



Original Article

Role of Values and Behavioral Finance in Shaping Environmental Decisions among Secondary School Students

Manju Bala¹, Dr. Arun Kumar²

¹Research Scholar, Department of Education, IIMT University, Meerut

²Department of Education, IIMT University, Meerut

Manuscript ID:
RIGJAAR-2025-020407

ISSN: 2998-4459
Volume 2
Issue 4
Pp. 32-36
April 2025

Submitted: 25 Jan 2025
Revised: 15 Feb 2025
Accepted: 25 Mar 2025
Published: 30 Apr 2025

Correspondence Address:
Manju Bala
Research Scholar,
Department of Education,
IIMT University, Meerut
Email:
manjubala@iimtindia.net

Quick Response Code:



Web. <https://rlgjaar.com>



DOI:
10.5281/zenodo.15589708

DOI Link:
<https://doi.org/10.5281/zenodo.15589708>



Creative Commons



Abstract

This paper investigates the cross-section of behavioral finance, values, and environmental/green finance: exploring ways in which the cognitive biases and personal values regarding sustainability that secondary school pupils may possess can impact their financial decisions. As green financing takes center stage in more current discourse, assessment of this specific role of behavioral finance in describing processes for decision making is very crucial, especially within the context of green finance. Behavioral finance would shed light on students' perceptions, heuristics, and biases that could influence their willingness to invest in the given products: green bonds, SRI, and environmental impact funds. This paper delves into how secondary school pupils, at a point critical in their financial education, develop attitudes towards environmental finance and the value of 'environmental responsibility, sustainability, and social justice'. Through an examination of the role that these values play in their financial decision-making, this study seeks to identify the relevance for presentation of green finance as part of early education curricula as it has implications for wholesome investment behaviors. This paper will discuss the utilization of case studies, surveys, and the application of principles in behavioral finance to understand the extent to which students' financial decisions are guided by personal values related to environmental protection and long-term sustainability and how educators may incorporate these elements into secondary school curricula. This will go a long way in shaping a generation of socially conscious and environmentally aware young investors who are financially literate and empowered to make rational financial choices.

Keywords: Behavioral Finance, Environmental Finance, Green Investment, Secondary School Education, Sustainable Values

Introduction to Environmental/Green Finance

Environmental finance, also known as green finance, refers to financial products and services molded to support projects, initiatives, and investments that ensure environmental sustainability. This includes a range of instruments, such as green bonds, renewable energy investments, socially responsible investments (SRI), and funding for projects aimed at sustainable development. Such investments will focus on environmental objectives such as minimizing carbon emissions, maximizing the consumption of renewable energy sources, and enhancing resource productivity. Green finance also includes techniques to counter climate change and achieve sustainable economic development, therefore comprising corporate as well as governmental sustainability tactics.

The transition to sustainability is becoming an actual fabric of global financial markets. New environmental concerns brought about by climate change, resource depletion, and loss in biodiversity over the last two decades have made demands for financial systems to change toward sustainable principles. At present, governments, corporations, and financial institutions worldwide are realizing their strategies with ESG criteria for investment aid that would ensure sustainable development, reshaping the approach to risk, returns, and long-run implications of their financial decisions. Therefore, its importance should be given to the next generation of investors and younger generations. Green finance is an emerging area of investment opportunities and a means through which individuals can align their financial activities with global sustainability goals of the world (Kahneman, D., & Tversky, A., 1979). This knowledge of environmental finance needs to be introduced at the early stage of students' education while they are in secondary school.

Creative Commons (CC BY-NC-SA 4.0)

This is an open access journal, and articles are distributed under the terms of the [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International Public License](https://creativecommons.org/licenses/by-nc-sa/4.0/), which allows others to remix, tweak, and build upon the work noncommercially, as long as appropriate credit is given and the new creations are licensed under the identical terms.

How to cite this article:

Bala, M., & Kumar, A. (2025). Role of Values and Behavioral Finance in Shaping Environmental Decisions among Secondary School Students. *Royal International Global Journal of Advance and Applied Research*, 2(4), 32–36. <https://doi.org/10.5281/zenodo.15589708>

Earlier exposure of the concepts to students about green investing and sustainable finance would help understand the rationale for making informed decisions that link both financial returns and environmental impacts. Educators could, for instance, explain that investments in renewable energy and energy-efficient technologies can bring long-term advantages to both investors and society. We will instill better responsible investment habits in secondary school students and therefore consciously set the world to become a new generation of financially literate and environmentally conscious individuals empowered to make effective decisions..

