



# Invest for Better Climate EU'

Assessing retail investor  
sustainability knowledge  
and preferences in *Spain*

## EXECUTIVE SUMMARY

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<b>What is the 'Invest for Better Climate EU'?</b>	This is an educational and advocacy campaign, aimed at giving individual retail investors a better understanding of the impact on climate they have through their investments. It spans over 5 virtual sessions, encompassing introduction to investing, climate lens investing, financial and non-financial risks and greenwashing. With consolidated and translated materials, worksheets and 90 minutes long training sessions (circles) - facilitated by circle leads - the initiative collects feedback via surveys.
<b>What are the key trends from Spanish retail investors' sustainability preferences?</b>	When asked about the most important learning objective from the course, 16% indicated learning about how to grow their money in a way that benefits the environment and 23% wanted to grow their capital and fight climate change more specifically. The remainder, expressed interest in a combination of those factors (50%), using money for a positive impact on environment with or without growth of capital (9%) and 2% listed other reasons.
<b>What is the diversity and inclusion lens of the Spanish 'Invest for Better Climate EU'.</b>	The educational campaign utilised multiple approaches in ensuring diversity of both circle leaders and participants. One of the ways this was achieved was by creating a targeted toolkit on inclusive and engaging sessions, where implementing country partners received insights on how to incentivise their groups and how to address marginalised communities among others. This includes gender, age, ethnic background, and level of education.
<b>Where can I find the educational resources on climate-aligned investing?</b>	You can find various sustainability resources and guides at: <a href="https://betterfinance.eu/greencorner/">https://betterfinance.eu/greencorner/</a> . From May 23rd, you will also be able to find all materials and resources related to this educational campaign as well as information on how to start your own circles at: <a href="https://investforbetterclimate.eu">investforbetterclimate.eu</a>

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### About BETTER FINANCE

BETTER FINANCE, the European Federation of Investors and Financial Services Users, is the public interest nongovernmental organisation advocating and defending the interests of European citizens as financial services users at the European level to lawmakers and the public in order to promote research, information and training on investments, savings and personal finances. It is the one and only European-level organisation solely dedicated to the representation of individual investors, savers and other financial services users.

BETTER FINANCE acts as an independent financial expertise and advocacy centre to the direct benefit of European financial services users. Since the BETTER FINANCE constituency includes individual and small shareholders, fund and retail investors, savers, pension fund participants, life insurance policy holders, borrowers, and other stakeholders who are independent from the financial industry, it has the best interests of all European citizens at heart. As such its activities are supported by the European Union since 2012.

## BETTER FINANCE position and recommendations

- Support the testing and the uptake of retail investors' understanding and preferences towards climate-aligned investing in Spain and enable greater female participation within the Capital Markets Union;
- Conduct further independent research into the motivational interplay between “returns” and “impact” from the perspective of retail investors;
- Provide investment education dedicated to climate-aligned products in a neutral and impartial way, offered by NGOs, academia and think-tanks.

## Introduction

Financial literacy is key to investors to understand what they are investing in, but also to understand the impact they have through their investments. With this project we aimed to identify the **availability of climate-aligned investments for retail investors in Spain**, raise their **awareness of the impact their money/investments can have on climate**, and inform them about the existing standards as well as the ways in which they can participate in the capital markets union. In a series of training sessions, between circle participants and facilitators, Spanish retail investors were introduced to the **basics of assets and liabilities, climate lens investing, the available sustainable finance tools and investment opportunities at national level, the relationship between financial and non-financial risk and how to spot greenwashing practices**.

In order to assess the levels of existing and developed knowledge on climate aligned investments, we **surveyed circle participants at the start and end of the course**, encapsulating key trends regarding their **overall motivations, understanding of investments as a tool to fight climate change, availability of local climate-aligned investment opportunities, financial literacy regarding risks and opportunities, greenwashing and access to free and unbiased advice** in managing personal finances among others.

The clear **shifts between ESG and sustainability uptake by participants from the beginning of the interactive course through to its completion**, not only signify the importance of financial literacy in the domain of sustainability, but also the importance of providing impartial information regarding the basics of finance and the way it relates to climate and the environment. The project utilised multiple approaches in **ensuring diversity of both circle leaders and participants, not least by placing greater emphasis on female participation**.

With the current gaps in baseline climate and finance literacy as indicated by Eurobarometer study from 2023<sup>1</sup>, circle participants appreciated the independence of this educational campaign, and its lack of specific product promotion/selling, as well as clear distinguishing lines between ‘advice’ and ‘education’ - which is strongly correlated with the ongoing policy debates around the Retail Investment Strategy. **Our Spanish results clearly signify that climate-awareness is sought after by citizens, especially in the context of their engagement and involvement on the road to net-zero**.

