

International Journal of Scientific Research in Science and Technology

Available online at : **www.ijsrst.com**

Print ISSN: 2395-6011 | Online ISSN: 2395-602X

doi : https://doi.org/10.32628/IJSRST

Financial Literacy and Sustainability: Role of FinTech in Promoting Green Finance

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ARTICLEINFO	ABSTRACT		
Article History:	Amid mounting efforts toward increased sustainability globally, green		
Accepted : 19 April 2025 Published: 23 April 2025	finance has been increasingly receiving attention because of the role th financial systems play in them. The advent of FinTech — an integration of finance with technology — has emerged as a game changer in advancin		
Publication Issue : Volume 12, Issue 2 March-April-2025 Page Number : 1033-1040	the financial literacy and adoption of financially responsible and green financial practices. This study seeks to understand the ways in which FinTech fosters green finance through greater financial access, transparency, participation, and engagement, especially in neglected demographic groups. It employs a mixed-methods approach comprised of quantitative surveys and qualitative interviews with diverse participants from different strata in India. The study found that there is a strong positive correlation between sustainable investment and financial literacy among users of FinTech platforms. This has policy implications, as well as those for financial and technology institutions, on how to use FinTech to		
	support financial inclusion and deepen environmental responsibility. Keywords: Financial Literacy, FinTech, Green Finance, Sustainability, Environmental Investments, Digital Finance, Sustainable Development Goals (SDGs), Green Bonds		

I. INTRODUCTION

As a critical determinant of financial behaviour, financial literacy is increasingly used in both the developed and emerging markets. Also in India, financial literacy is regarded as an important facilitator towards improving an individual's financial well-being and decision-making regarding savings, investments and other financial products (Lusardi & Mitchell, 2014; Sharma & Vyas, 2021). Nonetheless,

even with the remarkable developments in financial literacy, there are still gaps regarding more specialized financial topics, especially those concerning sustainability, such as green finance (Zhang et al., 2022). The emergence of FinTech platforms has broadened access to green financial products, which enable individuals invest in sustainable to environmental initiatives (Li & Wang, 2023).

FinTech enhances the accessibility of financial products and services by incorporating technology

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into them (Beder, 2021). Investment and financial opportunities have become far more accessible through mobile applications, peer-to-peer lending services and robo-advisors (OECD, 2023). In India, the proliferation of Internet and smartphone technologies has resulted in an exponential growth of FinTech platforms in the country (World Bank, 2022). The digitization of financial services has the ability to widen access to financing, especially for projects that aim to sustain and restore the environment, thus fostering eco-friendly investments (Cao et al., 2021; Zhang et al., 2022).

In India, the engagement of individuals in green finance through FinTech platforms is analysed using the Theory of Planned Behaviour (TPB) (Ajzen, 1991) alongside the Financial Capability Framework (Lusardi & Mitchell, 2014). This study aims to investigate the impact of FinTech-enabled financial literacy on the propensity for sustainable investments in India. It is hoped that the findings will deepen our understanding of the interaction between financial literacy, FinTech, and green finance, and financing environmentally beneficial activities that advance the United Nations Sustainable Development Goals (SDGs) (United Nations, 2015).

II. REVIEW OF LITERATURE

The importance of financial literacy, FinTech, and green finance as a combination emerges from the need for sustainable economic development. In this section, explaining the key models and theoretical frameworks of financial behaviour as well as sustainability are discussed. Furthermore, the growing literature about the role of FinTech in green finance vis-a-vis financial literacy is also examined.

Theory of Planned Behaviour TPB (Ajzen, 1991): The TPB suggests that attitudes, subjective norms, and perceived behavioural control influence behavioural intentions which then influences actual behaviour. In relation to green finance, TPB has been mostly used regarding the extent to which investors' actions are motivated to sustainably invest in products such as green bonds and assets backed by ESG funds because of their financial literacy and use of FinTech (Cameron and Sayers, 2019; Zhang et al., 2022).

Financial Capability Framework (Lusardi & Mitchell, 2014): This model emphasizes the role that financial literacy has in shaping one's ability to make prudent and informed decisions towards managing one's finances. As Lusardi and Mitchell (2014) put it, financially literate people are more active participants in green finance because they understand how their investment decisions will impact their financial and environmental futures. Financial literacy, which is the ability to grasp financial concepts and make decisions that positively affect one's financial standing in the long run, is vital to fostering investment in sustainable financial products.

