



Invest for Better Climate EU

Assessing retail investor
sustainability knowledge and
preferences



EXECUTIVE SUMMARY

What is the 'Invest for Better Climate EU'?	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.
What are the key trends from European retail investors' sustainability preferences?	Across France, Germany, Poland and Spain, circle participants who filled the surveys expressed different motivations and placed varied weight on certain attributes of the pilot content. On an aggregated EU level, 25% sought to grow capital and fight climate change, 25% sought to grow capital and benefit the environment more broadly, 12% sought impact regardless of capital gain, and 36% a combination.
What is the diversity and inclusion lens of the 'Invest for Better Climate EU'.	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.
Where can I find the educational resources on climate-aligned investing?	You can find various sustainability resources and guides at: https://betterfinance.eu/greencorner/ . 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: investforbetterclimate.eu

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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.



Beginning of 'Invest for Better Climate EU'

- 854+** registrants
- 477** entry surveys filled
- 295** participants seeking to grow their capital and have positive impact on environment and fighting climate change
- Over **70%** of female leaders and circle participants
- 67** circle participants identify as Black, South Asian, Latin American, East Asian or mixed/multiple ethnic backgrounds
- The most prevalent age group at the start of the course was made up of **25-40 year olds**

Completion of 'Invest for Better Climate EU'

- 226** exit surveys filled
- 92%** of participants indicated achieving initial objectives on capital, environment and climate change by the end of the course
- 46%** increase of knowledge on all fields
- Responses involving “no” and “not sure” dropped by over **37%** on average for all countries
- The most prevalent age group at the end of the course was made up of **57-75 year olds**
- Participants indicated session on available **climate-aligned investing and greenwashing** as the most interesting



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 across four European countries**, 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, 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 2023¹², 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 results clearly signify that climate-awareness is sought after by European citizens, especially in the context of their engagement and involvement on the road to net-zero**. Replication and extension of the pilot to other countries has the potential to not only **multiply and leverage current findings, but also stimulate local and EU cohesion regarding supporting retail investors with impartial climate-aligned investing mechanisms**. BETTER FINANCE recommends EU and Member State level actions on:

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

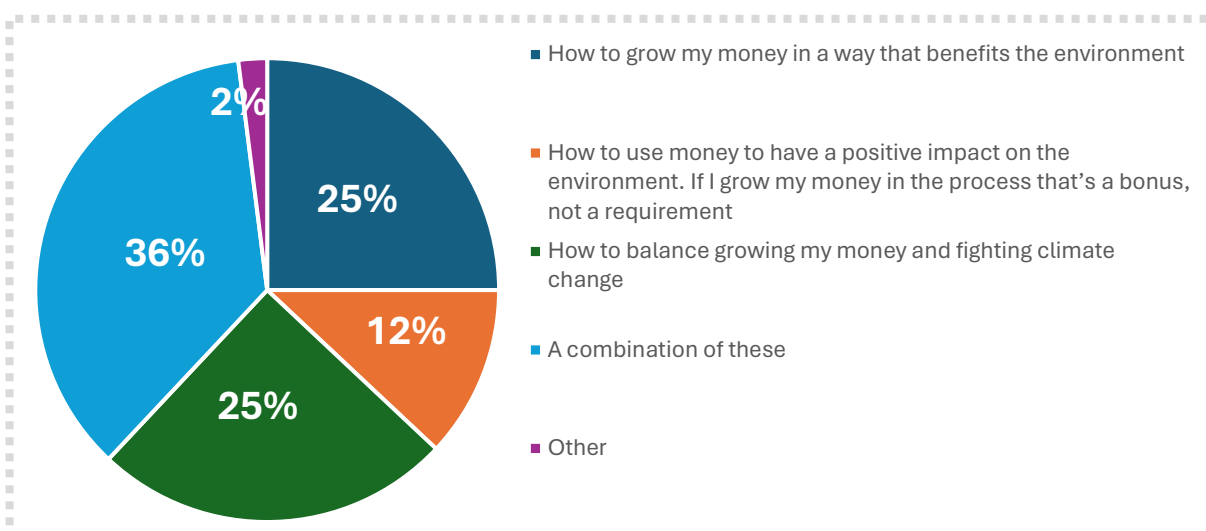
¹ Eurobarometer survey on climate 2023 <https://europa.eu/eurobarometer/surveys/detail/2954>