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<sup>1</sup> Eurobarometer survey on climate 2023 <https://europa.eu/eurobarometer/surveys/detail/2954>

<sup>2</sup> Bruegel state of financial knowledge in the EU 2024, available at: <https://www.bruegel.org/policy-brief/state-financial-knowledge-european-union>

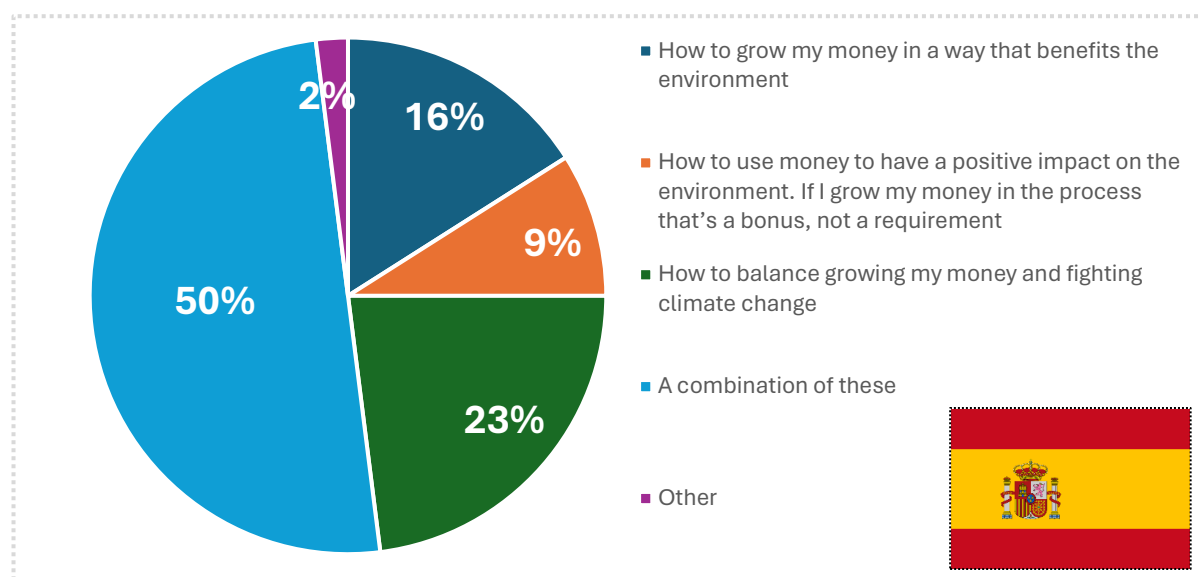
## Results: Spanish retail investor preferences

The results obtained from this study show that **retail investors' interest towards ESG in Spain is growing**. With over 220 registrants for the course, responses to the entry and exit surveys combined totalled 189. When asked about their preferred learning objective from the course, participants were given the following choices:

- How to grow my money in a way that benefits the environment**
- How to use money to have a positive impact on the environment. If I grow my money in the process that's a bonus, not a requirement**
- How to balance growing my money and fighting climate change**
- A combination of these**
- Other**

The findings showed that **most Spanish retail investors were interested in the combination (50%)**, followed by **growing capital and fighting climate change more specifically (23%)**. The remainder of the participants indicated a preference for **growing capital in a way that benefits the environment (16%)**, which was closely followed by **having a positive impact**, regardless of whether or not growing capital is possible **(9%)**. Additionally, 2% listed other options.

