

UK advisers say younger clients could be the catalyst for change with sustainable investing

- Over two fifths (42%) of financial advisers surveyed said younger family members influenced their clients towards sustainable investing
- Almost half (47%) of advisers associate sustainable investing with sustainable living, but many say the topic has yet to be raised

Almost half of UK advisers (46%), we spoke to as part of our study, indicated that their clients would like to consider sustainable investing but are unsure where to begin. And, with many clients looking for guidance on how best to do this, advisers suggested younger family members have a key role to play.

The Power of Advice report from Pru explores ESG and sustainable investing from an adviser's perspective and its findings provide insight to help them continue driving the adoption of sustainable investing. The data shows younger family members (42%) along with societal pressures (47%) and media commentary (53%) are among the top influences when it considering sustainable investing.

Findings from the report also highlighted concerns among advisers about shifting their client's investment behaviours and perceptions in relation to ESG investing. 67% of advisers stated getting clients to change or challenge their behaviours as they got older was difficult. Despite this, almost half (46%) agreed that clients do have an appetite for investing responsibly.

However, advisers also cited a need for more education and supportive, informative materials around the benefits of ESG investing. A fifth of advisers surveyed (21%) said they felt their clients saw little incentive in sustainable investing with many suggesting there needs to be more quantifiable information provided so that clients (and advisers) understand the positive impact investment decisions can have.

Previous research from Pru found that Covid-19 has heavily influenced investors' agendas, driving a re-evaluation of the environment and 'what matters most'. It found that the pandemic had fuelled the appetite for sustainable investments for one in two (51%) investors. While 45% went further still, saying that they now only want to invest in ethical companies and funds. However, the Power of Advice report sought to explore how clients are living sustainably, not just financially, but day to day behaviours. Despite this, more than half (59%) say sustainable living hasn't been discussed, highlighting the big opportunity for advisers in the months ahead.

Catriona McInally, ESG Investment Expert, at Pru said: "Sustainable investing is starting to feature more and more in discussions advisers have with their clients. Most of us are already starting to consider how we live and the household decisions we make, such as recycling and electric vehicles, but fewer of us have grasped that, perhaps one of the biggest impacts we can make is what we do with our money. Where and how we invest is a simple way for us all to do 'our bit'. The climate emergency, changing government policies and the increase of scrutiny on company practices has driven a desire to live more sustainably and sustainable investing is a core part of this.

“For many, the pandemic has also prompted a change in financial priorities, accelerating the demand for responsible investing. Against this backdrop of constant change, it is increasingly important that advisers are fully aware how best to meet their clients’ changing needs, as well as what resources are available to help. Our research suggests there is an appetite for advisers to know and share more about ESG investing with their clients and we’re here to help with that. ”

ENDS

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Methodology

Power of Advice research was carried by Opinium among 200 financial advisers and completed in July 2021.

Family Wealth Unlocked research was carried by Opinium among a UK representative sample of 1,000 advised families. The study was completed in November 2020.

Notes to editors

Pru is part of M&G plc, which is a leading savings and investments business, and has been caring for customers for over 170 years. It has a long history of finding innovative solutions for customers’ changing needs.

Its purpose is to help people live the life they want by managing and growing their savings. And by helping to direct how and where people invest their money, it can help make the world a little better.