

This study highlights the gap between consumers' sustainable intentions and their actual purchasing behaviors. Despite recognizing sustainability's importance, many consumers don't consistently act on it. The proposed solution is a digital app that combines financial advice with gamified social features to encourage sustainable consumption. Surveys show strong interest in such a tool, with many consumers seeking economic insights and rewards for sustainable choices. The study suggests that financial institutions can play a crucial role in promoting sustainability by developing user-friendly, ethically tools that bridge this intention-behavior gap.

How financial institutions can offer sustainable advice to private customers:

“Private customer advice and sustainability: A challenge for financial institutions”

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Abstract:

This study explores the intersection of consumer behavior, sustainability, and digital engagement within the financial sector. One of our surveys of typical consumers reveals a significant interest in financial management and social networking applications, with 81% and 93% usage rates, respectively. Despite 54% of respondents acknowledging the importance of sustainability, only a minority consistently consider it in their purchasing decisions. This intention-behavior gap underscores the need for supportive tools to facilitate sustainable practices.

We propose the development of a digital application that combines financial advice with gamified social constructs to promote sustainable consumption. The survey indicates strong consumer interest in such a tool, with 56% desiring insights into economic savings from sustainable alternatives and 68% motivated by app suggestions to make more sustainable purchases. Additionally, 40% of respondents favor rewards as incentives for sustainable behavior.

The discussion integrates perspectives from behavioral economics, technological adoption, and sustainability ethics. It highlights the potential of the proposed tool to bridge the intention-behavior gap by leveraging cognitive biases, ensuring usability, and adhering to ethical principles. Financial institutions are positioned to influence consumer behavior positively by developing tools that enhance economic well-being and promote environmental sustainability.

In conclusion, the findings suggest a clear demand for a digital tool that empowers consumers to make sustainable choices in their daily lives. By addressing this need, financial institutions can contribute to a more sustainable future while enhancing their credibility and customer relationships.

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1.0 Introduction:

Sustainability and the green transition in the financial sector aim to integrate sustainability considerations into financial products and services, benefiting investors, society, corporate clients, and private customers. This has led to an increase in sustainable products offered by financial institutions. However, there is a risk that these products may be less sustainable than they appear, known as “greenwashing,” which can damage trust in financial institutions.

Sustainability and the green transition touch on core aspects of financial institutions’ operations. Consumer preferences and the physical and transitional impacts of climate change will evolve over time. The full impact on private customer advisory services is not yet fully known. The green agenda may also create new opportunities and markets for products and services, requiring foresight and adaptability from financial institutions. Therefore, increased insight and evidence are necessary to ensure that financial institutions develop the right strategies and operational tools to meet the required foresight and adaptability.

The project’s primary focus on private customer advisory services and the tool we aim to develop addresses these issues and general challenges. The goal of the project is to develop a digital tool that can operationally solve the challenges faced by private customer advisors in implementing sustainable strategic and tactical goals in financial institutions, aligning with parts of the 17 Sustainable Development Goals.

1.1 Methods and theory:

The theoretical foundation of the project encompasses a paradigm, a way of thinking, a system. We describe a common understanding of what we research and investigate, and how we conduct our research and investigations. We operate based on the philosophy of pragmatism. We have chosen pragmatism because it is a philosophy that embraces all theories, where all concepts, thoughts, and statements focus on how we can shape and develop the future. The conclusions are expectations of the possible future we create. We have chosen pragmatism because our project is highly solution-oriented, and we work in an industry with many different perspectives, values, and focus areas. Our ambition is to further develop our product, which creates value and is useful for both employees at financial institutions and relevant for all private customers. We acknowledge the complexity of our project, but it remains our ambition, based on our resources, to create the best possible product.

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This ambition supports our choice of philosophical paradigm (Saunders, M., Lewis, P. & Thornhill, A. (2012)).

We adopt a multi-perspective approach to the aspects of reality we investigate, ensuring we acquire the knowledge we seek. The reality we examine and the knowledge we acquire are tailored to the situation and needs, guided by our research questions. Objective reality and subjective reality are defined based on the different research questions. We derive our knowledge from historically valid data, observable phenomena, and subjective opinions, such as qualitative interviews. We focus on whether the collected knowledge and data are acceptable and useful in answering our research questions and related investigative questions. As researchers, we have been guided by our values in interpreting the results obtained throughout the process. In our role as researchers on the project, we have adopted both objective and subjective viewpoints. We have employed mixed data collection methods, including both quantitative and qualitative techniques, collecting, processing, and analyzing both secondary and primary data. We have an abductive research strategy/approach, as prior to the project's commencement, through our work and involvement in the financial sector, we had an expectation of a reality that did not align with what we observed and the data we collected. These experiences, observations, and data were gathered through collaboration with various financial institutions and data collected from private customers. An abductive approach has ensured our ambition to find the best explanation for our inquiries and has ensured that we have developed the best possible product with our available resources (Saunders, M., Lewis, P. & Thornhill, A. (2012)).