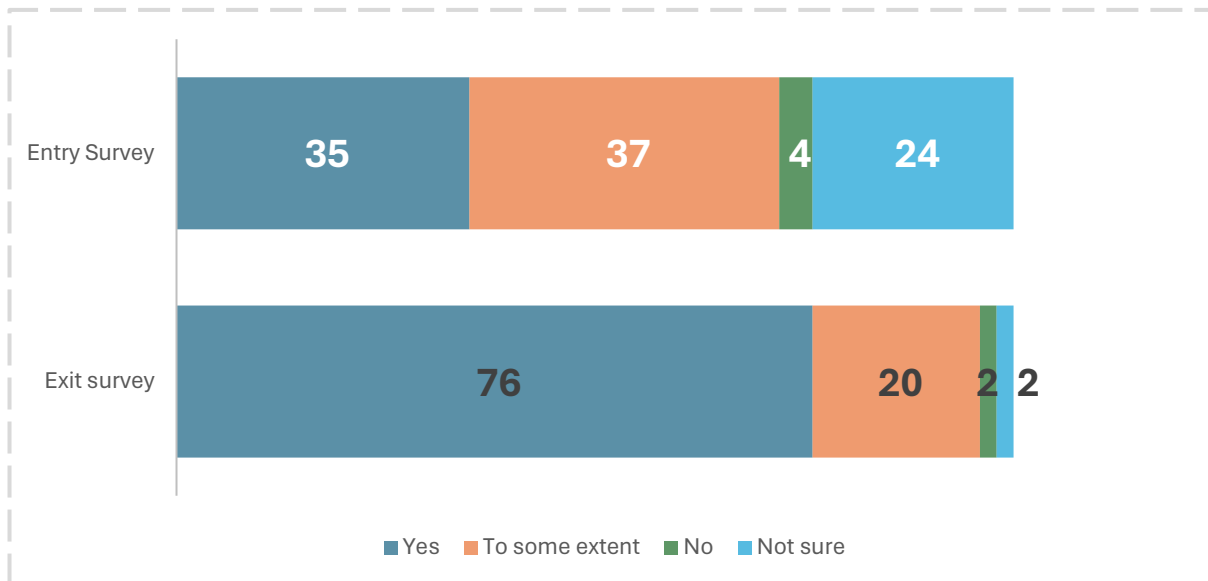
### What is the most important thing you want to learn in this course?



**Source:** BETTER FINANCE and ADICAE, retail investor sustainability testing in Spain 2024

In the context of 'Invest for Better Climate EU: Spain, a series of statements encompassing the content of the course were given to participants in a digital format. The results below show the difference of participants' feedback (expressed in percentage), at the entry and exit surveys. It should be noted that the number of responses to the entry and exit surveys received, are not equal, but nonetheless, some key trends can be extrapolated from participants who did answer both of the surveys.

### a) I understand how investing money is a tool to fight climate change

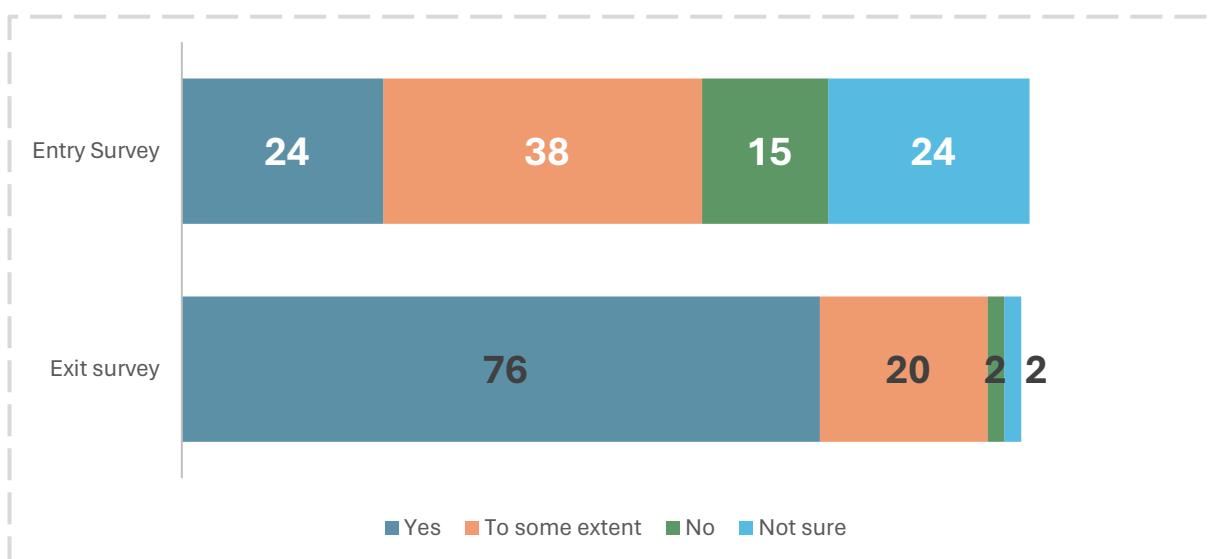


In the first instance of asking Spanish retail investors whether they understand how investing is a tool to fight climate change, **35% indicated 'yes'**, with the majority opting for 'to some extent' at 37% and the remainder, indicating 'no' or 'not sure', at 4% and 24% respectively.

Following the completion of 'Invest for Better Climate EU: Spain, participants were given the same statement, and in this instance **76% indicated 'yes' to understanding how investing their money is a tool to fight climate change, an increase of 41%**. Participants' responses indicating 'no' to the same statement by the end of the course dropped by **-2%**, while the category of 'unsure' dropped to 2% **(-22%)**.

