

Consumer Survey on Impact Investing in Japan 2022

February 2023

Japan Social Innovation and Investment Foundation (SIIF)

The Japan Social Innovation and Investment Foundation (SIIF) is delighted to announce the publication of its Consumer Survey on Impact Investing in Japan 2022.

This is the fourth year of the survey, which began in 2019, and is still the only consumer survey on impact investing in Japan.

This consumer survey continuously monitors consumer awareness of impact investing and their interest in making impact investments. Moreover, the report contains a wealth of data and insights useful for understanding current consumer sentiment as well as forecasting future trends.

SIIF has been conducting an annual wholesale survey of financial institutions titled "The Current State and Challenges of Impact Investing in Japan" as the secretariat of The Japan National Advisory Board, the Global Steering Group for Impact Investment (GSG-NAB Japan) since 2017.

(<https://impactinvestment.jp/en/news/20220615.html>)

We believe that reading this "Consumer Survey on Impact Investing" in conjunction with the wholesale survey will provide you with a comprehensive understanding of the most recent developments in impact investing in Japan. Satoshi Oda and Kyoji Sasaki, who are also involved in the wholesale survey, conducted the consumer survey.

Your feedback on this report would be greatly welcome and appreciated.

Mitsuaki Aoyagi

Vice-chair of Executive Committee

The Japan Social Innovation and Investment Foundation (SIIF)

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【General investment experience】

- Only 46.0% of consumers surveyed have made investments such as stocks and bonds, though this rate has been slightly increasing in recent years.

【Consumers' awareness of impact investing】

- The percentage of respondents who are aware of impact investing and have some understanding of what it means is 7.1%.
- Those in their 20s and 30s with investment experience have a high level of awareness.

【Level of interest in impact investing, Amount of money allocable to impact investing】

- 17.7% of consumers surveyed have an interest in making impact investing.
- The rate is on recovery after a period of decline during the pandemic.
- As is the case with the awareness, the level of interest is high among those in their 20s and 30s with investment experience.
- "Contribution to solving social issues" is a consistent reason for respondents of all ages to become interested in impact investing.
- A constant portion of consumers exist across generations who are willing to spend more than ¥500,000.
- The top investment areas of interest include renewable energy, the environment, healthcare, and elderly care.
- However, those in their 20s and 30s are more interested in childcare (for males and females) and infrastructure and urban development (for males).

【Implications for retail market development of impact investing】

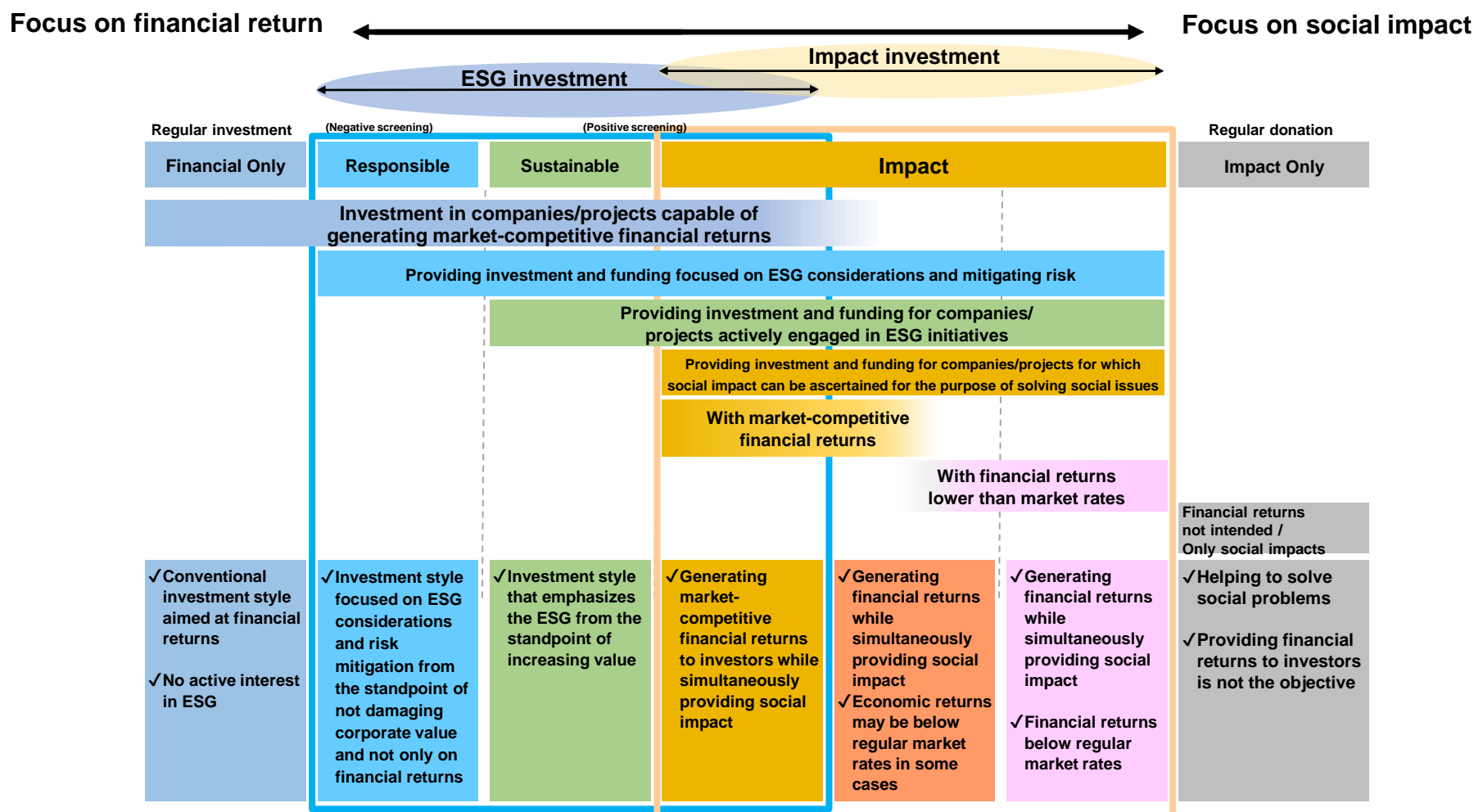
- In addition to those in their 20s and 30s with investment experience, those over 60 with a large amount of financial assets are a prospective customer segment.
- The amount of household financial assets is more important than annual household income in screening target segments.
- "Social contribution" is regarded as an effective selling point for prospective customers of all ages.
- "Benefit of investment returns" is particularly effective for those respondents in their 20s and 30s.

- SIIF conducted a quantitative consumer survey to better understand consumer perceptions of impact investing and to analyze the data useful for the future development of Japan's retail market.

- ✓ Survey period: August 8~9, 2022
- ✓ Survey mode: Internet survey
- ✓ Survey population: General consumers nationwide, aged 20 to 79 years old
- ✓ Number of respondents: 4,414 (4,127 in the previous year)
- ✓ Sampling method: Stratified two-stage random sampling to approximate the national gender and generational population distribution
- ✓ Survey conducted by: Satoshi Oda (SIIF) and Kyoji Sasaki (SIIF)

What is impact investing?

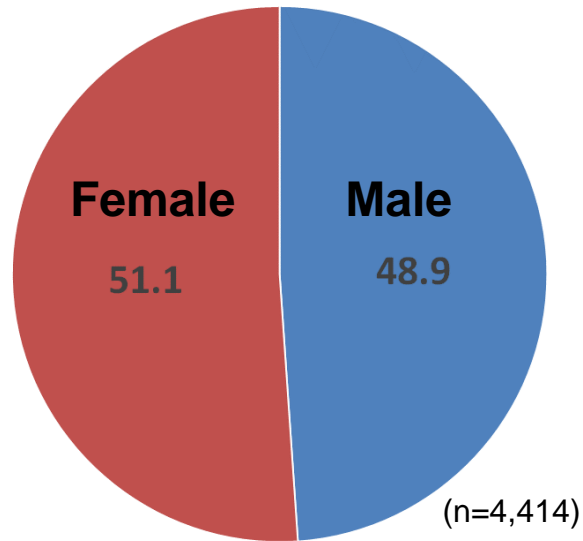
- Impact investments are those that intend to generate positive, measurable social and environmental impact alongside a financial return (GIIN's definition).
- Impact investments can target returns ranging from below market to market rate, depending on investors' strategic goals.



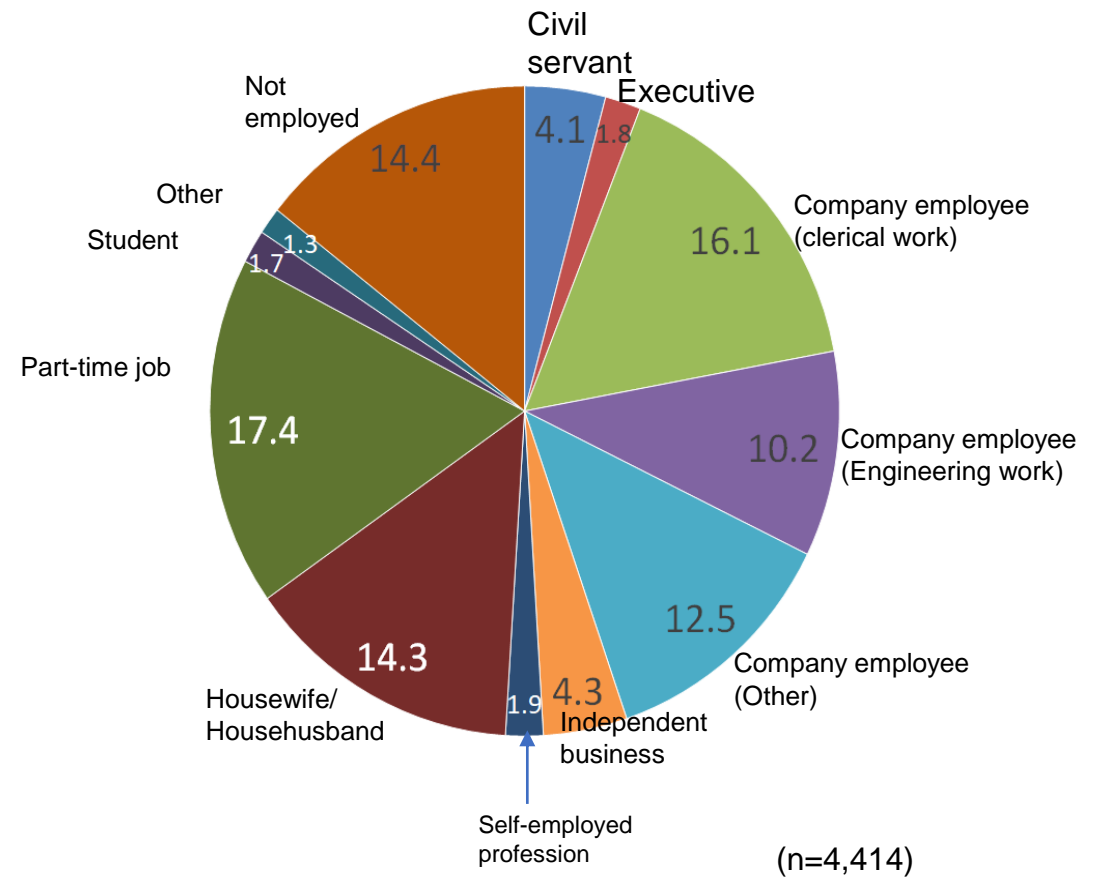
Source: Position Paper on Expanding Impact Investing 2019 (GSG-NAB Japan)

Attributes of respondents (4,414 persons)

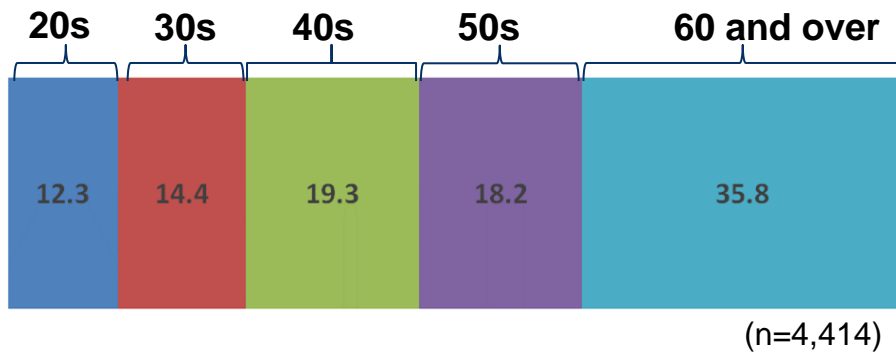
Gender (unit in %)



Occupation (unit in %)

