

SUSTAINABILITY IN FINANCIAL SERVICES – UK – 2023

Financial services brands must foster trust and improve transparency if they are to encourage consumers to make more sustainable financial decisions.



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Sustainability In Financial Services - UK - 2023

This report looks at the following areas:

- Consumers' leading environmental concerns
- Perceptions of sustainability in financial services and other organisations
- Where consumers receive information from on the environmental impact of financial services
- Consumers' interest in receiving sustainability advice from financial services providers
- Trust in financial services providers' environmental claims
- Attitudes towards sustainability and the rising cost of living



Financial services brands must foster trust and improve transparency if they are to encourage consumers to make more sustainable financial decisions.

Overview

In the current economic environment consumers are having to put themselves first. Budgets are constrained and they are trying to rebuild their emergency savings. So, it's crucial that sustainability initiatives do not impose additional costs. Financial incentives, such as cashback on sustainable purchases, will play a pivotal role in enabling consumers to save money while embracing sustainability.

Financial services providers aren't necessarily viewed negatively by consumers from a sustainability stand point, but there's still a noticeable lack of trust amongst consumers. In particular, consumers are demanding greater transparency from providers when it comes to their environmental impact. Only 33% of consumers believe that providers' claims about their environmental impact are an honest reflection of reality.

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Only 21% of consumers consider sustainability a high priority when making purchasing decisions within financial services. This stems from a lack of communication from providers, which has led to consumers finding it difficult to know who and what is sustainable within the industry. 77% of consumers say they struggle to know whether one financial services provider is more sustainable than another.

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Report Content

EXECUTIVE SUMMARY

Opportunities for the financial services industry

- Providers need to address consumers' lack of trust
- Removing the cost barrier will be key to driving change
- Providers need to improve access to information

Market dynamics

- 82% of consumers are leading environmentally friendly lifestyles...
 - Graph 1: consumers perception of how environmentally friendly they are, 2023
- ...but cost remains a key barrier for consumers
- Sustainability is perceived as being too expensive
 - Graph 2: barriers preventing sustainable behaviour, 2023
- UK Government updates Green Finance Strategy
- FCA updates its Sustainability Disclosure Requirements

What consumers want and why

- Climate change is consumers' top sustainability concern
 - Graph 3: types of environmental issues consumers are most concerned about, 2023
- Building societies and banks rank highly for environmental impact
 - Graph 4: consumer perceptions about the impact organisations have on the environment, 2023
- Social media influencers hold significant sway on perceptions
 - Graph 5: where consumers have seen/heard information about the environmental impact of financial services in the last 12 months, 2023
- Half of consumers want providers to help them reduce their environmental impact
 - Graph 6: consumers' interest in financial services providers helping them reduce their environmental impact, 2023
- Use rewards to drive sustainable behaviour
 - Graph 7: initiatives consumers would be most interested in from a financial services provider to help them reduce their environmental impact, 2023
- Consumers struggle to adopt sustainability in financial services
 - Graph 8: consumers' attitudes towards sustainability, 2023

MARKET DYNAMICS

Market background

- Consumers are becoming increasingly climate-conscious...

- ...and they're leading more environmentally friendly lifestyles
 - Graph 9: consumers' perception of how environmentally friendly they are, 2023
- Cost remains a key barrier to sustainability...
- ... ahead of a lack of time, infrastructure and belief that people can make a difference
 - Graph 10: barriers preventing sustainable behaviour, 2023
- Inflation is indirectly resulting in more sustainable behaviour
- Heightened consumer awareness is driving skepticism
- Consumers are cracking down on greenwashing

Macro-economic factors

- Inflation will make sustainable behaviours more difficult
 - Graph 11: CPI inflation rate, 2021-23
- Consumers are recovering, but remain cost-conscious
 - Graph 12: the financial wellbeing index, 2016-23

Social, environmental and legal factors

- Leaders from around the globe once again assemble for COP28
- Accelerated efforts will be needed to meet climate goals
- UK Government updates Green Finance Strategy
- FCA updates its Sustainability Disclosure Requirements
- Firms need to consider Consumer Duty when making sustainability claims