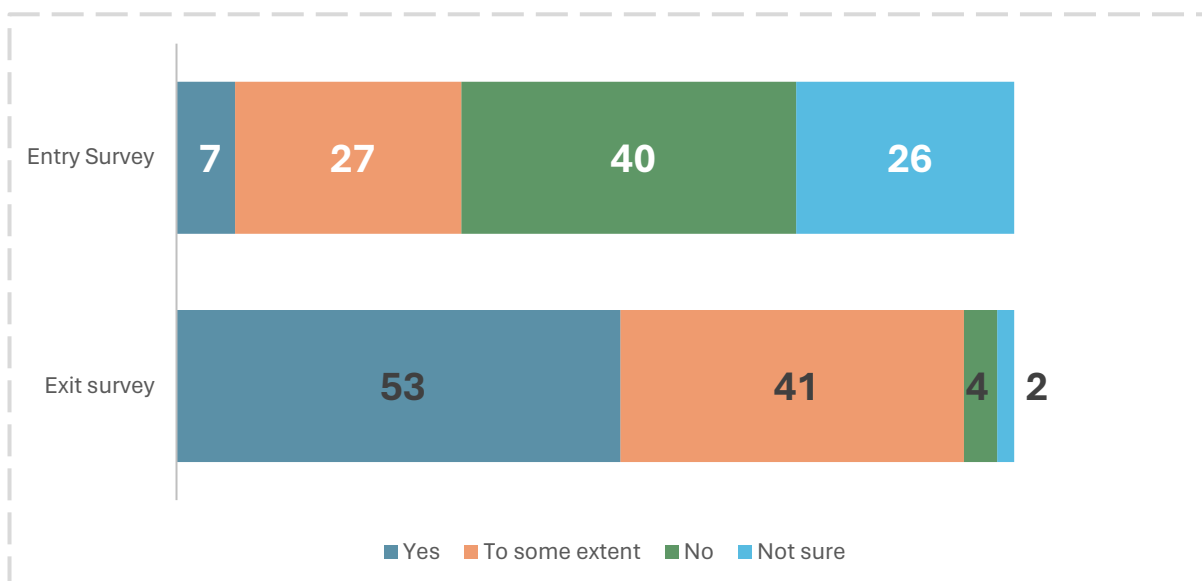
Similar trends are observed throughout the remainder of the survey, with aggregated % shifts between the start and end surveys, and better-informed retail investors regarding the basics of investments, how to align investments with own values, the overall availability and familiarity of climate-aligned investment opportunities in Spain, knowledge on identifying risks and opportunities, as well as how to identify and protect oneself from greenwashing practices.

### b) I understand the steps I can take to invest and how to invest in a way that aligns with my values



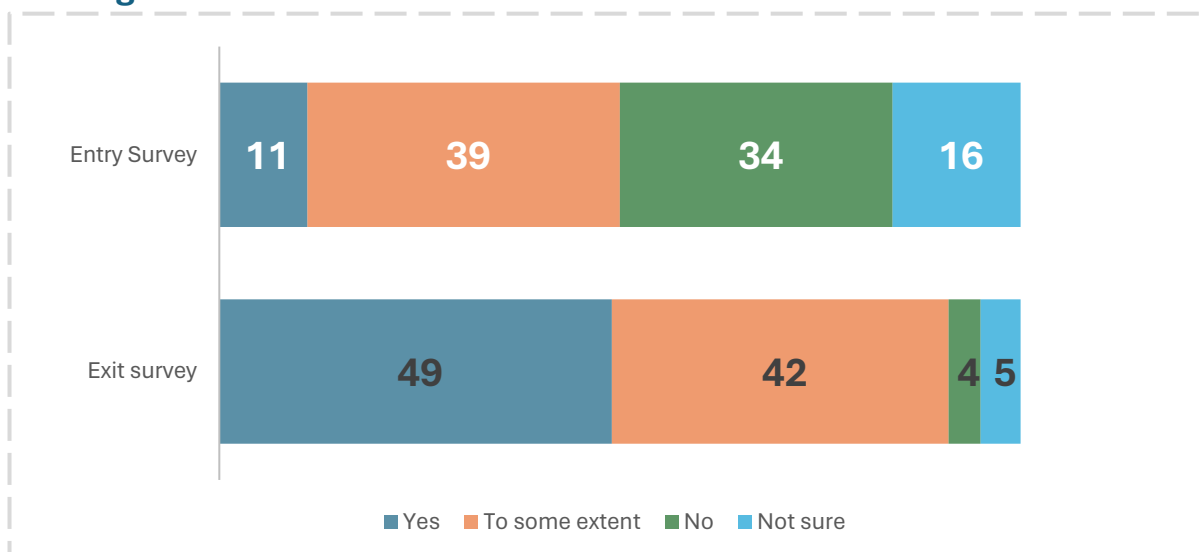
At the entry survey, **only 24% of Spanish retail investors indicated 'yes' to understanding the basic steps to investing and how to align investments with their values.** This figure was increased by **+52% at the exit survey, where 76% of respondents felt confident with the basic tenets of investing.** The large proportion of respondents (38%) indicated 'to some extent' to the question at the start, closely followed by the 'not sure' and 'no' categories at 24% and 15% respectively.