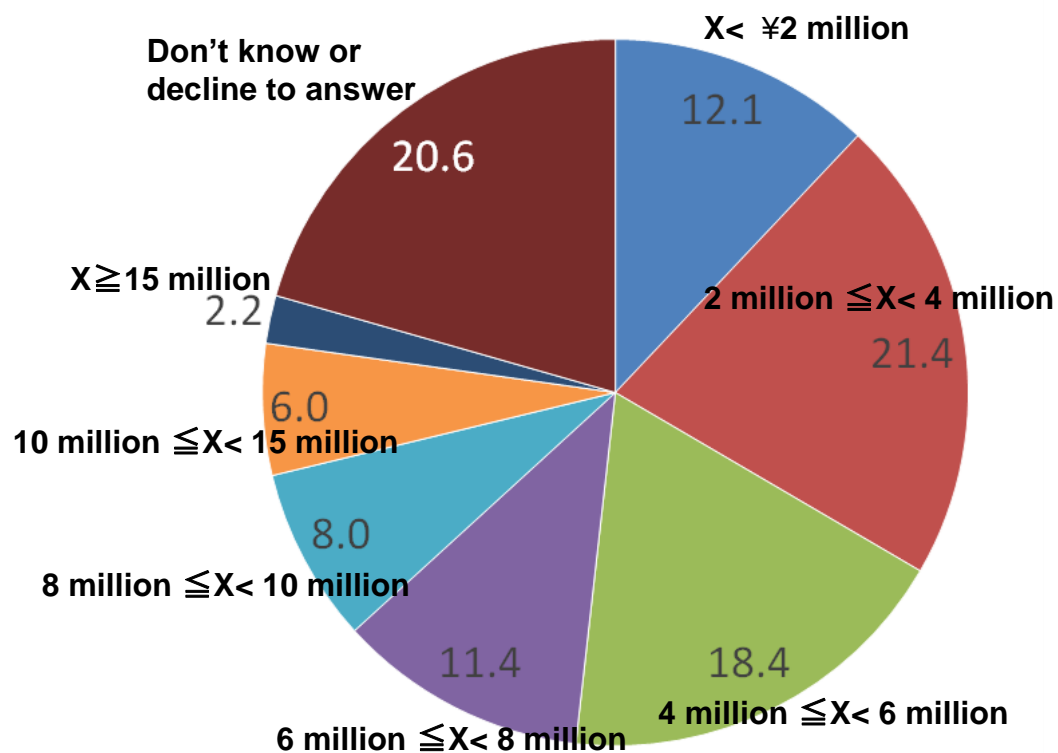


Age (unit in %)



Annual household income

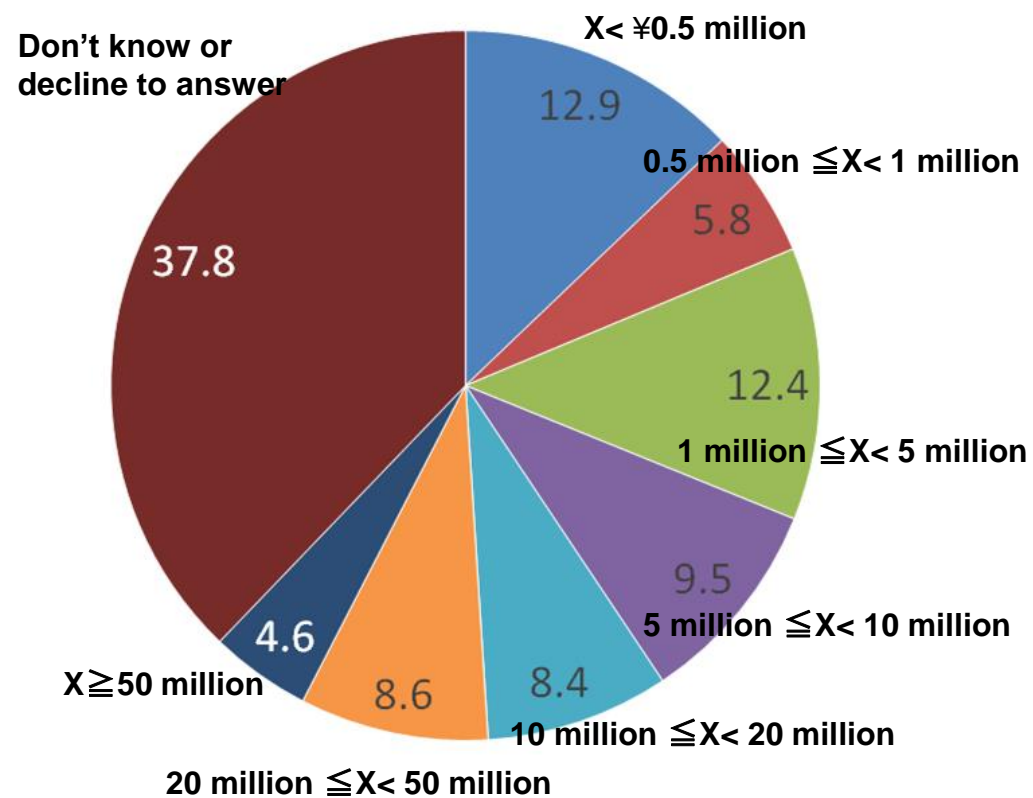
(unit in %)



(n=4,414)

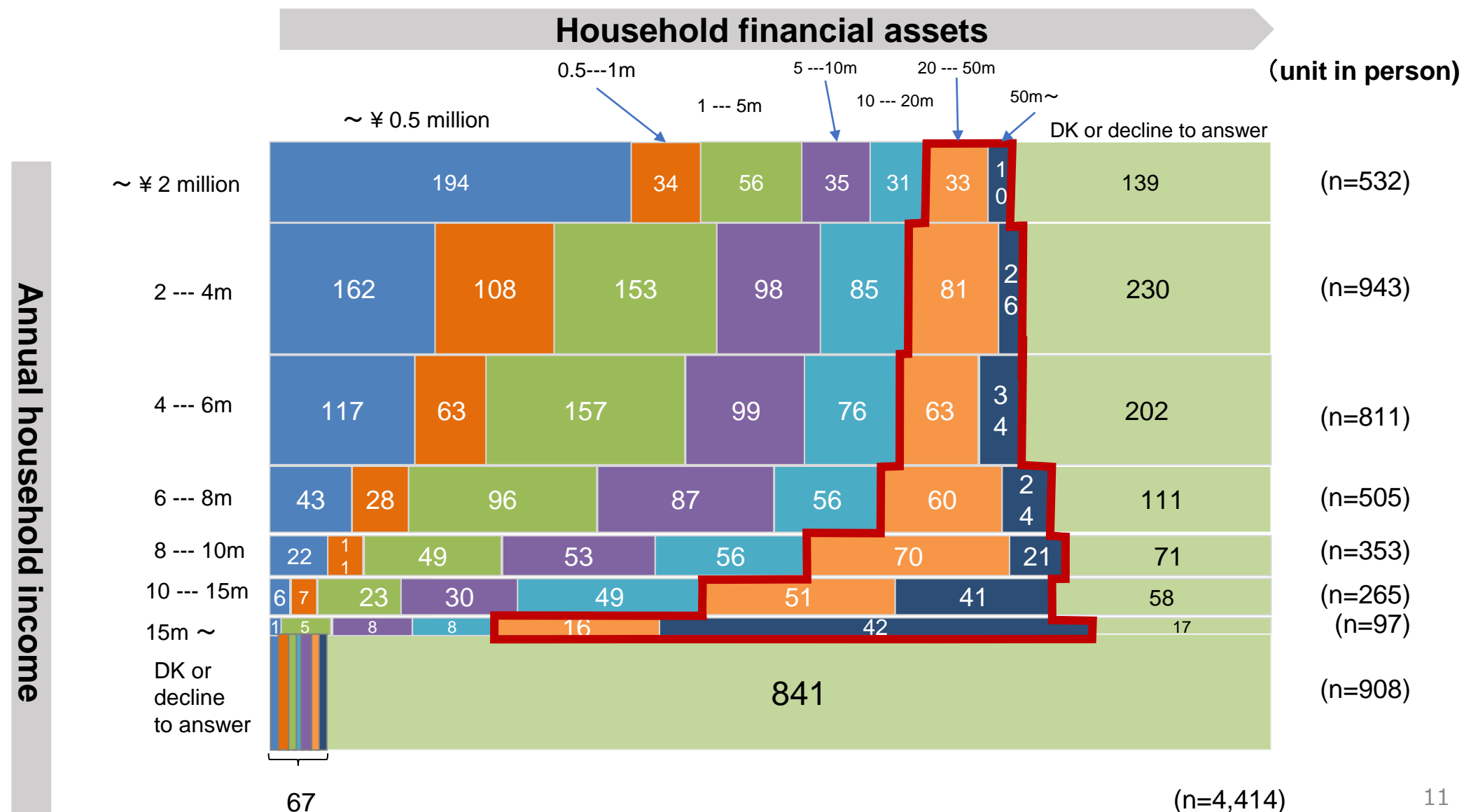
Household financial assets

(unit in %)



(n=4,414)

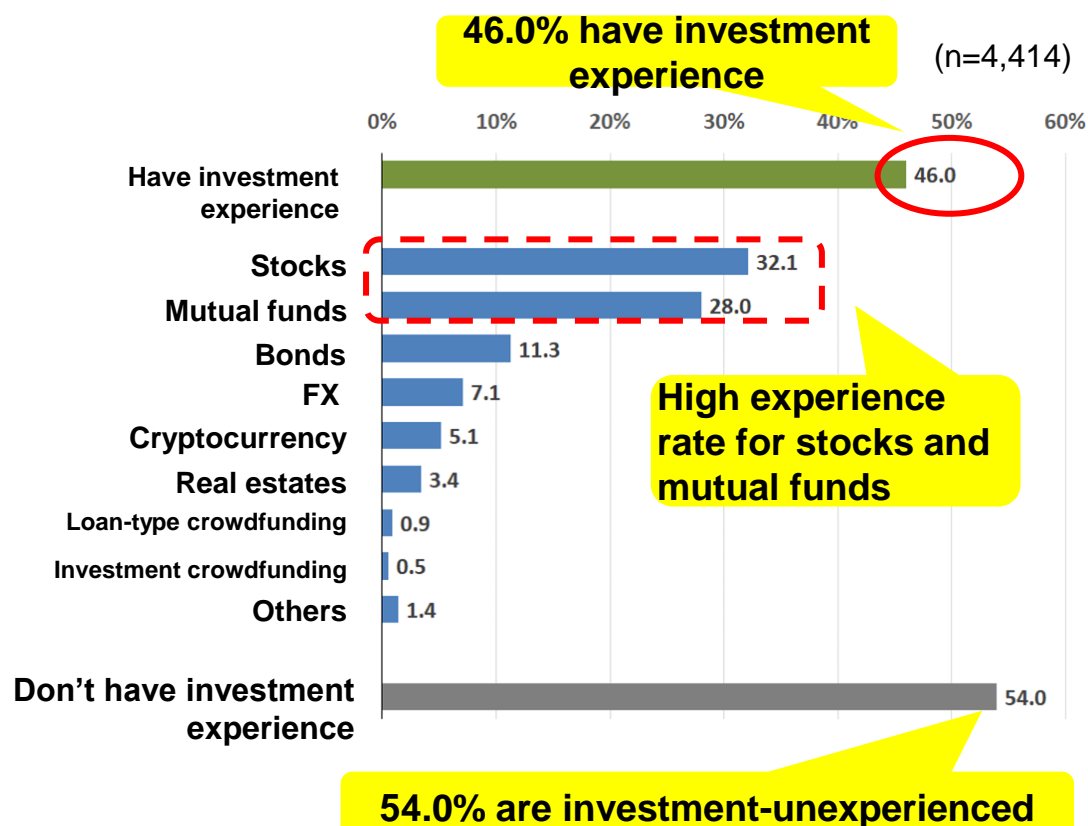
- Household income and household financial assets are represented in two dimensions.
- As annual household income rises to ¥8 million or more, the percentage of respondents with household financial assets of ¥20 million or more (the width of the red box) rises.



