



Sustainable Banking Report 2022

Mobilising retail investor capital
through sustainable investing



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Foreword



Individuals have enormous power to make a difference. Our [Sustainable Banking Report 2022](#) uncovers the potential to mobilise a massive USD8.2tn of retail investor capital into sustainable investments. This personal wealth could help meet multiple ESG objectives in growth markets.

Across the 10 markets we surveyed – Mainland China, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, India and the UAE, Nigeria and Kenya – we found that the ESG-related issues they face (climate change, pollution, poverty, corruption, food scarcity and energy security) correspond to the areas that retail investors are most interested in countering. Climate change is a top investor priority, which means there is potential for sustainable investments to reduce the USD95tn climate transition finance gap highlighted in our [earlier research](#).

Investors in Mainland China alone could mobilise USD6tn towards sustainable investing within this decade. With the growing prevalence of climate-themed funds in the market and 42 per cent of investors looking to counter climate change and carbon emissions, this capital could play a sizeable role in helping Mainland China meet its net zero targets.

In India too, investors have similar motivations with almost 40 per cent concerned about climate issues. In Kenya and Nigeria, close to 50 per cent of investors want to help restore the environment.

Beyond sustainable investing, investors have high interest in the broader ecosystem of sustainable banking products, such as sustainable deposits, sustainable credit cards and green mortgages. By increasing adoption of these products, we can make an individual's entire interaction with the financial system more sustainable.

To mobilise USD8.2tn into sustainable investments, we need to help investors overcome multiple barriers.

Importantly, they need more transparency and consistency when it comes to the selection of ESG-compliant investments and the reporting of their performance. The financial industry is making progress, with a huge amount of work being done to improve transparency and address growing concerns around greenwashing. At Standard Chartered, we work with leading third-party ESG data providers for our sustainable investments universe and conduct additional due diligence on a core set of sustainable funds using our proprietary framework.

Industry providers need to improve access to the information that investors need to make investment decisions. Contrary to a common misconception, there is mounting evidence that there is no necessary trade-off between profit and purpose. In fact, as sustainability criteria become a corporate imperative, investing in avenues that adhere to ESG criteria is going to become the norm rather than the hitherto “nice to have”.

At the same time, we recognise that sustainable investing needs to be personalised to increase interest and adoption. Our report examines what different types of investors want to achieve through sustainable investing – and what's holding them back. These insights are helping us better serve our own clients and can offer the wider industry some insights to better understand investor needs and expand sustainable investing into a mainstream asset class.

There needs to be a concerted effort between individuals, institutions, businesses and governments to raise capital to meet ESG objectives and tackle pressing global issues.

We hope the insights from this report will help increase awareness around the power of individual capital and encourage investors to increase their adoption of sustainable investments and the wider universe of sustainable banking products, to catalyse positive change.

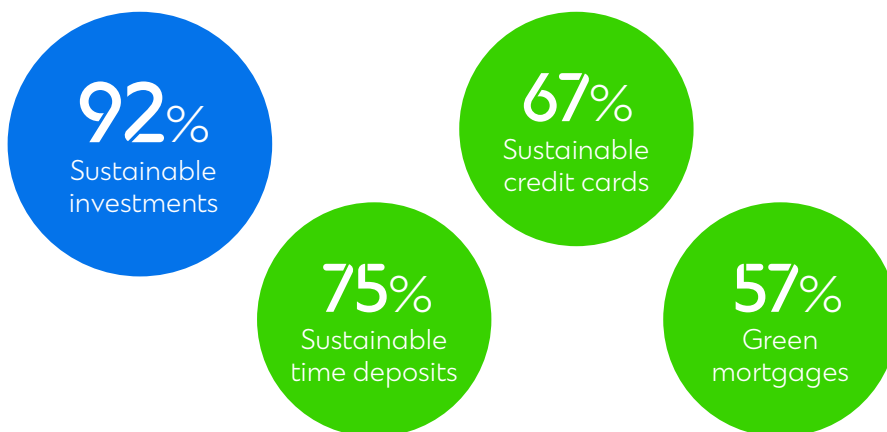
Marc Van de Walle
Global Head, Wealth Management

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Executive summary

Interest in sustainable banking is high



Retail investors in growth regions are becoming more conscious about the sustainability issues facing their home markets and beyond.

Products such as green mortgages, sustainable time deposits, sustainable credit cards and sustainable investments offer individuals a chance to make a positive difference in ESG-related areas.

Investors can make the highest impact through sustainable investments, which is fast becoming a mainstream asset class.

We explore their interests and apprehensions to identify what holds them back from unlocking the full potential of their wealth.

By addressing these barriers, we can help channel USD8.2tn of retail investor capital towards sustainable investments in 10 growth markets across Asia, Africa and the Middle East.

1. For retail sustainable investments potential estimation methodology, please refer to the Appendix.
2. See Standard Chartered's [Just in Time: Financing a just transition to net zero](#) report.
3. Values indicate the % of respondents that ranked the issue among their top three choices.

USD
8.2
trillion

could be mobilised towards sustainable investments in 10 growth markets by 2030¹

Growth markets

 USD **6.8** trillion

Heavy hitters

Mainland China, India

With their large populations and rising domestic wealth, Mainland China and India have the highest potential for growth in sustainable investing.

 USD **1.1** trillion

Catalysts

South Korea, Taiwan, Malaysia, Kenya, Nigeria

This group has the potential to catalyse positive impact not just at home but in their broader regions if they increase sustainable investing.

 USD **0.3** trillion

Financial hubs

Hong Kong, Singapore, United Arab Emirates

These international financial centres have the infrastructure to ramp up the availability of sustainable investments.

Sustainable investments could address ESG issues in growth markets

We estimate that USD8.2tn of retail investor capital could potentially be mobilised through sustainable investments in growth markets.

This capital can help bridge funding gaps in critical areas including energy, food security, poverty alleviation and crucially the transition finance gap of USD95tn² required to meet global net zero targets.

ESG priorities for investors in growth markets³

 **Climate change and carbon emissions** **40%**

 **Food and water scarcity** **30%**

 **Pollution and waste management** **28%**

 **Poverty and income inequality** **26%**

 **Energy and resource use** **23%**

 Environmental issues  Social issues

Retail investor capital is a USD8.2 trillion opportunity



Heavy hitters

Mainland China

USD **5,653** billion
USD **64.1** trillion
7.9%

India

USD **1,196** billion
USD **10.1** trillion
11.1%

- Estimated retail sustainable investment potential, 2030
- Net personal wealth (NPW), 2020
- Estimated NPW, Compound annual growth rate (CAGR) 2020-2030f

South Korea

USD **481** billion
USD **7.8** trillion
4.1%

Taiwan

USD **324** billion
USD **4.4** trillion
5.9%

Malaysia

USD **35** billion
USD **0.4** trillion
6.7%

Kenya

USD **19** billion
USD **0.2** trillion
11.5%

Nigeria

USD **198** billion
USD **1.3** trillion
13.9%



Catalysts

Hong Kong

USD **112** billion
USD **1.6** trillion
5.5%

Singapore

USD **91** billion
USD **1.3** trillion
5.7%

UAE

USD **101** billion
USD **1.4** trillion
6.0%



Financial Hubs

Investor insights

Investors believe sustainable investing can help address a range of issues but they find it difficult to access opportunities

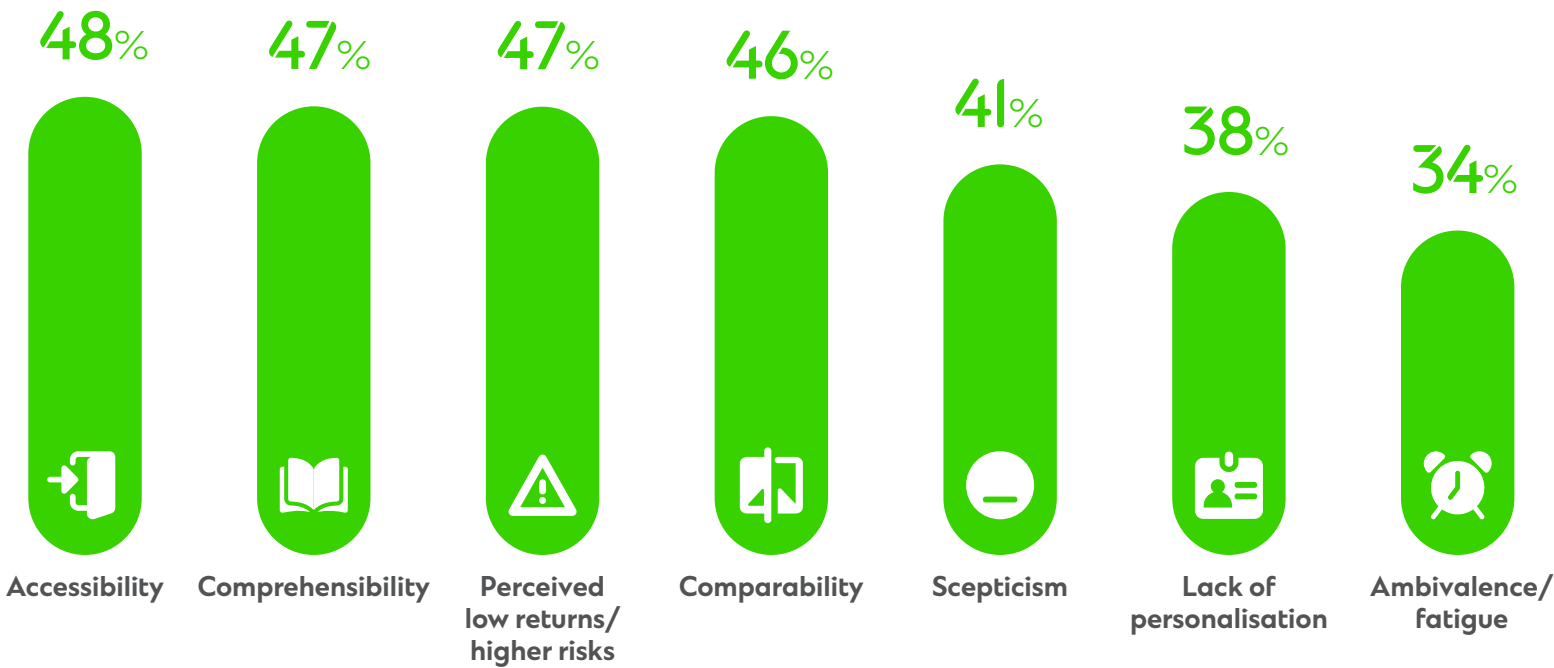
Motivation for sustainable investing

At 41 per cent, [helping to restore the environment](#) emerged as the top investor motivation for sustainable investing.

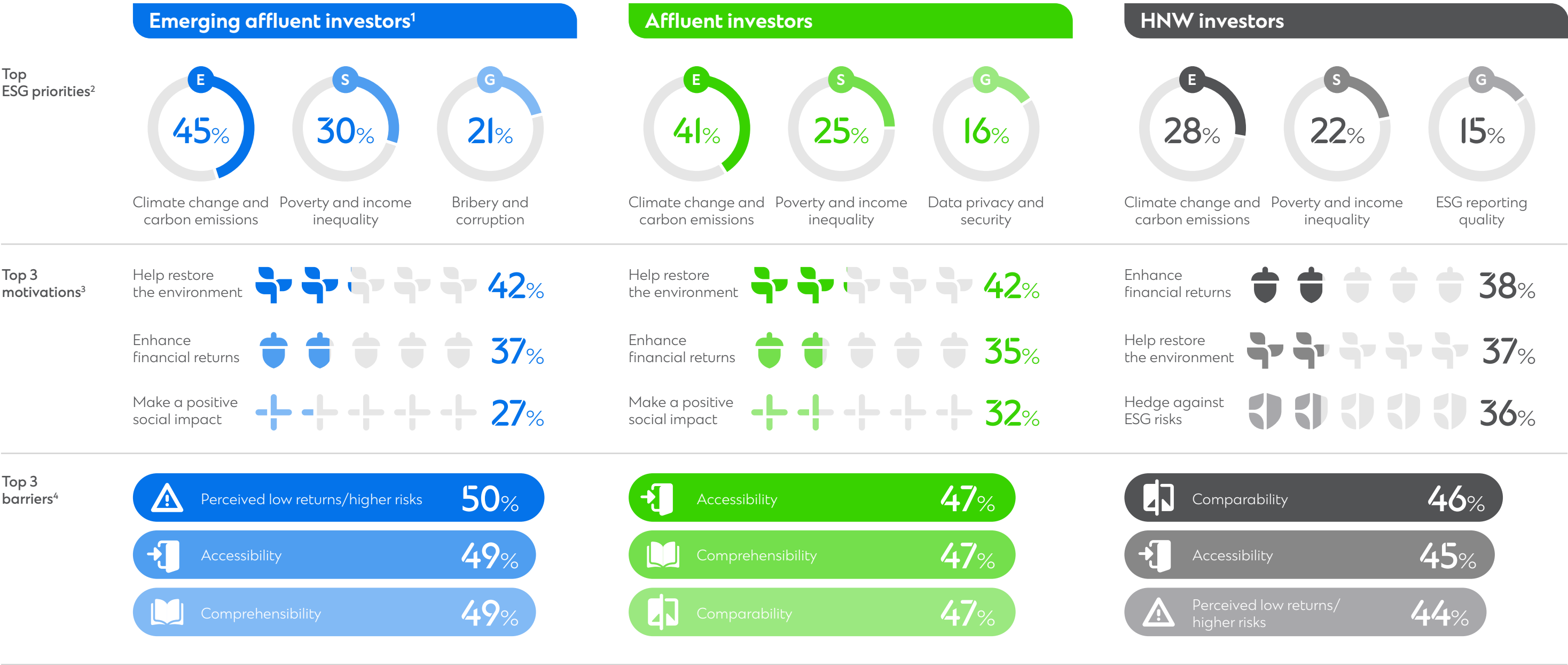


Barriers and reservations

Almost 50 per cent of investors ranked [access to sustainable investments](#) as a top barrier.



Investor segments

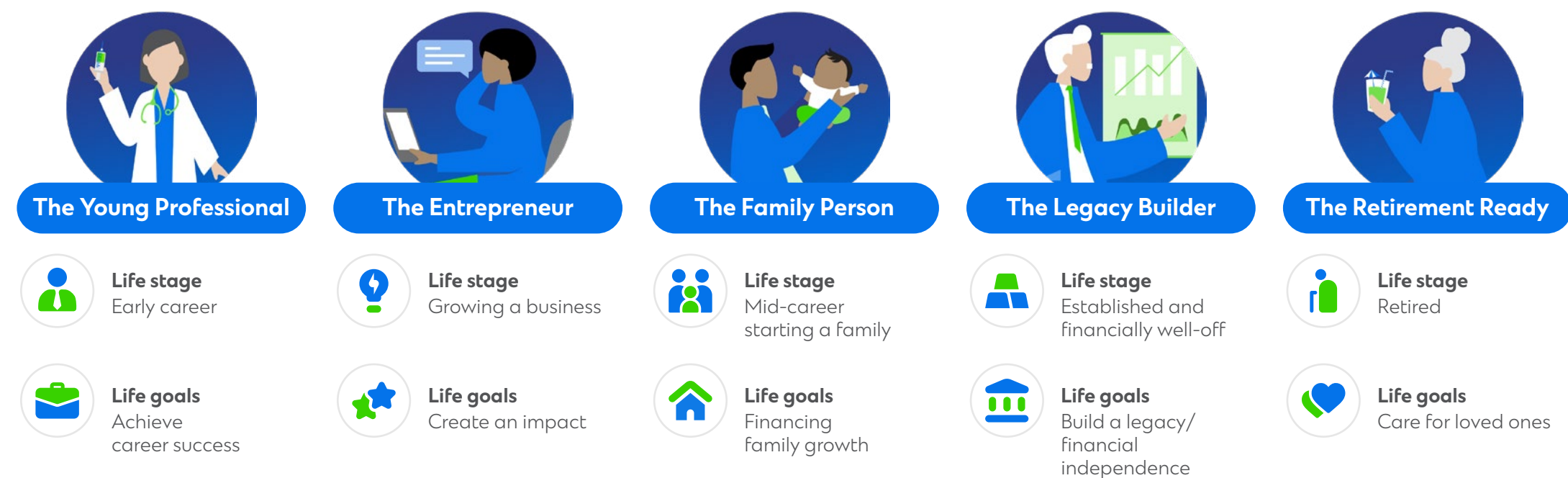


1. For investor classification, please see Appendix.
2. Values indicate the % of survey respondents within this investor segment that ranked this issue as one of the top three within the E, S or G category.
3. Values indicate the % of survey respondents within this investor segment that selected the sustainable investments motivation as one of their top two sustainable investments motivations.
4. Values indicate the % of survey respondents within this investor segment that ranked the barrier as one of their top three barriers.

Investor personas

In contrast to institutional investors, retail investors face unique and different challenges when it comes to sustainable investments; they also have distinct life goals and motivations.

To better understand investors and address their challenges, we developed five investor archetypes and created tailor-made approaches to unlock each persona's potential.



Unlocking investor potential

1 Engage

- Provide investors easy-to-read information
- Make sustainable investments relatable
- Build interpersonal relationships

2 Establish trust

- Ensure reliability and comparability of ESG data
- Address misconceptions
- Illuminate tangible ESG impact

3 Empower

- Equip investors with knowledge
- Offer personalised products and services
- Democratise access

”

Sustainable investing used to draw interest mainly from wealthy investors, who would channel a mix of their philanthropic and investment budgets towards it. Most of the products came from private markets which have access restrictions and require a long-term investment.

Nowadays sustainable investments are being explored by a much broader spectrum, as people become more socially and environmentally conscious. There are many more solutions available in the more accessible public markets, such as sustainable mutual funds and exchange traded funds. Opportunities that require less entry capital are also available for certain impact investments.

With the growth of newer and more accessible solutions, a much larger number of retail investors can channel their investment dollars into supporting sustainable development, from combatting climate change and food scarcity to the delivery of healthcare and clean drinking water where it is most needed.

Sumeet Bhambri

Global Head
Advisory and Managed Investments
Standard Chartered

Democratising access to sustainable investments

Unlocking the potential of retail investors in growth markets

Wealth is growing in Asia, Africa and the Middle East: the aggregate net personal wealth (NPW) across the 10 markets we surveyed is estimated to more than double from USD93tn in 2020 to USD199tn in 2030.

According to our analysis, democratised access to sustainable investing across growth markets could potentially mobilise USD8.2tn of retail investor capital. This capital could address global challenges such as climate change and carbon emissions, pollution and poverty.

According to the Global Sustainable Investment Alliance, retail investor capital as a percentage of total AUM in sustainable investing in 2020 was only 25 per cent. Moreover, most [sustainable investing](#) has been concentrated in advanced economies and regions, with the United States and Europe accounting for a combined share of 82 per cent in 2020. There is therefore huge potential for capital mobilisation in growth markets.

Mobilising this growing wealth towards sustainable investing requires a concerted effort between governments, industry and institutions to democratise access to sustainable investing, accelerating availability, understanding and use of relevant solutions.

The following steps need to be taken:

Enhance comprehensibility and comparability

More robust and standardised data could empower investors to make data-driven decisions. That's why ESG reporting needs to be harmonised to common international standards. Governments, industry players and institutions should also work together to ensure the integrity of ESG data. Higher levels of visibility and transparency will assuage possible scepticism toward sustainable investing and fears about 'greenwashing', as well as address misconceptions about the financial returns and risks.

Take visible action

Businesses need to take measurable action to incorporate ESG as a fundamental pillar of the organisation and share information about its value to their future growth and resilience.

Improve access

Financial institutions need to make sustainable investments more widely available to investors across a wider income spectrum.

They need to make more solutions available in more markets and importantly offer more convenient, digital advice and access to sustainable investing solutions.

A better understanding of client needs is a crucial element of democratising sustainable investing, by addressing specific concerns that various investor types have.

USD
8.2
trillion

of retail sustainable investments potential across key growth markets in Asia, Africa, and the Middle East by 2030

Market categorisation

For our analysis, we grouped the 10 growth markets we surveyed into 3 categories:

USD **6.8** trillion



Heavy hitters

Mainland China, India

With large populations and rising wealth, Mainland China and India are the two largest markets with the highest sustainable investment potentials, accounting for more than 80 per cent of the total sustainable investment potential among the 10 markets in this research.

USD **1.1** trillion



Catalysts

South Korea, Taiwan, Malaysia, Kenya, Nigeria

These markets play an important global and regional role in terms of retail sustainable investment potential. They have an evolving sustainable investment ecosystem that is becoming more developed, with potential for growth while having a positive spill over effect across the region as well.

USD **0.3** trillion



Financial hubs

Hong Kong, Singapore, United Arab Emirates

As leading financial hubs in their respective regions, these markets have well-developed financial market infrastructures to support the expansion of sustainable investments.

1. According to the World Inequality Database, net personal wealth: housing assets + business assets and other non-financial assets + financial assets – liabilities.

Retail investor capital could address ESG priorities

Environmental issues remain top-of-mind

By 2030, a massive USD8.2tn could potentially be channelled into sustainable investments. This capital can address funding gaps in major ESG objectives in growth markets.

Environmental concerns are a pressing priority.

According to our [Just in Time: Financing a just transition to net zero](#) report, emerging markets face a USD95tn transition finance gap putting global net zero targets at risk.

Investors recognise this as an urgent concern, with 40 per cent aiming to make a difference to climate change and carbon emissions through sustainable investments. Their capital - if channelled into avenues such as climate-themed funds - could significantly reduce the transition finance gap.

Retail investor capital is an important source to unlock as the other sources of bridging the transition finance gap such as taxation and borrowing are not fiscally sustainable for economies in the long run.

Sustainable investing can also tackle social issues through solutions such as social impact investment and microfinancing funds which aim to tackle domestic poverty and inequality.

Investors' ESG priorities across 10 growth markets

Environmental

Climate change and carbon emissions



Food and water scarcity



Pollution and waste management



Energy and resource use



Deforestation

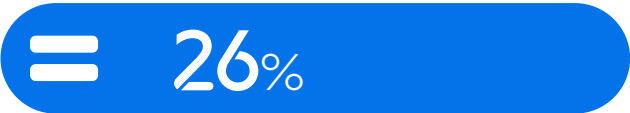


Biodiversity



Social

Poverty and income inequality



Human rights



Ethical and sustainable supply chain



Employee well-being



Diversity and inclusion



Community involvement



Governance

Bribery and corruption



Data privacy and security



Business ethics



ESG reporting quality



Corporate governance



Financial prudence



Unlocking retail investors potential through personas

We look beyond traditional dimensions as retail investors face different challenges

Understanding investor motivations and barriers to sustainable investing

To better understand untapped investor groups across Asia, Africa and the Middle East, we identified five personas.

Our approach aims to give a more well-rounded perspective, looking beyond traditional dimensions in building investor profiles such as risk tolerance, liquidity needs, and return on investment (ROI) requirements.

We used these personas to identify the life stage, life goal, as well as illustrate motivations and behavioural characteristics of each investor archetype.

Overcoming barriers to sustainable investments will involve democratised access to opportunities and information, greater transparency, and more personalisation.

Holistic personas incorporate personal and ESG dimensions



Interest in sustainable investing is on the rise but concerns around greenwashing dominate the current narrative.

Greenwashing can be considered ‘over marketing’ how green or sustainable an investment product is. That’s why the reporting of ESG investment returns – both financial and non-financial – needs to be more transparent and consistent. This can be complex given the many different approaches to sustainable investing and the expanding range of products to match these approaches.

Sustainability now shapes many aspects of our lives. People now want to eat more sustainably – there was a learning curve over the past few years until they could differentiate between various options such as ‘organic’, ‘natural’ and ‘non-GMO’ and choose what best suited them. Over time, a similar process of education will help investors recognise which products can achieve their sustainable investment objectives while the industry simultaneously works to address greenwashing.

We recognise the need for more transparent and consistent measurement of the ESG outcomes of sustainable investing. We work with credible leading ESG data providers for our sustainable investments universe and conduct additional due diligence on a core set of sustainable funds using our proprietary framework. Transparency is key and we publish details of our sustainable investments’ classifications framework online for all to access.

ESG compliance is fast becoming a mainstream requirement – the way forward lies in iterative improvements while enabling investors to continue to channel capital towards positive impact.

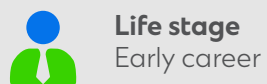
Eugenia Koh

Global Head
Sustainable Finance, Consumer and Private Banking
Standard Chartered

Five investor personas¹



The Young Professional



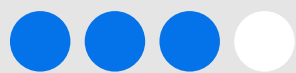
Life stage
Early career



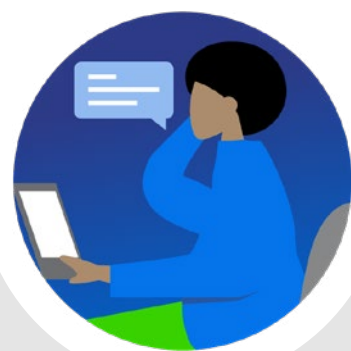
Life goals
Achieve career success



Interest in sustainability²
High



Interest in sustainable investments²
High



The Entrepreneur



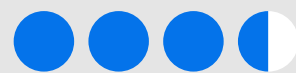
Life stage
Growing a business



Life goals
Create an Impact



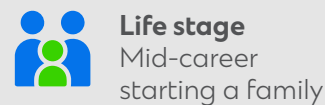
Interest in sustainability
High – Very high



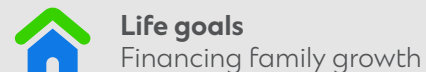
Interest in sustainable investments
High – Very high



The Family Person



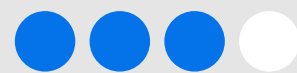
Life stage
Mid-career
starting a family



Life goals
Financing family growth



Interest in sustainability
Moderate – High



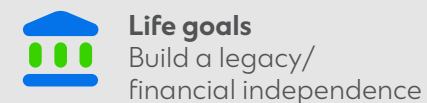
Interest in sustainable investments
High



The Legacy Builder



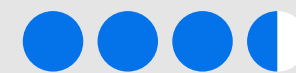
Life stage
Established and
financially well-off



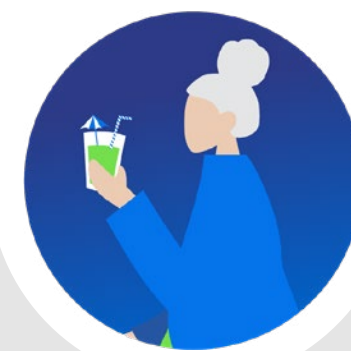
Life goals
Build a legacy/
financial independence



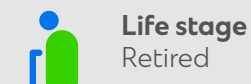
Interest in sustainability
High – Very high



Interest in sustainable investments
High – Very high



The Retirement Ready



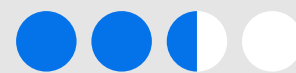
Life stage
Retired



Life goals
Care for loved ones



Interest in sustainability
Moderate



Interest in sustainable investments
Moderate – High

1. For persona development methodology, please see Appendix.

2. For the aggregation of 'interest in sustainability' and 'interest in sustainable investments', please see Appendix.

Financial considerations still critical across personas ...

While each persona has a distinct life goal and experiences different motivations and barriers, they share some common characteristics.

Financial considerations were a common and recurring theme.

Most personas wanted to 'achieve or maintain their financial independence', while all personas found 'perceived low returns / higher risks' to be a key barrier.

but each persona faces a unique set of challenges ...

The Legacy Builder and The Young Professional were driven by the potential of sustainable investments to 'Hedge against ESG risks'. However, the other three personas hoped that their investments would be able to 'Make a positive impact'.

Most personas expressed that access to opportunities and the lack of information to assess the impact on ESG issues were common problems.

In contrast, The Young Professional identified overwhelming information to be an issue that led to 'Ambivalence or fatigue'. While The Legacy Builder was sceptical about the impact on ESG, The Retirement Ready found the 'Lack of personalisation' of sustainable investment products to be a barrier.

therefore ...

to unlock the full potential of these personas, we analyse each investor persona's specific goals, motivations and barriers.



The Young Professional



She has always wanted to pursue a meaningful career that impacted people's lives.

She recently graduated from medical school. To pay off her student debt, she is looking to invest and ideally make decent returns.

She is interested in sustainability and related investments but finds most platforms difficult to navigate.

As her busy schedule limits the amount of spare time she has, she would prefer a hassle-free option that could cater to her needs.



Key behaviour traits



Comfortable with technology

86%

indicated that they are at least comfortable with technology



Decisions driven by convenience

50%

indicated that they either always or often make decisions based on convenience



Data-based decision making

49%

indicated that they always or often make data-driven decisions



Sustainable investment status

1/3 hold more than 15% of sustainable investments in their portfolio



Risk tolerance¹

Low – Moderate



ROI requirement

Conservative (6-10%) – Moderate (11-15%)



Liquidity requirement

Medium

ESG priorities²

Environmental issues surfaced as the most important among respondents of The Young Professional investor archetype.

Ranked on top was 'Climate change and carbon emissions'.

The Young Professional also found 'Energy and resource use' as well as 'Food and water scarcity' to be issues of concern to her.



Climate change and carbon emissions

35%



Energy and resource use

29%



Food and water scarcity

27%

1. For scoring of 'Risk tolerance', 'ROI requirement' and 'Liquidity requirement', see Appendix.

2. Values indicate the % of survey respondents within this persona that ranked the ESG issue as one of the top three.

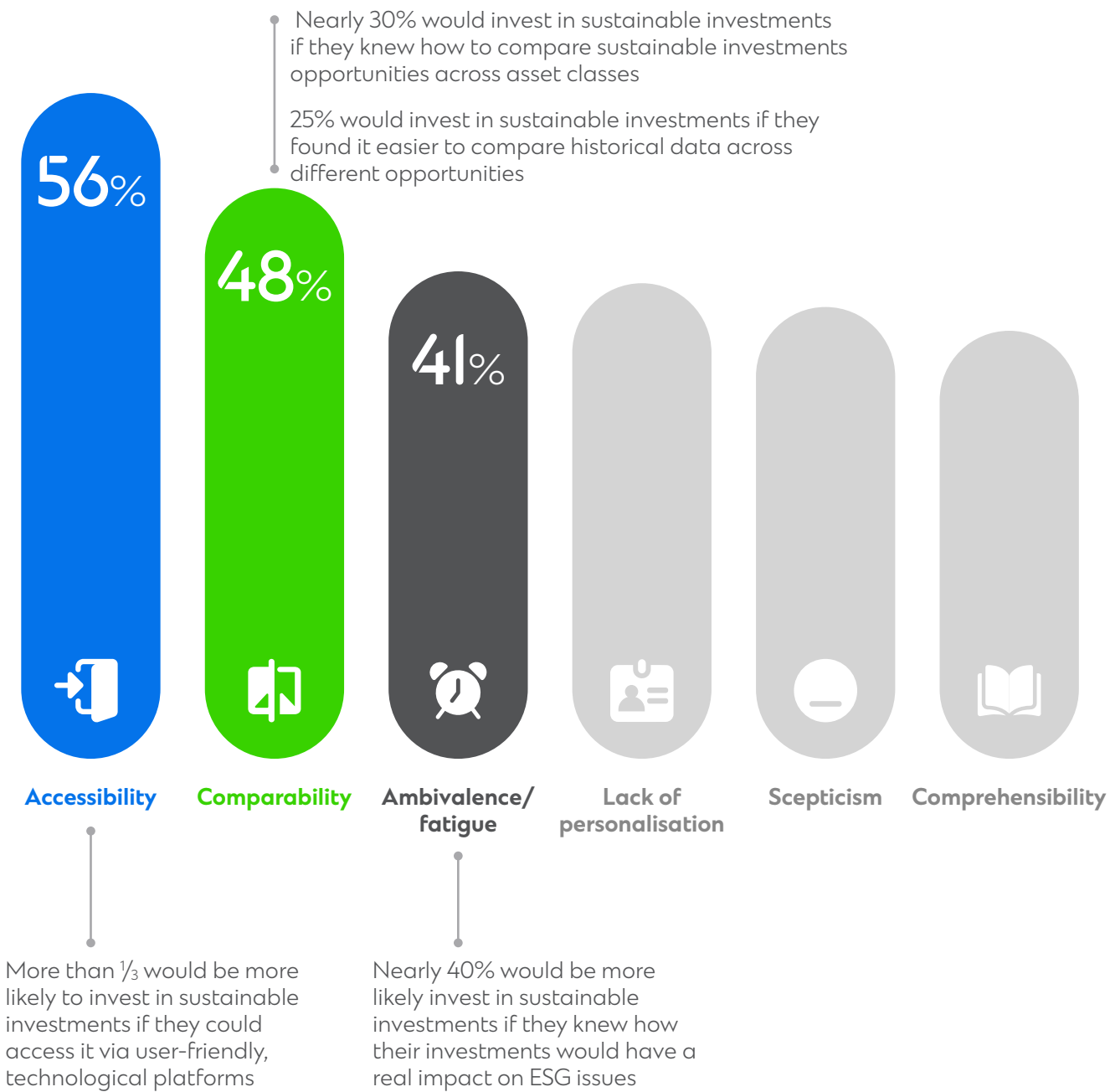
Motivations³

The Young Professional is primarily motivated by wanting to 'Help restore the environment'. Secondary to that, she also seeks to 'Enhance her financial returns' through sustainable investments and 'Hedge against ESG risks'.