### c) I have a clear overview of the climate-aligned investment opportunities that are available in my country



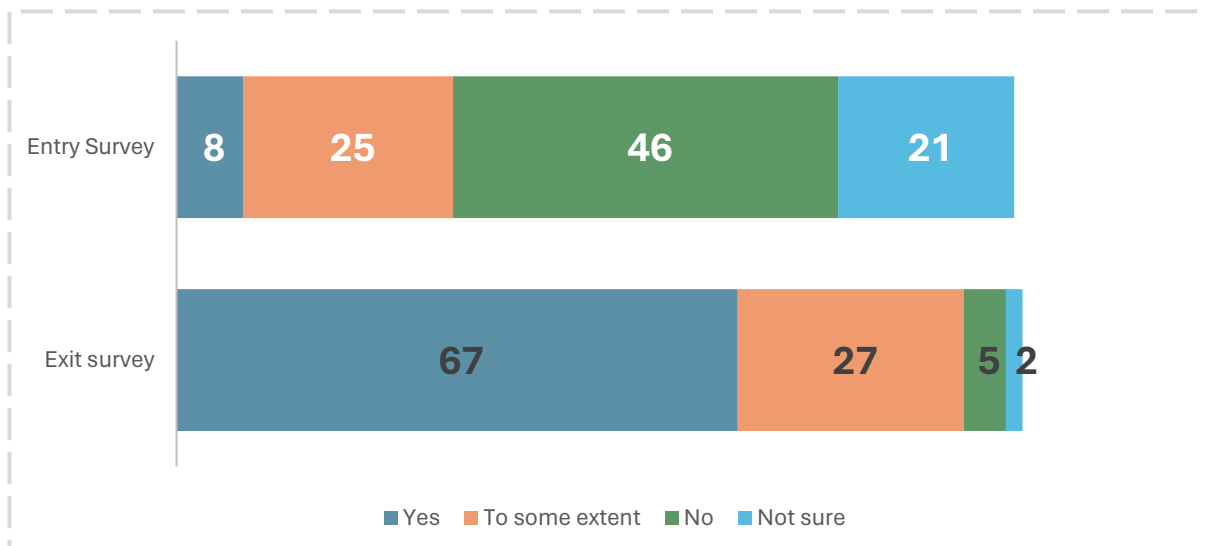
With **only 7% of respondents indicating in the initial survey with 'yes' and having a clear overview of the available climate-aligned investment opportunities in their national markets,** it is evident that more action is needed regarding enabling retail investors to participate in the capital markets union, both at EU and Member State levels. This figure **increased to 53% at the exit survey and the 'no' category saw a drastic decrease by -36%.**

### d) I know how to identify opportunities and mitigate risks before making an investment decision



At the entry survey, **most (39%) Spanish retail investors indicated 'to some extent'** regarding their knowledge of investment decision opportunities and risk identification. Just under this figure, at 34% respondents indicated **'no' at the start, while this figure dropped to 4% by the exit survey**. Similarly, while only 11% indicated 'yes' to this statement at the start, **by the exit survey, 49% of respondents, an increase of 38%, felt confident** about identifying opportunities and mitigating risk from the lens of investment decision-making.

