

# Retail demand for sustainable financial products - Italy

2DII – March 2023



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# Overview

This report is part of a series of six reports addressing the demand for green/sustainable financial solutions in six countries of the EU (Belgium, Italy, the Netherlands, Poland, Spain and Sweden)

Each report is the synthesis of national results gathered from several materials:

- ✓ A quantitative survey
- ✓ Qualitative interviews (bilateral or focus groups)
- ✓ An estimate of market potential for various green financial solutions in relation with attitudes expressed in the quantitative survey

Part I and Part II mix results from the quantitative survey and qualitative interviews. Qualitative insights inform the variety of concerns expressed by participants in interviews across countries while quotes (displayed in orange), when available, are sourced from interviews in the studied country only.

Part III presents results of the market estimate.

# Presentation of materials

## Quantitative survey

- ✓ Survey conducted in November 2022 by the polling agency Kantar
- ✓ 1000 respondents or more per country
- ✓ Selection criteria:
  - ✓ minimum monthly savings (e.g., EUR 50 in Belgium, Spain, Italy and the Netherlands) or minimum financial wealth (e.g., EUR 900)
  - ✓ representativeness in terms of gender and age

Age range	Belgium	Spain	Italy	Netherlands	Poland	Sweden	Average
18-24	10,6%	8,4%	8,5%	12,2%	7,9%	10,0%	9,6%
25-34	17,5%	16,8%	14,2%	18,4%	22,0%	20,1%	18,2%
35-44	17,0%	21,0%	17,7%	16,1%	23,0%	16,0%	18,5%
45-54	16,9%	20,5%	21,7%	17,1%	14,2%	16,6%	17,8%
55+	38,1%	33,3%	38,0%	36,2%	32,9%	37,3%	36,0%
Nb of respondents	1002	1052	1053	1000	1000	1000	/

## Qualitative interviews

- ✓ Interviews conducted between November 2021 and November 2022 via national subcontractors
- ✓ Between 20 and 30 individual interviews per country (for a total of 165)
- ✓ 1 or 2 focus groups per country involving 5/6 people each
- ✓ Selection criteria: none

# PART I: retail investors and sustainable finance

A faint, light-colored outline of a world map is visible in the background of the slide, centered behind the main text.

# I. Interest in sustainable finance

# Interest in sustainable finance

## Cross-country:

- ✓ In each country, around 50% of respondents declare an interest in sustainable finance solutions

## Country-specific:

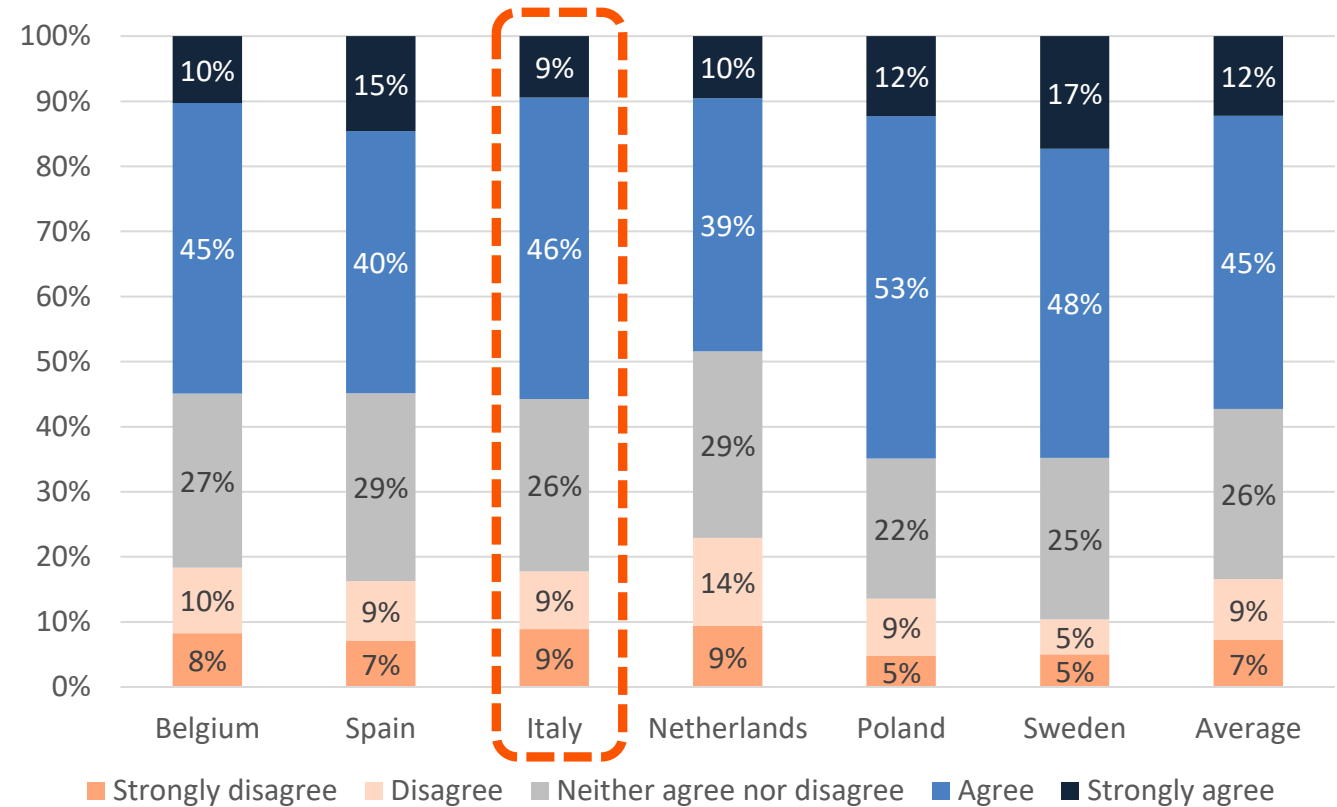
- ✓ In Italy, interest is in line with the European average

## Qualitative insights:

In interviews and focus groups, participants quasi unanimously say they would like to know more about sustainable finance, by relying on various materials (articles, podcasts, books, etc.).

It mirrors their self-reported low level of knowledge.

I am interested in sustainable finance solutions



# Holding of sustainable financial products

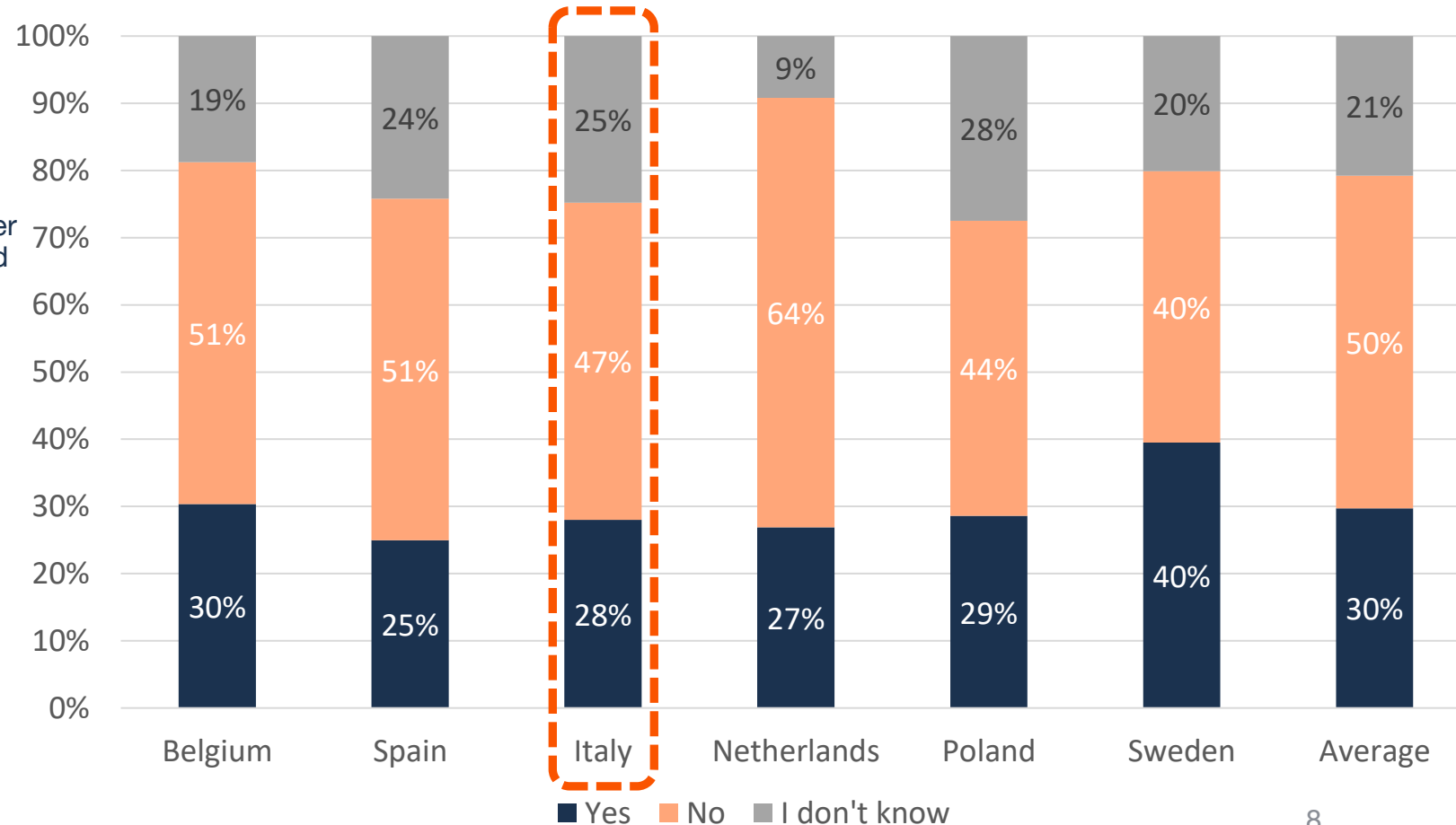
## Cross-country:

- ✓ In each country, only a minority of respondents say they already own sustainable financial products

## Country-specific:

- ✓ In Italy, the situation is similar to most other European countries where less than a third of respondents already own sustainable investments

Are any of your current financial investments in sustainable products?





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# II. Beliefs about sustainable finance

# An appropriate way to express values?

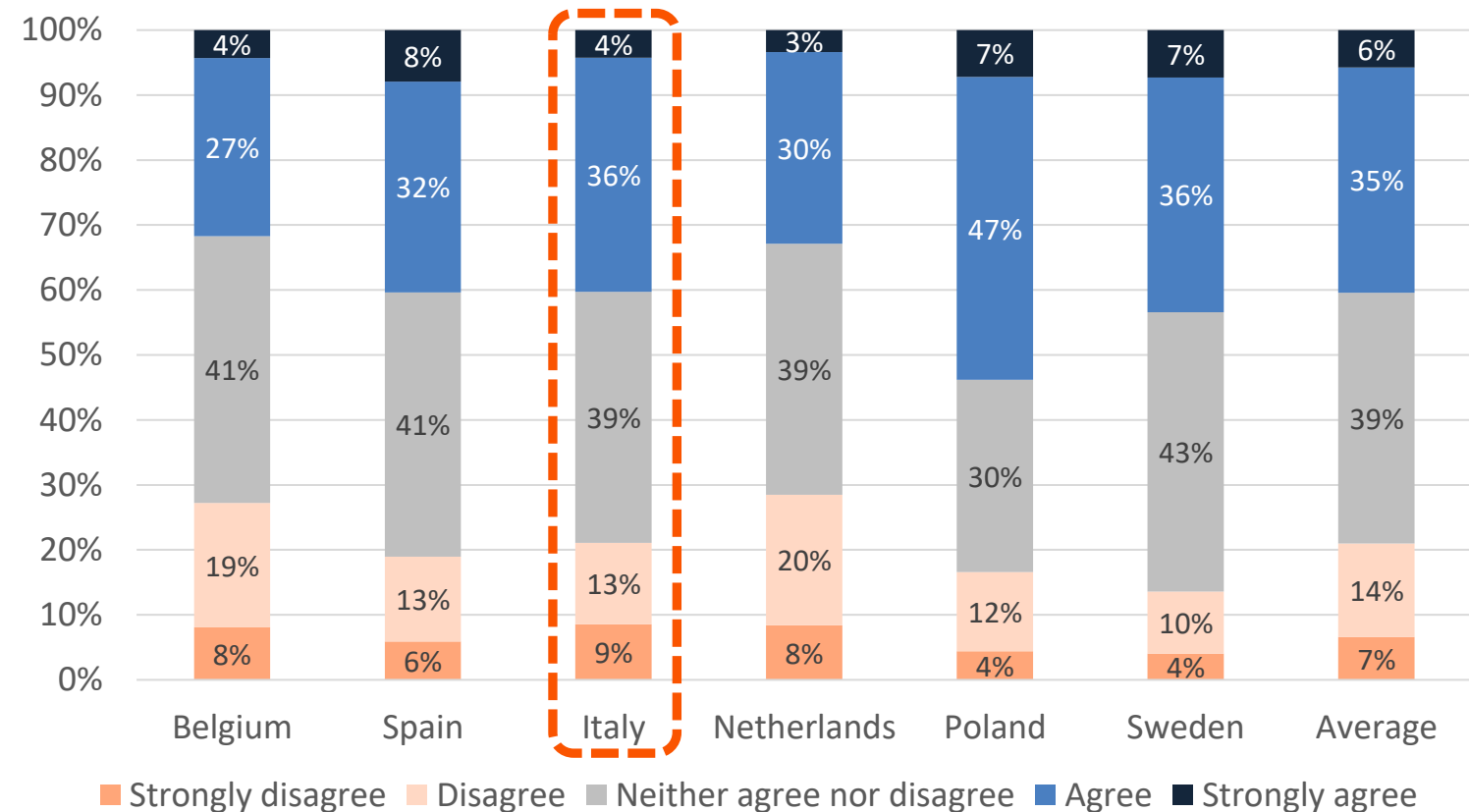
## Cross-country:

- ✓ In each country, more respondents consider financial investments to be an appropriate way to express one's values than the opposite
- ✓ Across countries, a particularly high fraction of respondents (between 30% and 40%) does not have a clear idea about it

## Country-specific:

- ✓ The perception in Italy is very similar to the European average

I believe that financial investments are an appropriate way to express one's values



# An efficient way to change the world?

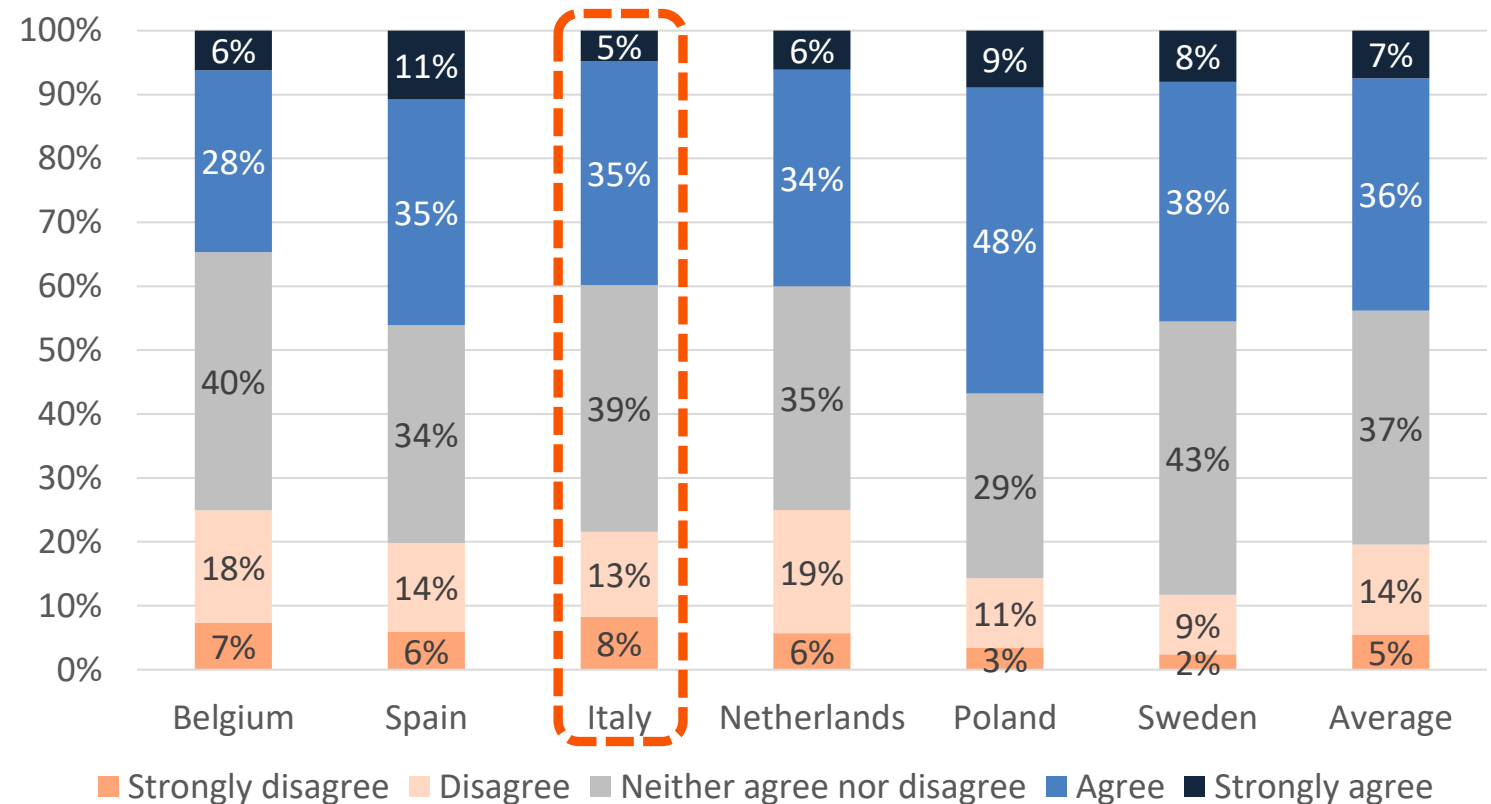
## Cross-country:

