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Adoption of Green Finance in Nepal: Perspectives from Employees in Commercial Banks

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ABSTRACT

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Green finance has developed as an emerging concept to enhance sustainable development through environmentally responsible financial activities. Despite increasing regulations and development of green finance facilities in Nepalese commercial banks, little evidence is provided on what factors influence employees' use of green finance in Nepalese commercial banks. This study intends to identify determinants of adopting green finance

in Nepalese commercial banks based on green finance awareness, bank level initiative, regulatory framework and behavioral intention. The research uses quantitative approach with descriptive and explanatory survey design. A structured questionnaire was distributed among 160 employees working in 20 commercial banks at Pokhara Valley. Data analysis was done using descriptive statistics, correlation analysis and multiple regression analysis. The findings of this study shows that green finance awareness, initiatives taken by banks, regulatory framework and behavioral intention have a strong positive correlation with green finance adoption. Bank initiatives are the best predictor followed by green finance awareness while regulation and behavioral intention also have significant positive relationship. However, lack

of employee training and awareness on green finance are reported to be the challenges faced by the employees. Thus, providing employee-based evidence for determining the factors of adoption of green finance in Nepal, the paper provides some insights in the growing literature of sustainable banking and practical implications for policymakers and banking institutions. Thus the study highlight that increasing employee's awareness and expanding institutions initiative, strengthening the regulatory provisions and fostering positive behavioral intention can increase the adoption of green finance practices in Nepalese commercial banks.

Keywords: Behavioral Intention, Commercial Banks, Green Finance, Regulatory Framework, Sustainable Development

INTRODUCTION

Environmental problems like climate change, environmental deterioration and consumption of natural resources have gradually become a major focus at the world level. This consequently emphasizes the role and importance of sustainable development. From a financial perspective, green finance is a significant financial instrument to contribute to an environment-friendly sustainable economy. The definition of green finance is extensive, including all financial products, services or investments associated with environmental protection, resource conservation and efficiency, renewable energy, and emission reduction. At the world level, the importance of green finance has greatly increased since the adoption of Paris Agreement and SDGs in 2015, which affirm the critical contribution of finance system to environmental sustainability (Chen et al., 2022).

In the light of these global trends, financial institutions have started to consider environmental aspects in loan, investment and risk management decisions. Various types of green financial products, such as green bonds, green loans, carbon trading mechanisms, and green banking have been launched in both developed countries and emerging countries. Existing research suggests that adoption of environmental management systems and sustainable finance mechanisms could result in improved risk assessment practices and a reduced risk of investing in environmentally harmful activities (Bihari & Pandey, 2015). However, adoption of green finance practices is still not balanced across different countries. For example, countries such as China and India have achieved a significant development of renewable energy finance and promotion of green investment, while a large proportion of developing countries lag far behind in adoption of green finance practices (Wang et al., 2024).

In the literature, the factors of green finance adoption can be stated as; commitment of the organization, policy and support from regulation authorities, incentive mechanism and employee's awareness of Green Finance and technological capabilities. However, results remain inconsistent; Some argue that government regulation and policies were driving force for green finance adoption; Others claim that organizational efforts and employee commitment play important role in promoting green finance adoption (Ma & Chang, 2023). Those differing opinions show uncertainty regarding the level of importance of these factors, particularly in developing country where organization's capability, technical expertise and awareness of green finance is not sufficient enough compared to developed countries, hence further empirical investigation is necessary to identify the key determinants factors of green finance adoption.

In promoting green finance, banks can play a vital role, since they are financial intermediaries to channeling finance to green investment and projects. They gradually shift away from its traditional sole objective of seeking profit-orientation, to sustainable banking, which take into account economic, social and environmental dimensions in banks' operation and decision making process (Risal & Joshi, 2018). Sustainable banking development is not homogenous across countries. The developing countries' institutions often face with obstacles such as: the lack of appropriate regulatory framework, insufficient institutional capabilities, lack of expertise and technology and limited awareness level of various stakeholders.