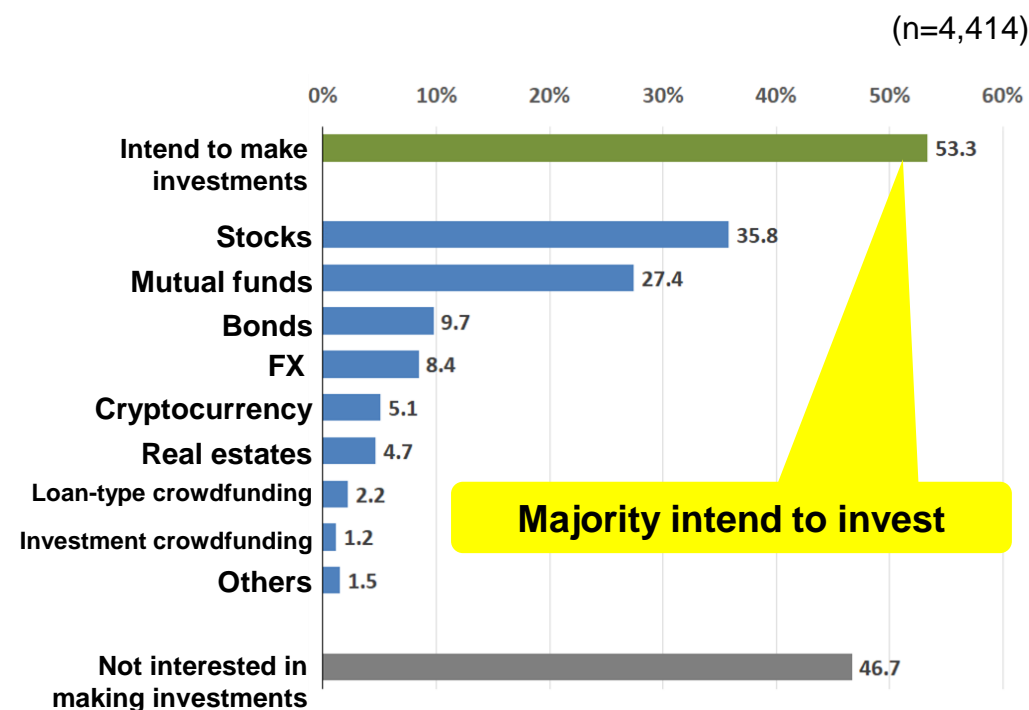
General investment experience of consumers

- Consumer investment experience rate is less than half as high, at 46.0%.
- Stocks and mutual funds have the highest experience rate among asset classes.
- A majority (53.3%) are interested in investing, including those who want to get started.

Q. What kind of investments have you made so far? (MA)

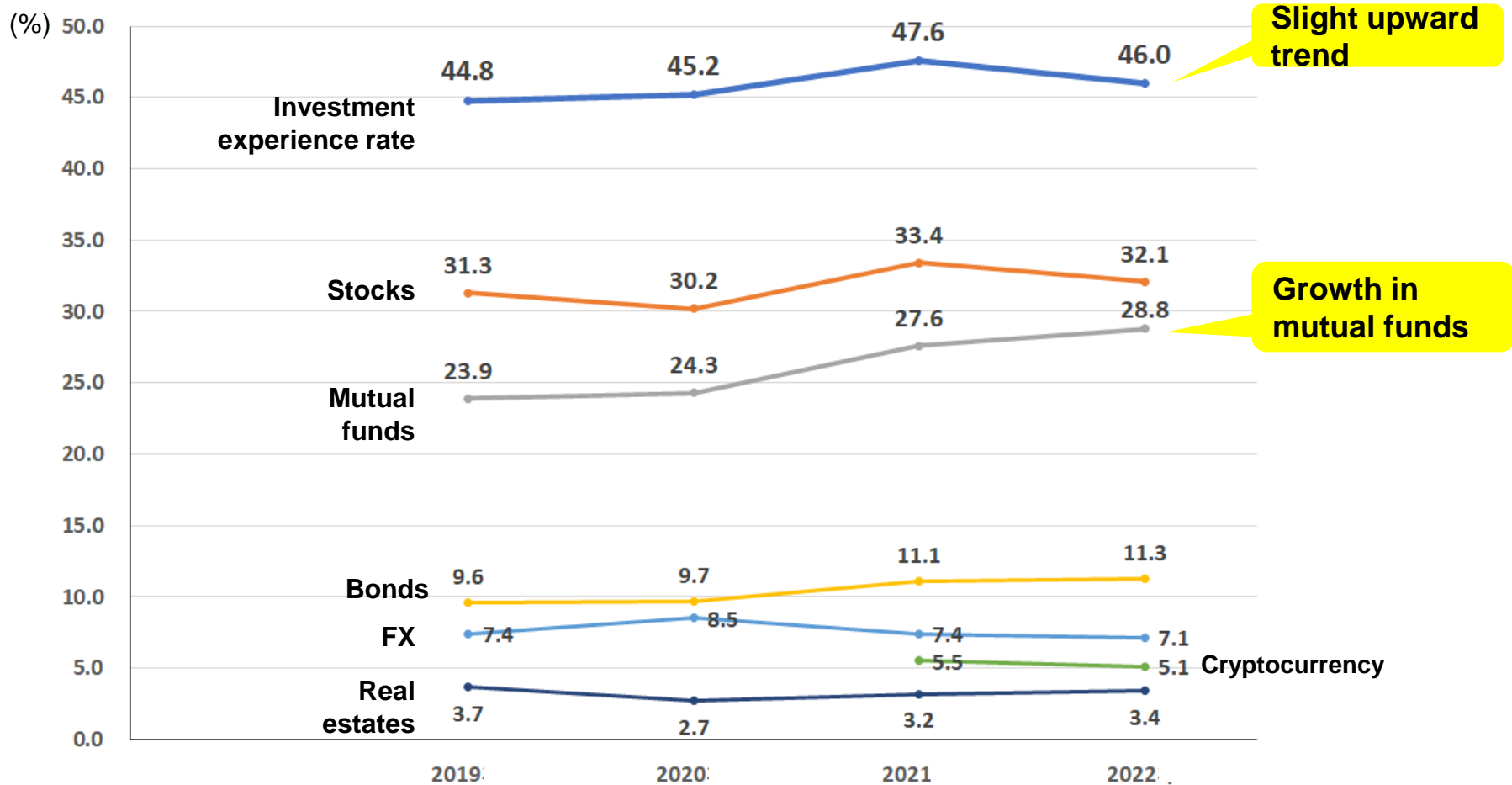


Q. What kind of investment would you like to make in the future (including continuing)? (MA)



Time series of investment experience rates

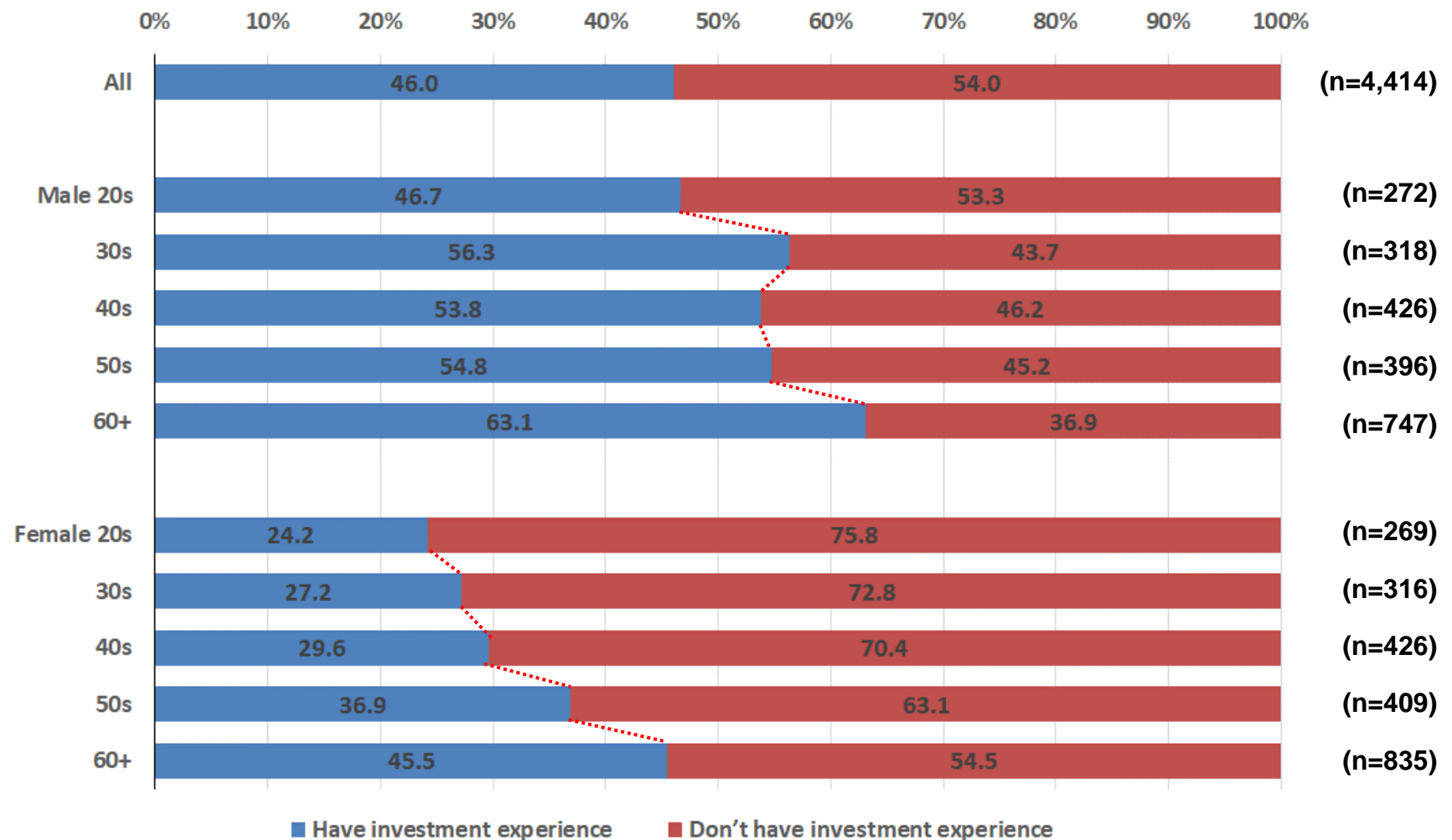
- The rate of investment experience has risen slightly in recent years, owing to consumers' growing concerns about pensions.
- Mutual funds have increased relatively significantly, while FX and real estate have remained flat.



Note: Crowdfundings (loan-type and investment) are omitted.

Investment experience rate - by gender and generation

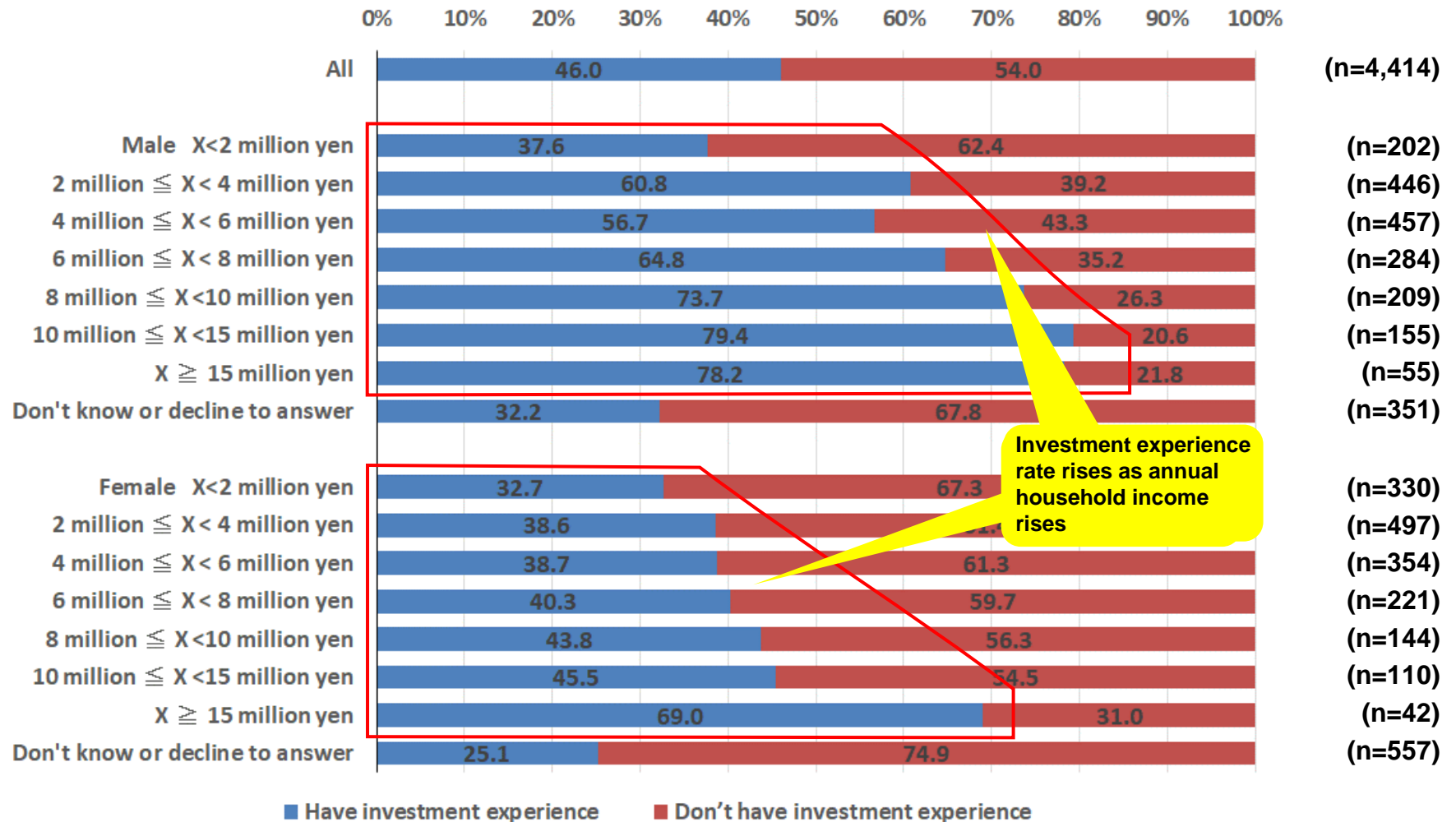
- For males, the investment experience rate plateaus in their 40s and 50s before rising again in their 60s and higher.
- Females' investment experience rate rises steadily as generation rises.



