MEDIA RELEASE

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Most Aussies expect their money to be invested ethically but don’t trust green claims

Four in five Australians expect their money in super, banks and other investments to be invested responsibly and ethically, but financial service providers need to do a better job of meeting expectations, with 72% of the population saying they are concerned about greenwashing, according to a new consumer study from the Responsible Investment Association Australasia (RIAA).

The study, From Values to Riches 2022: Charting consumer demand for responsible investing in Australia, finds that Australians are getting more serious about aligning their money with their morals, with three-quarters (74%) of Australians considering moving to another provider if they found out their current fund was investing in companies engaged in activities inconsistent with their values. At the same time, the appetite for ethical and responsible investments continues to grow, with the number of Australians already investing responsibly up 28% from 2020 (to 17% of the population).

“Australians are demanding more transparency from their providers, with 75% wanting to know which companies their super fund, bank or other investments are invested in. They are attuned to the threat of greenwashing, and it is holding many people back, particularly when it comes to switching to an ‘ethical’ bank,” said Simon O’Connor, CEO of RIAA.

“Independent verification of sustainability claims is becoming key to winning trust. Three-quarters of Australians say they would be more likely to invest in responsible investment products that have been independently certified by a third party.”

Corin Millais, Head of Socially Responsible Banking at Teachers Mutual Bank Limited agreed. “Australians are on the money to call out greenwashing in finance. Accreditations like RIAA Certification and B Corp give substance to the sustainability claims finance managers tout, making it possible for customers to sort through the wash.”

O’Connor added, “We continue to see Australians recognise that doing good can often mean doing well, with almost two-thirds (64%) of people agreeing that responsible and ethical super funds and investments perform better in the long term.

“The bar is raising for financial advisers. The number one expectation Australians now have of financial advisers is to be knowledgeable about responsible investment (64%, an increase from 54% in 2020) overtaking the prioritisation of investment returns for the first time (58%),” said O’Connor.

The vast majority of Australians are giving the finance sector the green light to act on climate change, with five out of six believing it’s important their super fund or bank commits to reducing greenhouse emissions (84%), sets targets for emissions reductions (83%), and 81% want to see them pledge to achieve net zero by 2050.

But the ‘S’ in ESG is also of increasing interest – three-quarters (74%) of Australians say social issues are important when they think about investing their money, up from 64% in 2020.

Aside from climate change, there is a mismatch between the social and environmental issues consumers are most concerned about and the products on offer. For example, two-thirds of Australians (67%) want to avoid animal cruelty, testing, and animal products while only 32% of
investment providers offer such products. Nearly two-thirds (63%) of Australians also want to avoid investments that violate human rights, while only 39% of responsible investment providers deliver products that meet this criterion.

Maria Loyez, Chief Customer Officer at Australian Ethical said, “As this important report shows, Australians are opening their eyes to the power of their money and where it’s invested. This is nothing short of a seismic shift that investment managers cannot afford to ignore. As this report says, Australians can spot greenwash and will only reward those companies that are truly committed to a better future.”

Compounding crises over the last few years like the COVID pandemic, the destruction of Indigenous cultural heritage sites and extreme weather events have fuelled awareness of responsible investing, and now more than two-thirds (67%) of Australians know or have heard of responsible or sustainable investing, up from 50% in 2020.

*From Values to Riches 2022: Charting consumer demand for responsible investing in Australia,* supported by Teachers Mutual Bank Limited and Australian Ethical, gauges consumer awareness, practices, and attitudes towards ethical and responsible investments in Australia, and surveyed 1,097 Australians aged 18 and over in January 2022.

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