Barriers and reservations⁴

Aside from 'Perceived low returns/higher risks', The Young Professional also indicated the following three barriers as most significantly preventing her from doing more sustainable investing:



3. Values indicate the % of survey respondents within this persona that selected the sustainable investments motivation as one of their top two sustainable investments motivations.
 4. Values indicate the % of survey respondents within this persona that ranked the barrier as one of their top three barriers.

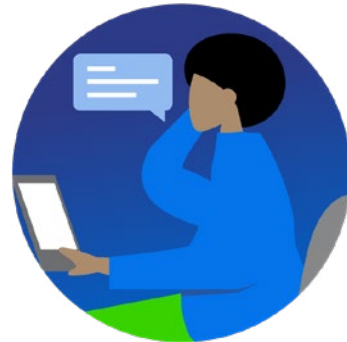
The Entrepreneur



She is a small business owner in the apparel retail industry. Opposed to fast-fashion culture, she believes that our consumption habits should reflect care for the community and environment.

Her company employs local women, who produce handcrafted artisanal products and apparel from sustainable materials. She also advocates for fair employment practices making her brand philosophy popular on social media.

She would like her investments to reflect her personal beliefs. She finds that most sustainable investment opportunities are too broad and do not speak to her specific values.



Key behaviour traits



Comfortable with technology

90%

indicated that they are at least comfortable with technology



Influenced by social media

54%

indicated that their decisions are sometimes or often influenced by social media



Values inputs by others

54%

indicated that they sometimes or often make decisions based on others' recommendations



Sustainable investment status

Close to half hold more than 15% of sustainable investments in their portfolio



Risk tolerance¹

Moderate – High



ROI requirement

Moderate (11-15%)



Liquidity requirement

Medium

ESG priorities²

Aligned with her personal beliefs on sustainable living and being environmentally friendly, 'Climate change and carbon emissions' was the most important issue for The Entrepreneur.

Similarly, in line with her values of fair employment, The Entrepreneur also cares about social issues, such as 'Poverty and income inequality'.



Climate change and carbon emissions

34%



Food and water scarcity

32%



Poverty and income inequality

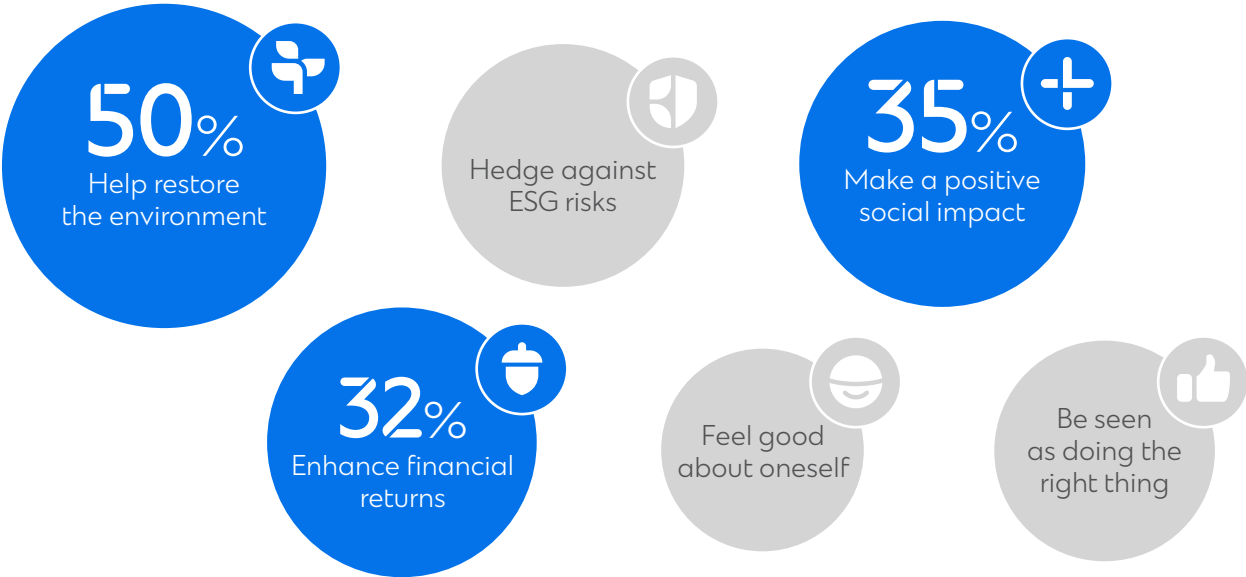
29%

1. For scoring of 'Risk tolerance', 'ROI requirement' and 'Liquidity requirement', see Appendix.

2. Values indicate the % of survey respondents within this persona that ranked the ESG issue as one of the top three.

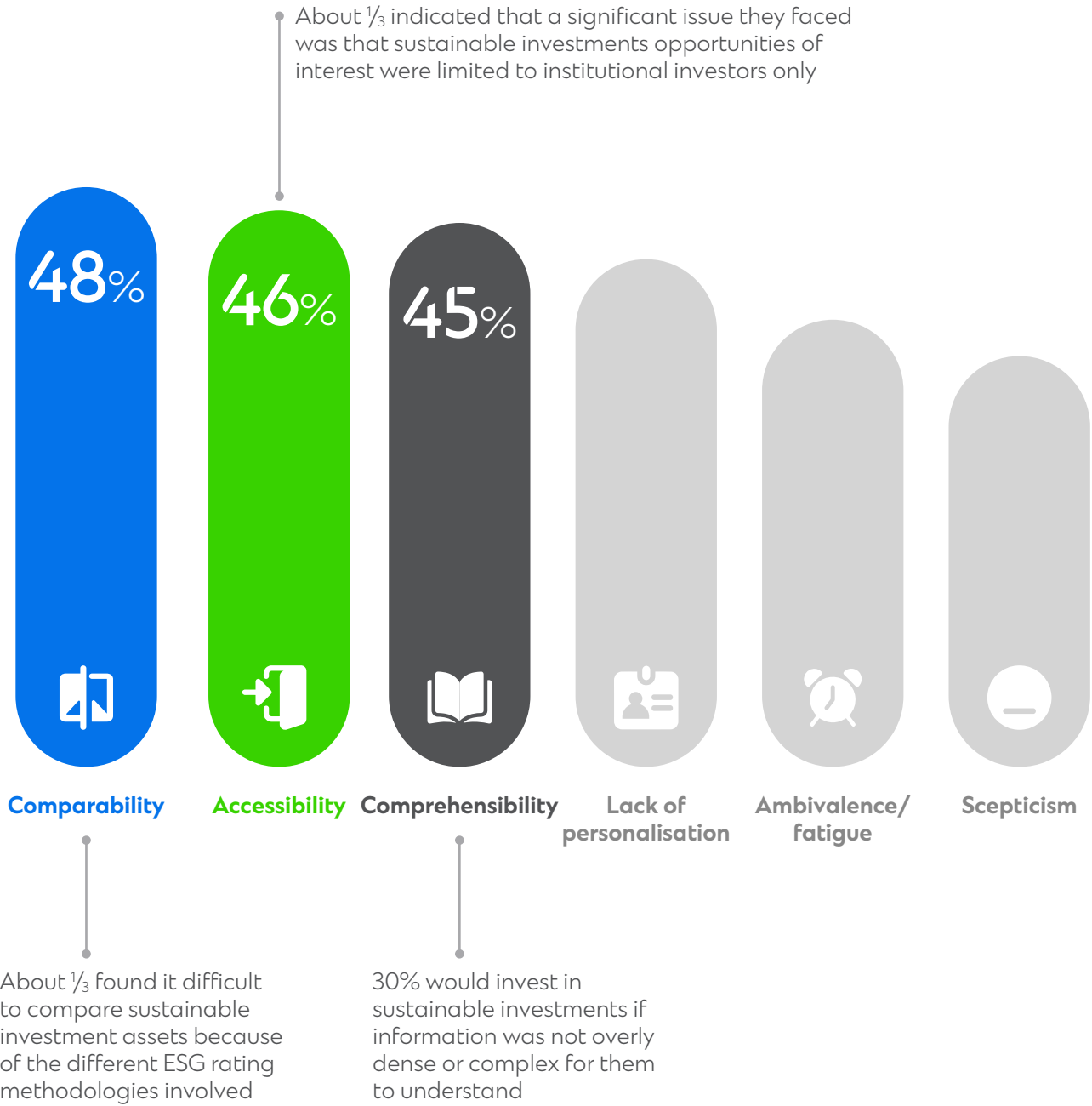
Motivations³

The Entrepreneur’s foremost motivation for sustainable investments is to ‘Help restore the environment’. At the same time, she sees sustainable investments as dovetailing her ambitions to ‘Make a positive social impact’ with being able to ‘Enhance her financial returns’.



Barriers and reservations⁴

Aside from ‘Perceived low returns/higher risks’, The Entrepreneur also indicated the following three barriers as most significantly preventing her from undertaking sustainable investments opportunities:



3. Values indicate the % of survey respondents within this persona that selected the sustainable investments motivation as one of their top two sustainable investments motivations.
4. Values indicate the % of survey respondents within this persona that ranked the barrier as one of their top three barriers.

The Family Person



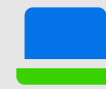
Married with two young children, he is into the mid-stages of his career.

He is looking to invest because he wants to save up enough money to send his children to college.

He is keen on sustainable investments, but he finds that the lack of standardised and well-documented information makes it difficult to compare opportunities. He would prefer to have easily distilled information that would clearly illustrate the impact of his investments.



Key behaviour traits



Comfortable with technology

95%

indicated that they are at least comfortable with technology



Decisions driven by convenience

88%

indicated that convenience sometimes or often affects their decisions



Does not follow trends

38%

indicated that they rarely or do not follow trends at all



Sustainable investment status
1/5 hold more than 15% of sustainable investments in their portfolio



Risk tolerance¹
Moderate



ROI requirement
Conservative (6-10%) – Moderate (11-15%)



Liquidity requirement
Low – Medium

ESG priorities²

Similar to some of the other personas, The Family Person also indicated 'Climate change and carbon emissions' to be the most important ESG issue to him.

The Family Person also thought that 'Food and water scarcity' and 'Poverty and income inequality' to be important social issues.



Climate change and carbon emissions

52%



Food and water scarcity

37%



Poverty and income inequality

30%

1. For scoring of 'Risk tolerance', 'ROI requirement' and 'Liquidity requirement', see Appendix.

2. Values indicate the % of survey respondents within this persona that ranked the ESG issue as one of the top three.

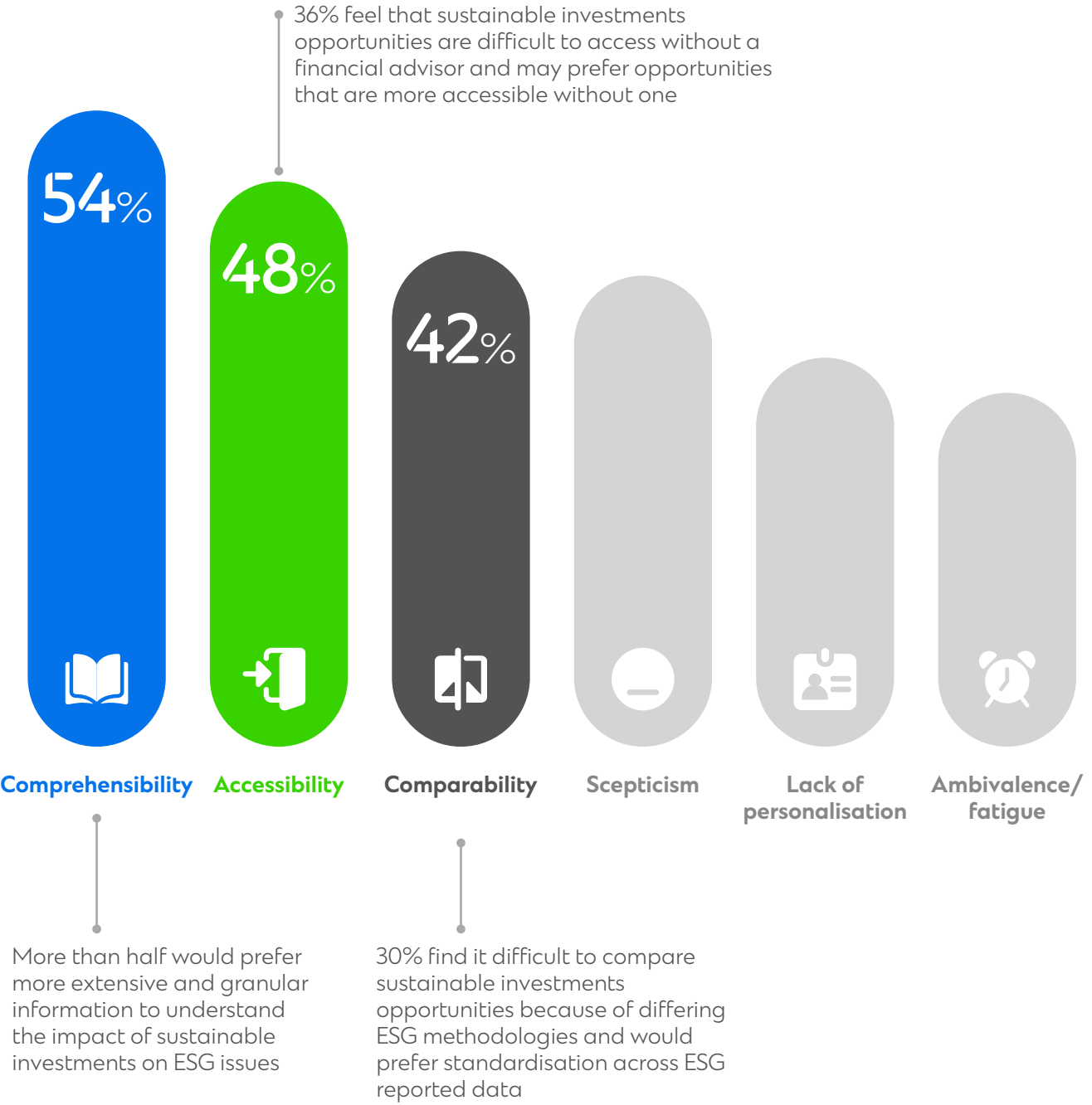
Motivations³

Socially conscious, The Family Person wants his investments to ‘Help restore the environment’ and ‘make a positive impact’. With his children’s future education in mind, The Family Person also wants to make financial gains.



Barriers and reservations⁴

Aside from ‘Perceived low returns/higher risks’, The Family Person also indicated the following three barriers as most significantly preventing him from undertaking sustainable investments opportunities:



3. Values indicate the % of survey respondents within this persona that selected the sustainable investments motivation as one of their top two sustainable investments motivations.
4. Values indicate the % of survey respondents within this persona that ranked the barrier as one of their top three barriers.

The Legacy Builder



He is a HNW business owner.

He keeps abreast of current events and believes that sustainable investing can help him hedge against ESG risks.

Sceptical about greenwashing, he finds that there is insufficient information available to help him assess the impact of sustainable investments on ESG issues.

Attuned to numbers, he typically makes data-driven decisions.



Key behaviour traits



Decisions driven
by convenience

81%

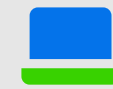
indicated that
convenience
sometimes or often
affects their decisions



Data-based
decision making

76%

indicated that they
either often or always
make decisions based
on data



Expert in
technology

57%

indicated that they
are either competent
in technology or
considered themselves
to be a professional



Sustainable investment status

More than half hold over 15% of sustainable investments in their portfolio



Risk tolerance¹

Moderate – High



ROI requirement

Moderate (11-15%) – Aggressive (16-20%)



Liquidity requirement

Medium

ESG priorities²

Environmental issues surfaced as the most important among respondents of The Legacy Builder investor archetype.

Ranked first was 'Climate change and carbon emissions'.

The Legacy Builder also found 'Pollution and waste management' as well as 'Food and water scarcity' to be issues of concern to him.



Climate change and
carbon emissions

31%



Pollution and waste
management

29%



Food and water scarcity

28%

1. For scoring of 'Risk tolerance', 'ROI requirement' and 'Liquidity requirement', see Appendix.

2. Values indicate the % of survey respondents within this persona that ranked the ESG issue as one of the top three.

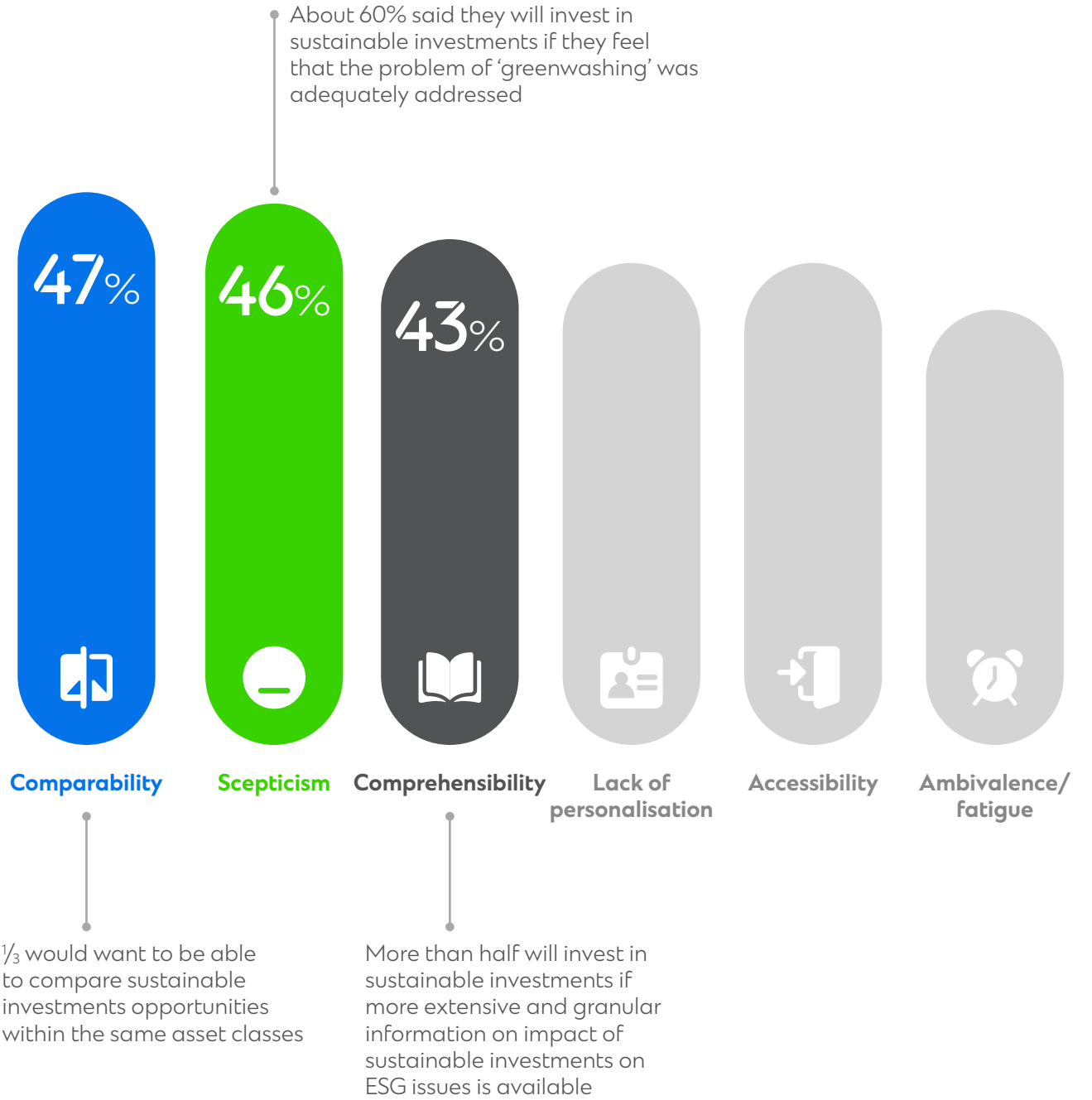
Motivations³

The Legacy Builder sees sustainable investments as an opportunity to ‘Hedge against ESG risks’. Aside from that, he also sees sustainable investments as a way to ‘Enhance financial returns’ and ‘Help restore the environment’.



Barriers and reservations⁴

Aside from ‘Perceived low returns/higher risks’, The Legacy Builder also indicated the following three barriers as most significantly preventing him from undertaking sustainable investments opportunities:



3. Values indicate the % of survey respondents within this persona that selected the sustainable investments motivation as one of their top two sustainable investments motivations.
 4. Values indicate the % of survey respondents within this persona that ranked the barrier as one of their top three barriers.

The Retirement Ready



She has retired and has some savings in her bank account.

She is worried about her grandchildren and their future. She wants to do something to help address climate change.

She has heard about sustainable investments from her friends and family but is not sure how to pursue such opportunities.

She finds it difficult to navigate the plethora of information on ESG. She would prefer to have a financial advisor guide her.



Key behaviour traits



Decisions driven by convenience

86%

indicated that convenience either sometimes or often affect their decisions



Influenced by word-of-mouth

77%

indicated that they are occasionally or sometimes influenced by other's recommendations



Does not use social media

73%

indicated that they rarely or are not influenced by social media at all in making decisions



Sustainable investment status

Less than 1/5 hold more than 15% of sustainable investments in their portfolio



Risk tolerance¹

Low



ROI requirement

Conservative (6-10%) – Moderate (11-15%)



Liquidity requirement

Low – Medium

ESG priorities²

The Retirement Ready is generally concerned about environmental issues.

Similar to other personas, The Retirement Ready ranked 'Climate change and carbon emissions' as the ESG issue most important to her.

This was followed by 'Pollution and waste management' as well as 'Food and water scarcity' and 'Poverty and income inequality'.



Climate change and carbon emissions

54%



Pollution and waste management

36%



Food and water scarcity

31%



Poverty and income inequality³

31%

1. For scoring of 'Risk tolerance', 'ROI requirement' and 'Liquidity requirement', see Appendix.

2. Values indicate the % of survey respondents within this persona that ranked the ESG issue as one of the top three.

3. An equal % of respondents indicated 'Food and water scarcity' and 'Poverty and inequality' as one of their top three ESG issues.

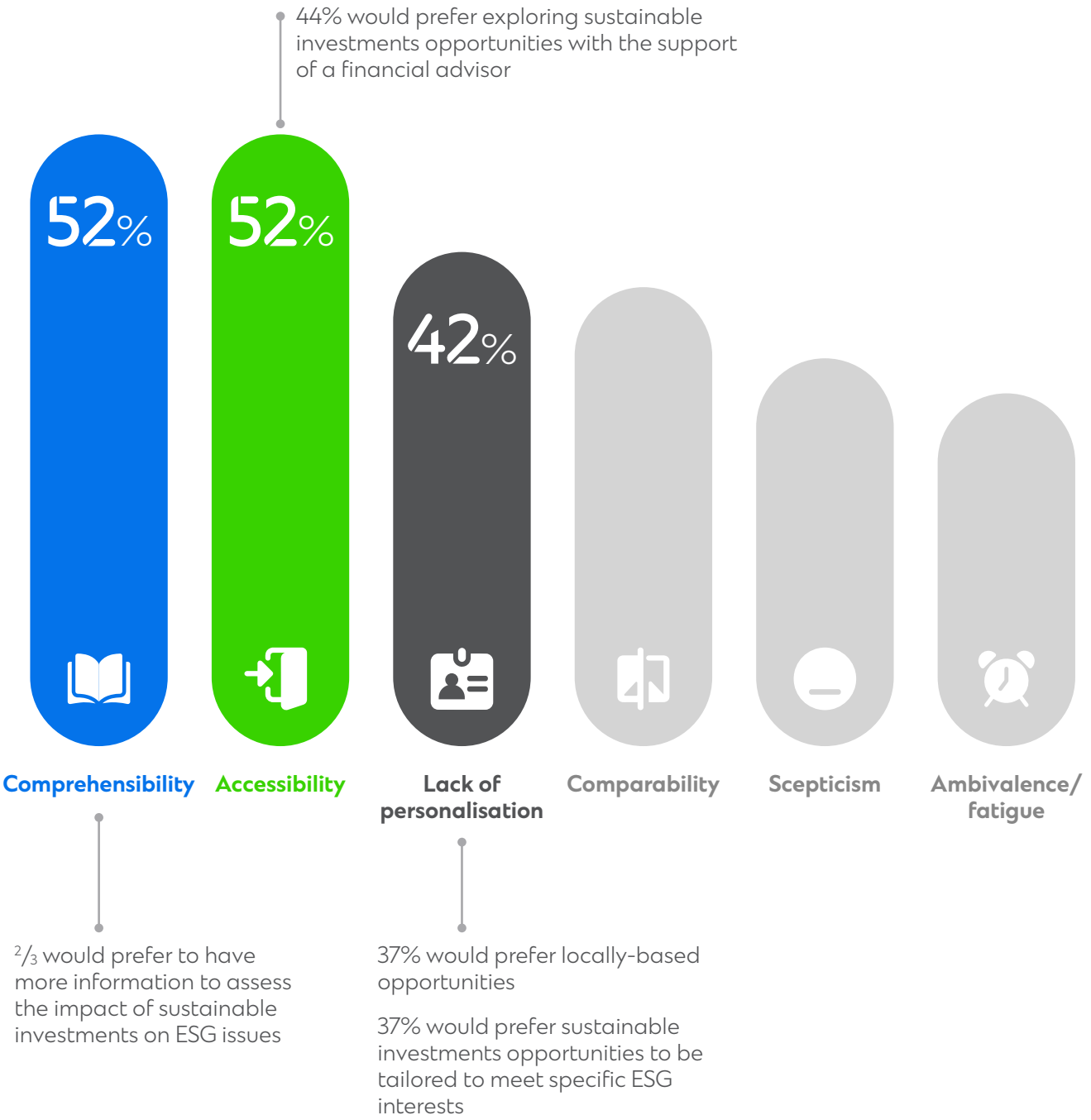
Motivations⁴

The Retirement Ready cares about the environment and how climate change will impact future generations. Therefore, her primary sustainable investments motivation is to ‘Help restore the environment’.



Barriers and reservations⁵

Aside from ‘Perceived low return/higher risks’, The Retirement Ready also indicated the following three barriers as most significantly preventing her from undertaking sustainable investments opportunities:



4. Values indicate the % of survey respondents within this persona that selected the sustainable investments motivation as one of their top two sustainable investments motivations.
 5. Values indicate the % of survey respondents within this persona that ranked the barrier as one of their top three barriers.

Overcoming barriers

Personalised approach to unlock personas

There is no one-size-fits all approach to realise the potential of retail investors.

Each investor archetype represents a subset of retail investors that requires personalised solutions relevant to their life goals, behaviour, ESG priorities, motivations and key barriers.

We explore how best to engage, empower and establish trust with the five investor personas based on what they need.

1. Engage



Provide investors easy-to-read information on sustainable investments and their potential impact. Ensure that information is relevant and accurate



Make sustainable investments relatable for retail investors by tying the impact to their personal goals and motivations, and ESG issues they are most concerned with



Build interpersonal relationships with investors through a trusted financial advisor with extensive knowledge on sustainable investments to provide suitable recommendations

2. Establish trust



Ensure reliability and comparability of ESG data by upholding robust ESG reporting standards



Address perceptions about the returns on investment of sustainable investments products and how they bring financial and non-financial value to each investor



Illuminate ESG impact by illustrating what has been achieved and can be achieved through sustainable investments

3. Empower



Equip investors with the knowledge to understand complex ESG information and data



Offer personalised products and services tailored to investor needs, including those with tangible local impact



Democratise access to sustainable investments opportunities through technology and/or expanded product offerings

A personalised approach

Mobilise retail capital to effect positive change

The world is at a critical juncture and what we do in the coming decade will have a lasting impact on the environment and society.

Unlocking the potential of retail investors will inevitably be met with challenges. But if we can overcome key barriers by engaging, establishing trust and empowering investors, there is significant capital that could be mobilised to finance a global transition toward net zero and address pressing ESG issues.

Democratising access and encouraging greater retail participation in sustainable investments could shape the future of financial markets to build a more sustainable future.

Unlocking The Young Professional: user-friendly and time-efficient solutions backed by robust data

The Young Professional is tech-savvy and is looking for solutions that are time-efficient given her busy schedule. She would also prefer to have more visibility on the direct outcome of her investments.



1. Engage



Share simple information

Providing her with easy-to-access and digestible information about sustainable investments opportunities and the ESG issues they address will be key. For example, a one-page fund fact sheet that summarises key information in an impact-oriented way would be ideal for The Young Professional.

2. Establish trust



Ensure rigour in data

The Young Professional is data-driven, so information on sustainable investments must be accurate and comparable. Financial institutions can play a role by providing relevant decision-making data. For example, a user-friendly catalogue or database of sustainability investments products with simple scoring metrics would help investors easily compare sustainable investments opportunities.

3. Empower

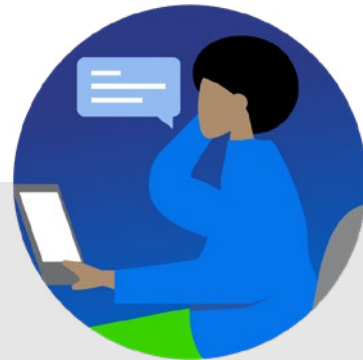


Provide user-friendly platforms

Easy-to-navigate digital platforms will be essential in optimising The Young Professional's limited free time. For example, The Young Professional would appreciate solutions like robo-advisors that feature a user-friendly interface and seamless user-experience.

Unlocking The Entrepreneur: personalised offerings with direct impact on local community

The Entrepreneur is comfortable using technological devices, and she prefers to explore sustainable investments opportunities that are aligned with her personal beliefs.