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

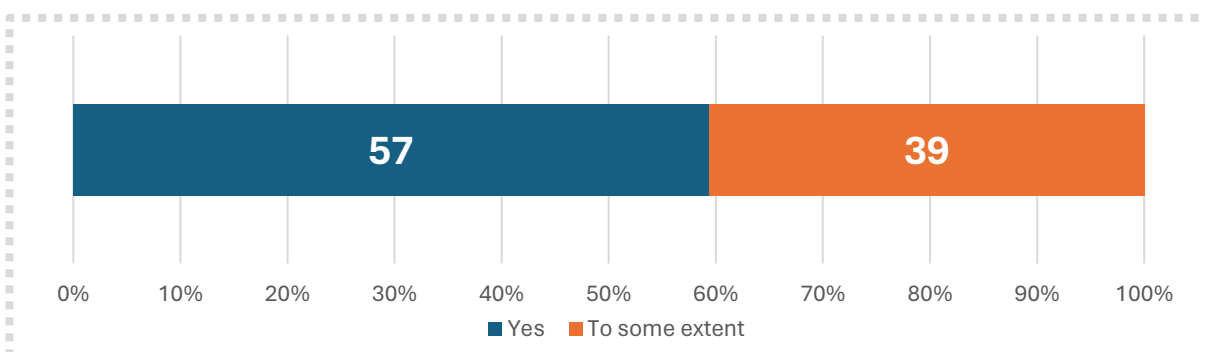
Key figures and trends across France, Germany, Poland and Spain

Across France, Germany, Poland and Spain, circle participants who filled the surveys expressed different motivations and placed varied weight on certain attributes of the pilot content. While the total number of registrants across the four countries exceeded 854, responses received to the initial survey came from 477 participants, despite having many more who started the course. Even though not everyone participating filled in the entry survey, in aggregated average terms, this shows that out of those that completed their initial survey:

- **119 sought to grow their capital in a way that benefits the environment**
- **119 sought to grow their capital and fight climate change**
- **57 sought to utilise their capital to have a positive impact on environment (regardless of capital growth)**
- **172 sought to utilise a combination (of the 3 above)**
- **10 listed other reasons**



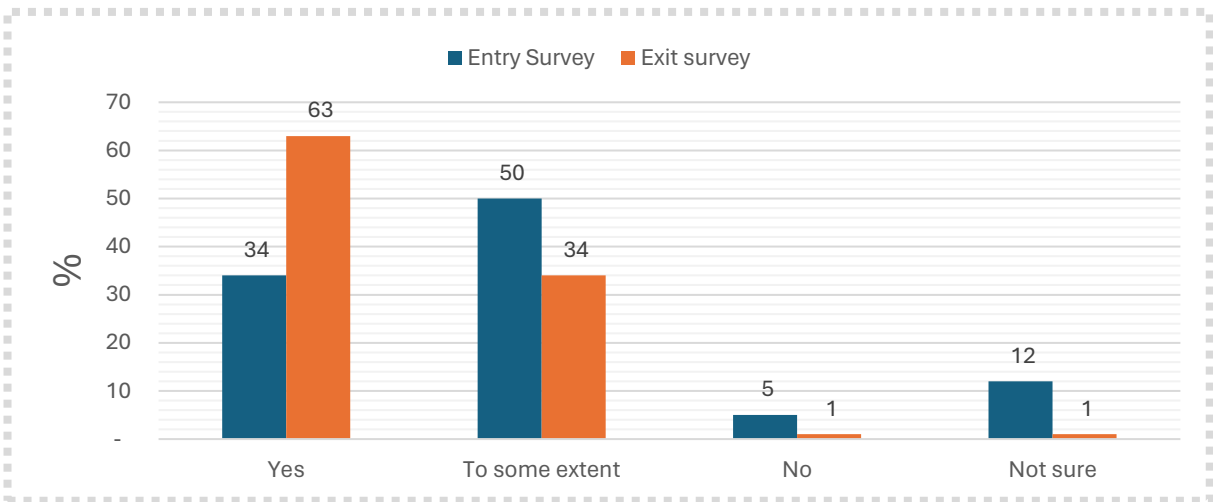
Following the end of the course, circle participants were asked whether their initial motivations related to the course had been met, and in some Member States, they were also asked whether or not they would like to continue learning about investing through a climate lens. **On an aggregated EU base, 57% of retail investors indicated having achieved their goals on climate education through ‘Invest for Better Climate EU’ and expressed interest in a continuous independent climate-lens investing learning.**