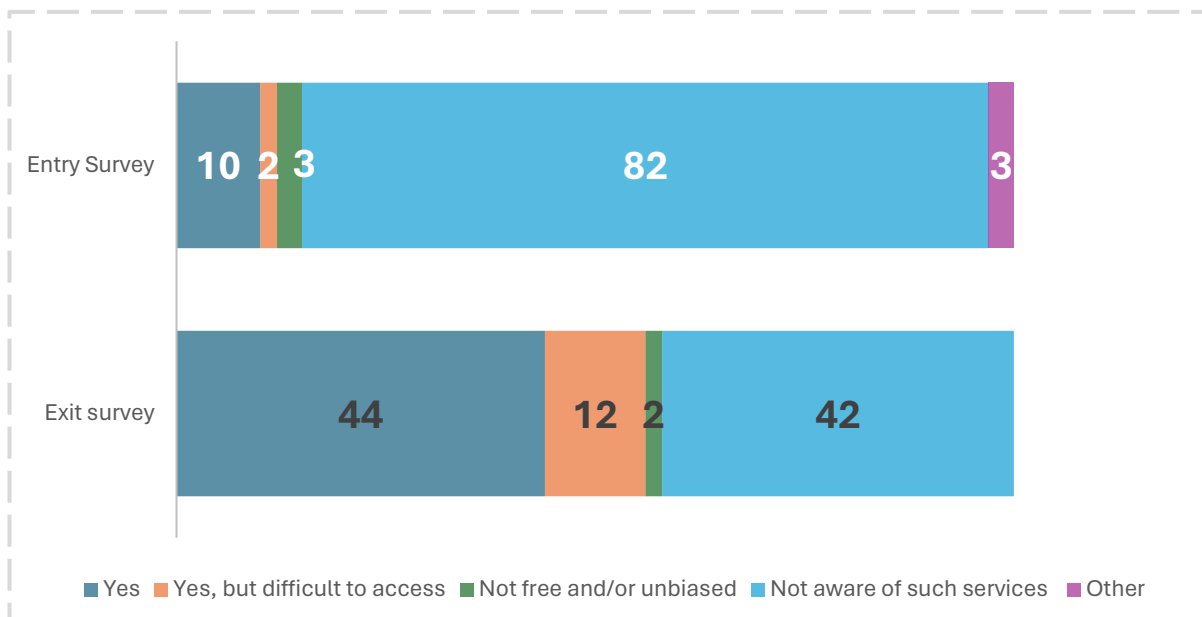
### e) I understand how to protect myself from greenwashing and what to do if I see it occurring



When it comes to greenwashing, the large proportion of **Spanish retail investors indicated 'no' regarding their understanding on how to protect themselves from it, at 46%**. While the percentage shift for this category by the exit survey is a sign of progress, where only 5% of respondents still didn't understand how to protect themselves from greenwashing, such a high **figure at the start of the survey also indicates that further measures are needed to ensure greenwashing rules are highlighted to retail investors more consistently**. With 21% indicated 'not sure' at the start, **by the exit survey, only 2% still felt unsure about greenwashing**. Similarly, for the category on 'yes' (8%) to understanding greenwashing at the start, gained an additional **59% increase**, where **67% of participants who answered the exit survey felt confident in understanding the various tenets of greenwashing**.

Given the importance of preventing greenwashing for retail investors and consumers alike, BETTER FINANCE is of the view that **clear guidelines presented in a user-friendly way and awareness raising on avenues for redress**, can enable and inform a greater number of national and European-wide retail investors. In the context of underdeveloped consumer protection for sustainable retail financial products with an efficient redress mechanism, **the lack of understanding on how to protect oneself from greenwashing strongly correlates with the lack of trust of users of financial services in products and 'advice' in relation to how a product is marketed as environmentally friendly**, when in fact basic environmental standards.