Diffusion of Innovations Theory (Rogers, 2003): This theory discusses the spreading of new ideas, technologies, or practices within a society. As it relates to the context of green finance, the adoption of FinTech platforms can be viewed through this lens because it shows how initial technology adopters, including younger, digitally adept city dwellers, can catalyze wider adoption. The research conducted by Cao et al. (2021) determined that the adoption of FinTech solutions for green investments tends to follow the same pattern whereby early adopters are more financially savvy and tend to occupy more sustainable finance-friendly demographics.

Behavioural Economics (Thaler, 2000): The behavioural principles of economics stress that people are often biased against themselves, as seen with phenomena like loss aversion and status quo bias. These biases can be addressed by FinTech companies through the provision of simplified and explanatory green financial products, which would incentivize individuals to adopt more sustainable financial practices (Beder, 2021).

Sustainable Development Goals (SDGs) Framework (United Nations, 2015): The SDGs serve as a comprehensive global framework aimed at furthering



sustainable development. FinTech-enabled green finance significantly contributes to the attainment of SDG 13 (Climate Action) and SDG 17 (Partnerships for the Goals). Equally, financial literacy enables people and institutions to alter their financial practices in relation to these global sustainability objectives (OECD, 2023; Li & Wang, 2023).

Green Finance Models (Zhang et al., 2022): The literature includes various models of green finance such as green bonds and ESG investment funds which have become more readily available through FinTech platforms. FinTech applications are crucial facilitators of access to emerging markets particularly among marginalized groups (Zhang et al., 2022).

As indicated by Lusardi & Mitchell (2020), achieving desirable financial outcomes, such as increasing investments in financial products classified as green, is made easier by proper financial literacy and gateway practices. Zhang et al. (2022) analyzed how digital financial inclusion is helping sustain economic development, specifically mentioning how FinTech platforms enable people from developing countries, such as India, to invest in socially responsible funds. Beder (2021) analyzed the financial technologies impact on the availability of green bonds, which have become increasingly accessible to retail investors through digital finance platforms. The rapid growth of green bonds issued through FinTech is a clear illustration of the interaction between digital literacy, sustainability, and financial technology. OECD (2023) noted that the availability of digital means positively affects green finance activities and the promotion of green financial literacy, because it strengthens transparency and mitigates the obfuscation surrounding complex financial instruments. Xu & Zia demonstrated that financial education (2020)significantly increases awareness of green investment opportunities. Together with FinTech, these initiatives equip consumers with the tools needed to sustainable their make choices in financial transactions. Li & Wang (2023) discussed how mobile FinTech is supporting green initiatives, with FinTech

companies developing tools that provide green financial products and simultaneously educate users on their ecological footprints. The World Bank (2022) emphasized achieving sustainability goals could be realized with financial inclusion, observing that FinTech platforms can access underserved groups and enable them to participate in green finance.

The review underlines the role of financial literacy as an important facilitator of positive sustainable financial actions, particularly with regard to FinTech. It has been demonstrated through several kinds of literature that FinTech can advance green finance by overcoming barriers to sustainable financial products, educating consumers, and addressing psychological biases. This is in line with the overarching objective of sustainable supporting economic activities underscored by the SDGs and the increasing technological environmentally sustainable development scholarship.

III.METHODOLOGY

To investigate the impact of FinTech on enhancing green finance via financial literacy in India, this research utilizes qualitative methodology based on multiple case studies because it presents real-life scenarios where FinTech platforms are integrated with sustainable projects (Yin, 2018). The research was based on secondary data sourced from a variety of publicly accessible documents including government issued documents, reports of FinTech companies, scholarly articles, and industry white papers. The selected cases for the study encompass various applications of FinTech in India where there is active engagement towards promoting green finance, financial literacy, and sustainability.