- ✓ In each country, more respondents consider financial investments to be effective to make a difference than the opposite
- ✓ Across countries, a particularly high fraction of respondents (between 30% and 40%) does not have a clear idea about it
- ✓ Individual answers for expressing values and changing the world correlate strongly

## Country-specific:

- ✓ Here again, the perception in Italy is very similar to the European average

I believe that financial investments in general are effective to change the world



# A positive effect on returns?

## Cross-country:

- ✓ In all countries, very diverse opinions regarding this question
- ✓ More respondents consider the effect on returns to be positive than the opposite

## Country-specific:

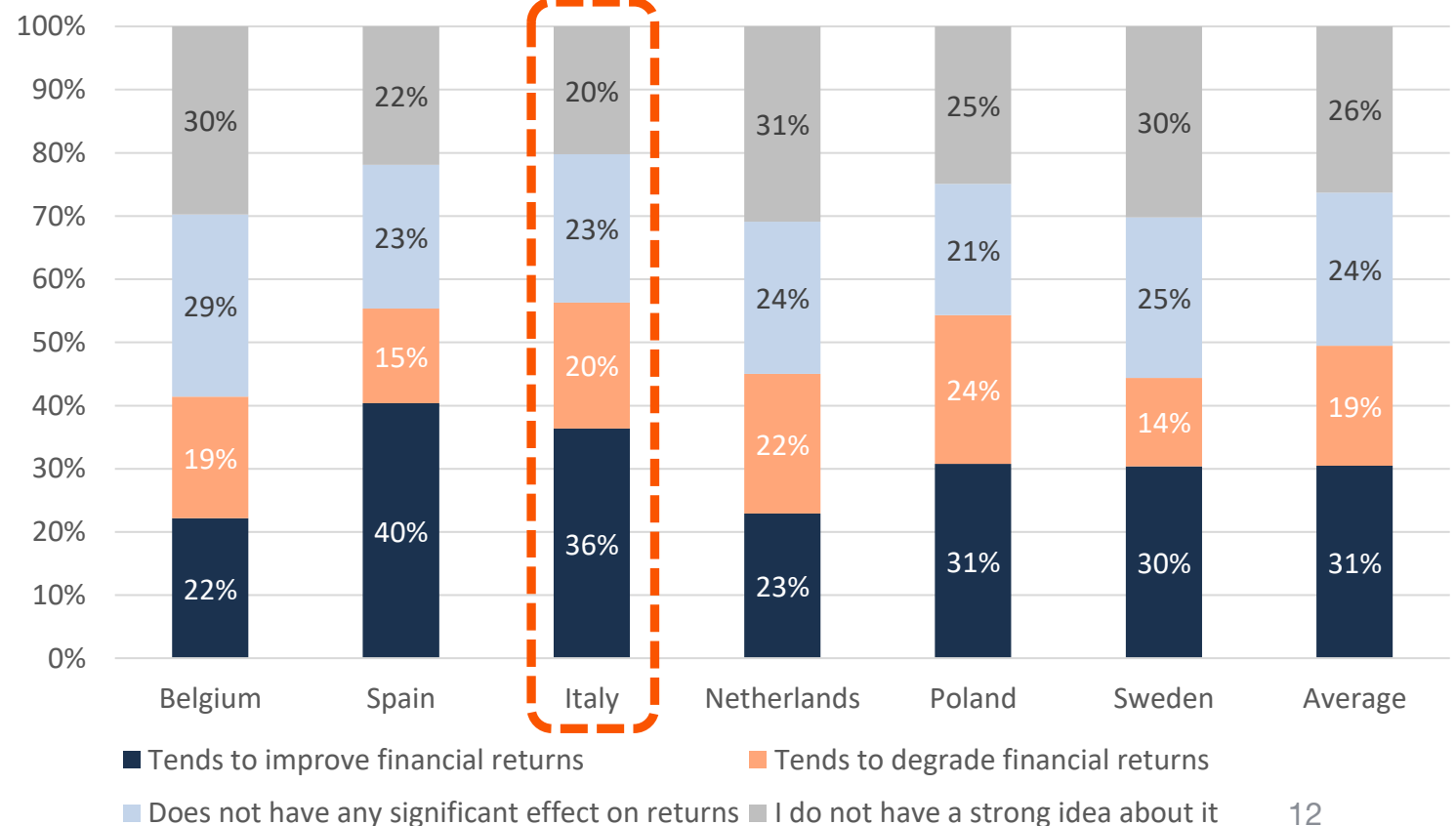
- ✓ Respondents in Italy have a more positive opinion of the effect on returns than respondents in many other countries

## Qualitative insights:

In interviews and focus groups, participants often highlight that the impact on returns shall depend on the time horizon.

In the short run, it might be negative due to increased costs of sustainability for companies while in the long run it should be positive by offering a competitive edge towards laggards and enabling leaders to benefit from supporting regulations.

I believe that, in general, introducing sustainability factors into an investment strategy...



# An effective tool to fight climate change?

## Qualitative insights

Do you think sustainable finance is an efficient tool to contribute to the energy transition and fight climate change?

*“Finance can be a useful instrument if correctly directed. Sustainable finance’s management does not seem different to traditional finance, but what can make the difference are its objectives and the controls of managing authorities. The financial instrument anyway supports the economy. The purposes makes the difference.”*

*“It is fundamental. Finance inevitably rules the world. Where it moves it influences things, often even politics. It is inevitable that finance plays an important role in the [transition] path.”*

And if we compare to other tools that can be used to contribute to the energy transition and fight against climate change, like bans of some economic activities or a carbon tax?

*“If sustainable finance would be diffused it would be more effective than bans, because there are always ways to elude prohibitions. If the capital arrives only if the firm respects certain [sustainable finance-oriented] limits, the firm would be more bounded.”*

*“The priority is the internationalization of externalities in terms of prices. So the carbon tax is more efficient because it gives the right signal, pointing to the original problem. If you let oil and gas companies pay the externalities, you don’t even need to channel the money differently. A price signal is not enough, also normative instruments are needed: the first things to do to guide the economy.”*



A faint, light-colored outline map of Southeast Asia is visible in the background of the slide.

# III. Sustainability motivations

# Importance of aligning savings with values

## Cross-country:

- ✓ In each country, high stability of individual answers across saving goals
- ✓ Mild differences across countries

## Country-specific:

- ✓ In Italy, the importance granted to that sustainability motivation is in line with the European average and does not significantly vary across saving goals
- ✓ The importance of aligning with personal values is slightly higher for savings targeted to children or relatives

## Qualitative insights:

In interviews and focus groups, there is large consensus between participants in favour of investments that reflect investors' core values.

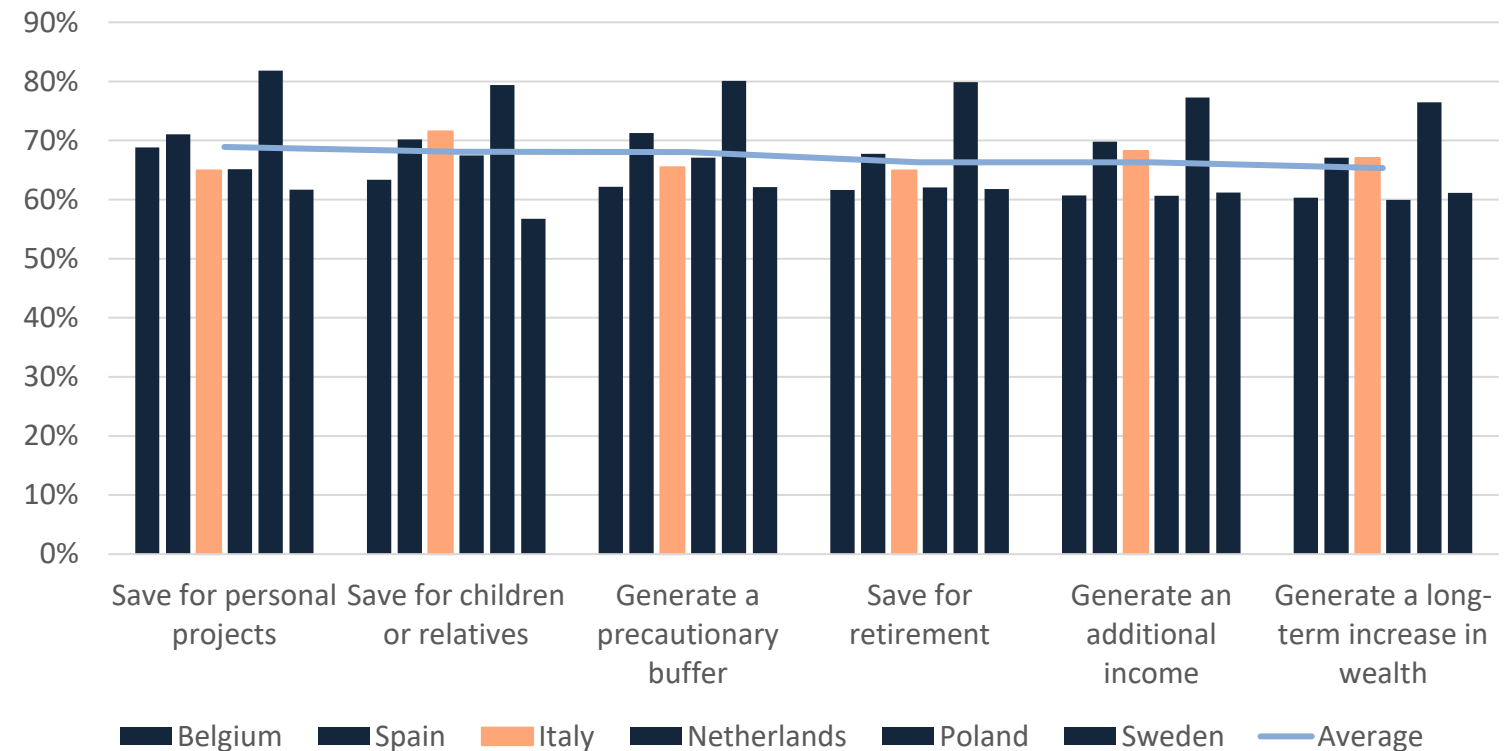
Few participants point towards an inconsistency between investing for returns and investing in line with values.

*"It means there is] coherence, coincidence with what I think and do, it makes sense."*

*"I try to respect my beliefs when I invest, so I consider my personal interest but also social and ethical aspects."*

*"It is the same as taking intercontinental flights and then buy a CO2 compensation".*

How is it important for you to align your savings with your personal values ? (% important or very important)



# Importance of having impact with one's savings

## Cross-country:

- ✓ In each country, high stability of individual answers across saving goals
- ✓ Large differences across countries with two clearly identified groups
- ✓ Across countries and saving goals, having impact is systematically less important than aligning with one's values (see previous slide)

## Country-specific:

- ✓ Italy belongs to the group of countries (alongside Spain and Poland) where having impact with one's savings is significantly more important than for the European average

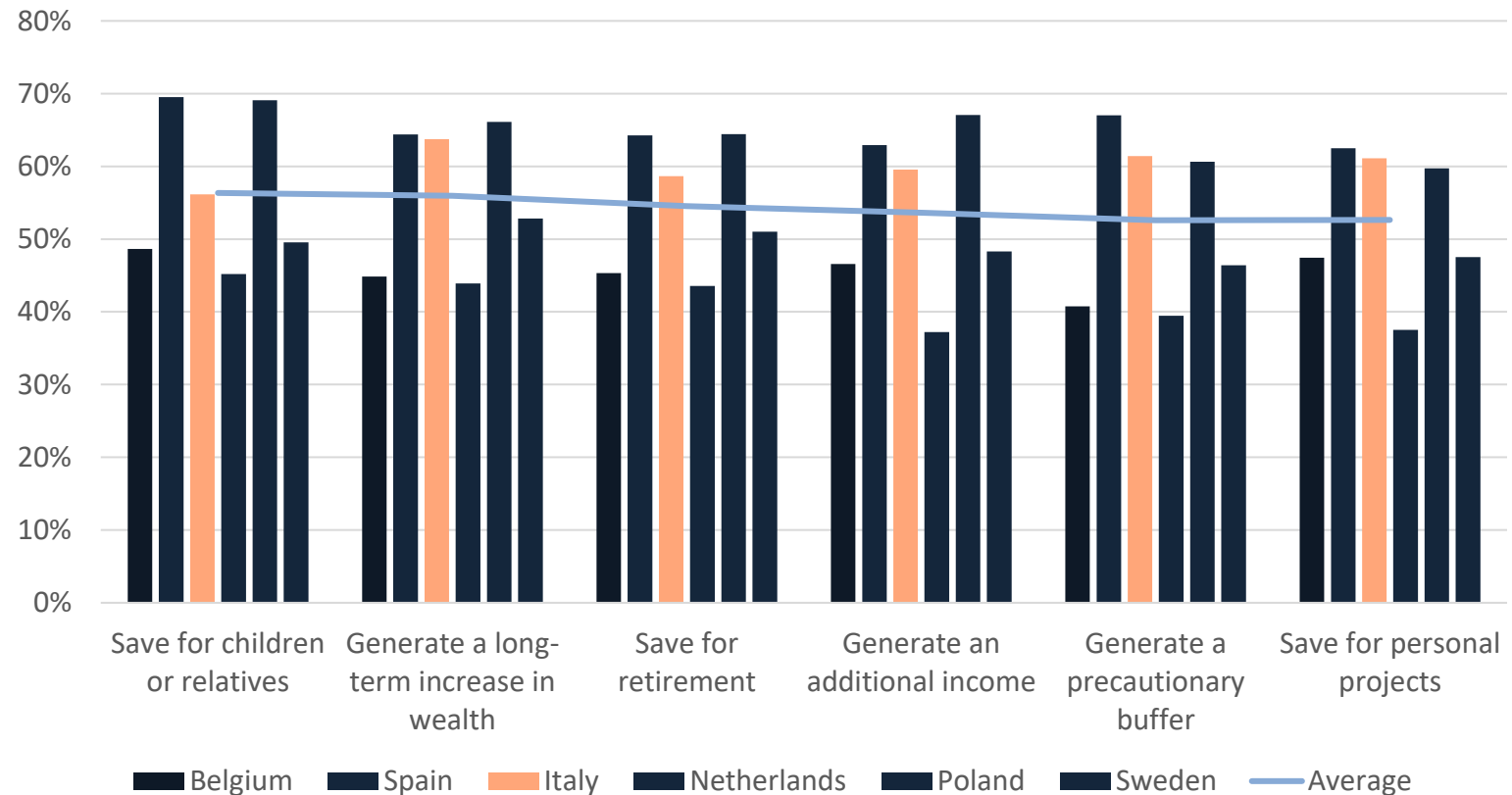
## Qualitative insights:

*"I have a socio-political sensitivity; thus, I would like that my investments concur to the objective of improving society, not degrading it."*

*"[It means my investments] contribute to the right direction, both in itself and as an example for others."*

*"Savings can make a difference if there is a mass of investors making use of sustainable finance tools. If the only source [of investment] comes from people that put limits, the world could change".*

Importance of having impact with one's savings  
(% important or very important)





# Introducing sustainability motivations

- ✓ In the quantitative survey, we asked participants a series of questions regarding their financial or sustainability goals for different practical financial goals attached to their savings (e.g., saving for retirement, generate a precautionary buffer, increase personal wealth, finance personal projects, etc.).
  
- ✓ We considered three types of overarching goals, one being purely financial (achieving maximum return for a certain level of risk) and two being related to sustainability. We build on two key motivations\* of retail investors to invest sustainably:
  - Aligning savings with one's values (Value Alignment)
  - Having an impact on the world (Impact)
  
- ✓ By averaging the answers for the various saving goals, we were able to generate a typology of seven “sustainability profiles”, either pure (focusing on one goal only) or mixed (caring for two or three goals) as displayed in the following slide.