Behavioral Finance and Decision-Making in Young Investors

Cognitive Biases and Heuristics: Behavioral finance specifically examines the psychology of financial decision-making, focusing on how cognitive biases and heuristics come into play. These are mental shortcuts or tendencies that people often rely on in a way that causes them to make decisions that are removed from optimal financial choices. This could be a confirmation bias that makes an investor pursue validating information about his/her beliefs while anchoring on initial information. On the other hand, overconfidence is known to make investors believe that they have control over the results of finances, which influences their investments. Most of these biases are short-term rewards that run against the sustainability of a long-term goal. For instance, one may need immediate financial returns instead of investing in long-term sustainable projects; however, the latter may benefit investors in the long run (Barberis, N., & Thaler, R., 2003).

Applicability to Secondary School Students: Adolescence is a crucial age for the development of the cognitive and psychological aspects of their lives, which can significantly influence their money management skills. Adolescents are more prone to overconfidence bias during this period, underestimating the risk attached or overestimating their knowledge of money handling. Another way investment choices may be skewed is through loss aversion, where people fear losses several times more than the equivalent gains. Such biases may lead students to shun sustainable investments as risky or not well-understood in terms of long-term benefits. It is, therefore, important to know these biases when teaching secondary school students environmental finance. Students need to know the factors that cause biases in how they perceive risk and reward in any financial investment directly related to environmental finance.

Behavioral Insights for Environmental Finance: Behavioral finance can offer insights into why young investors shy away from green investments. While research into such investments indicates long-term financial benefits, some students may still view the environment as a risky investment or one that will not yield much profit. By acknowledging these biases, educators can develop programs that challenge these misconceptions to teach their students how to appraise investments based on both their financial returns and environmental impact. By recognizing the psychological factors at play, we can better guide

students toward making informed and sustainable financial decisions, ultimately fostering a generation of investors who understand the importance of integrating sustainability with profitability (Bouri, E., Jain, A., Roubaud, D., Kristoufek, L., & Khan, S. A. R., 2019).

The Role of Values in Shaping Financial Decisions

Values-Based Decision Making: Personal values are much of what drives a person to behave when it comes to monetary decisions. Personal values that consist of things such as environmental consciousness, the fairness of social justice, sustainability guide decisions, and long-term societal and environmental well-being, more so than short-term monetary gains. For high school students, this is an important time in their development of the values they will make later. As they become more aware of issues concerning global warming, social inequality, and ethics, their financial decisions might reflect these emerging values. For example, students who feel that the sustainability of the natural environment is a matter of importance may be likely to make a selection of investment decisions that reflect those values, such as investment in green bonds or SRI that focuses on environmental influence and corporate social responsibility.

Inculcation of Environmental Values in Financial Education:

Teach students to form strong financial values aligned with sustainability by starting the curriculum with the introduction of concepts of ethical investing and environmental responsibility within schools. As environmental values are slowly integrated into financial education, students understand that financial decisions are not only about profit but also about social responsibility. The importance of green finance can be imparted through these educational programs by teaching students the importance of investing in businesses that promote sustainability, utilize renewable resources, or implement environmentally friendly practices. Discussions, case studies, and simulations help guide students on how their financial decisions can be aligned with their values, reiterating the point that their investments can positively affect society and the environment. This will help balance the financial goals of students who are responsible towards the planet.

Value and Green Finance: Teaching students about green finance helps in invoking a feeling of responsibility for the well-being of the earth due to the repercussions their financial decisions may have on the world. Green finance is an investment that also generates financial returns, but is integrated with environmental considerations, such as funding renewable energy projects or funding companies that practice environmental sustainability. With such education, schools can train future investors who, in addition to being financially astute, would be responsible for shaping the sustainable world in the years to come. Such values would be taught so that children grow up understanding how financing is interlinked with the well-being of the planet, thus establishing a responsible foundation for investing.

The Intersection of Behavioral Finance, Values, and Green Finance

Impact of Behavioral Biases on Green Investments: Behavioral finance identifies psychological factors that affect decision-making in finance, leading to irrational choices. Among the common biases is short-termism, which occurs when people choose more immediate rewards over long-term benefits. This deters students from considering green investments, which may have a relatively lengthy investment horizon to generate massive returns. Students may also be overly optimistic about the performance of traditional investments and may underrate the potential of green finance opportunities because of optimism bias. Such bias would make students view sustainable investments as riskier or less rewarding, while environmental, social, and governance investments have returned competitively over time. Shifting values toward sustainability will counterbalance these biases, as students align their financial choices to personal values of environmental responsibility and may more readily dismiss short-term volatility in favor of long-term benefits to their portfolio and the earth (Peattie, K., & Crane, A., 2005).

