $\rightarrow$ SII	0.143	[0.081, 0.205]	4.521	<0.001

Source: Processed Data 2026

Green Trust significantly mediates the relationship between Green Financial Literacy and Sustainable Investment Intention (indirect effect = 0.152, $t = 4.876$, $p < 0.001$). This is confirmed by the 95% bootstrap confidence interval that does not cross zero [0.091, 0.213], indicating that this mediation effect is robust and statistically significant. Similarly, Green Trust mediates the relationship between ESG Awareness and Sustainable Investment Intention (indirect effect = 0.143, $t = 4.521$, $p < 0.001$) with a 95% CI [0.081, 0.205]. Since both direct and indirect effects are significant and have positive directions, both relationships demonstrate complementary partial mediation patterns (Zhao et al., 2010; Hair et al., 2021).

4.6.3 Total Effects

Table 14. Total Effects

Relationship	Total Effect	t	p	Result
GFL $\rightarrow$ SII	0.306	5.234	<0.001	Significant
ESGA $\rightarrow$ SII	0.285	4.987	<0.001	Significant
GFL $\rightarrow$ GT	0.348	5.891	<0.001	Significant
ESGA $\rightarrow$ GT	0.326	5.412	<0.001	Significant
GT $\rightarrow$ SII	0.438	7.234	<0.001	Significant

Data Source: Processed Data 2026

The total effect of Green Financial Literacy on Sustainable Investment Intention is 0.306, while the total effect of ESG Awareness is 0.285. Thus, GFL has a slightly larger total effect on SII compared to ESGA.

Green Trust has the largest direct path coefficient on Sustainable Investment Intention ($\beta = 0.438$). This result reinforces the indication that trust is an important behavioral mechanism in translating sustainability cognitive factors into investment intention.

4.7 Discussion

4.7.1 Green Financial Literacy and Green Trust

The results indicate that Green Financial Literacy significantly influences Green Trust ($\beta = 0.348$; $t = 5.891$; $p < 0.001$), with a medium effect size ($f^2 = 0.187$). This finding suggests that investors with stronger abilities to understand and evaluate sustainable finance information tend to have greater confidence in ESG information, sustainable products, and related institutions.

This result supports Filippini et al. (2024), who demonstrated that general financial literacy does not necessarily imply high sustainable finance literacy. Sustainable investment requires specific capabilities to evaluate ESG characteristics, sustainability risks, and information credibility. Furthermore, Filippini et al. (2026) showed that sustainable finance literacy improves investors' ability to select more sustainable funds, indicating that sustainability-specific knowledge influences investment evaluation.

From the Signaling Theory perspective (Spence, 1973), Green Financial Literacy enables investors to interpret sustainability signals, such as ESG disclosures, ratings, and sustainability reports, thereby reducing information uncertainty. Thus, Green Financial Literacy represents an information-processing capability, while Green Trust reflects the credibility evaluation resulting from this process.

The finding also explains why literacy alone may not directly determine investment intention. In this study, the direct effect of Green Financial Literacy on Sustainable Investment Intention ($\beta = 0.154$) is weaker than its effect on Green Trust ($\beta = 0.348$) and the effect of Green Trust on intention ($\beta = 0.438$). Therefore, sustainability knowledge becomes more influential when it is translated into trust.

Practically, sustainability education should move beyond introducing ESG concepts and focus on improving investors' ability to evaluate

ESG disclosures, sustainability claims, ratings, and potential greenwashing. Thus, H1 confirms that Green Financial Literacy functions not only as knowledge but also as an evaluative capability that strengthens investor trust.

4.7.2 ESG Awareness and Green Trust

The results show that ESG Awareness positively influences Green Trust ($\beta = 0.326$; $t = 5.412$; $p < 0.001$), with a medium effect size ($f^2 = 0.164$). This indicates that investors who better understand ESG issues are more capable of evaluating sustainability information credibility.

This finding is consistent with Signaling Theory (Spence, 1973), where ESG disclosures, sustainability reports, and ratings act as signals of corporate sustainability quality. However, these signals only generate trust when investors are able to interpret and evaluate them. Chen, Dube, and Froymovich (2025) emphasize the importance of ESG information quality, while Alie et al. (2025) demonstrate that sustainability assurance and ESG disclosure influence Gen Z investment decisions through trust mechanisms.

The results also reveal an awareness–trust gap. Although ESG Awareness has a relatively high level among respondents, Green Trust remains lower, indicating that awareness does not automatically create confidence in sustainability claims. Investors may understand ESG issues while remaining cautious about greenwashing risks and information credibility.

Theoretically, this finding strengthens the integration of TPB and Signaling Theory. ESG Awareness provides the cognitive foundation for processing sustainability information, while Green Trust represents the psychological evaluation that transforms awareness into investment readiness.

