

# Framework for Sustainable Investment Decision Making: Integrating Cognitive Biases and Behavioural Intervention

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## ABSTRACT

In recent years, sustainable investment and scholarly interest in it have grown significantly. However, individual investors' decision-making remains underexplored, particularly regarding the effects of cognitive and emotional biases on their choices. While behavioural finance has extensively documented biases in traditional investing and nudge interventions have been studied as tools to counter them, these two literatures have largely developed in isolation with respect to sustainable investment. This paper addresses that gap through a systematic literature review, following the PRISMA protocol, of 32 empirical studies selected from an initial pool of 951 studies retrieved from Scopus and Web of Science. The review identifies thirteen distinct biases affecting sustainable investment decisions. These biases are then grouped into four categories: heuristic-driven, self-referential, socially-driven, and moral and temporal biases. Further, based on the findings, the paper proposes a three-tier framework linking investor psychology (antecedents), biased judgment (distortion), and decision outcomes, and maps each bias category to a nudge intervention to mitigate it. This study provides insights for regulators and financial professionals for increasing sustainable investment by individual investors, and provides points for future cause-and-effect studies in biases and the sustainable investment domain.

**Keywords:** Sustainable Investment; Behavioural Finance; Cognitive Bias; ESG; Retail Investors; Nudging; Choice Architecture; Sustainable-Finance Literacy.

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## INTRODUCTION

Sustainable investment has transformed from a niche investment strategy to a mainstream approach in the global capital market. The market value of investment assets reporting the use of a responsible and sustainable investment approach has increased to 16.7 trillion USD over the last two years, representing growth of 49% (Global Sustainable Investment

Alliance & Alexander, 2024). In addition to this, the interest of individual investors in sustainable investment is also increasing, with 92% of individual investors reporting their positive interest in sustainable investment (MORGAN STANLEY INSTITUTE FOR SUSTAINABLE INVESTING, 2026) (historically, the growth mainly came from institutional investors). As individual investors' interest deepens, it becomes urgent to understand how they make sustainable investment decisions.

Traditional finance theories assume that investors are rational and they cautiously weigh their investment decisions to maximise their profits (Kamoune & Ibenrissoul, 2022). However, various past studies have shown that investors often deviate from rationality due to their reliance on mental shortcuts, psychological and emotional biases, limited cognitive capacity, and bounded rationality. Among these obstacles to rationality, cognitive (emotional) biases remain the most studied and researched in the literature. A recent systematic literature review confirms that biases in investing are empirically tested and well-established, with various biases identified and documented across decades of research conducted in both developed and developing economies.

Sustainable investment introduces new layers of complexity to an already complex and difficult investment decision-making process because of its dual-purpose nature, promoting both financial and non-financial returns to society. These complexities can lead to psychological effects that differ from biases documented in studies on traditional investing. Despite this, the literature examining and synthesising the biases that affect sustainable investment decisions remains limited and fragmented. Existing literature on biases affecting sustainable investment is comprehensive and well-documented, but it has largely ignored sustainable investment decision-making. On the other hand, the literature review on sustainable investment has focused on past performance, ESG ratings and measurement, investor behaviour and motivation, and the barriers faced. As a result, these two bodies of literature have largely evolved in parallel, with few studies examining how cognitive and emotional biases affect sustainable investment decision-making and how their effects on the individual decision-making process can be mitigated.

Behavioural finance suggests using nudges to reduce the effect of cognitive and emotional biases on individuals' decision-making process. Nudges are small, low-cost, and avoidable changes in choice architecture that can predictably influence individuals' choices and decisions in a desired manner. Past research has shown how nudges can be used to reduce the effects of some biases. In the context of sustainable investment, Gajewski et al. (2022) have shown how nudges can be utilised to promote Sustainable investment adoption by reducing the attitude-behaviour gap and overcoming cognitive barriers, that steer retail investors away from ethical portfolios. A synthesis of nudges to reduce biases affecting sustainable investment decisions is missing from the literature.

