



Contact us

RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

Level 4, 478 George Street
Sydney, NSW 2000
Australia

+61 2 8228 8100
info@responsibleinvestment.org
responsibleinvestment.org

© Responsible Investment Association Australasia, 2020

Creative Commons Attribution 4.0 Australia Licence:
Where otherwise noted all material presented in this
document is provided under a Creative Commons
Attribution 4.0 Australia licence: <https://creativecommons.org/licenses/by/4.0>

Licence conditions are on the Creative Commons
website as is the legal code for the CC BY 4.0 AU
licence:
<https://creativecommons.org/licenses/by/4.0/legalcode>

The suggested citation for this report is: *From Values
to Riches 2020: Charting consumer expectations
and demand for responsible investing in Australia.*
Responsible Investment Association Australasia

Introduction

There are few Australians who have not been personally touched by the impacts of recent weather events in Australia. It has forced a reconsideration of how we as a nation respond to our changing environment and the role of investors in contributing to and responding to issues such as climate change.

At the same time we continue to see unprecedented growth in ethical and responsible investing, both locally and globally. Assets managed in accordance with responsible investment principles now represent 44% of Australia's total \$2.25 trillion in professionally managed assets (this compares with five years ago, when it was only 17% of the total assets under management).

One notable driver for this growth is the rising consumer sentiment in support of investments that are consistent with people's own values.

In addition to the Responsible Investment Association Australasia's (RIAA) work to benchmark the size, performance and growth of responsible investing, RIAA regularly takes the pulse of the Australian public to better understand the beliefs and attitudes that inform investment decisions. This data helps to improve industry understanding, enabling the finance sector to deliver products and services that can best meet the financial and non-material needs of existing and prospective clients.

The Responsible Investment Association Australasia's (RIAA's) *From Values to Riches 2020* study expands upon our last Australian consumer research commissioned in 2017.

The message it gives is resounding: the majority of Australians expect superfunds, banks, financial advisers and other financial institutions to invest their money responsibly and ethically.

It's a response to a devastating summer of unprecedented fires and floods exacerbated by climate change. But it's also a continuation of the long-term upward trend of investing in-line with one's values and recognition of the impressive performance of many responsible and ethical options.

We hope this data will further strengthen the finance sector's efforts to be better investors, applying fund-wide responsible investing strategies that factor in people's values, interests and expectations, deliver strong financial returns and importantly, contribute to a healthier economy, society and environment. Today, Australians expect nothing less.

METHODOLOGY

The research was commissioned by RIAA and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,135 Australians aged 18+. Surveys were distributed throughout Australia including both capital city and non-capital city areas.

The survey was conducted online amongst members of a permission-based panel, between 7 and 13 February 2020. After interviewing, data was weighted to the latest population estimates.

THANK YOU TO OUR SPONSOR



Australian Ethical Investment is Australia's leading ethical wealth manager. Since 1986, Australian Ethical has been helping people invest in a better future through a range of wealth management products that align with their values and deliver strong returns. Investments are guided by the Australian Ethical Charter which shapes its ethical approach and underpins its company culture.

It was the first publicly listed company in Australia to achieve B Corp status and its success proves that the power of money can be harnessed to deliver both competitive returns and positive impact for people, planet and animals.

Australian Ethical is publicly listed with \$3.87 billion in funds under management as at 31 December 2019.

www.australianethical.com.au

Executive summary

The desire for our savings and investments to have a positive impact, and the willingness to take action to ensure this, looks set to shape the growth of responsible investing and the finance industry as a whole in Australia.

From Values to Riches 2020 shows that momentum around responsible and ethical investing has accelerated in 2020. There's a renewed sense of urgency within consumers to act, and more opportunities for investors to have an impact than ever before.

RIAA's study reveals that people will take action if they feel their money isn't invested in line with their values and interests. They will switch bank or super fund if need be, and are seeking greater transparency to make more informed decisions.

Australians are wanting their investments to have a positive impact. Many people are increasingly assessing companies and financial providers on what kind of outcomes they are responsible for, both positive and negative, rather than the simple binary of profit and loss. Australians want better communication about these outcomes, and independent oversight which lends confidence to an organisation's claims of responsible and ethical practice.

This may pose a challenge for some institutions, but for most, this is an opportunity. For all financial organisations who serve a client or consumer base, it is a roadmap showing the growth of responsible investing¹ and the future of investment at large.

KEY FINDINGS:

High expectations

- 86% of Australians expect their super or other investments, and 87% of Australians expect the money in their bank accounts, to be invested responsibly and ethically.
- 9 in 10 (89%) Australians feel it's important that their financial institution invests responsibly and ethically across the board.

Propensity to act

- Three quarters of Australians would consider moving their banking, super or other investments to another provider if they found out their current provider was investing in companies engaged in activities not consistent with their values.
- Two thirds (67%) of Australians who don't currently invest in ethical companies, funds or superannuation funds would be most likely to consider doing so in the next 5 years, with 32% saying they would consider doing so in the next year.
- Recent weather conditions in Australia have prompted 2 in 5 Australians to think about switching financial institutions (banks, super funds etc.) to one which invests ethically or responsibly.
- Half of Australians say they would be motivated to invest and save more money if they knew their savings or investments made a positive difference in the world.