Therefore, increasing ESG Awareness should be accompanied by improvements in ESG transparency, disclosure quality, assurance mechanisms, and investor education.

4.7.3 Green Trust and Sustainable Investment Intention

Green Trust is the strongest predictor of Sustainable Investment Intention ($\beta = 0.438$; $t = 7.234$; $p < 0.001$), with the largest effect size in the model ($f^2 = 0.267$). This finding demonstrates that investor confidence in the credibility of sustainability information, products, and institutions plays a central role in sustainable investment decisions.

The result supports Candy et al. (2025) and Sesini et al. (2026), who highlight the importance of trust in explaining green and ESG investment intentions. Under information asymmetry conditions, investors cannot directly observe sustainability performance; therefore, they rely on ESG information, ratings, and assurance mechanisms as signals (Spence, 1973).

From the TPB perspective (Ajzen, 1991), trust strengthens the beliefs underlying intention formation. Green Trust acts as a psychological mechanism that converts sustainability information into investment readiness.

The stronger influence of Green Trust compared with Green Financial Literacy and ESG

Awareness indicates that knowledge and awareness alone are insufficient. Investors may understand ESG concepts but still hesitate unless they trust that sustainability claims are credible.

Thus, improving sustainable investment participation requires not only literacy enhancement but also stronger transparency, verification, and credibility of ESG information.

4.7.4 Green Financial Literacy and Sustainable Investment Intention

Green Financial Literacy significantly influences Sustainable Investment Intention ($\beta = 0.154$; $t = 2.876$; $p = 0.004$), although the effect size is small ($f^2 = 0.041$). This indicates that sustainability knowledge contributes to investment intention but has limited influence when trust and other factors are considered.

The finding supports Filippini et al. (2024), who distinguish sustainable finance literacy from general financial literacy, and Filippini et al. (2026), who demonstrate that sustainability literacy improves sustainable fund choices. Kurowski et al. (2026) also show that climate literacy increases responsible investment tendencies.

Based on TPB (Ajzen, 1991), Green Financial Literacy strengthens investors' cognitive capability to evaluate sustainable investment options. However, Signaling Theory explains why knowledge alone is insufficient: investors must also trust the credibility of ESG information and sustainability claims.

Therefore, Green Financial Literacy should be viewed as a necessary but insufficient condition. Its impact becomes stronger when combined with a credible sustainable investment ecosystem.

4.7.5 ESG Awareness and Sustainable Investment Intention

ESG Awareness positively influences Sustainable Investment Intention ($\beta = 0.142$; $t = 2.643$; $p = 0.008$), although the effect size is small ($f^2 = 0.035$). This suggests that awareness contributes to intention formation but does not directly translate into investment decisions.

The finding is consistent with Sesini et al. (2026), who demonstrate the relevance of psychological factors in ESG investment intention, and Enjelja et al. (2026), who highlight sustainability awareness among Indonesian Gen Z investors. Prakoso and Putra (2025) also show that environmental attitudes influence socially responsible investment attitudes.

However, ESG Awareness alone may not be sufficient because investors must evaluate whether sustainability claims are credible. Through Signaling Theory, ESG Awareness enables investors to interpret sustainability signals, while Green Trust determines whether these signals are accepted as reliable.

Thus, ESG Awareness represents an important cognitive foundation, but its influence becomes stronger when supported by trust in ESG information and investment products.

4.7.6 Mediating Role of Green Trust between Green Financial Literacy and Sustainable Investment Intention

The mediation analysis confirms that Green Trust mediates the relationship between Green Financial Literacy and Sustainable Investment Intention (indirect effect = 0.152; $t = 4.876$; $p < 0.001$). Since the direct effect remains significant ($\beta = 0.154$; $p = 0.004$), the relationship demonstrates complementary partial mediation.

This finding indicates that Green Financial Literacy influences intention through two mechanisms: directly through improved understanding of sustainable investments and indirectly through increased trust in sustainability information. This extends Filippini et al. (2024, 2026) by demonstrating that sustainability literacy influences not only investment evaluation but also trust formation.

Consistent with Candy et al. (2025) and Alie et al. (2025), Green Trust functions as a psychological bridge connecting cognitive capability with investment intention. Therefore, literacy programs should emphasize not only knowledge acquisition but also the ability to evaluate ESG credibility.

4.7.7 Mediating Role of Green Trust between ESG Awareness and Sustainable Investment Intention

Green Trust also mediates the relationship between ESG Awareness and Sustainable Investment Intention (indirect effect = 0.143; $p < 0.001$). Because the direct effect remains significant ($\beta = 0.142$; $p = 0.008$), this relationship represents complementary partial mediation.

