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ASSESSING INVESTOR PERCEPTION OF RISK AND RETURN IN GREEN FINANCE PRODUCTS: A STUDY ON SUSTAINABLE INVESTMENT DECISION-MAKING

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ABSTRACT

Increased stress on sustainability pushed the entry of green finance products such as green bonds, ESG funds, and other environmentally aligned financial instruments into the market. The present research explores investor risk-return perceptions from view perspectives toward the aforementioned green finance products for the purpose of understanding how these affect investors' continued sustainable investment decision-making. A structured survey and quantitative analysis were used to collect findings from individual and institutional investors concerning the financial viability, stability, and long-term growth potential of green investments. Major findings indicate that many investors consider green finance to provide competitive returns and, importantly, the capacity for resilience in times of market volatility. Concerns over regulatory clarity, greenwashing practices, and inconsistent ESG ratings remain paramount. The study also highlights the role of demographic as well as behavioral factors that influence risk-return assessments while placing awareness and financial literacy at the core of these considerations. Through this bridging of financial expectations with environmental consciousness, this research contributes to an understanding of what serves to either promote or deter considerations of investing in green finance. The implications of such a contribution will be useful to policymakers, financial institutions, and sustainability advocates attempting to stimulate responsible investment on a larger scale.

Keywords: Green Finance, Investor Perception, Risk and Return, Sustainable Investment, ESG Funds

1. INTRODUCTION

The metamorphosis of the global financial environment is indeed a significant event: from investment strategy into a holistic consideration of sustainability. Green finance-the financial products and services directed towards environmental sustainability-has proliferated, driven by rising concerns with regard to climate change, depletion of resources, and social accountability. Examples of these instruments include but are not limited to, green bonds, ESG (Environmental, Social, and Governance) funds, and climate-related investment vehicles, increasingly being considered for their environmental impacts as well as financial viability.

Very recently, the data revealed that green finances are becoming more and more common. Climate finance surged to USD 1.46 trillion in 2022 around the world and remained buoyant and healthy in the face of all the challenges that the world was facing. India is now rapidly transforming its landscape of green finance. International finance has reached around 17% (INR 620 billion/USD 8.3 billion) of India's total finance for mitigation in 2021/22 according to Climate Policy Initiative, while it was around just 15% in 2019/20. Furthermore, the landscape of climate finance in India will need USD 10.1 trillion by 2070 for net-zero attainment, meaning annual investments of about USD 214 billion are required.

Therefore, after going through these advantages, it can be explained that investment sentiments of the investors lay an important premise on the adoption of green finance, particularly in defining the risks and returns. Some investors tend to see green finance products as promising and stable long-term assets, while some remain sceptical about them because of green washing, unreliable ESG metrics, or potential performance capped under traditional investment modalities. The perceptions delineated above go a long way in influencing almost all aspects of investment behavior and determine the extent to which it is possible to mainstream sustainable finance.

The present study attempts to analyze how investors perceive risk and return attributes of green finance products, and how such perception influences their decision-making. The study focuses on individual and institutional investors to identify the key drivers and barriers to adopting green investments. The results would be instrumental in understanding investor behavior concerning sustainability and providing recommendations to policymakers, financial institutions, and ESG product developers to improve the confidence level and participation in the market.

2. LITERATURE REVIEW

Green finance supports climate action and sustainable development by directing capital to environmentally beneficial projects, integrating ESG considerations into financial decisions United Nations Environment Programme. (2016). Green finance for Developing Countries: Needs, Concerns and Innovations. . Instruments such as green bonds, ESG funds, and sustainability-linked loans promote environmental goals Flammer, C. (2021). Corporate Green Bonds. Journal of Financial Economics, 142(2), 499–516.. It is essential for transitioning economies away from high-carbon models and aligning with the Paris Agreement Banga, J. (2015). The Green Bond Market: A Potential Source of Climate Finance for Developing Countries. UNCTAD Working Papers. OECD. (2020). Developing sustainable Finance Definitions and Taxonomies. Organisation for Economic Co-Operation and Development. . Studies show ESG integration enhances long-term returns while managing reputational and regulatory risks Zhang, D. (2020). Green Finance in China: Progress and Challenges. Global Finance Journal, 45, 100502. Friede, G., Busch, T., & Bassen, A. (2015). ESG and Financial Performance: Aggregated Evidence from more than 2000 Empirical Studies. Journal of Sustainable Finance & Investment, 5(4), 210–233.. Green investments often outperform traditional ones over the long term, particularly during financial crises, highlighting their defensive nature Clark, G. L., Feiner, A., & Viehs, M. (2015). From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance. University of Oxford., Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact. Organization & Environment, 33(4), 554–574. . Increasing climate