Busting the performance myth

- 67% of Australians believe ethical or responsible banks perform better in the long term and 62% of Australians believe ethical or responsible super funds perform better in the long term (up from 29% in 2017).

¹ Responsible investing as used in this report is a term that encapsulates responsible, ethical and impact investing, and the delivery of financial advice about responsible investment.

Awareness

- Half (50%) of Australians have heard of responsible or ethical investing.

Transparency

- 85% of Australians expect their bank to disclose which companies their money is invested in and 86% of Australians expect the same of their super fund.
- 4 in 5 Australians would like their super fund and their bank/s to communicate the impacts – positive and negative – their money is having on people and the planet.

Verification and information

- 4 in 5 Australians say they would be more likely to invest in an organisation, fund or product that has been certified by an independent third party for its responsible investment practices.
- More than three quarters of Australians believe there is not enough independent information about ethical or responsible banking and superannuation funds available.

Roles of the finance sector and government

- 87% of Australians think Australia's financial services sector has a role to play in generating positive social, environmental and economic outcomes for the country.
- 4 in 5 Australians think the Australian financial sector has a role to play in ensuring we are less vulnerable to climate change.
- 4 in 5 Australians believe the government should play a role in ensuring Australia's financial system contributes positive social, environmental and economic outcomes for the country.

Social and environmental issues of interest and concern

- 4 in 5 of Australians feel environmental issues are important regarding the investment of their money.
- The top themes are renewable energy and energy efficiency (55%), sustainable water management and use (48%), healthcare and medical products (48%), healthy river and ocean ecosystems (45%), sustainable land and agricultural management (43%) and education (42%).

- Two thirds (69%) of Australians see environmental issues (including environmental degradation, pesticides, fossil fuels and others), as the most important theme overall to avoid when it comes to investing their money, followed by animal related issues (including animal cruelty and meat products) at 63%.
- The top specific issues consumers want to avoid with their investments are animal cruelty (60%) tobacco (54%), weapons and firearms (54%), human rights abuses (51%) and gambling (50%).

Providing options

- 72% of Australians believe there is a lack of credible ethical and responsible banking options to choose from and 66% believe there is a lack of credible ethical and responsible superannuation options to choose from.

Role of financial advisers

- 9 in 10 Australians believe it's important that their financial adviser provides responsible or ethical options.
- 86% of Australians believe that it is important that their financial adviser asks them about their interests and values in relation to their investments.
- 87% of Australians feel comfortable discussing their interests and values in relation to their investments with their financial adviser.

Younger generations and women

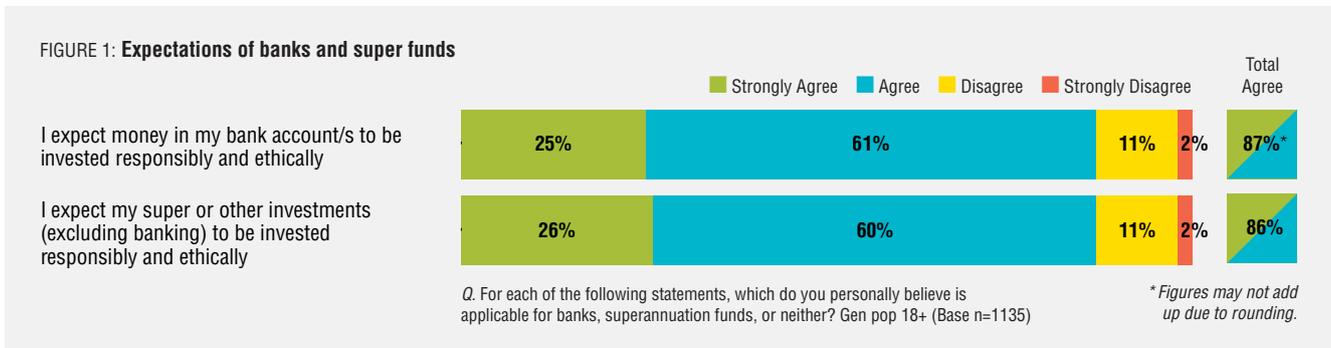
- Younger generations are much more likely to consider investing in ethical companies, funds, or superannuation funds.
- Younger Australians in particular say they would save or invest more if they knew their money would make a positive difference.
- The recent conditions in Australia have prompted younger Australians, in particular, to think about switching financial institutions (banks, super funds, etc.) to one which invests ethically or responsibly.
- Women are much more likely to consider moving their banking, super or other investments (excluding banking) to another provider if they found out their current fund was investing in companies engaged in activities not consistent with their values.