### f) There are services in my local community where I can access free and unbiased advice on how to manage my finances

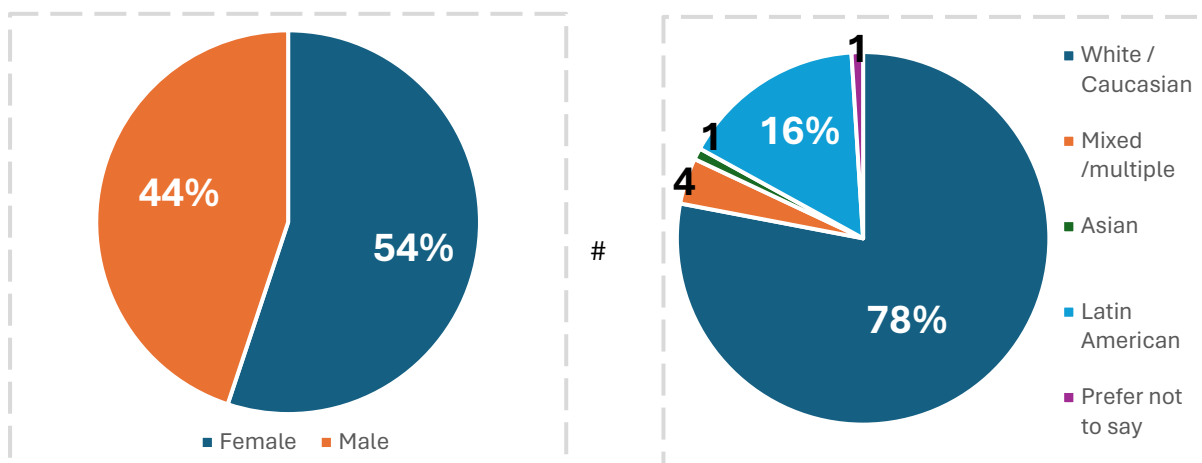


With the final element of the survey, the majority of Spanish retail investors responding to the entry survey **82%, indicated with 'not aware of such services', providing access to free and unbiased advice on how to manage finances.** This is an alarming figure, as it reinforces why EU savers invest so little into capital market products. Upon the exit survey, participants improved their understanding on the available local unbiased advice, though more efforts are necessary to ensure consistent awareness of the types of advice and their accompanying advantages and disadvantages. For example, while **only 10% indicated with 'yes' and 3% with 'not free and/or unbiased', these figures changed to 44% and 2% respectively.** While there is no right or wrong answer with any of the survey statements posed to the participants, **individual investors prioritise having access to independent investment and financial advice.**

## Diversity and inclusion

Though the learning in this campaign is relevant for anyone in the EU, we aimed to engage women and new investors more specifically. One of the ways this was achieved was by creating a targeted toolkit on inclusive and engaging sessions, where our local ADICAE country partner received insights on how to incentivise their groups and how to address marginalised communities among others. This includes gender, age, ethnic background, level of education and geographical residence across the country.

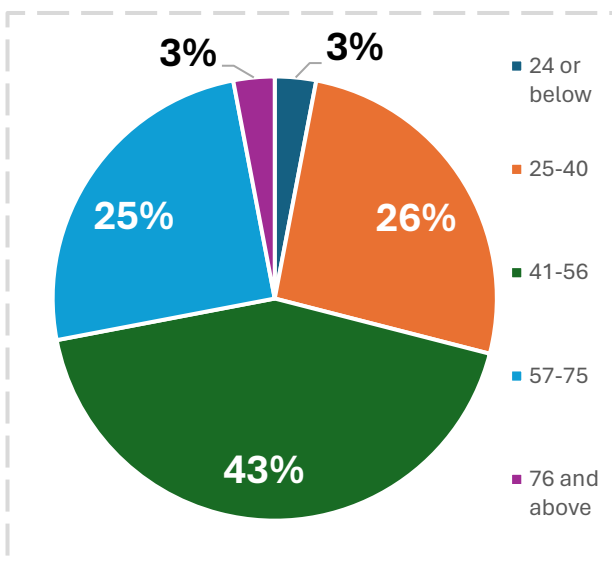
### a) What gender do you identify as?    b) What is your ethnic background?





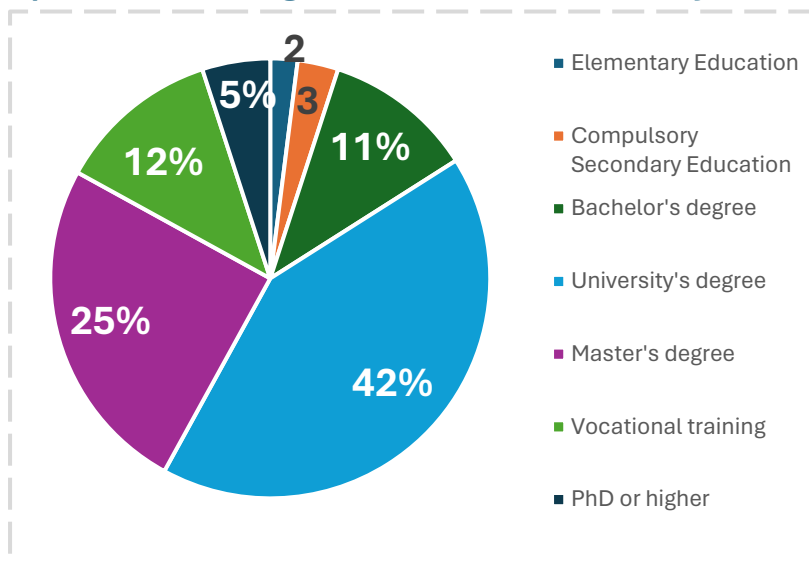
The figures expressed in percentages represent the median of entry and exit surveys filled. Throughout the course of ‘Invest for Better Climate EU: Spain, **54% of the participants who filled both surveys identified as female, while the remainder (47%) identified as male**. The purpose of a higher female ratio was inspired by the gender investment gap. Within European households, women possess only 40-45%<sup>3</sup> of the wealth that men hold, according to studies by the European Commission. The same research shows that while men invest, women are more likely to save. These divergent behaviors lead to an investment gap that stems not from a lack of financial knowledge, but rather from the limited confidence women possess when it comes to investing.<sup>4</sup> In the context of ethnic background, **collectively 22% of participants based in Spain, identified as ‘Mixed’, ‘Asian’, or ‘Latin American’,** with 1% ‘prefer not to say’.