1. Engage



Align with personal beliefs

For The Entrepreneur, it will be important to present sustainable investments opportunities that tie in with her image and beliefs. For instance, ESG-thematic funds that target specific environmental or social issues, such as poverty and fair employment practices, would be well-suited to The Entrepreneur.

2. Establish trust



Illustrate local impact

Offering The Entrepreneur sustainable investments opportunities with a direct impact on disadvantaged communities would be ideal. These could include social impact investment funds or micro-financing funds that tend to have clear, measurable social impact targets.

3. Empower



Give guidance on ESG

As The Entrepreneur's sustainable investments knowledge is limited, she would appreciate having someone to guide her on how to interpret complex ESG data at the start of her investment journey. In addition, she would be keen to learn how to compare and assess different sustainable investments opportunities, particularly on their ESG impact.

Unlocking The Family Person: technology-enabled solutions that combine social impact with financial gain

The Family Person hopes to build a nest egg for his children and contribute to society through sustainable investments, but finds the lack of measurable impact and comparable information to be the main hurdles.



1. Engage



Draw connection with impact

For The Family Person, sharing comprehensive information and drawing the connection between his investments and its outcome will be key.

2. Establish trust



Emphasise dual benefit

Emphasising the dual benefit of sustainable investments from a financial and ESG perspective would help build trust with The Family Person. For example, benchmarking the returns of ESG-thematic funds against traditional ones could be one way of illustrating to him the favourable performance of ESG-thematic funds.

3. Empower



Use technological solutions

The Family Person is comfortable with technology. Therefore, digital platforms that enable comparisons across ESG metrics among sustainable investment assets, such as a centralised ESG data platform that enables him to assess ESG metrics of various sustainable investments opportunities, would be ideal.

Unlocking The Legacy Builder: high visibility on investment impact and robustness in ESG reporting data

The Legacy Builder has his own financial advisor and would like to invest in sustainable investments. However, he is sceptical about how ESG data is represented and believes 'greenwashing' to be a common problem.



1. Engage



Scheduled touchpoints

Managing his multinational business, The Legacy Builder's free time is scant yet valuable. He typically prioritises convenience when making decisions. Periodic touch points with his financial advisor and tailored recommendations that tie in with the ESG issues he cares about will be key to keeping The Legacy Builder engaged.

2. Establish trust



Address 'greenwashing'

Critical to unlocking The Legacy Builder's potential is to establish a clear link between his sustainable investment assets and its direct impact on ESG issues. The Legacy Builder tends to be data-driven and comfortable with technology; so, digital solutions that can grant him visibility on the measurable impact of his investments would be an exemplar solution.

3. Empower

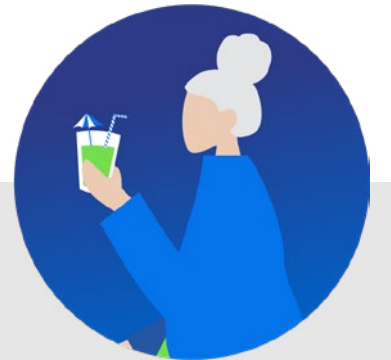


Focus on outcome

Personalised sustainable investments products that target ESG issues of concern to The Legacy Builder, such as climate change and carbon emissions, would be ideal. His higher risk tolerance means that higher-risk but high-potential sustainable investments products, such as those focussed on emerging renewable energy technologies, might appeal to him.

Unlocking The Retirement Ready: dedicated support and personal touch from a trusted financial advisor

The Retirement Ready would like to invest to leave a better world behind for her grandchildren. She prefers having guidance throughout her investment process.



1. Engage



Build trust and personal touch

Having the support of a trusted advisor would be imperative to ensure a seamless investment experience for The Retirement Ready. The Retirement Ready tends to be influenced by word-of-mouth. Having someone she can rely on to conduct due diligence and has the technical know-how to navigate complex ESG ecosystems will be essential.

2. Establish trust



Illustrate tangible impact

The Retirement Ready wants to know how her investments can have a direct impact on building a better world for her family. Illustrating the tangible impacts of her investment will be key to building trust with The Retirement Ready.

3. Empower



Focus on issues and lower risk

The Retirement Ready's low risk tolerance and issue-focussed mindset suggests that low-risk sustainable investment assets with targeted ESG mandates would be ideal. These could include investment grade municipal green bonds issued to finance the retrofitting of energy intensive buildings.

Beyond investing: a sustainable banking experience

There is a wide range of sustainable banking products available for investors to choose, ranging from sustainable deposits to green credit cards and mortgages.

The majority of respondents were keen on expanding their use of sustainable banking products in the next two to three years.

Unlike conventional banking products, sustainable banking products can combine cost benefits with social responsibility or environmental sustainability. This aligns well with individuals' motivations of wanting to 'Help restore the environment' or 'Making a positive social impact'.

As individuals grow more concerned about ESG issues, sustainable banking products can act as an avenue for them to shape their own financial journey, while making a tangible impact on the issues that they care about. In this way, an individual's entire interaction with the financial system can become more sustainable.

Sustainable banking products overview



Sustainable time deposits

Sustainable time deposits have similar features and requirements to conventional term deposits but the bank commits to reference clients' funds against sustainable assets only.



Sustainable credit cards

Sustainable credit cards work like conventional credit cards but the emissions from the production of the card itself are offset.



Green mortgages

Green mortgages are mortgages issued against properties considered 'green' under a predefined framework, such as Standard Chartered's [Green and Sustainable Product Framework](#). Green mortgages offer lower interest rates or a higher loan amount for those purchasing a building that utilises green energy or for renovating a building to become more environmentally friendly.

Survey results

Most survey respondents indicated an interest in sustainable banking. For those that were already using at least one sustainable banking product, we asked what their motivations were. Nearly one-third expressed a concern for the environment, while another third wanted to make a positive impact. Respondents were also keen on sustainable banking because of its perceived cost-effectiveness.

When asked their motivation for using sustainable banking products:¹

34%     

Are motivated by wanting to help restore the environment

33%     

Are motivated by wanting to make a positive social impact

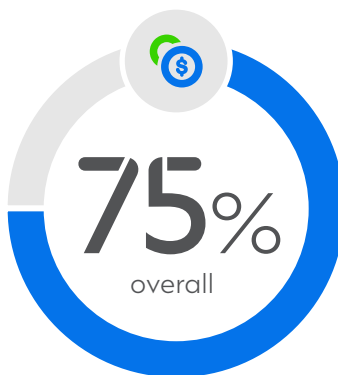
30%     

Are motivated by the cost-effectiveness of sustainable banking products

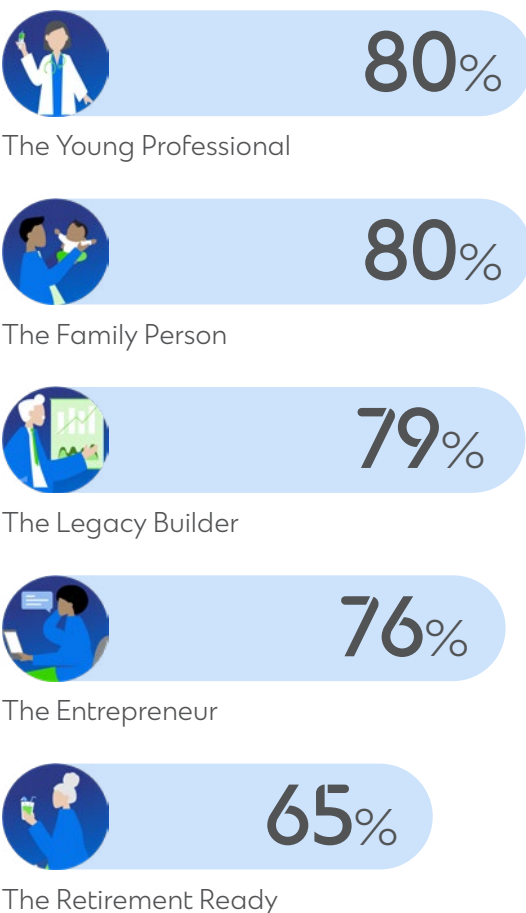
1. Values indicate the % of survey respondents that are currently using sustainable banking product.
2. Values indicate the % of total survey respondents.

Interest in using sustainable banking products in the next 2-3 years:²

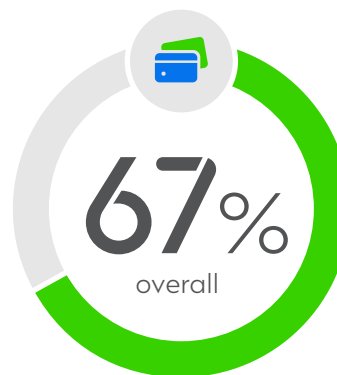
Sustainable time deposits



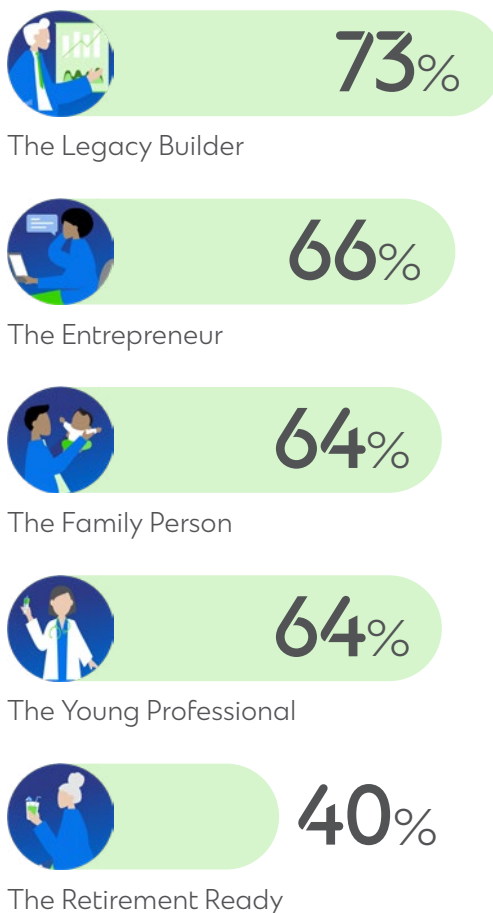
By personas:



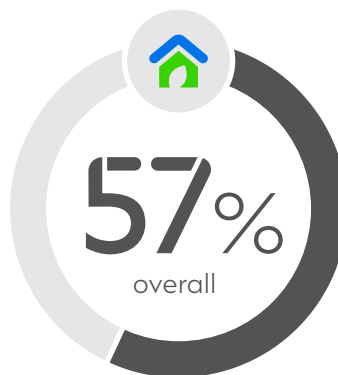
Sustainable credit cards



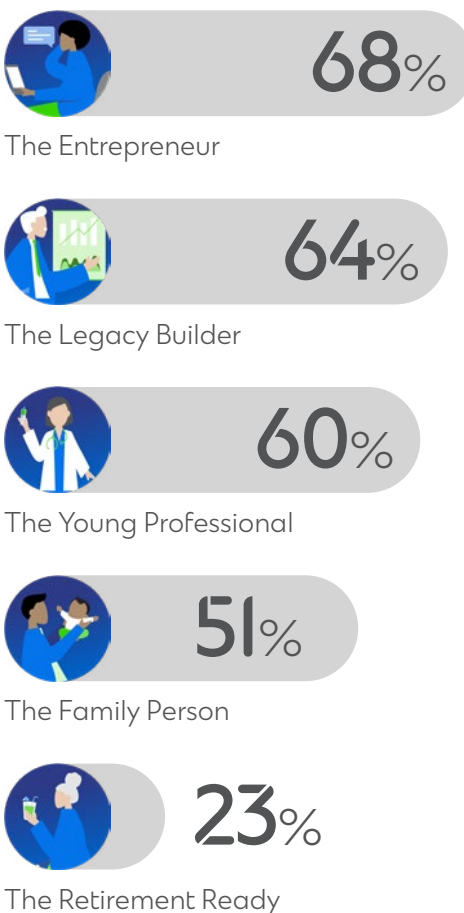
By personas:



Green mortgages



By personas:





Making the connection

Looking back ...

to unlock the USD8.2tn of retail capital across key growth markets by 2030, we detailed five different investor personas and how we can unlock their potential with a personalised approach

Looking ahead ...

we shift our perspective to the 10 growth markets and explore how sustainable investments could address the top ESG issues of concern within each market, respectively.



5 personas

Seeing retail investors through the lens of investor archetypes helped shed light on their life stages, goals, behaviour and motivations.

Using this, we were able to identify the key barriers that retail investors had to overcome to unlock their full potential.



3 areas

After identifying the key barriers of each persona, we looked at how to overcome them through engagement, establishing trust and empowering investors.

A personalised approach is essential to effectively mobilise the USD8.2tn retail capital for positive change in these growth markets.



10 markets

In the next section, we take a deeper look at each market and the unique insights that it offers.

Each market section features key survey insights on retail investors in that market. It also articulates how the respective retail sustainable investment potential of each market could address ESG issues of concern to investors in within that market.

Spotlight on 10 growth markets

Insights from a market perspective

We deep dive into investor nuances in our 10 survey markets

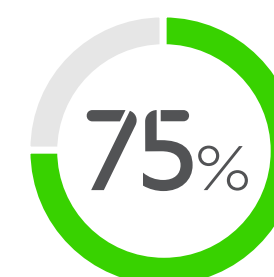
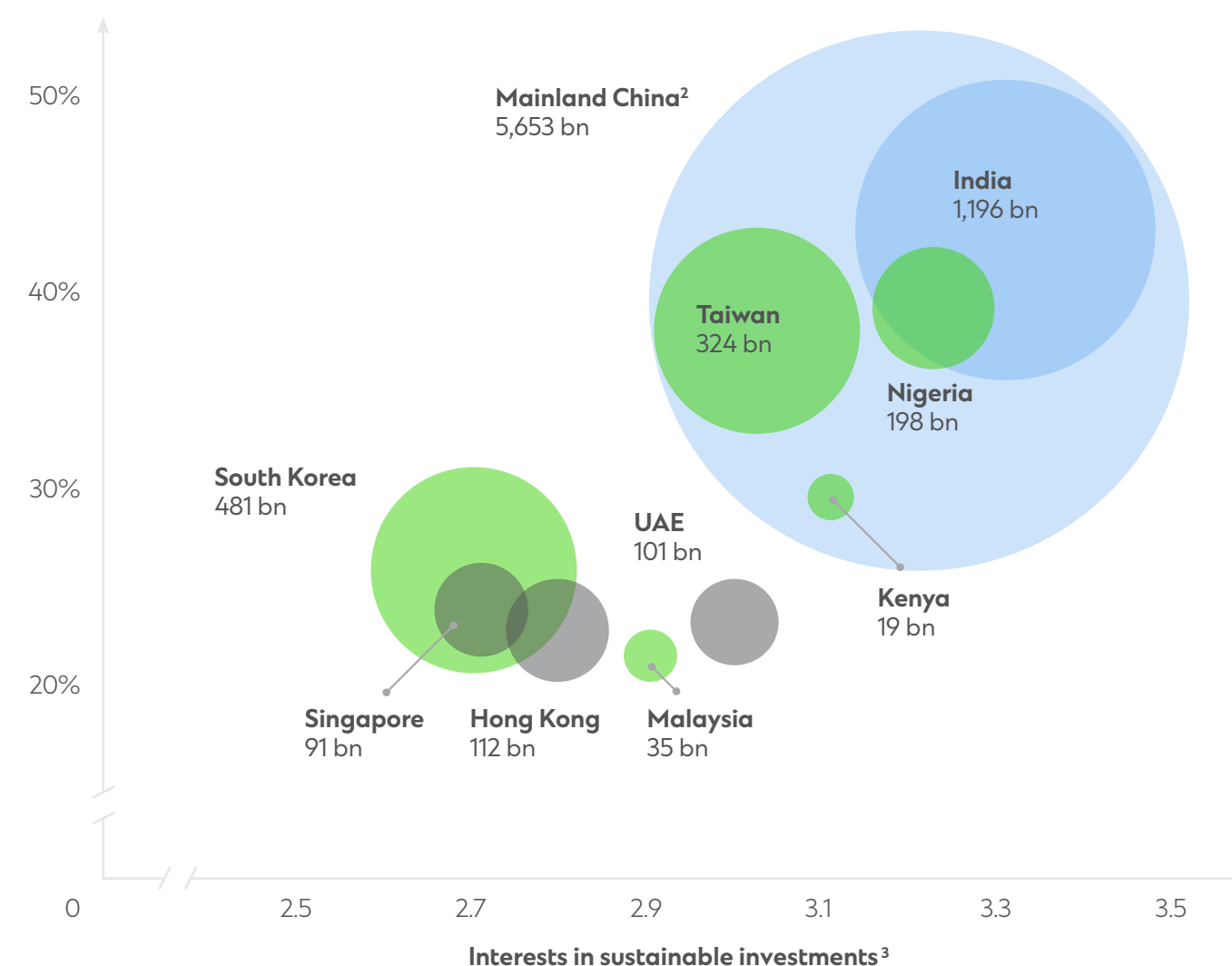
Each market has a dedicated section covering qualitative insights into the domestic sustainable investment landscape.

It also features survey¹ insights on the ESG issues investors are concerned about, their motivations for wanting to invest, as well as the key barriers they face.

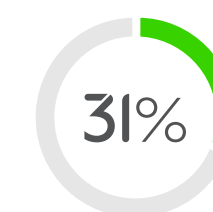
Investors across all 10 markets indicated strong interest in holding sustainable investment assets in their portfolio. If mobilised, the potential USD 8.2tn of retail capital by 2030 could help growth markets meet their market-specific ESG goals. This includes financing their transition toward net zero, as well as addressing other issues of significance to investors, such as pollution, poverty, food scarcity, energy security, human rights and corruption.

The current state of sustainable investments

Share of investors holding more than 15 per cent of sustainable investment assets in their portfolio



of all survey respondents were either 'interested' or 'very interested' in sustainable investments



of all survey respondents hold more than 15 per cent of sustainable investment assets in their portfolio

Heavy hitters

Sustainable investment adoption and interest are relatively the highest. Given their sizeable population and wealth, one can leverage the current momentum to spur growth.

Catalysts

Sustainable investment adoption is varied across the markets but interest is present. One can leverage the growing interest and wealth to bolster sustainable investments growth.

Financial hubs

Interests in sustainable investments is present and there is some sustainable investment adoption but there is room to grow. One can leverage on current interest and translate it into tangible sustainable investments.

Bubble size indicative of 2030 retail sustainable investment potential.

- Survey commissioned by Standard Chartered in July 2022 and completed by 3,113 individuals. For details, please see Appendix.
- Mainland China is not to scale due to space constraints.
- Indicative of a weighted-average sustainable investments interest score. 2 = moderately interested, 3 = interested, 4 = very interested

Mainland China

Sizeable population and growing wealth will be the mainstays for future sustainable investments growth

Mainland China at a glance



Economy

Nominal GDP:
USD17.4tn (2021)

Real y-o-y GDP growth:
8.1% (2021)



Population size

1.4bn (2020)



Wealth statistics

Net personal wealth:
USD64.1tn (2020)

CAGR:
7.9% (2020-2030f)

USD6 trillion of retail sustainable investment potential by 2030

Sustainable investments could counter climate change and other pressing environmental issues

In Mainland China, the sustainable investments environment has undergone fundamental shifts. The state-labelled sustainable debt market has grown rapidly since 2017. There has also been growing investor interest in low-carbon, renewable energy products. Riding on these developments, Mainland China has sought to stimulate further investments and investor confidence in the ESG ecosystem to meet its 2060 carbon neutrality target.

Mainland China announced its first set of voluntary ESG disclosures in Feb 2022, with a plan to make them mandatory nationwide by 2025. 25 per cent of publicly traded Chinese companies already make these disclosures and more are

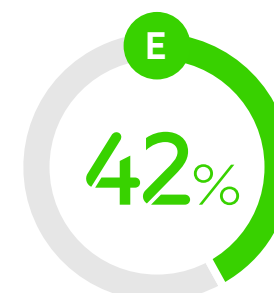
following suit. In 2021, the People's Bank of China announced a collaboration with the European Union to adopt a common taxonomy for green investments.

As Asia's largest economy, Mainland China's sizeable wealth potential could have a significant influence on driving sustainable investments in the region. Alignment with international standards could open up Mainland China's onshore capital market and stimulate more domestic green finance activities. Given the prevalence of climate-themed funds in Mainland China and investors' interest in countering climate change and carbon emissions, Mainland China's estimated USD6tn of retail sustainable investment capital could accelerate the market's progress toward its net zero targets. Beyond that, sustainable investments in Mainland China could also be channelled to address other market-specific ESG issues of concern, such as pollution and energy security.

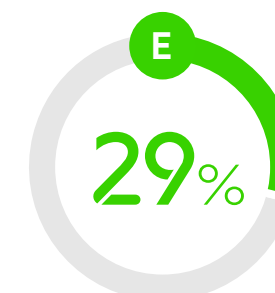


Heavy hitters

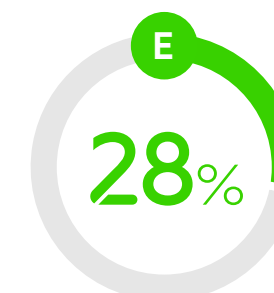
Top ESG priorities¹



Climate change and carbon emissions



Pollution and waste management



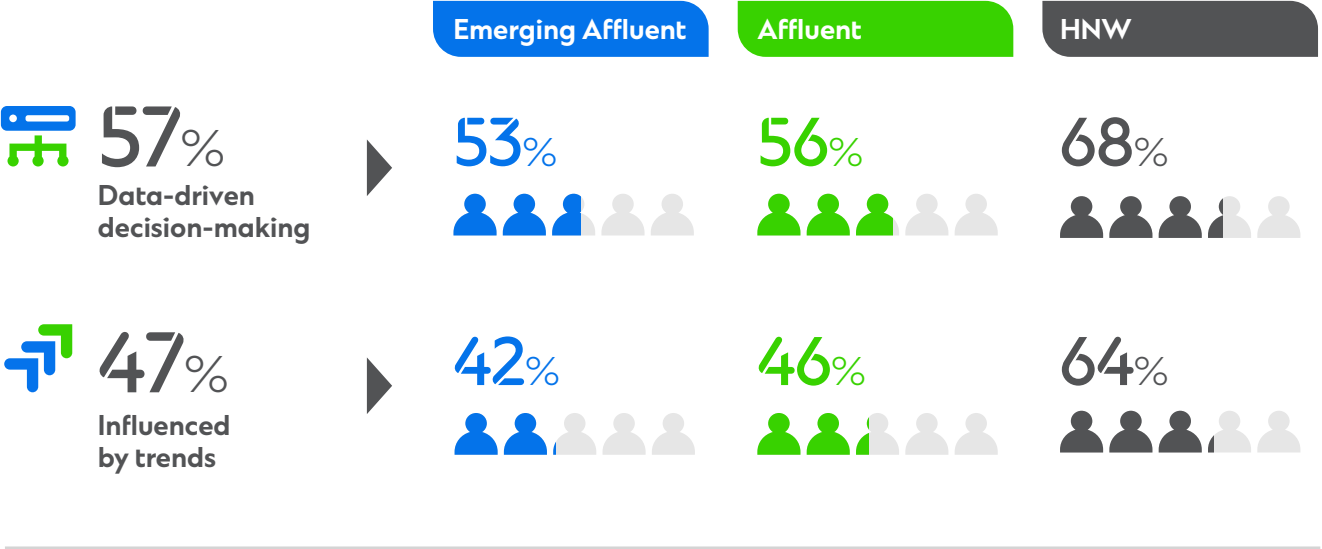
Energy and resource use

Overview of investors

There is overall strong interest among investors in Mainland China to invest in sustainable investments. Most investors indicated that they were motivated to invest in sustainable investments because they wanted to 'help restore the environment' or 'enhance their financial returns'. However, key barriers they faced were the apprehension about the short-term volatility of sustainable investment assets in terms of its financial performance, as well as limited information or opportunities made available to retail investors. When it comes to behaviour, most investors would look to data and trends to inform their decisions.

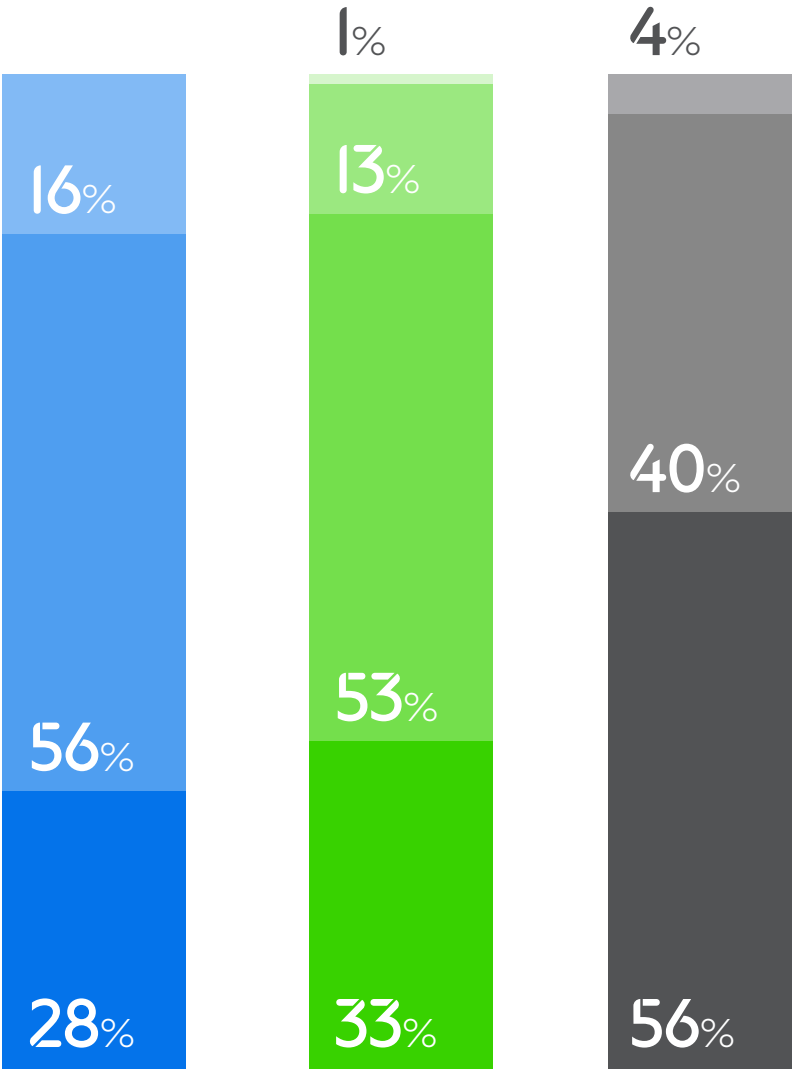
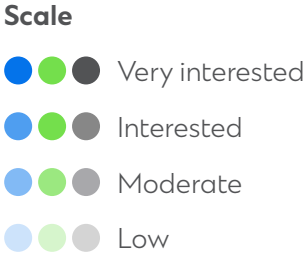
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits



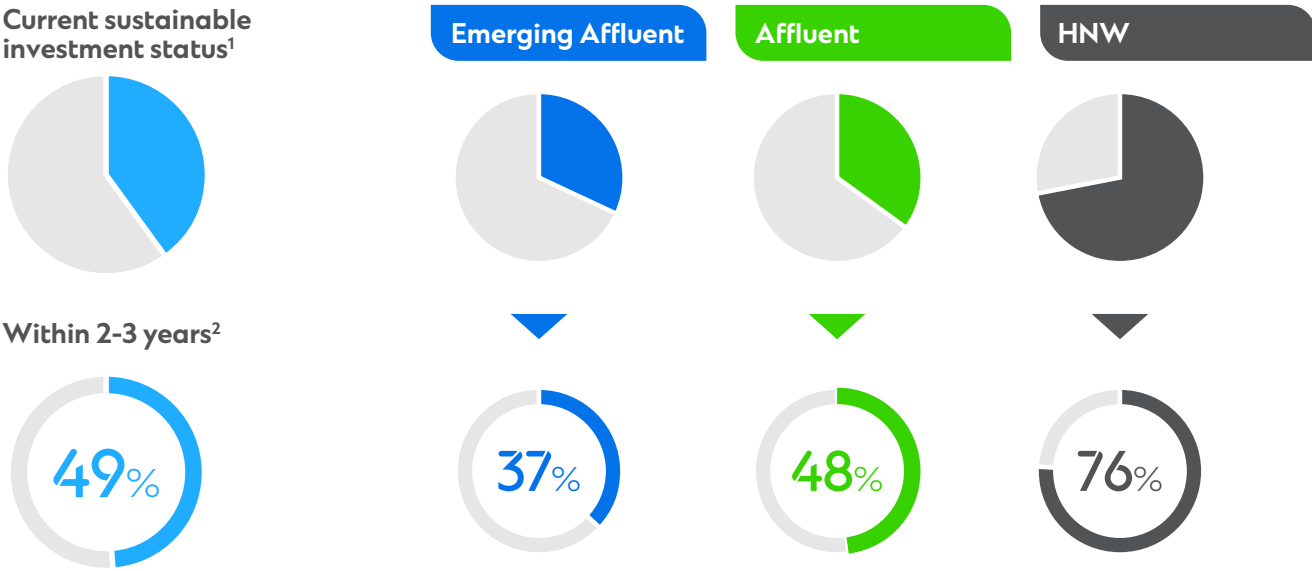
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 40 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 49 per cent in the next two to three years.



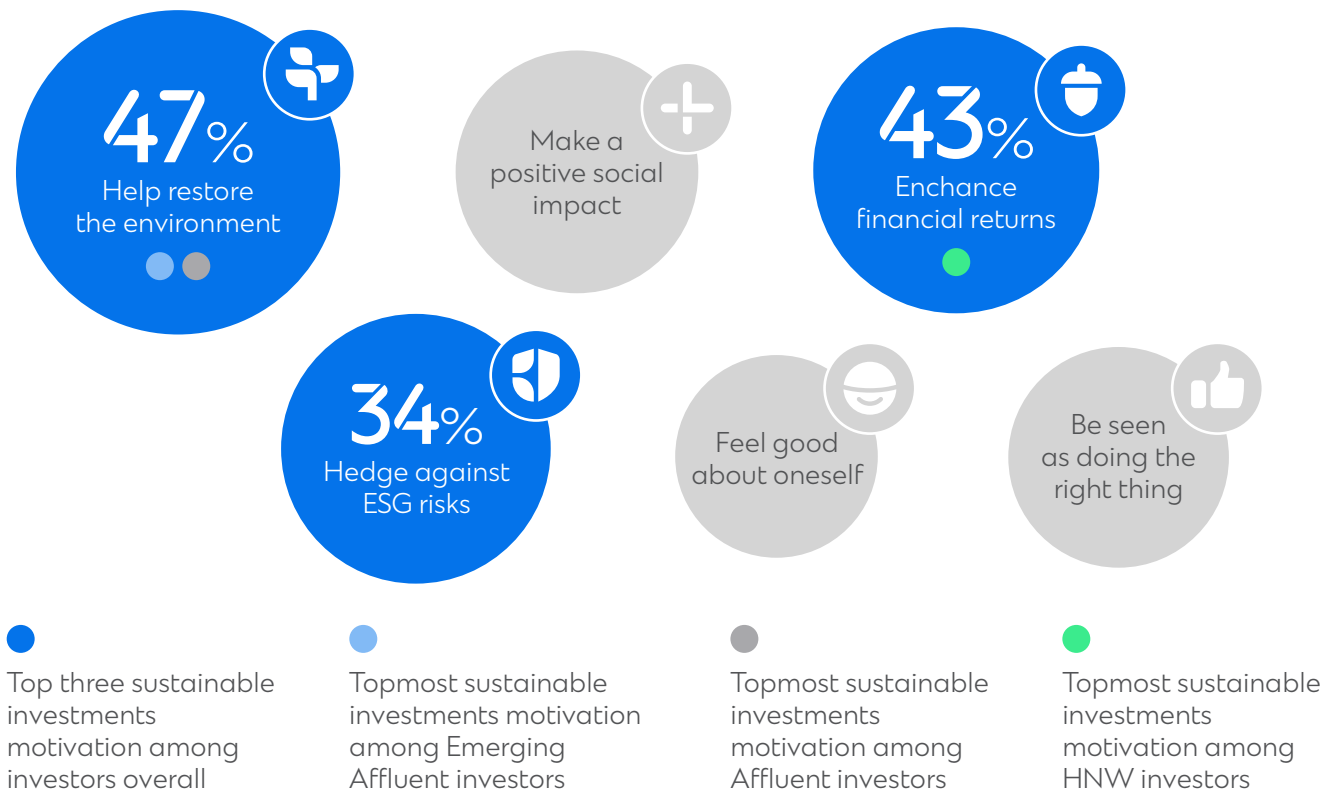
1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.