To address these gaps, the present study aims to conduct a systematic review to synthesize the literature on cognitive biases affecting investors' sustainable investment decisions

and the nudges intervention proposed to mitigate them. Specifically, this study aims to address the following research questions:

1. What biases have been identified in the literature that influence individual investors' sustainable investment decision-making?
2. What are the underlying mechanisms that explain how biases operate in the context of sustainable investment decision-making?
3. What nudge interventions have been employed in the literature to reduce the effect of these biases?

This study further aims to propose a framework that explains how biases affect individual investors' sustainable investment decisions and identifies nudge strategies to reduce or counter them.

## METHODOLOGY

To realise the set objectives, this study adopts a Systematic literature review approach. First, SLR provides an easy, reliable, and objective framework for identifying related literature, while reducing bias (Littell, 2006; Tm et al., 2021). Second, it helps identify critical gaps in the literature (Tm et al., 2021). This study employs the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) protocol to ensure transparency, reproducibility, and rigour in the research process.

### Research Question

Formulating clear and well-defined research questions is crucial for conducting a rigorous and meaningful systematic review. In line with the objectives of this study, the following research questions have been developed to guide the review process:

1. What cognitive biases have been identified in the literature as influencing individual investors' sustainable investment decisions?
2. What theoretical mechanisms explain how these biases operate in the context of sustainable investment decision-making?
3. What nudge interventions have been proposed or tested in the literature to mitigate the effect of these biases?

### Developing A Search Strategy

Given the study's objective of bridging the gap between the sustainable investment and cognitive bias literatures, a two-tier sampling structure was adopted. Tier 1, or category 1, comprises studies examining cognitive and emotional biases that affect individual investors' sustainable investment decisions. Tier 2 or category 2 comprises studies examining nudge or choice-architecture interventions in sustainable investing contexts. Studies of category 1 will provide answers to RQ1 and RQ2, and findings from category

2 studies will provide insights to answer RQ3. To develop the search string for the two categories, the PICO framework is employed. The search string development is shown in the Table 1.

**Table 1:** PICO framework

| Dimenssion   | Category 1                             | Category 2                             |
|--------------|----------------------------------------|----------------------------------------|
| Population   | Individual/Retail investors            | Individual/Retail investors            |
| Intervention | Cognitive or Emotional biases          | Nudges                                 |
| Context      | Sustainable/ESG investing setting      | Sustainable/ESG investing setting      |
| Outcome      | Sustainable investment decision-making | Sustainable investment decision-making |

The initial search string incorporated terms related to sustainable investing, cognitive and behavioural biases, and the target population of individual or retail investors:

("sustainable investment\*" OR "ESG investment\*" OR "socially responsible investing" OR "responsible investment\*" OR "green investment\*" OR "impact investing") AND ("cognitive bias\*" OR "behavioral bias\*" OR "behavioural bias\*" OR heuristic\* OR "emotional bias\*" OR "affect heuristic" OR "moral bias\*" OR overconfidence OR "loss aversion" OR herding OR anchoring OR "framing effect\*" OR "mental accounting" OR "belief bias" OR "source preference") AND ("individual investor\*" OR "retail investor\*" OR "private investor\*" OR "non-professional investor\*" OR "household investor\*")

However, the number of studies retrieved using the initial search string was relatively low. Therefore, the population-related search terms were removed to broaden the search and increase the number of potentially relevant studies.

#### **Final search string for category 1**

("sustainable investment\*" OR "ESG investment\*" OR "socially responsible investing" OR "responsible investment\*") AND ("cognitive bias\*" OR "behavioral bias\*" OR "behavioural bias\*" OR "heuristic\*" OR "emotional bias\*" OR "overconfidence" OR "loss aversion" OR "herding" OR "anchoring" OR "framing effect\*")

The final search strategy, therefore, focused on the relationship between sustainable/ESG investing and cognitive or behavioural biases, without restricting the search to a specific investor population.