### c) What is your age?



The median percentage of Spanish retail investors **who identified as 25-40 years old - during the entry and exit surveys - stood at 26%, closely followed by the 57-75 age category (25%)**. The highest figure represents those between 41-56 years old (43%). The lowest represented age groups belong to 24 or below (3%) and 76 and above (3%).

### d) What is the highest level of education you have attained?



Throughout the course of ‘Invest for Better Climate EU: Spain’, **42%** of participants indicated to have obtained a **‘University degree’,** followed by more specifically those with **‘Master’s degree’ at 25%** and **‘Vocational training’ at 12%**. The rest indicated ‘Bachelor’s degree’ at 11%, ‘PhD or higher’ with 5%, ‘Secondary’ with 3% and those with ‘Elementary’ 2%.

<sup>3</sup> European Commission 2022, available at: <https://ec.europa.eu/newsroom/fisma/items/749767/en#:~:text=Women's%20share%20of%20wealth%20in,likely%20than%20men%20to%20invest>

<sup>4</sup> GFLEC Financial literacy and stock market participation, available at: <https://gflec.org/wp-content/uploads/2021/03/Fearless-Woman-Research-March-2021.pdf>

## Recommendations: Spanish retail investors' perspectives

### 1. Support the testing and the uptake of retail investors' understanding and preferences towards climate-aligned investing in Spain and enable greater female participation within the CMU;

- The observations from the campaign show that Spain retail investors seek to become better-informed regarding the basics of investments, how to align investments with own values, the overall availability and familiarity of climate-aligned investment opportunities in Spain, as well as how to identify and protect oneself from greenwashing. There is a need for empowering citizens and marginalised groups to invest sustainably and bridge the current gender investment gap.

### 2. Highlight existing rules on combatting greenwashing and continue to improve visibility and transparency;

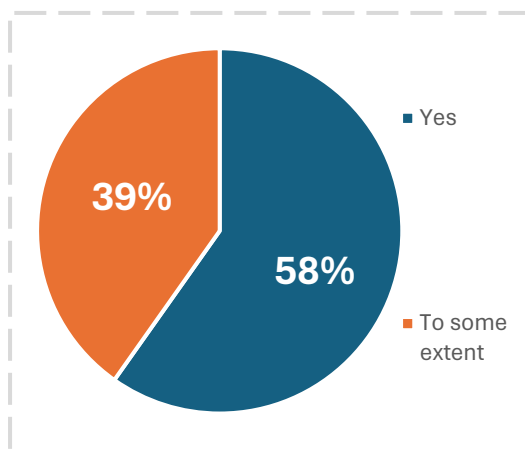
- Given the importance of preventing greenwashing for retail investors and consumers alike, clear guidelines presented in a user-friendly way, coupled with awareness raising on avenues for redress among others, can contribute to a greater number of national retail investors becoming better informed and equipped in regard to greenwashing practices.

### 3. Support provision of investment education dedicated to climate-aligned products in a neutral and impartial way, offered by NGOs, academia and think-tanks;

- Clear rules to distinguish 'advice' from education or non-financial planning is essential for retail investors. Appropriate revisions should be considered within the MiFID II and RIS legislative packages. An assessment of the level of engagement from financial sector towards financial literacy to those of NGOs, could serve as a comparison between the uptake of 'advice' vs 'education' respectively. Any future support and facilitation of independent investment education initiatives should also enable separate learnings for "beginners" and "advanced" retail investors, given their natural difference in experience with investing.

### 4. Conduct further independent research into the motivational interplay between "returns" and "impact" from the perspective of retail investors;

- Retail investors seek to grow their capital, but they also look for leveraging opportunities with impact, specific environmental and climate goals. Naturally, a combination of motivations is also prevalent, but the appetite for educational courses that distinguish between investment opportunities encompassing environmental, climate or social characteristics remains in high demand.



### Now at the end of the course, do you feel you have achieved your initial objectives?

At the end of 'Invest for Better Climate EU: Spain, **58% of retail investors expressed 'yes', and 39% 'to some extent' in achieving their initial objectives on climate-aligned education** since joining the educational campaign.



*This insights report is part of series assessing retail investor sustainability understanding and preferences in Poland, Germany, France and Spain*