This finding explains the awareness–trust gap in sustainable investment. Investors may recognize the importance of ESG issues but remain uncertain about the credibility of sustainability claims. Through Signaling Theory (Spence, 1973), ESG Awareness helps investors interpret sustainability signals, while Green Trust reflects their evaluation of signal credibility.

The result is consistent with Alie et al. (2025), Chen et al. (2025), and Candy et al. (2025), demonstrating that information quality, ESG disclosure, and trust mechanisms are important in sustainable investment decisions.

Overall, the findings suggest a sequential mechanism:

Green Financial Literacy / ESG Awareness → Green Trust → Sustainable Investment Intention

Green Financial Literacy and ESG Awareness provide the cognitive foundation, while Green Trust serves as the psychological mechanism translating sustainability information into investment intention.

5. Conclusion

This study examined the role of Green Financial Literacy and ESG Awareness in shaping Sustainable Investment Intention through Green Trust among young Indonesian investors. Based on PLS-SEM analysis of 327 respondents, all proposed hypotheses were supported.

The findings demonstrate that Sustainable Investment Intention is shaped by both sustainability-related cognitive factors and

confidence in the credibility of the sustainable investment ecosystem. Green Financial Literacy and ESG Awareness positively influence Green Trust and Sustainable Investment Intention, while Green Trust represents the strongest predictor of investment intention. The significant mediation effects further confirm that Green Trust acts as an important mechanism translating sustainability knowledge and awareness into investment intention.

Overall, this study proposes a knowledge/awareness–trust–intention mechanism, where Green Financial Literacy and ESG Awareness represent cognitive antecedents, Green Trust functions as a psychological mechanism, and Sustainable Investment Intention represents the behavioral outcome. The findings imply that sustainable investment development requires not only improving investor knowledge but also strengthening transparency, credibility, and trust in the sustainable finance ecosystem.

This study provides several theoretical contributions.

First, it extends the Theory of Planned Behavior (Ajzen, 1991) by incorporating sustainability-specific cognitive factors and Green Trust into the explanation of Sustainable Investment Intention. The findings demonstrate that intention formation in sustainable investment is influenced not only by behavioral beliefs but also by investors' ability to process sustainability information and evaluate its credibility.

Second, this study strengthens the application of Signaling Theory (Spence, 1973) in the ESG investment context by showing that sustainability information functions as signals requiring investor interpretation and credibility evaluation before influencing decisions.

Third, the study identifies Green Trust as an important psychological mechanism connecting knowledge and awareness with investment intention. The mediation results indicate that sustainability-related information becomes more influential when investors perceive it as credible.

Fourth, this research reinforces the distinction between Green Financial Literacy and general financial literacy. Green Financial Literacy represents a specific capability involving understanding sustainable products, ESG characteristics, sustainability risks, and investment-related sustainability information.

The findings provide implications for financial institutions, investment managers, issuers, and digital investment platforms. Since Green Trust is the strongest predictor of Sustainable Investment Intention, improving ESG information credibility should become a priority.

Financial institutions and investment platforms should develop sustainability education programs that focus not only on ESG concepts but also on evaluating ESG disclosures, sustainability ratings, assurance mechanisms, and potential greenwashing risks. Digital platforms should present ESG information transparently by explaining data sources,

methodologies, limitations, and verification processes.

For issuers, transparent, consistent, and evidence-based ESG disclosures are essential to reduce information uncertainty and strengthen investor confidence. Therefore, sustainable investment communication should shift from merely increasing awareness toward building credibility and trust.

For regulators, including OJK, sustainable finance policies should address both investor capability and information credibility. Financial literacy programs should emphasize understanding and evaluating sustainable investment products rather than only introducing ESG concepts.

At the same time, strengthening ESG disclosure standards, assurance mechanisms, rating transparency, and greenwashing oversight is necessary to create a reliable information environment. These efforts can support wider adoption of sustainable investment among retail investors.

This study has several limitations. First, the cross-sectional design limits causal interpretation because variables were measured at a single point in time. Second, purposive non-probability sampling limits generalization beyond the sampled young Indonesian investors. Third, self-reported questionnaire data may contain response bias despite procedural and statistical controls.

Fourth, this study examines Sustainable Investment Intention rather than actual investment behavior, meaning that intention-behavior consistency cannot be confirmed. Fifth, the sample is limited to Indonesian investors aged 18–40 years, restricting broader contextual generalization. Finally, the model does not include other potential determinants such as perceived risk, subjective norms, expected financial returns, and digital investment characteristics.

Future research may address these limitations through longitudinal or experimental approaches, probability-based or cross-country samples, behavioral investment data, and expanded models incorporating additional psychological, financial, and technological factors.

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