The initial search string incorporated terms related to sustainable investing, cognitive and behavioural biases, and the target population of individual or retail investors:

("sustainable investment\*" OR "ESG investment\*" OR "socially responsible investing" OR "green investment\*" OR "sustainable finance") AND (nudge\* OR "choice architecture" OR "default option\*" OR "default effect\*" OR "framing intervention\*" OR "social norm\*" OR

"behavioral intervention\*" OR "behavioural intervention\*" OR "libertarian paternalism" OR debiasing OR "simplification intervention\*") AND ("individual investor\*" OR "retail investor\*" OR "investment decision\*" OR "investor behavior\*")

However, the number of studies retrieved using the initial search string was relatively low. Therefore, the population-related search terms were removed to broaden the search and increase the number of potentially relevant studies.

### Final Search String

("sustainable investment\*" OR "ESG investment\*" OR "socially responsible invest\*" OR "sustainable and responsible invest\*" OR "green investment\*" OR "SRI" OR "ESG" OR "sustainable finance") AND ("nudge\*" OR "choice architecture" OR "default option\*" OR "default effect\*" OR "framing" OR "social norm\*" OR "behavioral intervention\*" OR "behavioural intervention\*")

## Screening

Using the above-developed search string in the Scopus database and Web of Science database, 951 papers were retrieved. After applying automatic filters for language, subject area, and document type and removing duplicates, the number of studies was reduced to 515. These 515 studies were screened by title and keywords, after which 143 were retrieved for further screening and selected. These 143 papers were then subjected abstract screening after which 34 studies were selected for full text analysis. However, two studies were not accessible, so 32 studies were selected for the analysis.

## Inclusion Exclusion Criterion

Table 1 presents the inclusion and exclusion criteria used for selecting the studies for further analysis.

**Table 1:** Inclusion-exclusion criterion

| Inclusion criterion                                                                                                                                                                                                                                                                                                                                                            | Exclusion criterion                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Studies in the English language</li> <li>• Empirical studies only</li> <li>• Studies about the effect of nudging or biases affecting sustainable investment decision-making</li> <li>• Studies related to the retail investor, retail investor, or household investor</li> <li>• Indexed/peer-reviewed (Scopus/WoS-listed)</li> </ul> | <ul style="list-style-type: none"> <li>• Studies published in other languages</li> <li>• Studies related to institutional investors</li> <li>• Studies on effect of biases or nudges in traditional investment context</li> <li>• Review paper or conceptual paper</li> </ul> |

## Data extraction and analysis:

This stage involves extracting relevant information from the reviewed papers, analysing it, and systematically reporting the findings. From a full reading of the paper, information on biases affecting sustainable investment, the underlying mechanism, nudges, and their workings was extracted, and the Excel file was prepared. The findings of this review are discussed in the next section, objective-wise. To report the findings, a combination of tables, and descriptions is used. Figure 1 illustrates the study selection process of this SLR using the PRISMA framework.