Green finance has increasingly been advocated in Nepal since environmental protection and sustainable development are considered important in national policy of Nepal and Sustainable Development Goals Status and Roadmap (2016-2030) shows the importance of sustainability in country. In the same way, Nepal Rastra Bank also proposed ESRM guidelines to promote sustainable banking behavior. However, practices of green finance at Nepalese commercial banks is in nascent stage as several hindrances like weak knowledge, institutional weaknesses, low market demands and lack of adequate regulation and incentives have been identified by previous authors (Mishra & Aithal, 2022; Yang, 2023).

Previous studies focused on green finance in terms of policy, institution, and customers, and neglected the perspectives of bank employees' adoption. Employees are crucial to bank because they are the primary actors who implement the banks' policy, provides banking services, communicates with the customer and translates the organization sustainability target to implementation. From the perspective of organizational behavior and adoption of innovation, employee's perceptions, awareness and intentions play very important roles in

determining success of implementation of green finance adoption. Yet, the empirical work on these perceptions within Nepalese banking is still lacking.

This paper endeavors to bridge this gap by exploring the antecedents to green finance adoption from the employee's point of view in Nepalese commercial banks. The paper analyzes the impact of awareness of green finance, banks initiative for green finance, regulatory framework and behavioral intention toward green finance. Analyzing the employees as an organizational agent to bring about changes in the institution can make a significant contribution toward growing literature on green banking in a developing country, thereby making an impact on policy maker, regulators, banking sector to enhance adoption of green finance in Nepal.

LITERATURE REVIEW

The Theory of Planned Behavior (TPB) provides a sound theoretical basis for investigating the adoption of green finance in the banking sector. TPB explains individual intentions which are formed by attitudes, subjective norms and perceived behavioral control and which influence behavior. Individual employees' awareness, support from their organizations, the regulatory context and behavioral intention determine their behavior towards green finance among employees in banks. Chen et al. (2023) applied TPB to study banks employees' participation in green finance, and found that, on one hand, a favorable attitude toward green finance, supportive social norms and greater perceived behavioral control promote employees' intention to adopt green finance; and on the other hand, awareness and favorable corporate culture enhance the engagement of bank employees in green finance, whereas lack of adequate training and knowledge about green finance, and the costs of the implementation of green finance impede it. Similarly, Vineela and Prakash (2022) showed that bank employees with a high level of awareness toward green finance issues are positively correlated with their involvement in sustainable activities related to banking while management support and effective communication stimulate employee's engagement while lack of awareness and regulation restrict their actions toward green finance implementation. The studies show that there is an important link between awareness and organization's support toward employee's willingness on green finance adoption; however, their results are gathered from various institution's environments, therefore are difficult to generalize in a developing country like Nepal.

Literature points to how organizations and policies contribute to sustainable banking practice as well. According to Shafique & Majeed (2020), the role of policy guidelines, central

bank rules & regulations, attitude and top management involvement significantly affect the intention of bankers towards adoption of green banking practice in Pakistan. Likewise, Mishra & Aithal (2022) also cited the significance of ESRM Guidelines introduced by Nepal Rastra Bank to motivate the undertaking of green finance practices and development of Nepal toward sustainable goal. Bhandari et al. (2024) concluded that Nepalese commercial banks have achieved good status regarding environmental and social risk management policy establishment and employee training program; however, not all banks have implemented green finance practices efficiently under favorable conditions indicating that regulations are not always the most significant factors. Similarly, Chapagain and Rana (2025) proved that government policy, stakeholder pressure, green employee training and green products have positive impacts on bank performance while green investment has a negative impact due to implementation problems. These findings show that regulatory support and organizational initiatives are necessary but may require complementary factors such as employee awareness and behavioral commitment to achieve effective green finance adoption.