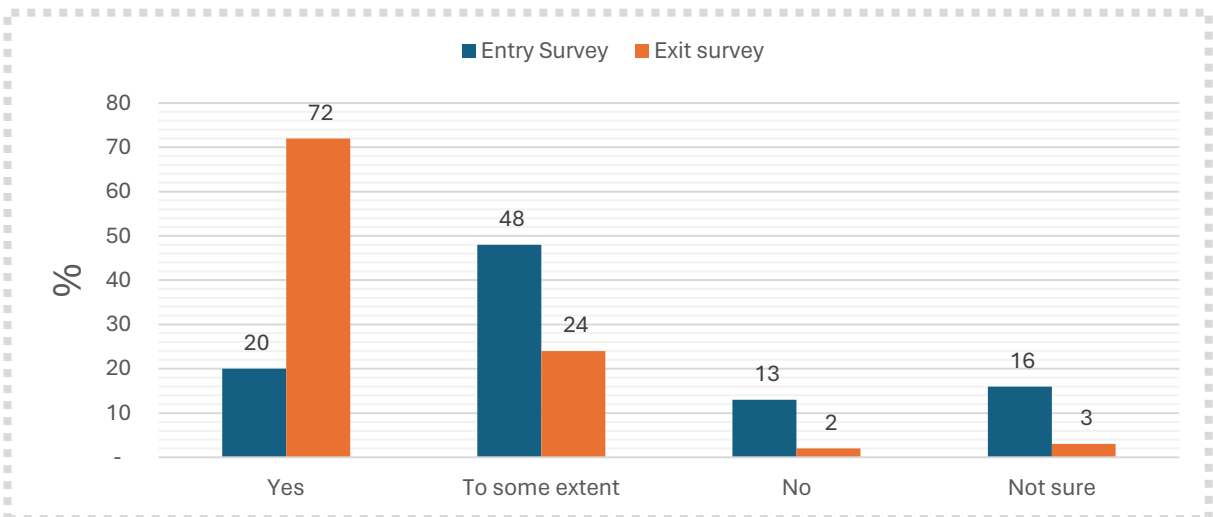
The impact of the pilot project can also be illustrated through the aggregated % shifts between the start and end surveys, regarding circle participants' understanding of climate change and its relationship to investments; how to align investments with their own values; the overall perspective and familiarity with climate-aligned investment opportunities available in their respective countries; knowledge on identifying risks and opportunities; as well as how to identify and protect oneself from greenwashing practices. **On an aggregate level, results showed that across all countries and topics encompassing the project, retail investors recorded 46% increase on their knowledge by the exit survey.**

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



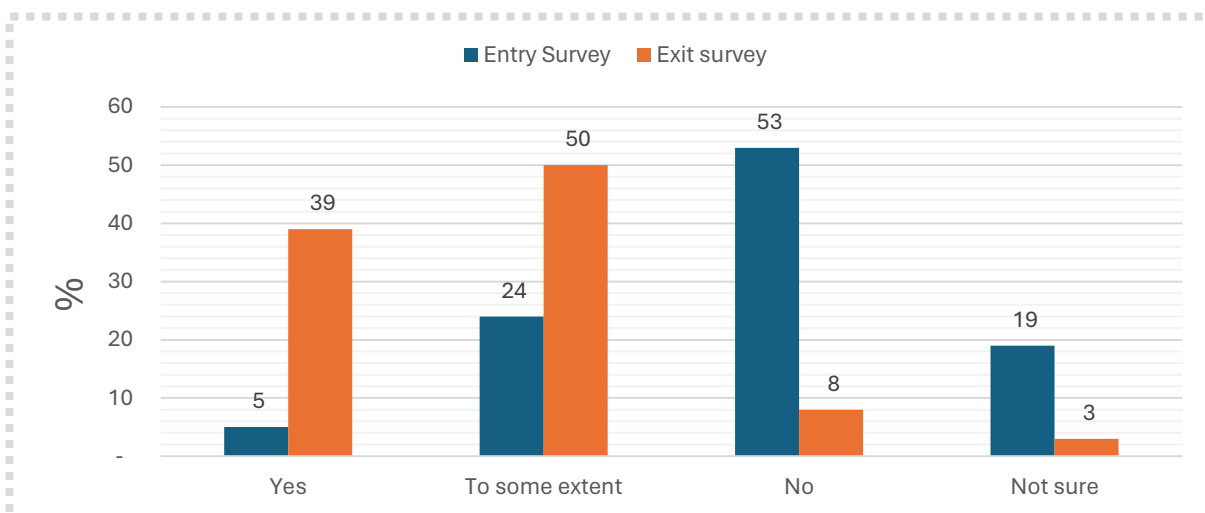
□ On average, European retail investors possess some knowledge on how investing money is a tool to fight climate change (34%). Following the completion of the course however, this figure increased to 63% for all.