disclosures and regulatory clarity further strengthen investor confidence in green finance Ameli, N., Drummond, P., Bisaro, A., Grubb, M., & Chenet, H. (2021). Climate Finance and Disclosure for Institutional Investors: Why Transparency is not Enough. Climate Policy, 21(7), 939–957..

In emerging economies, green finance is seen as a tool linking environmental responsibility with financial inclusion Chaudhry, S., & Yadav, R. (2021). Green Finance in India: Opportunities and Challenges. International Journal of Management, 12(4), 45–54., while Yao, S., Luo, D., & Wang, J. (2021). Public–Private Partnership and Green Finance: A Pathway for Sustainable Infrastructure. Sustainability, 13(12), 6505. stress the importance of public-private partnerships in mobilizing green capital. Financial institutions play a key role, with studies showing that sustainable lending enhances bank resilience and reputation Weber, O. (2016). The impact of Financial Sector Sustainability Regulations on Banks' Lending practices. Journal of Sustainable Finance & Investment, 6(2), 76–95., and policies like China's green credit program significantly influence pollution and investment patterns Weber, O. (2016). The impact of Financial Sector Sustainability Regulations on Banks' Lending practices. Journal of Sustainable Finance & Investment, 6(2), 76–95.. Despite progress, challenges such as inconsistent taxonomies, ESG rating variations, and greenwashing concerns continue to undermine investor trust Boffo, R., & Patalano, R. (2020). ESG Investing: Practices, Progress and Challenges. OECD., Sullivan, R., & Mackenzie, C. (2016). Responsible Investment and Engagement. Routledge.. In India, regulatory efforts by SEBI and RBI have supported green bonds and ESG guidelines Securities and Exchange Board of India. (2021). Business Responsibility and Sustainability Reporting (BRSR) framework., Reserve Bank of India. (2022). Report on Climate Risk and Sustainable Finance. , but mainstreaming green finance requires aligning environmental goals with economic and banking policies Bhattacharya, A., & Ivanyna, M. (2021). Greening India's financial system. Brookings Institution.. Individual investor participation hinges on ESG data confidence, perceived returns, and awareness Statman, M., & Glushkov, D. (2009). The Wages of Social Responsibility. Financial Analysts Journal, 65(4), 33–46., Ng, A., & Cumming, D. (2020). Investment Opportunities and the Adoption of ESG Investing: Evidence from Asia-Pacific markets. Journal of International Financial Markets, Institutions and Money, 68, 101220. , supported by financial literacy and sustainable investing education Kumar, R., & Firoz, M. (2022). Green finance in India: Roadmap to Sustainability. South Asian Journal of Business and Management Cases, 11(2), 122–130..

Green economic transformation offers significant potential but relies heavily on institutional frameworks, market incentives, transparency, and investor participation. Green finance plays a crucial global role in advancing sustainable development and low-carbon economies by addressing environmental issues while promoting inclusive growth United Nations Environment Programme. (2016). Green finance for Developing Countries: Needs, Concerns and Innovations. OECD. (2020). Developing sustainable Finance Definitions and Taxonomies. Organisation for Economic Co-Operation and Development. . It helps bridge the large investment gap needed to meet climate and SDG targets Bhattacharya, A., Meltzer, J., Oppenheim, J., Qureshi, Z., & Stern, N. (2015). Driving Sustainable Development Through Better Infrastructure: Key Elements of a Transformation Program. Brookings Institution., channelling capital into sectors like renewable energy and sustainable agriculture Banga, J. (2015). The Green Bond Market: A Potential Source of Climate Finance for Developing Countries. UNCTAD Working Papers.. Climate-resilient green finance also enhances long-term financial stability by mitigating climate risks Ameli, N., Drummond, P., Bisaro, A., Grubb, M., & Chenet, H. (2021).

