**RETAIL INVESTORS BEING LET DOWN ON RESPONSIBLE INVESTING**

* **Nearly half have never been asked by advisers how their investments measure up to their principles**
* **But nearly one in three would invest more if their portfolio reflected their ESG views**

Regular retail investors are being let down on responsible investing and ESG by wealth advisers who are failing to discuss their views on investing for good, new research(1) from behavioural finance experts Oxford Risk shows.

Oxford Risk’s study found 46% of adults with investment portfolios managed by wealth managers have never been contacted by them about their attitude to ESG and responsible investing, and less than two out of five (37%) say their portfolio reflects their views on sustainable investing.

That is costing wealth advisers and their clients – nearly one in three (31%) say they would invest more if their portfolio better reflected their views on ESG and responsible investing.

That particularly applies to younger investors – around six out of 10 (59%) of under-35s with investments say they would invest more if their money was more weighted to responsible investing. Around 32% of all investors say their adviser does not address their ESG investing needs.

Oxford Risk’s ESG suitability framework helps wealth managers meet European MiFID regulation head on, by accurately and comprehensively assessing what levels of E, S, and G focus an investor should have in their portfolio and how far down the impact spectrum should components be selected, which is akin to high-level asset allocation. It also examines instrument selection to meet asset allocation and looks at ongoing investor management and the tailored behavioural messages to use based on Oxford Risk’s robust behavioural finance methodology.

**Greg B Davies, PhD, Head of Behavioural Finance, Oxford Risk said:** “Accounting for investors’ sustainability preferences needs a deeper understanding both of financial personality, and that suitability – matching investors to the right investments for them – is at the heart of helping people use their wealth for good.

“It is surprising that nearly half of investors claim they have never been contacted by their advisers about their attitude to responsible investing and ESG, and fewer than two out of five say their investment portfolio doesn’t represent their views on responsible investing.

“Advisers could be missing out, as substantial numbers of investors would consider investing more if their money was focused on ESG and responsible investing, something that we can help support as part of their advice suitability process.”

Oxford Risk’s ESG suitability framework elicits each investor’s unique ESG preferences to determine how much ESG each investor should be encouraged to have in their portfolio, and how the portfolio should be constructed to meet each investor’s personal preferences for balancing “E,” “S,” and “G.”

Its research shows most investors want the emotional comfort that ESG investments do what they claim to do and seek independent parties they can trust to verify those claims. The onus is on wealth advisers to match suitable ESG solutions to individual preferences. However, properly constructed ESG profiling provides a double bonus for wealth managers by increasing the amount investors put in ESG investments by up to four times and making investors with high ESG preferences much more likely to invest overall.

Oxford Risk’s behavioural tools assess financial personality and preferences as well as changes in investors’ financial situations and, supplemented with other behavioural information and demographics, build a comprehensive profile. Oxford Risk’s financial personality tests can measure up to 20 distinct dimensions, of which six reflect preferences for ESG investing.

It believes the best investment solution for each investor needs to be anchored on stable and accurate measures of risk tolerance. Behavioural profiling then provides an opportunity for investors to learn about their own attitudes, emotions, and biases, helping them prepare for the anxiety that is likely to arise. This should be used to help investors control their emotions, not define the suitable risk of the portfolio itself.

**-Ends-**

**Notes to editors**

1. Research conducted by independent research company Consumer Intelligence among 457 adults aged 18-plus who have stock market investments between 22nd and 26th July 2022

**For further information**

Call Phil Anderson at Perception A on 07767 491 519.

**About Oxford Risk**

Founded in 2002 by leading decision science academics from Oxford University, Oxford Risk are experts in behavioural finance and financial well-being. They understand how people perceive risk, make judgements about risk, and behave in risky situations. They know how best to elicit and convey information to ensure those perceptions, judgements, and behaviours reflect true intent.

Oxford Risk applies behavioural finance expertise and technology to help its clients deliver superior advice and service more efficiently.

Benefits of behavioural finance-based solutions:

**Stronger Compliance**

Produce more consistent and objective advice with a robust digital audit trail and future proof regulatory requirements.

**Reduced Costs**

Engaging digital delivery streamlines human decision processes, improves efficiency, and focuses human effort where it is most valuable.

**Increased Revenue**

Deeper client insight and engagement increases satisfaction, ultimately driving share of wallet and word of mouth referrals.