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



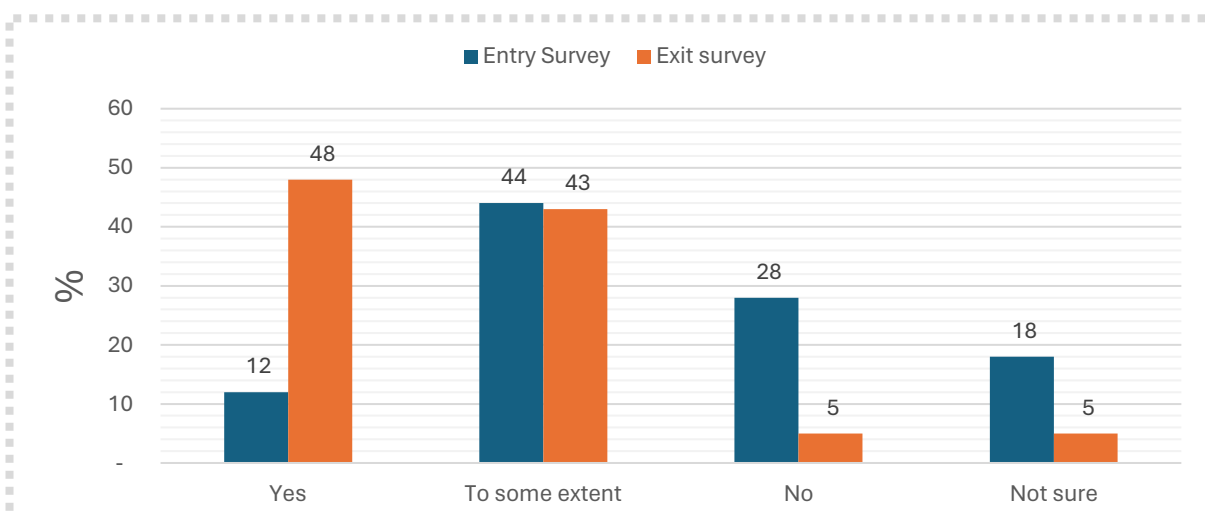
- On average, European retail investors have a limited understanding on the steps needed for investing and how to invest in a way that aligns with their values (20%). Following the completion of the course however, this figure increased to 72% on average for all countries under scope.