Climate Finance and Disclosure for Institutional Investors: Why Transparency is not Enough. Climate Policy, 21(7), 939–957..

Green finance supports inclusive growth and environmental sustainability in developing countries by promoting access to sustainable infrastructure and public benefits like health, energy, and jobs Chaudhry, S., & Yadav, R. (2021). Green Finance in India: Opportunities and Challenges. International Journal of Management, 12(4), 45–54., Yao, S., Luo, D., & Wang, J. (2021). Public–Private Partnership and Green Finance: A Pathway for Sustainable Infrastructure. Sustainability, 13(12), 6505.; Campiglio, E. (2016). Beyond Carbon Pricing: The Role of Banking and Monetary Policy in Financing the Transition to a Low-Carbon Economy. Ecological Economics, 121, 220–230.. It also offers competitive returns and portfolio diversification, aligning ESG adoption with stronger corporate performance and investor confidence Friede, G., Busch, T., & Bassen, A. (2015). ESG and Financial Performance: Aggregated Evidence from more than 2000 Empirical Studies. Journal of Sustainable Finance & Investment, 5(4), 210–233., Clark, G. L., Feiner, A., & Viehs, M. (2015). From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance. University of Oxford., Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact. Organization & Environment, 33(4), 554–574. . Governments globally are advancing regulatory efforts—such as the EU Green Taxonomy, India's BRSR, and China's Green Credit Policy—to institutionalize green finance and build transparency and trust European Commission. (2020). EU taxonomy for Sustainable Activities. Securities and Exchange Board of India. (2021). Business Responsibility and Sustainability Reporting (BRSR) framework., Wang, Y., & Zhi, Q. (2016). The Role of Green Finance in Environmental Protection: Two Aspects of Market Mechanism and Policies. Energy Procedia, 104, 311–316., Sullivan, R., & Mackenzie, C. (2016). Responsible Investment and Engagement. Routledge..

Green finance is seen by the RBI and SEBI as a tool to enhance financial resilience and support India's shift to a low-carbon economy Reserve Bank of India. (2022). Report on Climate Risk and Sustainable Finance. , Securities and Exchange Board of India. (2021). Business Responsibility and Sustainability Reporting (BRSR) framework., while integrating it into national strategies helps mobilize resources for climate commitments Kumar, R., & Firoz, M. (2022). Green finance in India: Roadmap to Sustainability. South Asian Journal of Business and Management Cases, 11(2), 122–130.. It also fosters innovation and sustainable entrepreneurship, as firms issuing green bonds show increased clean tech innovation Flammer, C. (2021). Corporate Green Bonds. Journal of Financial Economics, 142(2), 499–516., and green banks demonstrate better risk management and reputational strength Wang, Y., & Zhi, Q. (2016). The Role of Green Finance in Environmental Protection: Two Aspects of Market Mechanism and Policies. Energy Procedia, 104, 311–316.. Beyond conservation, green finance promotes economic resilience, innovation, regulatory reform, and growing investor engagement.

While green finance offers potential contributions to sustainable development, investors and policymakers must be aware of its unique risks, such as regulatory compliance, project uncertainty, and unreliable ESG data Sullivan, R., & Mackenzie, C. (2016). Responsible Investment and Engagement. Routledge., Boffo, R., & Patalano, R. (2020). ESG Investing: Practices, Progress and Challenges. OECD.. Regulatory uncertainty, including shifting climate policies and inconsistent green taxonomies, particularly in emerging markets, complicates investment forecasting Campiglio, E. (2016). Beyond Carbon Pricing: The Role of Banking and Monetary Policy in Financing the Transition to a Low-Carbon Economy. Ecological Economics, 121, 220–230., OECD. (2020). Developing sustainable Finance Definitions and

Taxonomies. Organisation for Economic Co-Operation and Development. , Wang, Y., & Zhi, Q. (2016). The Role of Green Finance in Environmental Protection: Two Aspects of Market Mechanism and Policies. Energy Procedia, 104, 311–316.. Greenwashing further erodes trust, as companies may falsely market products as sustainable, leading to reputational damage and performance-related risks Boffo, R., & Patalano, R. (2020). ESG Investing: Practices, Progress and Challenges. OECD., Ameli, N., Drummond, P., Bisaro, A., Grubb, M., & Chenet, H. (2021). Climate Finance and Disclosure for Institutional Investors: Why Transparency is not Enough. Climate Policy, 21(7), 939–957..