Investment experience rate - by household income

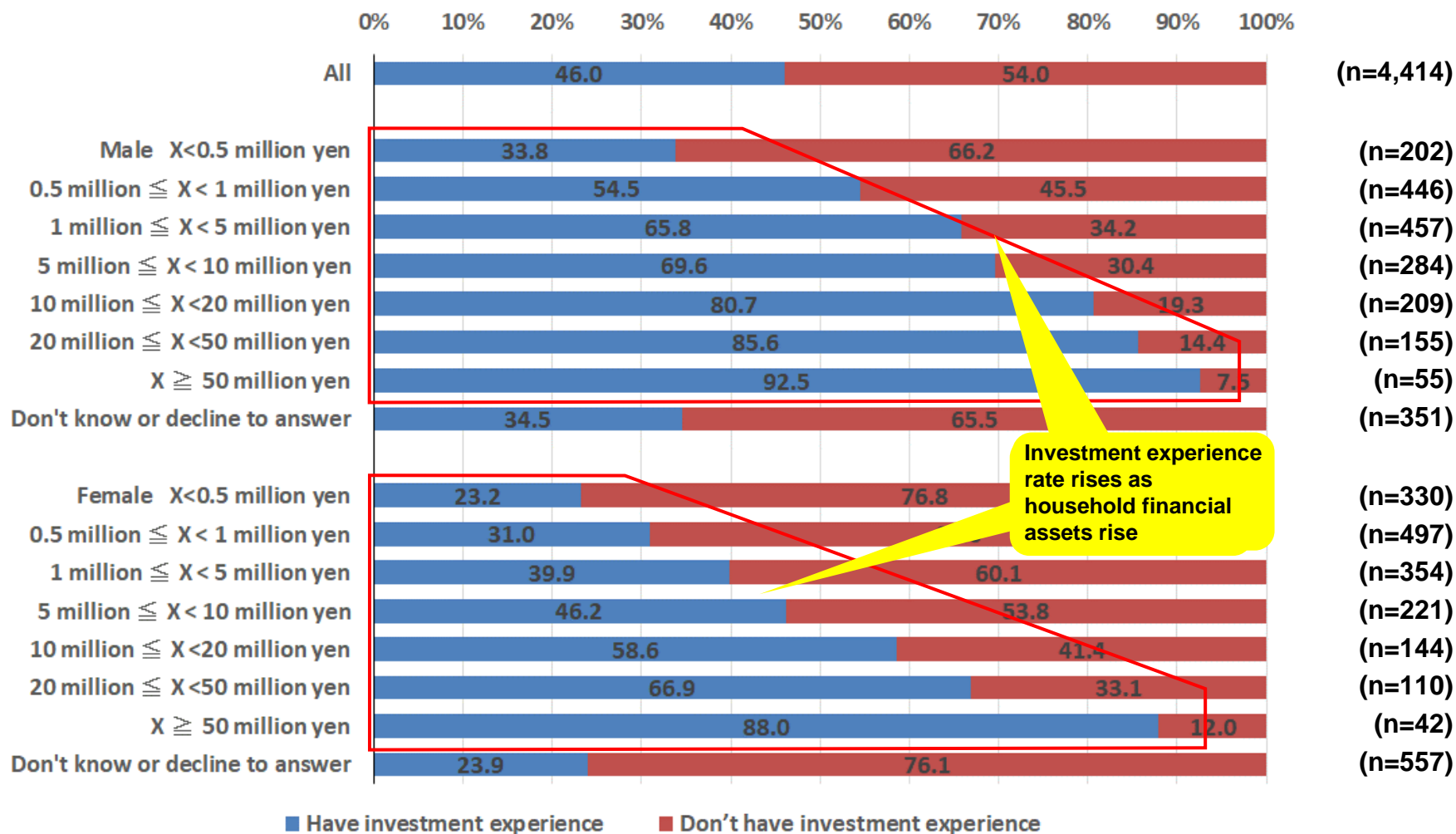
- There is a clear relationship between annual household income and investment experience rate.
- However, even among those with annual household income of ¥15 million or more, 20% of men and 30% of women have no investment experience.
- This demonstrates Japanese consumers' conservative tendency not to move away from savings toward investments.

By annual household income



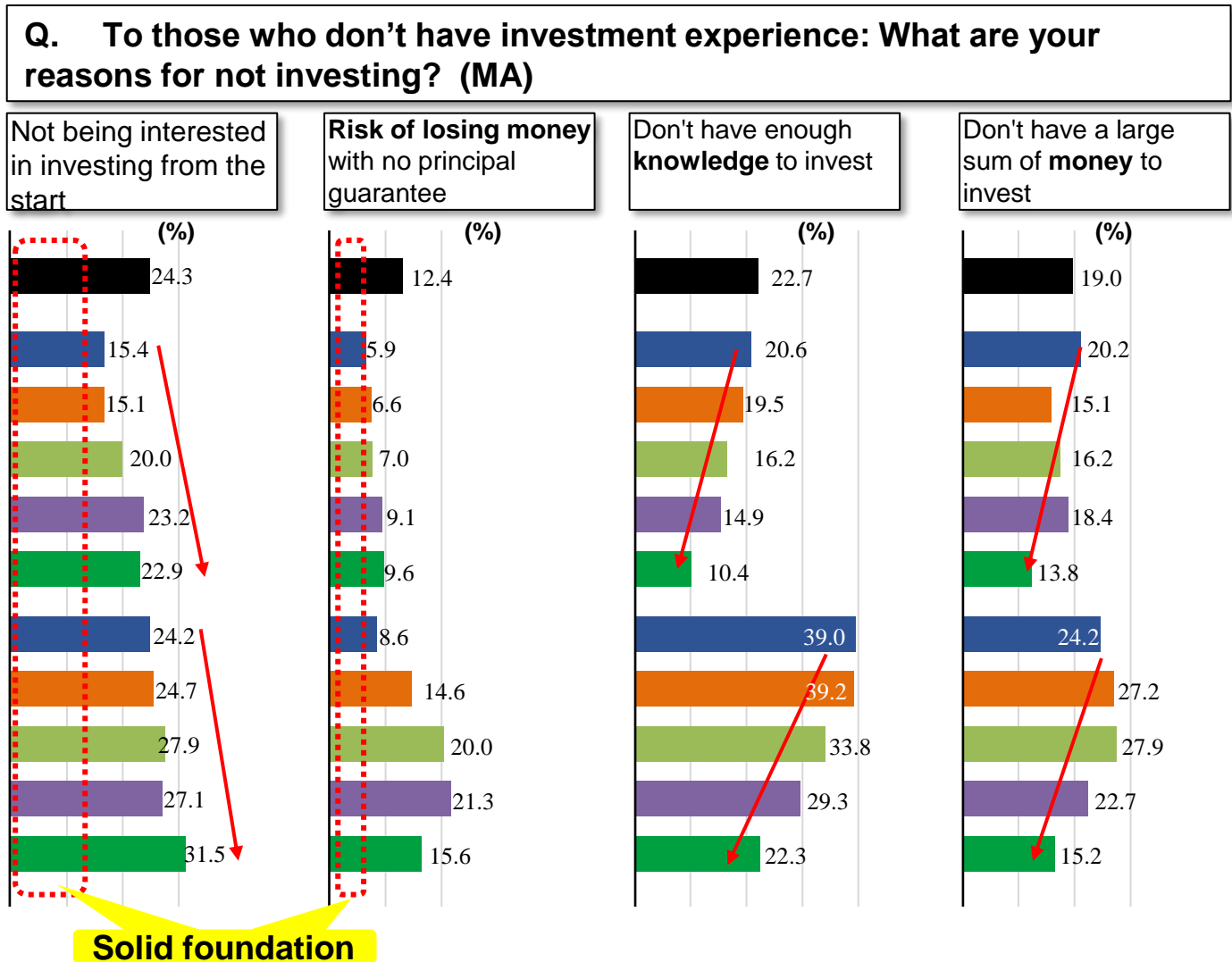
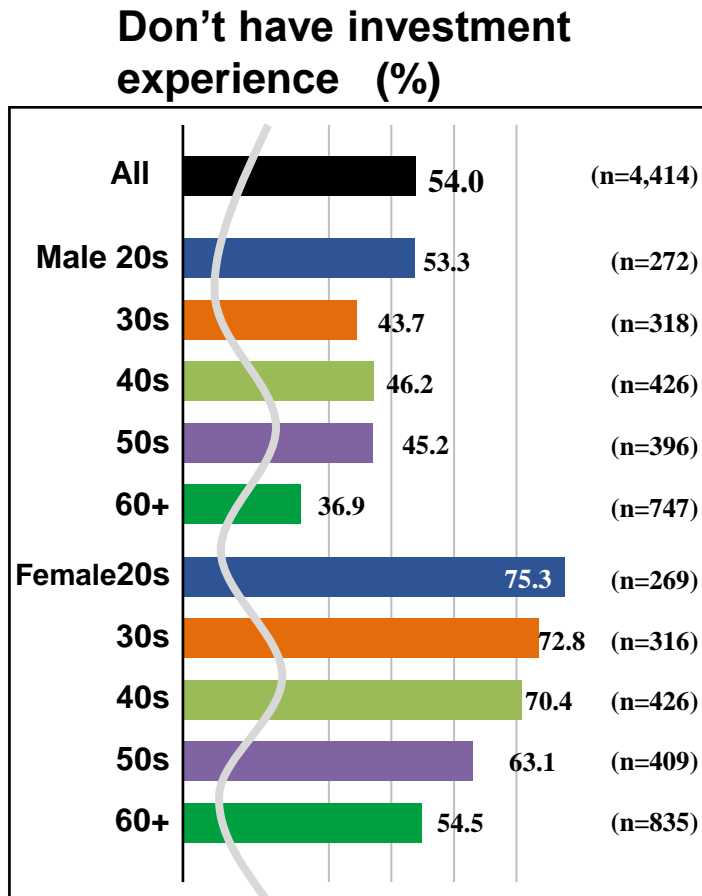
- The correlation between household financial assets and investment experience rate is stronger than that between annual household income and investment experience rate.
- However, even among those with ¥50 million or more in household financial assets, approximately 10% of both males and females have no investment experience.

By household financial assets



Reasons for not investing

- Convincing reasons for not investing include "Not being interested in investing from the start" and "Risk of losing money with no principal guarantee," which have a solid foundation across all generations.
- Conversely, resource-constrained reasons such as "Don't have enough knowledge to invest" and "Don't have a large sum of money" become less prevalent as one gets older.



- Only 46.0% of consumers surveyed have made investments such as stocks and bonds, though the rate of investment experience has been increasing slightly in recent years.
- Men's investment experience rate plateaus in their 40s and 50s before rising again in their 60s and higher.
- Women's investment experience grows in lockstep with the generation.
- As the generation grows older, fewer respondents cite a lack of knowledge and the shortage of funds as reasons for not investing.