Social and Cultural Values Influence Investment Behaviors: The Social and cultural values greatly influence the way students perceive financial decisions. Nowadays, especially among the youth, social justice, equity, and environmental protection are values that have gained more importance. Students learn their choices from their peers, family, or media, which can have a decisive impact on shaping their financial behavior. Social pressures and the need to be of the crowd in continuing their peer trends or popular causes would compel students to invest in sustainable finance. This money concept would help them bring out green investments as an extension of values related to equity, fairness, and stewardship of the planet. Therefore, for them, green finance is no longer just an investment strategy, but something that supports their moral compass.

Long-Term Financial and Social Impact: Encouraging students to see their financial decisions in terms of both financial returns and societal impact can help foster the generation of investors who care about long-term sustainability. First, it benefits financial markets by diversifying the investor base; second, it encourages broad social change. Students learned the value of green finance and how it could be the power force driving environmental and social change are unlikely to oppose investments that can pave the way for achieving global sustainability goals. When grown, the same students become responsible adults in financial terms who build a future where sustainability is a key component of economic growth. By emphasizing the intersection of behavioral biases, values, and green finance, we can equip the next generation of investors with tools to create a more sustainable future.

Educational Approaches To Foster Green Finance Decisions among Students

Curriculum Integration: By including green finance in a school system's financial literacy or economics curriculum,

with this added context of the principles of sustainability, teachers are in a better position to educate their pupils that finance and environmental stewardship are integrally connected. They might demonstrate lessons on financial decision-making by teaching how investments in renewable energy, sustainable agriculture, or eco-friendly products contribute equally well toward the growth of finance and improvements in the environment. The integration of the curriculum should not only focus on the financial returns of green investments, but also on their effects on society, providing students with a broader impact of their choices regarding finances. This helps students understand the value of making both personal and planetary financial decisions.

Case Studies and Real-World Applications: Real-world case studies demonstrate the practicality and success of green finance initiatives. Case studies featuring companies/projects that break new grounds in sustainability can be introduced in schools, such as businesses that integrate ESG factors in their operations or communities that have benefited from green bonds. For example, using the case study of Tesla or Patagonia and how these companies have made mainstreaming sustainability within their business model, students understand how green finance promotes environmental goals but also provides for a profit-generating ability. These examples make the concept of green finance more fleshed out and feasible, so that students understand how they will contribute to such initiatives.

Tools for Practical Application by Students: Incorporation of practical tools can make students understand green finance more clearly by giving them the experience to make environmentally friendly financial decisions. For example, schools can take up green stock market simulators or ESG-oriented investment apps, where students can manage virtual portfolios with sustainable stocks or green bonds. Practical exposure will be given to students to experiment with sustainable investments and to learn how the market functions, including the risks and returns associated with investment, in the context of society and the environment.

Mentoring Initiatives and Partnerships: Mentoring and collaborating between schools and financial institutions, green investment funds, and social enterprises can bridge the gap between theoretical and practical knowledge. Organizations can collaborate with educational institutions to facilitate or conduct mentoring initiatives with industry professionals working in green finance and connect them with students. This would enhance not only technical and analytical abilities to assess ESG criteria but also instill a social dimension. Actual exposure to students through the mentoring of green finance principles may inspire them to enter their careers, which could lead towards future leadership in sustainable finance.

Challenges and Opportunities in Promoting Green Finance Education

Challenges:

Awareness and perceptions: A key challenge in the application of green finance education is to raise awareness and change students' perceptions of the interlink between sustainability and finance. Most students do not understand how their financial decisions affect their environment. Concepts such as green finance, which incorporates ESGs, seem far-fetched or too theoretical, and thus unimportant to students. Hence, a crucial point lies in filling the gap between old finance education and new sustainable finance dimensions by discussing usability and the long-run positive impact on both society and the environment.

Overcoming Behavioral Biases: Behavioral biases will prevent students from taking up green financial decisions as a biased belief that they are not profitable or risky. Misconceptions about returns on green bonds or investments should keep interest low in the options. Systemic education is the only way to break free from breaking through biases such as short-termism, and optimism bias-short-term gains are given priority over sustainability despite long-term.

Tool Access: Another challenge could be limited access to tools and platforms that can simulate green investments or demonstrate the real-world impact of the ESG criteria. In the absence of interactive simulations, green finance games, or ESG-focused apps, students face challenges in practically engaging with these ideas. Schools may be required to collaborate with financial institutions or educational technology providers to make these tools available to students, thereby allowing them to experience the benefits and challenges of green finance firsthand.

Opportunities:

Meaningful Linkage of Green Finance Education to Global Commitments: Green finance education in school curricula may become a vehicle linking other global commitments to sustainability. Sustainability will teach students about sustainable finance, which is also relevant to global citizenship because it explains how their financial decisions may contribute towards SDG realization, particularly with climate action, clean energy, and responsible consumption (Piketty, T., 2014)

Using Young Minds towards Sustainability: This gives the opportunity for green finances, being modern in nature, to be incorporated into the school curriculum to keep students involved in sustainable practices. Thus, they are better placed to contribute actively to sustainability decisions in terms of investment or entrepreneurial choices. This requires engaging a financially literate and environmentally responsive generation (Przychodzen, J., & Przychodzen, W., 2020).