Green investments face market risks, especially in emerging sectors like renewable energy, where returns take time and volatility is high due to evolving environmental and technological conditions Flammer, C. (2021). Corporate Green Bonds. Journal of Financial Economics, 142(2), 499–516., Zhang, D., Wang, X., & Zhou, D. (2019). The Effectiveness of Green Finance: A Review of Literature. Sustainability, 11(13), 3719. . Green bonds and loans often carry credit and liquidity risks due to thin secondary markets and long project gestation periods Weber, O. (2016). The impact of Financial Sector Sustainability Regulations on Banks' Lending practices. Journal of Sustainable Finance & Investment, 6(2), 76–95.; Yao, S., Luo, D., & Wang, J. (2021). Public–Private Partnership and Green Finance: A Pathway for Sustainable Infrastructure. Sustainability, 13(12), 6505.. Macroeconomic factors like inflation and interest rate fluctuations can further impact green finance, with scholars divided on its resilience in emerging markets facing economic shocks Friede, G., Busch, T., & Bassen, A. (2015). ESG and Financial Performance: Aggregated Evidence from more than 2000 Empirical Studies. Journal of Sustainable Finance & Investment, 5(4), 210–233., Chaudhry, S., & Yadav, R. (2021). Green Finance in India: Opportunities and Challenges. International Journal of Management, 12(4), 45–54..

Investor perception studies reveal that risk awareness influences environmental investment decisions, with financially literate investors better equipped to handle sustainability risks Statman, M., & Glushkov, D. (2009). The Wages of Social Responsibility. Financial Analysts Journal, 65(4), 33–46., Ng, A., & Cumming, D. (2020). Investment Opportunities and the Adoption of ESG Investing: Evidence from Asia-Pacific markets. Journal of International Financial Markets, Institutions and Money, 68, 101220. . Standardized ESG policies and disclosures, such as those recommended by the Task Force on Climate-related Financial Disclosures. (2017). Recommendations of the Task Force on Climate-related Financial Disclosures. , help reduce risks and guide investor decisions. A strong ESG framework enhances accountability and lowers perceived risk Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact. Organization & Environment, 33(4), 554–574. . Despite inherent risks, green investments can yield stable, long-term returns when supported by effective policies and risk mitigation Clark, G. L., Feiner, A., & Viehs, M. (2015). From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance. University of Oxford., Ameli, N., Drummond, P., Bisaro, A., Grubb, M., & Chenet, H. (2021). Climate Finance and Disclosure for Institutional Investors: Why Transparency is not Enough. Climate Policy, 21(7), 939–957.. Kumar, R., & Firoz, M. (2022). Green finance in India: Roadmap to Sustainability. South Asian Journal of Business and Management Cases, 11(2), 122–130..

Green finance involves policy, credibility, and market risks, yet factors like institutional maturity, regulatory backing, and ESG transparency help offset them.

Investor awareness of these risks is vital to scale green investments and safeguard interests. While once seen as sacrificing returns, studies now show that green finance often delivers competitive long-term gains Friede, G., Busch, T., & Bassen, A. (2015). ESG and Financial Performance: Aggregated Evidence from more than 2000 Empirical Studies. Journal of Sustainable Finance & Investment, 5(4), 210–233. Clark, G. L., Feiner, A., & Viehs, M. (2015). From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance. University of Oxford.. Instruments like green bonds and ESG funds support environmental goals while offering strong financial performance, provided they are backed by solid ESG frameworks and long-term risk strategies Flammer, C. (2021). Corporate Green Bonds. Journal of Financial Economics, 142(2), 499–516.; Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact. Organization & Environment, 33(4), 554–574. .

