

THE AMF HOUSEHOLD SAVINGS OBSERVATORY NEWSLETTER



CONTENTS: The French and responsible investments pp. 2-3 Clarity of information p. 4 No. 34 SEPTEMBER 2019

ÉDITO

Sustainable finance: a major issue

The AMF aims to support the development of sustainable finance by ensuring that the conditions for investors' trust are met.

It recently produced an overview of French people's knowledge and perceptions of socially responsible investments, by means of a qualitative study of the clarity and perceived utility of the information about these investments (read page 4), and also via a quantitative study on a representative sample of the French population (pages 2 and 3).

The results confirm that although "socially responsible" investments are still not well known, they do now elicit genuine curiosity.

Half of the people surveyed want to learn more about how they work and about what makes them different from conventional investments (risk, performance, fees).

Many savers express the need for greater transparency regarding the real impact of their investments. In order to be sure of their choice, they look for simple markers, like the Ecolabel used for mass consumer goods.

Those most interested in socially responsible investments are younger people wanting both to give meaning to their life as citizens and also to promote a more socially responsible economy.

To meet this aspiration for useful finance, it is essential to adopt concepts that are common to all and a language that is intelligible for the investor.

That is a major challenge for all the stakeholders. It is also a way of ensuring the transition of our economy in satisfactory conditions of trust. Finally, it is an excellent opportunity to reconcile savers with "finance". ■

FOCUS

45% of the French are interested in socially responsible investments

The French people who show the strongest interest are often those aged under 35, who are more aware of sustainable development issues.

The study carried out by the AMF on the French and responsible investments revealed, through a typological analysis, the existence of four main profiles: the "uninterested", the "uncommitted", the "motivated with reservations" and the "thoroughly motivated".

The uninterested and uncommitted (55% of those surveyed) are relatively uninterested in sustainable development issues. They are people who do not save so it is hard for them to find any advantage in socially responsible investments. Some, usually men, think that they could be "misled" by these products.

The "motivated with reservations" (34% of the population)

This group usually consists of young savers (17% of those under 25, versus 11% in the population as a whole) who attach great importance to sustainable development issues and who want to find out more about these investments.

However, they doubt whether these products are profitable. To confirm their preferences, they would like to know more about their impact on society and the environment. 50% of them consider they do not have sufficient knowledge of this type of investment and 34% lack information.

The "thoroughly motivated" (11% of the population)

They are usually aged between 24 and 34 (28%) and are employed. They save regularly (42% of them) and often look for information on investments (65%).

98% of them attach great importance to sustainable development issues and try to take them into account every day in their investment choices (79%). They consider that they have good knowledge but would still be interested in finding out more.

44% of them say they already own socially responsible investments. 82% of them state they are satisfied with those investments.

They consider that these investments are easier to subscribe to, offer higher performance and are less risky. They are also prepared to accept a lower return than with a conventional investment (56% of them). ■

The French and responsible investment products



Many French people are interested in responsible investment products and they express a need for support and reassurance.

The AMF carried out a study on the French and socially responsible investments.¹ The main objectives were to:

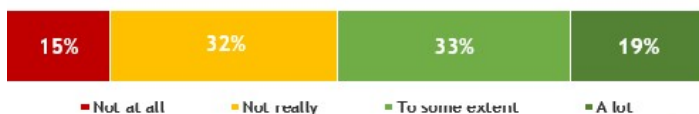
- understand their perceptions of "socially responsible" investments and labels;
- assess their needs for information and the levers for wider distribution of these products.

Some nine out of ten French people state that they take sustainable development issues into account in their consumption and travel habits.

One in two French people make a link between sustainable development and investments

Regarding savings, one in two French people (52%) say they take these issues into account in their choices, especially the 25-34 age group, 26% of whom reply "a lot".

Do you try to take sustainable development issues into account in your investment choices?



Source: Audirep study for the AMF, June 2019

Socially responsible investments are still not very well known

One out of five French people (21%) say that they know at least the main features of socially responsible investment (SRI) and 16% "ESG" investment. Slightly more of them assert that they are familiar with "solidarity investment" (25%), "sustainable finance" (24%) and "green" investments (22%).

One in two French people interested in finding out more

50% of French people would be interested in finding out more about sustainable finance products. This is especially the case for the under-35 age group (65%) and in the higher social categories (57%).

Of these French people interested in finding out more, more than one-third would prefer to obtain this information primarily via their bank.

¹ The study was carried out from 7 to 20 June 2019 on a sample of 1,024 people representative of the French population aged 18 and over. An additional sample of 50 declared holders of socially responsible investments was formed. The study report is available on the AMF website in the [Publications section](#).