Empirical studies on green finance have more extensively focused on policy, institutional, and performance outcomes of green finance implementation in Nepal. Mishra (2023) revealed that brand image, financial incentives, government policy and environment interest have the major influence on green banking behavior of commercial banks in Nepal. Thapa and Dhakal (2025) observed that green banking and green finance have both environment and financial performance effects, while they insisted customer-related, employee-related and policy-related practice plays a vital role in both factors. Similarly, Bista and Bishwakarma (2026) showed green finance plays a significant role in environment sustainability by enabling the greater investment in renewable energy, which will promote Nepal toward the long term sustainability vision. Compared to these empirical researches focusing on policy outcomes, performance outcomes of green finance implementation and sustainable outcome of green finance, the studies on employees' perspectives toward green finance have not received that much attention, though employees are expected to take the responsibility to implement the policy, contact customers and translate corporate sustainability objectives into their daily works.

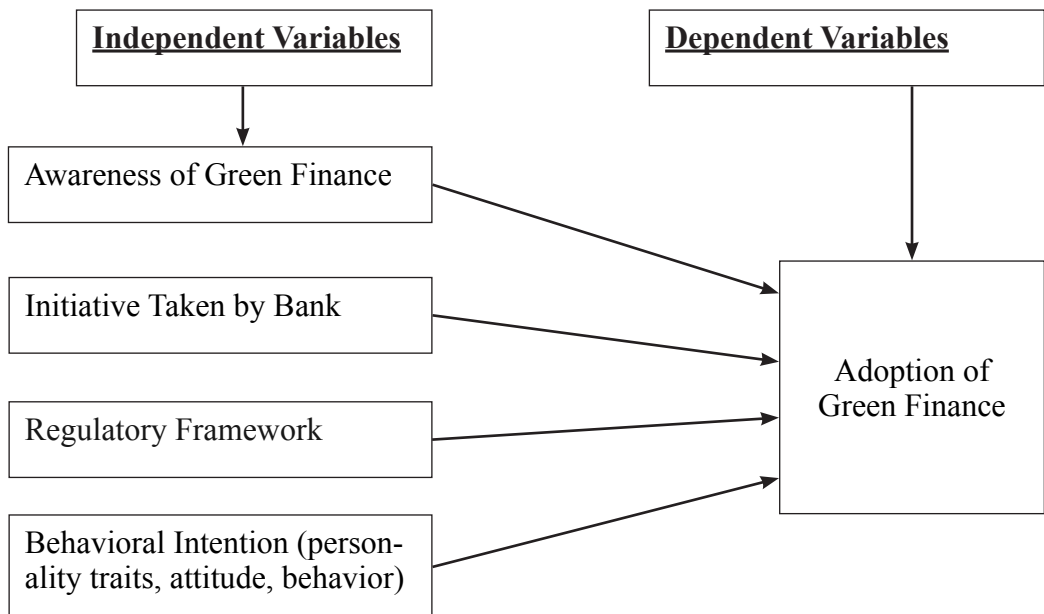
A critical review of the literature reveals several gaps. The first gap is the existence of separate literature on awareness, initiative of organizations, regulatory framework, behavioral factors of green finance which do not yet integrate under a single theoretical framework. Secondly, there is insufficient empirical data from developing countries like Nepal, and when

found it is isolated and dispersed. Thirdly, although employees play an important role in the implementation of green finance, more attention is paid to the perspectives of policy and institutions, than that of the employees of banks. Similarly, research has presented contradicting evidence on relative importance of awareness, institutional support and regulatory factors on the adoption of green finance. Hence, an examination is needed to study awareness of green finance, initiatives of banks, regulation of the country, and behavioral intentions simultaneously considering the perspectives of bank employees. The present study is trying to fill the research gap by applying theory of planned behavior to explore the factors determining adoption of green finance among commercial banks' employees in Nepal and providing empirical findings for successful implementation of green finance in Nepal.