WHAT CONSUMERS WANT AND WHY

Environmental concerns

- Nine in 10 consumers hold environmental concerns
- Climate change remains consumers' top concern in 2023...
 - Graph 13: types of environmental issues consumers are most concerned about, 2023
- ...but might not be the issue that motivates them
- Environmental concerns vary depending on individual experiences...
 - Graph 14: types of environmental issues consumers are most concerned about, by generation 2023
- ...influenced by generation...
- ...and which environmental issues are closest to home
 - Graph 15: types of environmental issues consumers are most concerned about, by area, 2023

Perceptions of sustainability

- Building societies and banks rank highly for environmental impact...
 - Graph 16: consumer perceptions about the impact organisations have on the environment, 2023
- ... but still need to address a lack of understanding

- Younger consumers view digital banks favourably
 - Graph 17: consumers perceptions of digital banks environmental impact, by generation 2023
- Younger consumers view digital banks favourably
 - Graph 18: consumers perceptions of digital banks' environmental impact, by generation 2023
- Older generations struggle to identify differences in providers
 - Graph 19: perceptions of high street banks' environmental impact, by generation 2023
- Investment firms have a dilemma
- Cryptocurrencies rank low for environmental impact...
 - Graph 20: perceptions of cryptocurrencies' environmental impact, by generation, 2023
- ... but cause divide across generations

Information sources

- Social media influencers hold significant sway on perceptions...
 - Graph 21: where consumers have seen/heard information about the environmental impact of financial services in the last 12 months, 2023
- ...particularly among Gen Zs and Millennials
 - Graph 22: where consumers have seen/heard information about the environmental impact of financial services in the last 12 months, by generation, 2023
- Half of consumers aren't getting any information...
- Brands risk losing control of the conversation...
- ... but they have an opportunity to be more transparent

Interest in receiving support to reduce environmental impact

- Half of consumers want providers to help them reduce their environmental impact
 - Graph 23: consumers' interest in financial services providers helping them reduce their environmental impact, 2023
- Younger generations are showing a strong interest in receiving support from providers...
- ...but providers will need to do more to gain consumers' trust
 - Graph 24: trust in financial services providers to take accountability for their environmental impact, by interested in receiving help, 2023
- Consumers are becoming increasingly cynical about environmental transparency
- Use rewards to drive sustainable behaviour
 - Graph 25: initiatives consumers would be most interested in from a financial services provider to help them reduce their environmental impact, 2023
- Immediate benefits appeal the most to consumers
- Cashback and rewards rank top of the list
- Low interest loans will help boost demand for sustainable purchases
- Carbon offsetting presents an opportunity for car insurers
- Aviva launches carbon-conscious car insurance

Attitudes towards sustainability

- Consumers struggle to adopt sustainability in financial services
 - Graph 26: consumer attitudes towards sustainability, 2023
- The cost of living crisis has made it harder to be sustainable
 - Graph 27: Consumers who say the rising cost of living means they can't afford to pay more to be sustainable, by financial situation, 2023
- Providers need to highlight that sustainability doesn't have to cost more
- Consumers don't know how to assess sustainability in financial services...
- ... so they are being eco-friendly elsewhere
 - Graph 28: considerations of sustainability when shopping across selected categories, 2023
- Demand is rising for responsible pension plans
- Consumers don't trust providers to take accountability...

BRAND AND COMPANY TRENDS

Competitive strategies and launch activity

- Starling Bank announces three-year partnership with National Trust
- PensionBee launches Impact Plan
- Nationwide launches tool to help homeowners make their properties greener
- Vanguard pulls out of net zero alliance
- HSBC launches ESG index
- BoE aims to reduce operational emissions by 90%

APPENDIX

Report scope and definitions

- Abbreviations and terms

Methodology

- Consumer research methodology

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This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by a UK licensed market survey agent ([See Research Methodology for more information](#)).

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