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



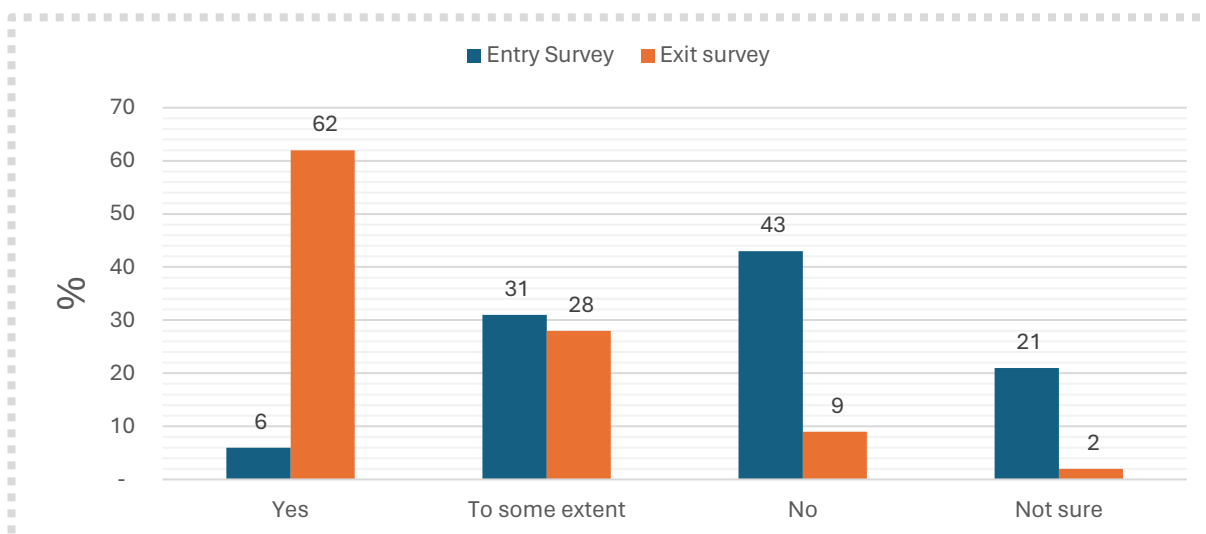
- On average, European retail investors have a very limited overview of the climate-aligned investment opportunities that are available to them in their respective Member States (5%). Following the completion of the course however, this figure increased to 39% on average for all countries.

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



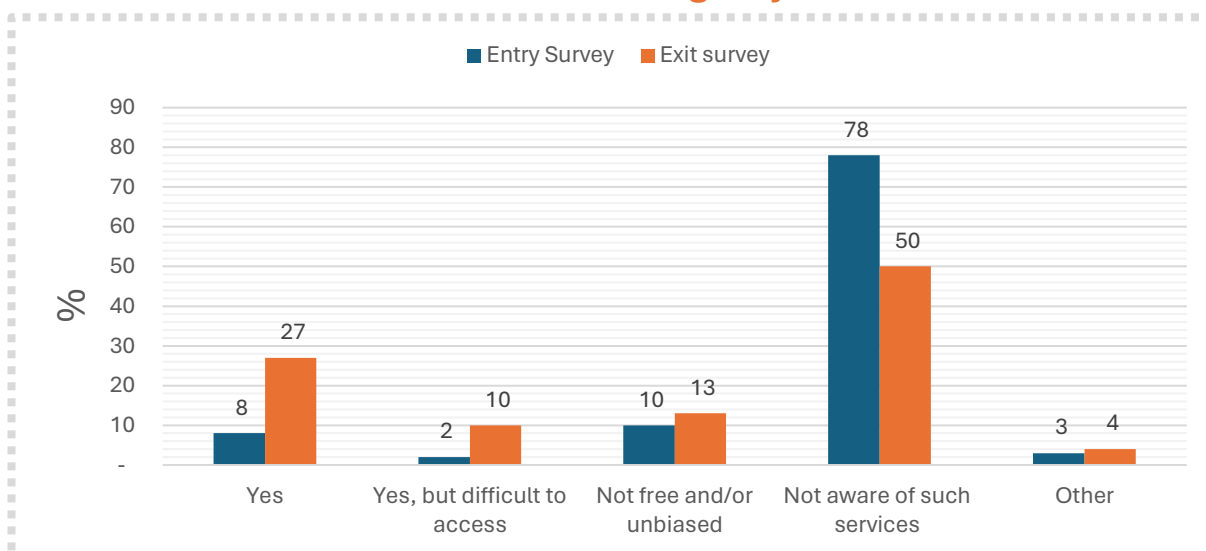
- On average, European retail investors possess limited knowledge on how to identify opportunities and mitigate risks before making an investment decision (12%). Following the exit survey, this figure increased to 48%.