Using the literature review, a conceptual framework for the study 'Adoption of green finance in Nepal: perspectives from employees in commercial banks' has been constructed considering variables: Awareness of green finance, initiatives taken by banks, regulatory framework and behavioral intention for adoption of green finance.

Figure 1

Conceptual Framework



RESEARCH METHODOLOGY

The study focuses on the adoption of green finance by employees of commercial banks in Nepal. The study utilized a combination of descriptive and causal-comparative research designs. The descriptive design was used in this study in order to provide the current state on employee's awareness level of green finance, initiatives taken by banks, regulatory framework, behavioral intention and adoption level of green finance by the employees of commercial banks in Nepal. Similarly, the causal-comparative design was used in the study to test the effects of awareness on green finance, initiatives taken by banks, regulatory framework and behavioral intention on adoption of green finance. Selected research designs were appropriate with objectives and hypotheses of the study as in this study the relationships and predictive power of variables among each other were tested by utilizing Pearson correlation and regression analysis.

The research respondents included employees of commercial bank branches operating within Pokhara valley. Employees working in commercial banks operating within Pokhara valley were deemed to be suitable because the respondents involved had direct experience and knowledge of banking operations and products and services within the banking sector.

The data was collected from 160 employees from 20 commercial banks at Pokhara Valley through purposive sampling using a structured questionnaire. Purposive sampling was employed because the study required responses from individuals who possessed adequate knowledge and experience regarding banking operations and green finance-related practices. Employees directly involved in banking activities were selected to ensure the collection of relevant and reliable information. It was recognized that although purposive sampling might not allow the study's results to be generalized to all banking employees (as it is not a probability technique), it was chosen because relevant data could be obtained from well-informed respondents by selecting them based on the nature of their job related to the research study.

For the collection of data, a structured questionnaire consisting of the details of personal profile and Likert-scale questions on awareness of green finance, initiatives taken by banks, regulatory framework, behavioral intention and adoption of green finance by employees of commercial bank. Questionnaire was designed on five-point Likert-scale ranging from 1 (strongly disagree) to 5 (strongly agree).

To examine the strength and direction of relationships among the study variables Pearson correlation analysis was used. Multiple regression analysis was used to assess the extent to which awareness of green finance, initiatives taken by banks, regulatory framework,

and behavioral intention influence the adoption of green finance. These statistical techniques were selected because the study sought to investigate both the association and predictive effects among variables specified in the conceptual framework.

The questionnaire was developed based on an extensive review of previous literature related to green finance adoption, awareness, regulatory framework, behavioral intention, and bank initiatives. Before the final survey, the instrument was reviewed by academic experts to ensure content validity and clarity of the items. As a preliminary study, a pilot test was administered to 15 respondents in order to investigate the possible problems or confusing items, and refine the questionnaire. Test of Cronbach's alpha was done to do Reliability test on each construct. The values of Cronbach's alpha are 0.721 to 0.854 which are acceptable as above s they are above 0.70.

RESULTS AND DISCUSSION

The study surveyed commercial bank employees in Pokhara Metropolitan City using an online structured questionnaire. It included demographic details, Likert-scale items to gather employees' perspectives on the adoption of green finance in Nepal, and their levels of agreement or disagreement with related statements.

Socio-Demographic Profile

Socio demographic profile includes the gender, age, education level, experience level in years and designation of respondents. The percentage distribution of socio-demographic profile of respondents can be seen in Table 1.