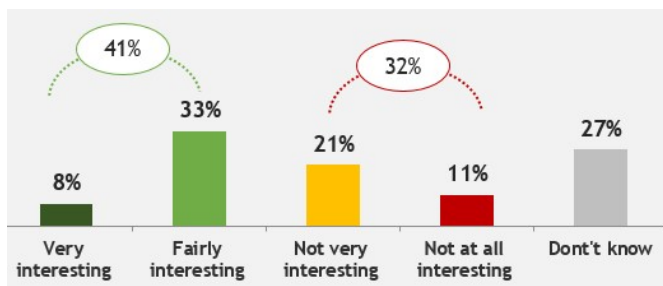
A more pronounced interest among young people

Questioned on their interest in socially responsible investments, 41% of French people find socially responsible investments "interesting". Only 8% find them "very interesting", however.

27% of them say they "don't know" in reply to this question.

The under-35 are more often interested in sustainable investments than their elders (55% versus 31% for those aged 65 and over).

On the whole, do you find socially responsible investments interesting?



Source: Audirep study for the AMF, June 2019

When questioned about their level of knowledge of socially responsible investments, 12% of the 25-34 age group state that they have a "precise" idea of them, versus only 1% of those aged 65 and over.

Younger people more frequently say they are prepared to choose a socially responsible investment rather than a conventional investment even if it offers a lower return (52% refuse it among those aged 65 and over, versus 33% among the 18-24 age group).

Allowance for social and environmental criteria judged ambivalent

57% of French people think that the allowance for environmental and social criteria in certain investments is "interesting for investors". But at the same time, more than seven out of ten respondents think that this allowance is "more a selling point than a reality" and six out of ten respondents even agree that it's a "fad".

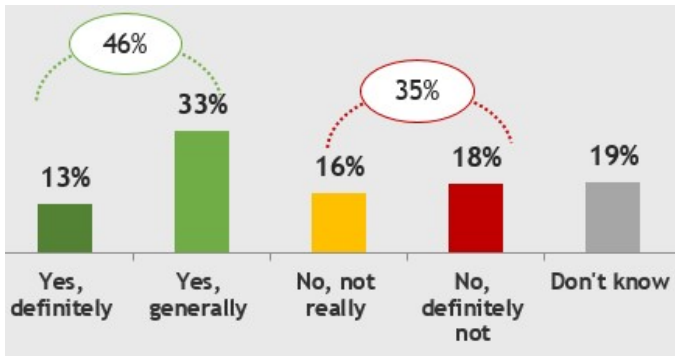
No perceived differences compared with other investments

Practically half of the respondents consider that there is no significant difference between socially responsible investments and conventional investments (ease of subscription and management, performance, risk).

A need for transparency

In a context of low visibility of the product offering, 46% of respondents say they are interested in obtaining more information about the existing socially responsible products.

Would you be interested in obtaining more information about the socially responsible savings and investment products available on the market?



Source: Audirep study for the AMF, June 2019

Those most interested by information on the product offering are "investors"² (69%) and, very logically, those who attach great importance to sustainable development issues (67%).

Better information to strengthen trust

For 42% of French people, better information is the primary lever to enhance trust in socially responsible investments. This demand is pronounced among "investors" (57% of them agree). A smaller number of them would like products that are more selective (11%) or simpler (23%).

Transparency regarding the impact of investments

When questioned about what could motivate them to take more interest in socially responsible investments, seven out of ten French people express a demand for information regarding the use of the money invested and for guarantees regarding the impacts or consequences of the investments made with regard to pollution or employment.

Many declared holders

9% of respondents said that they held a "fund complying with all socially responsible investment (SRI) criteria" and 8% said they held a fund which invests in accordance with an environmental or "green" theme.

At the same time, 14% of them replied that they owned "equities or corporate bonds that they chose themselves and that they consider "socially responsible" or "sustainable".

In all, 28% of respondents said that they held a socially responsible investment or a mutual fund or equities/bonds regarded as socially responsible. Questioned about the SRI nature of their socially responsible investment or not, only 15% of them replied that they possess an SRI investment (4% of the overall sample).

And of those, one in two replied that they held an investment that has received the SRI label. ■

The labels not very well known

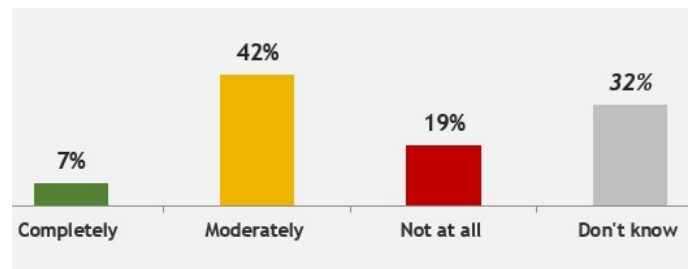
Only 16% of the French people surveyed replied that they "had already heard of" the SRI label. The same holds for the Greenfin label (formerly TEEC): only 10% of respondents said that they knew it.