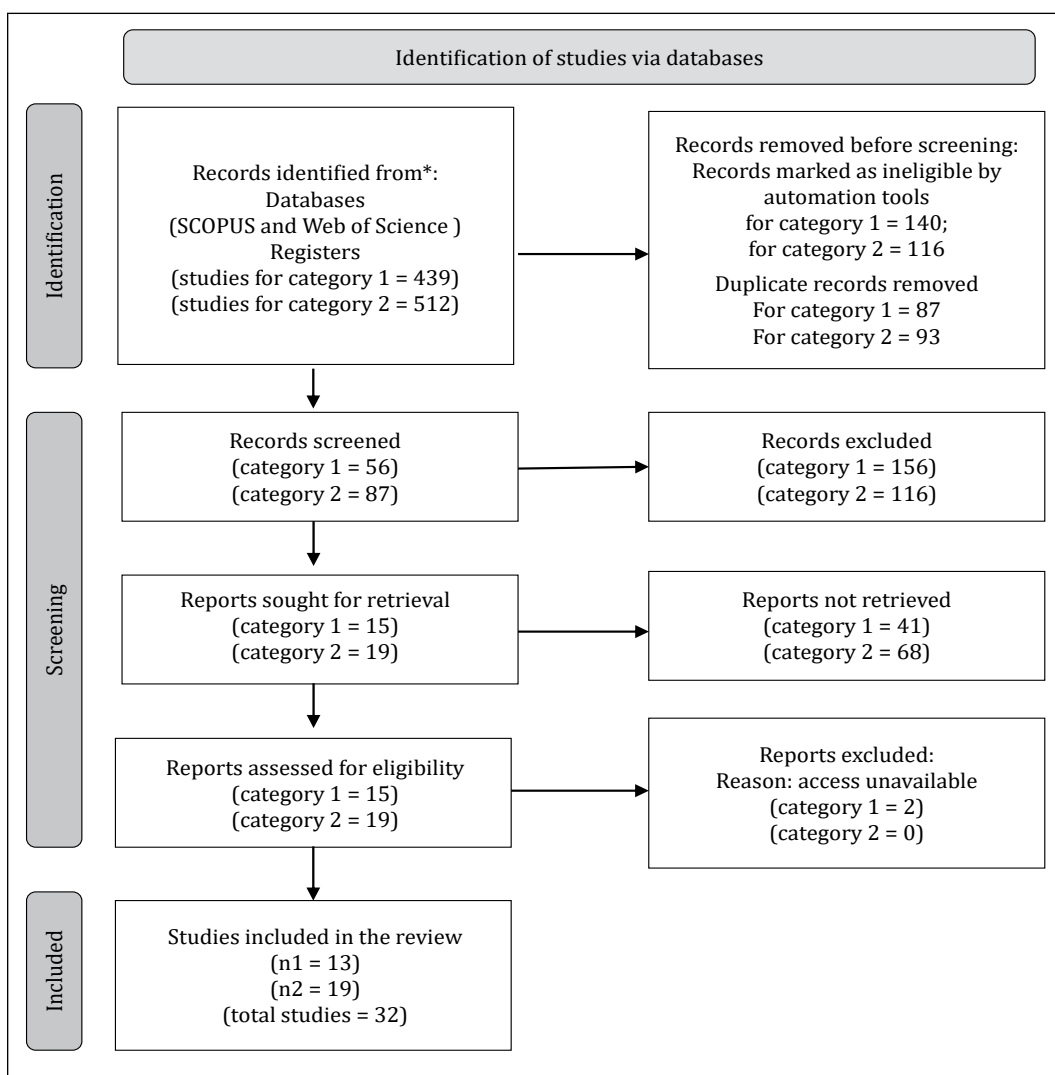


**Fig. 1:** Prisma Flowchart for Screening and Selection of Studies

## ANALYSIS

### Biases and underlying mechanisms

**Table 2:** Cognitive and Emotional Biases Affecting Sustainable Investment Decision-Making

| S.no | Bias                | Definition                                                                                                                             | Mechanism                                                                           | Reference                                                        |
|------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------|
| 1    | Availability bias   | Investors judge the importance or likelihood of an event based on how easily examples can be recalled                                  | Ease of recall distorts likelihood judgment; triggers herding and status-quo shifts | Abhijith et al. (2025); Deka et al. (2023)                       |
| 2    | Overconfidence Bias | Investors overestimate their analytical skills, forecasting abilities, and capacity to manage risk                                     | Inflated self-assessment raises risk tolerance, partially driving adoption          | Abhijith et al. (2025); Deka et al. (2023)                       |
| 3    | Herding bias        | Investors follow the crowd and copy peers or market trends rather than performing their own risk-return analysis and making a decision | Copying peers/market instead of independent analysis lowers risk tolerance          | Abhijith et al. (2025); Bihari et al. (2025); Deka et al. (2023) |
| 4    | Source preference   | Valuing Similar assets differently based solely on whether an investment's source is categorised as ethical, neutral, or sinful.       | Direct emotional utility — "joy" from virtuous stocks, "unease" from sinful ones    | Chew and Li (2026)                                               |
| 5    | Belief Bias         | misjudging a stock's actual likelihood of success because of the morals attached to it                                                 | Karmic Investment Hypothesis — ethical firms are assumed to have better odds        | Chew and Li (2026)                                               |
| 6    | Moral Loss Aversion | The psychological tendency to avoid "bad" (sin) investments much more strongly than seeking out good ones                              | Bad is stronger than good" — moral/regret pain outweighs equivalent gains           | Chew and Li (2026); Deka et al. (2023)                           |
| 7    | Confirmation Bias   | Giving more weight to information that confirms your pre-existing beliefs while ignoring contradictory evidence                        | Overweights belief-confirming ESG information, dismisses contradictions             | Bihari et al. (2025)                                             |
| 8    | Endowment Effect    | Investors ascribe a higher value to assets they already own                                                                            | Loss aversion inflates value of assets already owned                                | Bihari et al. (2025)                                             |