Numerous studies confirm that green finance is both ethically and financially rewarding. Friede, G., Busch, T., & Bassen, A. (2015). ESG and Financial Performance: Aggregated Evidence from more than 2000 Empirical Studies. Journal of Sustainable Finance & Investment, 5(4), 210–233. reviewed over 2,000 studies showing a positive link between ESG performance and returns, while Clark, G. L., Feiner, A., & Viehs, M. (2015). From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance. University of Oxford. found ESG integration improves performance across asset classes. ESG-aligned portfolios perform better during crises, as seen during the 2008–2009 crisis when firms with high social capital had superior stock returns (Lins, Servaes, & Tamayo, 2017). Enhanced transparency and regulations have boosted green investment performance and investor confidence Ameli, N., Drummond, P., Bisaro, A., Grubb, M., & Chenet, H. (2021). Climate Finance and Disclosure for Institutional Investors: Why Transparency is not Enough. Climate Policy, 21(7), 939–957., Banga, J. (2015). The Green Bond Market: A Potential Source of Climate Finance for Developing Countries. UNCTAD Working Papers..

Emerging evidence indicates that green finance benefits from cost advantages due to rising investor demand and supportive policies. Green bonds often carry a “greenium,” allowing issuers to raise funds at lower yields without reducing investor interest Ehlers and Packer (2017). In India, green bonds and ESG funds show steady performance, aided by tax benefits and regulations Kumar, R., & Firoz, M. (2022). Green finance in India: Roadmap to Sustainability. South Asian Journal of Business and Management Cases, 11(2), 122–130.. Green assets also support diversified portfolios and help manage market risks Wang, Y., & Zhi, Q. (2016). The Role of Green Finance in Environmental Protection: Two Aspects of Market Mechanism and Policies. Energy Procedia, 104, 311–316., while SRI funds generally match or exceed traditional fund returns over time Statman, M., & Glushkov, D. (2009). The Wages of Social Responsibility. Financial Analysts Journal, 65(4), 33–46..

ESG strategies enhance capital efficiency, innovation, and long-term shareholder value Flammer, C. (2021). Corporate Green Bonds. Journal of Financial Economics, 142(2), 499–516., Weber, O. (2016). The impact of Financial Sector Sustainability Regulations on Banks’ Lending practices. Journal of Sustainable Finance & Investment, 6(2), 76–95., with growing investor interest driven by strong performance and governance Ng, A., & Cumming, D. (2020). Investment Opportunities and the Adoption of ESG Investing: Evidence from Asia-Pacific markets. Journal of International Financial Markets, Institutions and Money, 68, 101220. . While initial ESG compliance costs may cause short-term

underperformance, long-term gains include improved market access and brand value Zhang, D., Wang, X., & Zhou, D. (2019). The Effectiveness of Green Finance: A Review of Literature. Sustainability, 11(13), 3719. ; Sullivan, R., & Mackenzie, C. (2016). Responsible Investment and Engagement. Routledge.. Overall, literature affirms that green financial products offer strong, stable returns, especially when supported by sound governance and investor trust in ESG metrics.

2.1. OBJECTIVE

- To measure the perception of risk and return on investment of green finance products

3. RESEARCH METHODOLOGY

The study was undertaken to evaluate how individual investors perceive the financial viability and associated risks of ESG (Environmental, Social, and Governance) funds and other sustainability-focused financial instruments. A quantitative analytical design was employed to systematically measure investor responses and interpretations of ESG investment opportunities. The unit of analysis comprised individual retail investors residing in Bangalore, selected due to their increasing participation in sustainable investing and their growing influence in shaping demand for environmentally responsible financial products—an emerging contrast to traditional institutional investor dominance. To ensure meaningful representation, purposive sampling was adopted, targeting individuals likely to have informed opinions or practical exposure to ESG and green finance offerings. This targeted sampling approach was preferred over general random sampling, as it enabled the study to capture nuanced investor evaluations regarding risk, return, and ethical considerations. The sample size was determined using the standard formula for estimating population proportions at a 95% confidence level (Z = 1.96), with an assumed population proportion (p) of 0.25 and a margin of error of 0.000439042, resulting in a calculated size of 462.92, rounded up to 463 respondents. This approach facilitated the collection of focused and relevant data, allowing the study to explore investor attitudes toward ESG integration, perceptions of sustainability premiums, and the broader financial appeal of green finance. The data underwent rigorous validation to ensure reliability, ultimately yielding insights into how investors view the strategic and long-term value of ESG investments from both financial and environmental perspectives.