Table 1

Demographic Information

Variables	Group	Frequency	Percentage
Gender	Male	72	45.0
	Female	88	55.0
Age	Below 25	18	11.3
	25 to 35 years	108	67.5
	36 to 45 years	32	20.0
	Above 45 years	2	1.3
Academic Qualification	Intermediate degree	7	4.4
	Bachelor's degree	52	32.5
	Master's degree	101	63.1

Working Years	Less than 1 year	16	10.0
	1-5 years	61	38.1
	6-10 years	63	39.4
	More than 10 years	20	12.5
Position in Bank	Trainee Assistant	14	8.8
	Junior Assistant	28	17.5
	Assistant	42	26.3
	Senior Assistant	38	23.8
	Management Trainee	2	1.3
	Officer	7	4.4
	Assistant Manager	1	.6
	Manager	27	16.9
	Senior Manager	1	.6

Table1 shows the background characteristics of the respondents. From the table given above, we can see that 55% are female and 45% are male employees. This shows there is little higher presence of females in Nepalese commercial banks. Regarding their age, the large share of respondents is between the age group of 25 to 35 that constitute 67.5% of total samples. It shows that the young and earlier phase workers comprise majority of employees in Nepalese commercial banks. About 20% of the respondents were within the age group of 36 to 45 and 1.3% are above the age of 45. The academic qualification of respondents is higher, that is 63.1% holds master's degree followed by bachelor's degree which constitutes 32.5% and few are having intermediate education. This shows that commercial banks in Nepal employ academically qualified human resources who are capable of understanding modern financial and environmental concepts. The data on working experience reveals that 39.4 percent of respondents had 6 to 10 years of experience, while 38.1 percent had 1 to 5 years of experience. This indicates that most employees possess moderate professional experience in the banking sector. Employees with such experience are likely to have practical knowledge about banking operations and policy implementation, including green finance initiatives. In addition, 12.5 percent of respondents had more than 10 years of working experience, showing the presence of experienced professionals in the study. On the other hand, 10 percent had less than one year of experience, representing newly recruited employees in commercial banks. The respondents were also categorized according to their position in the bank. The largest group consisted of assistants, representing 26.3 percent of the respondents, followed by senior assistants at 23.8 percent and junior assistants at 17.5 percent. This indicates that most participants were from operational and mid-level positions within the banking sector. Managers accounted for 16.9

percent of the respondents. A smaller proportion of respondents were trainee assistants, officers, management trainees, assistant managers, and senior managers. Although their numbers were limited, their inclusion helped to capture views from different organizational levels. This improves the overall understanding of employee perspectives toward green finance adoption in Nepalese commercial banks.

Table 2

Responses on the statement received any training or attended workshops on the green finance

Received any training or attended workshops on the green finance	Frequency	Percent
Yes	72	45.0
No	88	55.0
Total	160	100.0

According to Table 2, out of total 160 employees, 45 percent have participated or received the training or attended the workshop on Green Finance. Likewise, 55 percent have not participated on any kinds of trainings or workshops on green finance. This proves that there are still more than 50 percent employees who have no formal experience on green finance training or awareness. This training gap may partially explain variations in awareness and adoption levels observed in the study. Thus it is suggested that commercial banks in Nepal are required to offer more training programs for better awareness and involvement on green finance on the employees.

Table 3

Responses on the statement bank currently offer green financial products or services?

Bank currently offer green financial products or services	Frequency	Percent
Yes	91	56.9
NO	36	22.5
Not Sure	33	20.6
Total	160	100.0

The survey results showed in the Table 3 indicate that 56.9% of the respondents' bank are currently providing green financial products or services. While 22.5% indicated that their banks do not provide green financial products or services. 20.6% respondents were not sure about whether their bank provides green financial products or services or not. This suggest that a considerable proportion of commercial banks in Nepal are gradually adopting green financing initiatives, yet there is less awareness about the existence of green financial products or services on the part of employees of these banks. Employees who are not aware of existing

green products may be less capable of promoting them to customers, potentially limiting adoption efforts. Given that behavioral intention demonstrated a significant positive effect on adoption, improving internal communication and employee awareness could strengthen both employee engagement and organizational commitment toward green finance.