2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

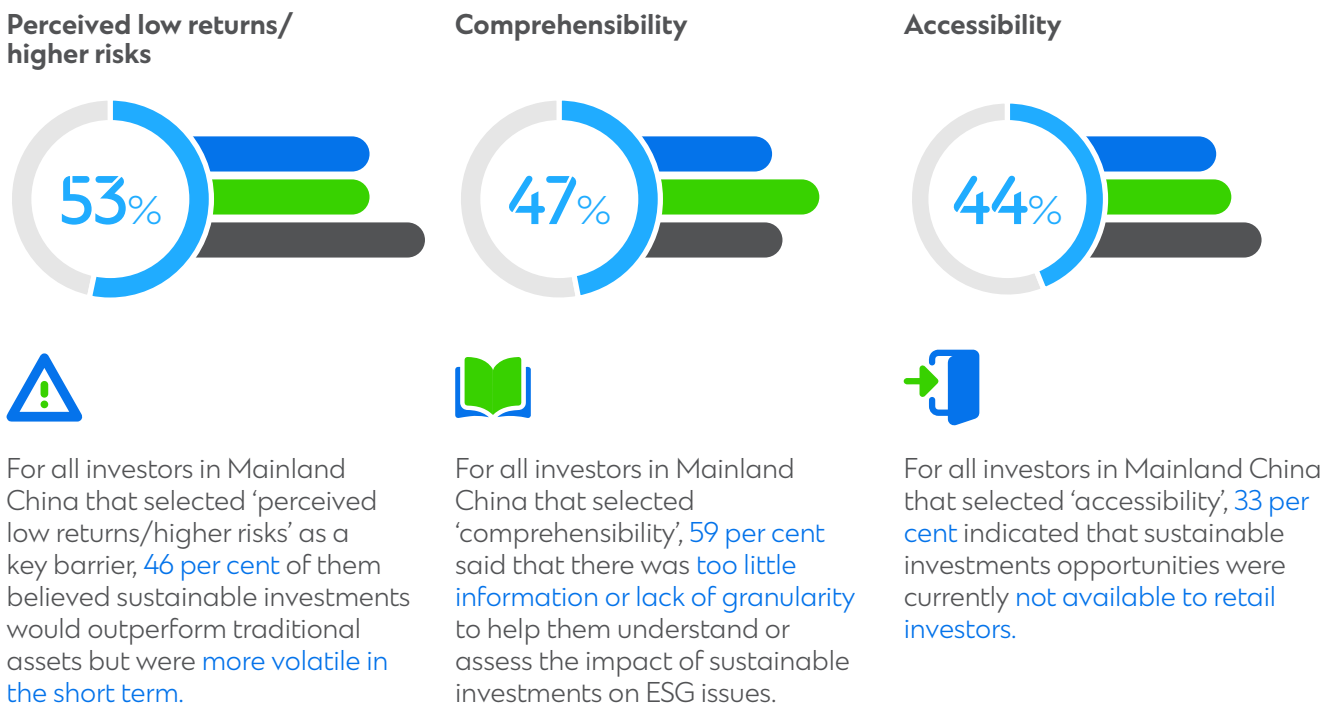


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Mainland China that cited the following as one of their top two motivations for sustainable investments.



Key sustainable investment barriers and reservations across investor segments



Hong Kong

Green bonds and fintech innovation to cement Hong Kong's role as a major hub for green finance in Asia



Financial Hubs

Hong Kong at a glance



Economy

Nominal GDP:
USD374.1bn (2021)

Real y-o-y GDP growth:
6.4% (2021)



Population size

7.5mn (2020)



Wealth statistics

Net personal wealth:
USD1.6tn (2020)

CAGR:
5.5% (2020-2030f)

USD112 billion of retail sustainable investment potential by 2030

Greater access to sustainable investments could address carbon emissions, energy security and pollution

Hong Kong has pledged to achieve carbon neutrality by 2050 and plans to invest ~USD30bn to support domestic green initiatives over the next two decades. To complement public efforts, Hong Kong has also sought to mobilise private capital vis-à-vis issuing green bonds tailored toward retail investors, which was well-received by the public.

Hong Kong's mature finance market infrastructure and innovations in fintech could be capitalised on to redefine and democratise access within the sustainable finance ecosystem. In 2020, the Hong Kong stock exchange launched an sustainable investment online database – STAGE – Asia's first multi-asset sustainable investment product platform to enhance accessibility and transparency, as well as promote sustainable investment education for investors. In addition,

Hong Kong is also exploring innovative technological solutions via Project Genesis – a prototype blockchain platform that seeks to mitigate key issues retail investors face, such as lack of transparency and liquidity in secondary markets. Greater access and transparency in the sustainable investment ecosystem could mobilise Hong Kong's USD112tn of retail capital potential in reaching its carbon neutrality targets, aside from other ESG issues of concern to retail investors, such as pollution, waste management and energy security.

As Hong Kong continues to be one of the world's leading financial centres, leverage growing domestic interest in sustainability to position itself as a major hub for green finance in Asia.

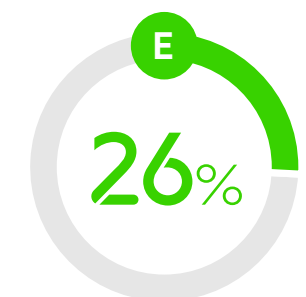
Top ESG priorities¹



Climate change and carbon emissions



Energy and resource use



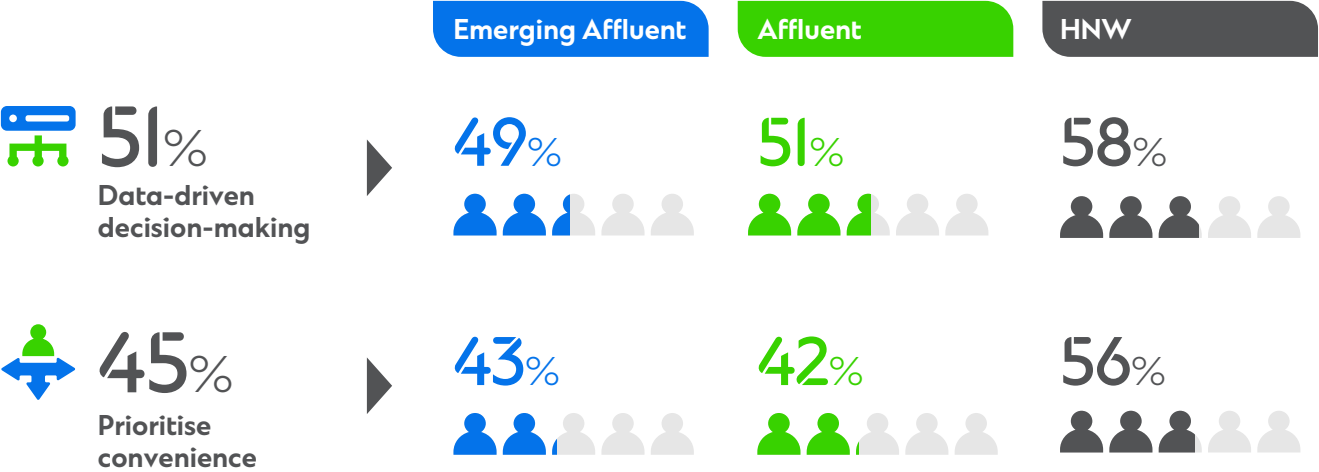
Pollution and waste management

Overview of investors

Investors in Hong Kong demonstrate a strong interest in sustainable investments, but current investment levels have potential to grow. Overall, investors were interested in sustainable investments primarily because they wanted to 'enhance their financial returns'. Others wanted to 'help restore the environment' or 'hedge against ESG risks'. Aside from concerns about the financial performance of sustainable investments products in the short term, investors found that there was either too little information to assess the impact of sustainable investments or it was difficult to compare sustainable investments opportunities because of different ESG rating methodologies.

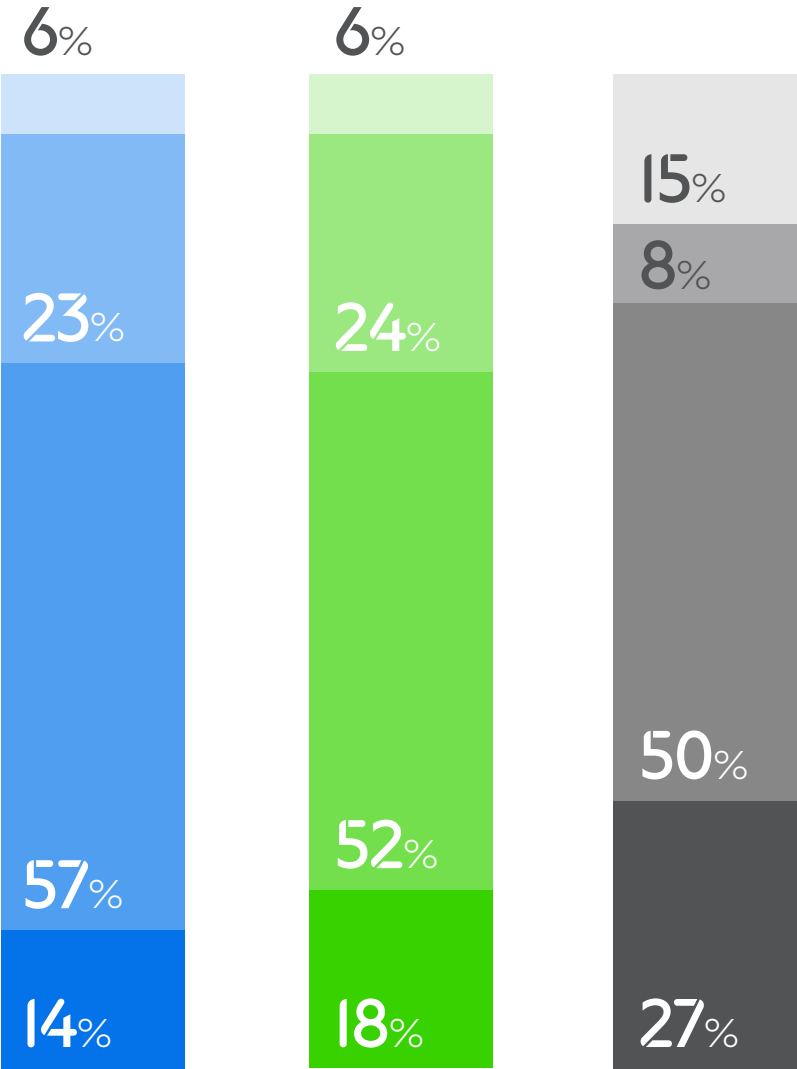
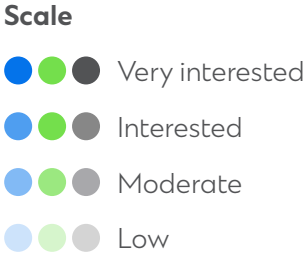
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits



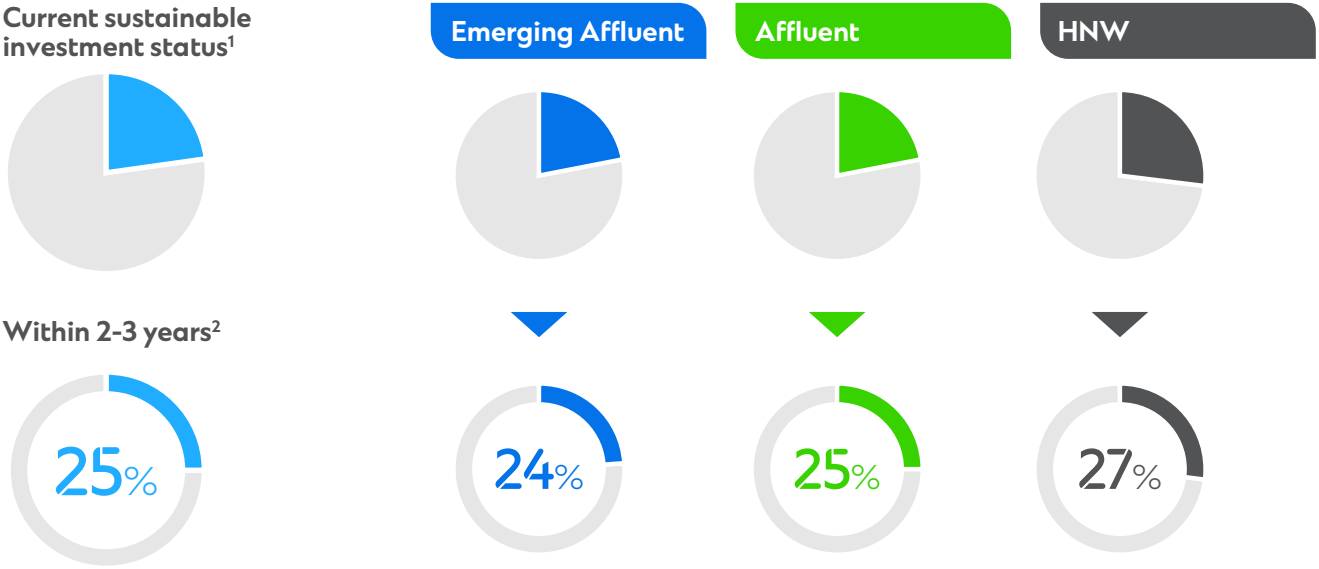
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 23 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 25 per cent in the next two to three years.



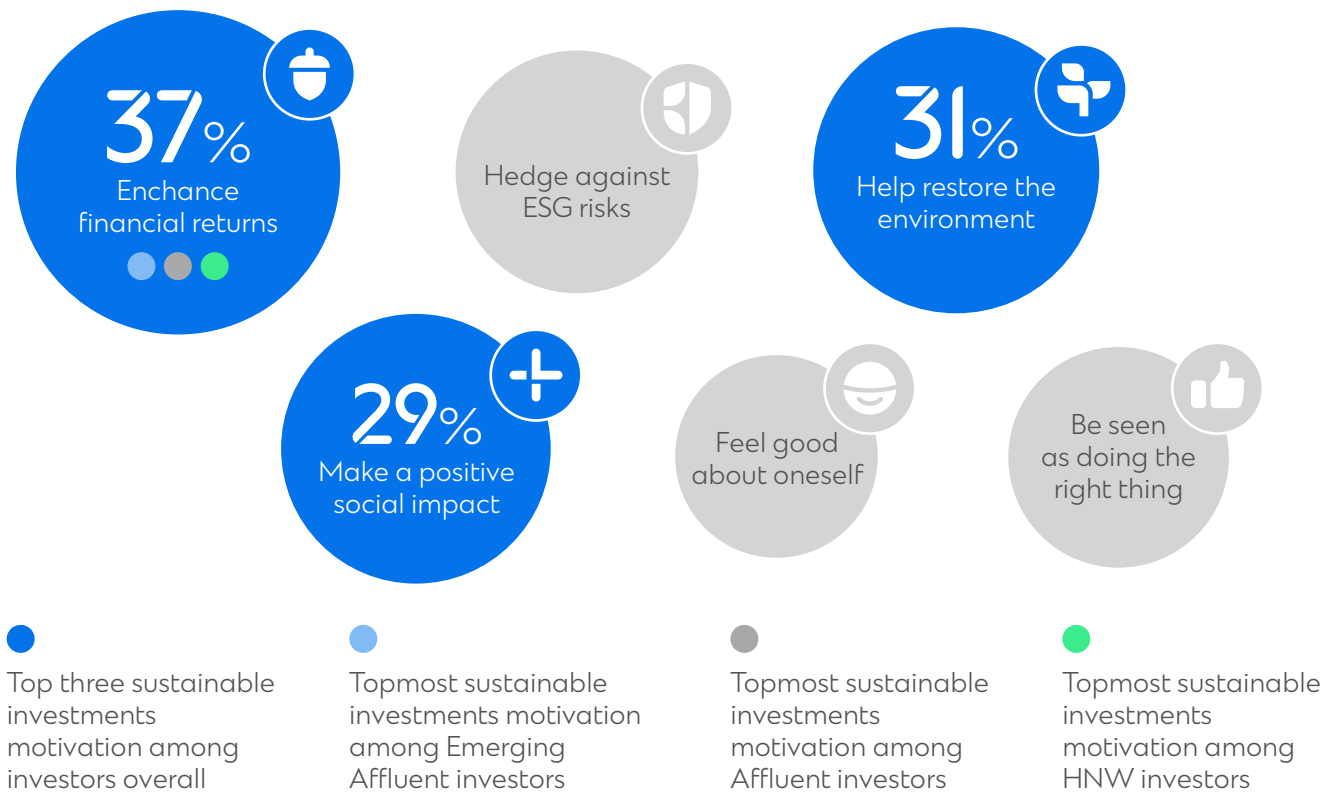
1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.

2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

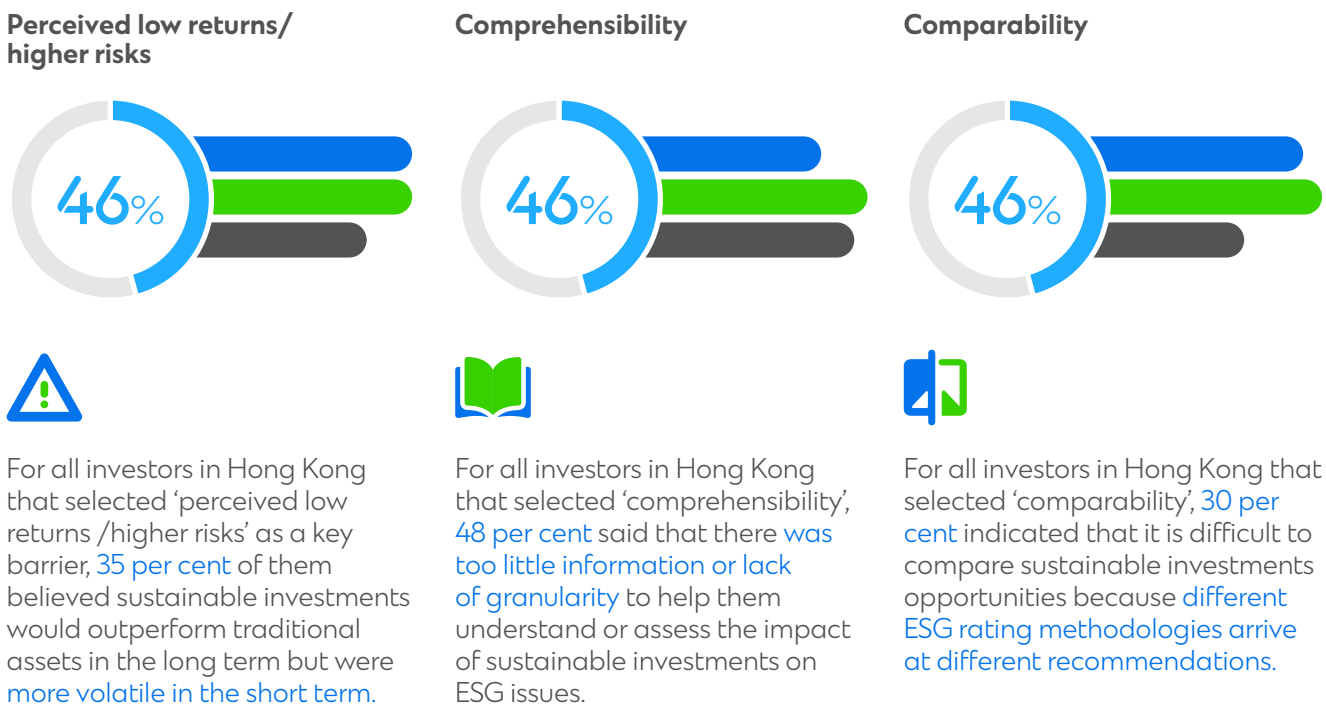


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Hong Kong that cited the following as one of their top two motivations for sustainable investments.



Key sustainable investment barriers and reservations across investor segments



Taiwan

Growing wealth and a developing ESG infrastructure set the foundations for sustainable investments growth



Catalysts

Taiwan at a glance



Economy

Nominal GDP:
USD769.4bn (2021)

Real y-o-y GDP growth:
6.3% (2021)



Population size

23.6mn (2020)



Wealth statistics

Net personal wealth:
USD4.4tn (2020)

CAGR:
5.9% (2020-2030f)

USD324 billion of retail sustainable investment potential by 2030

Sustainable investments could aid transition to net zero and tackle food scarcity and energy security concerns

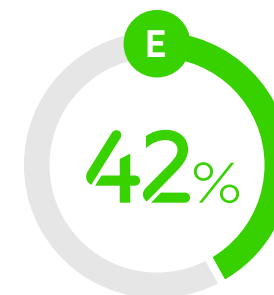
To stimulate sustainable investments and achieve its net zero target by 2050, Taiwan is developing its sustainable investments market, particularly in its ESG data infrastructure. In 2020, the Taiwanese central securities depository (TDCC) launched a dashboard, granting investors ready access to ESG rating information of over 11,000 companies. Increased data availability via the TDCC dashboard has bolstered ESG fund assets in Taiwan, which jumped fourfold between 2019 and 2020. ESG funds as a percentage of total assets under management in Taiwan have been increasing and is the highest in Asia in relative terms.

In July 2021, the Financial Supervisory Commission introduced enhanced ESG disclosure rules.

These measures were aimed at elevating the international competitiveness of Taiwan's domestic securities, while upholding the integrity of the market's growing ESG fund market, to sustain investor confidence.

With innovation driving Taiwan's ESG data infrastructure, alongside a more robust regulatory environment and a growing investor base in the market, Taiwan offers a conducive environment for capital flow toward sustainable investments. Taiwan's USD324bn of retail capital potential could not only be used to aid the market's transition toward net zero, but also finance issues of significant concern to investors – such as energy security and food scarcity.

Top ESG priorities¹



Climate change and carbon emissions



Energy and resource use



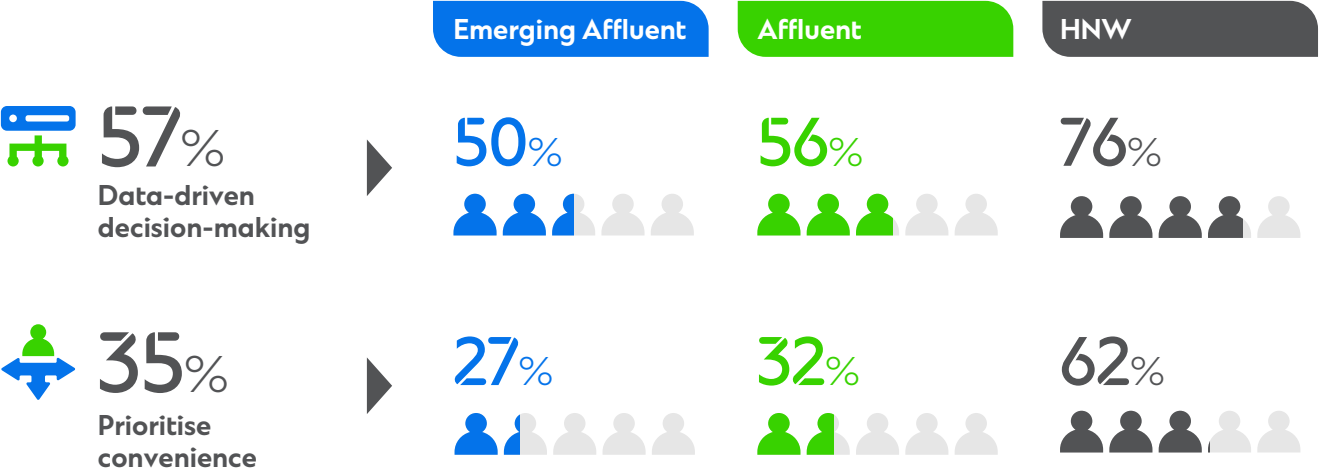
Food and water scarcity

Overview of investors

Most investors in Taiwan indicated a strong interest in sustainable investments. However, most expressed that the key challenges they faced toward sustainable investments were the lack of information to assess the impact of sustainable investment assets; the difficulty in comparing sustainable investments opportunities given different ESG rating methodologies; and the perceived risks associated with investing in sustainable investments. Behaviourally, investors in Taiwan are data-driven and prioritise convenience in their decision-making process. Their motivations for investing in sustainable investments were primarily driven by concerns about the environment and wanting to 'enhance their financial returns'.

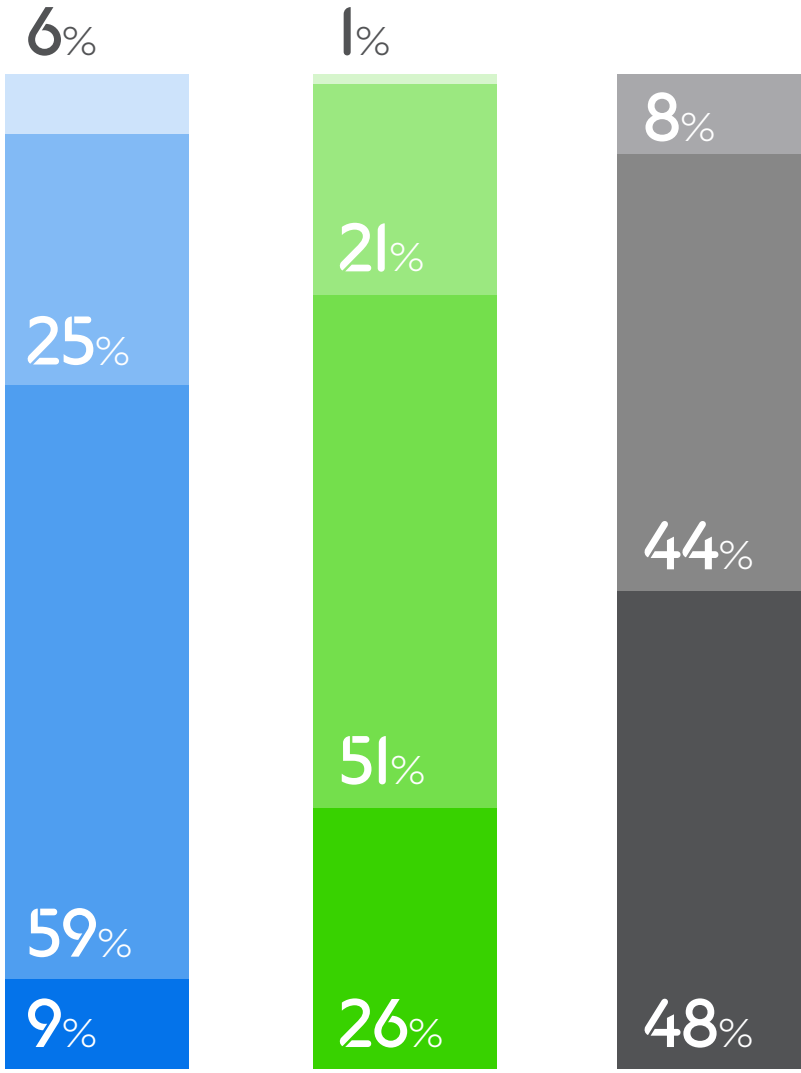
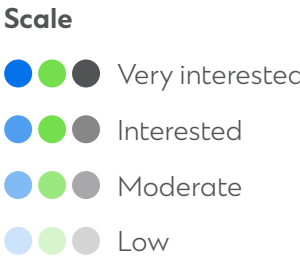
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits



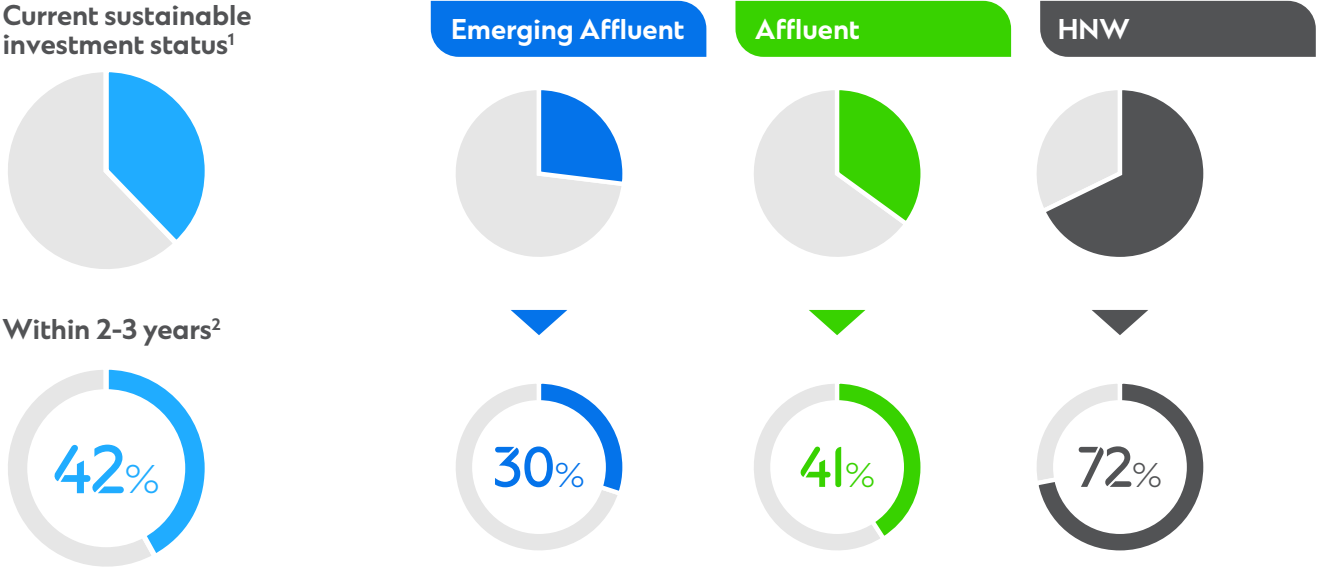
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 38 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 42 per cent in the next two to three years.