*Table 2 Contd....*

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| S.no | Bias                        | Definition                                                                                                                              | Mechanism                                                                                                                                                    | Reference                  |
|------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 9    | Recognition-based heuristic | Investors rely exclusively on recognition cues and assign a higher value to a recognised option over an unrecognised one                | distort investor judgment and misallocate capital away from genuinely sustainable, ESG-compliant enterprises, ultimately driving broad market inefficiencies | Ahmad et al. (2026)        |
| 10   | Distance bias               | Investors assign a higher value to the local assets over foreign assets                                                                 | Information assembly and familiarity theory                                                                                                                  | Chen and Nainggolan (2018) |
| 11   | Temporal Myopia             | An irrational tendency to favor short-term preferences and immediate rewards over long-term outcomes multimodal                         | Weak environmental attitudes/norms increase sensitivity to long maturities                                                                                   | Mazzoli et al. (2026)      |
| 12   | Hyperbolic Discounting      | A non-constant devaluation of outcomes over time, causing preferences to drop sharply over short delays and become time-inconsistent.   | Future outcomes devalued non-constantly, producing inconsistent preferences                                                                                  | Mazzoli et al. (2026)      |
| 13   | Maturity Preference         | The empirical financial manifestation of temporal myopia, characterized by a strong investor aversion to long-term investment horizons. | High sensitivity to bond maturity dates drives aversion to long horizons                                                                                     | Mazzoli et al. (2026)      |

Table 2 represents the cognitive and emotional biases identified in the selected studies. The table below contains the list of biases, their definitions, the aspect of decision-making process they relate to and conceptual underpinnings. Overall, across the studies, 13 different biases were identified which can be grouped into 4 broad categories including heuristic, self-related, socially related and morally/ temporally related biases.

The first category of biases is heuristic-driven including availability bias, identification-based heuristics (e.g., name fluency, alphabetical order, name memorability), and anchoring bias. Abhijith et al. (2025) signify that availability bias is the sole strongest direct determinant of sustainable integration through the ease in which ESG-related facts (e.g., media coverage of green energy, environmental disasters) are reminisced. Ahmad et al. (2026) enhance the heuristic logic by showing that investors replace perceptual ease

for analytical due assiduity, preferring companies with proficient or memorable names over authentically sustainable firms – a composition they link to skewed capital allocation and broader market ineffectiveness

The second category refers to self-referential biases: overconfidence and an endowment effect. In this case, the cognitive resource allocation mechanism is different: overconfident investors overestimate their ability to assess the ESG complexity, which Abhijith et al. (2025) argue indirectly impacts sustainable investment decisions via increased risk tolerance. The endowment effect, according to Bihari et al. (2025), causes investors to hold on to (typically non-ESG) stocks in favor of which they have developed a psychological bias.

The third category of biases includes socially-driven cognitive distortions such as herding, bandwagon effects, and distance/local bias. Herding and bandwagon effects are driven by social proof and peer-to-peer interactions, whereas the mechanism of distance bias is based on information asymmetry and familiarity principles (Abhijith et al., 2025). Herding decreases the risk-taking level, while the bandwagon effect shapes behaviors not on rational analysis but peer-to-peer interactions. As a result, herding leads to adoption suppression, resulting in the “herding” of financial markets, while bandwagon rarely affects decision-making in finance. On the other hand, Chen and Nainggolan (2018) provide an alternative view on the mechanism of distance bias, according to which fund managers tend to select the most familiar alternatives first, using private information acquired through informal sources. This behavior stems from the information asymmetry about the fundamentals of the alternatives and can be associated with the loss aversion.