Table 4

Reliability test through Coefficient of Cronbach's alpha

Variables	Number of Statements	Cronbach's alpha
Awareness of Green Finance	6	0.854
Initiatives Taken by Bank	5	0.835
Regulatory Framework	5	0.721
Behavioral Intention	5	0.838
Adoption of Green Finance	6	0.815

The Table 4 shows reliability of all variables by Cronbach's alpha. The values for Cronbach's alpha of all variables are greater than 0.70, this reveals that the questionnaire items are reliable and internally consistent. Among all the variables, the reliability of Awareness of Green Finance is the highest (0.854), followed by Behavioral Intention (0.838) and Initiatives Taken by Bank (0.835). Likewise, the values for reliability of Adoption of Green Finance and Regulatory Framework are (0.815) and (0.721) respectively which are also acceptable. Here, the regulatory framework has got the lowest Cronbach's alpha value. Although this value exceeds the recommended threshold of 0.70, it suggests relatively lower consistency compared to other constructs. This may reflect the complexity of respondents' perceptions regarding regulatory support and policy effectiveness.

Table 5

Descriptive Statistics

Variables	Average Mean Score
Awareness of Green Finance	3.5385
Initiatives Taken by Bank	3.5713
Regulatory Framework	3.2575
Behavioral Intention	4.0838
Adoption of Green Finance	3.6177

Table 5 shows the average mean scores for each major variable used in the research. Of all variables, the mean score for Behavioral Intention is highest (4.0838), suggesting that employees possess an extremely high positive intention towards the adoption of green finance in commercial banks. Likewise, the mean scores for Adoption of Green Finance (3.6177), Initiatives Taken by Bank (3.5713) and Awareness of Green Finance (3.5385) are all greater

than average, demonstrating that the respondents were very optimistic about the perception of these variables. Conversely, the Regulatory Framework variable shows the lowest mean score (3.2575) in contrast to all the other variables used in this research. This reflects that the respondents are relatively dissatisfied with the current governmental policies and regulatory instructions towards green finance in Nepal.

A comparison between Behavioral Intention and Adoption of Green Finance provides additional insight into the implementation of green finance practices. Although employees demonstrate a high level of intention to support green finance, the actual adoption level is comparatively lower. This gap suggests that positive attitudes alone may not be sufficient to ensure effective implementation. Factors such as limited institutional support, inadequate regulatory incentives, resource constraints, and operational challenges may hinder the translation of positive intentions into actual green finance practices. The relatively lower perception of the regulatory framework further supports this argument, implying that stronger policy support and clearer regulatory guidance may be necessary to facilitate the successful adoption of green finance within Nepalese commercial banks.

Table 6

Pearson Correlation Analysis

Variables	Awareness of Green Finance	Initiatives taken by Bank	Regulatory Framework	Behavioral Intention	Adoption of Green Finance
Awareness of Green Finance	1				
Initiatives taken by Bank	.737**	1			
Regulatory Framework	.249**	.205**	1		
Behavioral Intention	.510**	.491**	.284**	1	
Adoption of Green Finance	.672**	.673**	.337**	.514**	1

** . Correlation is significant at the 0.01 level.

The results of Pearson Correlation between variables in the study is given in Table 6. It demonstrates that awareness on green finance, initiative taken by bank, regulatory framework, behavior intention has a positive and significant correlation with Adoption of Green Finance

with the probability level of 0.01. That means when the variables mentioned above increased, it is in line with the adoption of green finance in the commercial banks. With regard to the relation between each independent variable with the adoption of green finance: Bank Initiative Taken by Bank exhibits the highest correlation to Adoption of Green Finance ($r = 0.673$), then followed by awareness on green finance ($r = 0.672$). Both variables can be argued that it played a dominant role in encouraging the adoption of green finance within bank. It has also demonstrated a moderate correlation between behavior intention and the adoption of green finance ($r = 0.514$), it shows the more positive intention of the employees, it means the adoption of green finance is more positive. The correlation between regulatory framework and adoption of green finance is moderate to low positive correlation ($r = 0.337$). This implies that policy implemented have less to do in influencing adoption green finance compared with awareness, bank initiatives taken by bank, and behavioral intention. Furthermore, it is noticeable that the independent variables correlation among each other is well below multi collinearity threshold, so no serious multi collinearity is present.

