



Project Briefing Sustainability in retail banking

2° Investing Initiative

BACKGROUND

Non-financial objectives are critical for consumers, both as retail investors and in their role as pension and insurance beneficiaries. A survey of Natixis shows that roughly 70% of individuals in Europe want their investment portfolios to reflect these objectives. To date, these non-financial objectives however are poorly profiled in retail and pension markets, and not necessarily integrated into portfolio mandates.

This dynamic is shifting. Pension funds are increasingly looking to reflect non-financial objectives in their mandates. The EU High-Level Expert Group on Sustainable Finance recommended a range of reforms on this topic, as does the action plan “Financing sustainable growth” of the European Commission.

In this context, the 2° Investing Initiative (2°ii) launched a 2-year project to build a quantitative client profiling software on non-financial objectives and associated automated investment advisors that can be used by banks and consumers to translate their non-financial objectives into investment beliefs and strategies.

PROJECT DESCRIPTION

The project involves the following elements:

- 1) **A non-financial objectives questionnaire.** A questionnaire allowing retail investors to generate their individual non-financial objectives investment profile. The questionnaire can either be used on a standalone website or in collaboration with one’s investment advisor. It will be made compatible with the expected changes to the MiFID II framework, and thus offer banks an easy solution for compliance with the expected changes. The questionnaire will be free to use for retail investors and banks alike.
- 2) **A fund matching software that matches funds to client profiles.** A fund matching software that allows for matching funds and financial products to customers’ non-financial objectives investment profile. The software, together with the questionnaire, will be featured on a website, and thus allowing retail investors to inform themselves on the sustainability of financial products independently of their banks. The website will be free of charge and for informational purposes only. It will not be possible to purchase any financial products through it. Both the software and the questionnaire will be available as a white label solution to banks, for integration in their own infrastructure. The software source code, methodology, and any related documentation will be made publicly available free of charge.
- 3) **A development tool.** The methodology will be made available to all common financial information and services providers thus allowing the integration of the non-financial investment criteria in the generation of new financial products.

For any further questions you can reach us at contact@2degrees-investing.org.