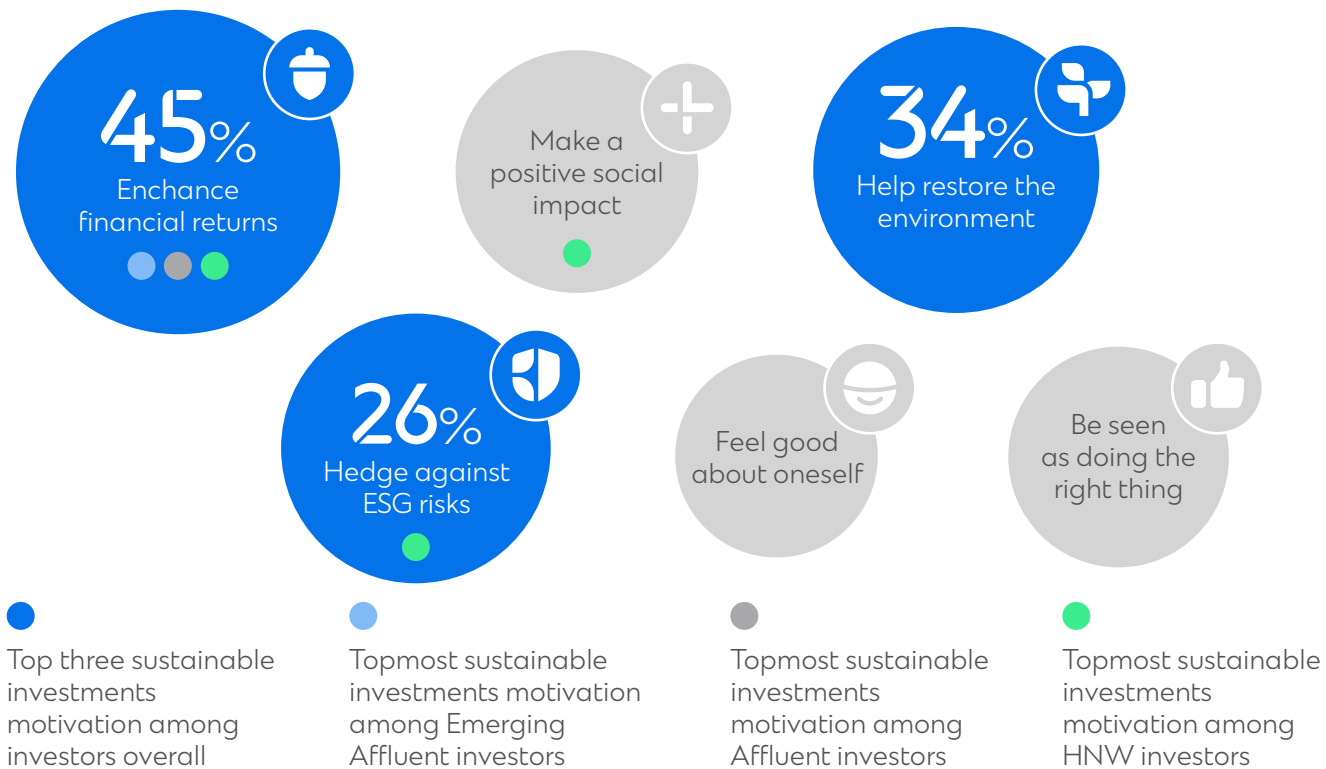
1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.

2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

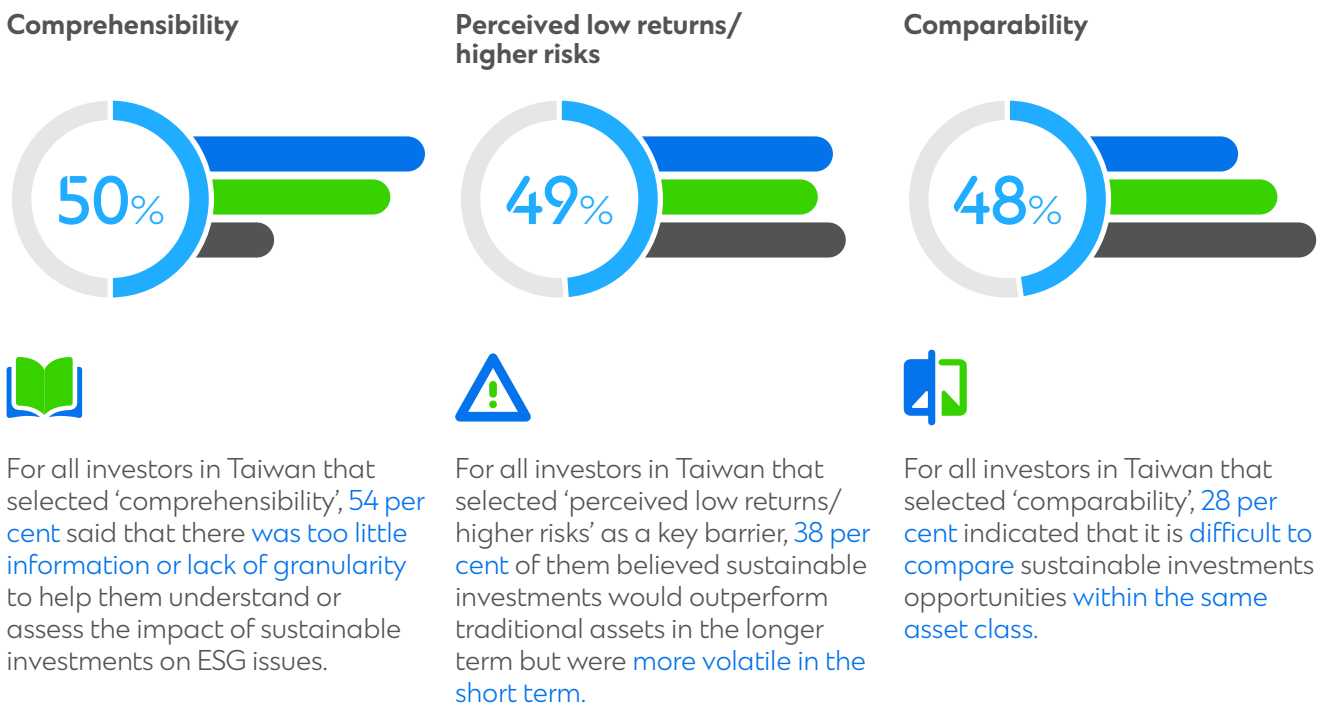


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Taiwan that cited the following as one of their top two motivations for sustainable investments. An equal percentage of HNW investors – 36 per cent – indicated ‘enhance financial returns’, ‘hedge against ESG risks’ and ‘make a positive social impact’ as one of their top two motivations.



Key sustainable investment barriers and reservations across investor segments



South Korea

Interest in sustainability and improvements in the local ESG regulatory environment to pave the way forward

South Korea at a glance



Economy

Nominal GDP:
USD1.8tn (2021)

Real y-o-y GDP growth:
4.0% (2021)



Population size

51.8mn (2020)



Wealth statistics

Net personal wealth:
USD7.8tn (2020)

CAGR:
4.1% (2020-2030F)

USD481 billion of retail sustainable investment potential by 2030

Sustainable investments could bolster efforts to reach net zero and alleviate pollution and poverty

Alongside growing wealth in South Korea, investors are becoming more interested in low-carbon, non-fossil fuel resources and sustainability, presenting an opportunity to channel funds toward sustainable investments. As South Korea has committed to reach net zero by 2050, the market's USD481bn of retail capital potential could be directed toward achieving that goal.

In addition, South Korea has sought to improve its green finance regulatory environment. In January 2021, South Korea's Financial Service Commission announced mandatory ESG disclosures for listed

companies and amendments to the Stewardship Code (2018) to strengthen fiduciary duties related to ESG matters. These reforms could improve transparency and increase relevant data available for investors to make informed decisions.

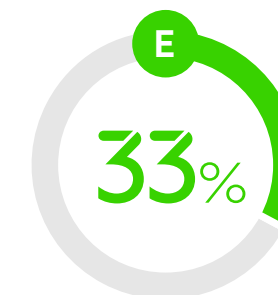
Greater transparency and robustness in ESG reported data could assuage investors of 'greenwashing' concerns and channel further retail capital toward alleviating major domestic issues concerning investors in South Korea, such as pollution and poverty.

As a major creditor and exporter in the Asia-Pacific region, South Korea's domestic ESG developments could have positive spill over effects beyond its borders, potentially inducing greater ESG adherence from the private sector across the region.

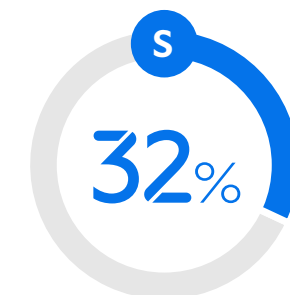
Top ESG priorities¹



Climate change and carbon emissions



Pollution and waste management




Poverty and income inequality

Overview of investors


There is substantial interest from investors in South Korea in sustainable investments. The majority expressed this interest because they want to 'enhance their financial returns', 'help restore the environment', or 'hedge against ESG risks'. That said, investors in South Korea indicated that sustainable investments opportunities are sometimes not made accessible to retail investors. Moreover, they expressed concerns over the financial performance of sustainable investment assets in the short term and the lack of granular information to assess the impact of sustainable investments on ESG issues. When it comes to behaviour, most investors in South Korea tend to be influenced by data or convenience when they make decisions.

1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.


Top behavioural traits

 **33%**
Prioritise convenience

Emerging Affluent

27%



Affluent


38%


HNW

33%


 **32%**
Data-driven decision-making

17%














40%


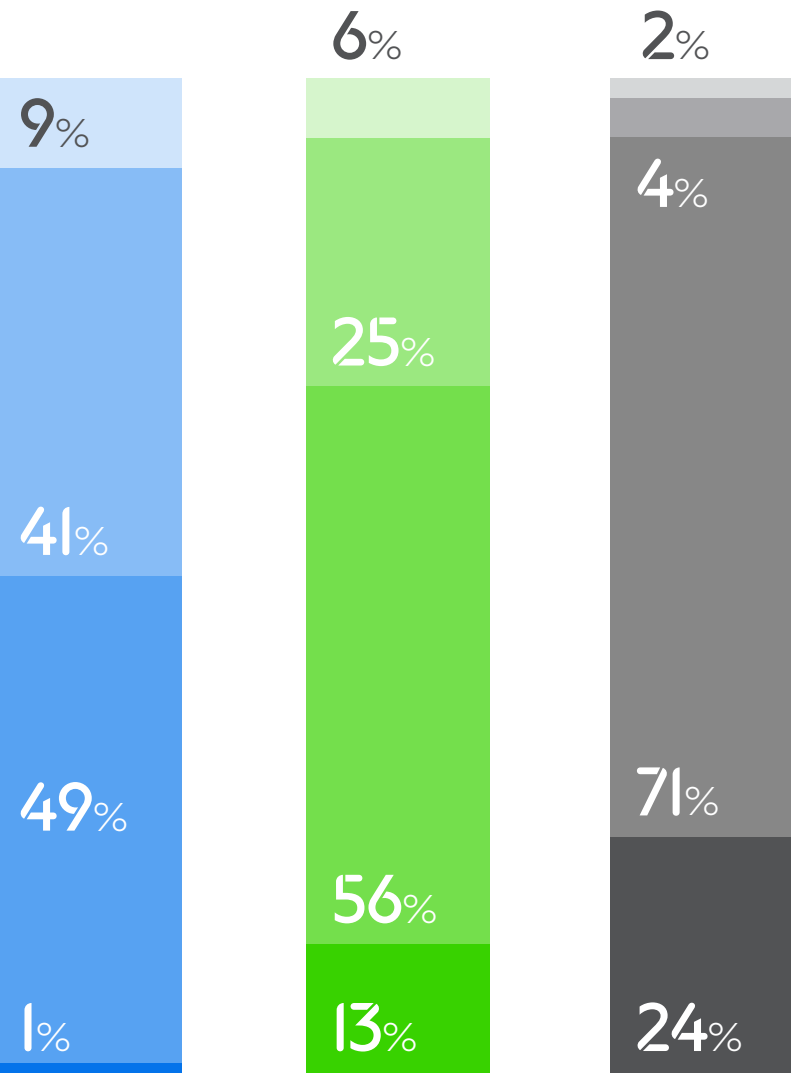
39%


Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:

Scale

-    Very interested
-    Interested
-    Moderate
-    Low



Status and objectives

Currently, 26 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 36 per cent in the next two to three years.

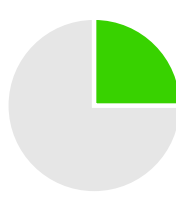
Current sustainable investment status¹



Emerging Affluent

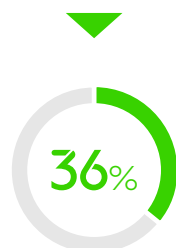
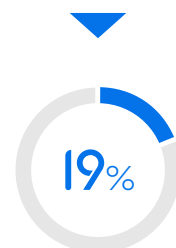
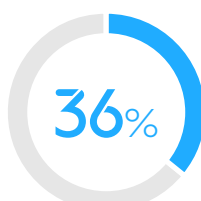


Affluent



HNW

Within 2-3 years²



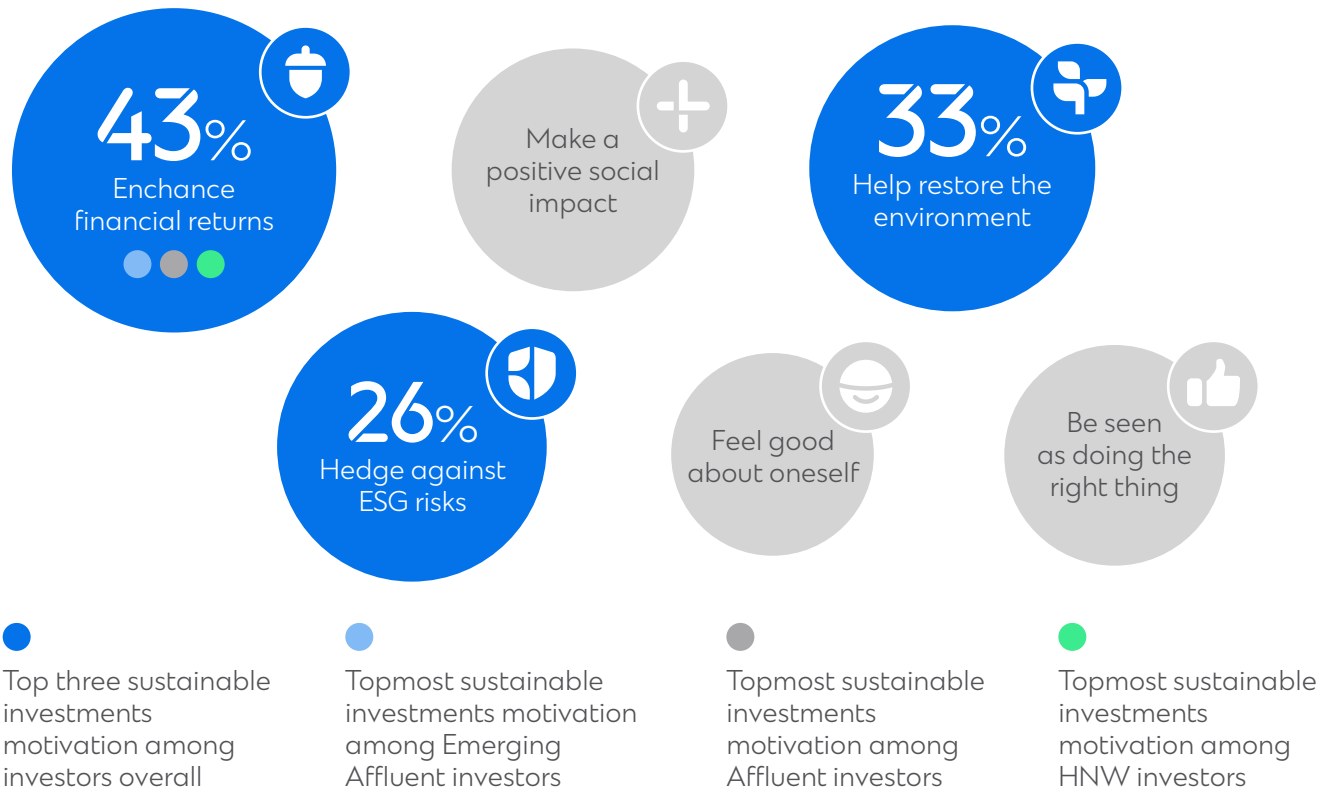
1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.

2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

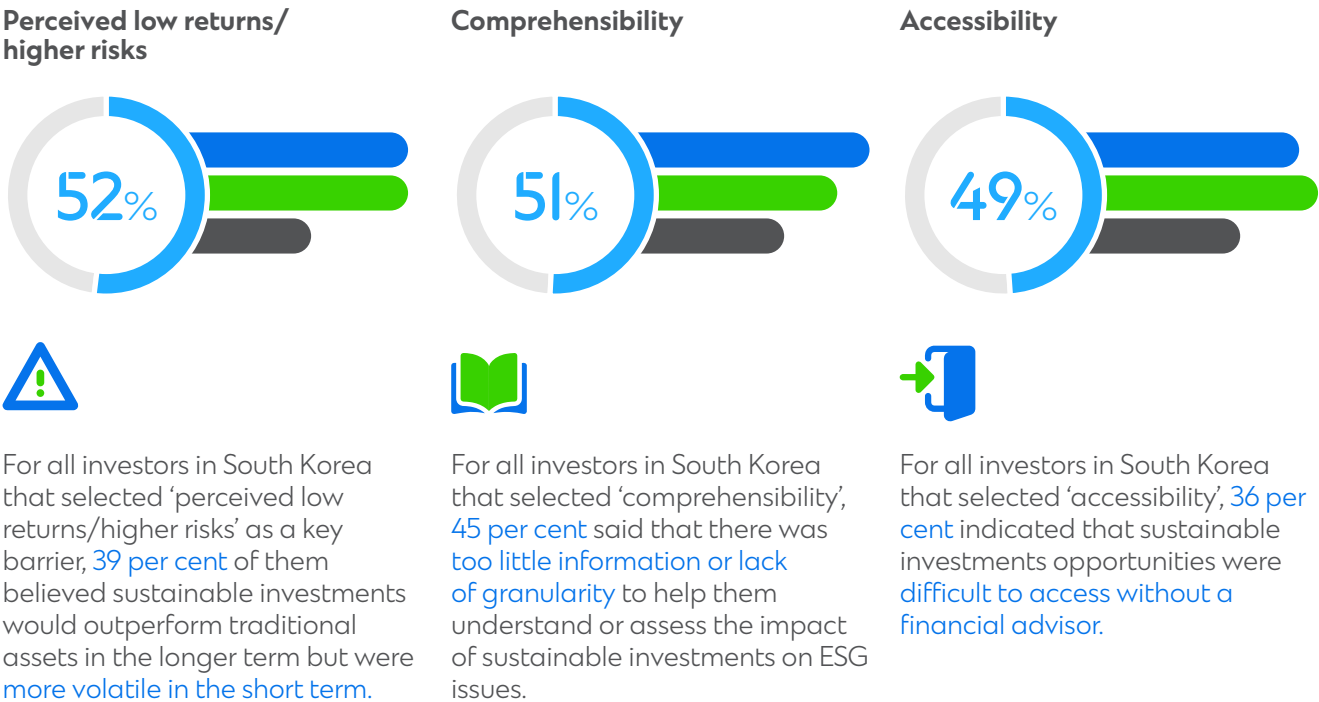


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in South Korea that cited the following as one of their top two motivations for sustainable investments.



Key sustainable investment barriers and reservations across investor segments



Singapore

Government support and vibrant financial market to position Singapore as a regional green finance hub



Financial Hubs

Singapore at a glance



Economy

Nominal GDP:
USD393.2bn (2021)

Real y-o-y GDP growth:
7.6% (2021)



Population size

5.7mn (2020)



Wealth statistics

Net personal wealth:
USD1.3tn (2020)

CAGR:
5.7% (2010-2020F)

USD91 billion of retail sustainable investment potential by 2030

Sustainable investments could accelerate net zero, as well as counter food and water scarcity and pollution

In 2021, Singapore launched its Green Plan 2030, a nationwide movement charting the city-state's targets to reach net zero by or around mid-century. The plan seeks to position Singapore as a leading centre for green finance in Asia and globally. The government announced that it would issue up to SGD35bn (~USD25bn) in green bonds by 2030, serving as a reference for the corporate green bond market.

Singapore's reputation as a smart city and growing domestic wealth present an opportunity to leverage technology to spur sustainable investments. The market's Green Finance Action Plan¹ aims to use technology to address challenges in the green finance space and encourage more private sector participation. MAS is partnering with

the industry to pilot Project Greenprint² Platforms, which aggregate ESG data that investors can easily access via a common disclosure portal. The Monetary Authority of Singapore (MAS) is also collaborating with universities to establish Centres of Excellence oriented toward Asia-focused green finance research to bolster the sustainable investments ecosystem. The Singapore Green Finance Centre – an initiative supported by Standard Chartered – is a notable example.

With a well-developed financial market infrastructure and government support, not only can Singapore tap on its USD91bn of retail capital potential to accelerate its transition to net zero, it could also counter market-specific issues, such as food and water scarcity and pollution.

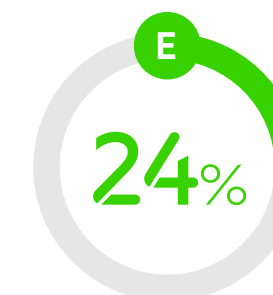
Top ESG priorities¹



Climate change and carbon emissions



Food and water scarcity



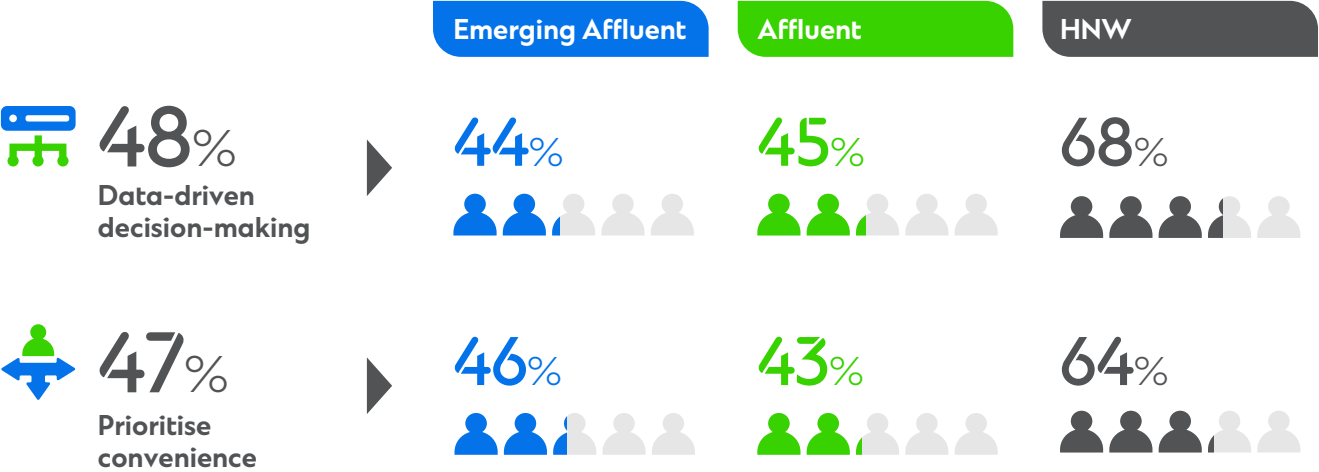
Pollution and waste management

Overview of investors

The majority of investors in Singapore demonstrate an interest in sustainable investments, but the degree of adoption across investor segments vary. Investors' primary motivation for investing in sustainable investments is to 'enhance financial returns'. Others wanted to 'help restore the environment' or 'create a positive impact'. Behaviourally, most investors made their decisions based on data and convenience. Problems that investors in Singapore faced toward sustainable investments as perceived lower returns on sustainable investment assets as compared to traditional ones. Others included difficulty in comparing sustainable investments opportunities due to a lack of historical data or overly complex information.

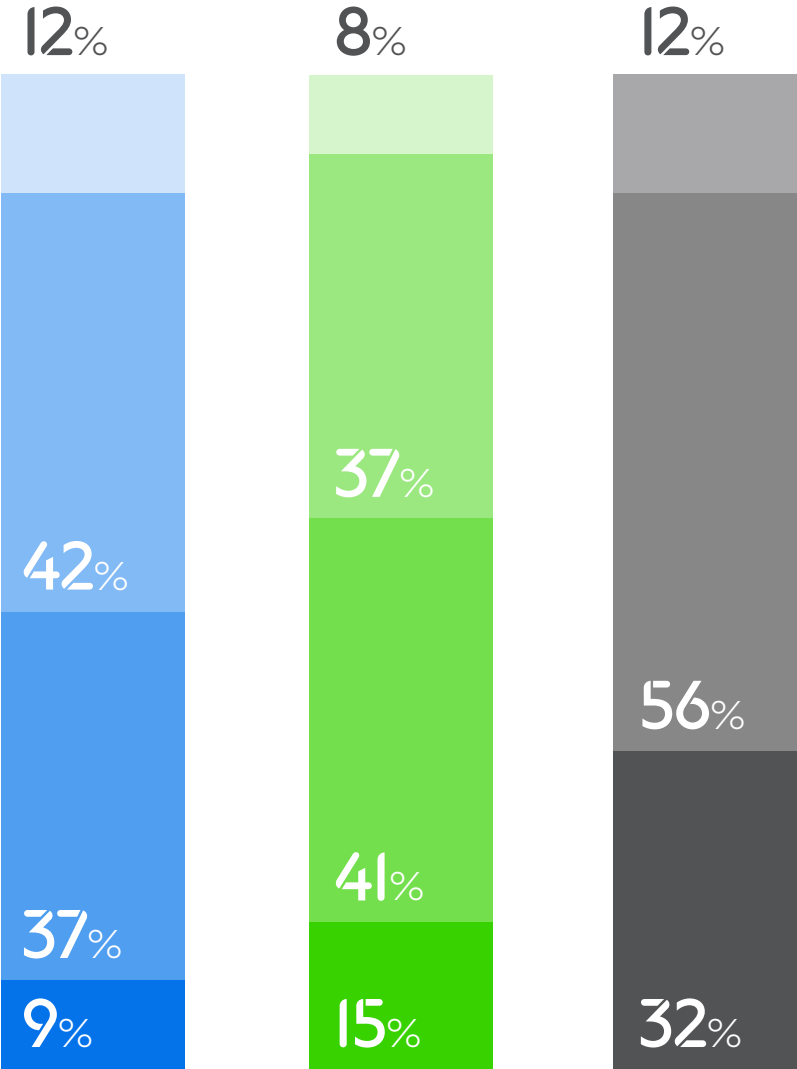
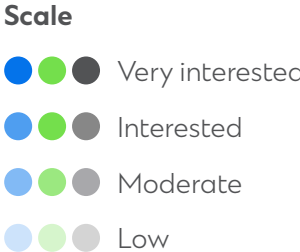
1. For more information on the Green Finance Action Plan, see [here](#).
2. For more information on Project Greenprint, see [here](#).
3. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits



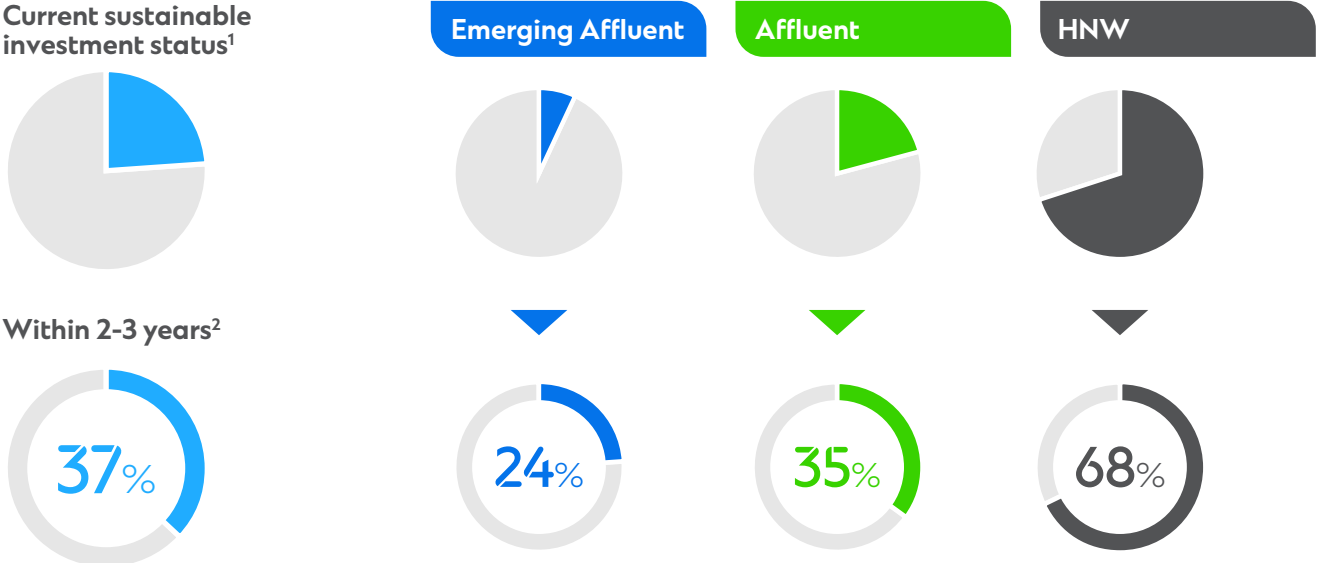
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 24 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 37 per cent in the next two to three years.