The fourth category, which deals with moral and temporal biases, is theoretically the most distinct of all. Chew and Li (2026) attribute source preferences and belief bias to the “Karmic Investment Hypothesis,” where investors impute moral causality on market outcomes, while moral loss aversion reflects an asymmetry in which avoidance of “sin” investments outweighs the pursuit of “virtue” investments. Mazzoli et al. (2026) identify a temporal bias involving hyperbolic discounting and maturity preference that explains short-termism through the Theory of Planned Behavior, demonstrating that weak pro-environmental attitudes and subjective norms heighten sensitivity to long investment horizons.

Taken together, Table 1 demonstrates that while these biases operate through heterogeneous mechanisms—recall fluency, self-assessment, social conformity, and moral or temporal reasoning—many converge on a common mediating pathway: perceived risk tolerance. This convergence suggests risk tolerance functions as a central theoretical node linking otherwise disparate biases to sustainable investment outcomes, a pattern that will inform the framework developed in this review.

## **Nudges**

### **Default**

A default is a good choice when a participant is not making a choice because of inertia or complexity, but is not neutral. Gajewski et al. (2022) show that the anchoring effect, along with other factors, can have profound effects on allocation given the presence of sustainable defaults. The framework thus suggests a hierarchy. There is good evidence that most users will select a particular sustainability option and the costs are comparable, so there is a basis for a transparent default. If preferences are idiosyncratic or the financial consequences are great, it is preferable to have an active choice. Prior to product selection, the investor can be invited to select from well-defined sustainability goals. This makes the "passive default" a formal preference elicitation process.

### **Simplification**

Among the most malleable factors affecting poor ESG decision making is complexity. The study by Hutchings (2025) shows that it is possible to improve retailers' ability to identify companies with sustainability attributes through several steps of the process of creating a simpler ESG score that allows them to better separate companies with sustainability characteristics. The objective of the design challenge is to minimize and not sacrifice the accuracy. It is therefore desirable to have a multi-layered disclosure structure: a short and well-defined profile or score at the first layer; a description of methodology and uncertainty at the second layer; and raw information and data at the third layer. This helps to compare ideas with minimal effort and gives transparency for any investor who wants to dive deeper into the process.

### **Impact Quantification and Scope Prompts**

If the product has a real-world impact, the architecture should also express size as well as type. Heeb, et al. (2023) recommend that investors may be fairly neutral about impact. Such a scope prompt can then ask investors to put the different impacts of the alternatives on the same scale before they make a decision. The intervention needs to be non-moralising. Its role is to enable an impact-minded investor to make a material impact distinction between products.

### **Verification, Uncertainty and Anti-Greenwashing Cues**

The best way to counter greenwashing is to add a decision attribute called credibility. The verification badge should distinguish not only the further green icon, but also the verifier and the standard. If there is a difference in ratings, it can be supplemented by a dispersion indicator at the platform. If the sustainability claim is self-reported, the interface should state this. Anti-greenwashing measures should be placed close to the claim rather than in

a separate document, Kleffell and Muck (2023) suggest, as identity needs can be met with labels even when validity is uncertain.

### **Debiasing Prompts, Checklists and Calibration**

Friction is needed for confirmation and overconfidence so as to change the cognitive process. Questions on impact evidence and an independent source, financial risks, diversification, and fees are some potential elements of a brief decision checklist. When followed by feedback, a confidence question may uncover areas of ESG learning gaps. This is not a “nudge”, as it prescribes to the investor to more or less choose to be sustainable, but rather increases the process of how the decision is taken.

### **Advice, Digital Nudging and Sustainable-Finance Literacy**

There is a criticism of education that knowledge doesn't always translate into behaviour, but when there is a conceptual misunderstanding there can be value in targeted literacy. But sustainable finance literacy is another restriction, as demonstrated by Filipini et al. (2024). Thus, it is imperative to have education at the point of decision making and not as a generic course. A digital adviser can educate the user on the differences between the different ways of integrating/include and exclude them, the different types of themed investing and the different types of impact and their assignments to the individual's objective. More recent work also shows that the provision of information in digital advising and ESG nudges can further lead to a higher sustainable allocation, particularly when the information provided by advisers interacts with knowledge and preferences.