Main findings

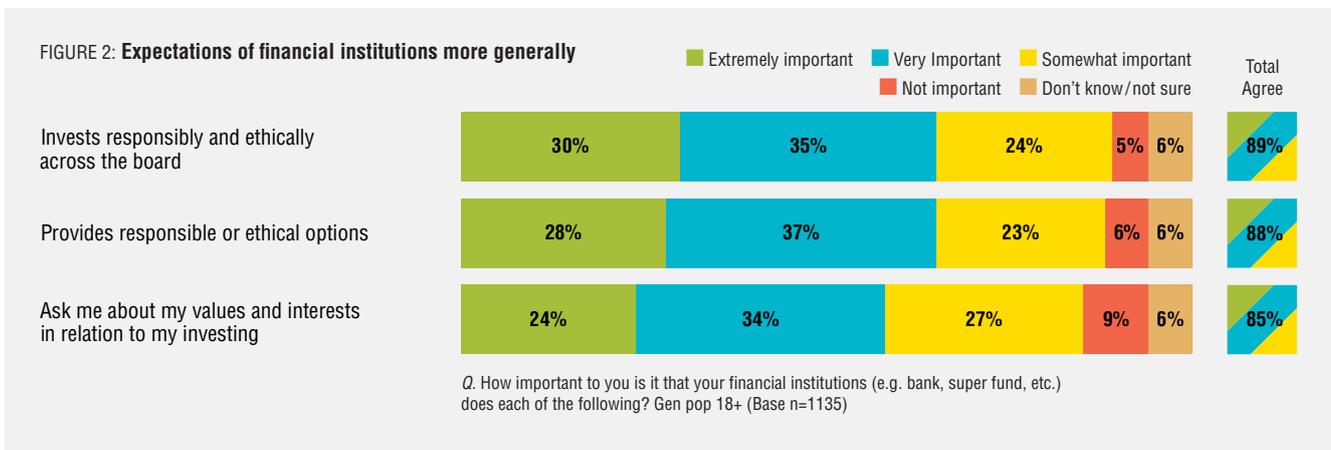
Expectations for responsible and ethical investing are high

Expectations set the baseline for how an industry operates. A responsible and ethical approach to investing is now the norm expected by Australian consumers.

- 86% of Australians expect their super or other investments (excluding banking) to be invested responsibly and ethically.
- 87% of Australians expect the money in their bank accounts to be invested responsibly and ethically.



- 9 in 10 (89%) Australians feel it's important that their financial institution invests responsibly and ethically across the board.
- 87% of Australians think Australia's financial services sector has a role to play in generating positive social, environmental and economic outcomes for the country.
- 87% of Australians think Australia's financial services sector should take social and environmental impacts into consideration when making investments.
- 85% of Australians feel it's important that their financial institution ask them about their values and interests in relation to their investing.



Money will move

There is more energy to take action than ever before. People are willing to shift their investments towards responsible and ethical offerings.

- Two thirds (67%) of Australians who don't currently invest in ethical companies, funds or superannuation funds would be most likely to consider doing so in the next 5 years, with 32% saying they would consider doing so in the next year.

FIGURE 3: Likelihood of investing responsibly or ethically

When, if ever, would you be most likely to consider investing in ethical companies, funds or superannuation funds that aim to create positive social and environmental impacts?



Q. When, if ever, would you be most likely to consider investing in ethical companies, funds or superannuation funds that aim to create positive social and environmental impacts? Gen pop 18+ (Base n=1135)

- Three quarters (74%) of Australians would consider moving their banking to another provider if they found out their current bank was investing in companies engaged in activities not consistent with their values.
- Three quarters (75%) of Australians would consider moving their super or other investments (excluding banking) to another provider if they found out their current fund was investing in companies engaged in activities not consistent with their values.
- Australians are responding to the ethical, social and environmental behaviors of companies, with half (51%) of Australians having been impacted (in the past 12 months) through taking the following actions:
 - I checked product information or packaging to ensure sustainability - 26%
 - Avoided purchasing a product or service because of a company's activity that was objectionable - 23%
 - Purchased from a brand because of the company's positive impact - 23%

Busting the financial performance myth

In a marked shift over recent years, responsible investing is now viewed as a driver of stronger financial returns.

- Two thirds (67%) of Australians believe ethical or responsible banks perform better in the long term.
- 3 in 5 (62%) of Australians believe ethical or responsible super funds perform better in the long term. In 2017, just 29% of Australians held this belief.

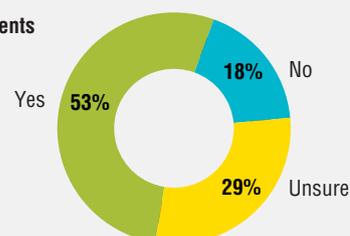
It is also worth noting that:

- 4 in 5 (80%) Australians think Australia's financial sector should consider social and environmental impacts, even it means that some financial returns may be lower.

Investing with positive impact could lift Australians' savings

- Half (53%) of Australians say they would be motivated to invest and save more money if they knew their savings or investments made a positive difference in the world.