\* These two sustainability motivations have already been referenced by various stakeholders to clarify the underlying motivation of retail investors (see [ESAs \(2017\)](#); [Busch et al. \(2021\)](#); [Eurosif \(2022\)](#); [AMAS/SSF \(2022\)](#); [FCA \(2022\)](#); [ADEME/2DII \(2023\)](#)). 2DII used these categories to assess sustainability motivation across 14 European countries over the last three years (find our reports [here](#))

# Sustainability profiles

## Cross-country:

- ✓ In all countries, a majority of respondents have a mixed profile, combining various motivations
- ✓ On average, 53% of European respondents are willing to have impact with their savings
- ✓ In all countries, the “pure impact” profile is the least frequent while the most frequent one is the “value + impact + return” profile
- ✓ In all countries, less than a fifth of respondents do not have sustainability motivations beyond maximizing returns

## Country-specific:

- ✓ The distribution of profiles in Italy resembles the European distribution

## Qualitative insights:

	Belgium	Spain	Italy	Netherlands	Poland	Sweden	Average
Pure impact	1,8%	2,9%	<b>2,8%</b>	3,0%	1,7%	2,2%	<b>2,4%</b>
Pure values	6,9%	4,5%	<b>4,7%</b>	12,6%	3,9%	3,4%	<b>6,0%</b>
Pure return	15,2%	11,0%	<b>9,4%</b>	10,6%	7,7%	20,1%	<b>12,3%</b>
Mix of impact and return	3,2%	6,1%	<b>5,7%</b>	3,2%	5,1%	5,7%	<b>4,8%</b>
Mix of values and return	19,7%	9,2%	<b>10,3%</b>	20,0%	17,5%	17,7%	<b>15,7%</b>
Mix of values and impact	7,1%	7,6%	<b>6,9%</b>	8,6%	2,5%	5,0%	<b>6,3%</b>
Mix of values, impact and return	29,8%	48,3%	<b>44,7%</b>	24,3%	53,6%	35,5%	<b>39,4%</b>
No clear profile	16,4%	10,4%	<b>15,5%</b>	17,7%	8,0%	10,4%	<b>13,1%</b>

# Why having sustainability motivations?

## *Qualitative insights*

Across countries, we could observe in qualitative interviews and focus groups that participants often connect their sustainability motivations to specific concerns:

- ✓ Acting in an ethical/moral way
- ✓ Acting for the long-term or children
- ✓ Acting in a way that is modern or consistent with the latest stage of the technology
- ✓ Feeling good about themselves



*“I would like that there will be a future for my sons, we are unique, the planet is beautiful, we need to expand the idea that we are connected one to the other.”*

*“ If one can invest and simultaneously have sustainability why not doing it? Even at the expense of some percentage points of return. It is like investing in research: it’s looking a bit further away.”*



# Trading off sustainability motivations

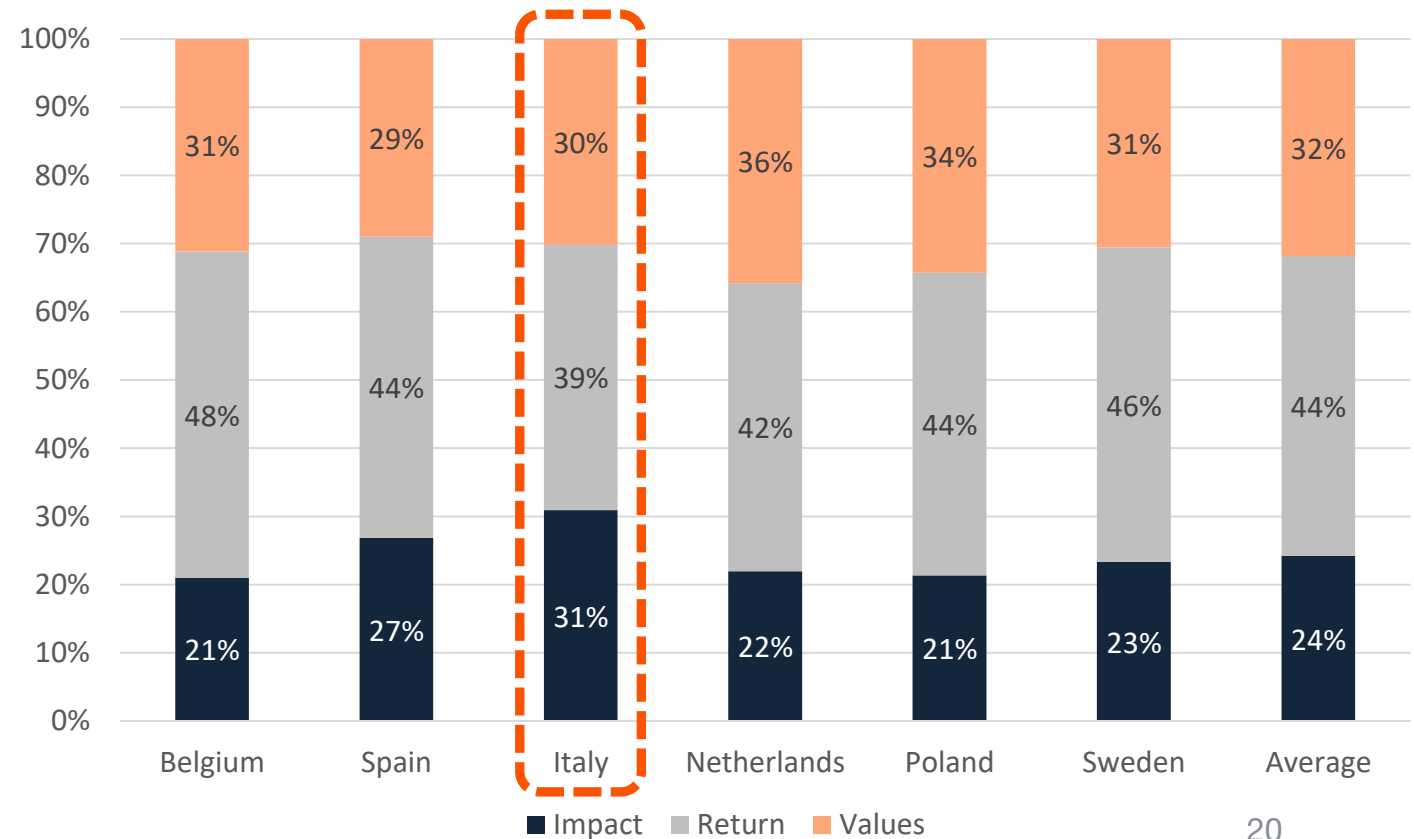
## Cross-country:

- ✓ In all countries, most respondents tend to favor returns in case of necessary tradeoffs between all sustainability motivations

## Country-specific:

- ✓ In Italy, the proportion of respondents that would prioritize impact is the highest observed

When respondents have all motivations at once, which one is prioritized? (all saving goals altogether)



# A concession on returns?

## Cross-country:

- ✓ In each country, the proportion that chooses the climate fund falls rapidly when expected return is lower than for the standard fund
- ✓ Everywhere, only a handful of respondents (less than 12%) choose the climate fund when expected return is cut by half

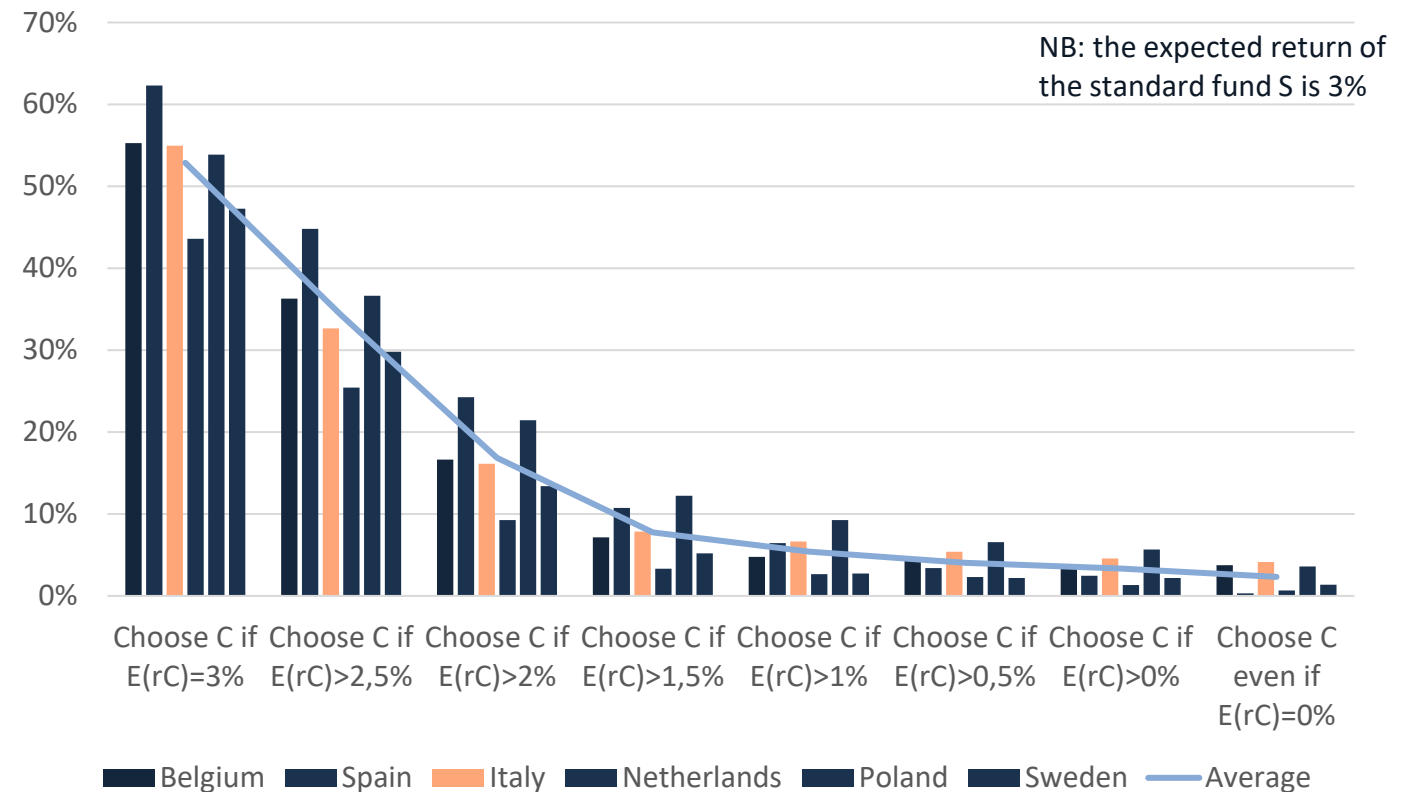
## Country-specific:

- ✓ As in other countries, the fraction of respondents choosing the climate-oriented fund drops fast as the gap in returns broadens

## Qualitative insights:

In interviews and focus groups, participants often claim they would tolerate lower returns for sustainable financial products in relation with higher fees but they'd do it with a dose of reluctance and suspicion. They require a high level of transparency on the reasons behind the higher fees.

Proportion of respondents that choose a climate-oriented bond fund (C) vs a standard bond fund (S) depending on their respective expected returns



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# IV. Sustainability shareholder democracy

# Having voted at shareholder AGMs

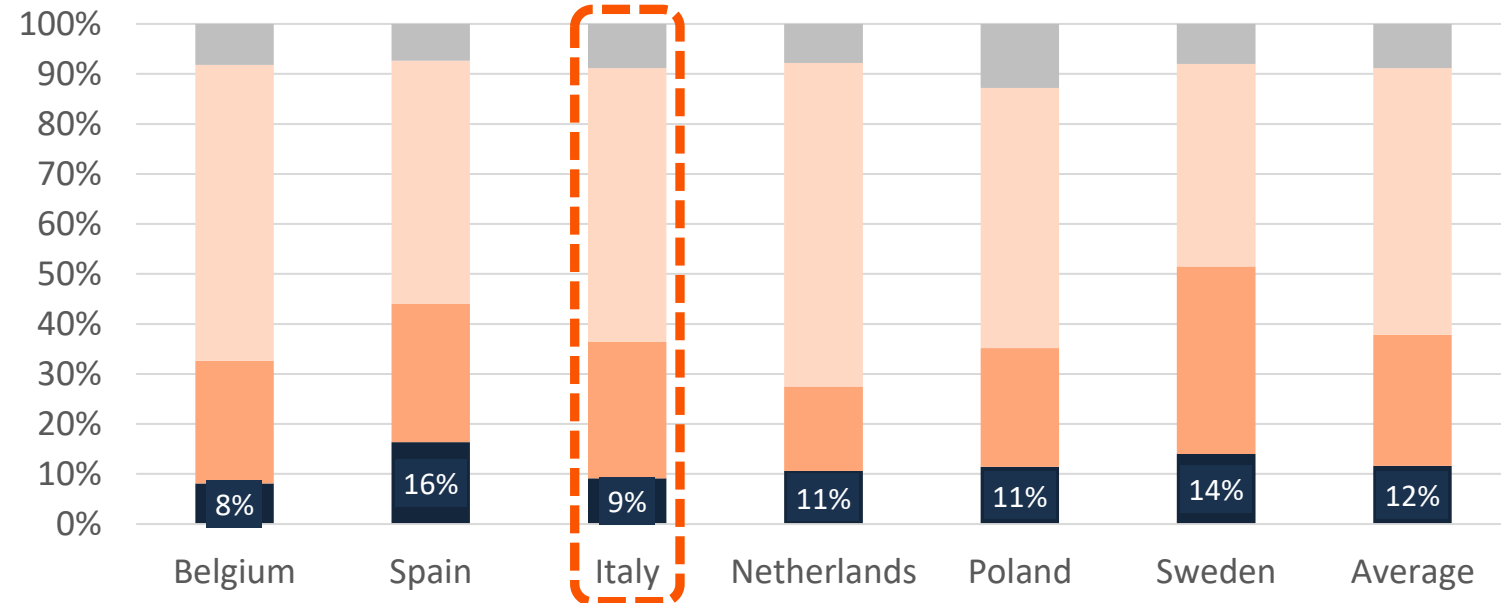
## Cross-country:

- ✓ In each country, only a very small minority of respondents has already voted during an AGM
- ✓ It relates to the very limited ownership of stocks (in direct) in Europe

## Country-specific:

- ✓ In Italy, the proportion of respondents that already voted is even lower than in the European average

As a shareholder, have you ever voted at an annual general meeting of a listed company?



■ I'm not sure

■ No. As I have never owned any listed share, I have never been in a situation of voting.

■ No. I am or was an owner of listed shares but I have never participated to voting.

■ Yes

# Expressing a shareholder view on climate

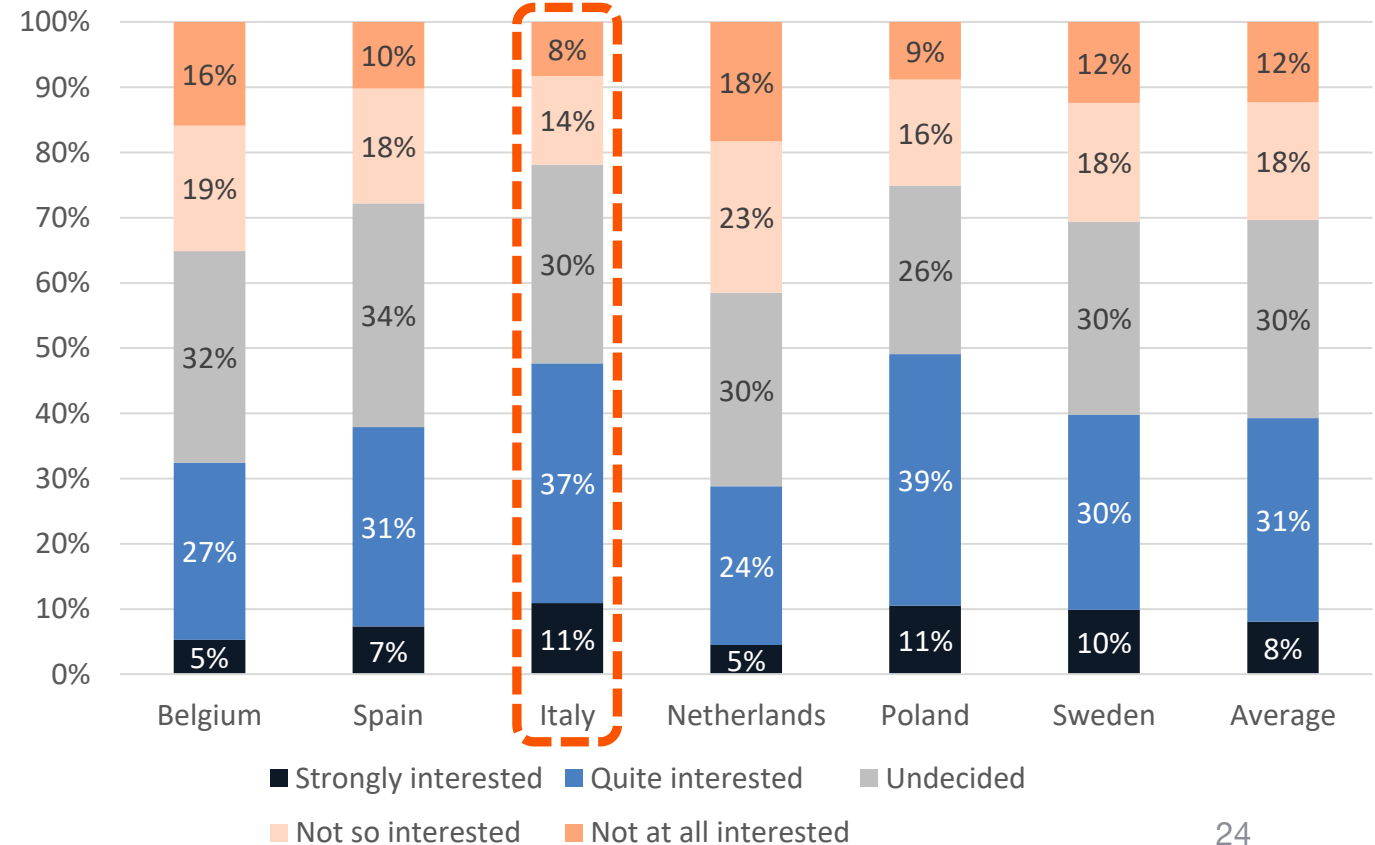
## Cross-country:

- ✓ There appears to be only a mild interest for voting on climate issues in AGMs

## Country-specific:

- ✓ In Italy, the stated interest for voting is slightly more pronounced than in most European countries

If made easy, would you be interested in expressing your view by participating to climate-related votes during annual general meetings of listed companies you are invested in?