- ***The primary objective of our project was to incorporate the perspective of private customers into the prototype product we had developed during our previous research project (Appendix 1: Working Paper). By integrating a private customer perspective, we aimed to enhance and redesign our product to better align with the needs and desires of both financial institutions and private customers. Incorporating the private customer perspective provides us with valuable insights into user preferences and expectations, which are crucial for the final product's success in the market. This approach allowed us to identify and address potential gaps and areas for improvement that may not have been evident from the bank's perspective alone.***

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- ***Furthermore, this dual-focused strategy ensures that our product is not only functional and efficient for bank employees but also user-friendly and beneficial for private customers. By balancing these perspectives, we strive to create a comprehensive solution that meets the diverse requirements of all stakeholders involved. This inclusive approach underscores our commitment to developing a product that is both innovative and practical, ultimately leading to greater customer satisfaction and market acceptance.***

The data collected: The two quantitative questionnaires were collected in May 2024 and November 2024, respectively. We gathered data through our network of private customers on LinkedIn (Appendix 2: Questionnaire 1) and six different classes of students at Dania Academy (Appendix 3: Questionnaire 2).

Regarding our survey from the spring of 2024, we had 81 responds in total with 53% of them being male and 47% female. 73% of the respondents found the survey through LinkedIn. The rest are either direct contact or Facebook. And the survey among our students had a total of 117 respondents. The students are from our financial educations and from our education in administration management. The students asked are from Silkeborg, Hobro or Horsens and was chosen because they participated in a project about sustainability in the financial sector.

1.2 Structure:

The next section presents our findings throughout the process. We will not meticulously and exhaustively review all our data and analyses, but there will be relevant highlights that ensure an understanding and insight into our research results and the further development of our product. This will be followed by a section where we discuss our findings.

2.0 Results:

Our comprehensive questionnaire of typical consumers has revealed significant insights into their digital engagement and attitudes towards sustainability. The data indicates that 81% of respondents utilize financial management applications, while an impressive 93% engage with social networking apps. Furthermore, 85% of those surveyed reported daily usage of their smartphones and various applications. This data underscores a substantial interest and potential for an application that combines financial advice with a gamified social construct.

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When examining fundamental attitudes towards sustainability, approximately 54% of consumers consider it important or very important. However, a stark contrast emerges when assessing the frequency with which these consumers consider the sustainability of their purchases. Only 43% occasionally consider sustainability in their buying decisions, and 24% never consider it at all. This discrepancy highlights a critical need for support in this area, suggesting that while consumers have good intentions, they lack the tools to implement sustainable practices in their daily lives. Another study conducted on our students showed approximately the same result, however only 38% of the asked student found sustainability important or very important for them in their daily lives.

To address this gap, we inquired about the desired functionalities of a potential application. A significant 56% of consumers expressed a preference for an app that provides insights into potential improvements in economic expenses and savings when substituting everyday purchases with sustainable alternatives. Additionally, 51% of respondents desired general improvement suggestions.

Our study in the student group (Appendix 3) showed that 31% of the students agree or strongly agree that they prefer to buy products that are produced in a more sustainable fashion. Compared to 67% of the students that agree or strongly agree in the fact the commercial companies should use sustainable packaging for their products. This shows in some way that they want the companies to be more sustainable, but they don't necessarily want to be affected by it. This also shows when only 23% of the students are willing to pay for products more sustainable and environmentally friendly. In most cases the students found that they want the commercial companies to make a lot of sustainable changes, but they are not necessarily considering it right now when they buy products.

Motivational factors were also explored, revealing that 68% of respondents would be inclined to purchase more sustainable products based on the app's suggestions alone. Furthermore, 40% indicated a preference for rewards, either digital or physical, as an incentive for sustainable behavior.

These findings paint a picture of a consumer demographic eager to adopt more sustainable lifestyles but hindered by the demands of their busy lives. This indicates a clear need for a sustainable application that can assist in identifying areas for improvement in a manner that is both engaging and educational. Such an app would not only provide financial advice but also offer insights into daily consumption and purchasing behaviors, thereby empowering consumers to make more

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sustainable choices. Furthermore, the findings from the students show a need for price affordable alternatives and information about it so they can make their sustainable choices based on their own needs and in their price range.

