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Almost half (46%) of advisers say clients have an appetite for ESG investing, but need a kickstart

- Financial advisers say clients are actively interested in sustainable investing, but need help to kickstart their investment plans
- One in two (51%) investors say their appetite for sustainable investments has been fuelled by the pandemic, and 45% now only want to invest in ethical companies and funds
- Advisers say media commentary is seen as most influencing for changing attitudes by advisers (53%), followed by the impact of government initiatives and changing societal norms (47%)

Almost half (46%) of advisers say clients have an appetite for ESG investing, but would need support in going about it, according to new research from Pru, part of M&G plc.

17% felt their clients see the category as being ‘too complicated to consider’, further underlining the need for education and simplification. Interestingly, age is also a factor for clients wanting to move to ESG investing, with one in seven (14%) believing they are too old to invest sustainably.

The [Power of Advice report](#) sets out to understand ESG investing through the adviser lens and help advisers continue to be agents of change in driving forward the adoption of sustainable investing. It follows the business’ Family Wealth Unlocked report which found that Covid-19 has heavily influenced investors’ agendas, driving a re-evaluation of the environment and ‘what matters most’. The report highlighted 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. Following this research, Pru sought to redress and delve deeper into how socially and environmentally conscious UK adults are, by commissioning adviser focused research.

The research examined which channels are most influencing ESG investing – and the relative importance of the adviser’s role amongst them. Media commentary is seen as most changing attitudes by advisers (53%), followed by the impact of government initiatives and changing societal norms (47%) in relation to everything from the decrease in meat purchase to plastic and green energy usage.

Reassuringly, well over a third (37%) of advisers already recognise their role as one of the primary drivers of influence, as expert and trusted counsel in this field. This exceeds other drivers of influence such as social media (30%), industry commentators (19%) and extended family members (18%). And with only 21% of advisers feeling that clients are being influenced by their exposure to investment trends, advisers clearly feel a dependence placed on them by clients for investment insight.

Catriona McNally, ESG Investment Expert at Pru, said: “It’s no secret that the growth of Environmental Social and Governance (ESG) investments in recent years has been dramatic. This has largely been fuelled by the climate emergency, growing scrutiny of company practices - and some governments adopting carrot and stick policies to change consumers’ and companies’ behaviours in line with their commitments to the international community.

“But the pandemic has prompted a re-evaluation of ‘what matters most’. For many, the crisis has changed financial priorities and accelerated actions and fuelling demand for sustainable investing.

“Our research confirms clients’ growing appetite, as well as the trend for advisers continuing to become agents of change in this area. With clients dependent on their counsel for sustainable fund recommendations across all products and wrappers, advisers are increasingly key in influencing clients’ attitudes towards ESG investing. So, it’s crucial advisers understand the sources available to educate themselves more to know what their clients want out of their investments and whether this aligns with the client’s other objectives.”

Craig Ross, Group Proposition Director, Sesame Bankhall Group says: The stars have certainly aligned for ESG in the last few years. And advisers have a crucial role in helping educate and engage clients in this. As a result, adviser demand for information, training and knowledge continues to grow but importantly so does their clients’ interest and appetite as media headlines continue to demonstrate the global implications for us if change doesn’t happen.

“Evidence from advisers already suggests that the younger generation are asking more pertinent questions about the underlying investments and the opportunity for good causes. It’s not just the younger generation either that are now asking different questions of advisers regarding where and how their money is managed. Increasingly for advisers and their clients alike, ‘doing good while doing well’ really matters and although there are clearly other ways that we can all contribute, considering ESG when investing can be one of the simplest ways of making a positive difference. It is well-documented that the ‘need’ for advice continues to grow, and the opportunity for advisers leading on ESG are even more

substantial as expectations are that this market will continue to grow as both new and existing client demand continues.

“ESG investing is here to stay, driven by socially conscious consumers who want the positive impacts on their wealth to also have a positive impact on the world.”

-Ends-

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Methodology

Research was carried by Opinium among 200 financial advisers in June/July 2021.

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.