Table 7

Regression Analysis

Model	Coefficients ^a					Collinearity	
	Unstandardized		Standardized	t	Sig.	Statistics	
	Std. Error	Beta				Coefficients	Tolerance
1 (Constant)	.386	.266		1.451	.149		
Awareness of Green Finance	.276	.073	.306	3.751	.000	.423	2.363
Initiatives taken by Bank	.324	.075	.345	4.308	.000	.439	2.279
Regulatory Framework	.137	.051	.149	2.669	.008	.905	1.105
Behavioral Intention	.159	.070	.146	2.272	.024	.686	1.457
Model Statistics							
	R	R Square	Adjusted R Square	F	Sig.		
	.750 ^a	.563	.552	49.940	.000 ^b		

Dependent Variable: Adoption of Green Finance

The summary in table 7 provides an overview of the regression model developed in order to find out whether Awareness of Green Finance, Initiatives Taken by Bank, Regulatory Framework and Behavioral Intention impact the adoption of green finance in Nepalese commercial banks. From the coefficient table, it is evident that all the independent variables affect adoption of green finance positively and significantly. Awareness of Green Finance significantly affect the adoption of green finance with a beta value of 0.306 ($p < 0.05$). This means that higher awareness significantly leads to adoption of green finance in commercial banks. Initiatives Taken by Bank is the strongest independent variable as highest standardized beta value is of 0.345 ($p < 0.05$), so they have positive and significant relation on adoption of green finance. This means that with the introduction of green finance related policy, programs or other environmentally friendly activities through initiative by banks they lead towards the adoption of green finance. The Regulatory Framework significantly affects adoption of green finance with a beta value of 0.149 ($p < 0.05$) with positive relation indicating that supportive rules, regulations and government policies guide the adoption of green finance in commercial banks. The Behavioral Intention has a positive and significant relation to adoption of green finance, with beta value 0.146 ($p < 0.05$). Thus, if employees have positive attitude toward green activities they have high willingness towards adoption of green finance in the banks.

The regression results indicate a strong positive relationship between the independent variables and the adoption of green finance ($R = 0.750$). The R^2 value of 0.563 shows that 56.3 percent of the variation in green finance adoption is explained by awareness of green finance, initiatives taken by banks, regulatory framework, and behavioral intention. The adjusted R^2 value of 0.552 further confirms the good explanatory power of the model.

Furthermore, the table shows that the overall regression model is statistically significant ($F = 49.940$, $p < 0.001$), indicating that the selected independent variables jointly influence the adoption of green finance. In addition, all tolerance values are above 0.10 and VIF values are below 10, confirming the absence of multi collinearity among the variables.

Although the model explains a substantial proportion of the variation in green finance adoption, 43.7 percent remains unexplained, suggesting that other factors such as organizational culture, leadership support, and technological readiness may also play a role. The findings support the Theory of Planned Behavior, indicating that both individual factors and organizational conditions contribute significantly to the adoption of green finance in Nepalese commercial banks.