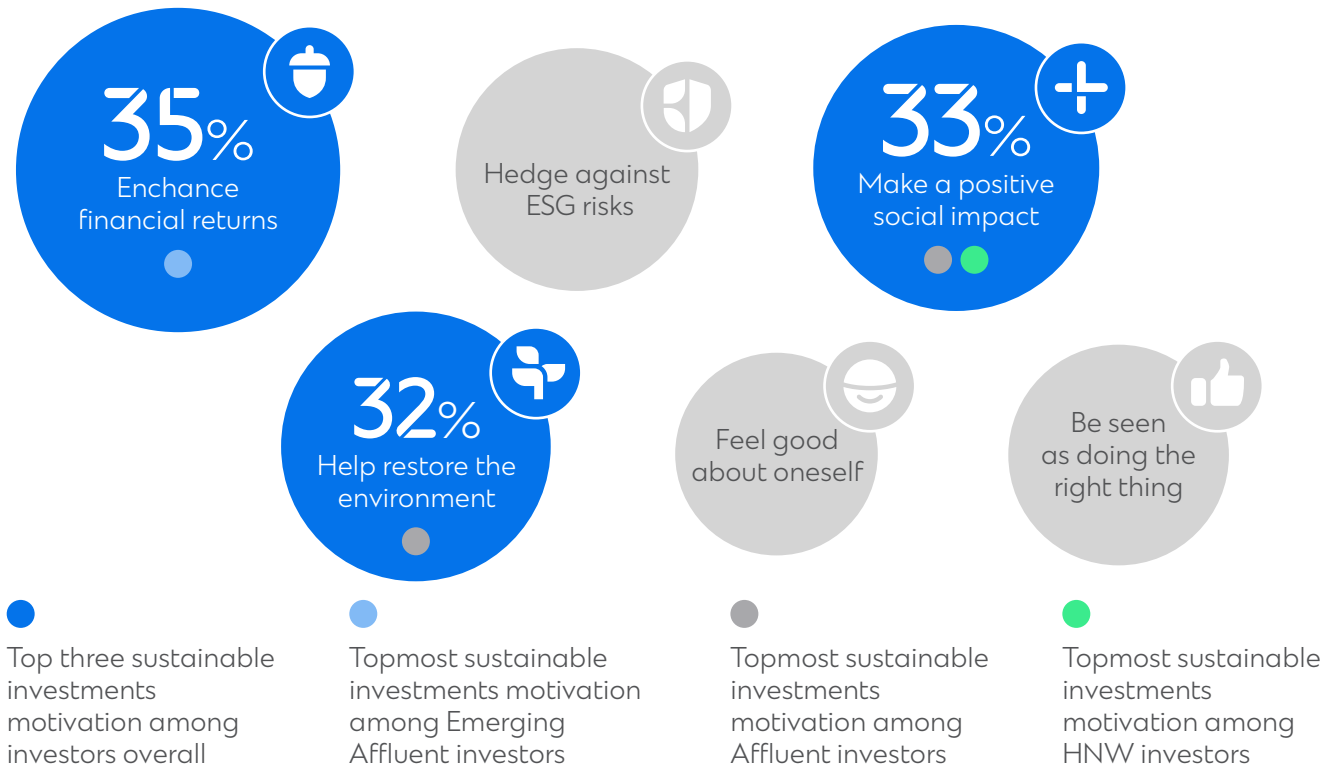


1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.
2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

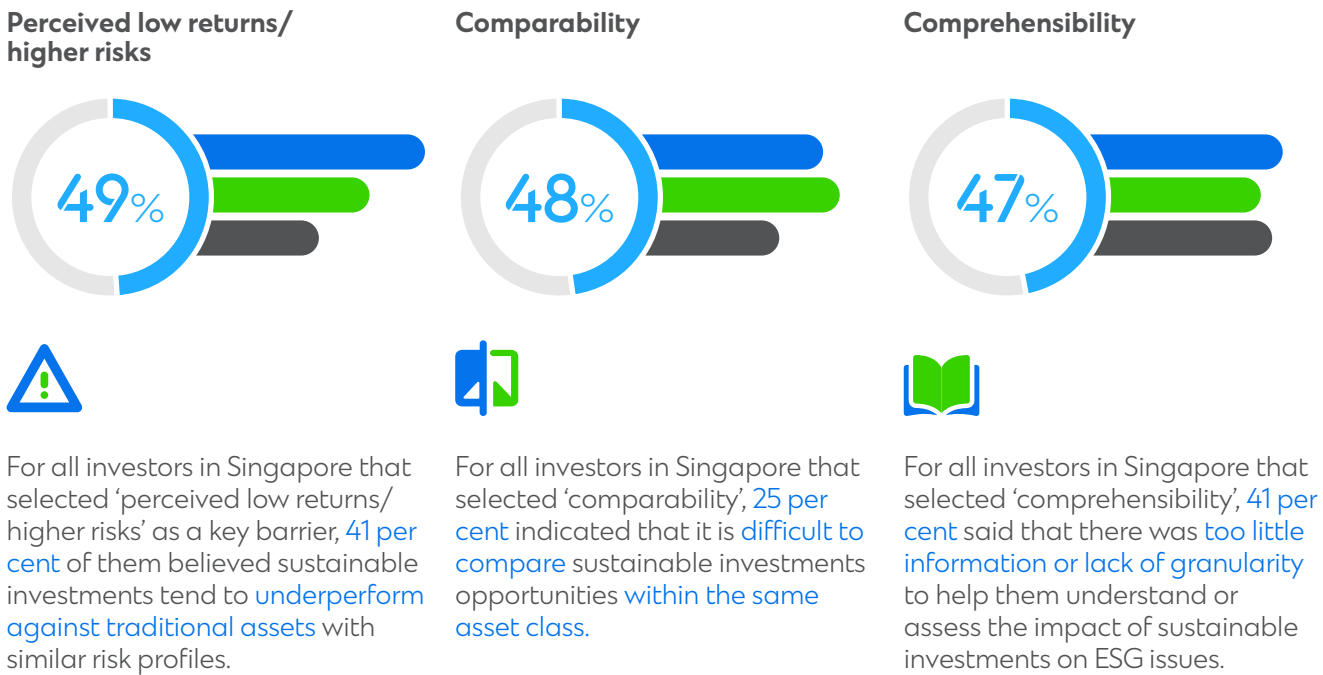


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Singapore that cited the following as one of their top two motivations for sustainable investments. An equal percentage of Affluent investors – 33 per cent – indicated ‘help restore the environment’ and ‘make a positive social impact’ as one of their top two motivations.



Key sustainable investment barriers and reservations across investor segments



Malaysia

Nexus between Shariah-compliant investments and ESG principles to spur further sustainable investments growth

Malaysia at a glance



Economy

Nominal GDP:
USD358.1bn (2021)

Real y-o-y GDP growth:
3.1% (2021)



Population size

32.4mn (2020)



Wealth statistics

Net personal wealth:
USD4bn (2020)

CAGR:
6.7% (2020-2030f)

USD35 billion of retail sustainable investment potential by 2030

Sustainable investments could support emissions reduction, as well as combat pollution and corruption

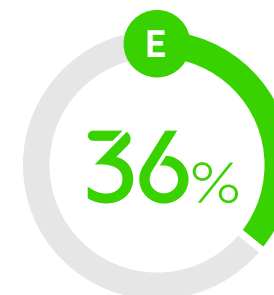
Wealth in Malaysia is growing. The country remains one of the largest, most established Islamic capital markets in the world and continues to lead the sukuk¹ market. Interest in ESG funds is also on the rise. The Securities Commission of Malaysia (SC) has been supportive of sustainable investments and has already implemented several initiatives to encourage this.

In 2014, the SC introduced the Sustainable and Responsible Investment (SRI) Sukuk Framework to develop an ecosystem that would support sustainable investments among investors and integrate Shariah investment principles with those of sustainable investments. In 2017, power generating company Tadau Energy Sdn Bhd issued the world's first green sukuk under the SRI framework. Similarly, the Khazanah Nasional

Berhad – Malaysia's sovereign wealth fund – also issued the second tranche of its social impact sukuk with a retail offering, encouraging greater individual participation in sustainable investments. More recently, the SC expanded its SRI Sukuk and Bond Grant Scheme in 2021 to encourage more corporate issuers to finance green, social and sustainability projects.

The synergies between Shariah-compliant investing and sustainable investments present an opportunity to channel private capital toward sustainable investments. Given the prominence of Malaysia's Islamic capital market, private capital mobilisation could support the country in achieving its goal of carbon neutrality as early as 2050. It could also help address concerns surrounding pollution and corruption.

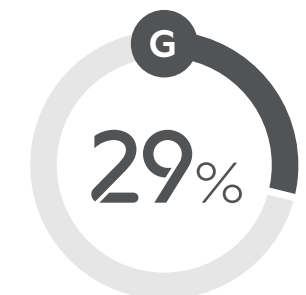
Top ESG priorities¹



Climate change and carbon emissions



Pollution and waste management




Bribery and corruption

Overview of investors


Generally, investors in Malaysia are interested in sustainable investments. They are motivated mainly because they want to 'help restore the environment' and 'hedge against ESG risks'. Broadly speaking, investors in Malaysia tend to make their decisions based on data and convenience. Despite confidence in the longer-term financial performance of sustainable investment assets, investors are cautious about their short-term volatility in terms of financial performance and risk. Investors also indicated some difficulty in accessing sustainable investments only through technological platforms and not being able to compare sustainable investments opportunities within the same asset class.

1. A sukuk is an Islamic financial certificate, similar to a bond in Western finance, that complies with Islamic religious law commonly known as Sharia.
2. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits


64%
 Prioritise convenience

Emerging Affluent

68%


Affluent


63%



HNW


56%



57%
 Data-driven decision-making













63%


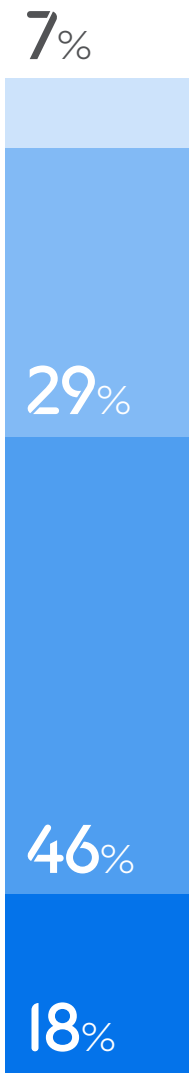
55%


50%


Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:

Scale
   Very interested
   Interested
   Moderate
   Low



Status and objectives

Currently, 22 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 38 per cent in the next two to three years.

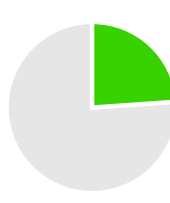
Current sustainable investment status¹



Emerging Affluent



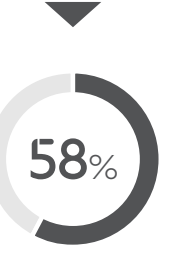
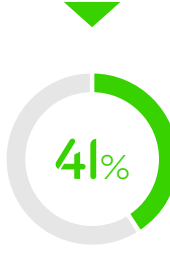
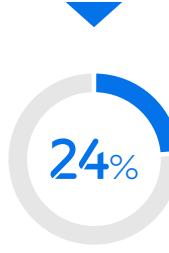
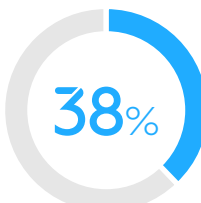
Affluent



HNW



Within 2-3 years²



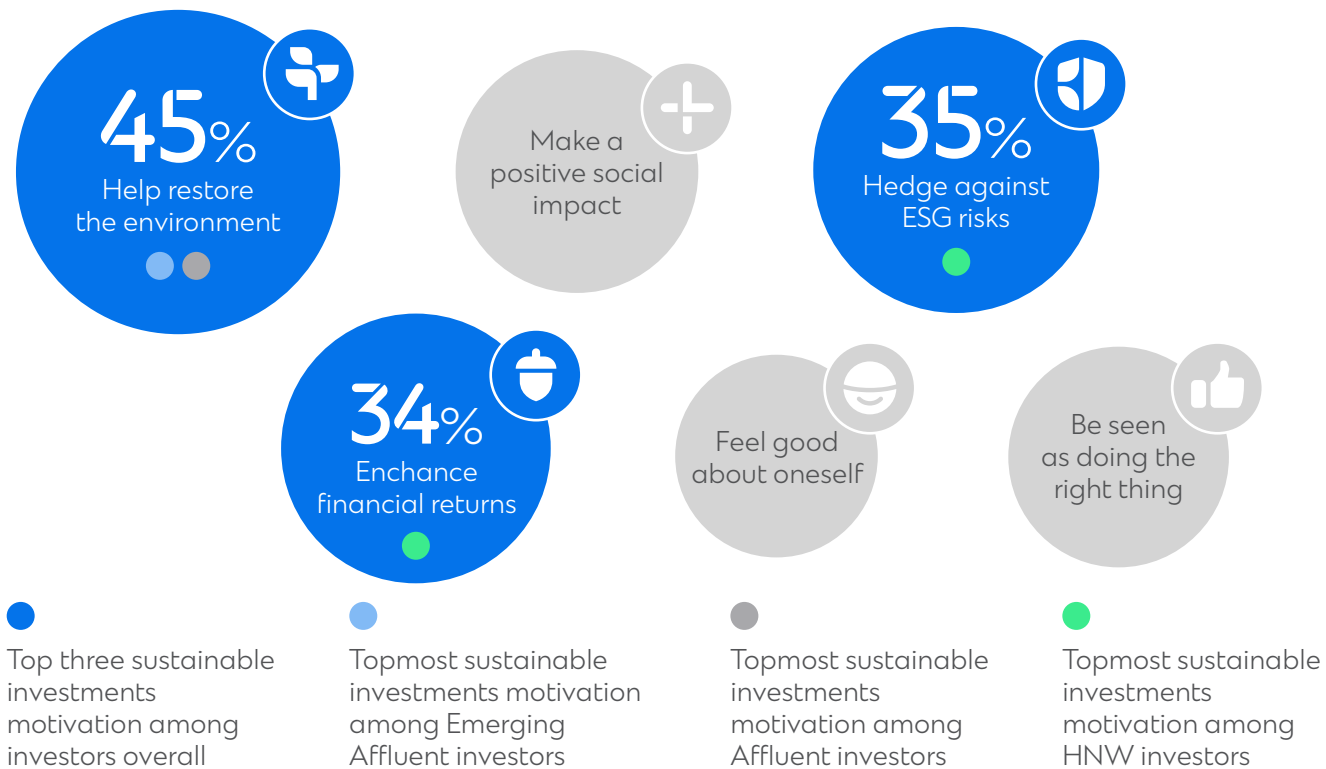
1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.

2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

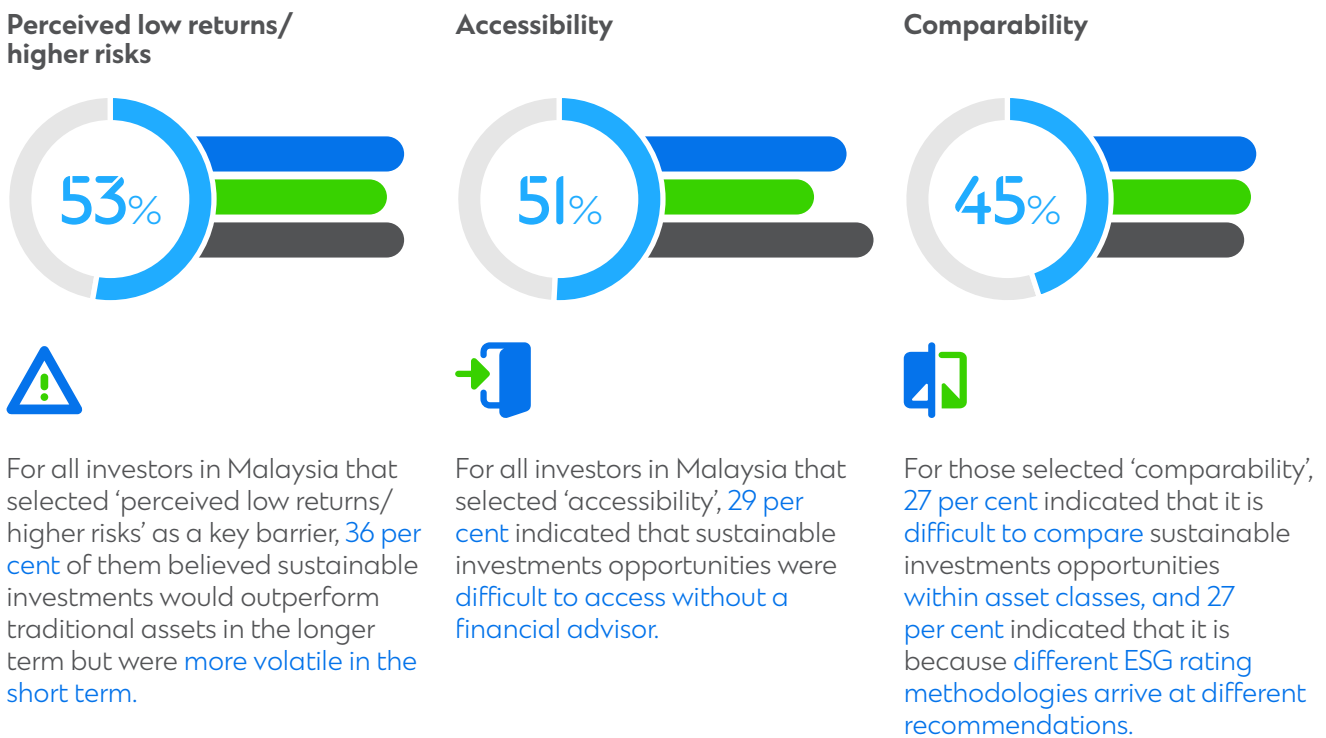


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Malaysia that cited the following as one of their top two motivations for sustainable investments. An equal percentage of HNW investors – 46 per cent – indicated ‘enhance financial returns’ and ‘hedge against ESG risks’ as one of their top two motivations.




Key sustainable investment barriers and reservations across investor segments



India

Growing wealth, retail participation and demand for sustainable investment products to stimulate growth

India at a glance

 Economy Nominal GDP: USD3.2tn (2021) Real y-o-y GDP growth: 8.9% (2021)	 Population size 1.4bn (2020)	 Wealth statistics Net personal wealth: USD10.1tn (2020) CAGR: 11.1% (2020-2030f)
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USD1 trillion of retail sustainable investment potential by 2030

Sustainable investments could facilitate net zero transition, while also tackling pollution and poverty

In India, gross financial savings and assets under management (AUM) have been on an upward trend. As India’s wealth and interest in sustainability continues to grow, there is an opportunity to leverage investors’ concerns about climate change and carbon emissions to channel this wealth toward sustainable investments and finance India’s transition toward its 2070 net-zero target.

Recently, India’s capital market has seen two important emerging trends – an increase in retail participation and demand for sustainable investments products. Since India launched its first ESG fund in 2018, there are now multiple mutual fund schemes with an ESG focus. This accounts for only for a small percentage of total AUM in India, which leaves significant room for sustainable investments to grow.

To encourage greater private capital participation in the ESG market, India has taken steps to improve transparency and regulate the ESG rating process. In 2021, the country introduced the Business Responsibility and Sustainability Report (BRSR) framework detailing mandatory ESG disclosures for the top 1,000 listed companies in India.

A better regulated ESG market, coupled with a growing pool of retail investors could see India’s USD1tn of potential retail capital directed toward addressing market-specific ESG issues, such as pollution and waste management, as well as poverty and income inequality.



Heavy hitters

Top ESG priorities¹

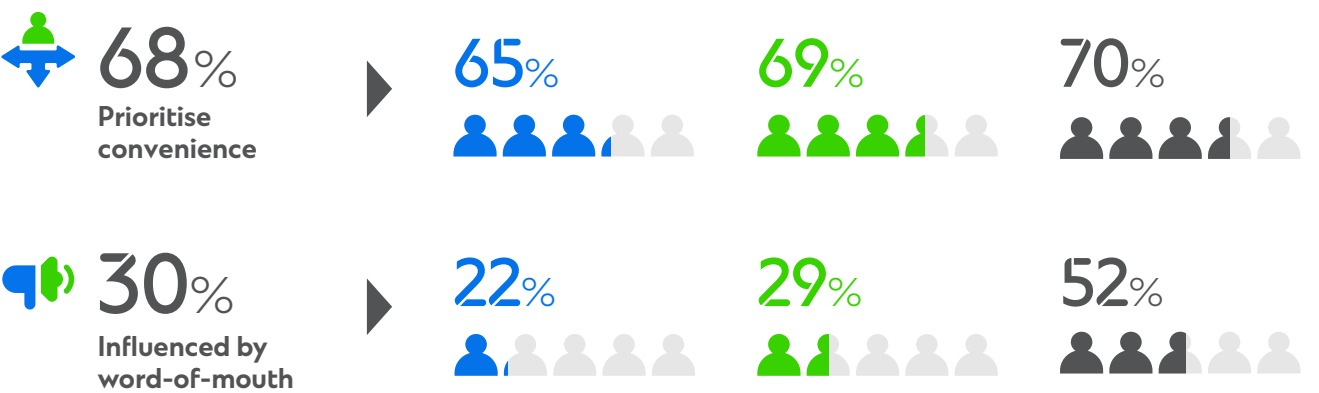


Overview of investors

Investors in India have a high degree of interest in sustainable investments. Most are keen because they want to ‘help restore the environment’ or ‘hedge against ESG risks’. Behaviourally, most investors prioritise convenience and tend to be influenced by word-of-mouth. When it comes to barriers toward sustainable investments, investors in India highlighted that certain sustainable investments opportunities were not available to retail investors. Moreover, the lack of information or granularity made it difficult to assess the impact of sustainable investments. Furthermore, some investors found it difficult to access sustainable investments opportunities without a financial advisor or due to residency restrictions.

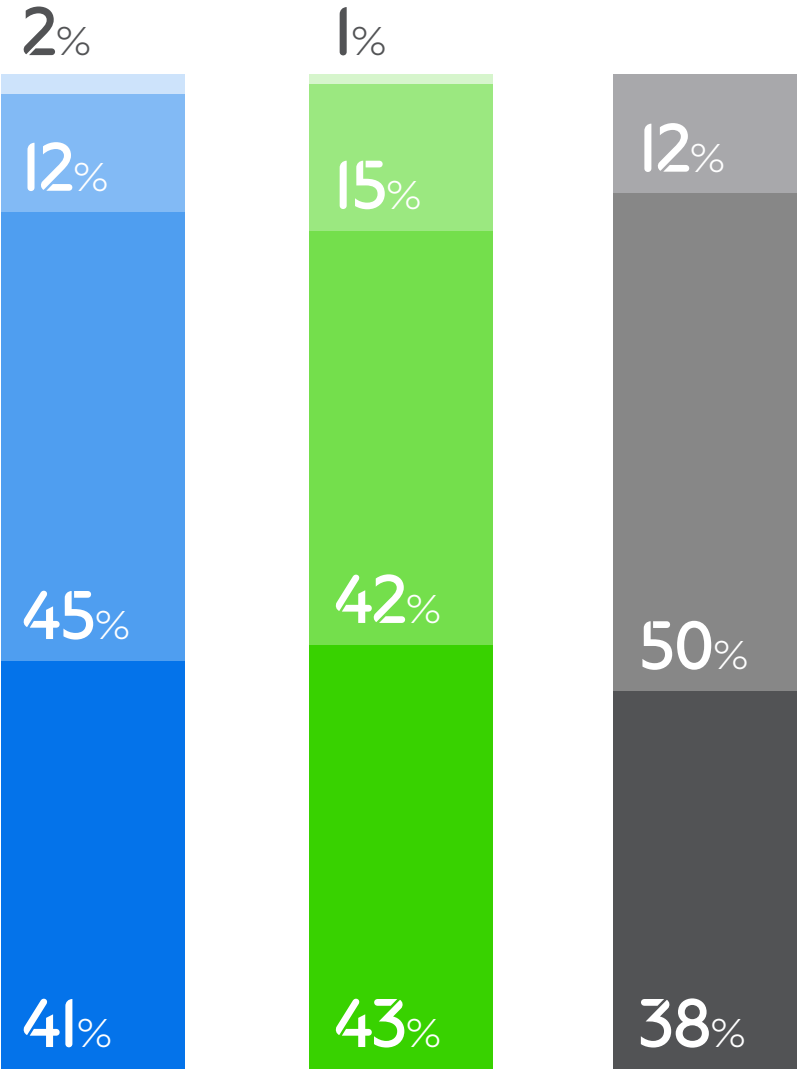
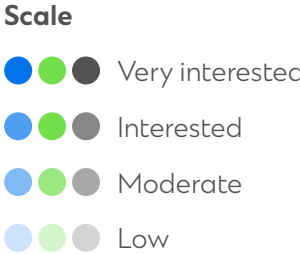
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits



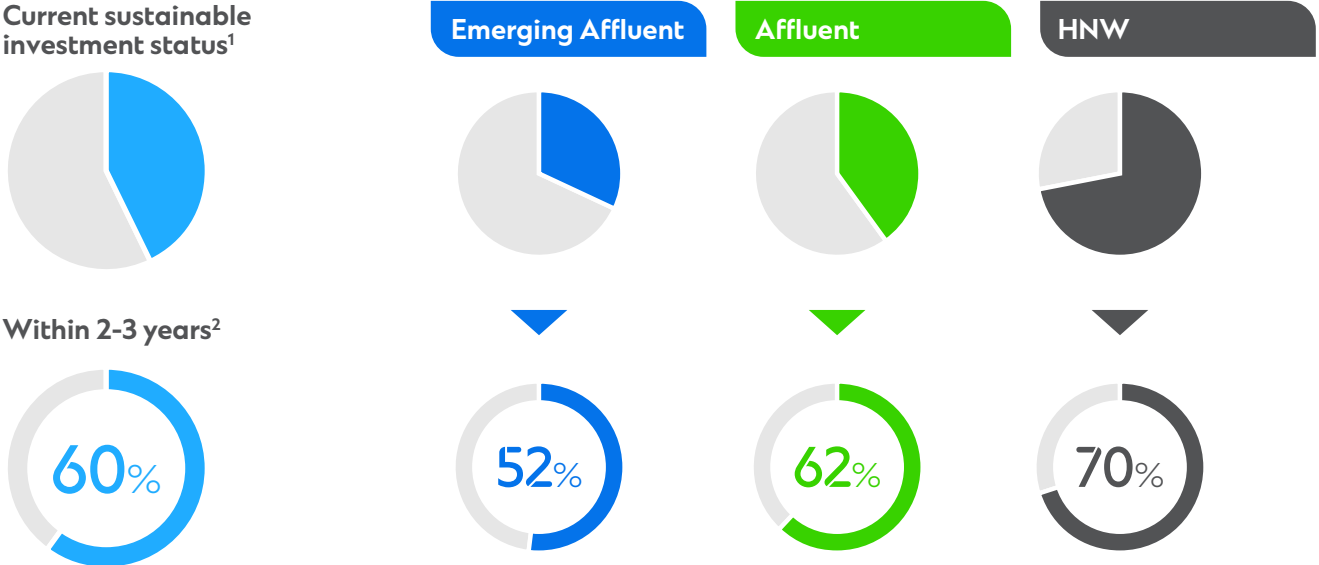
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 43 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 60 per cent in the next two to three years.

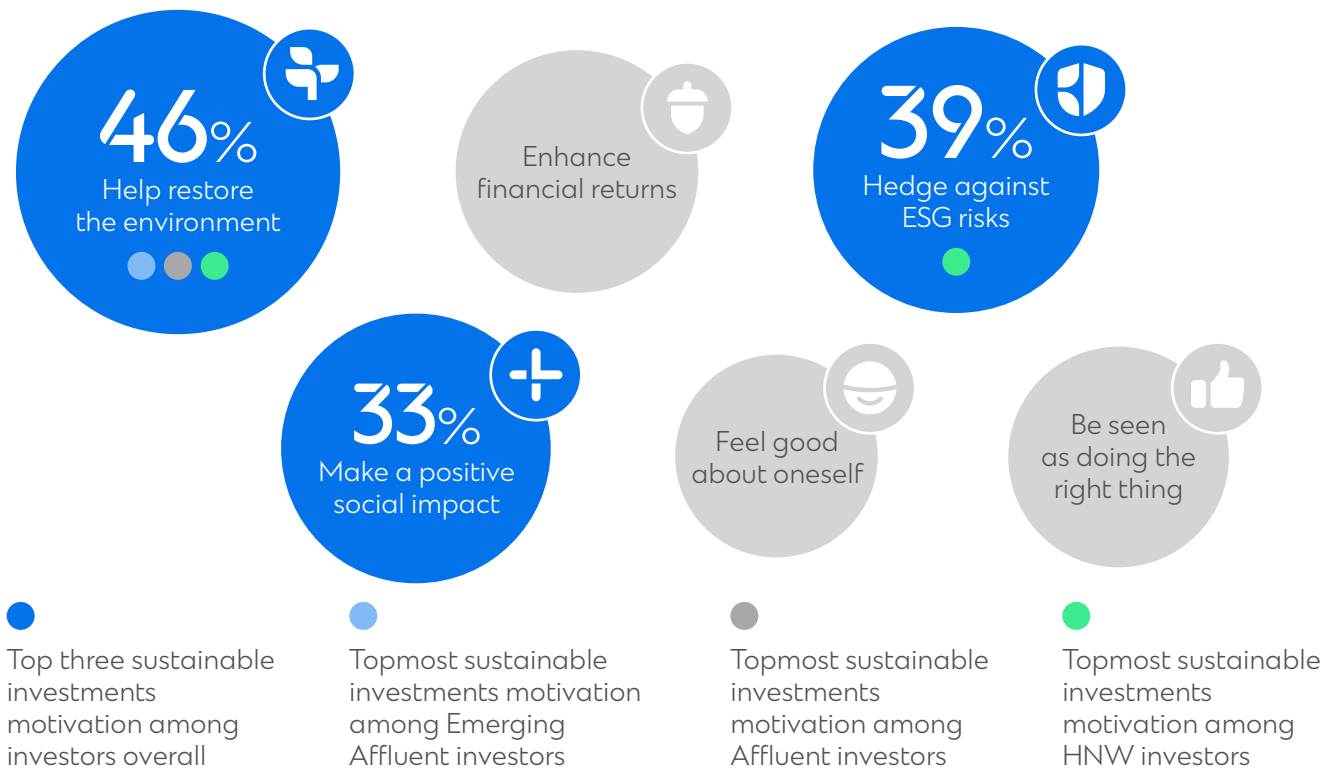


1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.
2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

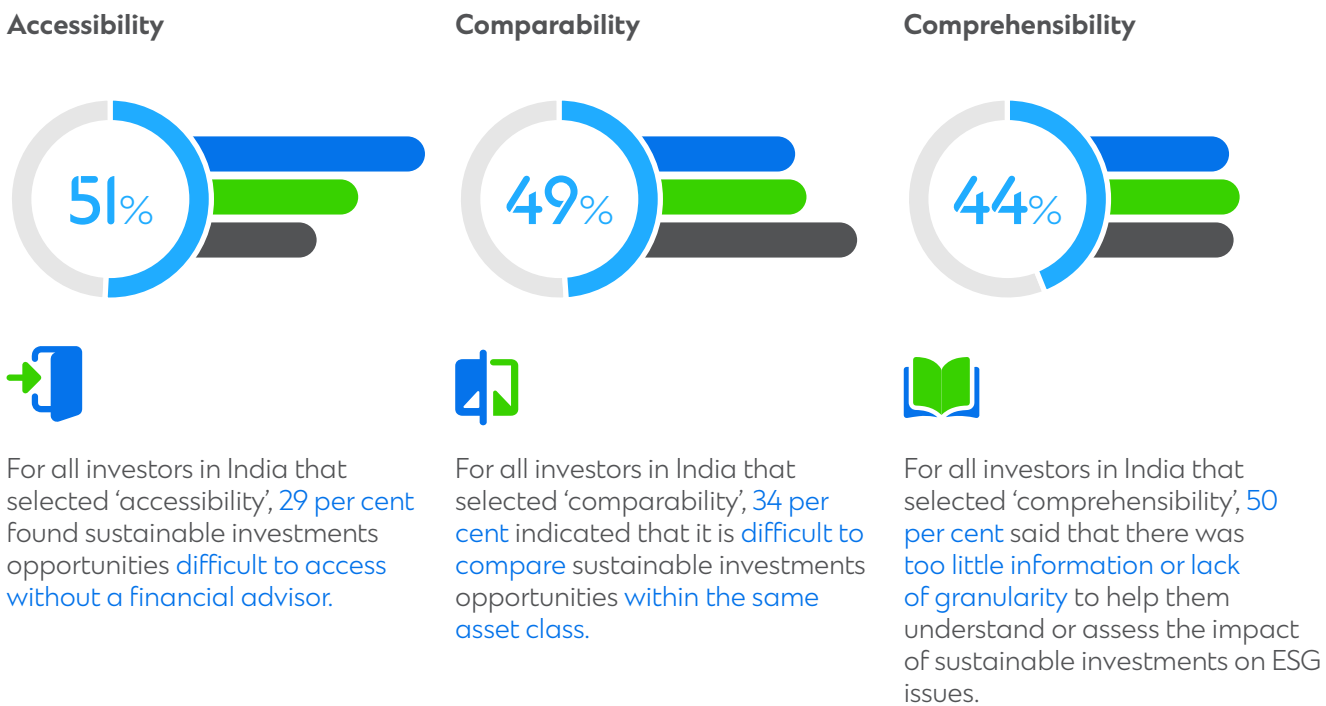


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in India that cited the following as one of their top two motivations for sustainable investments. An equal percentage of HNW investors – 36 per cent – indicated to ‘help restore the environment’, and ‘hedge against ESG risks’ as one of their top two motivations.