### **Social Information and Ethical Constraints**

A social-norm message can get the attention of the product, and it can also create a perceived quality of product becoming popular. Three safeguards are needed for the responsible use. For social information to be effective, it needs to be accurate and up to date. Second, it's supposed to be a statement of behavior, and not make better returns suggestions. Third, it is important to remind users that user's choice does not reflect appropriateness. In a general sense, the ethics underlying the use of behaviour in finance should be clear, easy to withdraw from, must not be imposed upon an individual's free will and should be guided by a good welfare reasoning. Gajewski et al. (2024) point out that while the efficacy of responsible-finance nudges is a necessary condition to evaluate them, they also need to be evaluated on an ethical level.

## **RESULTS**

The proposed framework synthesizes the review's findings into a three-layer structure that traces the pathway from investor psychology to decision outcome, and identifies where behavioral interventions can interrupt that pathway. At the antecedent layer sit

the thirteen cognitive and emotional biases identified across the selected studies (RQ1), organized into four mechanism-based clusters: heuristic-driven biases (availability, recognition-based heuristics), self-referential biases (overconfidence, endowment effect), socially-driven biases (herding, bandwagon effect), and moral or temporal biases (source preference, belief bias, moral loss aversion, temporal myopia and its related constructs). This clustering reflects the shared psychological process underlying each group rather than the decision stage or paper of origin, and directly addresses RQ2 by grounding each cluster in a distinct theoretical mechanism — cognitive ease and recall, inflated self-assessment, social conformity, and non-financial value systems intruding on probability judgment, respectively.

