2023
Ebook #3

Trends in responsible consumption

Update your ESG strategy

based on the latest trends in responsible consumption.

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As CEO of Coinscrap Finance, I am very pleased to introduce our new eBook: *"Sustainable Banking: Innovation and Leadership in the Age of Responsibility".*

This is a valuable tool for all of us, as it offers us a way forward in the midst of the rapid changes our industry is going through.Today more than ever, we face unprecedented environmental and social challenges. In this context, our clients, particularly the younger generations, are looking for more than just a financial service.

They want to partner with entities committed to social change and sustainability.In this eBook, we explore this emerging dynamic and provide an in-depth analysis of studies and surveys conducted by renowned consulting firms such as Accenture, Deloitte and McKinsey.

The goal is to better understand the growing demand for sustainable financial products and services and how we, also financial institutions, can take a leadership role in this space.In addition, we address the role that emerging technologies such as Artificial Intelligence, Big Data and Machine Learning play in industry innovation.

These tools allow us to customize our offerings and respond more effectively to changing market demands. Finally, we propose practical strategies and approaches to develop and launch sustainable financial products.

These not only meet consumer demands, but also give us the opportunity to position ourselves as leaders in the growing green economy market. At Coinscrap Finance, we firmly believe that the future of banking lies in sustainability and social responsibility. This document is one more step in our pursuit of this ideal and I am pleased to share it with all of you.



David Conde Sayáns

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Increase the relevance of your bank in your customer's lives



According to Accenture's latest consumer banking study, for institutions to increase their relevance and effectiveness, they would have to move from knowing only demographic and financial information about a user to understand their daily life, their aspirations and their intention behind the purchase of financial products.

In other words, knowing the motivation behind the purchase of a particular product. As they point out: *"Technology, once considered disruptive, is now an enabler that helps banks engage with customers in innovative ways that enable new propositions to be developed"*. In addition, in their *Consumer Pulse* survey they found that two out of three users complain about companies are not adapting fast enough to their ever-changing needs.





The concern of the new generations for the planet



In Deloitte's Gen Z and Millennial 2023 Survey it is very clear that these customers hold high expectations for businesses in general, and banks in particular. The consultant company considers that entities must be capable of addressing the social and environmental problems that we face.

Gen Zs and millennials are taking action on climate change, with 7 out of 10 respondents saying they are actively trying to minimize their impact on the environment. Although financial concerns may put a damper on these efforts: more than half think it will be harder or impossible to pay more for sustainable products and services if the economic situation stays the same or worsens.

Climate change has become a stressor: 60% of Generation Z and 57% of millennials say they have *"felt anxious about the environment"* in the past month. This has a big impact on their choices and lifestyle, something banks should not overlook.

Increasing profits and being respectful of the planet are not incompatible

Accelerating the ecological transition requires the financial industry to position itself as a catalyst for change, offering data and products that enable users to act in their daily lives to achieve a more sustainable planet. We have an unique opportunity to reorient the global economy and make it more resilient. *The CxO 2023 Sustainability Report* shows that executives believe that both their organizations and the global economy can continue to grow while meeting climate goals and reducing greenhouse gas emissions.

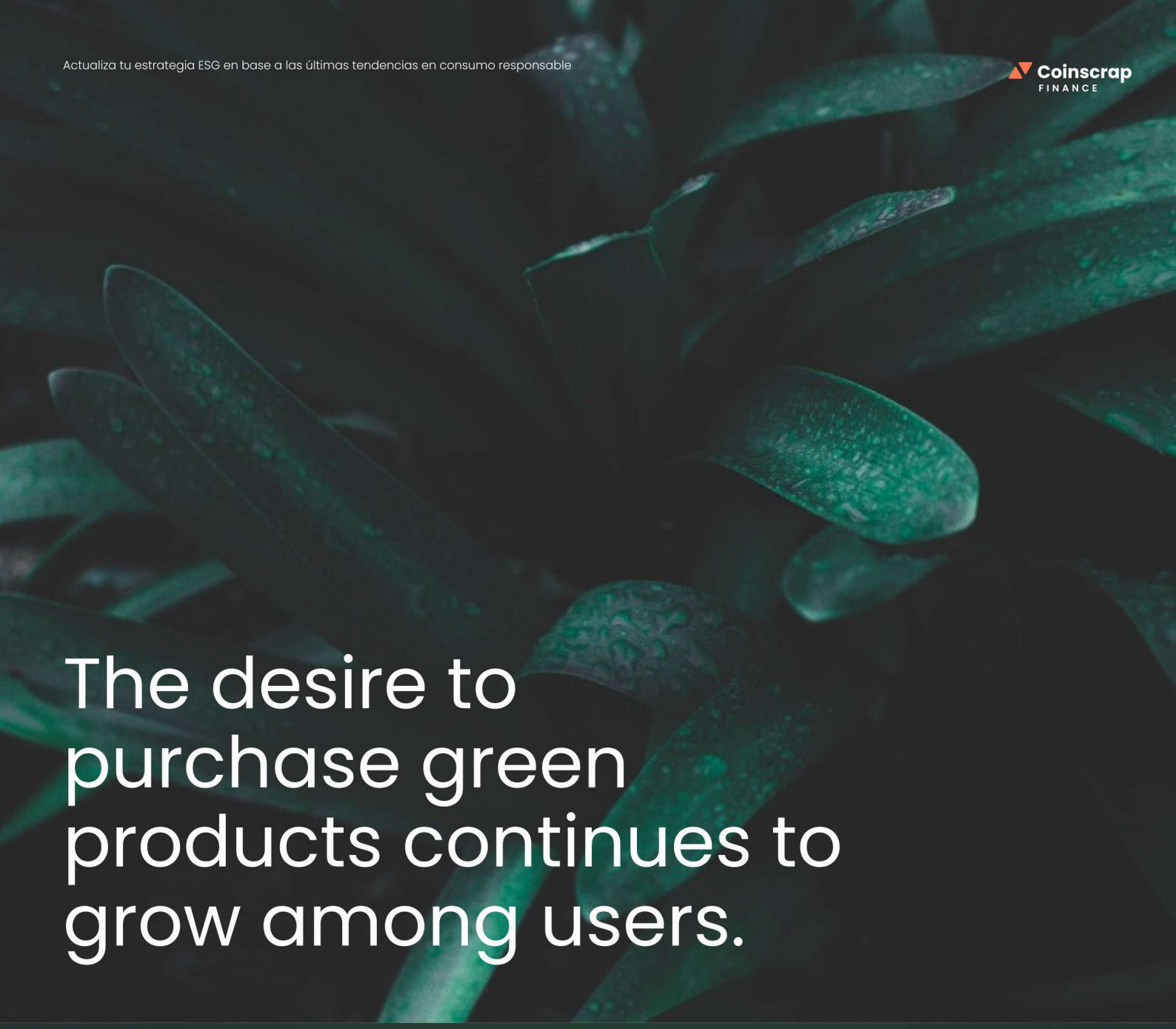
Their keys to achieving a balance between costs and promoting sustainable actions include:

- Integrate climate objectives into overall business strategy and purpose.
- Build trust by taking credible climate actions and reporting 100% transparent data.
- Encourage action by third-party stakeholders: local and national governments, suppliers and users.

Deloitte research has found that climate inaction could cost the global economy $178 trillion over the next 50 years. On the other hand, it could gain $43 trillion over the same period by accelerating the transition to net zero.

While investing in the necessary change may be complex, the investments will pay off in the medium term, especially now that users are demanding sustainable products and services.





The desire to purchase green products continues to grow among users.

What makes customers demand climate-related financial products? There are several factors, but the most relevant is knowing the impact of their daily actions on the planet. For this, they are aware that they need a **carbon footprint calculator** capable of estimating the impact of their lifestyle on the environment.

In April, McKinsey & Company released a study in which consumers maintain that they need more education and advice to make informed and focused purchasing decisions for sustainable financial products. It measured customers' interest in it and willingness to pay for five green financial products or service offerings:

1 **Checking and savings accounts,** such as sustainable deposit accounts that use protected deposits to back green loans.

2 **Green credit cards,** with rewards points based on purchase behaviors or carbon footprint tracking features

3 **Lending programs,** such as residential solar loans and electric vehicle loans.

4 **Investment products**, such as selected climate index funds.

5 **Advisory services**, for example, in areas such as improving home efficiency.

While consumer interest in these kind of financial products is real, their understanding (types, impact, benefits, etc.) is relative. Financial institutions must educate about their benefits and highlight the value proposition of their offerings.

As customers are more aware about sustainability, banks have the opportunity to position themselves as leaders in this emerging market. According to multiple user-confidence indicators, few if any players today are truly standing out as a *"green leader."*

Below are some steps that financial institutions must promote to begin taking advantage of this opportunity:

- **Identify a real customer need** that can be optimally addressed with a sustainable product.
- **Establish the necessary steps** to create, launch and scale climate products.
- **Design the organizational operating model** to support the new product.
- **Determine short and medium-term success** markers, involving relevant areas in its development.

Rapidly declining technology costs offer the potential to transform the industry. Now, more than ever, financial institutions are in the right place to partner with consumers on their decarbonization journeys and reap broad strategic and financial benefits.

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A benefit for your bank, the user and the ecosystem.

Banks using technology, including AI, Big Data and Machine Learning, can develop greater resilience and find new paths for growing. Combining the power of innovation and human ingenuity allows business models to be reinvented. Change will enable the financial sector to become customer-centric and truly adapt to their needs.

Gaining a deep understanding of users, being extremely relevant, playing a more meaningful role in their lives and helping them achieve their aspirations by offering hyper-personalized products and services is the goal of every entity in 2023.

All this, through their preferred channels, at the right time and in the right place, with a view to simplifying their daily interactions with the bank as much as possible. The research compiled here shows that organizations that reinvent themselves in this way outperform their competitors in terms of *"expertise"* metrics by 31%.

Showing your customers their monthly carbon footprint in kg CO2eq for categories such as food, supermarkets, household, transport, leisure, health, education or services, is the first step to get them thinking about offsetting it through sustainable financial products.

Calculators capable of making these estimations are integrated into the digital platform of the entities in a simple and agile way through APIs.

Don't wait any longer to take the step.



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