[Insight]

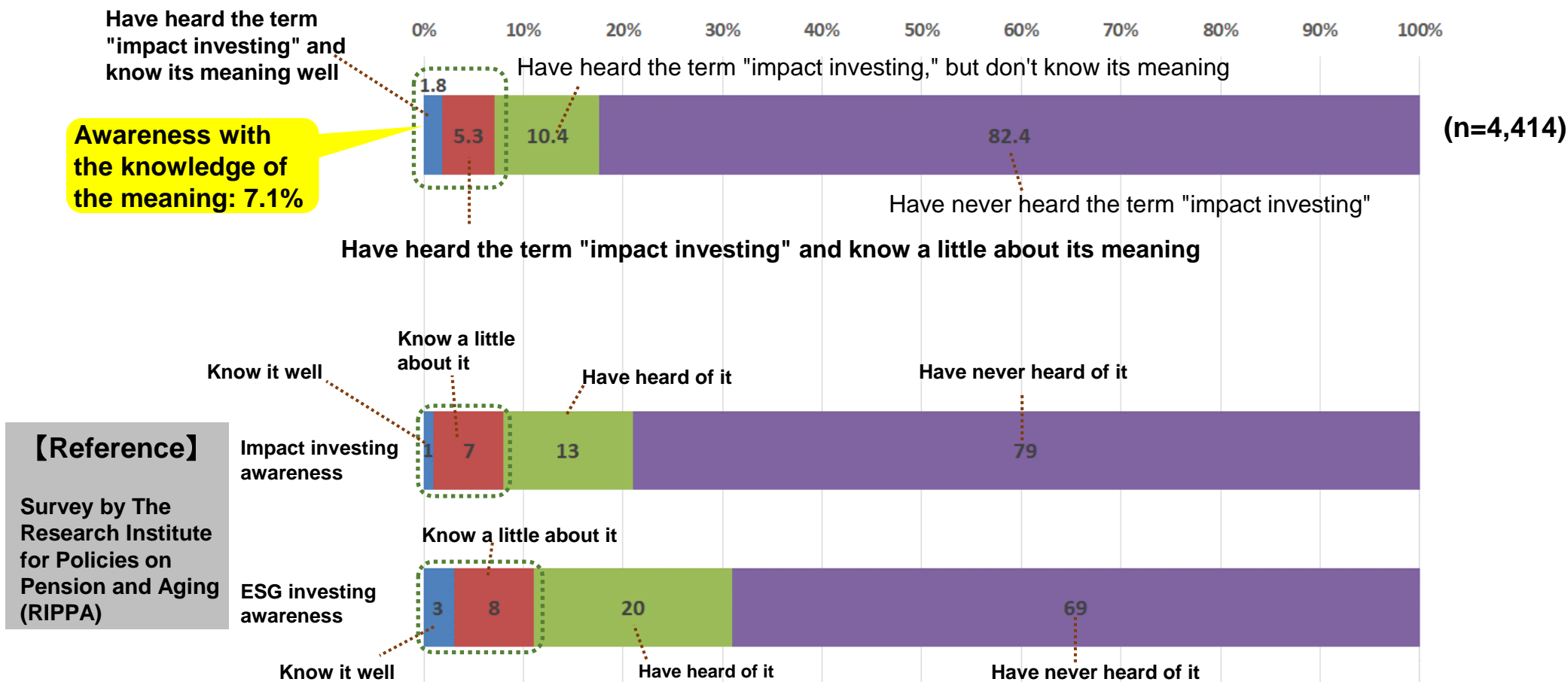
- It will be beneficial to introduce investment products that do not require a large amount of funds or knowledge and are simple to start in order to increase the investment population.

Awareness of and interest in impact investing

Awareness of impact investing

- 7.1% of respondents understand what impact investing entails.
- A similar survey conducted by another organization reveals that 8% of respondents know of impact investing.
- In Japan, the actual level of awareness appears to range between 7% - 8%.

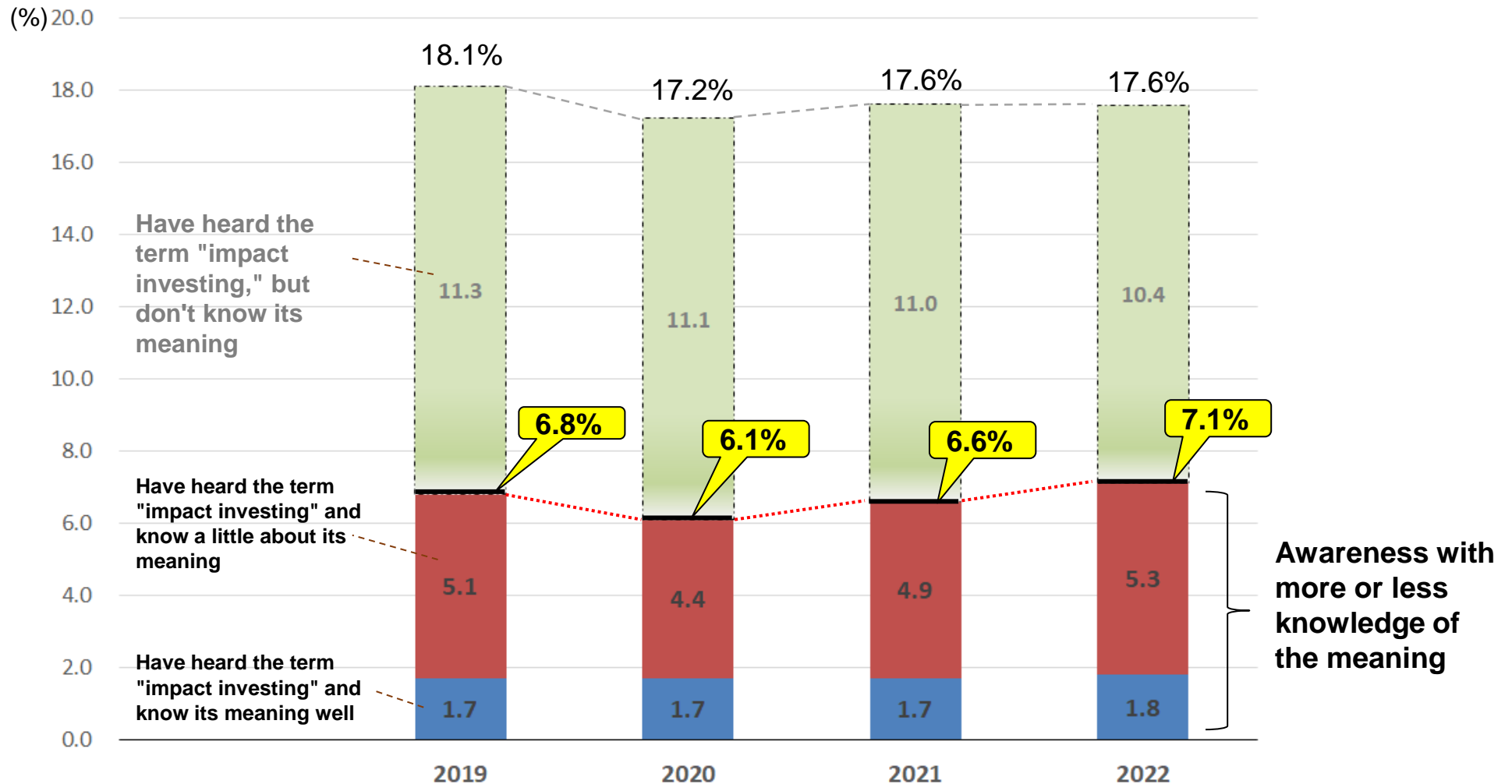
**Q. The investing made with the intention to generate positive, measurable social and environmental impact alongside a financial return is defined as "impact investing."
Have you ever heard of the term "impact investing"? (SA)**



Source : "Consumer Survey on Pension and Investment," The Research Institute for Policies on Pension and Aging, August 2022

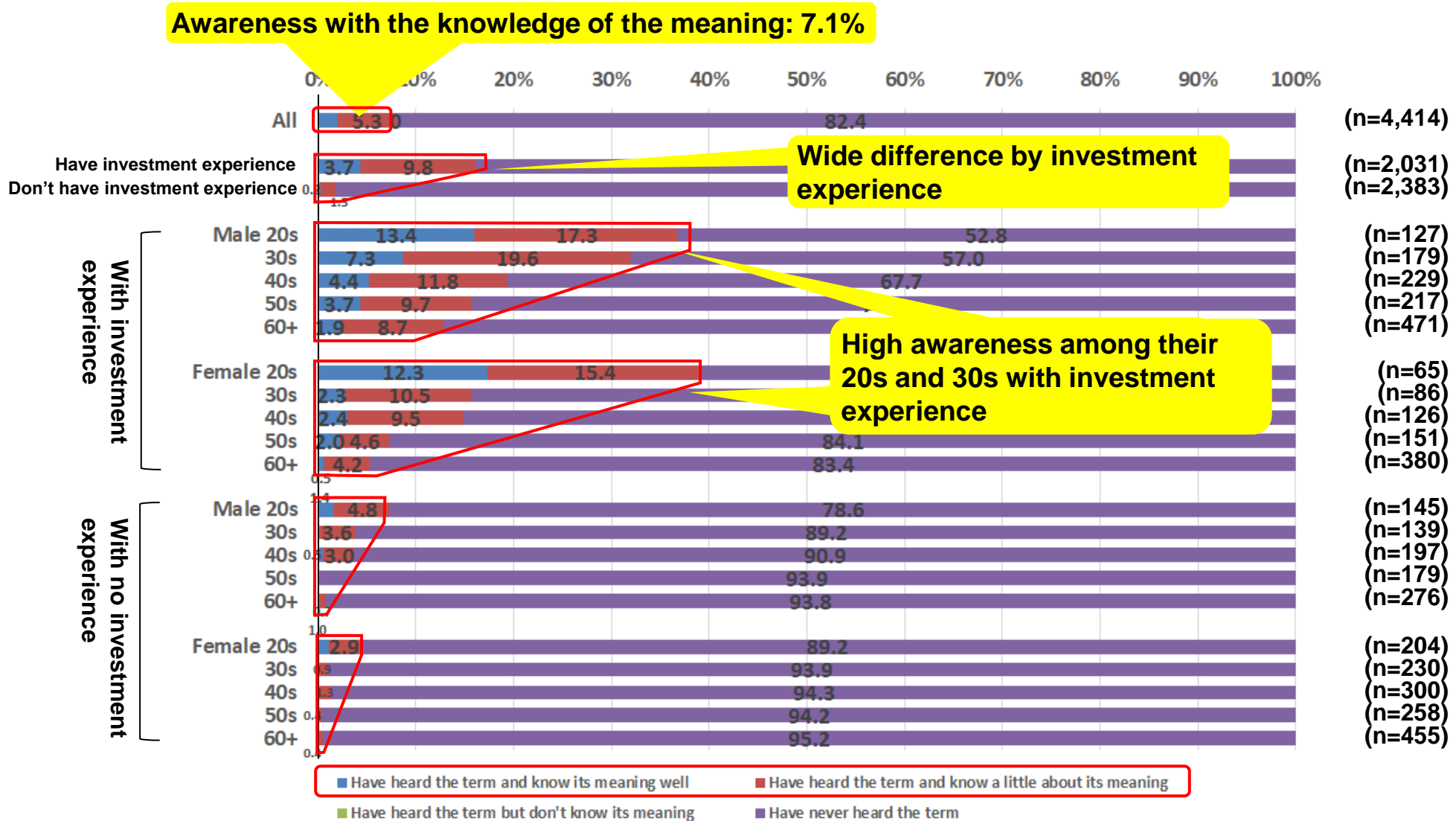
Time series of impact investing awareness

- The level of awareness with the knowledge of the meaning has surpassed 7% for the first time since the survey started in 2019.



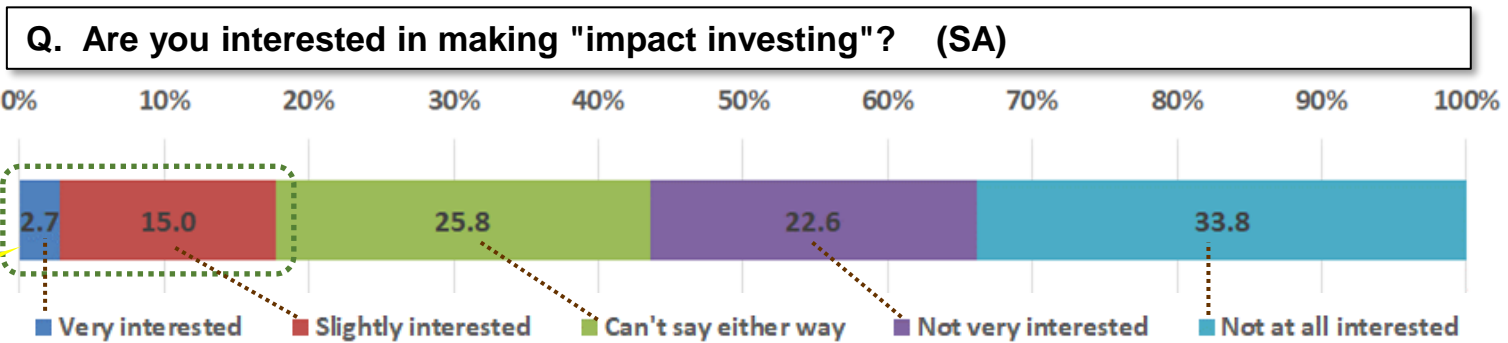
Awareness of impact investing – by investment experience, gender and generation

- The awareness of impact investing varies greatly depending on investment experience.
- More than 30% of those in their 20s and 30s with investment experience, known as Generation Z and Millennials, have a high level of awareness.