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



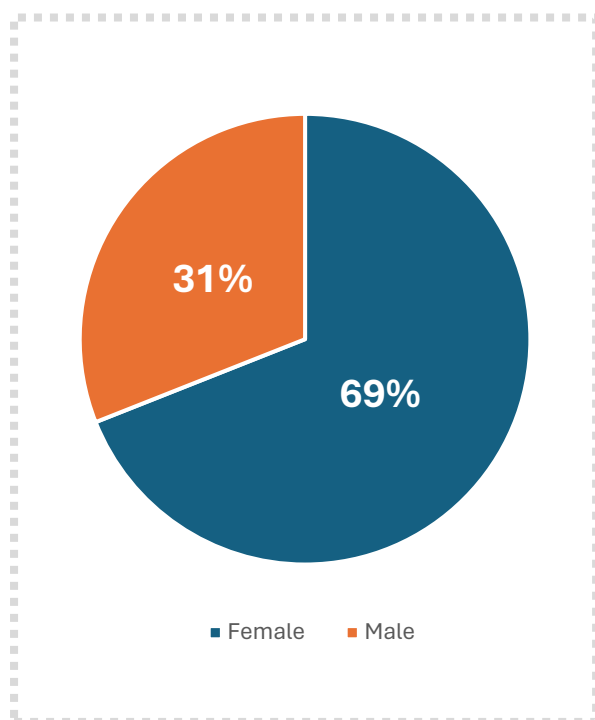
□ On average, European retail investors have a very limited understanding on how to protect themselves from greenwashing (6%). Following the completion of the course however, this figure increased to 62% on average for all countries under scope.

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



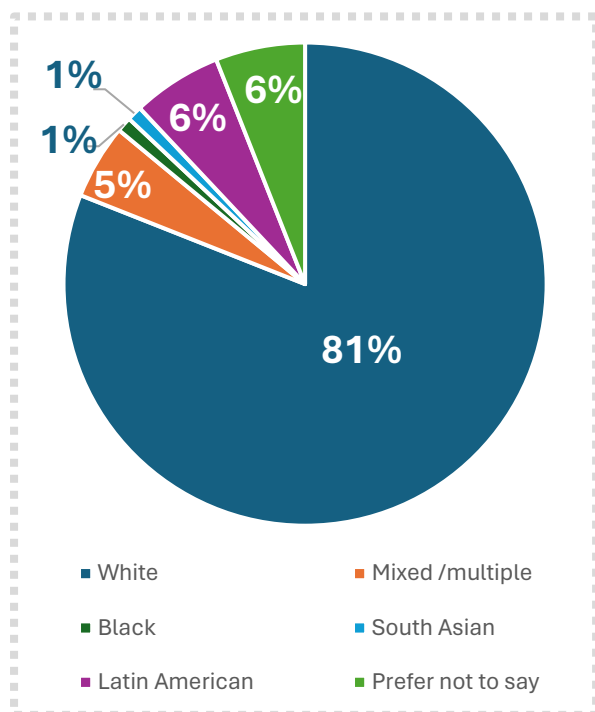
□ On average, European retail investors are not aware of local free and unbiased advice (78%). Following the completion of the course however, this figure decreased to 50% on average for all countries under scope. Additionally, only 8% on average knew about free and unbiased advice prior to the campaign, whereas this figure increased to 27% following its completion.

g) What gender do you identify as?



The figures expressed in percentages represent the median of entry and exit surveys filled, on average for the countries under scope. Throughout the course of ‘Invest for Better Climate EU’, **69% of the participants who filled both surveys identified as female, while the remainder (31%) 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%³ 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.⁴

h) What is your ethnic background?