# Blockers of shareholder democracy

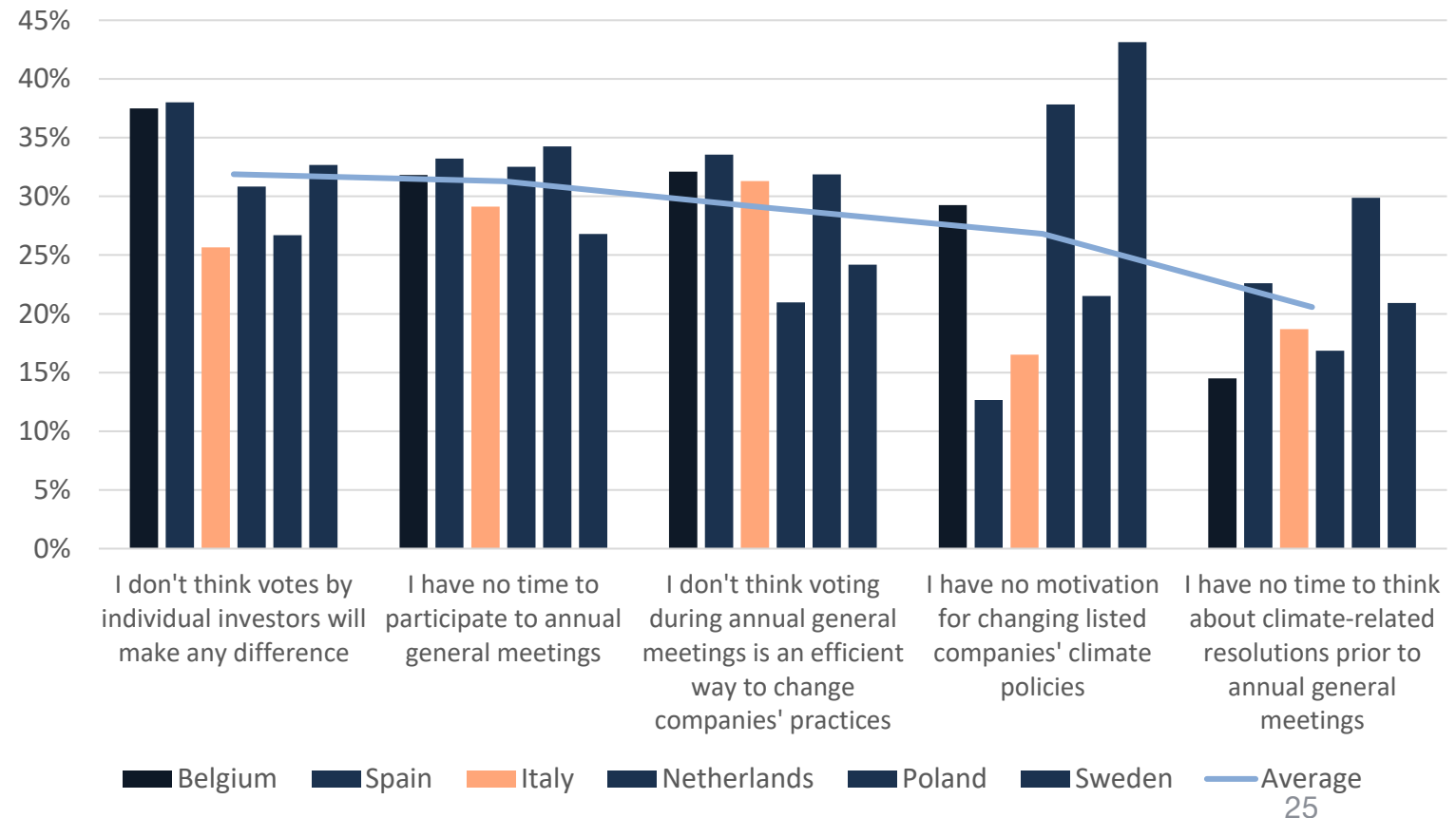
## Cross-country:

- ✓ Very diverse reasons for not being interested in voting during AGMs
- ✓ High heterogeneity across countries in the motivation to change companies' climate policies

## Country-specific:

- ✓ In Italy, respondents less frequently report an absence of motivation to change companies' climate policies but are slightly more suspicious about the effectiveness of voting

Reasons for not being interested into voting at AGMs on climate issues (up to three)



# Facilitating shareholder democracy

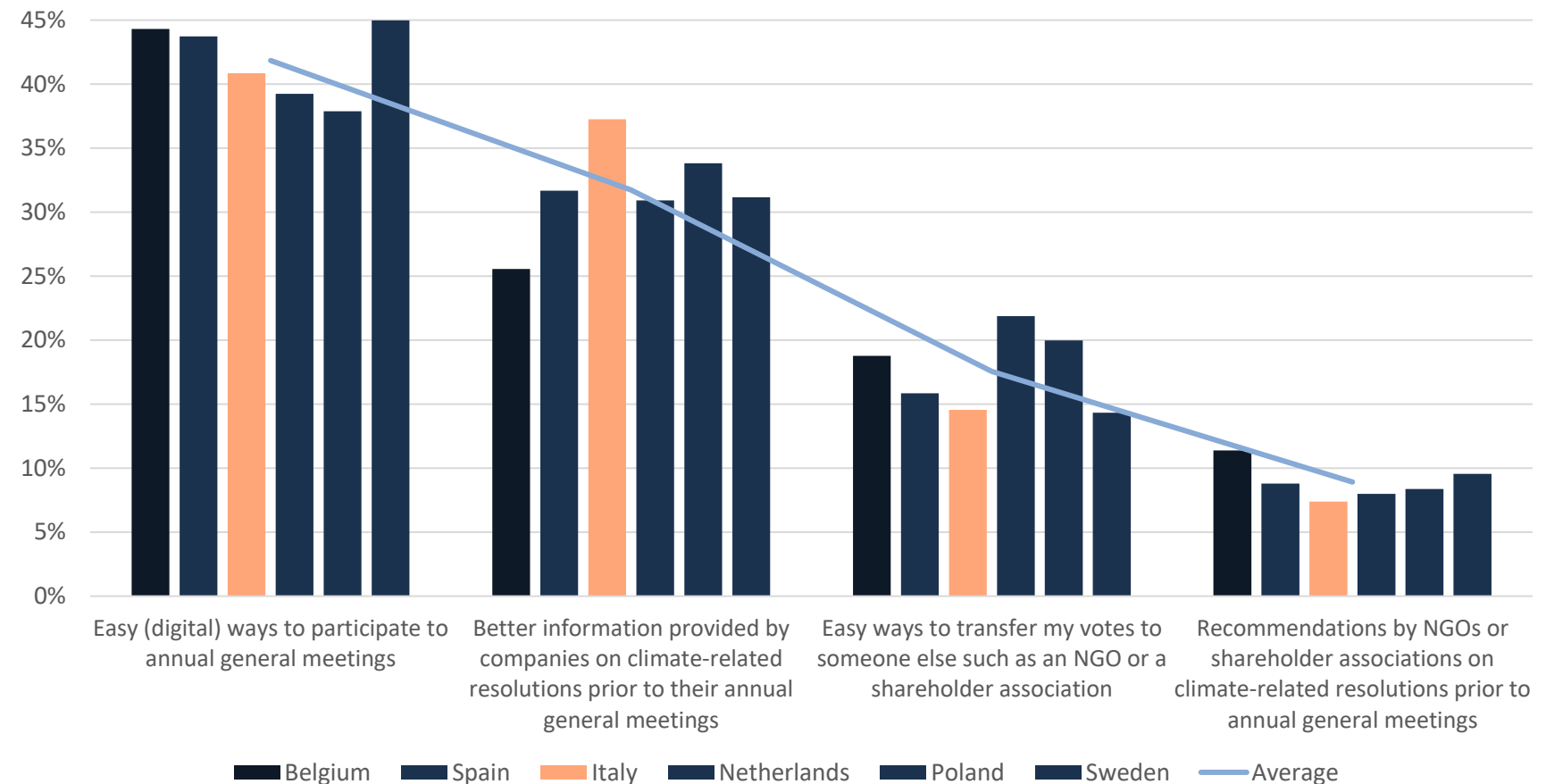
## Cross-country:

- ✓ Easiness to participate to votes and good information are considered to be effective facilitators
- ✓ Oppositely, getting information or transferring votes to NGOs/shareholder associations is not often asked for

## Country-specific:

- ✓ In Italy, respondents are especially asking for better information while they are even less interested than the European average in getting help from NGOs

Which improvement will be the most important to make you participate to climate-related votes during annual general meetings of listed companies?



# PART II: retail investors and sustainable financial solutions



# I. Perception of sustainable strategies

# Exclusion as a sustainable strategy

When explained the strategy of exclusion, participants in interviews or focus groups report they find the strategy easy to understand and well-suited for aligning one's savings with one's personal values. Oppositely, it is often viewed as hard to implement and encompassing negative side effects, for instance by leaving more room to other non-sustainable investors to get financial returns and influence companies. And the strategy requires both self-awareness from investors and a good knowledge of companies' activities and processes.



*“Exclusion is an interesting strategy. It is a very rapid approach; you don't have to analyze excessively, you just put limits.”*

*“ Exclusions are very useful; they especially respond to the desires and needs of people with strong views. Yet, it is a debated instrument. If for someone the fight against arms is noble, for others it is an abuse of power and a limitation to freedom. It is debatable.”*

*“I don't believe in the efficiency of exclusion because as long as a business is legitimate and profitable there will always be someone else who will continue investing in it.”*



# Best-in-class as a sustainable strategy

When explained the best-in-class approach, respondents report conflicting views. While some consider it intrinsically illogical (why favoring companies that are already more advanced?), others find it a good way to emulate companies to adopt the most sustainable processes.

Financially-skilled respondents note that this strategy, unlike exclusions, enable the investors to hold portfolios that remain sector-diversified. But, at the same time, the strategy mechanically reduces the basket of invested companies, increasing specific risk.

In any case, as pinpointed by some respondents, the perceived relevance of the strategy lies on the trust in ESG ratings.



*“If the ESG ratings base themselves on shared methodologies or are based on clear indicators, it is a good way to remain diversified while heading towards the ESG themes.”*

*“It interests me, but I ask myself about the risks implied by the strategy. By reducing the basket of invested companies, the strategy would have a higher risk.”*

*“It doesn’t interest me. I don’t trust high ratings that come and go.”*



# Thematic investment as a sustainable strategy

When explained the strategy of thematic investing, consider it to be a good way to express one's values and aspirations for people that already have strong views. For companies, it is a way to channel capital towards companies that contribute to the long-term objective. On the other hand, it implies that the portfolio will be concentrated on a few sectors only and, consequently, lack diversification. Therefore, it is well-suited for investors with low risk aversion.



*“Yes, it would give more visibility to firms that work towards the Agenda 2030”.*

*“It is part of the opportunities scope, for a small niche of people attentive to returns and investment policy, because focusing on restricted themes makes the investor face a higher volatility.”*

*“If one has clear ideas, it allows him to target its investments much more.”*



# Engagement as a sustainable strategy

When explained engagement, participants in interviews or focus groups reported both an attraction and a suspicion about the promise to generate real-world impact.

*“Funds can be heard by companies, especially the biggest ones, thus the explicit will to interact with firms has a vast impact on many firms. This strategy is very interesting and could be effective.”*

*“I think it is an interesting strategy if well done and effective. It has the power to modify the companies’ behavior.”*





# Profit-sharing as a sustainable strategy

When explained, profit-sharing (i.e., the mechanism of distributing part of the investor achieved returns to pre-defined charities), fuels mixed feelings in participants in interviews or focus groups. Some oppose the idea of mixing investing with charity donations or consider it an easy way to deal with investors' moral duties while others consider it interesting if certain conditions are fulfilled (e.g., a free choice of beneficiaries and the implementation of donation only if a certain level of returns is achieved)



*“I’d be in favor if it would be possible to choose the beneficiaries and if there is a transparency on the donations and on the donated percentual of the invested capital.”*

*“It convinces me less, because by not changing the portfolio composition it would not exclude the firms that would be in contradiction with the profit sharing. It would be a method that would risk to mask traditional activities which in the past had a scarce consideration of ESG. It is a hasty method to get by.”*



A white outline map of the Asian continent is positioned in the upper right quadrant of the slide, partially overlapping the 2i logo.

# II. Perception of impact products

# Perception of impact investing as a sustainable strategy

When explained the strategy of impact investing, participants in interviews or focus groups reported both an attraction and a suspicion about the promise to generate real-world impact.

To buy products applying the strategy, they require an extensive view on the mechanisms of impact that are actioned and transparency on both past outcomes and methodologies to assess impact. Doubts are often raised about the capability to really evaluate impact ex ante or measure it ex post.



*“I would need to understand what the evaluation of impact means. Impact is defined by third parties, beyond the conception of society. In the social field it is difficult to measure. From my side it requires more attention.”*

*“I don’t trust impact evaluations by others; I prefer to do this evaluation by myself. And it’s hard to judge secondary effects of things.”*

*“It doesn’t convince me because it speculates on future developments. It provides higher uncertainty, although with interesting possible future results. However, it focusses only on the future use of funds, it is hypothetical.”*



# Savings vs other means to have impact

## Qualitative insights

### Do you think you can personally have an impact on the society through your savings?

Across countries, we could observe in qualitative interviews and focus groups that participants generally consider that theoretically it could work but, in practice, it would be strongly **conditional to the size** of the investor.

Some add that, even if the real impact is negligible, it is still necessary to do one's part. In general, participants agree that they can make a big impact altogether.

### Do you think you can achieve higher impact through your savings, your consumption, your donations, your job, or your votes? Why?

Across countries, participants in interviews or focus groups highlighted the pros and cons of the different actions. In particular, consumption was seen positively because of its direct effects, its universality (i.e., can be actioned by anybody) and its high visibility (that can generate positive spillovers). Job is perceived as having the maximum leverage as one can change the processes of large organizations. Voting is perceived ambiguously, positively as a symbolic market of one's implication within society and having a high potential impact on paper as politics set the game rules, and simultaneously with a lot of suspicion about the real functioning of democracy (inertia, lobbies' influence, etc.).

*“Everyone of us can make a difference by orienting consumption.”*

*“My gut feelings tell me I have higher impact through my consumption. Maybe I could impact mostly with my investments, but I believe it is easier to move people by making change consumption habits rather than investment habits.”*

*“By working with big firms and in large projects, it is easier to have an impact.”*

*“I consider voting to be the most important; it is the moment when I express my vision of the future. Followed by consumption, which can be negative and easily directable.”*



# What does “impact” mean for financial investments

## Qualitative insights

Across countries, we could observe in qualitative interviews and focus groups that participants had various interpretations of what the “impact” of financial investments would be, with

- ✓ The “**impact on wallet**” view, for which impact is the financial return
- ✓ The “**impact on society**” view, for which impact represents the effects on the external world
- ✓ The “**mixed impact**” view, which considers the two angles altogether

Those multiple interpretations suggest there is a crucial need to constantly qualify “impact” in order to avoid misunderstandings.



*“I absolutely consider the impact in economic terms, to have an economic return or to protect myself from inflation. Thanks to this survey I reflect on some themes, so I could possibly consider other instruments that could have a positive impact, like investing in start-ups and alternative energies.”*

*“I consider the impact to be the repercussions that some activities have on the investments’ recipients and that generate a chain reaction of value in society.”*

*“I analyze it on two sides: from one side, the impact on my wallet, meaning the profit; on the other side, the impact to finance some sectors rather than others, adding a droplet in a specific flow of capital.”*



# What impact funds are

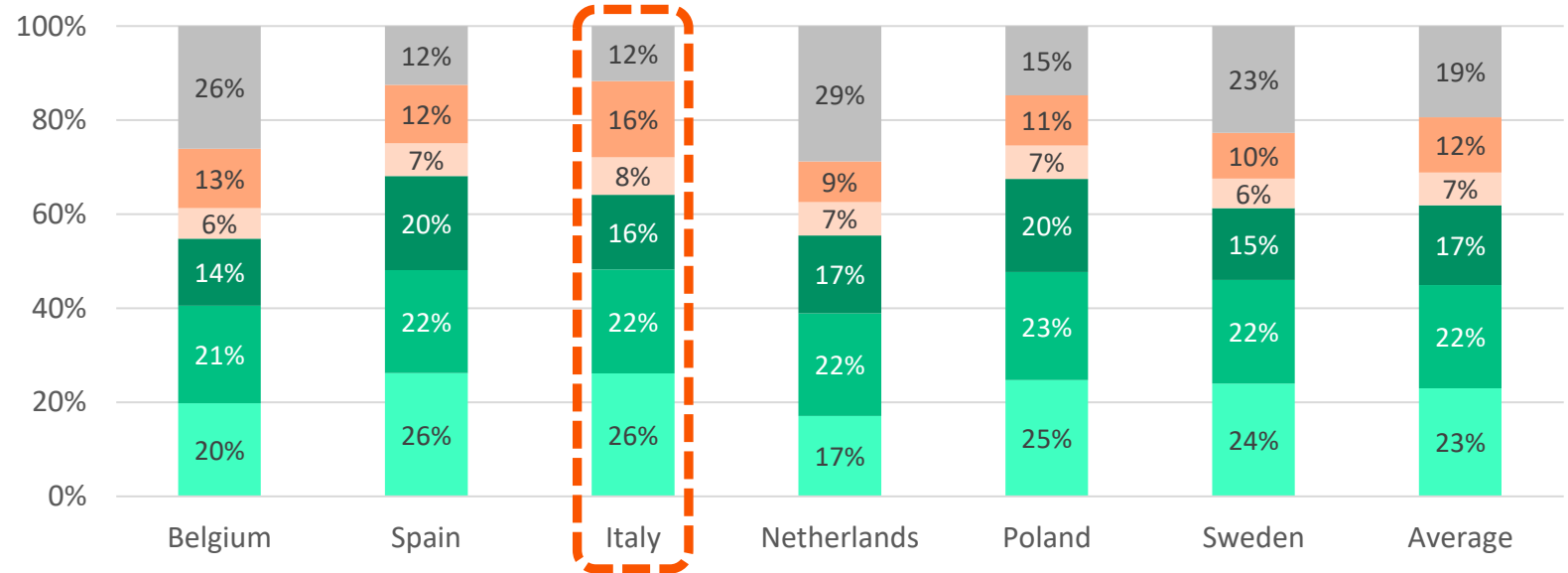
## Cross-country:

- ✓ In all countries, very diverse opinions regarding the question suggesting that the denomination is equivocal

## Country-specific:

- ✓ In Italy, perceptions are very similar to the European average

How do you understand the functioning of a fund called "Environmental Impact Fund" based on this denomination?