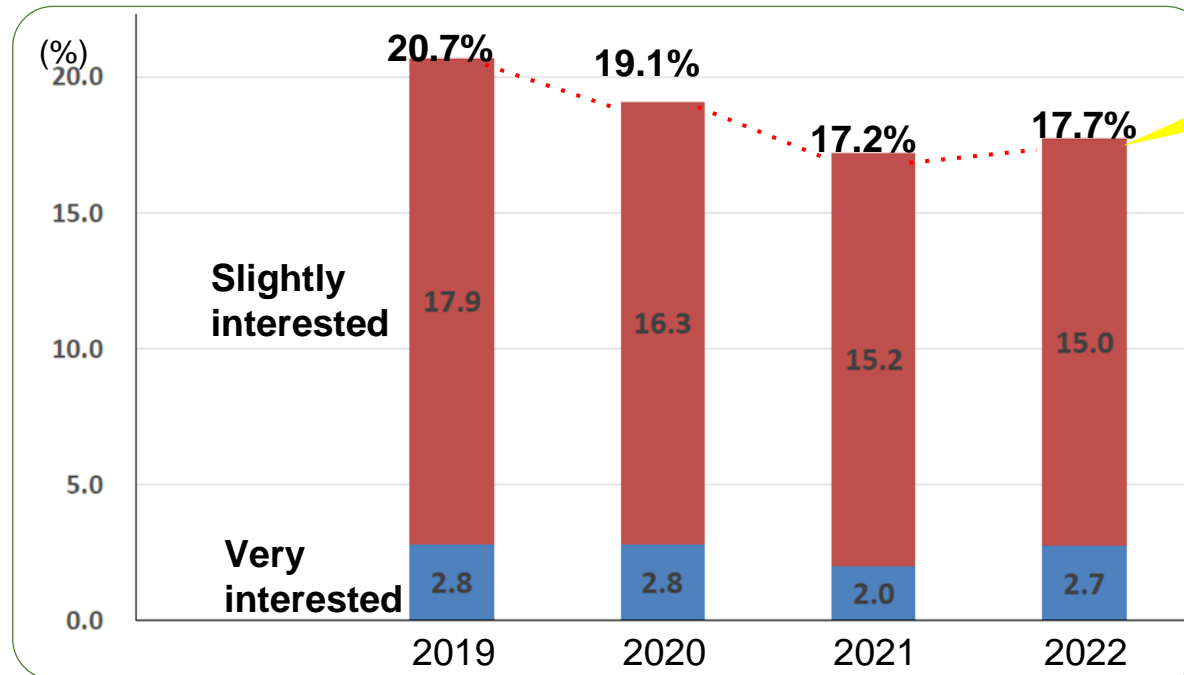
Interest in impact investing

- 17.7% of consumers surveyed have an interest in making impact investing.
- The rate is on recovery after a period of decline during the pandemic.



17.7% interested in impact investing

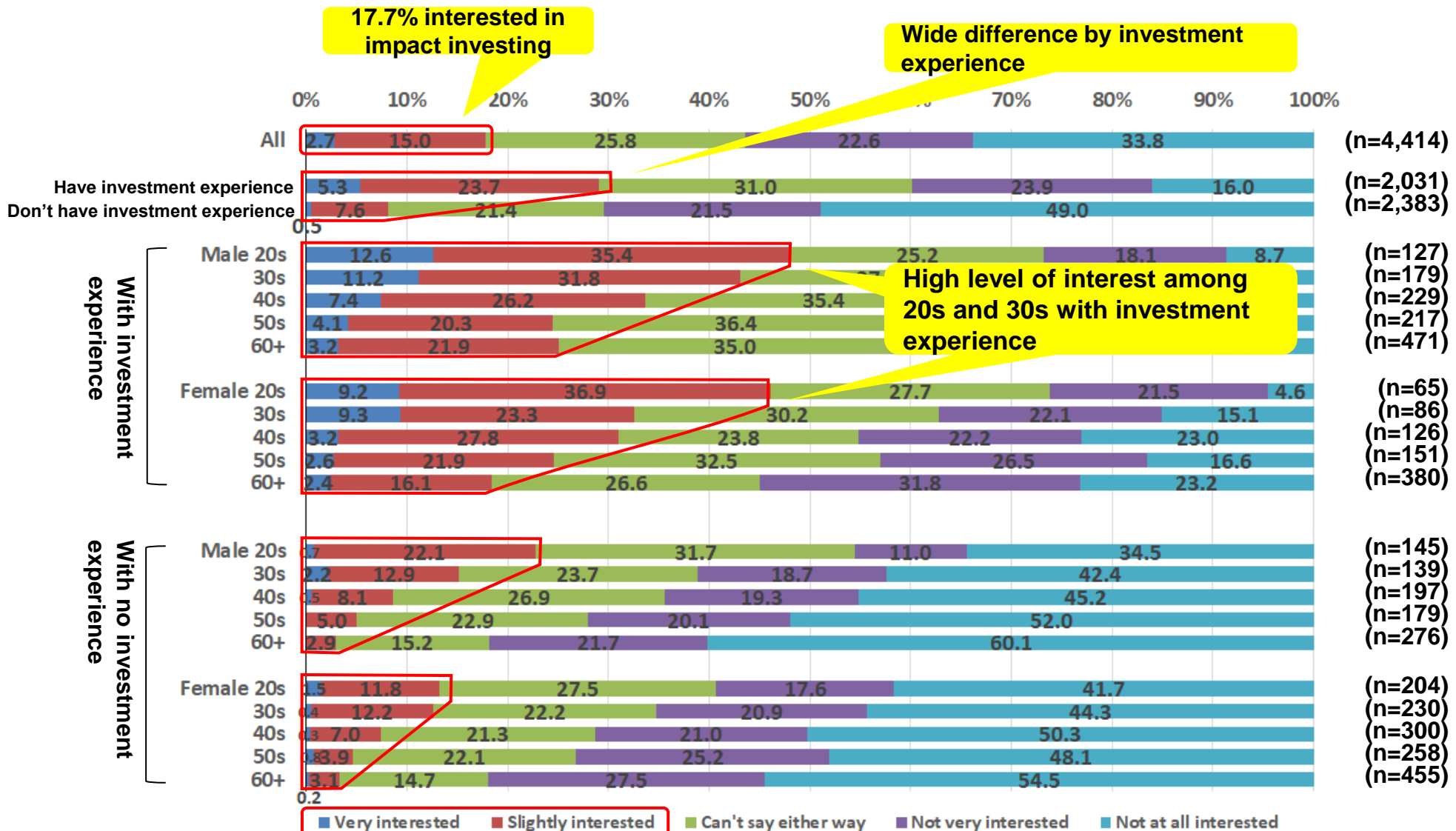
Time series



Recovering after pandemic

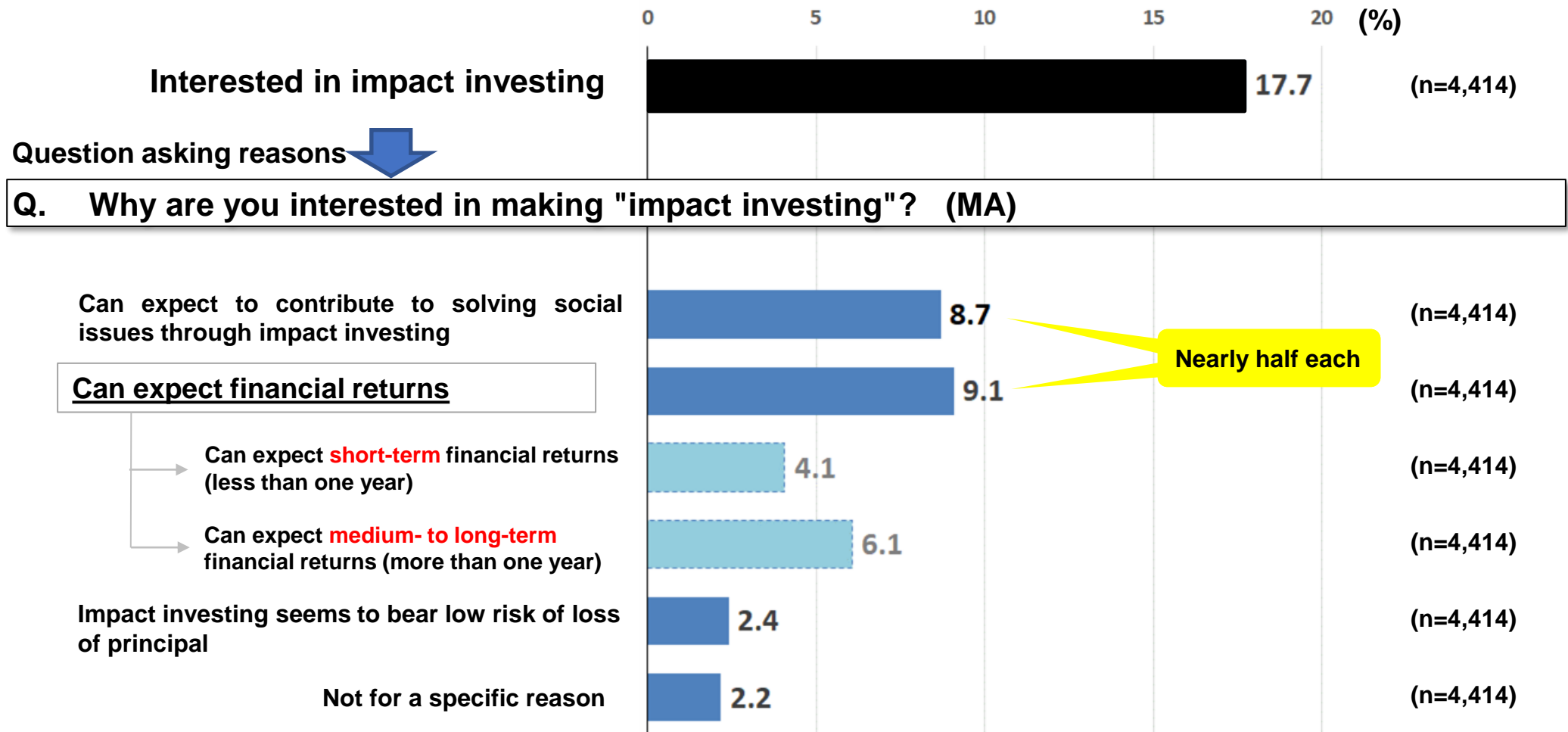
Interest in impact investing – by investment experience, gender and generation

- Interest in impact investing varies greatly depending on investment experience.
- Those in their 20s and 30s with investment experience, known as Generation Z and Millennials, are particularly interested.



Why interested in making impact investing?

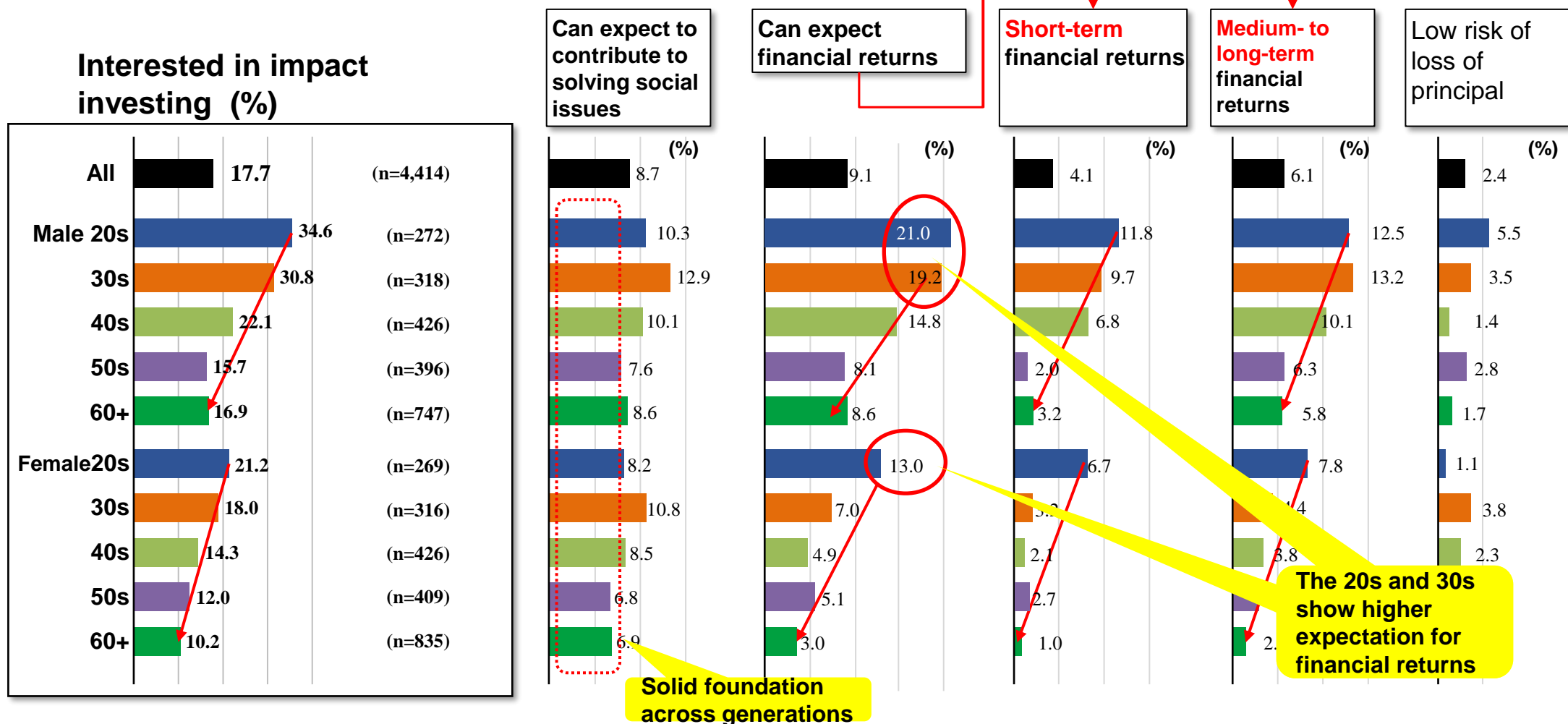
- Nearly half of those interested in making impact investing (17.7%) cited “Because I can expect to contribute to solving social issues” and “Because I can expect a return on my investment” as major reasons.
- Many of those expecting financial returns expect medium- to long-term returns rather than short-term returns.