4. ANALYSIS AND INTERPRETATION

Risk of investment on green finance

H01: Investors have no positive perception towards risk on investment of green finance products.

Ha1: Investors have positive perception towards risk on investment of green finance products.

Table 1

Table 1 One-Sample Test (Risk of Investment on Green Finance)					
	Test Value = 3				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference

					Lower	Upper
There will be less price drop	15.146	462	.000	.683	.59	.77
Change in interest rate is less frequent	16.808	462	.000	.797	.7	.89
Exchange rate does not affect much	12.969	462	.000	.607	.51	.7
I can take out my investment at any point of time profitably	17.338	462	.000	.786	.7	.88
Green finance products have less credit risk in their investment.	21.59	462	.000	.89	.81	.97
Inflation does not affect green investments of companies	11.203	462	.000	.542	.45	.64
Unforeseen risk is less in green investments	14.817	462	.000	.721	.63	.82
Green investments are more profitable over a long period of time	27.025	462	.000	1.045	.97	1.12
Green investments done by companies in foreign country is safe.	18.726	462	.000	.819	.73	.9

Across all nine risk-related indicators, mean differences turned out to be significantly positive, statistically so ($p < .000$) and with confidence intervals striking well above average. This suggests that investors may hold green finance products as low risk and stable and profiting across several dimensions: credit risk, protection from inflation, liquidity, and returns in the long term. These data provide considerable support to reject the null hypothesis and accept that investors generally possess a favourable perception of the risk profile of green finance products.

5. DISCUSSION

The findings from the one-sample t-test offer compelling evidence that investors perceive green finance products as carrying lower risk and offering favourable investment conditions. All statements tested against the neutral midpoint of 3 on a Likert scale were found to be statistically significant ($p < 0.001$), with positive mean differences and strong t-values. This indicates that investor sentiment leans substantially toward confidence in the risk profile of green finance instruments.

Several risk dimensions were evaluated, including credit risk, market volatility, inflation sensitivity, and unforeseen risks. The statement “Green investments are more profitable over a long period of time” recorded the highest mean difference (1.045) and t-value (27.025), signifying strong investor belief in the long-term profitability of such investments. Likewise, statements such as “Green finance products have less credit risk” and “Green investments done by companies in foreign countries are safe” reflected a high degree of investor confidence, suggesting that sustainability-focused financial products are not only seen as ethical but also financially prudent.

Interestingly, investors also agreed that green investments are less sensitive to macroeconomic variables such as interest rate changes and inflation, with positive perceptions toward their performance despite such uncertainties. This reflects a growing trust in the resilience of ESG-aligned assets and the structures supporting them. Furthermore, the belief that investments can be withdrawn profitably at any time suggests that investors perceive these instruments as liquid and accessible, adding another layer of attractiveness.

These results highlight that risk is not seen as a deterrent but rather as a manageable factor in green finance, possibly due to increasing regulatory support, better ESG disclosure standards, and growing evidence of competitive returns. This shift in investor mindset is essential for mainstreaming sustainable investing and encouraging capital flows into green financial instruments.

6. RETURNS OF INVESTMENT ON GREEN FINANCE

H02: Investors have no positive perception towards returns of investment on green finance products.

Ha.2: Investors have positive perception towards returns of investment on green finance products.