The development of this digital tool aims to bridge the gap between consumers' sustainable intentions and their actual behaviors. By leveraging gamification and social constructs, the app will provide personalized recommendations and incentives, fostering a more sustainable consumption pattern among users. This approach aligns with the broader goals of promoting sustainability and addressing the challenges posed by climate change, ultimately contributing to a more sustainable future.

2.2 Discussion:

The survey results provide a nuanced understanding of consumer behavior and attitudes towards sustainability, revealing both opportunities and challenges in promoting sustainable consumption through digital tools. This discussion will explore these findings from various perspectives, including behavioral economics, technological adoption, and sustainability ethics.

2.2.1 Behavioral Economics Perspective:

From a behavioral economics standpoint, the survey (Appendix 2) highlights a significant gap between consumers' stated importance of sustainability (54%) and their actual purchasing behavior, with 43% rarely considering sustainability and 24% never considering it. This discrepancy can be attributed to the "intention-behavior gap," where individuals' good intentions do not always translate into action due to cognitive biases, such as the status quo bias and the effort heuristic. The study in the student group only makes this gap even bigger.

The development of a digital tool that incorporates gamification and personalized financial advice could leverage these biases to nudge consumers towards more sustainable choices. By providing immediate feedback and rewards, the app can reduce the cognitive load associated with sustainable decision-making, making it easier for consumers to align their actions with their values.

2.2.2 Technological Adoption Perspective:

The high engagement with financial management (81%) and social networking apps (93%) indicates a strong potential for the adoption of a new digital tool that combines these elements. 85% of respondents of the daily use of smartphones and apps suggests that consumers are already

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comfortable with integrating technology into their daily routines (Appendix 2). However, the success of such an application will depend on its usability, user experience, and the perceived value it offers. The app must be intuitive, engaging, and provide tangible benefits to encourage sustained use. Additionally, addressing concerns about data privacy and security will be crucial in building trust and ensuring widespread adoption.

2.2.3 Sustainability Ethics Perspective:

From an ethical perspective, the survey (Appendix 2) results underscore the moral imperative for financial institutions to support consumers in making sustainable choices. The fact that 68% of respondents would be motivated by app suggestions to buy more sustainable products indicates a willingness to change behavior if provided with the right tools. This aligns with the ethical principle of beneficence, which emphasizes actions that promote the well-being of individuals and society. Financial institutions have a responsibility to develop tools that not only enhance economic well-being but also contribute to environmental sustainability. By doing so, they can help mitigate the adverse effects of climate change and promote a more sustainable future.

2.2.4 Implications for Financial Institutions:

The findings suggest that financial institutions have a unique opportunity to influence consumer behavior through the development of a digital tool that integrates financial advice with sustainability insights. Such a tool can help bridge the intention-behavior gap by providing consumers with actionable information and incentives to make more sustainable choices. Moreover, by addressing the demand for transparency and combating greenwashing, financial institutions can enhance their credibility and build stronger relationships with their customers.

2.2.5 Conclusion on the discussion:

In conclusion, the questionnaire (Appendix 2) results highlight the potential for a digital tool to promote sustainable consumption among private customers. By leveraging behavioral economics, ensuring technological usability, and adhering to ethical principles, financial institutions can develop a tool that not only supports sustainable financial behavior but also empowers consumers to make more sustainable choices in their daily lives. This approach aligns with the broader goals of promoting sustainability and addressing the challenges posed by climate change, ultimately contributing to a more sustainable future.

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3.0 Bibliography:

Our questionnaire (Appendix 2) of the normal consumer has shown that 81% use economical apps and 93% use social network apps. Combined with the fact that 85% of the questioned people use their phone and some kind app every day. This tells a picture of interest and potential for an application giving economical advice combined with a social construct of gamification.

When we look at the question about fundamental sustainability, we see that approximately 54% of the consumers find it important or very important, but when we look at how many consider the sustainability of the products, they are buying the picture is the exact opposite. 43% only consider it a few times when they buy anything and 24% never considers it.

This shows some kind of need for help in this area and could tell us a story that people have good intentions but in their everyday life they don't have the tools to live by them. Therefore, we asked them what a potential app should be able to do. Here 56% of the consumers would like it to tell them about possible improvements in economical expenses and/or savings when they switch out everyday purchases with a sustainable alternative. 51% just wanted it to tell them about improvements in general.

When we talk about motivation 68% of the questioned say that the suggestions alone would make them buy more sustainable product. 40% tells that they would like to be rewarded with either digital or physical prizes.

All of this gives a picture of a consumer group that wants to live a more sustainable life but doesn't do it in their busy lives. That could be the indications for a need for our sustainable application. An app that could help identify improvements in a fun and/or educational way.

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4.1 Appendix list:

Appendix 1 Working paper

Appendix 2 Questionnaire 1

Appendix 3 Questionnaire 2