Why interested in making impact investing? -- by gender and generation

- “Can expect to contribute to solving social issues” has a stable and solid foundation that spans generations.
- Younger generations (those in their 20s and 30s) are more interested in impact investing for financial returns than older generations.

Q. Why are you interested in making "impact investing"? (MA)



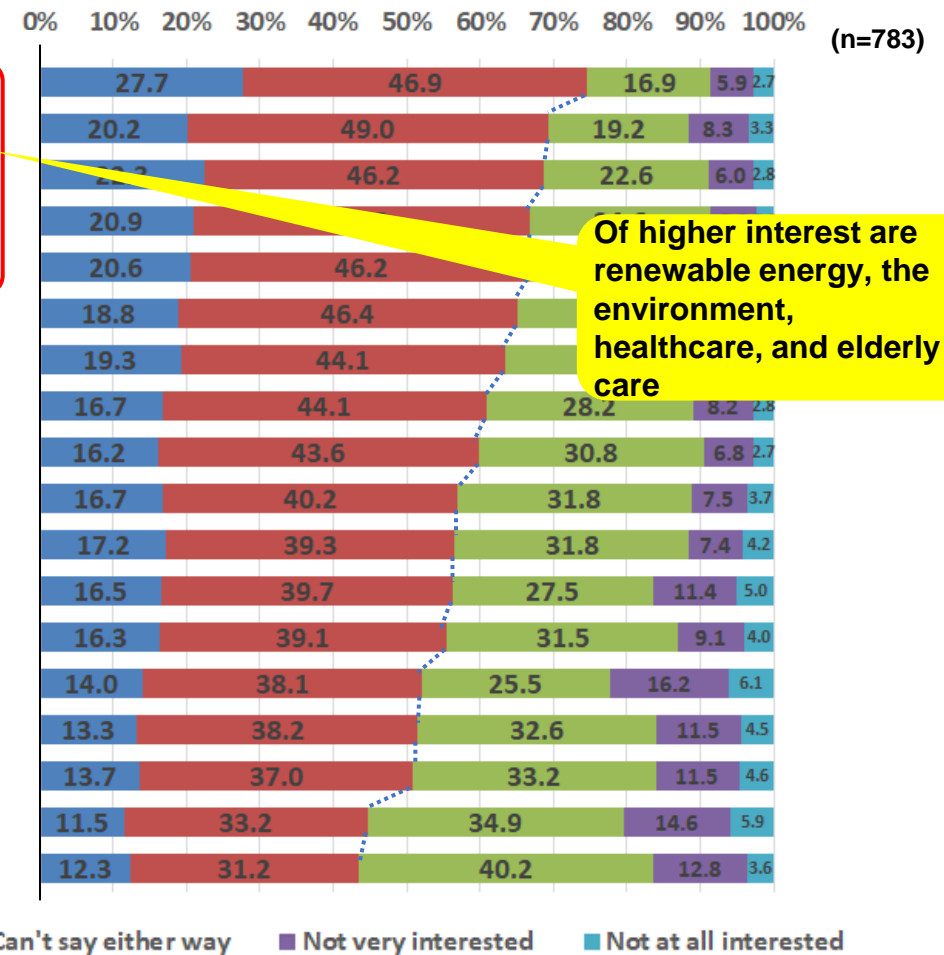
Which investment areas are popular among prospective customers?

- Those respondents interested in making impact investments responded to the investment areas of interest for addressing social issues.
- Renewable energy, the environment, healthcare, and elderly care are among the most popular topics.

Q. Investing in companies that work to solve social issues will help support those companies. Would you be willing to buy stocks or mutual funds in those companies or to finance them through crowdfunding?

- Companies that develop or provide renewable energy**
- Companies that provide products and services that help protect the environment**
- Companies committed to providing quality medical and elderly care services and to reducing their costs**
- Companies that provide products and services for sustainable agriculture**
- Companies that provide products and services that help solve social issues by applying IT and advanced technologies**

- Companies that provide products and services to ensure safe water supply and public health
- Companies that provide products and services to solve or mitigate climate change
- Companies that provide products and services for infrastructure and urban development
- Companies that try hard to reduce environmental impact in the corporate activities
- Companies that promote the diversity and inclusion of employees
- Companies that provide a work environment that facilitates childcare while continuing to work
- Companies that provide quality educational and parenting products and services
- Companies that provide a work environment that facilitates elderly care while continuing to work
- Companies that provide products and services that contribute to culture and arts
- Microfinance institutions that provide small loans, savings, and other financial services to the poor
- Companies that provide quality housing at affordable prices
- Companies that provide innovative financial services using fintech and other technologies
- Companies that provide products and services that support small and medium-sized businesses



Of higher interest are renewable energy, the environment, healthcare, and elderly care

Popular investment areas – by gender and generation

- Males in their 20s and females in their 20s and 30s are more interested in two aspects of related to child rearing than other gender-generation groups.
- As young parent generations, these segments are acutely aware of the childcare-related issues.
- Males in their 20s and 30s are highly interested in "infrastructure and urban development".

Rank by % of "Very interested" plus "Slightly interested" (top 5 are marked in red)

	Total rank	Male					Female				
		20s	30s	40s	50s	60+	20s	30s	40s	50s	60+
Companies that develop or provide renewable energy	1	2	1	1	1	1	6	3	3	4	1
Companies that provide products and services that help protect the environment	2	9	8	5	8	3	3	1	4	2	2
Companies committed to providing quality medical and elderly care services and to reducing their costs	3	8	4	4	5	5	2	4	2	3	5
Companies that provide products and services for sustainable agriculture	4	13	7	7	2	4	13	9	1	5	3
Companies that provide products and services that help solve social issues by applying IT and advanced technologies	5	5	6		3	2	4	11	12	8	7
Companies that provide products and services to ensure safe water supply and public health	6	10	3	6	13	6	12	5	8	6	4
Companies that provide products and services to solve or mitigate climate change	7	12	5	10	12	7	15	7	11	1	6
Companies that provide products and services for infrastructure and urban development	8	1	2	9	10	8	11	13	13	11	9
Companies that try hard to reduce environmental impact in the corporate activities	9	7	12	8	4	9	9	12	5	7	8
Companies that promote the diversity and inclusion of employees	10	6	9	17	9	13	8	8	6	10	11
Companies that provide a work environment that facilitates childcare while continuing to work	11	4	13	14	11	17	1	2	7	15	12
Companies that provide quality educational and parenting products and services	12	3	11	13	14	11	5	6	15	12	14
Companies that provide a work environment that facilitates elderly care while continuing to work	13	15	14	11	15	12	7	10	10	9	13
Companies that provide products and services that contribute to culture and arts	14	18	17	16	16	10	10	15	9	13	10
Microfinance institutions that provide small loans, savings, and other financial services to the poor	15	17	16	3	6	15	14	16	18	16	15
Companies that provide quality housing at affordable prices	16	16	10	15	7	14	16	14	14	14	16
Companies that provide innovative financial services using fintech and other technologies	17	11	15	12	17	16	18	18	17	17	18
Companies that provide products and services that support small and medium-sized businesses	18	14	18	18	18	18	17	17	16	18	17
n=	783	94	98	94	62	126	57	57	61	49	85

- For the first time, consumers' awareness with an understanding of meaning has surpassed 7%.
- More than 30% of those in their 20s and 30s with investment experience are aware of impact investing.
- After the pandemic, consumer interest in making impact investing in on the recovery.
- Those in their 20s and 30s with investment experience are particularly interested in impact investing.
- A consistent portion of respondents across generations say they are interested in impact investing because it will help solve social issues.
- The top areas of interest are renewable energy, the environment, healthcare, and elderly care are.

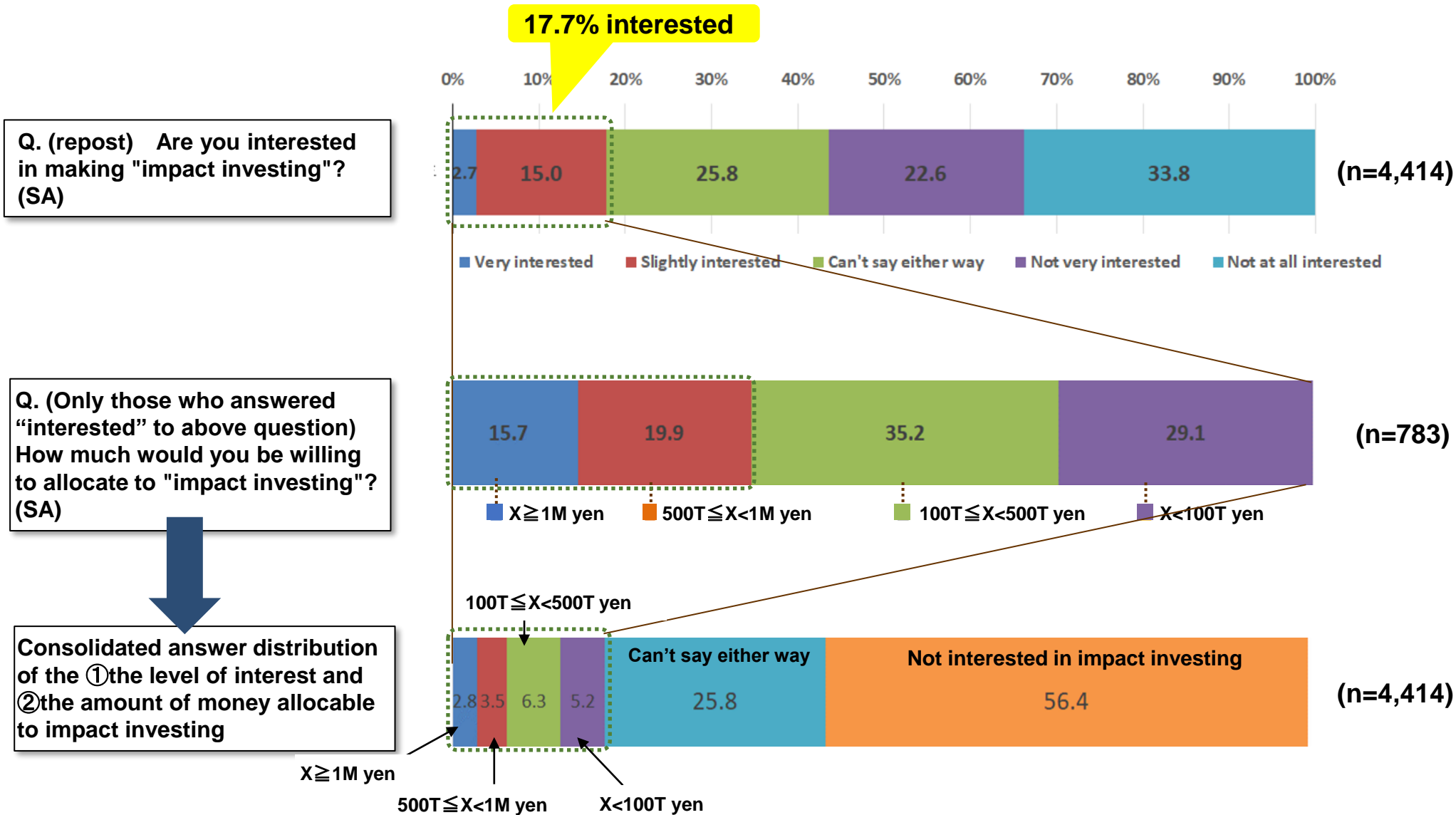
[Insight]

- As an implication for developing the impact investing retail market in Japan, it can be effective to differentiate the appealing points depending on generation.
 - ✓ Example: To emphasize the value and relevance of social contribution to a wide range of generations, while appealing to those in their 20s and 30s with competitive financial returns.