FIGURE 4: Likelihood of saving more if investments deliver positive impact



Q. If you knew your savings and investments made a positive difference in the world, would you be motivated to try to save and invest more money? Gen pop 18+ (Base n=1135)

Transparency = disclosure

Digital disruption has made transparency the norm. People are demanding simple information about their investment holdings, and underlying impacts.

- 85% of Australians expect their bank to disclose which companies their money is invested in.
- 86% of Australians expect their super fund to disclose which companies their money is invested in.
- 4 in 5 Australians would like their super fund and their bank/s to communicate the impacts – positive and negative – their money is having on people and the planet.

FIGURE 5: Expectations of banks and super funds to communicate impact and be transparent



Q. For each of the following statements, which do you personally believe is applicable for banks, superannuation funds, or neither? Gen pop 18+ (Base n=1135)

Importance of responsible investment certification

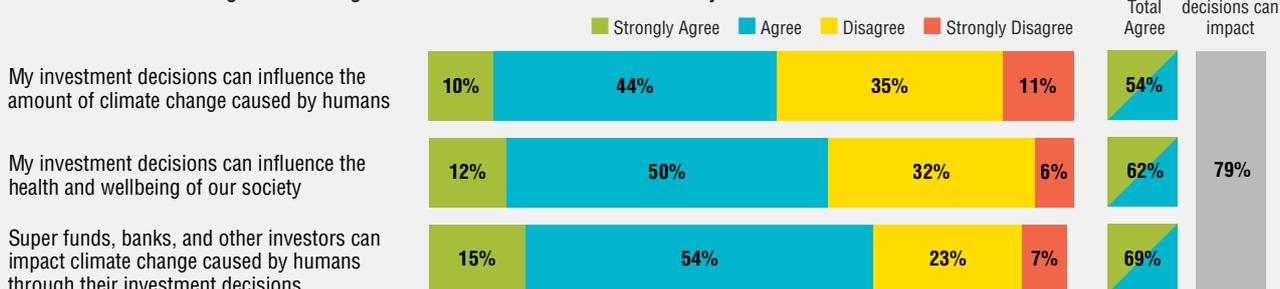
Like so many products claiming environmental or social benefits, Australians are now expecting investment products to be verified as delivering on their promise by an independent certifier.

- 4 in 5 (79%) Australians say they would be more likely to invest in an organisation, fund or product that has been certified by an independent third party for its responsible investment practices.

People feel empowered to influence the world around them through their investment decisions

- 4 in 5 (79%) Australians believe investment decisions can influence things like climate change, and health and wellbeing.
- Two thirds (69%) of Australians believe super funds, banks, and other investors can impact climate change caused by humans through their investment decisions, most commonly younger generations (Gen Z 80%, Millennials 80%; cf. Gen X 68%, Baby Boomers 55%)
- Half (54%) of Australians believe their own investment decisions can influence the amount of climate change caused by humans.

FIGURE 6: Role of investing in influencing the state of our environment and society



Q. To what extent do you agree or disagree with each of the following statements? Gen pop 18+ (Base n=1135)

People now view major climate-change induced disasters as being influenced by financial and economic systems

- 4 in 5 (79%) Australians think the Australian financial sector has a role to play in ensuring we are less vulnerable to climate change.
- The recent conditions in Australia have prompted two thirds (67%) of Australians to think about their investments (and prompted half - 49% - to think about whether their investments are contributing to climate change).
- The recent conditions in Australia have prompted 2 in 5 (43%) Australians to think about switching financial institutions (banks, super funds etc.) to one which invests ethically or responsibly.
- 9 in 10 (88%) Australians think Australia’s financial sector has a role to play in supporting communities recovering from the recent bushfires.
- 4 in 5 (80%) Australians think Australia’s financial services sector has a role to play in ensuring Australia’s resilience to future extreme weather events.

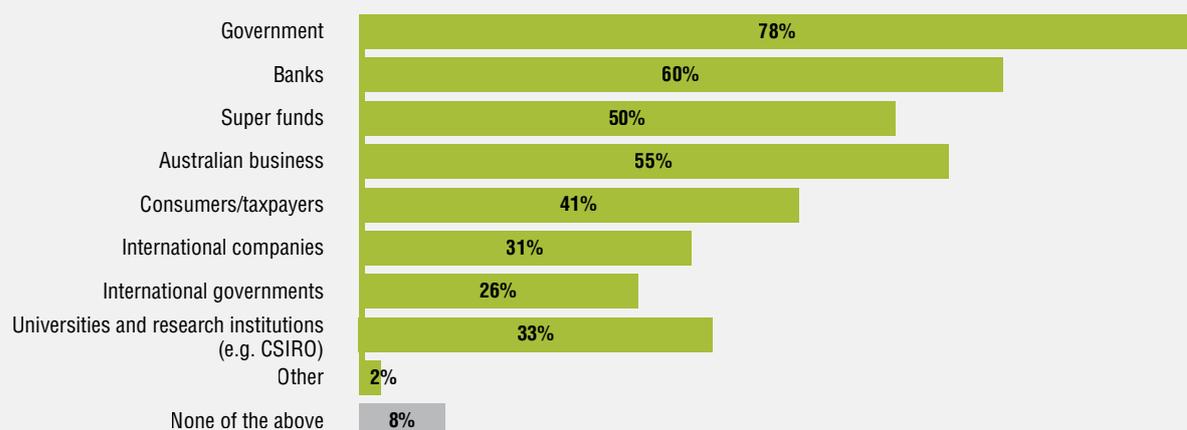
The financial sector has room to improve in building trust with the public