■ I don't know

■ The fund only invests in companies that have a clear measured positive impact on the environment AND the fund ensures its investors a clear measured positive impact on the environment through their investments

■ The fund uses a specific investment strategy that may enable its investors to have a positive impact on the environment through their investments (but the actual impact of investments is not precisely measured)

■ The fund uses a specific investment strategy that ensures its investors a clear measured positive impact on the environment through their investments

■ The fund only invests in companies that may have a positive impact on the environment through their products and services (but the actual impact of invested companies is not precisely measured)

■ The fund only invests in companies that have a clear measured positive impact on the environment through their products and services

# What impact funds should be

## Cross-country:

- ✓ In all countries, pretty diverse opinions regarding the question
- ✓ In all countries, the most frequent answer applies to the most demanding (and protective) definition
- ✓ In all countries, the purely intentional definition is the least often selected

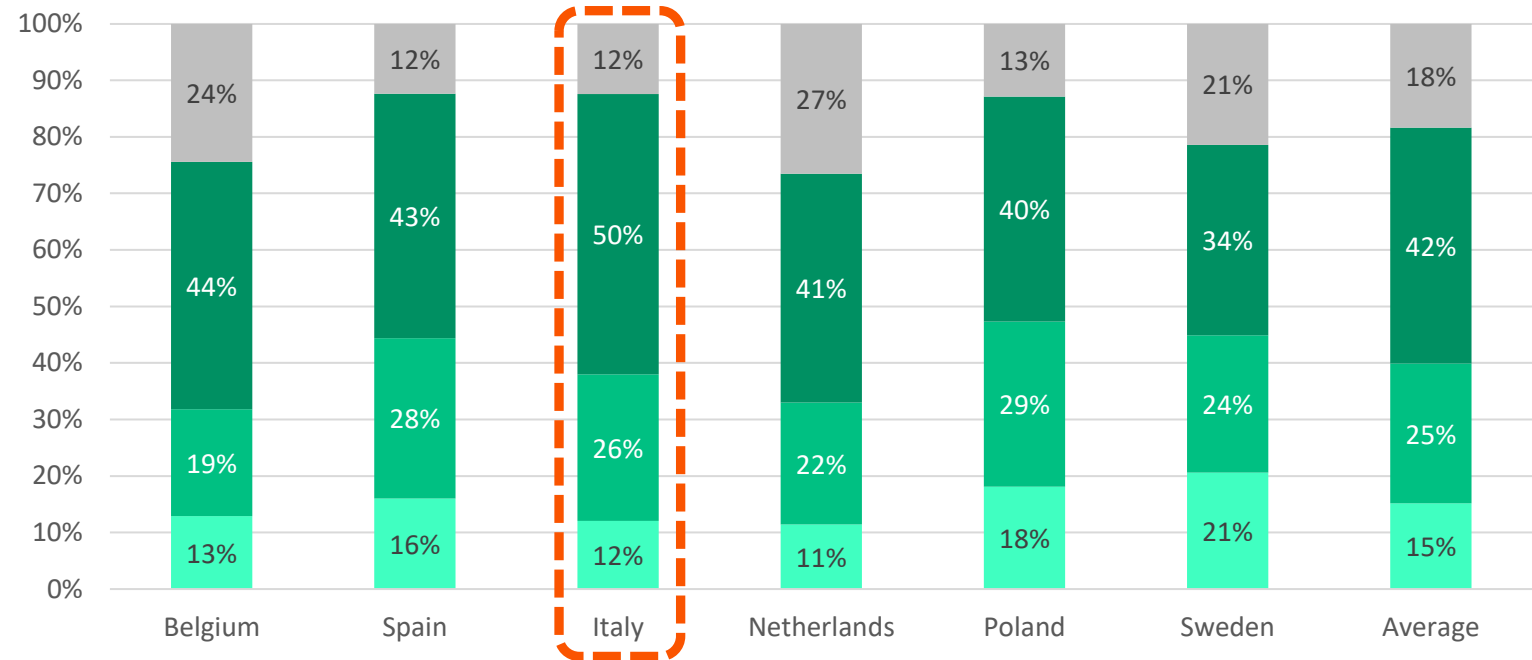
## Country-specific:

- ✓ Respondents in Italy opted for the most protective definition more often than in any other country

## Qualitative insights:

In interviews and focus groups, participants generally consider that measuring and disclosing one's impact is important to avoid greenwashing or impact-washing but also practically difficult for funds

What should be an Impact Fund in order not to mislead investors?



■ I don't know

■ A fund that intends to have an impact on the environment or the society AND deploys impactful actions in accordance AND can provide evidence supporting that it actually achieved a positive impact in the past.

■ A fund that intends to have an impact on the environment or the society AND deploys impactful actions in accordance

■ A fund that intends to have an impact on the environment or the society

A faint, light-colored outline map of the Asian continent is visible in the background of the slide, positioned behind the main text.

# III. Investing to finance the energy transition



# Willingness to finance the green energy transition

## - sectors

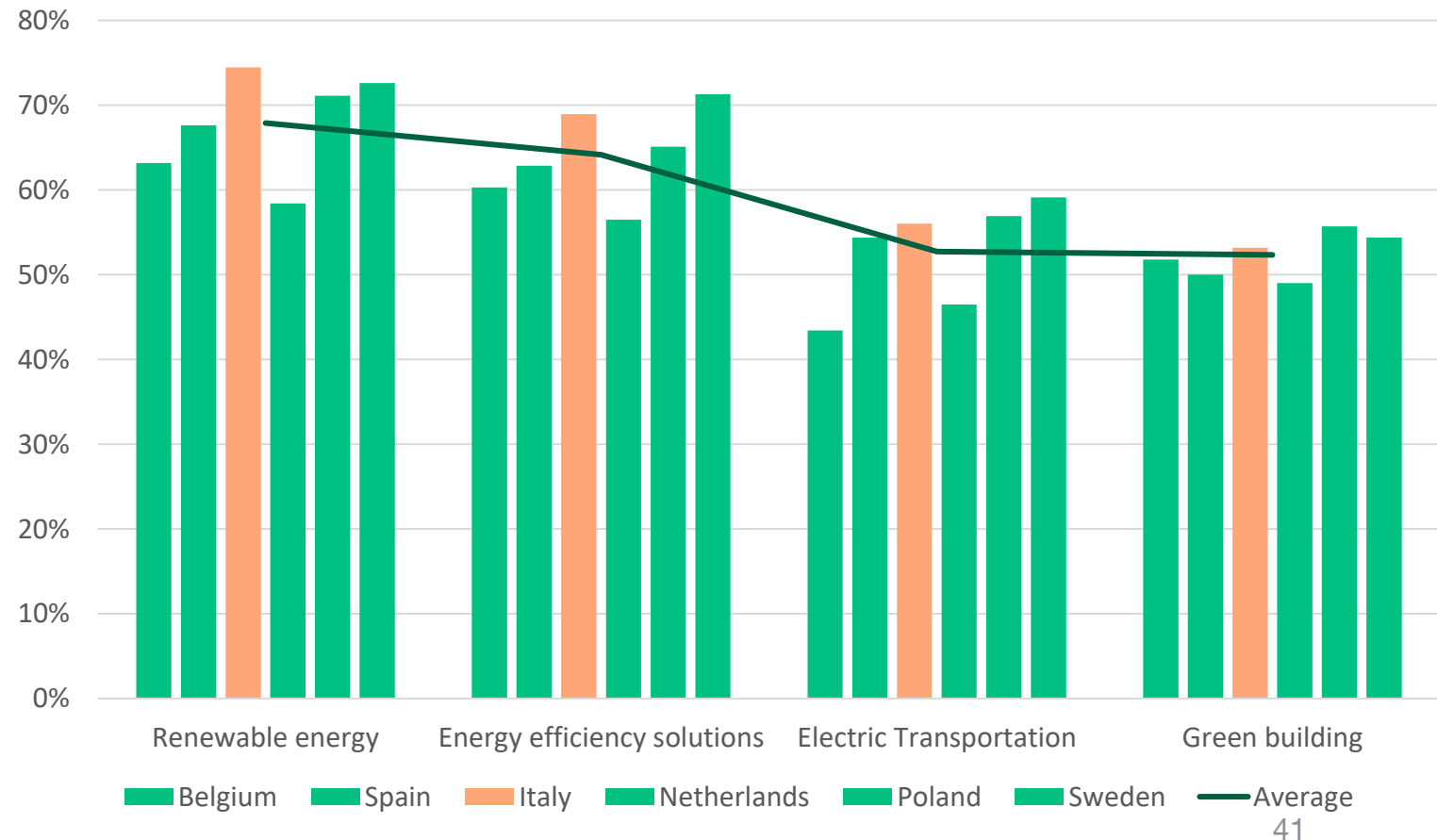
### Cross-country:

- ✓ An interest more pronounced when the question is specific than general (see previous slide for comparison)
- ✓ Proportion of potential funders increases by 10-20 pp when sectors are specified
- ✓ A clear preference for financing projects in renewable energy and energy efficiency sectors

### Country-specific:

- ✓ In Italy, respondents displayed a willingness to finance slightly superior to the European average for all sectors

Willingness to finance energy transition projects in specific green sectors (% interested)



# Willingness to finance the green energy transition

## - economic agents

### Cross-country:

- ✓ Low variations across potential beneficiaries
- ✓ Financing projects for households appear to be slightly more appealing.
- ✓ This result advocates for new types of green financial solutions as current ones most often target (large) companies)

### Country-specific:

- ✓ In Italy, the willingness to finance is in line with the European average for most types of economic agents
- ✓ In Italy, the willingness to finance projects from large corporations is higher than for SMEs

### Qualitative insights:

In interviews and focus groups, some participants report a preference for financing (large or small) companies as they perceive them as more effective to allocate capital in an efficient way compared to administrations.

Small companies are also perceived to be more innovative and therefore have a higher impact potential while large companies are seen as less risky.

Willingness to finance energy transition projects for specific economic agents (% interested)



# Willingness to finance the green energy transition

## - geographical zones

### Cross-country:

- ✓ A clear preference for financing nationally or locally

### Country-specific:

- ✓ For most zones, respondents in Italy are more inclined to contribute than the European average

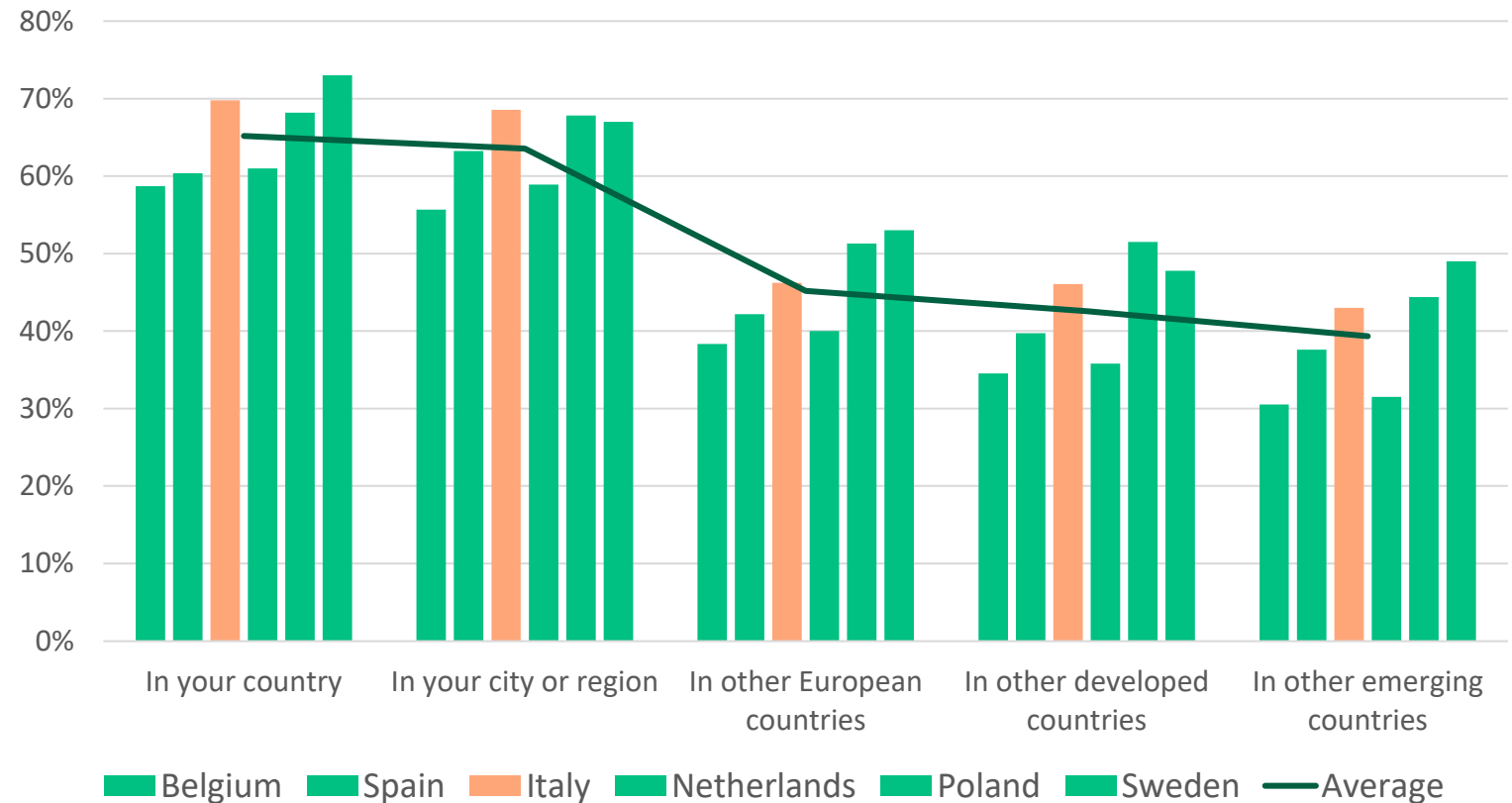
### Qualitative insights:

In interviews and focus groups, participants explain their preference for local/national projects by referring to a lower (perceived) risk or a higher transparency and easier access to information. They sometimes also connect it to an enhanced emotional salience and to the possibility to benefit from it.

Oppositely, and much less frequently, others prefer investing in developing countries as they consider the funding gap to be more pronounced there and observe that it is necessary to raise the bar everywhere to solve global issues.

A third category do not focus on the zone and consider the selection process should apply at the project level only.

Willingness to finance energy transition projects in specific zones (% interested)



# Holding of products financing the green energy transition - general

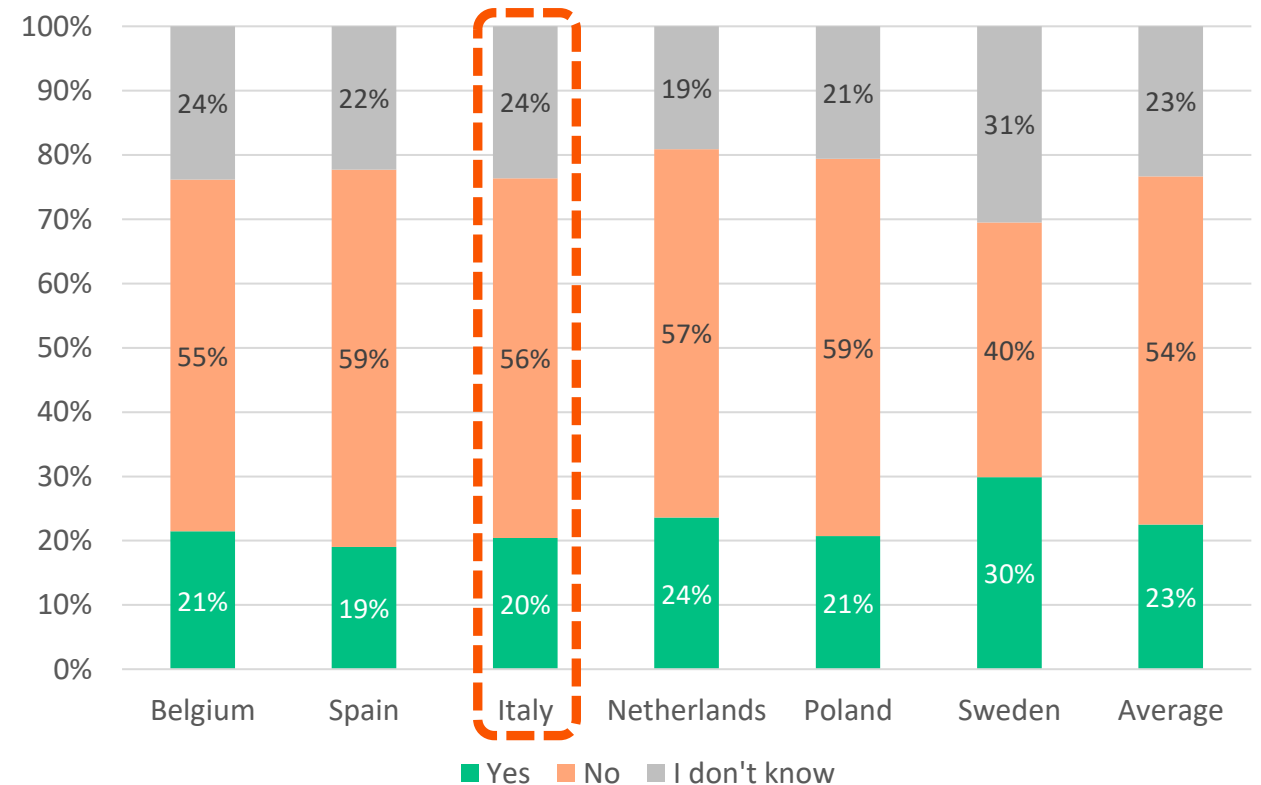
## Cross-country:

- ✓ In each country, only a minority of respondents already own financial products that finance the green energy transition

## Country-specific:

- ✓ Like elsewhere, only a small fraction of respondents in Italy do own financial products that contribute to the financing of the green energy transition

Do you personally own financial products that contribute to the financing of the green energy transition?