Table: One-Sample Test (Returns of investment on green finance)

Table 2

Table 2 One-Sample Test (Returns of Investment on Green Finance)

	Test Value = 3					
	t	**df**	**Sig. (2-tailed)**	**Mean Difference**	**95% Confidence Interval of the Difference**	
					Lower	**Upper**
Green Investments yields high rate of return	17.337	462	.000	0.747	.66	.83
Green Investments leads to high growth of principal amount	20.651	462	.000	0.799	.72	.88
Green Investments have higher returns as they have efficient asset allocation	17.415	462	.000	.752	.67	.84
Green Investments have diversified portfolios, to earn quality returns at changing circumstances	23.368	462	.000	.959	.88	1.04

Green Investments earn higher return with improved available facility and infrastructure	24.001	462	.000	.931	.85	1.01
Green investments provide adequate returns in terms of risk undertaken	19.808	462	.000	.838	.75	0.92
Green investments provide fair returns along with consideration to sustainable development	29.268	462	0	1.056	0.99	1.13
Returns from Green investments have tax friendly policies	25.333	462	0	0.957	0.88	1.03
Returns from Green investments are safety backed up with friendly government or regulatory policies	22.389	462	0	0.931	0.85	1.01

All statements yielded statistically significant positive results, indicating that investors overwhelmingly perceive green finance products as offering superior returns. These perceptions span across capital growth, tax benefits, diversification, and policy support. The results confirm that the return aspect of green investments is viewed very favourably, reinforcing their attractiveness not only from an environmental but also from a financial standpoint.

The results of the one-sample t-test clearly indicate that investors hold a strongly positive perception regarding the return potential of green finance products. All nine statements tested against the neutral benchmark of 3 produced highly significant t-values ($p < .001$), and the mean differences were consistently and substantially positive, confirming that investors believe green investments offer attractive financial returns.

One of the most striking findings is that investors not only view green investments as yielding high rates of return and principal growth but also associate these returns with efficient asset allocation and diversified portfolios. This reflects growing investor confidence in the structural soundness and financial strategy behind green finance instruments. For instance, the high t-values for the statements on diversification and infrastructure-backed returns ($t = 23.368$ and 24.001

respectively) show that investors recognize the adaptability and resilience of these investments under varying market conditions.

Moreover, the alignment between fair returns and sustainable development, as reflected in the highest t-value (29.268) and mean difference (1.056), highlights that investors no longer view profitability and sustainability as mutually exclusive. Instead, green investments are seen as a way to achieve both economic and environmental goals simultaneously. This shift in mindset marks a significant advancement in sustainable investing.

Additionally, policy and tax incentives are recognized as important return drivers. The strong positive perception of returns being supported by tax-friendly and regulatory policies (t = 25.333 and 22.389) indicates that government initiatives play a crucial role in enhancing investor confidence and improving the financial appeal of green finance products.

The consistent statistical significance across all return-related factors supports the conclusion that investors do not view green investments as mere ethical choices, but rather as strategically sound financial opportunities. This growing confidence in return potential, backed by diversification, infrastructure, and government support, reinforces the mainstream acceptance of green finance as a core component of modern investment portfolios.

7. CONCLUSION

The results of the study present clear and consistent evidence that investors hold a significantly positive perception of green finance products, both in terms of risk mitigation and return potential. The outcomes from the one-sample t-tests demonstrate that across multiple dimensions—credit risk, market volatility, inflation impact, and investment liquidity—green finance instruments are seen as relatively low-risk and stable investment avenues. Investors express confidence in the resilience and financial prudence of ESG-aligned assets, reflecting a shift away from the traditional belief that sustainable investments carry higher uncertainty.

At the same time, insights into return perceptions indicate that investors view green finance products as capable of generating high returns and capital appreciation. These investments are also perceived to be strategically sound, supported by diversified portfolios, efficient asset allocation, and robust infrastructure. The strong alignment of returns with sustainable development objectives highlights a growing belief that profitability and sustainability can coexist, eliminating the need for compromise between financial and ethical considerations.

Moreover, the recognition of tax benefits and supportive regulatory policies as key contributors to return enhancement reinforces the importance of institutional backing in promoting green finance. Collectively, the perceptions regarding both risk and return reveal increasing investor trust in the financial strength and strategic value of green investments. These insights are instrumental for policymakers, fund managers, and stakeholders aiming to mainstream sustainable finance as a viable path toward long-term economic growth and environmental responsibility.

CONFLICT OF INTERESTS

None.

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None.

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