



Survey results on sustainable investing among private investors in Finland

This study examines the conceptions of private investors related to sustainable investments. We investigate how the profiles of private investors are associated with sustainable investing compared to traditional investing and ethical investing and how sustainable investing is expected to develop during the next five years.

This scientific research project is conducted by Associate Professors Hanna Silvola and Emilia Vähämaa (Hanken School of Economics, Finland) and Professor Bonnie Buchanan (University of Surrey, UK).

The data was collected through an online survey in Finland in collaboration with Nordnet. Nordnet assisted the research team by sharing information about the client survey. The survey data was collected during the period of 14.12.2020 - 31.1.2021. The final sample consists of 5,030 survey responses from private investors.

Sustainable investing is becoming more common

60 % of the all respondents consider ESG (environmental, social, and governance) information when making investment decisions. The respondents estimate that, on average, 45 % of their investment portfolios are invested using sustainable investment strategies, and they expect that share to grow to 57 % within the next five years.

Women and millennials invest more sustainably

According to our results, investor characteristics have an impact on investment decisions. We find that women are more likely to invest sustainably and ethically, whereas men are more likely to follow traditional investment styles. Millennials (40-year-olds and younger) are more likely to follow sustainable investment strategies than older investors.

Also, investor characteristics other than gender and age seem to have an impact on investment decisions. Investors with Finnish as their first language are more likely to invest according to traditional investment strategies, while non-native Finnish speakers are more likely to follow sustainable and ethical investment strategies than investors on average. Parents and investors who are in a relationship tend to invest more sustainably and ethically than their peers.

Location and lifestyle also have an impact on investment behavior. Investors who live in larger Finnish cities tend to invest more ethically and sustainably than investors who reside in smaller towns or in the countryside. Investors who own their house or apartment invest less ethically and sustainably than investors on average.

Education and the investment portfolio size impact investment decisions

The education level and field are significant variables affecting investor behavior. Investors with a high education invest ethically and sustainably more often than investors with lower education levels. According to our results, also the educational field impacts investment decisions. Investors with a degree in business or engineering tend to follow traditional investment strategies more often than investors on average and are less likely to follow ethical and sustainable investment strategies than their peers. Interestingly, the level of pay or the employment situation do not affect the chosen investment strategy.



The size of the investment portfolio also impacts the chosen investment strategy. The investors with a larger investment portfolio are more likely to follow traditional investment strategies and, on average, do not follow ethical or sustainable investment styles.

Risk-taking and changes in investment portfolio's sustainability

We also analyze the risk-taking preferences of the investors and find that both the investors who follow traditional and sustainable investment strategies take risks in a similar manner and expect to gain risk-adjusted returns for their investments.

We asked about the investors' plans over the next five-year horizon and the investors who follow ethical and sustainable strategies will tend to add the sustainability of their portfolios, while investors following traditional investment strategies plan to decrease the share of sustainable investments in their portfolios over the next five years.

Definitions of traditional, ethical, and sustainable investors

Traditional investing refers to putting money into well-known assets (such as bonds, cash, real estate, and equity shares) with the expectation of capital appreciation, dividends, and interest earnings. Traditional investor does not make investment decisions based on value, sustainability aspects nor is willing to make a compromise regarding the profit.

Ethical investing arises from the investor's values. Ethical investors are willing to compromise their expected returns in order to invest their assets in good conscience.

Sustainable investing is the consideration of factors related to the environment, social responsibility, and corporate governance (ESG) in investing, as well as to the connection between the risks and opportunities arising from these factors. Sustainable investors seek good returns on their capital, but they also seek to include sustainability aspects in their investing activities by allocating their investments to investees that promote sustainability.

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