- 70% of Australians say they trust Australia’s financial sector to behave ethically and responsibly. Women are more likely than men to say that they trust Australia’s financial sector to behave ethically and responsibly.
- Two thirds (61%) of Australians don’t trust that super funds claiming to make a positive impact will actually do so.
- Two thirds (68%) of Australians don’t trust that banks that claim to make a positive impact will actually do so.

People are looking to government

- 4 in 5 (78%) Australians believe the government should play a role in ensuring Australia’s financial system contributes positive social, environmental and economic outcomes for the country.
- Two thirds (66%) of Australians believe financial institutions should play a role in ensuring Australia’s financial system contributes positive social, environmental and economic outcomes for the country.

FIGURE 7: Significance of different actors in ensuring the financial system contributes positively



Q. Who do you believe should play a role in ensuring Australia’s financial system contributes positive social, environmental and economic outcomes for the country? Gen pop 18+ (Base n=1135)

Awareness of responsible investing

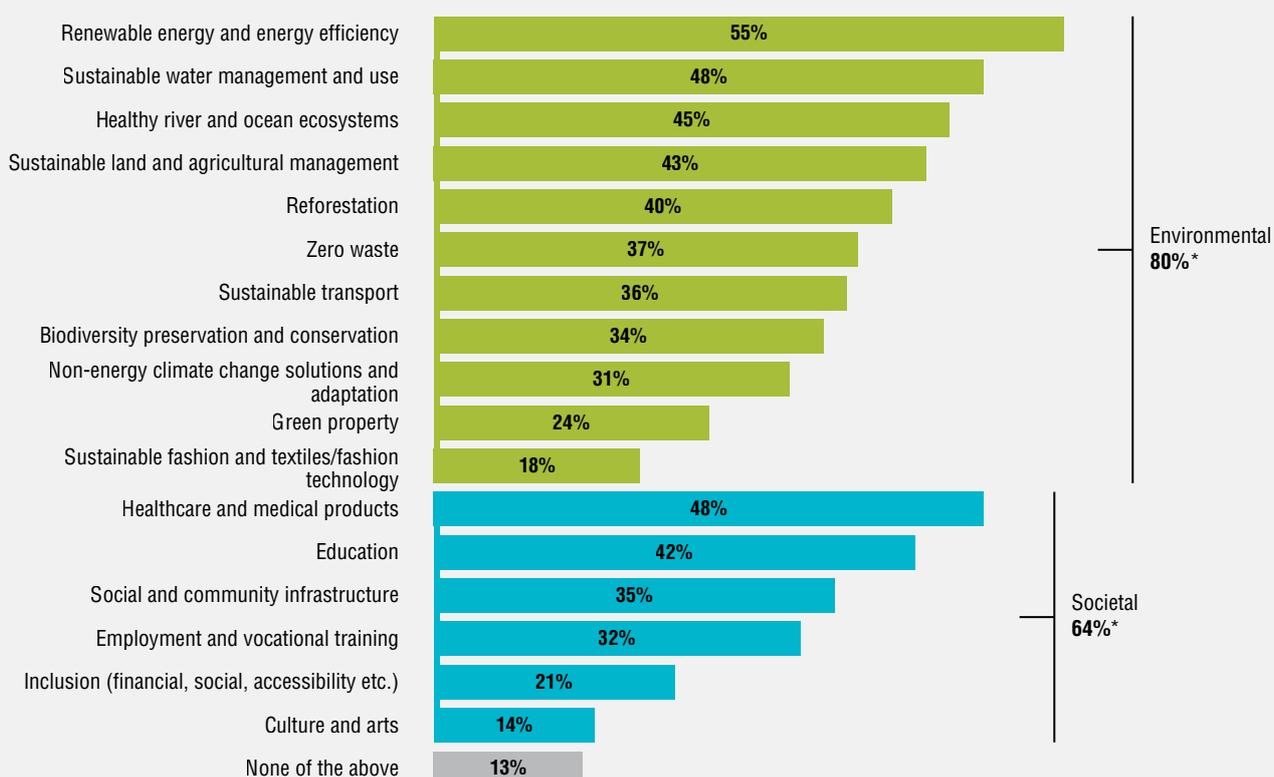
- Half (50%) of Australians have heard of responsible investing. Men (60%; cf. women 41%) and younger generations are more likely than their older counterparts to have heard of responsible investing (Gen Z 57%, Millennials 61%; cf. Gen X 45%, Baby Boomers 41%).

Social and environmental issues of interest and concern

Australians are very clear about the societal and environmental themes they want to support and avoid with their investments. When it comes to investing their money, environmental issues are most important to Australians.