DISCUSSION

Based on the empirical findings it has been confirmed that green finance awareness, initiatives taken by banks, regulatory framework and behavioral intention affect green finance adoption in Nepalese commercial banks. With regard to the Theory of Planned Behavior (TPB), behavioral intention (attitude towards sustainability), perceived behavioral control (confidence and capability of the employees), and subjective norm (organizational and institutional expectations) contribute to the adoption of green finance. While banking efforts had a greater impact than the individual level factors; this study found that in the case of the Nepalese banking sector, adoption is more driven by institutions rather than the behavior of individuals because employees are dependent on the organizations for decisions and instructions. Banking efforts such as organizational environmental policies, commitment by top management, institution support programs, environmental operations instructions; found to be the dominant contributor that can make the environment sustainability goals become a reality. This has supported by Chen et al. (2022) who found that institutional support, training, and cultural enforcement can significantly improve employee behavior toward green finance adoption while this research adds that institutional effort can exceed individual factors in developing banking system such as Nepal. This shows the positive impact of green finance awareness on employees' adoption toward the concept. The findings are consistent with that of Vineela and Prakash (2022) who reported that awareness enhances employee engagement in green banking activities, although the comparatively weaker effect in this study suggests that awareness alone is insufficient without organizational reinforcement.

The regulatory framework also exhibited a moderate yet positive impact on adoption, reinforcing the assertions of Mishra and Aithal (2022), who underscored the need for environmental and social risk management (ESRM) guidelines by Nepal Rastra Bank to facilitate sustainable finance. However, the results indicate that the efficiency of regulations in Nepal is restricted by implementation difficulties, deficient enforcement mechanisms and lack of institutional capacity so that existence of the policy cannot guarantee application if no internal banking system in place to implement them. Behavioral intention was also found to be influential for the adoption of green finance, thus confirming the TPB and the study by Shafique and Majeed (2020), who underscored the impact of attitudes, policy direction and managerial encouragement on the intentions of bankers to practice green banking. Nevertheless, it is observed in this study that the intention behavior gap may exist; i.e. Positive behavioral

intention does not always translate into the actual application because of external constraints such as limited training and organizational dependency.

From the findings of this study it can be concluded that most of the employees have neither enough training nor sufficient knowledge on green finance. So they are not capable to implement sustainability practices effectively. This is similar to Chen et al. (2023) and Vineela and Prakash (2022) who has also mentioned training and knowledge as one of the important constraints, but for the case of Nepal it reflects the institutional weakness like inadequacy of capacity building programs and low priority on developing skill on sustainability, hence this is associated with the organizational attributes rather than behavioral ones as per study of Nepalese commercial banks. Overall, the study concludes that green finance adoption in Nepalese commercial banks is primarily driven by organizational mechanisms rather than individual behavioral factors, highlighting the dominant role of banking efforts in shaping sustainability outcomes.

At theoretical level this paper builds on TPB to demonstrate that in developing economies, institutional structures and regulatory environments can exert stronger influence than individual cognition alone. It suggests that strengthening internal banking system, improving regulatory enforcement, and investing in structured training system for employees are essential for accelerating green finance adoption. It can accelerate green finance practices in emerging economies. However, this study has limitations as it is a cross-section design, focus on a single geographic area which could limited generalizability and suggests that future research need to adopt the longitudinal study design, compare with different regions and find other mediating factors such as organizational culture, technological capabilities to enrich understanding of sustainable banking behavior.

CONCLUSION

From this study, it is concluded that all the independent variables, i.e. Awareness on green finance, initiatives taken by banks, regulatory framework and behavioral intention impact significantly in adoption of green finance practices in Nepalese commercial banks. Bank's initiative and employee awareness on green finance have strongest impacts, so this study emphasizes on importance of organizational commitment and employees' knowledge in the implementation of green finance practices.

The results of the study added to the existing literature on green finance by providing evidence from the perspective of bank employees in Nepal. The study suggests that regulators

should strengthen green finance policies, while banks should focus on employee training, awareness programs, and internal initiatives to support effective implementation of green finance practices. These efforts can enhance the banking sector's contribution to environmental sustainability and sustainable development goals.

This study is focused on selected commercial banks located in Pokhara Valley. Therefore, the result of this study may not be considered as representative for all the banks of Nepal. There is scope for future study to investigate on other variable such as organizational culture, leadership commitment, technological readiness and effect of green finance on financial and environmental performance.

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