

Understanding Individual Appetites for Sustainable Investment and Responsible Consumption

Abstract: The growing availability of socially responsible investment (SRI) products has not led to a corresponding increase in demand from individual investors, even among those with strong pro-environmental attitudes. Furthermore, little is known about the links between SRI and related sustainability preferences and behavior in other domains. In this study, we examine bank clients' socially responsible investment (SRI) and consumption (SRC) preferences and behavior. Results from our online survey demonstrate that SRI preference does not crowd out the willingness to consume responsibly but instead complements it. Subsequently, we link survey responses with clients' investment holdings and bank card transactions and find no relationship concerning real SRI and SRC behaviors. To investigate this intention-behavior gap more closely, we conducted a clustering analysis revealing a portion of clients with high SRC and low SRI who tend to be younger and are skeptical about the long-term returns of SRI. Our findings highlight the need for increased transparency around long-run SRI return communication.