Key sustainable investment barriers and reservations across investor segments



United Arab Emirates



Financial Hubs

Growing social consciousness and strong financial market infrastructure to position UAE as regional hub

UAE at a glance



Economy

Nominal GDP:
USD402.9bn (2021)

Real y-o-y GDP growth:
2.3% (2021)



Population size

9.9mn (2020)



Wealth statistics

Net personal wealth:
USD1.4tn (2020)

CAGR:
6% (2020-2030f)

USD101 billion of retail sustainable investment potential by 2030

Sustainable investments could aid net zero transition and target pollution and food and water scarcity

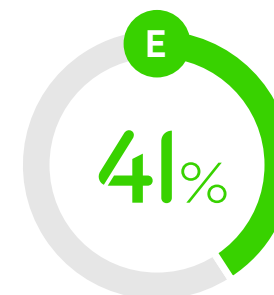
Home to Middle East and North Africa's (MENA) top two financial hubs, Dubai and Abu Dhabi, UAE has an established financial market infrastructure that lays a strong foundation upon which sustainable investing can prosper. The country's Islamic background requires investments to be Shariah-compliant, which is aligned with sustainable investing principles and supported by robust governance structures – could be leveraged to boost investor confidence in sustainable investment assets.

In 2021, UAE pledged to reach net zero by 2050. It launched UAE Sustainable Finance Framework, which enhances ESG reporting and regulations, encourages sustainable investment product development, and promotes sustainability innovation through industry-academia

knowledge-sharing, to establish a financial sector conducive for mobilising private capital toward sustainable investments. If mobilised, UAE's USD101bn of retail capital potential could facilitate the market's transition to net zero.

Recent social, cultural and economic liberalisation efforts have drawn wealthy foreigners to UAE. The country is expected to see a net influx of 4,000 HNW individuals in 2022, the highest globally. UAE's wealthy and continuously-growing investor base provides ample capital that could be channelled toward sustainable investments opportunities and drive sustainability innovation. Additionally, this sustainable investments capital could also target market-specific issues in UAE, such as pollution, and food and water scarcity.

Top ESG priorities¹



Climate change and carbon emissions



Pollution and waste management



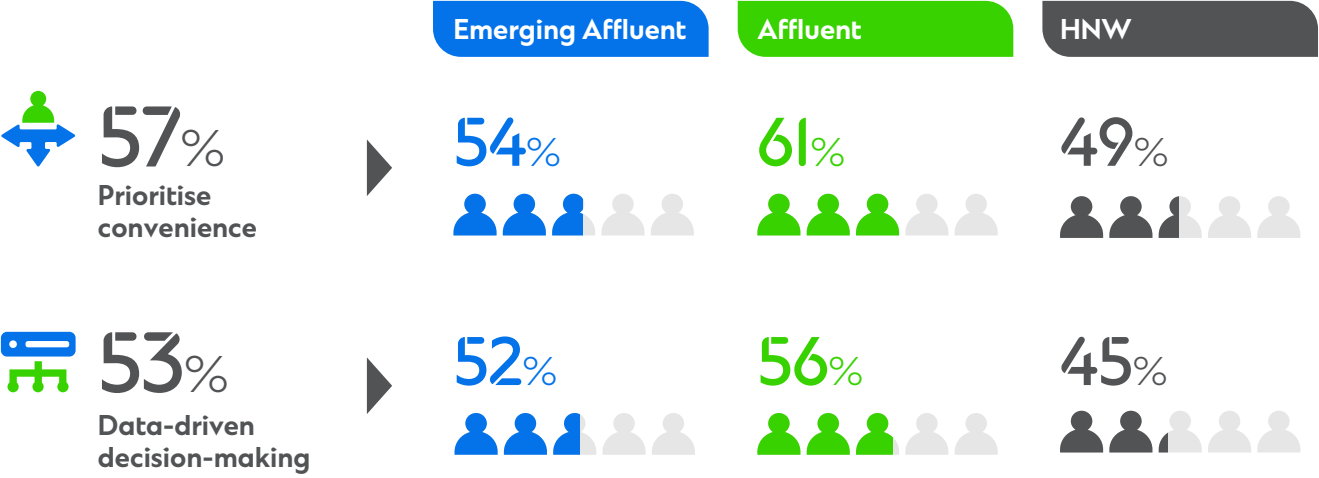
Food and water scarcity

Overview of investors

Investors in UAE demonstrated substantial interest in sustainable investments. Most were motivated to invest in sustainable investments because they want to 'help restore the environment' or 'create a positive impact'. Investors' behaviour was primarily driven by data and convenience. Generally, investors found that the top two barriers toward sustainable investments were the lack of information to assess the impact of sustainable investments on ESG issues, alongside the difficulty in comparing sustainable investments opportunities across asset classes. Most were also apprehensive about the financial performance of sustainable investments products in the short term.

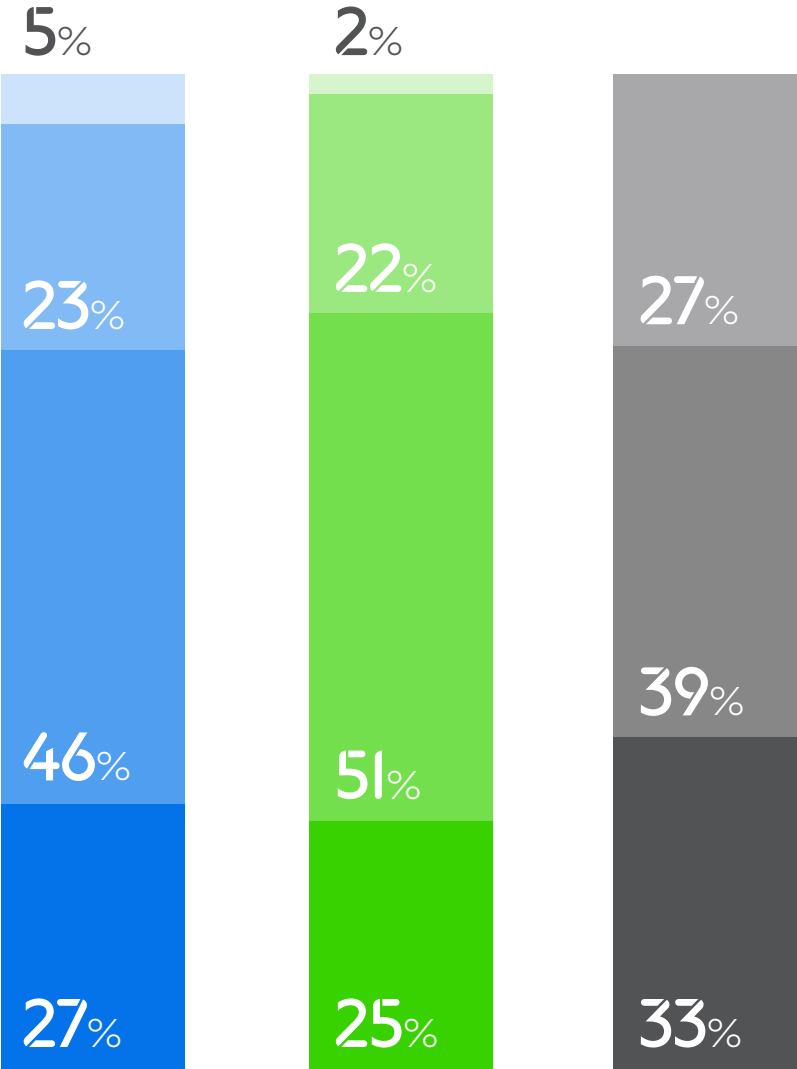
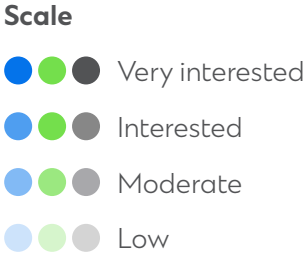
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.

Top behavioural traits



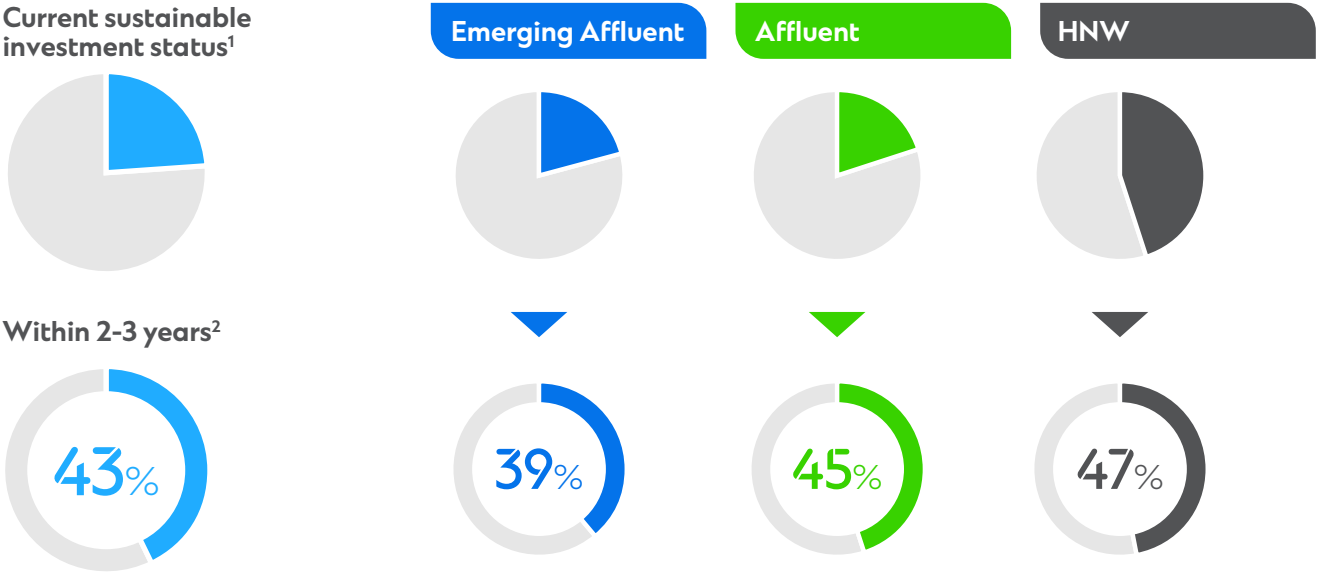
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 24 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 43 per cent in the next two to three years.

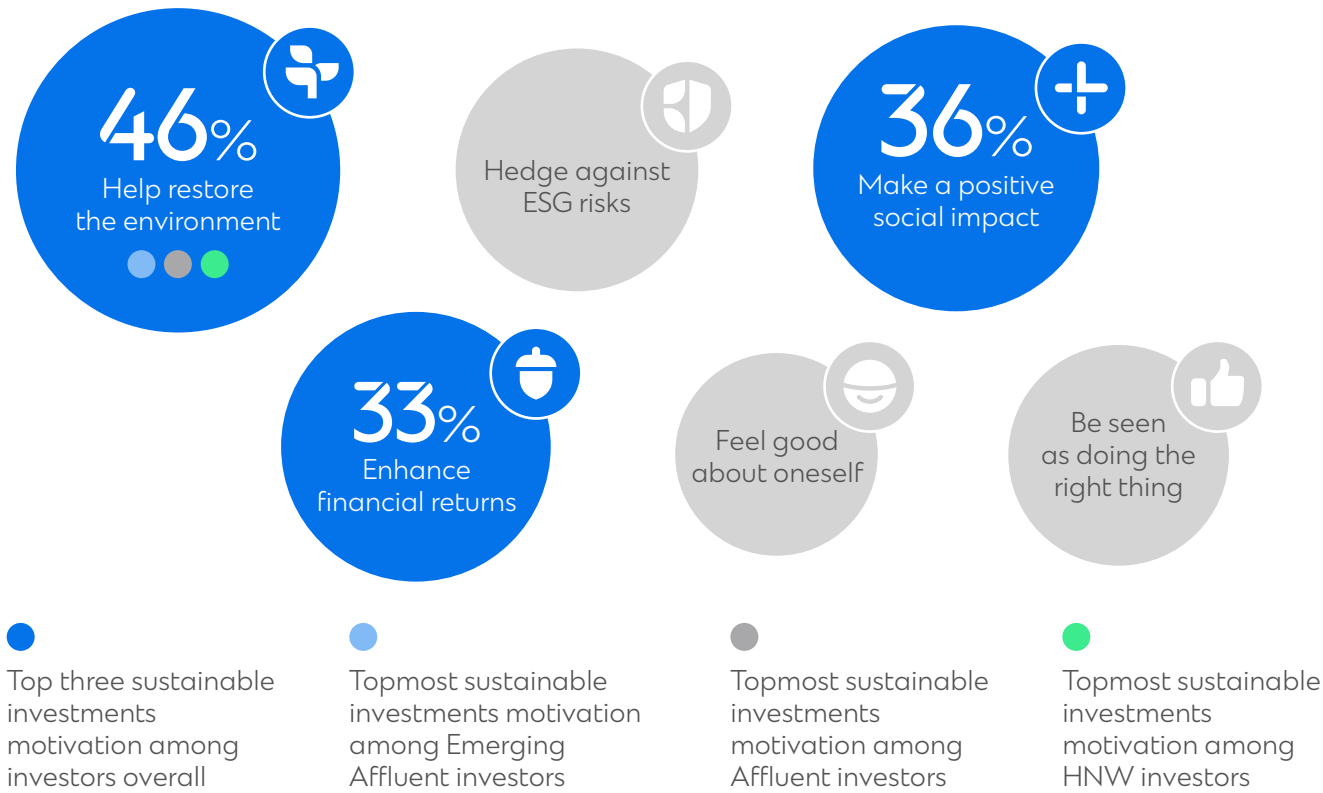


1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.
2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

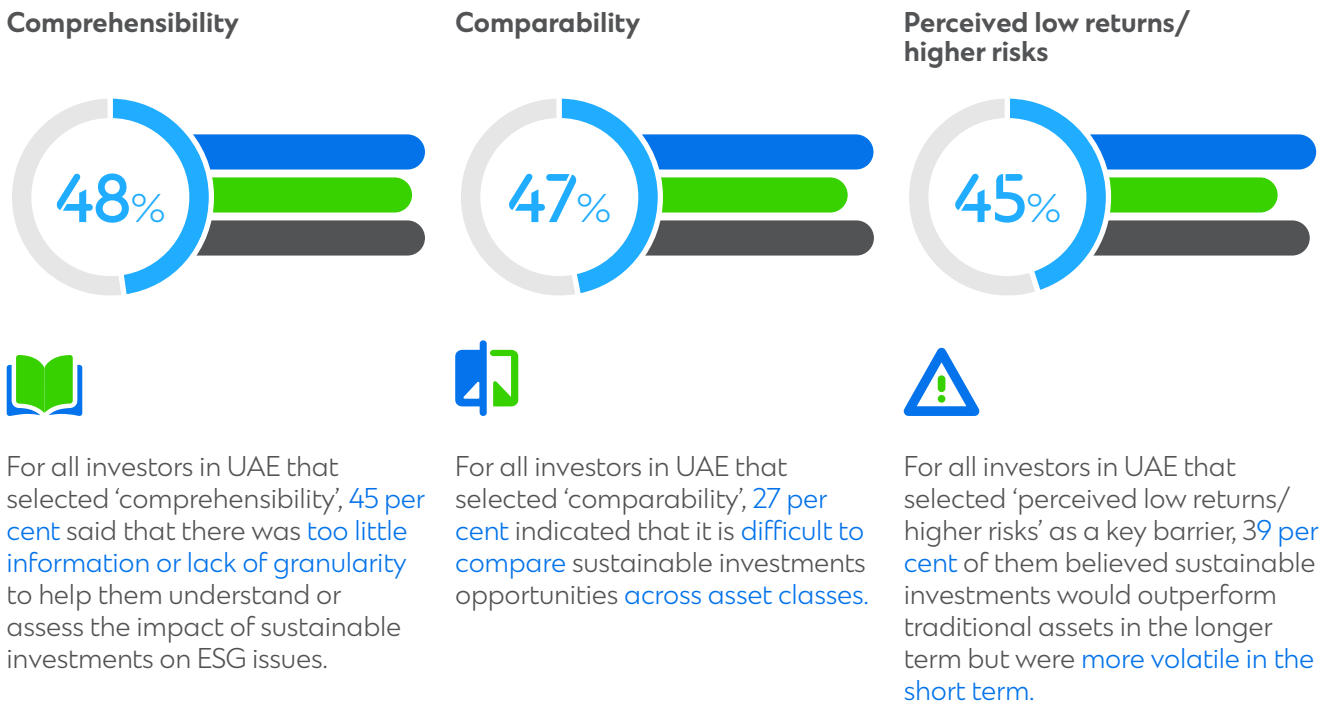


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in UAE that cited the following as one of their top two motivations for sustainable investments.






Key sustainable investment barriers and reservations across investor segments



Nigeria

Growing interest in sustainability and a developing capital market to stimulate greater retail participation in sustainable investments

Nigeria at a glance

 Economy Nominal GDP: USD459.7bn (2021) Real y-o-y GDP growth: 3.6% (2021)	 Population size 206.1mn (2020)	 Wealth statistics Net personal wealth: USD1.3tn (2020) CAGR: 13.9% (2020-2030F)
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USD198 billion of retail sustainable investment potential by 2030

Sustainable investments could support renewable energy and human rights, and combat food scarcity and poverty

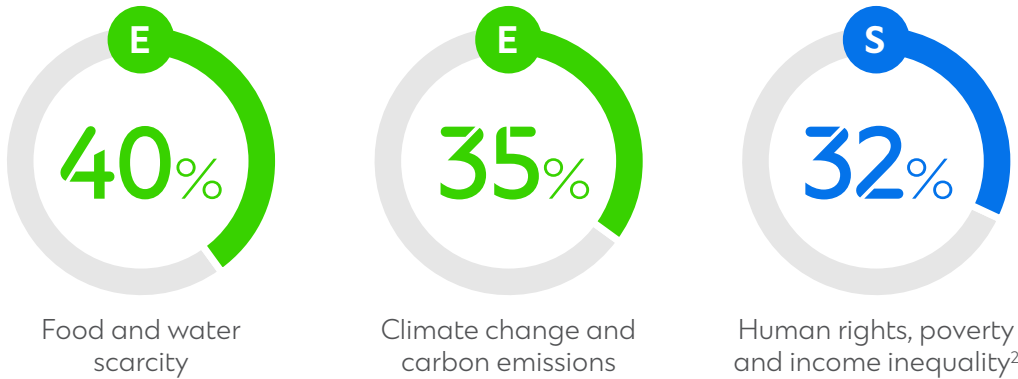
Home to over 200 million people, Nigeria is Africa’s largest economy. It rebounded quickly from the pandemic according to the Financial Ministry’s estimate. As a key market and the largest oil producer in Africa, Nigeria’s transition to net zero 2060 would underscore an important shift toward renewable energy.

To finance this transition, the Nigerian government issued its first green bond in 2017. Nigeria also launched its Green Bond Market Programme in 2018, to expand its market capacity for green bond issuance and develop a non-sovereign green bond market to promote private sector investment in sustainable, low-carbon projects.

In addition, the Nigerian Exchange Limited (NGX) is committed to improving retail participation in the capital market. In 2020, the NGX saw an upswing in retail participation from the year before, after it launched an enhanced version of its mobile application – X-Mobile – designed to provide real-time access to information.

Nigeria’s growing economy, alongside a developing capital market and heightened investor interest in sustainability, could converge and allow Nigeria to fully utilise its USD198bn of retail capital potential in fulfilling its energy transition ambitions. Beyond that, it could also combat ESG issues relevant to Nigeria, such as food and water scarcity, human rights and poverty.

Top ESG priorities¹

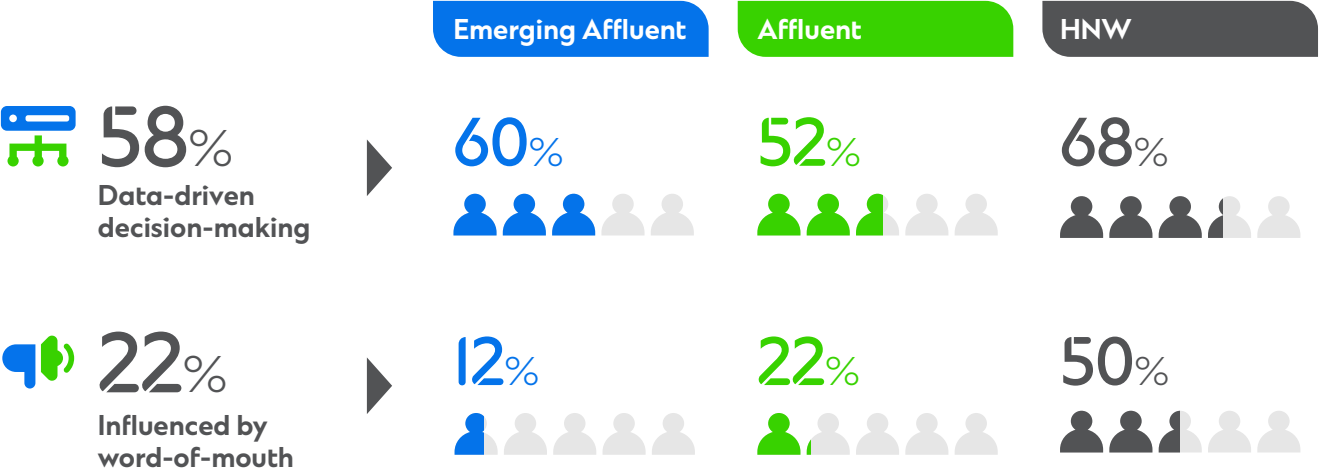


Overview of investors

Sustainable investment interest in Nigeria is relatively strong. Most investors are motivated by their desire to ‘help restore the environment’ or ‘create a positive impact’, except for HNWI investors – who were incentivised to ‘hedge against ESG risks’ or ‘enhance their financial returns’. Investors also pointed out that they faced difficulties in accessing sustainable investments opportunities because they are currently not available to retail investors. Others indicated that the lack of granularity in reported ESG data and inconsistency in the outcomes of different ESG rating methodologies were also significant barriers to investing in sustainable investments. Most investors make their decisions based on data and word-of-mouth.

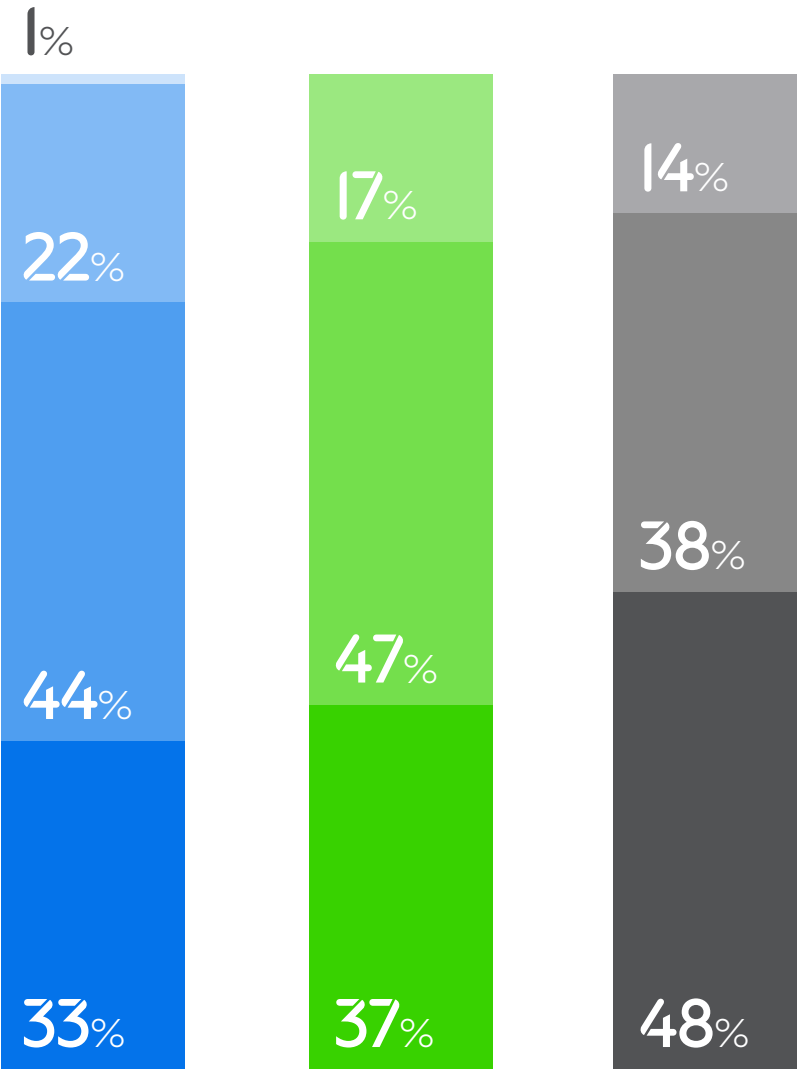
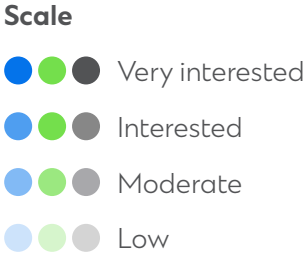
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.
2. An equal % of investors in Nigeria indicated ‘Human rights’ and ‘Poverty and inequality’ as one of their top three ESG issues.

Top behavioural traits



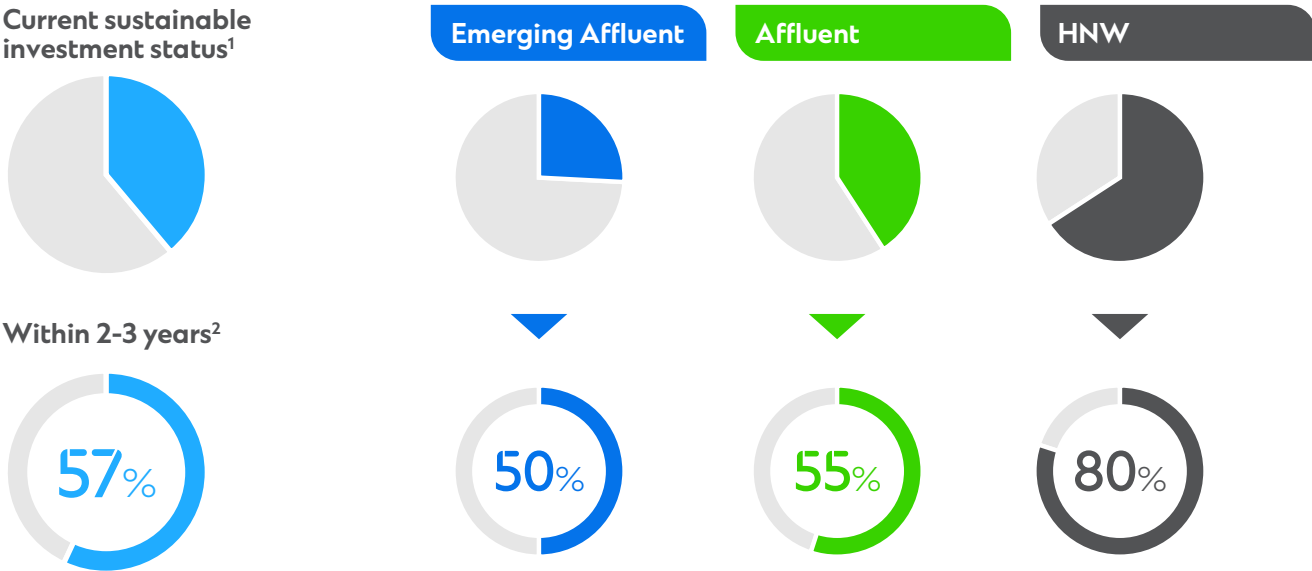
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 39 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 57 per cent in the next two to three years.

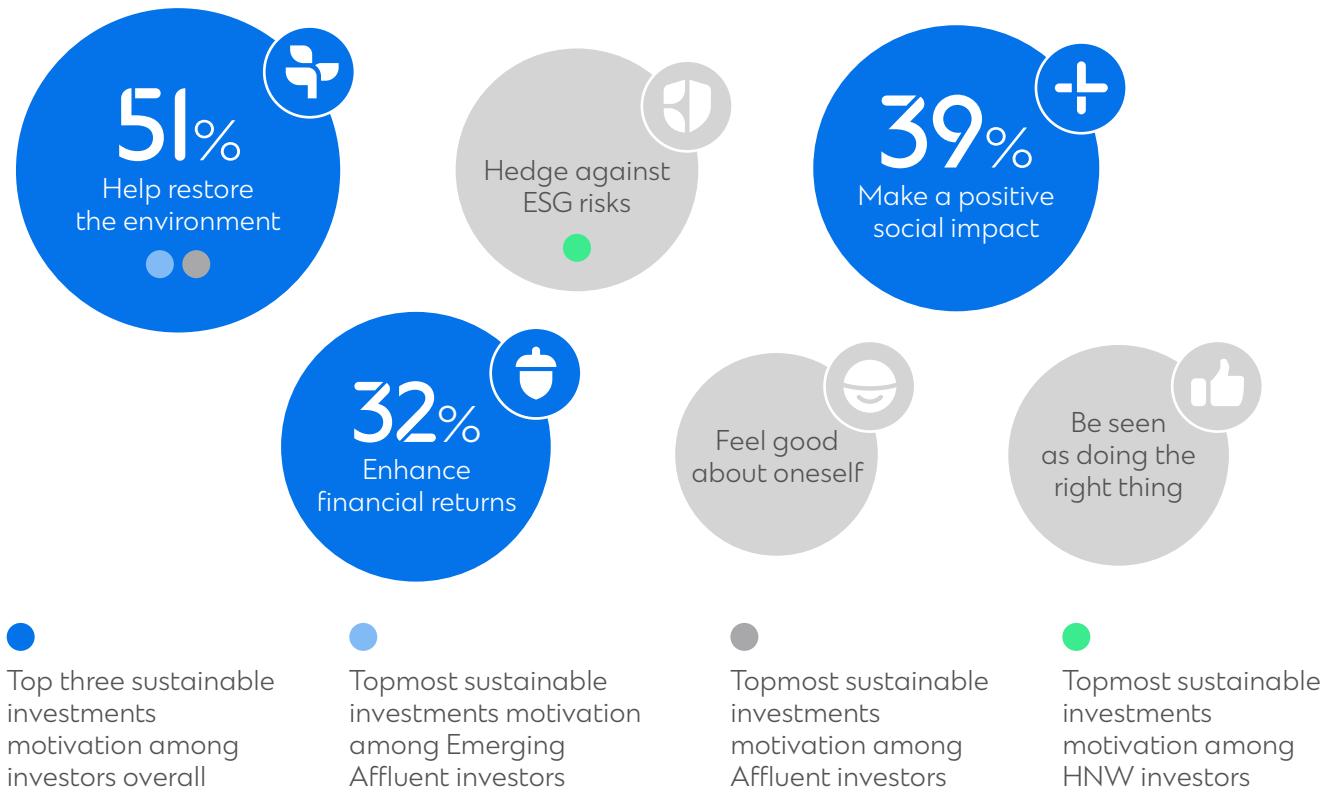


1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.
2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

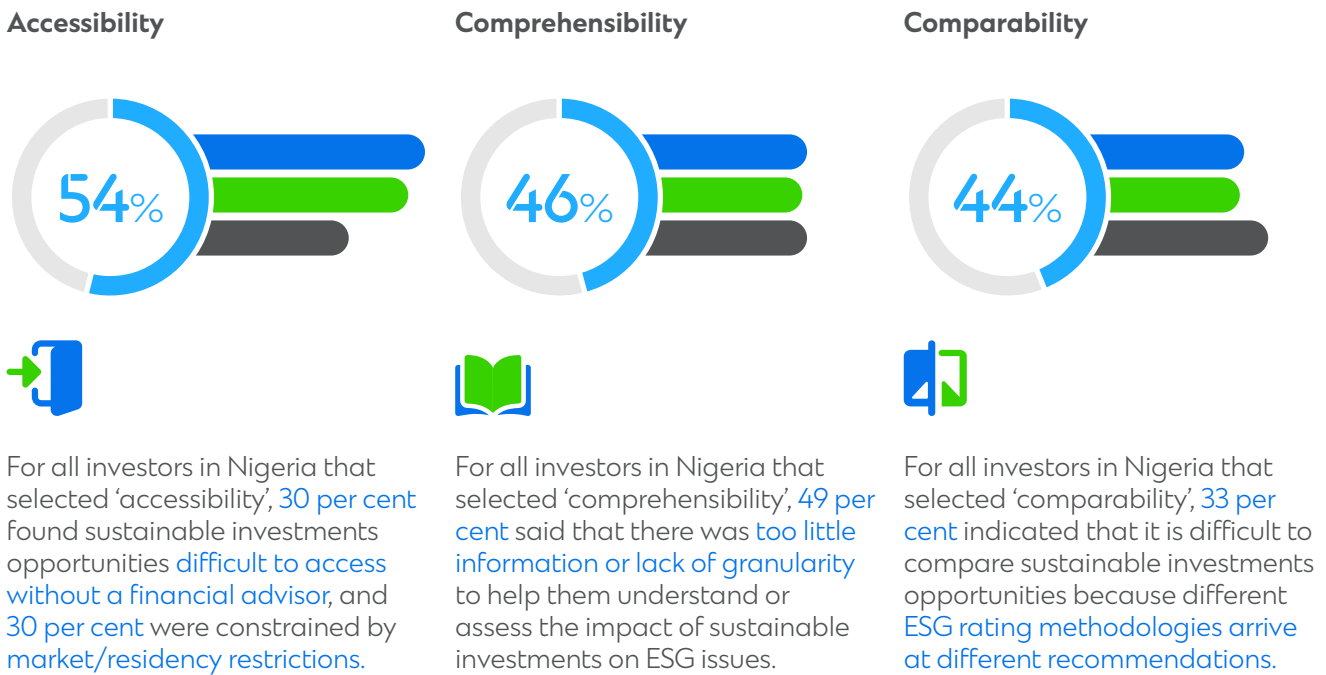


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Nigeria that cited the following as one of their top two motivations for sustainable investments.






