Ethical considerations climbing the agenda for consumers choosing financial services products

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Ethical considerations climbing the agenda for consumers choosing financial services products

London, 22 July 2008 - New research from GfK NOP has revealed that the ethics of providers is becoming a key consideration for UK consumers choosing financial services products.

21 per cent of UK consumers currently consider ethics as an important part of their decision making when choosing a financial services product. However, 26 per cent say that ethical considerations are irrelevant, and 45 per cent believe that there are more important considerations, when buying such products.

While ethics might not be a major consideration in financial services currently, the research does point to an imminent change, making an ethical stance a key differentiator for providers. When questioned further about their future behaviour, over half (54 per cent) of UK consumers agreed that ethical considerations will increasingly influence their buying of financial services in the next two years. Only 22 per cent say that ethics will not become a bigger influence for them than it is now.

More significantly, perhaps, well over half (58 per cent) of consumers state that they would move away from a provider if it was found to be operating in an unethical way, while 42 per cent say that, given a like for like offering, they would choose the product from a provider with the strongest ethics. Consumers, it seems, are also willing to put their money where there mouth is, with 15 per cent saying that theyâ€™d accept a lower return on an investment or pension fund from an ethical provider.

The move towards choosing ethical financial services providers could be significant for the market; 17 per cent of those questioned said that they intend to take out a new product in the next year. This could equate to up to 8.3 million empowered consumers looking for a product,Â many of whom will haveÂ ethics very muchÂ in their minds.

Andy Thwaites, Financial Insight Director at GfK NOP comments: "The issue of ethics in the financial services sector is interesting â€“ in that, unlike a jar of coffee, a car or a piece of clothing, a financial service product is an â€˜invisibleâ€™ ethical choice, which other people cannot easily see or appreciate. Add to that the fact that financial services products are often a major considered purchase â€“ where traditionally the most important factor might have been rate or return â€“ and we might assume that ethics are somewhat irrelevant. While itâ€™s apparent to some extent that this has been the case, itâ€™s also very clear that a sea change is imminent â€“ pointing to a significant opportunity for providers to take an ethical stance to gain some advantage."

Thwaites continues, "At the very least providers need to be sure that their house is in order, with more than half of consumers ready to switch if they see anything actively unethical. Of course in a recessionary environment those with â€˜ethic-liteâ€™ credentials may move back towards more traditional financial service criteria, such as price or return, however there will still remain a significant and growing core for whom â€˜ethicalâ€™ will remain a major consideration.â€•

More generally, the research found that up to 95 per cent of consumers regard it as important that all companies treat producers and suppliers fairly, practise Fair Trade, avoid harming the environment, and do not invest in companies that use child labour. Consumers also voiced concern about companies who invest in arms companies (88 per cent) or support animal testing (81 per cent). A total of 84 per cent support imposing a maximum limit on bonuses for senior executives.