

## Financial Climate Change by Sue Curtis

The current state of financial affairs just goes to show that an economic system that puts monetary gain before all else is unsustainable, and is an excellent opportunity to take stock and establish a new rationale for Financial Services. It could pave the way for financial institutions to place a greater emphasis on Ethical Investments, where projects with social and environmental benefits are financed.

The current financial climate is causing investors to think differently. An NOP poll commissioned by Triodos Bank (who only finance projects with social and environmental benefits and who continue to experience steady customer growth) suggests that people's attitudes to their money are changing:

- Over half of those interviewed wanted to know more about how their money is invested, and they were now more aware of the impact that their bank and its lending had on the environment than they were 5 years ago.
- Over a third said they would consider a lower interest rate if they knew their money was being used in a socially or environmentally responsible way.
- Over half of those with banking products said that once interest rates were their main concern, now they are interested in other things; such as how their bank is lending their money.
- Young people were more likely to consider ethical

matters when choosing to open a bank account, while the over 65s were the least likely to do so.

Triodos concluded that:

*“The credit crunch has had a profound impact on consumer confidence in the banking sector. Our research shows that people want more transparency, they want to know that their money is being ethically invested and who with, and they want to know that their savings are secure”.*

Looking around on the high street and on the internet, it seems that a lot of Financial Services providers have cottoned on to the fact that they ought to be offering Ethical products in some shape or form, but in most cases this appears to make up only a small fraction of their offering. Information on those products is also rather hard to come by despite advisers noticing an increased interest in Ethical Investments on the part of their customers. According to the Independent Financial Adviser's website [ifaonline.co.uk](http://ifaonline.co.uk):

*“Four out of five advisers find information on green and ethical investments is limited or hard to come by, according to a survey by the Association of Independent Financial Advisers (AIFA).”*

This is despite the survey showing a 23% increase in enquiries for green and ethical investments.

It seems there is a demand for products that simply is not being met!

Having sound, high quality investments such as renewable energy or eco friendly housing will attract savers who now want a safe and helpful place for their money, not for abstract financial products.

It would be particularly apposite for funds invested in pension planning to be used for building eco-friendly retirement homes. This would make good economic sense, as such homes would require less energy to heat them and therefore less cost - a pension plan which meant that less would be needed to live on helping to “recession proof” the pensioner and give environmental benefits.

Money could and should be put to far better, more imaginative use. There is a need for long-term sustainable projects. The scope of profit itself should be widened to include social and environmental benefits.

The time of the dedication to the bottom line is over.



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