- 4 in 5 (80%) of Australians feel environmental issues are important regarding the investment of their money.
- Two thirds (64%) of Australians believe societal issues are important regarding the investment of their money.
- The most important themes are renewable energy and energy efficiency (55%), sustainable water management and use (48%), healthcare and medical products (48%), healthy river and ocean ecosystems (45%), sustainable land and agricultural management (43%) and education (42%).

FIGURE 8: Issues of importance for consumers when investing money

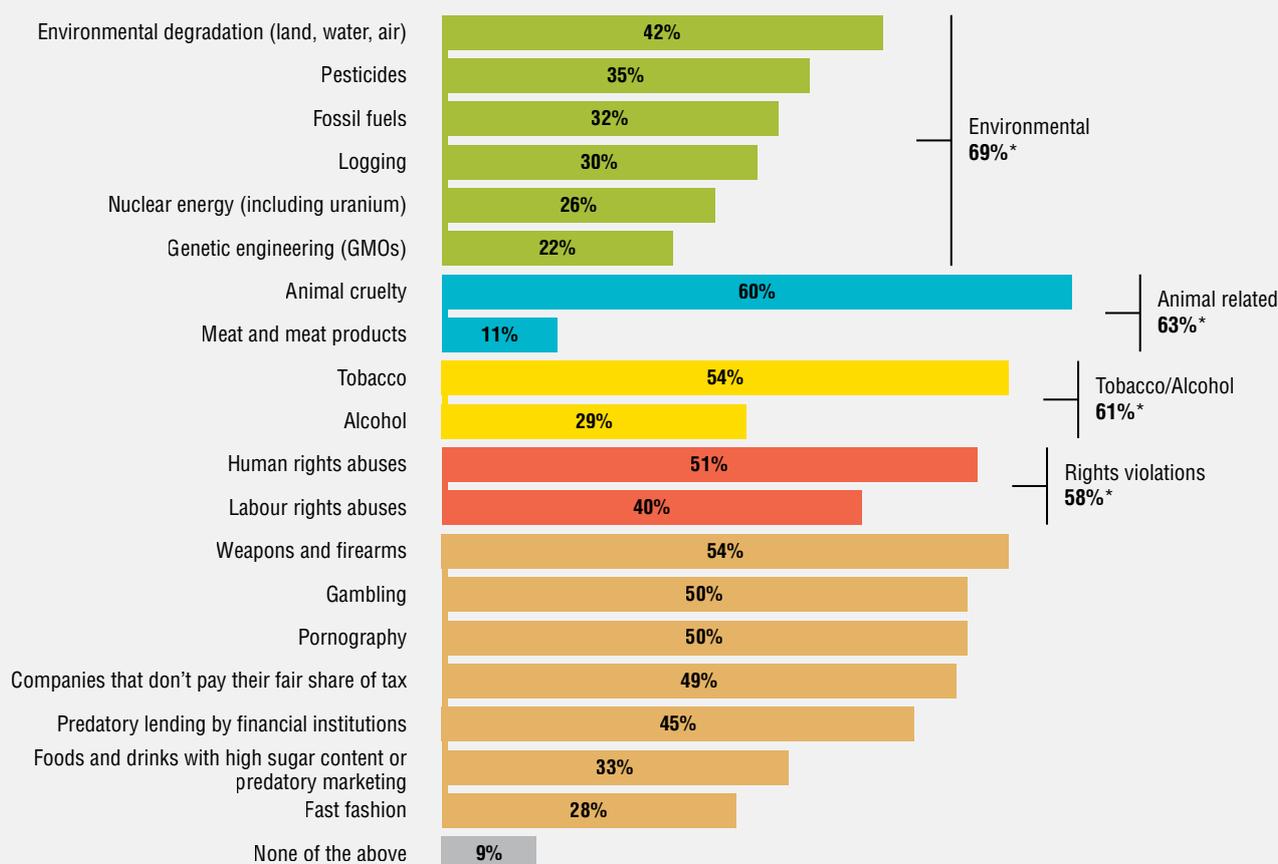


Q. Which of the following are important issues regarding investing your money (including superannuation and other investments)? Gen pop 18+ (Base n=1135)

* this figure represents the percentage of survey participants who selected at least one option within the grouping shown

- Two thirds (69%) of Australians see environmental issues (such as environmental degradation, pesticides and fossil fuels), as the most important theme overall to avoid when it comes to investing their money, followed by animal related issues (animal cruelty and meat products) at 63%.
- The top specific issues consumers want to avoid with their investments are animal cruelty (60%) tobacco (54%), weapons and firearms (54%), human rights abuses (51%) and gambling (50%).