# Holding of products financing the green energy transition - specifics

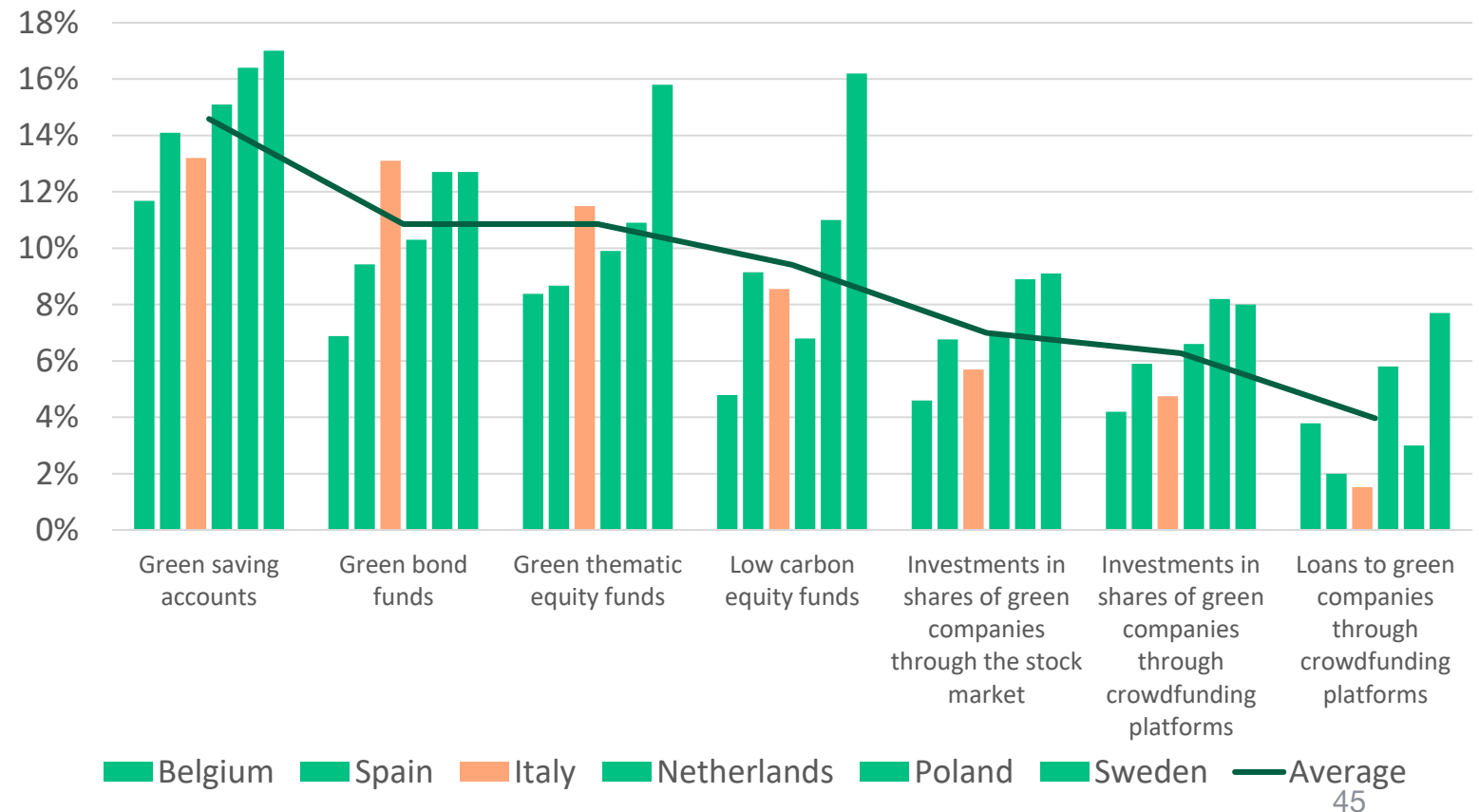
## Cross-country:

- ✓ Among different green financial products, green saving accounts and in a lesser extent green funds are the most often owned
- ✓ Oppositely, direct investments through the stock exchange or crowdfunding platforms are less common

## Country-specific:

- ✓ Except for green bond funds and thematic funds, respondents in Italy lag the European average regarding the holding of specific green financial solutions

Holdings of specific financial products contributing to the financing of the green energy transition



# An attitude-behavior gap

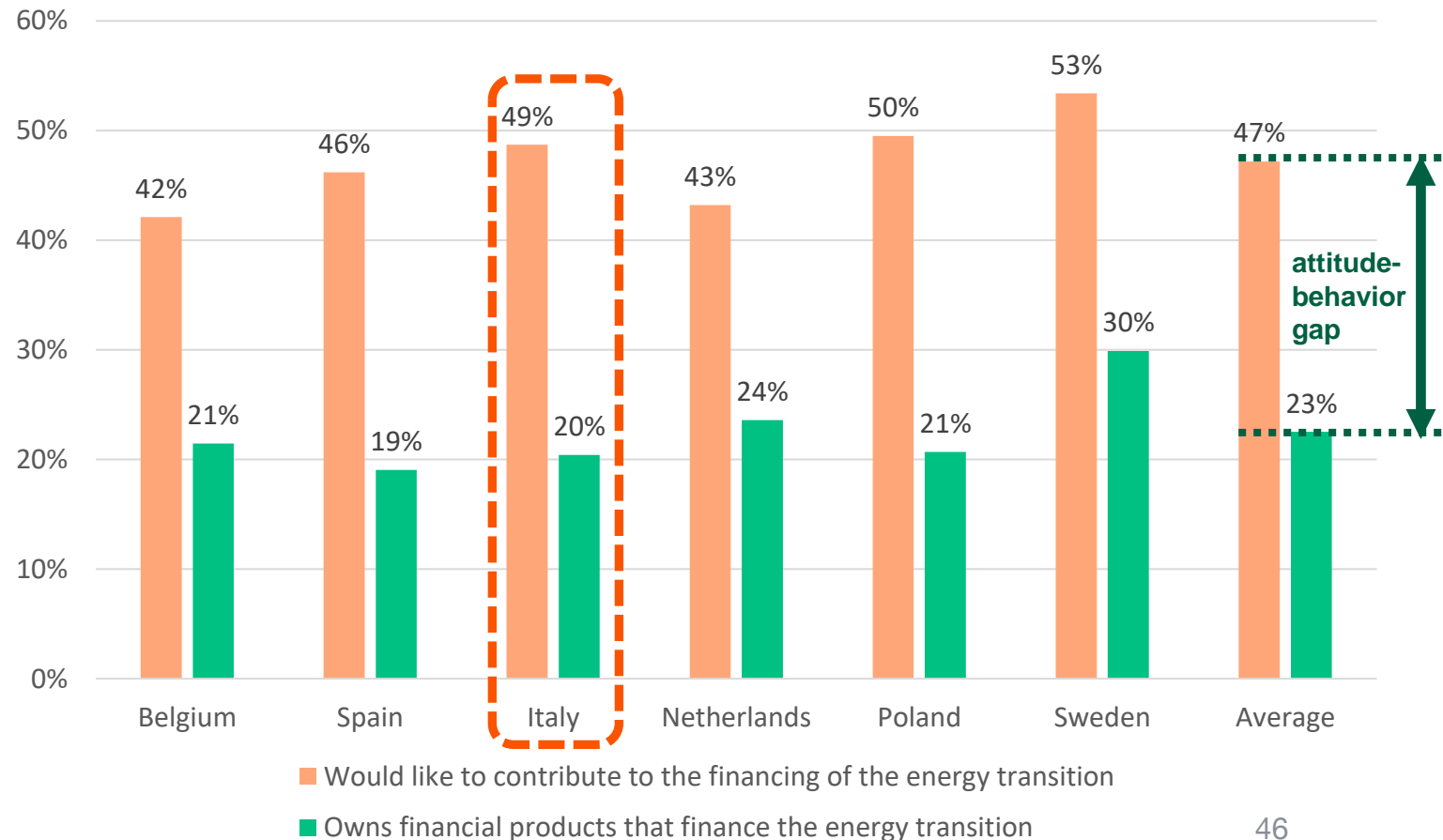
## Cross-country:

- ✓ In each country, there are 20%-30% of respondents that would like to finance the energy transition but do not own financial products doing that
- ✓ It means there is an untapped potential for green financial products

## Country-specific:

- ✓ The attitude-behavior gap in Italy is the largest observed in Europe (on par with Sweden)

Attitude-behavior gap regarding the financing of the green energy transition



# Blockers preventing the financing of the green energy transition

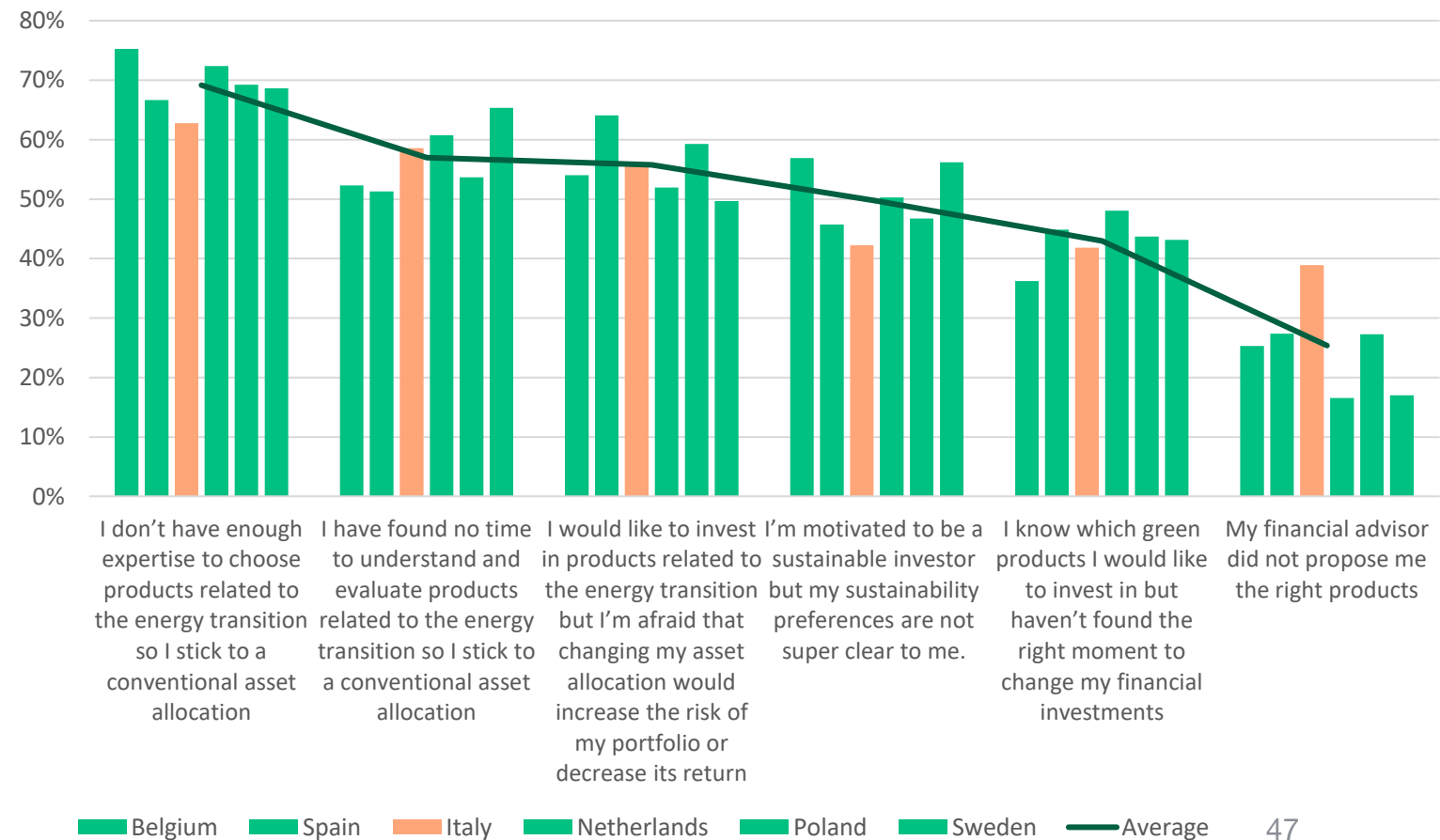
## Cross-country:

- ✓ A lack of time and expertise rather than a lack of available options explains the difference between intentions to finance the energy transition through savings and the actual behaviors

## Country-specific:

- ✓ Respondents in Italy happen to blame their financial advisors significantly more often than anywhere else

Reasons behind the respondent's intention-behavior gap (up to three reasons)





# IV. Interest for green financial products



# Interest for green alternatives to conventional financial products

## Cross-country:

- ✓ For all types of conventional products, a majority of respondents declares to be interested into switching to the proposed greener alternative
- ✓ Thematic equity funds are the most appealing alternatives while green saving accounts are the least ones

## Country-specific:

- ✓ The interest in switching is slightly higher in Italy than the European average

## Qualitative insights:

In interviews and focus groups, respondents not interested explain it by displaying a low trust/knowledge about those products and fear a “green bubble” that would lead to poor returns in the future.

*“I need to know better these instruments; small enterprises are in line with my ideas, but I am scared because I do not know them, I am not willing to lose my savings.”*

Interest in switching to green alternatives to conventional financial products  
(% strongly or quite interested)



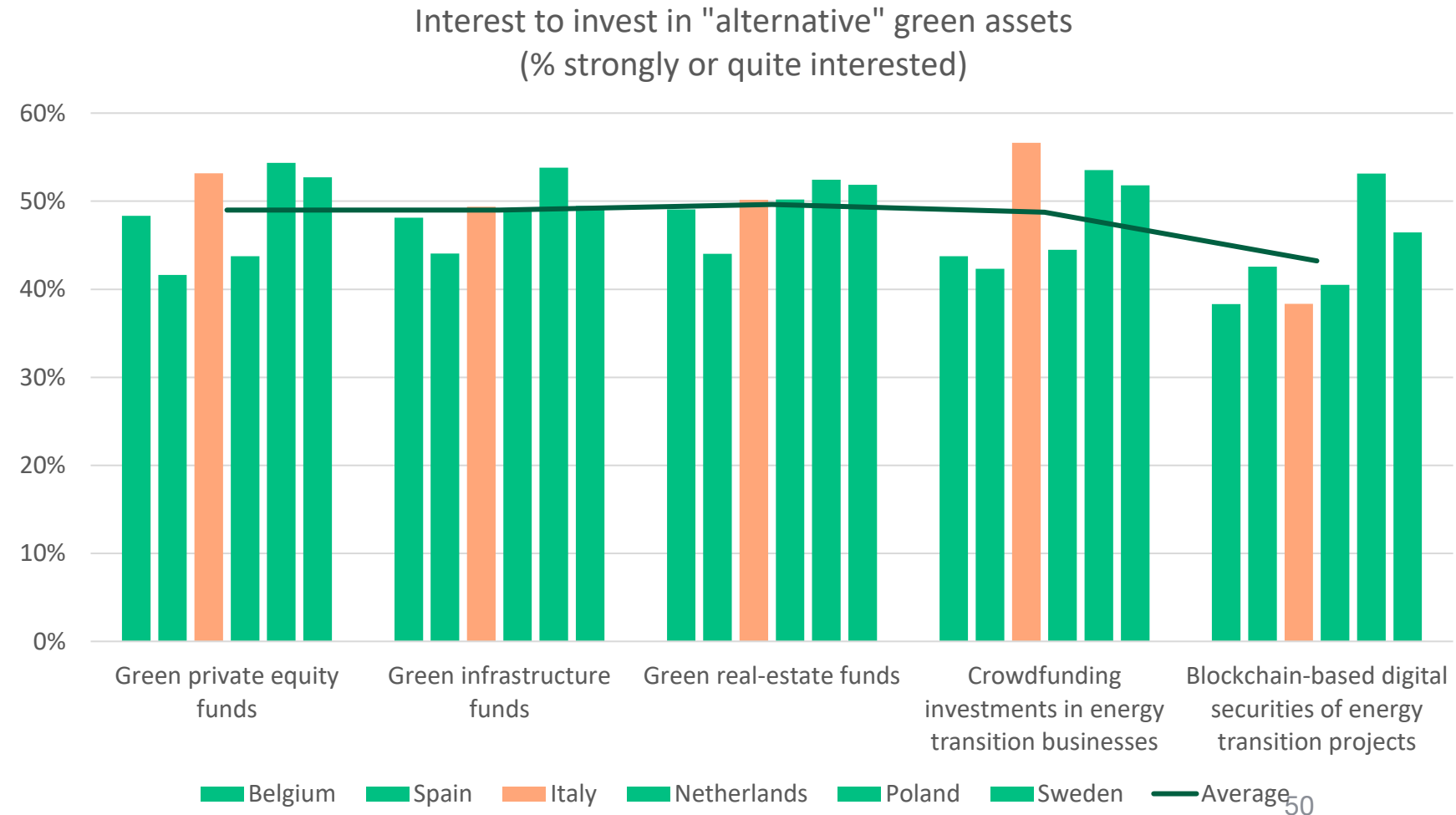
# Interest for investing in “alternative” green assets