Relatively low trust

7% of respondents trust the labels completely to confirm the socially responsible nature of a product and 42% trust them "moderately". In all, 61% of respondents therefore trust the labels only moderately or not at all.

The most "trusting" are most often those aged under 25 (14%), those who possess at least €100,000 worth of financial assets (19%), and declared SRI holders (18%).

Do you trust these labels to confirm the socially responsible nature of an investment?



Source: Audirep study for the AMF, June 2019

Perception of a lack of transparency

The lack of trust in the labels reflects the perception of a lack of transparency.

This lack of transparency is mentioned by 35% of respondents who say they have little or no trust. 31% also consider that the labels are "vague in their governance principles". Moreover, one-quarter of French people say that they do not trust labels in general.

An Ecolabel for green investments?

The Ecolabel is a label known to 57% of the French people surveyed and 95% of those who know it trust it. 46% of French people would find it useful to extend the Ecolabel's scope of application to investments. ■

Six out of ten holders satisfied overall

Most holders of socially responsible investments (60%) said they are satisfied with having subscribed to this type of investment. Those most frequently satisfied are the 25-34 age group (75%).

Satisfaction with socially responsible investments is positive, although not very clear-cut and offset by the fact that two or three respondents out of ten do not know what they think.

Ultimately, slightly more than half of the holders of socially responsible investments plan to hold those investments for the long term and invest more money in them.

² In this study "investors" are defined as the holders of unsecured products, excluding employee savings schemes.

Study of the clarity of SRI investment fund information documents

In June 2019 the AMF conducted a qualitative study to assess the benefit of the documents surrounding so-called "SRI" investment funds. The aim was to review savers' perception of the interest, clarity and usefulness of these documents. Here we present the main findings of this study.

In addition to the usual key information, some French people have more exacting demands

For socially responsible investment, like for any conventional financial product, savers look first for the usual key information (return on capital, risk, fees).

However, savers also consider its usefulness and its benefits on the environmental and social levels. SRI investments may therefore seem to them an ethical alternative to investment in sometimes contested companies.

Two attitudes among savers

With so-called socially responsible products, the level of demand for transparency is higher for some savers. Two types of behaviour were identified:

- "uncommitted" savers who are relatively little concerned by the socially responsible aspect. They settle for the information conventionally given concerning funds.
- savers who are more committed (generally more independent in the management of their investments), for whom the socially responsible aspect is a plus. These savers express an increased demand for transparency regarding the responsible aspect.

A need for tangible information

Savers' demand is for neutral information (with a third-party guarantee). The information provided should be as tangible as possible. For example, the names of companies should be mentioned and their projects should be described.

Where no such information is provided, the most interested savers express a certain mistrust regarding the truthfulness of the product "promise".

Technical concepts which are not very explicit for many savers

This qualitative study was a reminder that the structuring concepts of SRI are not clear for savers. In particular, "governance" and the concept of "extra-financial analysis" appear to be concepts that are difficult to comprehend and are relatively little explained.

The difficulty of finding one's way among the documents

Placed in a position to consult all the documentation available for an SRI fund (marketing leaflet, Key Information Document (KIID), prospectus, financial report, Transparency Code, extra-financial report), savers said it was hard to find their way through it. The documentation was judged dense and the information too sedimented. Savers had difficulties identifying the objectives and themes of each document.

The role of advisers stressed by the fund holders

The reconstruction of the subscription process by the holders of SRI funds highlighted the role of the bank adviser. For all the fund holders recruited, the adviser played a supporting role in discovery of the product and choosing a fund. It is through this adviser that they found information.

Some "passive" fund holders followed the advice of their banker or their employer (holdings in an employee savings scheme) to diversify their investments without necessarily being interested in the fund's characteristics. ■

The KIID/prospectus combination not very convincing

The most interested savers noted a lack of transparency regarding the socially responsible aspect in the KIIDs. They would have liked to find more explanations there regarding the fund's selection criteria and the facts concerning the companies and the associated projects.

In their respect, the associated prospectus did not provide genuine value added, since the information missing in the KIID did not appear there either.

The extra-financial report appreciated

On the other hand, this information was found in the non-financial report provided for by Article 173 of the French Act on energy transition for green growth (LTECV).

For one of the two reports shown, savers appreciated the transparency and fairness of the presentation of the responsible aspect of the investment, and notably:

- a complete list of the names of the companies selected by the fund;
- tangible examples of the methodology for selection of companies;
- factual information concerning the projects carried out by these companies.

Even for the most passive savers, the information on the selection of companies was considered reassuring and as giving a sense of security.

Study methodology

15 savers, including seven holders of SRI funds, were recruited to consult marketing and regulatory information documents on several SRI investment funds via an online forum over a period of seven days. These were "ordinary", non-expert savers who did not express a militant commitment to socially responsible investment, even among those who do hold funds.

The study report is available on the AMF website in the [Publications section](#).