FIGURE 9: Issues consumers want to avoid when investing money



Q. Which of the following are important issues to avoid regarding investing your money (including superannuation and other investments)? Gen pop 18+ (Base n=1135)

* this figure represents the percentage of survey participants who selected at least one option within the grouping shown

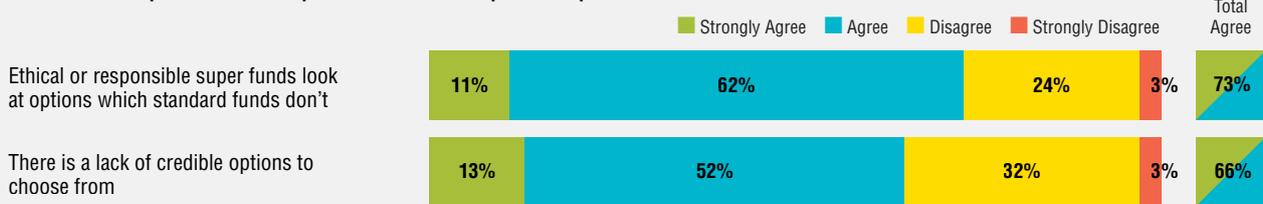
There's a need for independent information about responsible investment

- 4 in 5 (82%) Australians believe there is not enough independent information about ethical or responsible banking available.
- Three quarters (78%) of Australians believe there is not enough independent information about ethical or responsible superannuation funds available.
- 71% of Australians would be more likely to invest their money in ethical banking, investment, or superannuation products if they had more information, most commonly evidence that they would be likely to get a similar financial return as other funds, products or investments (43%), and that an investment would help protect the planet (41%).

Australians are seeking responsible and ethical investment options

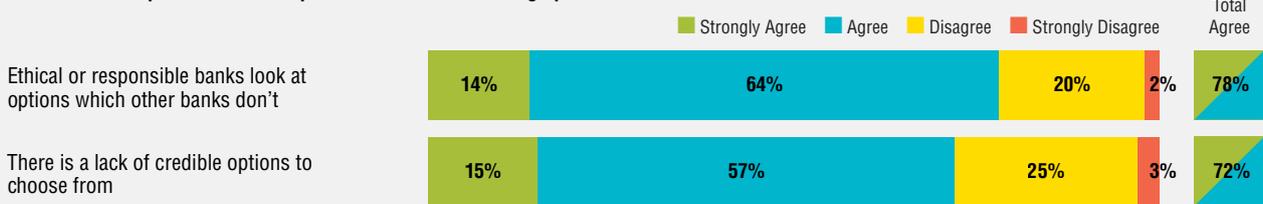
- 9 in 10 (88%) Australians feel it's important that their financial institution provides responsible or ethical options.
- 72% of Australians believe there is a lack of credible ethical and responsible banking options to choose from.
- 4 in 5 (78%) Australians believe ethical or responsible banks look at options which other banks don't.
- Three quarters (73%) of Australians believe ethical or responsible super funds look at options which standard funds don't.
- Two thirds (66%) of Australians believe there is a lack of credible ethical or responsible superannuation funds options to choose from.

FIGURE 10: Perceptions around responsible or ethical super fund options



Q. To what extent do you agree with the following statements regarding ethical or responsible superannuation funds, or option within a fund, do you agree with? Gen pop 18+ (Base n=1135)

FIGURE 11: Perceptions around responsible or ethical banking options

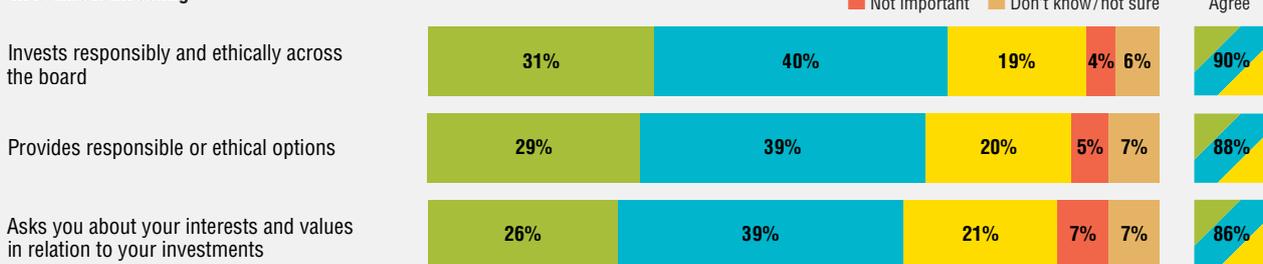


Q. To what extent do you agree with the following statements regarding ethical or responsible banking? Gen pop 18+ (Base n=1135)

Financial advisers have an increasingly important role in helping Australians understand and explore responsible investment options

- 90% of Australians believe it's important that their financial adviser invests responsibly and ethically across the board.
- 9 in 10 (88%) Australians believe it's important that their financial adviser provides responsible or ethical options.
- 54% of Australians expect their financial adviser to be knowledgeable about responsible investment options.
- 86% of Australians believe that it is important that their financial adviser asks them about their interests and values in relation to their investments.

FIGURE 12: Expectations of financial advisers regarding responsible and ethical investing



Q. When working with a financial advisor, how important is it that they do the following? If you don't work with a financial advisor, please answer hypothetically. Gen pop 18+ (Base n=1135)

Interest in responsible investing is growing

- The number of Australians that are considering investing in ethical companies, funds or superannuation funds has risen by 10% over the period (58% in 2020 and 53% in 2017).