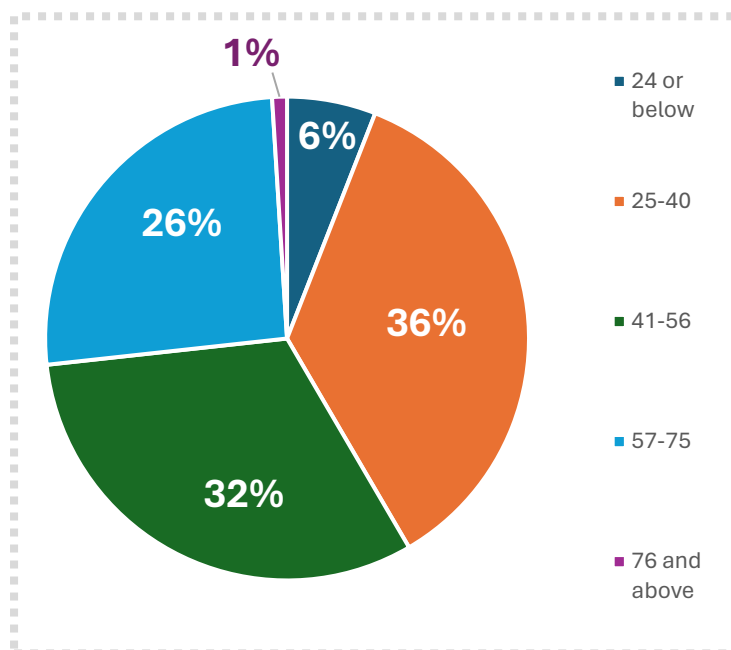


Though the learning in this campaign is relevant for anyone in the EU, we aimed to engage women and new investors more specifically. In the context of ethnic background, on average between France, Germany, Poland and Spain, diversity is represented by 13% of those identifying as either **‘Latin American’, ‘Mixed/multiple’, ‘Black’ or ‘South Asian’**. An additional 6% have not disclosed ethnic background information, with the majority of circle participants identifying with ‘White’ 81%. But aside from ethnic diversity, ‘Invest for Better Climate EU’ also ensured professional diversity with significant differences in backgrounds of participants – ranging from audit committee chairs or management board members of listed companies to students.

³ 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>

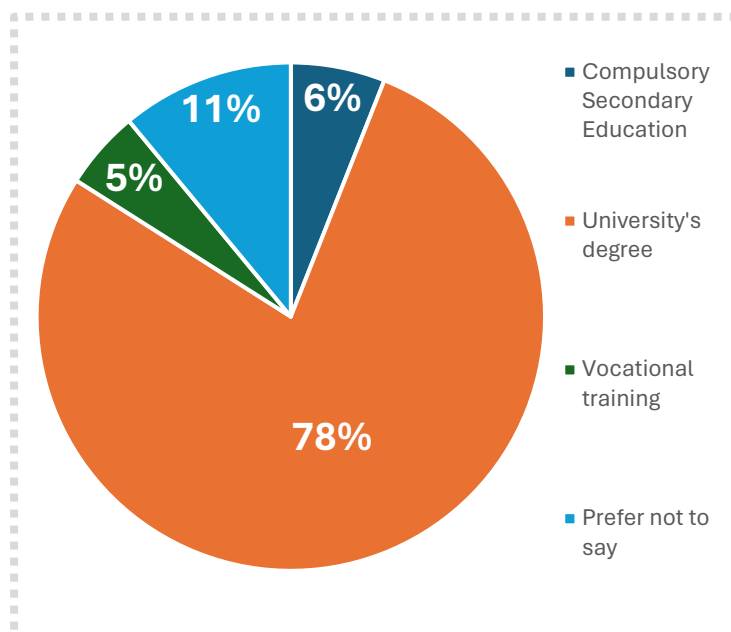
⁴ GFLEC Financial literacy and stock market participation, available at: <https://gflec.org/wp-content/uploads/2021/03/Fearless-Woman-Research-March-2021.pdf>

i) What is your age?



On average, throughout the course of ‘Invest for Better Climate EU’, the largest representative age group during the entry and exit survey across the four countries was 25-40 years old (36%), closely followed by 41-56 years old (32%). Participants belonging to the 24 or below age group made up 6%, while the lowest represented age group belonged to those in the age group of 76 and above (1%). Additionally, those who belong to the 57-75 age group represented 26% of participants on average across the countries under scope.

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



On average, throughout the course of ‘Invest for Better Climate EU’, the largest representative group on the level of education remained consistently with those indicating ‘University degree’ (this includes University entrance qualification, Bachelor’s degree, Master’s, PhD and higher). Additionally, 11% of respondents across Europe have not disclosed this information. The remainder was almost evenly spread between those with ‘Compulsory Second Education’ 6% (including High School) and ‘Vocational training’ 5%.

With diverse social and economic backgrounds for circle leaders and participants, BETTER FINANCE, as well as its partner organisations that implemented the educational campaign in EU countries, have learnt how to expand the diversity and ensure further inclusion through a well informed and practically improved follow-up iteration.⁵

⁵ Local partner organisations include: [Place des investisseurs](#) (France), [DSW](#) (Germany), [SII](#) (Poland), [ADICAE](#) (Spain)

Recommendations: retail investors' perspectives

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

- The observations from the campaign show that **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 their respective markets, 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,** can contribute to a greater number of retail investors becoming better informed and equipped in regard to greenwashing and its prevention.

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 and information expectation.

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.