## Cross-country:

- ✓ Roughly 50% of respondents are interested into investing in the various “alternative” green assets
- ✓ There is no major difference in answers across assets at respondent level – the interest/absence of interest is transversal
- ✓ Digital securities appear to be less attractive than other alternative assets

## Country-specific:

- ✓ In Italy, green private equity and crowdfunding seem to be especially appealing





# V. Green borrowing

# Experience with green loans

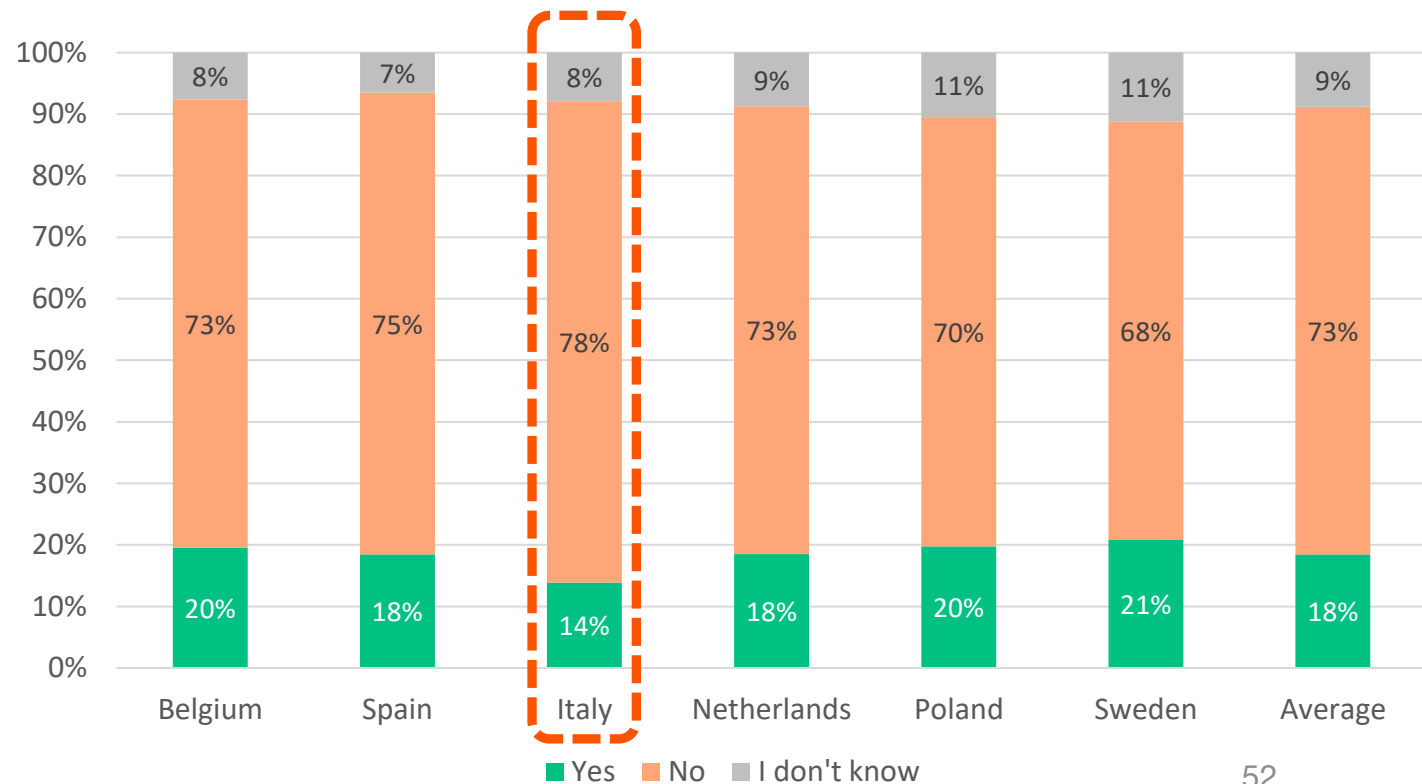
## Cross-country:

- ✓ In each country, only a minority of respondents has already used green loans to finance purchases with environmental benefits
- ✓ Very small differences across countries

## Country-specific:

- ✓ In Italy, the use of green loans is even less common than anywhere else in Europe

I have already used green loans to finance personal projects with environmental benefits (e.g., purchase of an electric car, installation of solar panels)



# Blockers preventing the use of green loans

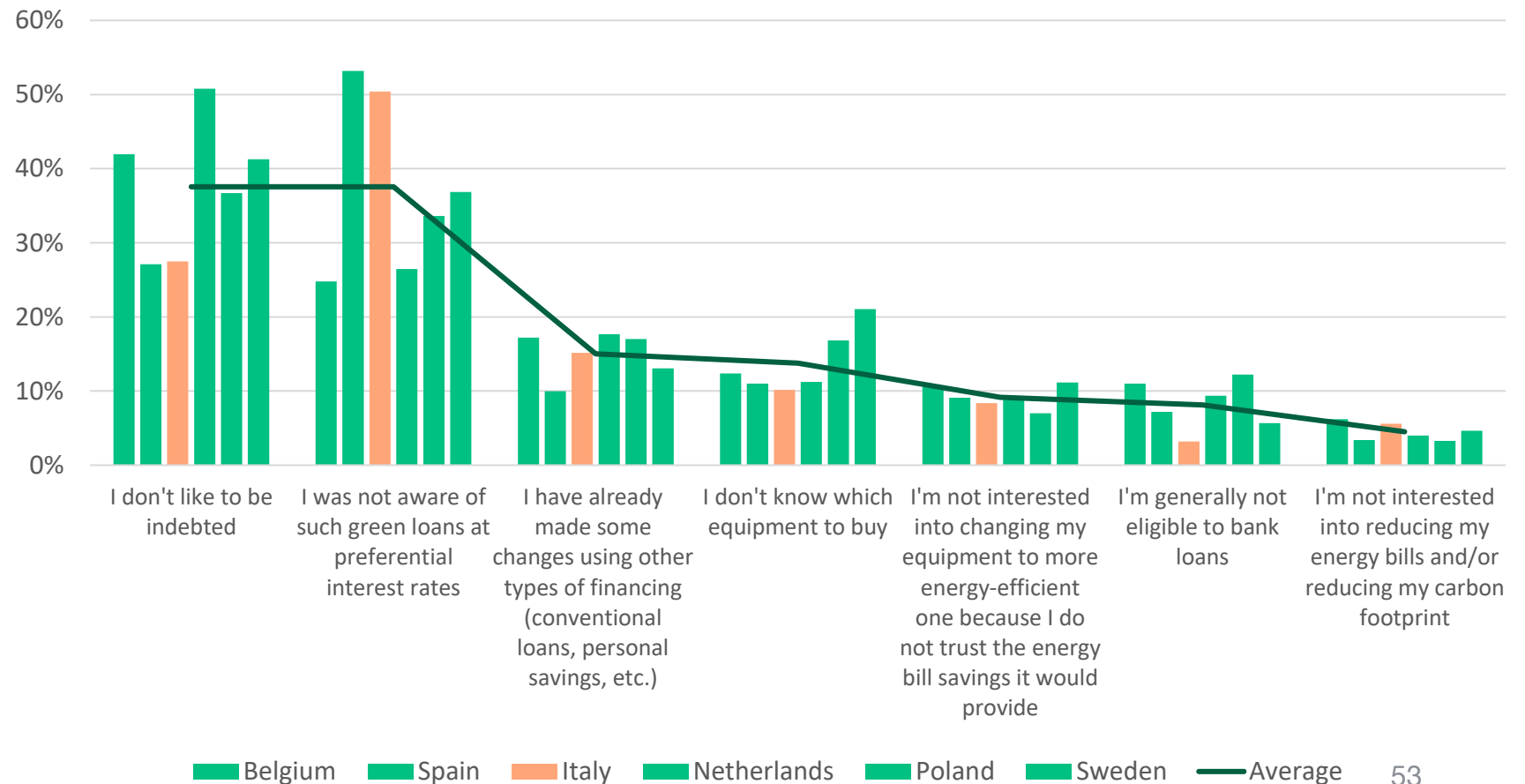
## Cross-country:

- ✓ In each country, the reluctance to be indebted and the lack of information are, by large, the most often cited reasons
- ✓ Improving information appears to key for scaling up the use of green loans by households

## Country-specific:

- ✓ In Italy, the limited use of green loans is to be connected with a lack of awareness of that financial solution

Reasons for not using green loans  
(up to three)



# Interest for Energy Performance Contracts

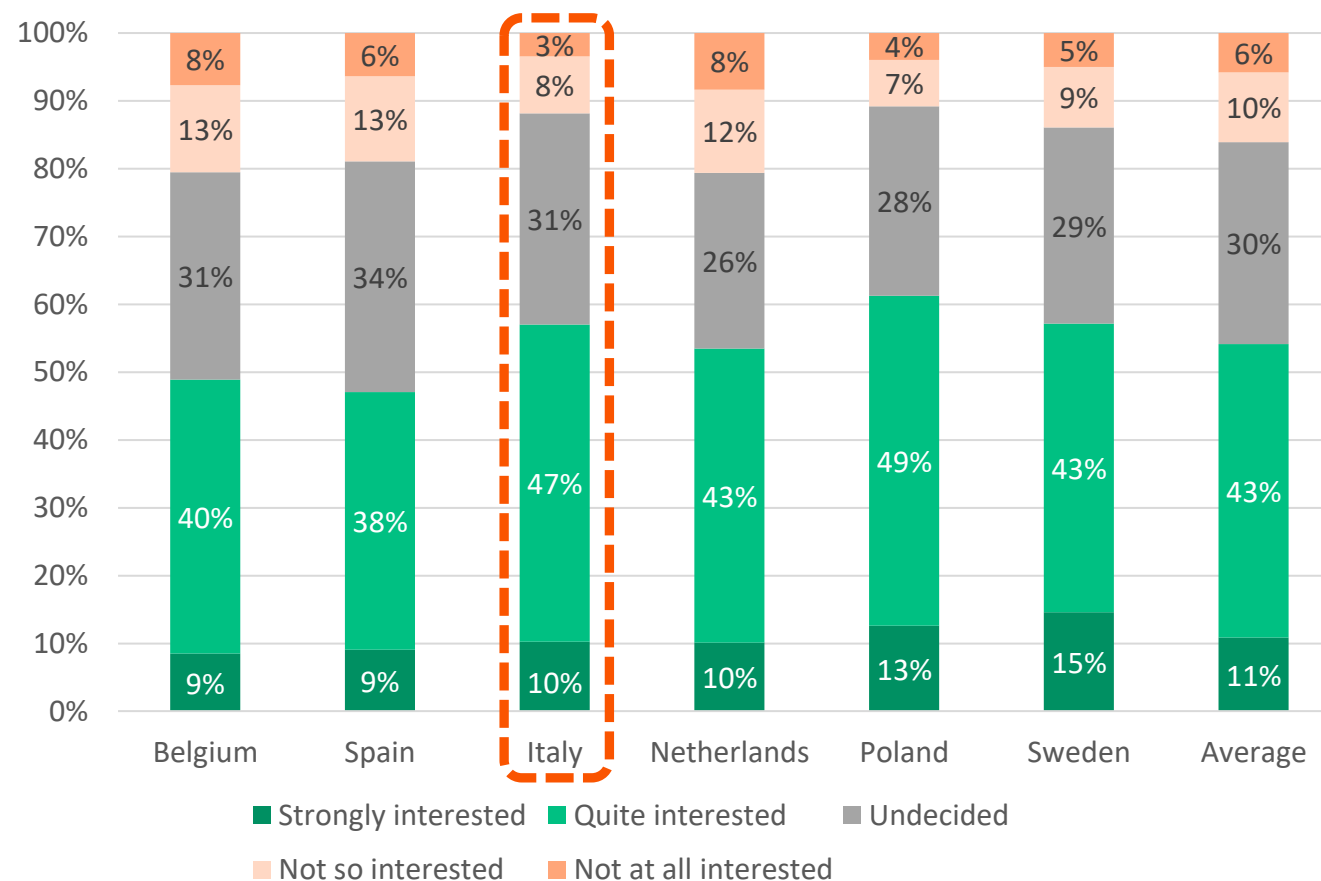
## Cross-country:

- ✓ In all countries, a majority of respondents are interested into Energy performance Contracts that make energy service companies finance a change/purchase of energy device in exchange of rights on future energy bills
- ✓ It shows a high potential for this uncommon and largely unknown financing scheme

## Country-specific:

- ✓ Italy is one of the countries (alongside Poland and Sweden) where the interest for EPCs is the highest

Interest for signing an energy performance contract



# PART III: Estimating market sizes for sustainable finance products

# Estimating market sizes for green financial products

## *Methodology*

- ✓ Based on interest for sustainable finance products stated in our quantitative survey and holdings of financial products by European households, we propose in this section an estimate of the market potential for various green financial solutions.
- ✓ We distinguish market potential for products held i) in direct, ii) through investment funds or via iii) life insurance or iv) pension funds.
- ✓ For the last two categories, it is important to note that the calculations imply that the fund managers reflect in their asset allocation the sustainability preferences of their beneficiaries. This supposes that those preferences are carefully collected.
- ✓ When the granularity of data regarding the asset allocation of financial assets held directly or indirectly by households was insufficient, we had to make assumptions.
- ✓ The following four slides display the data that could be gathered from official sources (ECB, EIOPA, OECD) and their (lack of) granularity
- ✓ The assumption made to overcome the lack of granularity for holdings of households via investment funds is the following:
  - ✓ The asset allocation of household holdings of investment funds is the same as the overall asset allocation of (non-money market) investment funds of the country (as documented by Eurostat/ECB)
- ✓ The assumptions made to overcome the lack of granularity for holdings of households via pension funds are the following:
  - ✓ Real estate, private equity and infrastructure account for respectively 35%, 25% and 15% of “other investments” by pension funds
  - ✓ Sweden, for which look-through data is missing for holdings via investment funds, is assumed to apply the same asset allocation as the average of the other five EU countries



# Financial assets of European households

In Bn euros (as of end 2021)	Currency and deposits	Debt securities and loans	Listed shares	Unlisted shares	Investment fund shares	Life insurance and annuities entitlements	Pension entitlements	Others	Total
<b>Belgium</b>	469.664	28.820	90.947	173.323	272.599	193.837	124.784	186.768	1,540.741
<b>Spain</b>	1,017.315	11.286	109.037	132.120	410.739	188.584	188.423	588.241	2,645.745
<b>Italy</b>	1,588.402	240.636	137.770	623.448	763.328	886.679	258.934	545.381	5,044.578
<b>Netherlands</b>	529.272	4.820	49.377	300.453	111.910	186.716	1808.025	81.445	3,072.018
<b>Poland</b>	306.159	15.871	21.931	23.398	31.411	14.616	50.630	138.562	602.578
<b>Sweden</b>	241.202	5.090	169.343	261.094	181.434	129.426	588.904	398.040	1,974.533

As % of total household financial assets	Currency and deposits	Debt securities and loans	Listed shares	Unlisted shares	Investment fund shares	Life insurance and annuities entitlements	Pension entitlements	Others	Total
<b>Belgium</b>	30.5%	1.9%	5.9%	11.2%	17.7%	12.6%	8.1%	12.1%	100%
<b>Spain</b>	38.5%	0.4%	4.1%	5.0%	15.5%	7.1%	7.1%	22.2%	100%
<b>Italy</b>	31.5%	4.8%	2.7%	12.4%	15.1%	17.6%	5.1%	10.8%	100%
<b>Netherlands</b>	17.2%	0.2%	1.6%	9.8%	3.6%	6.1%	58.9%	2.7%	100%
<b>Poland</b>	50.8%	2.6%	3.6%	3.9%	5.2%	2.4%	8.4%	23.0%	100%
<b>Sweden</b>	12.2%	0.3%	8.6%	13.2%	9.2%	6.6%	29.8%	20.2%	100%

Source: ECB, Eurostat

# Asset allocation in investment funds

Non-money market funds (as of end 2021)	Currency and deposits	Loans and debt securities	Listed shares	Unlisted shares	Investment fund shares	Others	Total
<b>Belgium</b>	2.5%	15.9%	46.0%	0.0%	34.9%	0.8%	100.0%
<b>Spain</b>	10.8%	34.2%	17.6%	3.9%	32.1%	1.4%	100.0%
<b>Italy</b>	10.5%	44.8%	19.7%	5.4%	18.9%	0.6%	100.0%
<b>Netherlands</b>	1.4%	24.4%	48.8%	5.8%	18.2%	1.4%	100.0%
<b>Poland</b>	5.2%	49.1%	13.5%	2.2%	6.1%	23.9%	100.0%
<b>Sweden</b>	3.4%	16.1%	73.4%	0.4%	5.5%	1.2%	100.0%