Future-Proofing Financial Knowledge: An early incorporation of green finance principles will provide students with a platform to understand the increasingly popular involvement of sustainability in finance. Students will be far better prepared to navigate a future where sustainability is no longer just the flavor of the month but

rather becomes the definitive focus in personal finance and business as global economies move toward a more sustainable practice (Shefrin, H., 2007).

Conclusion

Teaching secondary school students about behavioral finance, personal values, and green investment principles equips them with necessary tools to make informed and responsible financial decisions. Understanding how their financial choices might affect their personal financial future while bettering the environment and society at large empowers students to become conscious early adopters of sustainable practices. This education will arm a generation of investors to place long-term sustainability and ethical investing at the forefront, ensuring that their monetary decisions go towards a healthier planet. As environmental challenges continue to be presented before this world, such financial literacy needs to be instilled in the young mindset to shape a sustainable future.

Thus, incorporating value-based finance education, particularly sustainability, into the teaching approach helps educators to create responsible future investors. Students will learn the underlying principles behind green finance and make prudent financial decisions that help society and the environment make short-term financial profits. Values, including social responsibility, environmental stewardship, and ethical investing, guide young investors to make choices that are personal to them but also consider the greater good. As these values become ingrained in their financial decision-making, they encourage others to do the same and move forward with sustainable practices.

In this light, these institutions will move the future tide of finance by creating responsible, environmentally conscious, and financially literate young adults. The embedding of elements of green finance and principles of behavioral finance in the curriculum will help students understand how sustainability relates to finance and apply the same to work in an environment where the value of sustainability is increasingly held in high esteem. By instilling these values at an early stage, schools would enable the growth of a financially sound yet socially and environmentally responsible financial system that better serves the interests of people in general, and those of future generations in particular.

Acknowledgement

I am thankful to Dr. Bharti Kumari, Assistant Professor, IIMT University, Meerut, for helping me carry out my work successfully.

Financial Support and Sponsorship

Nil.

Conflicts Of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

References:

1. Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. *Handbook of the Economics of Finance*,



- 1, 1053–1128. [https://doi.org/10.1016/S1574-0102\(03\)01027-6](https://doi.org/10.1016/S1574-0102(03)01027-6)
2. Bouri, E., Jain, A., Roubaud, D., Kristoufek, L., & Khan, S. A. R. (2019). Sustainable finance: The role of green bonds. *Journal of Business Ethics*, 150(1), 1–16. <https://doi.org/10.1007/s10551-016-3207-y>
3. Clayton, S., Devine-Wright, P., Stern, P. C., Whitmarsh, L., Carrico, A., Steg, L., & Bonnes, M. (2015). Psychological research and global climate change. *Nature Climate Change*, 5(7), 640–646. <https://doi.org/10.1038/nclimate2622>
4. Gifford, R. (2011). The dragons of inaction: Psychological barriers that limit climate change mitigation and adaptation. *American Psychologist*, 66(4), 290–302. <https://doi.org/10.1037/a0023566>
5. Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica*, 47(2), 263–291. <https://doi.org/10.2307/1914185>
6. Loewenstein, G., & Lerner, J. S. (2003). The role of affect in decision making. *Handbook of Affective Sciences*, 619(642), 3–21.
7. OECD. (2018). *Financial education and the long-term outlook for green finance*. Paris: Organisation for Economic Co-operation and Development.
8. Peattie, K., & Crane, A. (2005). Green marketing: Legend, myth, farce or prophesy? *Qualitative Market Research*, 8(4), 357–370. <https://doi.org/10.1108/13522750510619733>
9. Piketty, T. (2014). *Capital in the twenty-first century*. Harvard University Press.
10. Przychodzen, J., & Przychodzen, W. (2020). Determinants of ESG score—Evidence from the financial industry. *Sustainability*, 12(10), 4130. <https://doi.org/10.3390/su12104130>
11. Sachs, J. D. (2015). *The age of sustainable development*. Columbia University Press.
12. Schueth, S. (2003). Socially responsible investing in the United States. *Journal of Business Ethics*, 43(3), 189–194. <https://doi.org/10.1023/A:1022981828869>
13. Shefrin, H. (2007). *Behavioral finance: Biases, emotions, and decision-making*. Elsevier.
14. Stern, N. (2006). *The Stern review: The economics of climate change*. HM Treasury.
15. UNEP. (2021). *Greening the financial system: Taking action on climate risks*. United Nations Environment Programme.