

Greenwash Risk For Ethical Finance Companies...

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6 in 10 Brits see green and ethical claims as a PR stunt

Acting on their social, environmental and ethical concerns has become second nature for the majority of Brits, but new research from Mintel finds when it comes to finance, cynicism prevails and most consumers feel green and ethical claims in finance are nothing but spin.

Indeed, today, nearly two thirds (60%) of Brits believe green and ethical "talk" by finance companies is a PR stunt.

However, while greenwash is a big consumer concern, it appears consumers themselves have made little effort to check out the claims made by firms. As many as two thirds (65%) of Brits admit that they have never investigated a finance company's ethical credentials. Furthermore, just 7% have spoken to a company's representative about their company's ethical credentials, while 15% have checked the company's website or marketing material and 13% have looked for information from sources other than the company (such as charities, campaigning groups and newspapers).

Toby Clark, Head of Financial Services Research at Mintel, said:

"This latest research shows that the nation tends to be extremely cynical about financial services firms' motivations. There is often a gulf between how consumers think and how this translates into activity. Even when people talk about being green, most people suspect that the banks, insurers and investments firms are just engaging in PR. Brands should consider this gap when instigating activity around ethical products - and be aware that this cynicism exists within the consumer mindset on this issue."

"Ethical financial services are a long way down the list of the nation's ethical priorities, and participation rates compare pretty poorly to, say, the quarter who buy fair trade products and almost a fifth who boycott products from unethical providers. People show a contradictory approach to ethical finance. There is a gulf between the proportion who are prepared to change the way they shop for ethical reasons and the proportion who are prepared to change the way they bank. It's a figure that speaks volumes about inertia in the financial services market, but also hints at the widespread cynicism towards banks' motives."

When asked about green and ethical activities in day to day life, the research found that most people participate in some kind of green and ethical activities. Almost nine in ten Brits (87%) recycle whenever possible, while 82% use energy-saving lightbulbs and seven in ten (69%) limit the use of carrier bags or try to avoid excessive packaging. As many as two in five (37%) regularly donate to charity and as many as 16% of Brits do voluntary work for charity. However, ethical financial services are way down the list of consumers green activities - today, just 7% of Brits bank with an ethical provider.

The research revealed that even the most engaged green and ethical consumers haven't yet switched bank accounts to an ethical provider. Indeed, just a third of the 7% of consumers who engaged with nine green and ethical activities including recycling, using energy saving lightbulbs or limiting the use of carrier bags etc, bank with an ethical provider.

"One of the biggest problems is that the more interest that someone takes in ethical issues, the more cynical they are about the way in which financial service firms behave. Participation in ethical issues tend to fall when it comes to green and ethical activities that require a bit more commitment on the part of the consumer, for example investigating a company's ethical credentials. That said, still, the fact that almost a fifth of Brits volunteer their time to support a charity shows that there's a strong streak of altruism among a significant proportion of the UK's population." Toby continues.

Finally, looking towards future prospects for green and ethical finance, a third (33%) of Brits claim they will take a company's ethical credentials into account next time they arrange a financial services product, but when it comes to the proportion of consumers who would be very likely to consider ethical factors, the proportion falls to just 8%. Meanwhile as many as a quarter (26%) of consumers say they are prepared to pay a little extra for a product they know behaves ethically.

Source: Mintel Oxygen Reports

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