Source: ECB, Eurostat

# Asset allocation in life insurance

In % of total assets (as of end 2022)	Belgium	Spain	Italy	Netherlands	Poland	Sweden
<b>Government bonds</b>	16.6%	46.6%	32.8%	17.0%	37.7%	1.3%
<b>Corporate bonds</b>	21.3%	22.8%	14.3%	10.8%	2.4%	4.9%
<b>Equity</b>	13.1%	2.2%	2.4%	6.4%	4.4%	22.4%
<b>Collective Investment Undertakings</b>	21.7%	16.8%	47.0%	29.3%	44.1%	63.2%
<b>1 Equity funds</b>	1.8%	6.9%	18.8%	5.2%	12.3%	27.8%
<b>2 Debt funds</b>	8.0%	2.2%	15.8%	7.3%	19.7%	7.1%
<b>3 Money market funds</b>	1.2%	1.7%	2.2%	0.9%	2.9%	0.7%
<b>4 Asset allocation funds</b>	0.1%	4.3%	4.1%	8.8%	7.9%	17.7%
<b>5 Real estate funds</b>	0.2%	0.1%	2.3%	3.8%	0.3%	0.1%
<b>6 Alternative funds</b>	0.0%	0.3%	1.5%	0.1%	0.1%	1.0%
<b>7 Private equity funds</b>	0.1%	0.8%	0.3%	0.9%	0.0%	0.2%
<b>8 Infrastructure funds</b>	0.1%	0.2%	0.5%	0.3%	0.0%	0.0%
<b>9 Others</b>	10.3%	0.3%	1.4%	1.9%	0.8%	8.5%
<b>Structured notes</b>	0.2%	4.8%	1.1%	0.0%	1.9%	0.6%
<b>Collateralised securities</b>	0.0%	0.5%	0.6%	1.8%	0.0%	0.0%
<b>Cash and deposits</b>	4.4%	5.0%	1.3%	4.8%	3.6%	6.2%
<b>Mortgages and loans</b>	19.9%	0.6%	0.3%	26.8%	4.7%	1.5%
<b>Property</b>	2.8%	0.7%	0.1%	1.6%	1.1%	0.0%
<b>Other investments</b>	0.0%	0.0%	0.0%	1.6%	0.0%	0.1%
<b>TOTAL</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

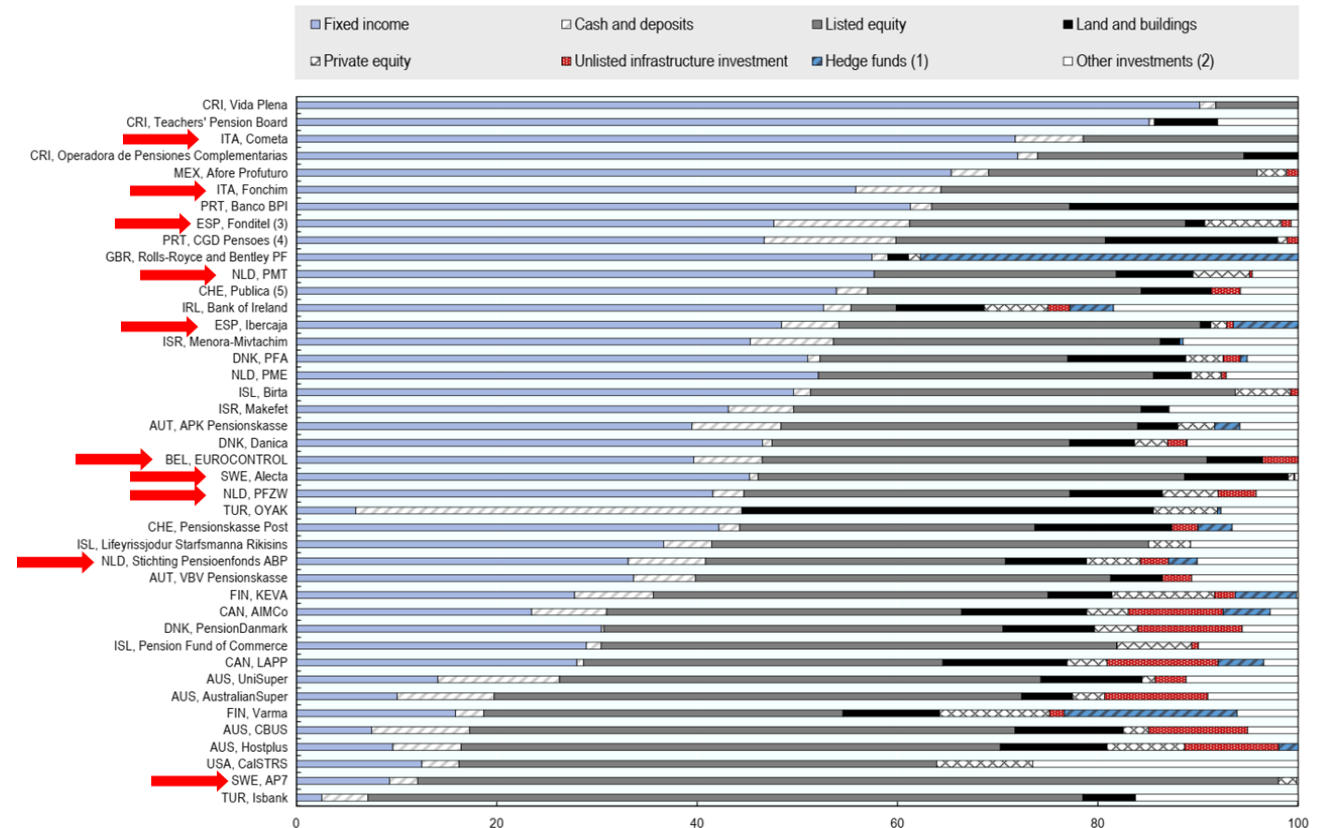
# Asset allocation in pension funds

In % of total assets (as of end 2021)	Equities	Bills and bonds	Cash and deposits	Collective Investment Schemes (when look-through unavailable)	Other
<b>Belgium</b>	49.7	43.2	2.4	..	4.7
<b>Spain</b>	31.9	48.4	7.5	..	12.2
<b>Italy</b>	25.1	42.7	6.1	..	26.1
<b>Netherlands</b>	30.9	42.9	2.0	..	24.2
<b>Poland</b>	91.0	6.0	1.6	0.0	1.3
<b>Sweden</b>	13.8	9.1	0.7	73.1	3.3

Source: OECD Global Pension Statistics

Figure 1. Asset allocation of selected LPFs based in OECD countries, 2020

As a percentage of total investment

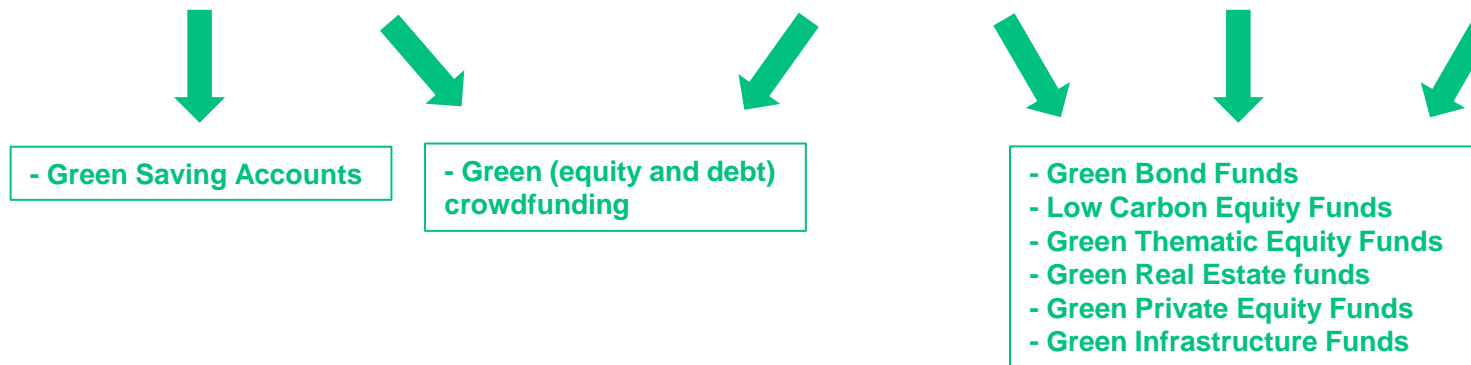


Source: OECD calculations based on responses to the OECD Survey of LPFs and PPRFs.

# A mapping of green financial alternatives

As % of total household financial assets	Currency and deposits	Debt securities and loans	Listed shares	Unlisted shares	Investment fund shares	Life insurance and annuities entitlements	Pension entitlements	Others	Total
Belgium	30.5%	1.9%	5.9%	11.2%	17.7%	12.6%	8.1%	12.1%	100%
Spain	38.5%	0.4%	4.1%	5.0%	15.5%	7.1%	7.1%	22.2%	100%
Italy	31.5%	4.8%	2.7%	12.4%	15.1%	17.6%	5.1%	10.8%	100%
Netherlands	17.2%	0.2%	1.6%	9.8%	3.6%	6.1%	58.9%	2.7%	100%
Poland	50.8%	2.6%	3.6%	3.9%	5.2%	2.4%	8.4%	23.0%	100%
Sweden	12.2%	0.3%	8.6%	13.2%	9.2%	6.6%	29.8%	20.2%	100%

Green alternatives for the existing assets held by European households



# Market potential for green retail financial products held in direct or through investment funds

**Methodology:** to estimate the market potential for green financial solutions, we compute the product of the holdings of conventional financial products by the percentage of people interested in switching to the relevant green alternatives according to the quantitative survey (see figures in section IV.2)

In Bn euros	Assets held in direct		Assets held via investments funds					TOTAL
	Deposits in green saving accounts	Green (equity and debt) crowdfunding	Green bond funds	Low carbon equity funds	(RE thematic equity funds)*	Green real estate funds	Green PE funds	
<b>Belgium</b>	251.706	88.437	43.915	92.398	(19.487)	2.835	1.512	480.803
<b>Spain</b>	533.848	60.691	112.252	67.024	(14.749)	4.188	8.548	786.551
<b>Italy</b>	897.530	489.465	256.983	129.695	(27.612)	4.743	24.609	1803.025
<b>Netherlands</b>	263.048	135.802	18.854	33.395	(7.708)	924	3.141	1378.24
<b>Poland</b>	181.858	21.017	10.892	3.300	(661)	2.125	0.413	219.605
<b>Sweden</b>	144.721	137.903	21.795	88.968	(19.558)	0.871	0.568	394.826
<b>TOTAL EU-6</b>	<b>2,272.711</b>	<b>933.315</b>	<b>464.691</b>	<b>414.780</b>	<b>(89.775)</b>	<b>15.686</b>	<b>38.791</b>	<b>4,139.974</b>

## Cross-country:

- ✓ Green deposits have by far the highest potential due to the importance of deposits within household wealth. They could represent up to EUR 2272 billion across the six countries.
- ✓ The potential for green crowdfunding may be significantly upwardly biased due to the probable significant fraction of holdings of unlisted shares that relate to professional wealth and, could not be swapped for crowdfunding equity
- ✓ The potential for green bond funds held in direct is strong but still lower than its potential within life insurance and pension funds. In total, it amounts to
- ✓ Despite a superior popularity, green thematic equity funds are constrained in their deployment compared with low carbon equity funds because of the limits posed by their lack of sector diversification. According to our estimates, they could reach a total of EUR 89 billion versus EUR 415 billion for low-carbon funds.

## Country-specific:

- ✓ In Italy, the market potential for green crowdfunding is especially high (accounting for more than 50% of the EU-6 total) due to the higher share of financial wealth held in unlisted shares and debt securities.

**Remark:** renewable energy thematic equity funds are capped at 20% of total allocation to stocks due to their lack of sector diversification. Their market potential overlaps with that for low carbon equity funds. Consequently, they do not participate to the sum of total market potential.

# Market potential for green retail financial products held through life insurance

**Methodology:** to estimate the market potential for green financial solutions, we compute the product of the holdings of conventional financial products by the percentage of people interested in switching to the relevant green alternatives according to the quantitative survey (see figures in section IV.2)

In Bn euros	Assets held via life insurance						TOTAL
	Green bonds (in direct or via funds)	Low carbon equity funds	(RE thematic equity funds)*	Green real estate (in direct or via funds)	Green PE funds	Green infrastructure funds	
Belgium	50.290	17.301	(3.649)	2.880	0.076	0.058	70.605
Spain	80.677	10.249	(2.255)	0.622	0.649	0.172	92.369
Italy	363.213	125.550	(26.729)	11.060	1.592	2.403	503.818
Netherlands	35.711	11.860	(2.737)	5.017	0.767	0.306	53.661
Poland	5.921	1.662	(0.333)	0.105	0	0	7.688
Sweden	11.432	42.374	(9.315)	0.088	0.167	0.002	54.063
<b>TOTAL EU-6</b>	<b>547.244</b>	<b>208.995</b>	<b>(45.019)</b>	<b>19.772</b>	<b>3.252</b>	<b>2.941</b>	<b>782.204</b>

## Cross-country:

- ✓ Across countries, green bonds exhibit the strongest potential in relation to the dominance of bonds in life insurance portfolios
- ✓ Then come listed equity solutions
- ✓ Alternative investments (real estate, PE and infrastructure) have constrained potential due to their limited current weighting in life insurance portfolios

## Country-specific:

- ✓ In Italy, the market potential for green financial solutions through life insurance is especially high (systematically accounting for more than 50% of the EU-6 total) due to the higher share of financial wealth held through life insurance
- ✓ It reaches 80% of the EU-6 total for green infrastructure funds

**Remark:** renewable energy thematic equity funds are capped at 20% of total allocation to stocks due to their lack of sector diversification. Their market potential overlaps with that for low carbon equity funds. Consequently, they do not participate to the sum of total market potential.

# Market potential for investments held through pension funds

**Methodology:** to estimate the market potential for green financial solutions, we compute the product of the holdings of conventional financial products by the percentage of people interested in switching to the relevant green alternatives according to the quantitative survey (see figures in section IV.2)

In Bn euros	Assets held via pension funds						TOTAL
	Green bond funds	Low carbon equity funds	(RE thematic equity funds)*	Green real estate funds	Green PE funds	Green infrastructure funds	
<b>Belgium</b>	30.500	37.210	(7.848)	1.007	0.709	0.423	69.849
<b>Spain</b>	54.469	35.957	(7.912)	3.543	2.393	1.519	97.881
<b>Italy</b>	72.077	43.461	(9.253)	11.864	8.982	5.006	141.39
<b>Netherlands</b>	422.041	307.043	(70.868)	76.868	47.856	32.273	886.081
<b>Poland</b>	2.054	31.476	(6.302)	0.121	0.089	0.053	33.793
<b>Sweden</b>	137.204	173.051	(38.042)	16.035	11.641	6.553	344.484
<b>Total EU-6</b>	<b>718.344</b>	<b>628.198</b>	<b>(140.225)</b>	<b>109.437</b>	<b>71.671</b>	<b>45.828</b>	<b>1,573.478</b>

**Remark:** renewable energy thematic equity funds are capped at 20% of total allocation to stocks due to their lack of sector diversification. Their market potential overlaps with that for low carbon equity funds. Consequently, they do not participate to the sum of total market potential.

## Cross-country:

- ✓ Across countries, in pension funds market potential are of the same magnitude for green bonds and listed equity green solutions
- ✓ Total market potential for alternative green investments represent around a third of such a potential

## Country-specific:

- ✓ As Italy has the smallest fraction of household financial wealth held through pension funds, the market potential of green solutions held through those schemes is de facto limited



A faint, light-colored outline map of the United States is visible in the background of the top half of the slide.

# Wrap-up message

# Wrap-up message

## Cross-country

- ✓ A general lack of knowledge but an interest for and a positive attitude towards sustainable finance (solutions)
- ✓ A high level of heterogeneity in beliefs and motivations across people, with some regularities:
  - ✓ Between 40% and 60% of retail investors want to have impact
  - ✓ The most common profile is the “I want it all” profile
- ✓ A limited ownership of green financial solutions
- ✓ A very frequent attitude-behavior gap regarding the financing of the green energy transition, to be connected to the lack of knowledge, information costs and a low level in trust
- ✓ A large variety of perceptions of what “impact funds” are but a more consensual perception about what they should be
- ✓ Despite the recent takeoff, an untapped potential for many green retail investment or borrowing solutions
  - ✓ Due to current asset allocations of financial investments held in direct or via intermediaries, market potentials are most often highest for deposits in green saving accounts and green bond funds

## Country-specific

- ✓ In Italy, the general attitude towards sustainable finance and its solutions is very similar to the EU-6 average
- ✓ Nevertheless, we could notice a stronger interest for impact. When we look at the distribution of sustainability profiles, 60% of respondents in Italy want to have impact, which locates Italy in the upper range
- ✓ Respondents in Italy are also more prone to prioritize impact in case of necessary tradeoffs across motivations
- ✓ They also report a stronger interest into voting on climate issues at shareholder AGMs
- ✓ The attitude-behavior gap regarding the financing of the green energy transition is the largest across the 6 European countries due to a slightly more positive attitude and a slightly less common holding of green assets
- ✓ Finally, the market estimate concludes that the specificities of the composition of Italian households’ financial wealth lead to a significant potential for (debt and equity) crowdfunding and for various green financial solutions held through life insurance

# Thank note

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**Author: Mickael Mangot**

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