The excerpt aligns with the purposive sampling practices typical in qualitative research, making sure that the selected cases provide rich understanding relating to the research question (Palinkas et al., 2015). The chosen case studies include Jupiter Edge, a digital neobank that integrates ESG investing into its



offerings (Jupiter, 2023), and SustainKart, a green ecommerce site designed to teach consumers about products financially sustainable and services (SustainKart, 2023). Additionally, the outreach on sustainable finance by RBI's Financial Literacy Week (2023) is examined, focusing on rural outreach (RBI, 2023). The study further analyzes SEBI's Green Bond Guidelines (2023) on the role of FinTech in green finance (SEBI, 2023), together with Acko and Digit Insurance, two digital insurers using climate risk modelling in their product offerings (IRDAI, 2023). The data were analyzed using thematic analysis, a method commonly applied to locate patterns in qualitative data (Braun & Clarke, 2006). The analysis was performed on NVivo 14, which facilitated systematic coding and categorization of data that revealed recurring themes pertaining to financial literacy, green finance, and the impact of digital platforms.

Thematic analysis in Braun and Clarke's work (2006) suggested various themes such as digital accessibility, consumer education, regulatory impact, and user engagement. As dependability of findings were enhanced through the triangulation of multiple data sources, peer debriefing was also utilized, which is a widespread form of assessing qualitative research interpretation bias (Creswell & Poth, 2018; Nowell et al., 2017).

IV. RESULTS AND DISCUSSION

From the qualitative case studies conducted in India, it is evident that a multitude of factors intertwine financial literacy, FinTech, and green finance. These findings underscore the increased potential that FinTech platforms have for promoting green finance by fostering investment awareness, accessibility, and simplification of processes related to sustainable projects. **4.1 Financial Literacy and Green Financial Behaviour** The evidence indicates that highly financially literate individuals are likely to engage with green financial products. This finding aligns with the Financial Capability Framework (Lusardi & Mitchell, 2014) which argues that individuals who possess adequate financial knowledge and skills can chin evaluate and invest in intricate financial instruments, including those that yield social or environmental benefits. Here in India, literacy campaigns conducted by the RBI and NCFE have had an impact as people are now able to identify and invest into green instruments such as ESG funds and green bonds. (RBI, 2022, NCFE, 2023)

4.2 The Role of FinTech in Enhancing Green Finance New FinTech platforms like Zerodha, Paytm Money, and Groww further widen the gap towards accessing green financing. These platforms offer easy-tonavigate interfaces, robo-advisers, and other educational resources which assist in making informed investment choices (Sarkar & Singh, 2022). From interviews, it emerged that transactions are no longer the main priority. Many users want comprehensive ESG scoring, carbon footprint assessment, and complete dashboards detailing sustainable investment impacts. This is an example of the Technology Acceptance Model (TAM), which explains that users' interactions with technology are influenced by the perceived ease of use and usefulness of the technology (Davis, 1989; Venkatesh & Bala, 2008).

The platforms also enable users to purchase renewable green micro-investments and fractional shares of green bonds, making investment into renewable projects more achievable for smaller retail investors (Ghosh et al., 2023). These attributes are extremely useful to users from rural and semi-urban areas with limited access to conventional financial institutions and services.

4.3 Sustainability Intensions and Behavioural Factors

To understand the green investment decision-making process, it is helpful to examine the behavioral intent components through the lens of the Theory of Planned Behaviour (Ajzen, 1991). Interviewee participants noted social factors, perceived behavioral control, and ecological awareness as FinTech green financial tools' critical engagement drivers. Moreover, the existence of nudges push notifications serving as prompts to encourage users to select ESG-compliant funds has been found to enhance active participation in green finance (Thaler & Sunstein, 2008; Jain & Agarwal, 2022).

Additionally, the capability to dynamically monitor and graphically depict specific portfolio investments and their corresponding environmental effects was noted to enhance emotional and cognitive engagement, which, in turn, promotes long-term sustainable financial behaviors (Sharma & Vyas, 2021).

4.4 Barriers and Challenges

Despite these advancements, several barriers persist. One of the most frequently stated issues was the digital divide, particularly in rural areas where low internet availability and smartphone illiteracy constrains FinTech's usefulness (Kumar et al., 2021). In addition, while financial literacy is improving, green financial literacy the comprehension of environmentally responsible financial products remains low across all demographics (Zhang et al., 2022; OECD, 2023).

