ESG preferences of investment clients: findings from eight years of systematic survey experience – and current status

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The EU Action Plan on Financing Sustainable Growth and the development of a Renewed Sustainable Finance Strategy under the European Green Deal are producing an increasingly dense web of regulations. Even if the individual measures and regulations are not always coordinated and some long-standing experts and practitioners of sustainable investments are occasionally irritated, it is impressive with what rigour the EU Commission is proceeding here. While the first focus was on the taxonomy, i.e. the categorisation of what can be considered sustainable, and transparency of sustainable investment products (Sustainable Finance Disclosure Regulation), things will get serious as of 2 August this year. In addition to questions about a client's financial suitability, financial institutions must record their sustainability preferences. While for most banks in Europe this can be considered as "new territory", Raiffeisen is already familiar with this procedure. Since 2013, all investment clients have been asked about their sustainability preferences when opening a securities account and at the periodic review of their financial suitability, and have been advised accordingly. Raiffeisen is currently evaluating this data with scientific support. Therefore, the following summary represents interim results, but certain contours are already emerging.

According to a recent survey more than half of Raiffeisen customers (54%) were concerned with sustainability in general, with the focus on resource-conserving business practices. Sustainable investment is also seen as vital by the majority of investors. Starting from a comparatively low level in the past, this attitude is now reflected in a steadily increasing share of customers with sustainability preferences. This could be an indication of client advisors' diminishing influence due to increasing knowledge and/or self-confidence of the clients. This trend is also reflected by a very strong desire for additional active information (88%), product labelling (65%) and sustainability reporting (75%) from clients. However, it is important to act on this very carefully because the respective expectations can diverge substantially. A wide range of sustainability data can quickly become very complex. The reduction to a few key figures or a single label, can be perceived as oversimplification. Hence banks and – on behalf of the clients – the regulator are called upon to strike a fine balance between the various demands. In addition, there is still a lot of educational work to be done towards further financial literacy. This concerns the training of client advisors, the creation of more transparency, but also the education of clients regarding the possibilities and – with respect to financial suitability – limits of sustainable investment in a portfolio context. These findings are not only relevant for Raiffeisen when designing the complete value chain of sustainable investing, but also for other banks and even the regulator.

Reasons for sustainable investments
Results from a representative survey from December 2021
(multiple answers possible)

Statistical base: population 15–79 years with residence in German- or French-speaking parts of Switzerland with investments