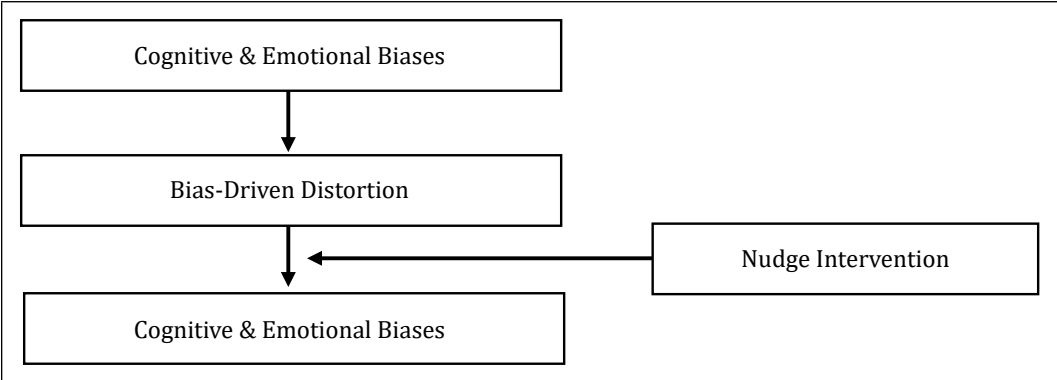


Fig. 2: Bias to Decision Model

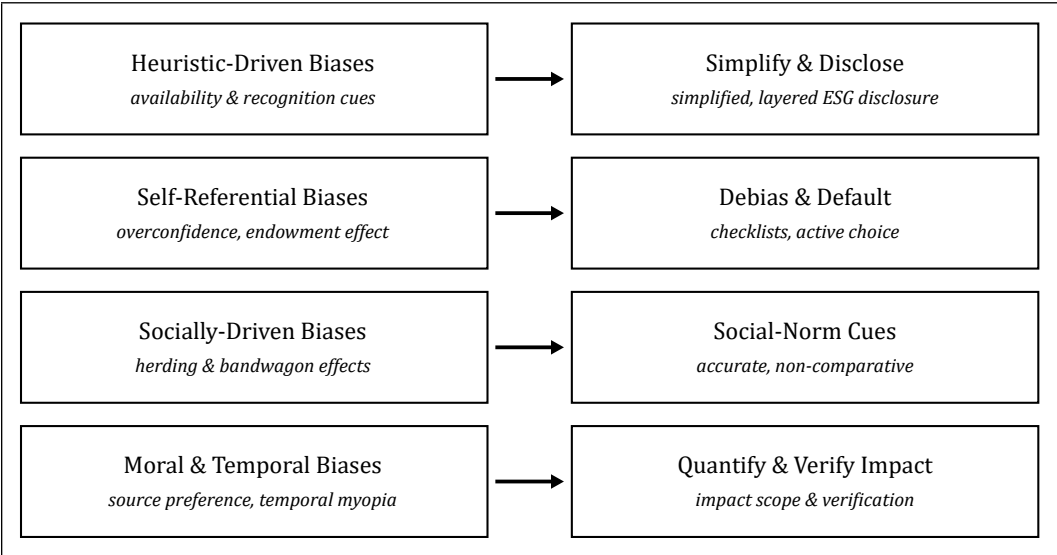


Fig. 3: Bias-Nudge Alignment

These clusters feed into a distortion layer, where the biases manifest as biased judgment and skewed risk perception. Notably, several studies in this review converge on risk tolerance as a shared mediating variable through which structurally different biases produce their effects — overconfidence and status quo bias operate by raising risk tolerance, while herding operates by suppressing it (Abhijith et al., 2025). This shared pathway suggests that, despite their varied psychological origins, many biases ultimately act on investment decisions through a common downstream channel, which has implications for where interventions are best targeted.

The distortion layer, in turn, shapes the outcome layer: sustainable investment decision-making, operationalized across the reviewed studies as adoption of sustainable options, risk assessment and asset selection, and portfolio weighting.

The framework's distinguishing feature, responding to RQ3, is that nudge interventions are positioned not as replacements for the bias-outcome pathway but as moderators of it — they weaken the link between distorted judgment and decision outcome without necessarily eliminating the underlying bias. The mapping diagram illustrates this moderation at the level of individual bias clusters: heuristic-driven biases are best addressed through simplification and layered ESG disclosure, which reduces the complexity that heuristics substitute for; self-referential biases respond to debiasing checklists and default architecture, which introduce friction against inflated self-assessment and status-quo inertia; socially-driven biases are targeted by carefully bounded social-norm cues; and moral or temporal biases are addressed through impact quantification and anti-greenwashing verification, which place moralized judgments on a comparable material scale.

Two limitations emerge from this mapping and merit discussion. First, distance bias has no corresponding nudge in the reviewed intervention literature, representing a gap between the antecedent and intervention bodies of research. Second, the temporal-bias cluster is addressed by only a single intervention — immersive VR exposure to future environmental consequences (Mazzoli et al., 2026) — which falls outside the conventional nudge taxonomy used elsewhere in this framework, suggesting either an underdeveloped area of intervention research or a need to broaden the definition of "nudge" for temporally-oriented biases.

## CONCLUSION

Sustainable investing extends the investment problem one step further and introduces the ESG information, impact preferences and credibility questions. This expansion provides investment opportunities to match non-financial values with their investments, but also introduces cognitive load and salience, affect, inertia, anchoring, social proof, overconfidence, confirmation, ambiguity and scope neglect to decisions. The key

theoretical concept that lies behind the entire argument is that there can be no sustainable preference bias. Informed preferences should be informed not because the investor makes a different choice from a narrow financial-return benchmark, but because the architecture or information environment of the product makes it difficult for investors to be informed. This paper has presented evidence for a mechanism-specific approach. The default effect can break inertia; but can also be used to reinforce or strengthen inertia; Simplified ESG indicators can minimize the cognitive load but can also lead to effects of scope insensitivity or false precision; The calibration effect can break the scope of insensitivity; The display of uncertainty and the verification effect can reduce the risk of greenwashing; Decision prompts, advice and targeted literacy intervention can enhance calibration and interpretation. Investor literacy, experience, values and trust in the tools, along with the trustworthiness and complexity of sustainability information, determines the ability to use each tool. The proposed framework in this regard then focuses on diagnosis instead of intervention and quality of the decision besides the allocation. It provides research propositions to test in the context of sustainable-investment environments, as well as the behavioural mechanism and effect of interventions. It offers a useful blueprint for regulators, platforms, asset managers and advisers to design choice architecture that enables investors to better grasp the relative costs and benefits and make choices based on their informed goals. For sustainable finance to become more credible, it's going to become more credible if the money isn't just being directed to labelled sustainable finance, but if the decisions of where the money goes are made more credible.

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