Data concerns, privacy, cyber security, and the credibility of ESG claims surfaced as restraining factors and issues on the debate. Some users expressed concerns about the greenwashing of ESG claims by certain providers, signalling to us that more stringent regulations and independent verification is necessary (UNEP FI, 2023).

Theme	Findings	Supporting	Key References
		Theory/Model	
Financial Literacy & Higher financial literacy leads to more		Financial Capability	Lusardi & Mitchell
Green Behaviour engagement in sustainable investments.		Framework	(2014); RBI (2022)
FinTech as EnablerFinTech tools simplify green investing;		Technology	Davis (1989);
	apps provide ESG scoring, impact	Acceptance Model	Sarkar & Singh
tracking, and robo-advice.		(TAM)	(2022)
Behavioural Drivers	Environmental values, social norms, and	Theory of Planned	Ajzen (1991); Jain
perceived control influence green		Behaviour (TPB)	& Agarwal (2022)
finance behaviour.			
Role of NudgesIn-app nudges (e.g., ESG fund prompts)		Behavioural	Thaler & Sunstein
	encourage sustainable finance	Economics / Nudge	(2008)
	engagement.	Theory	
Access in Rural	Low digital infrastructure and	Digital Divide	Kumar et al.
Areas	smartphone illiteracy hinder green	Framework	(2021); OECD
	FinTech adoption in rural India.		(2023)
Trust &	Users express concerns over	Institutional Trust &	UNEP FI (2023);
Transparency Issues	greenwashing and data privacy in	Regulatory Theory	Sharma & Vyas
	FinTech platforms.		(2021)

Table 1: Summary of Results and Key Themes



V. SUGGESTIONS

VI. FURTHER SCOPE OF RESEARCH

Through studying the theoretical frameworks and case studies, multiple distinct practical approaches become available to different actors in the green finance ecosystem:

- Advances Relating to Green Financial Literacy: Vocational and professional financial literacy programs should incorporate green finance elements.
- Just like NCFE and RBI, other institutions can incorporate community and school-based training sessions that focus on environmentally responsible investments.
- Create Engaging FinTech Platforms: It is crucial for FinTech firms to implement user-centered designs; thus, users with low literacy levels should be catered for through local dialects, voice navigation, and user-friendly graphics.
- Behavioural Nudges: Financial apps should integrate socially driven behavioral nudges, including defaults and social comparisons, to foster green investment habits informed by behavioural economics and nudge theory.
- Encourage Micro Green Investment: Convince FinTech companies to develop micro-investment features for ESG funds and community-supported solar or renewable projects targeting the lowerincome demographic.
- Enforce Regulatory Supervision: Regulators like SEBI and RBI need to mandate and enforce ESG reporting accompanied by independent verification to curb greenwashing and foster trust among investors.

Public Private Partnerships (PPP): These projects can work with NGOs and FinTech companies on awareness campaigns while providing tools for subsidized investment aimed at promoting sustainability.

The relationship between financial literacy and sustainable financial practices presents an opportunity for large scale quantitative research in India and abroad. Adopting FinTech-enabled green finance in developing as well as developed countries can be compared to showcase contextual best and worst practices. Developing a "Green Financial Literacy Index" that caters to the demographic of developing countries such as India, where the measurement of awareness and education concerning environmental finance is lack, stands as an opportunity for future research. The role of FinTech in facilitating green investment opportunities for retail investors as well as pension funds, cooperatives, and public financial institutions requires further research. The sustained use of FinTech tools and their impact on the green finance behaviour of users over prolonged periods can be studied.

VII.CONCLUSION

This study highlights the development FinTech offers in widening the scope of green finance and ingraining sustainability in financing activities. Financial literacy serves not only as a prerequisite to responsible investing, but also as an agent of social change in raising awareness towards environmental issues. FinTech platforms fill critical gaps by bridging the engagement, transparency, and accessibility hurdles in sustainable finance through technology, behavioural insights, and innovative finance. But also, there is work to be done. Overcoming the digital divide, building trust with stronger regulation for the underserved, and creating specific outreach strategies for these groups pose the greatest hurdles to maximizing the potential of FinTech in advancing green finance. With the rising global attention towards the environment, the combination of financial literacy empowered by digital innovations



and fintech must sit at the forefront of financial sector priorities.

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