

SUSTAINABILITY: A PRESENT AND FUTURE NECESSITY FOR EUROPEAN IFAs



fecif

the European Federation of
Financial Advisers and
Financial Intermediaries

SUSTAINABILITY: *a present and future necessity for European financial advisors*

On 11 December 2019, the European Commission adopted the communication on the European Green Deal, which significantly increases the EU's climate and environmental policy actions. To build this growth strategy, some objectives will have to be achieved, starting with climate neutrality which means eliminating net greenhouse gas emissions by 2050. For this reason, Fecif is studying, under the direction of Board Member Kevin Mudd, a "Green Money" project.

The transition to a sustainable economy will involve significant investment efforts in all sectors, which means that funding, both public and private, will have to support this general political direction. In addition, significant investments will be needed in the retraining of the workforce to allow for a fair transition for all. The effort needed will be substantial and progress is still needed to ensure that the financial sector really supports businesses in their transition to sustainability.

For all these reasons, the European Green Deal has announced a new sustainable finance strategy which will focus mainly on three areas: strengthening the foundations for sustainable investments with appropriate tools and structures; create more opportunities for a positive impact on sustainability for citizens, financial institutions and businesses; management and integration of climate and environmental risks into the financial system as a whole, while ensuring that social risks are duly taken into account.

The European Commission has launched a consultation on the sustainable financing strategy and Fecif also participated by sending its considerations to the European Commission. Fecif stressed out that the training of all those

who interface with investors on sustainable finance must be promoted first, involving authorities, intermediaries and financial advisors.

Fecif believes that it may be useful to use Thaler and Sunstein's «nudge theory» whose aim is to improve people's well-being by guiding their decisions while maintaining freedom of choice, the so-called «gentle push». To allow citizens to be able to invest in sustainable projects and activities, it is necessary to inform them accordingly also through targeted campaigns that offer concrete positive examples, by making citizens participate in the activities in which they will invest.



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Fecif also believes that adequate financial products should be made available to savers to make the risk assessment and the measurement of social impacts and that allow for a redistribution of risk and this is one of the objectives of the «Green Money» project as well.

«Sustainability is not just a fashion of the moment, but it is a present and future necessity, for this reason Fecif is always present in addressing these problems», says Vania Franceschelli, vice-president of Fecif and member of the Federation's working group on ESG issues. *«With Fecif we launched a survey, translated into different languages, on sustainability and financial education to understand the knowledge of our colleagues in Europe and evaluate how they behave in their profession. This project is part of the desire to make Fecif a point of reference in Europe for financial advisors and authorities on this matter»* adds Franceschelli.

EU regulatory policies have been decisive in recent years for the development of sustainable financing and for the integration and management of climate, environmental and social risks in the decision-making process and will be even more so once the current regulatory procedures are completed.

However, disinformation on these issues remains high; citizens and even financial operators themselves are still poorly informed and aware about this important transition to an ESG-based new era. It would be useful to promote better knowledge of citizens through targeted financial education and through knowledge about the developments of the projects in which citizens will invest. Awareness that your investment has produced concrete results, not only in terms of return on investment, is an excellent method for promoting the spread of sustainable investments.

FECIF's 'SUSTAINABILITY & FINANCIAL EDUCATION' SURVEY



has designed an online survey about:

SUSTAINABILITY & FINANCIAL EDUCATION

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