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Discours de Benoît de Juvigny, Secrétaire général de l'AMF - Conférence des Autorités européennes de supervision - Consumer Protection Day : 'In search of the green investor: Findings from a recent survey and questions for the regulator' - Dublin, 28 Juin 2019 (en anglais uniquement)

Seul le prononcé fait foi

Dear colleagues, ladies and gentlemen, it is a pleasure to be here today and share some thoughts with you on consumer protection and sustainable finance.

In early 2018, when we released our new strategy, #Supervision2022, we identified sustainable finance as a key pillar of our vision. Later in the year⁽¹⁾, we published our roadmap for sustainable finance, which set two main objectives: facilitate and supervise. Facilitate is about raising awareness, helping market participants address the new challenges, encouraging innovation in support of sustainable finance, and helping devise an efficient regulatory framework. Supervise is about integrating the new ESG and sustainability dimension in our day-to-day monitoring of listed companies, asset managers, investment products, and so on.

We believe that sustainable finance is a structural trend. Report after report, we see that climate and environmental threats are becoming more tangible, as is the scale of the transformations they imply for our economies and societies. Moreover, the results of European elections, youth climate strikes, the rapid changes in consumption patterns also demonstrate the concerns of EU citizens and their growing mobilisation.

From a retail investor perspective, there are also signs of growing interest for green and sustainable products. I will present you the first results of a survey of the French population that AMF ordered. There is also a rapid evolution in financial product offerings, with financial intermediaries swiftly adapting their product range to include green, social or sustainable considerations.

I will share some observations from the French market with you, before going on to discuss questions arising for regulators.

First observation: more and more diverse "sustainable financial products" on offer

Looking at both recent trends in products submitted for our approval -mostly UCITS- and marketing campaigns, the numbers speak for themselves: upwards trends in the promotion of green and sustainable products, and greater diversity in the commercial offers, ranging from low-carbon strategies, to green, social or SRI (socially responsible investment) products, from traditional equity funds to ETFs or structured products.

As part of our ongoing monitoring of retail marketing campaigns, we have seen sustainable products emerging as a rapidly developing trend, with these products representing 43% of new advertisements involving investment funds in the last 9 months in France. Some large French asset managers have also announced their intention to convert their entire product range to responsible products in the coming years.

To some extent, this new interest for sustainable products is reflected at the financial adviser's level. In a recent Survey⁽²⁾ of French (wealth managers and private bankers), 90% of them responded that they know about responsible investment. However, only a third believe that they have a good knowledge.

Second observation: a growing awareness of sustainable investments among the French population, all be it with many outstanding questions

Last month, the AMF commissioned a survey of a representative sample of the French population of 1000 adults with the objective of assessing their awareness and perception of sustainable (responsible) financial products, as well as their interest for such forms of investment⁽³⁾. Overall, two thirds of French people surveyed said that they were not familiar/unfamiliar with green, responsible or sustainable investment. However, half of the respondents had heard of it and half would like to find out more.

The survey also revealed a generally positive perception of sustainable investment: roughly two thirds of the respondents believe that there is a real interest for retail investors and that it is a necessary way forward. Respondents also believe that it offers a way of acting positively in favour of the environment and society as a whole and a way to ensure that money is soundly invested. Accordingly, 42% consider this type of investment very or fairly interesting.

However, 70% of the respondents were also afraid that this is more of a sales pitch or a "fashion" than a reality and 55% believe that the products are not really responsible. Similarly, many believe that such products are therefore better suited for savvy investors.

Third observation: mixed feelings for the time being about labels to increase confidence in green and sustainable products

The French market has two main public labels for investment funds: the SRI label for responsible investments (with 222 funds and 60 billion EUR assets under management) and the GreenFin label for green investments (formerly the TEEC label) (with 30 funds and 7 billion EU AUM). Although figures show an steady upward trend, notably for the SRI label, retail investors are largely unaware of such labels. Recent changes in our legislation⁽⁴⁾ will oblige unit-linked life insurance contracts to offer green and SRI-labelled products. This should facilitate their growth in the years to come.

However, when it comes to labels, the survey's conclusions are mixed: only half of the respondents said that they would trust labels to validate the sustainability of the financial products (that they are offered), but 46% would encourage the extension of the EU Eco-label to financial products, as envisaged by the European Commission. About a third of the respondents don't have an opinion on the usefulness of labels.

Looking back at our experience of labels in France, communication is key so that the public becomes increasingly aware of the label, relative simplicity, as well as mechanisms to encourage the adoption by market participants. From that point of view, the visibility of the existing EU eco-label (in our supermarkets, etc.), its relatively narrow focus (environmental performance), and the link with other EU proposals, are advantages. But much remains to be decided regarding the future perimeter and requirements of the label. And the success will depend on all these factors !

Questions for regulators

Our commitment to sustainable finance falls within our fundamental missions of information, protection and properly functioning markets.

As the financial risks associated with the transition of our economies become clearer, regulators must ensure that such risks are properly disclosed and, as far as possible, properly managed⁽⁵⁾. They must also support investors who want environmental and social concerns integrated, in particular their investments by ensuring that they have access to the information needed to understand the offer available to them, and by preventing green washing.

Nevertheless, as the market develops, other questions are cropping up :

- Although it is not up to the regulator to define what is sustainable, are there safeguards or minimum requirements we should put in place? Can any product be marketed as sustainable even if the impact (on asset selection, on financing, on transition, etc.) is weak? I remind you that the financial regulator has a responsibility and has to ensure that the advertisements are not misleading.
- How can we ensure that innovations that will flourish are relevant for sustainable finance? , i.e. innovations that allow to better price and manage risks, innovations that allow to better match products and investment strategies with customers' ESG preferences, innovations that encourage changes at corporate level and a reorientation of capital flows towards more sustainable activities?
- From a retail investor's standpoint, how should we deal with a possible increase in the complexity of the products being offered, which, in some cases, might be a solution to respond to very diverse investor preferences and needs?
- And, last but not least, how can we encourage the mobilisation of retail investments to contribute to the financial gap identified, the necessity to finance green activities whilst preserving market integrity and investor confidence?

The implementation of new and upcoming EU legislations from the Commission's Action Plan will help clarify the framework and will require implication and hard work from regulators. As we go into this new field, we should confront questions, views and practices, and promote supervisory convergence from the outset. Needless to say, education, including at financial adviser level, will also have to be a key area of focus.

Thank you very much.

Mots clés

PROTECTION DE L'ÉPARGNE

[1] AMF, Sustainable Finance: What is the Role of the Regulator? AMF Roadmap, November 2018.

[2] Source: Les épargnants et l'investissement responsable, OpinionWay for Deloitte and CPR AM, April 2019; 415 advisers in portfolio management and private banking were surveyed.

[3] Source: Audirep for Autorité des marchés financiers, June 2019; online questionnaire of a representative sample of 1028 adults (18 years+). Results will be published in September 2019, together with the findings of a separate study on consumers' understanding of the marketing documentation associated with sustainable products.

[4] Article 72 of the PACTE legislation.

[5] In France, the PACTE legislation recently explicitly entrusted the Autorité des marchés financiers with the role of ensuring the quality of information provided by collective investment managers on their strategy in the face of climate change.

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