FIGURE 13: Expectations of financial advisers

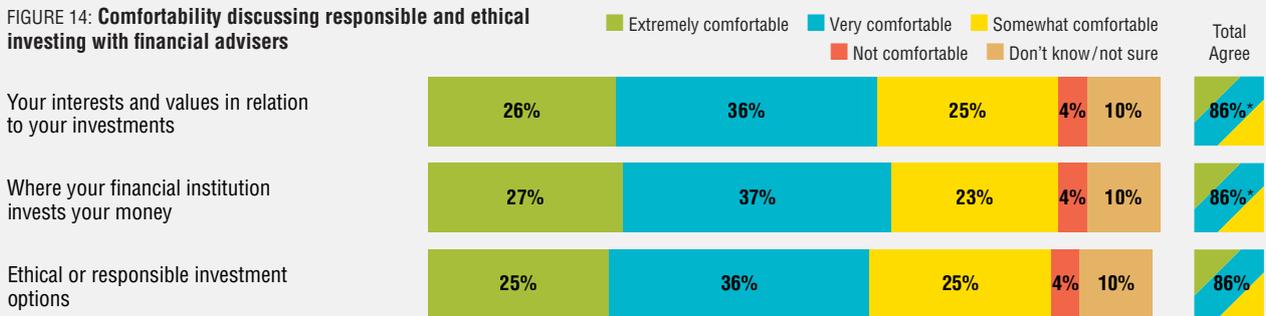


Q. When working with a financial advisor, which of the following, if any, would you expect of them? If you don't work with a financial advisor, please answer hypothetically. Gen pop 18+ (Base n=1135)

Australians feel comfortable engaging with their financial adviser around their values and interests

- 87% of Australians feel comfortable discussing their interests and values in relation to their investments with their financial adviser.
- 86% of Australians feel comfortable discussing ethical or responsible investment options with their financial adviser.

FIGURE 14: Comfortability discussing responsible and ethical investing with financial advisers



Q. When working with a financial advisor, how comfortable would you be discussing the following? If you don't work with a financial advisor, please answer hypothetically. Gen pop 18+ (Base n=1135)

* Figures may not add up due to rounding.

Younger generations and women

Younger generations, including Millennials and Gen Z, are the segments most likely to act on their beliefs and switch their money to financial institutions that deliver them quality and trustworthy responsible investments.

- Younger generations are much more likely to consider investing in ethical companies, funds, or superannuation funds (Gen Z 77%, Millennials 73%; cf. Gen X 57%, Baby Boomers 36%).
- Millennials are much more likely to consider moving their super or other investments (excluding banking) to another provider if they found out their current fund was investing in companies engaged in activities not consistent with their values (Gen Z 74%, Millennials 82%; cf. Gen X 76%, Baby Boomers 67%).
- Younger generations are more likely to have impacted their behaviour in the past 12 months because of a company's social or environmental activity (Gen Z 70%, Millennials 63%; cf. Gen X 45%, Baby Boomers 36%).
- Younger Australians would be more likely to say they would save or invest more if they knew their money would make a positive difference (Gen Z 71%, Millennials 73%; cf. Gen X 46%, Baby Boomers 31%).
- Younger generations (Gen Z 89%, Millennials 89%; cf. Gen X 76%, Baby Boomers 77%) are more likely than their counterparts to invest their money in ethical banking, investment, or superannuation products if changes were introduced, including the provision of information about such products.
- Younger generations believe investment decisions can influence things like climate change, and health and wellbeing (Gen Z 88%, Millennials 86%; cf. Gen X 76%, Baby Boomers 70%).
- The recent weather conditions in Australia are more likely to have prompted younger generations to think about their investments (Gen Z 78%, Millennials 69%; cf. Gen X 49%, Baby Boomers 40%).
- The recent weather conditions in Australia are more likely to have prompted younger Australians to think about switching financial institutions (banks, super funds, etc.) to one which invests ethically or responsibly (Gen Z 60%, Millennials 55%; cf. Gen X 40%, Baby Boomers 25%).

When compared to men, women have higher expectations around the financial sector to engage in responsible investing and are more likely to shift their money.

- Women are much more likely to consider moving their super or other investments (excluding banking) to another provider if they found out their current fund was investing in companies engaged in activities not consistent with their values (82%; cf. men 67%).
- Women are much more likely to consider moving their banking to another provider if they found out their current bank was investing in companies engaged in activities not consistent with their values (80%; cf. men 68%).
- Women (91%; cf. men 82%) are much more likely to think Australia's financial services sector has a role to play in generating positive social, environmental and economic outcomes for the country.



Responsible
Investment
Association
Australasia

**RESPONSIBLE INVESTMENT
ASSOCIATION AUSTRALASIA**
Level 4, 478 George Street
Sydney, NSW 2000
Australia

+61 2 8228 8100
info@responsibleinvestment.org
responsibleinvestment.org