Key sustainable investment barriers and reservations across investor segments



Kenya

Green bonds, growing wealth, and government efforts to increase transparency could catalyse further sustainable investments growth

Kenya at a glance

 <p>Economy</p> <p>Nominal GDP: USD109.4bn (2021)</p> <p>Real y-o-y GDP growth: 7.2% (2021)</p>	 <p>Population size</p> <p>52.6mn (2020)</p>	 <p>Wealth statistics</p> <p>Net personal wealth: USD2bn (2020)</p> <p>CAGR: 11.5% (2020-2030F)</p>
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USD19 billion of retail sustainable investment potential by 2030

Sustainable investments to aid energy transition and human rights, and counter food scarcity and poverty

As the largest and most advanced economy in East and Central Africa, Kenya is often considered a key investment hub in the region. Wealth in Kenya is on an upward trajectory, and the country is now home to East Africa’s largest stock market in terms of market capitalisation. Within Africa, Kenya is also leading the way on green finance.

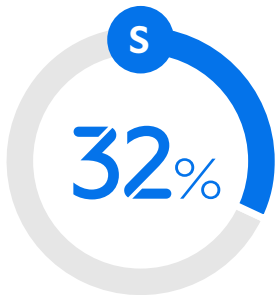
In 2019, the country enacted a green bonds programme and issued its first green bond in 2019. The country has also sought to increase transparency regarding ESG products and promote sustainability in its capital market, to which the Nairobi Securities Exchange recently published an ESG disclosures manual in November 2021.

The growth of the green bond market in Kenya and across East Africa is mobilising private sector investments in support of climate-resilient infrastructure and affordable eco-housing. Recent institutional efforts to encourage private sector participation in Kenya’s sustainable investment ecosystem has helped put it on course to achieve full transition to clean energy by 2030, as shared by Kenyan President Uhuru Kenyatta during the Climate Change Conference (COP26) in 2021. These positive developments may well position Kenya as an sustainable investment hub in East and Central Africa. Beyond energy transition, Kenya’s USD19bn of retail capital potential could also be directed toward combating market-specific ESG issues such as food scarcity, poverty and human rights.

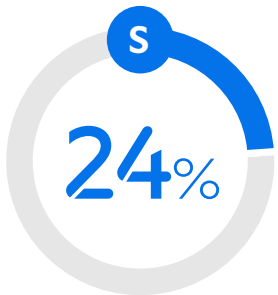
Top ESG priorities¹



Climate change and carbon emissions;
Food and water scarcity²



Poverty and income inequality



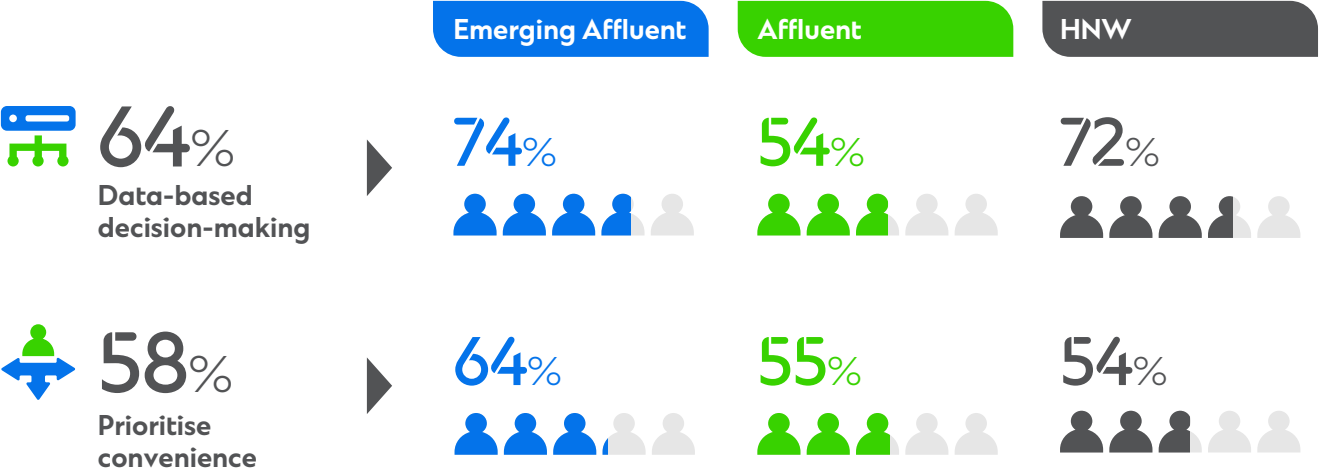
Human rights

Overview of investors

Investors in Kenya expressed relatively strong interest in sustainable investments. Their main motivations for investing in sustainable investments were to ‘help restore the environment’ to ‘create a positive impact’. A segment of HNW investors were also looking to ‘enhance their financial returns’. Most investors are influenced by data and convenience in their decision-making process. In addition, they highlighted that key barriers they faced toward sustainable investments were the lack of information in assessing the impact of sustainable investments on ESG issues, as well as difficulties in comparing sustainable investments opportunities within the same asset class or accessing sustainable investments opportunities without a financial advisor.

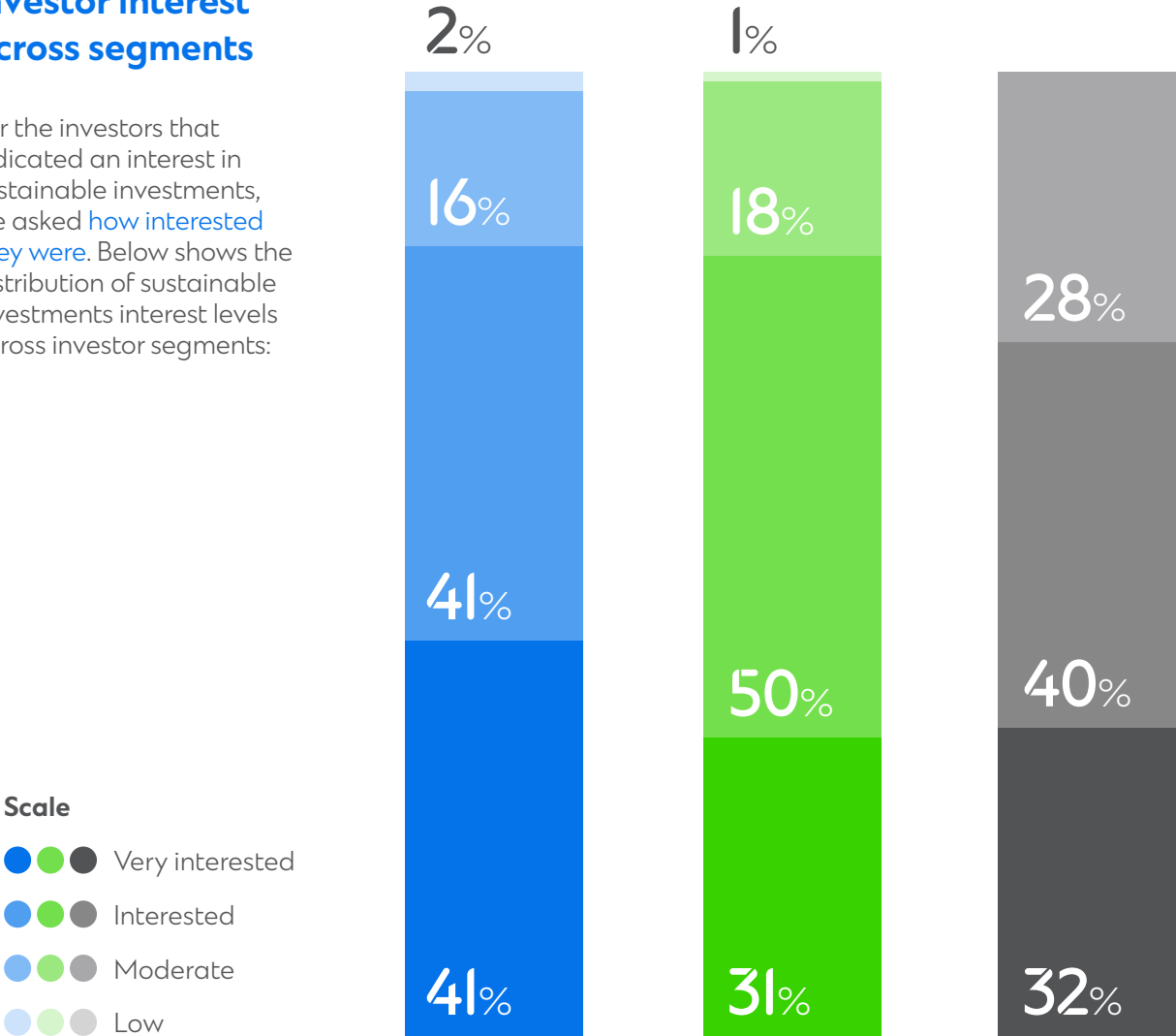
1. Values indicate the % of respondents who ranked the issue among their top three most important ESG issues.
2. An equal % of investors in Kenya indicated ‘Climate change and carbon emissions’ and ‘Food and water scarcity’ as one of their top three ESG issues.

Top behavioural traits



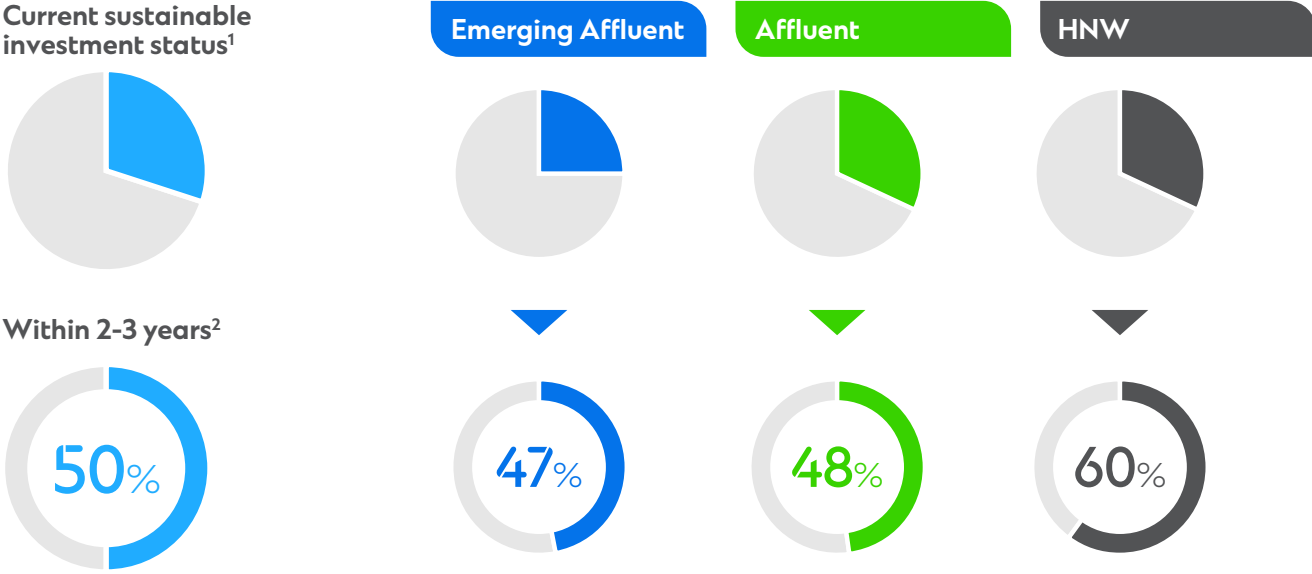
Investor interest across segments

For the investors that indicated an interest in sustainable investments, we asked [how interested they were](#). Below shows the distribution of sustainable investments interest levels across investor segments:



Status and objectives

Currently, 30 per cent of investors have more than 15 per cent of sustainable investment assets as part of their investment portfolio. This figure is expected to reach 50 per cent in the next two to three years.

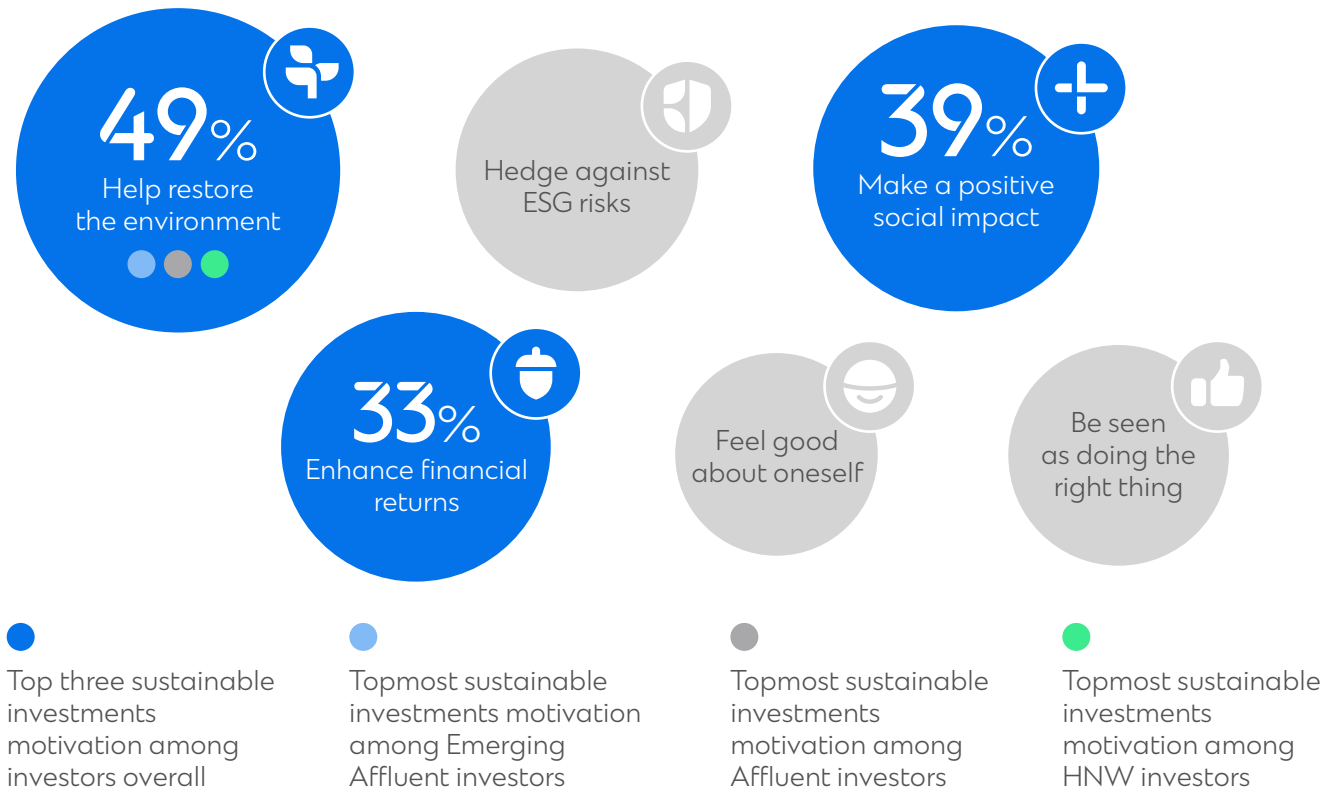


1. Values indicate the % of respondents who indicated that their current investment portfolio has more than 15% of sustainable investment assets.
2. Values indicate the % of respondents who indicated that consider having more than 15% of sustainable investment assets as part of their portfolio in the next two to three years.

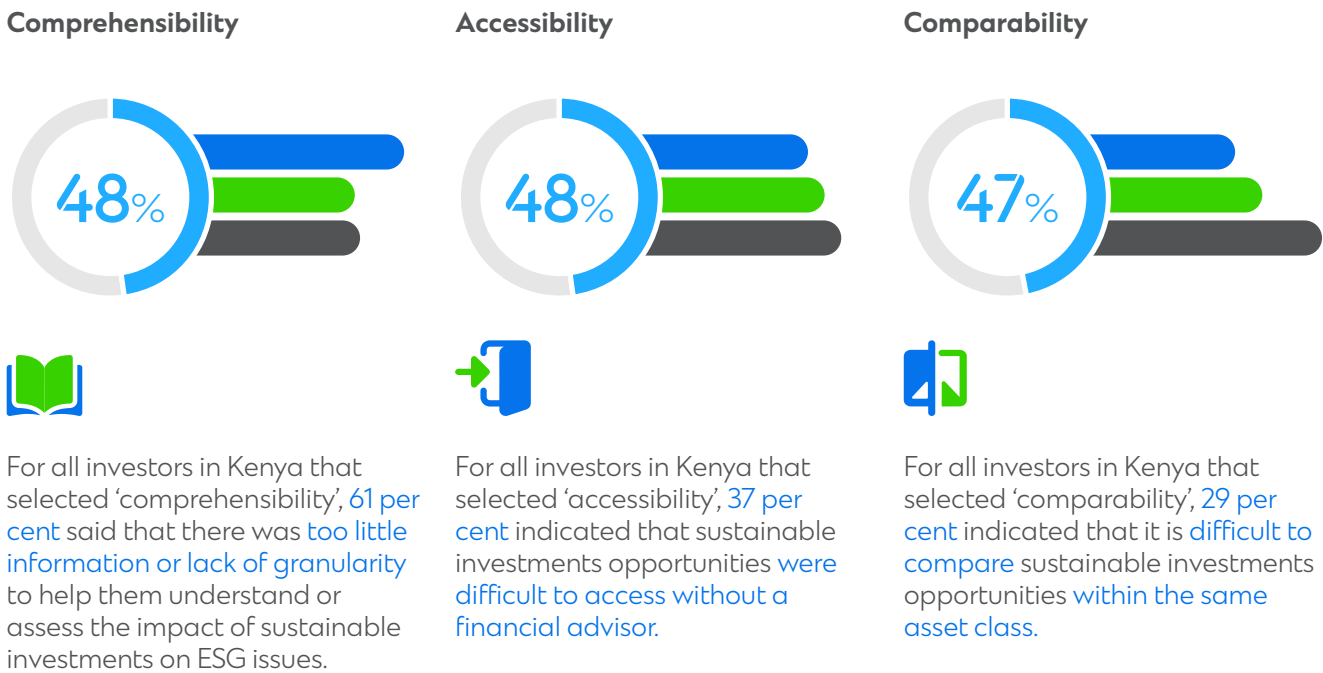


Sustainable investment motivations across investor segments

Percentage indicating the share of all investors in Kenya that cited the following as one of their top two motivations for sustainable investments.



Key sustainable investment barriers and reservations across investor segments



Appendix

I - Retail SI potential estimation methodology

1. Forecast Net Personal Wealth (NPW) for selected 10 key growth markets using ordinary least squares linear regression

- Extract historical and forecasted GDP figures and historical NPW figures:
GDP (1995 to 2030f) from Fitch; NPW (1995 to 2021; except Hong Kong where latest available year is 2020) figures from World Inequality Database (WID) in local currency units (LCU) for all markets
- Regression Analysis: regress GDP (x) and NPW (y) data from 1995 to 2021 (with the exception of Hong Kong, to 2020) per market to derive regression parameters: Y-intercept (c) and slope (m)
- Forecast NPW in 2030 using regression equation: $NPW_{2030f} = m (GDP_{2030f}) + c$

2. Calculate advanced economies' retail SI asset weight relative to combined NPW

- Assumptions: SI is nascent across the 10 growth markets, so there is a lack of historical data. The hypothesis in this analysis is that by 2030, retail SI adoption – i.e. retail SI asset value weighted by NPW – in these 10 markets could potentially reach the same level as advanced economies in 2020
- Extract 2020 & 2012 SI asset value data and NPW figures to establish benchmark: SI asset value extracted from the GSIA GLOBAL SUSTAINABLE INVESTMENT REVIEW 2020; NPWs are extracted in LCU for all developed nations included in the reports, from WID
- Convert NPW in LCU to USD: using the 2020 average LCU / USD exchange rates for all conversions to eliminate fluctuations in NPWs due to exchange rates
- Calculate retail SI in dollar figure: multiply total SI asset value by percentage of SI asset retail holding reported in the reports for each respective year
- Calculate retail SI relative to total NPW for each market: divide step 4 by step 3 (aggregated average is 4.13%)

3. Calculate retail SI potential in 10 key markets by benchmarking to the level of retail SI adoption in advanced economies

- Convert NPW 2030f of each 10 markets from LCU to USD: using 2020 average LCU / USD exchange rate for all conversions to eliminate fluctuations in NPWs due to exchange rates
- Calculate retail SI potential of each market: multiply NPWs by the retail SI percentage (4.13%) to arrive at the retail SI dollar figure potential for each market, respectively
- Sum retail SI potential of 10 markets: equals total retail SI potential of USD8.2tn

Disclaimer:

Unlocking the full retail SI potential across the 10 markets will depend on several factors – including favourable economic conditions, an abundant supply of viable SI opportunities, both domestically and globally, as well as a well-functioning, developed financial market infrastructure and ESG ecosystem.

1. Favourable macro-economic conditions: Business cycle fluctuations would inevitably impact capital flow, as investment returns are linked to the health of the global economy. Recessions typically see capital flows toward safer assets such as treasuries, as opposed to riskier investment, including SI assets such as ESG mutual funds, equities, etc.
2. Robust regulations and disclosures: SI remains a relatively new type of investment. To assuage investor concerns about 'greenwashing' and facilitate greater retail capital flow toward SI, robust ESG regulatory and disclosure mechanisms must be in place.
3. Democratised access to SI opportunities: Investment decisions may sometimes be influenced by home bias – an investor's preference to invest primarily in domestic assets rather than diversifying through foreign investments. Therefore, an ample supply of viable domestic and global SI opportunities would also be important to leverage the full retail SI potential across these markets.

II – Survey methodology

1. The survey was among on 3,113 participants, across the 10 key growth markets – Mainland China, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, India, the United Arab Emirates, Nigeria and Kenya

2. The respondents were classified into three investor groups: Emerging Affluent, Affluent and High-Net-Worth (HNW), based on the dollar value of their financial liquid assets:

- Emerging Affluent: retail investors with USD25,000 – USD100,000 in financial liquid assets
- Affluent: retail investors with USD100,000 – USD5 million in financial liquid assets
- HNW: retail investors with more than USD5 million in financial liquid assets

III – Persona-building methodology

1. Slice out five personas from survey respondents based on two primary slicers: life stage and life goal

- This PoV hypothesises that due to retail investors' varying life stages and life goals, their motivations and barriers towards SI would also be different
- For this reason, 'life stage' and 'life goal' were used as the primary slicers to identify key investor archetypes from the overall pool of survey respondents. For 'Sophisticated Saehoon' investor archetype only, an additional slicer (investor segment) was used to ensure that this investor archetype represented the High-Net-Worth (HNW) investor segment. (Note: these are not representative of ALL investor archetypes but just key ones relevant to this report)
- The list of investor archetypes is not exhaustive; only key investor archetypes were selected for the purposes of this PoV

IV – Aggregation methodology

Aggregation of ‘risk tolerance’, ‘ROI requirement’ and ‘liquidity requirement’ were conducted for the investor archetypes to derive a weighted-average score

Aggregation of ‘interest in sustainability’ and ‘SI interest’ was conducted for each investor archetype and market to derive a weighted-average score

Aggregation of risk tolerance – investor archetypes

Survey respondents were asked three questions to assess their risk tolerance. Each question had five options with a corresponding risk tolerance score: 1 - lowest risk tolerance to 5 - highest risk tolerance

The scores were summed to drive an ‘overall risk tolerance’ score. Below are the scores and the corresponding level of risk tolerance:

- ≤ 5 points: low risk tolerance
- 6 to 9 points: moderate risk tolerance
- 10 to 12: high risk tolerance
- 13 to 15 points: very high risk tolerance

The aggregate risk tolerance for each investor archetype is a weighted-average score

Illustrative example:

1. For the respondents that falls into persona X:
 - 30 per cent are ‘low risk tolerance’ - score of 1
 - 30 per cent are ‘moderate risk tolerance’ - score of 2
 - 30 per cent are ‘high risk tolerance’ - score of 3
 - 10 per cent are ‘very high risk tolerance’ - score of 4
2. Persona X’s weighted-average risk tolerance score is: $0.3(1) + 0.3(2) + 0.3(3) + 0.1(4) = 2.2$ (out of a maximum score of 4)
3. A risk tolerance score of 2.2 reflects a moderate level of risk tolerance for persona X

Aggregation of ROI requirement – investor archetypes

Survey respondents were asked one question about their ROI requirement. Each question had five options with a corresponding ROI requirement score: 1 - very conservative (1-5%) to 5 - very aggressive

The aggregate ROI requirement for each investor archetype is a weighted-average score

Illustrative example:

1. For the respondents that falls into persona X:
 - 30 per cent indicated ‘very conservative (1-5%)’ - score of 1
 - 30 per cent indicated ‘conservative (6-10%)’ - score of 2
 - 20 per cent indicated ‘moderate (11-15%)’ - score of 3
 - 10 per cent indicated ‘aggressive (16-20%)’ - score of 4
 - 10 per cent indicated ‘very aggressive (>20%)’ - score of 5
2. Persona X’s weighted-average risk tolerance score is: $0.3(1) + 0.3(2) + 0.2(3) + 0.1(4) + 0.1(5) = 2.4$ (out of a maximum score of 5)
3. A ROI requirement score of 2.4 reflects a conservative to moderate level of ROI requirement

Aggregation of liquidity requirement – investor archetypes

Survey respondents were asked 2 questions to assess their liquidity requirement.

If Survey respondents indicated that:

- Their capital could be lock away for more than 3 years: minimal liquidity needs
- Their capital could be lock away for less than 3 years: low liquidity needs
- Less than or equal to 20 percent of their spending is supported by their portfolio pay-outs: medium liquidity needs
- More than 20 percent of their spending is supported by their portfolio pay-outs: high liquidity needs

The aggregate liquidity requirement for each persona is a weighted-average score

Illustrative example:

1. For the respondents that falls into persona X:
 - 30 per cent have ‘minimal liquidity needs’ - score of 1
 - 30 per cent have ‘low liquidity needs’ - score of 2
 - 30 per cent have ‘medium liquidity needs’ - score of 3
 - 10 per cent have ‘high liquidity needs’ - score of 4
2. Persona X’s weighted-average liquidity requirement score is: $0.3(1) + 0.3(2) + 0.3(3) + 0.1(4) = 2.2$
3. A liquidity requirement score of 2.2 reflects low liquidity needs for persona X

Aggregation of interest in sustainability – investor archetypes

Survey respondents were asked a question about their interest in sustainability. There were four options, each with a corresponding sustainability interest score: 1 – low to 4 – very interested

The aggregate interest in sustainability is a weighted-average score

Illustrative example:

1. For the respondents that falls into persona X / market X:
 - 30 per cent are ‘low interest in sustainability’ - score of 1
 - 30 per cent are ‘moderate interest in sustainability’ - score of 2
 - 30 per cent are ‘Interested in sustainability’ - score of 3
 - 10 per cent are ‘very interested in sustainability’ - score of 4
2. Persona X’s weighted-average risk tolerance score is: $0.3(1) + 0.3(2) + 0.3(3) + 0.1(4) = 2.2$ (out of a maximum score of 4)
3. An interest in sustainability score of 2.2 reflects a moderate level of interest in sustainability

Aggregation of SI interest – investor archetypes / markets

Survey respondents were asked a question about their SI interest. There were four options, each with a corresponding SI interest score: 1 – low to 4 – very interested

The aggregate SI interest for each investor archetype / market is a weighted-average score

Illustrative example:

1. For the respondents that falls into persona X / market X:
 - 30 per cent are ‘low interest in SI’ - score of 1
 - 30 per cent are ‘moderate interest in SI’ - score of 2
 - 30 per cent are ‘Interested in SI’ - score of 3
 - 10 per cent are ‘very interested in SI’ - score of 4
2. Persona X / market X’s weighted-average risk tolerance score is: $0.3(1) + 0.3(2) + 0.3(3) + 0.1(4) = 2.2$ (out of a maximum score of 4)
3. A SI interest score of 2.2 reflects a moderate level of SI interest

Key sources

- Bloomberg
- Fitch Solutions, Database, 2022¹
- Government websites
- IHS Markit / S&P Group
- IMF, Database and Reports, 2022¹
- Morningstar, Database and Reports, 2022
- PwC
- Standard Chartered
- GSIA, Reports, 2012-2020
- The World Bank, Database, 2022
- World Economic Forum
- World Inequality Database, Database, 2022²

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1. All historical and forecasted GDP data were obtained from Fitch Solutions and IMF, 2022 and were extracted between June 2 and August 1 of 2022.
2. All Net Personal Wealth data were obtained from WID, 2022 and were extracted between June 2 and June 23 of 2022.



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