Amount of money to allocate to impact investing

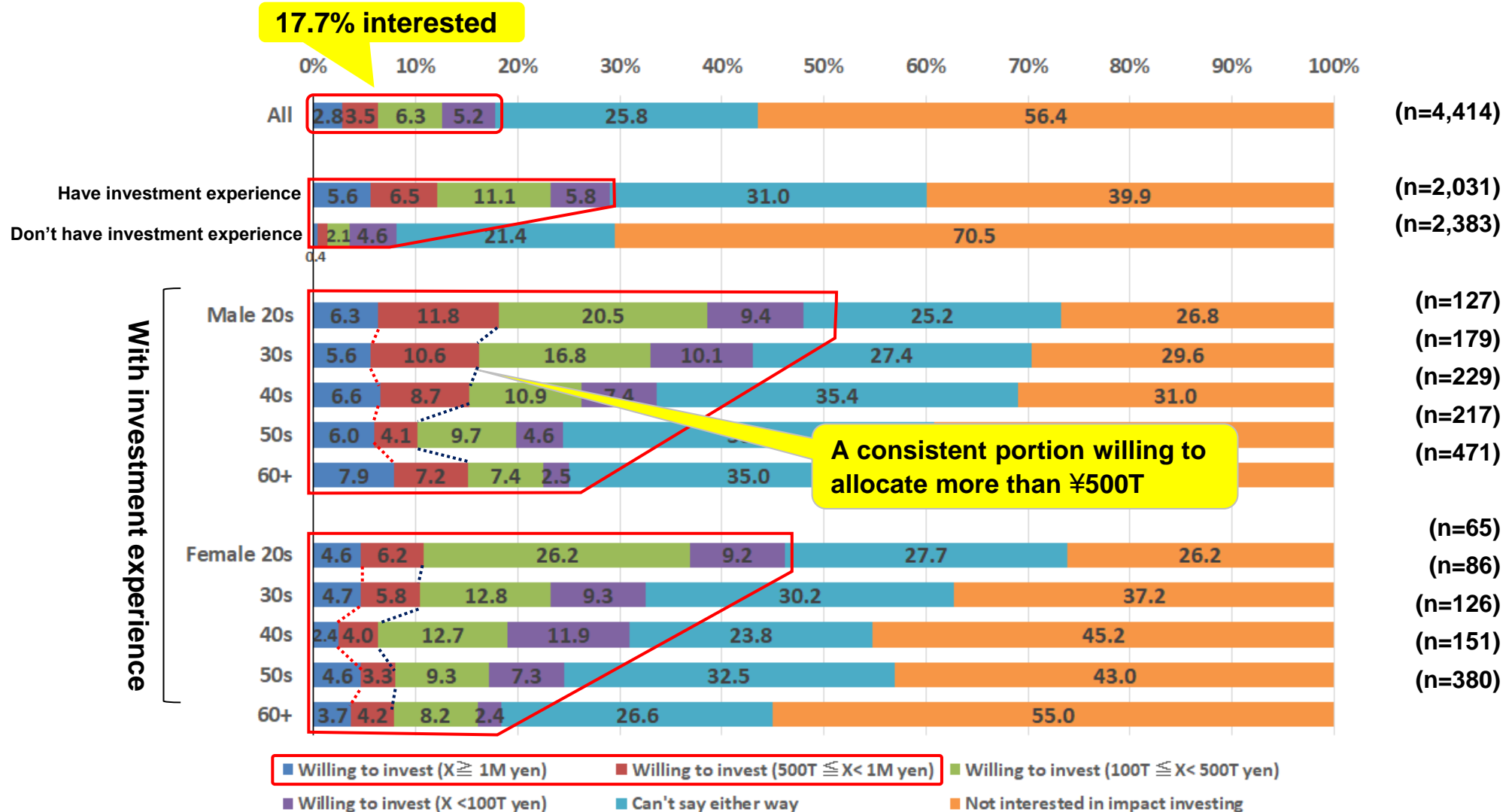
Amount of money willing to make impact investing

- Those who are interested in making impact investing are asked how much money they are willing to put aside for it.



Amount for impact investing – by generation

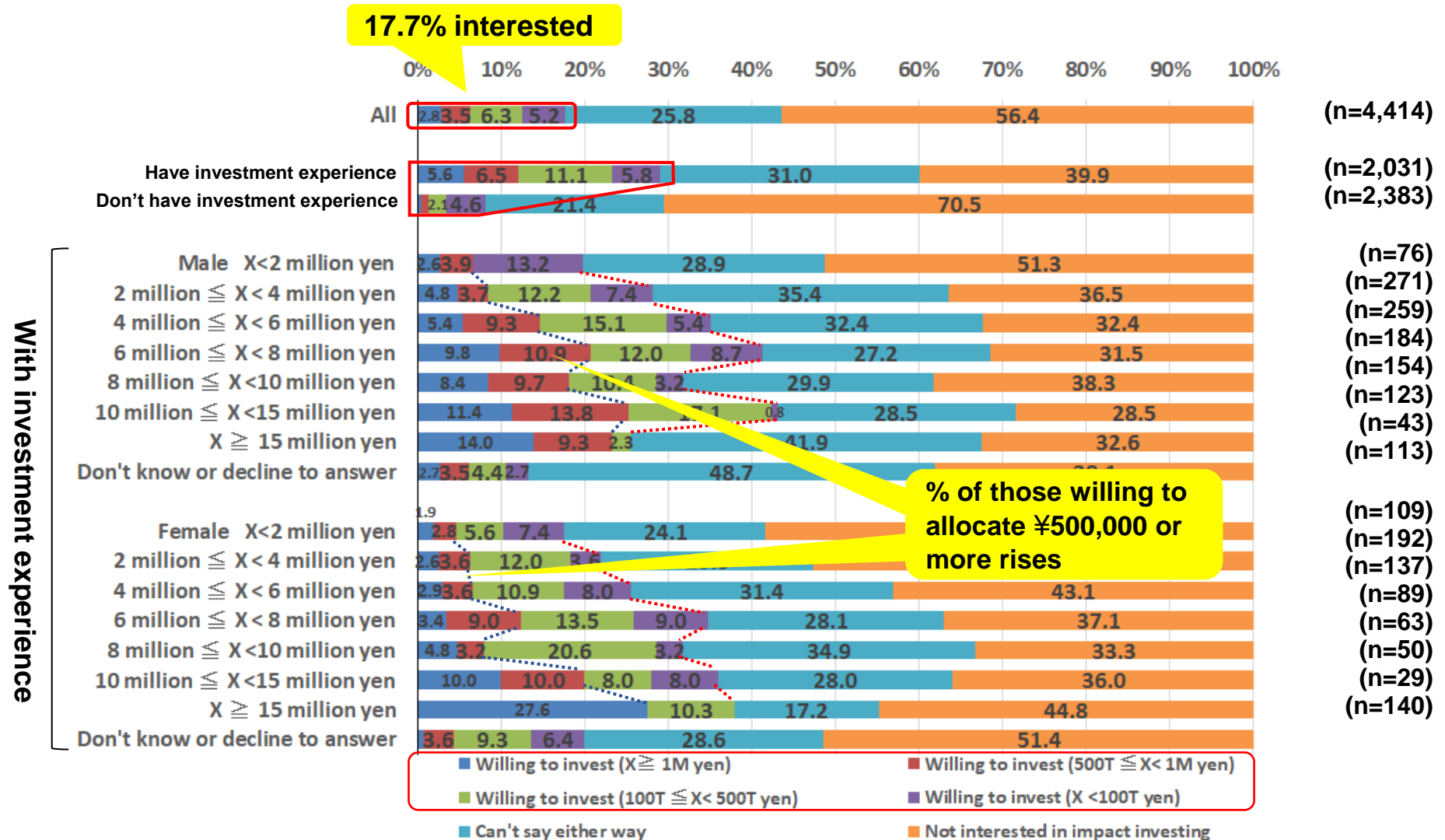
- Among those with investment experience, a consistent portion of respondents across generations exhibit high loyalty toward impact investing, with a willingness to allocate more than ¥ 500,000.



Note: Graphs for those with no investment experience were omitted considering the importance of the analysis.

Amount for impact investing – by household income

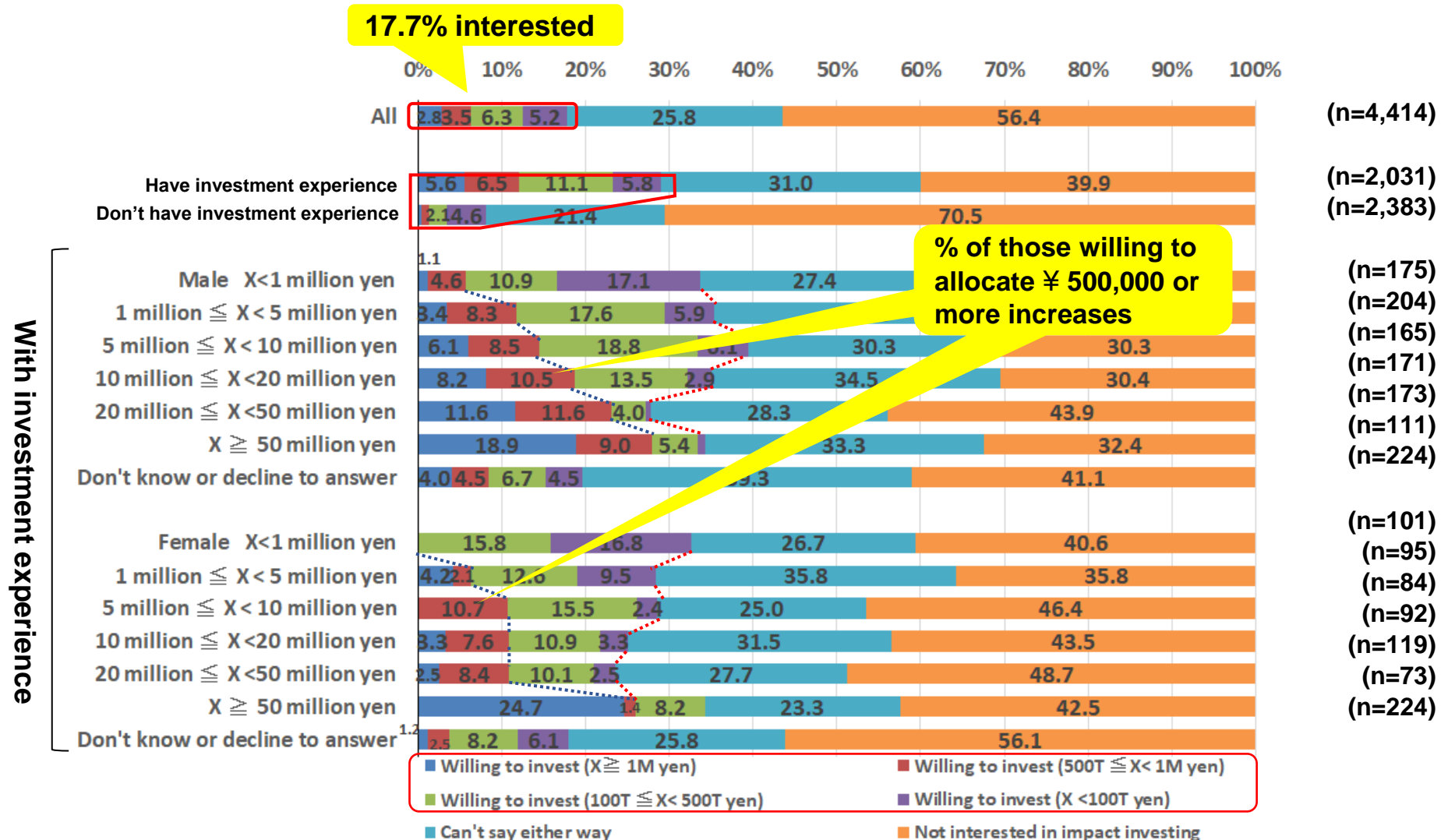
- Although there are some ups and down, the higher the annual household income, the greater the level of interest in impact investing.
- Similarly, the portion for ¥ 500,000 or more for impact investing will rise.



Note: Graphs for those with no investment experience were omitted considering the importance of the analysis.

Amount for impact investing – by household financial assets

- As household financial assets rise, so does the percentage of those willing to allocate more than ¥500,000.



Note: Graphs for those with no investment experience were omitted considering the importance of the analysis.

- A consistent percentage of respondents in each generation are willing to allocate ¥500,000 or more to impact investing.
- As annual household income and household financial assets rise, so does the percentage of those willing to allocate ¥500,000 or more to impact investing.
- There is a strong correlation exists between household financial assets and the percentage of respondents willing to invest more than ¥500,000.

[Insight]

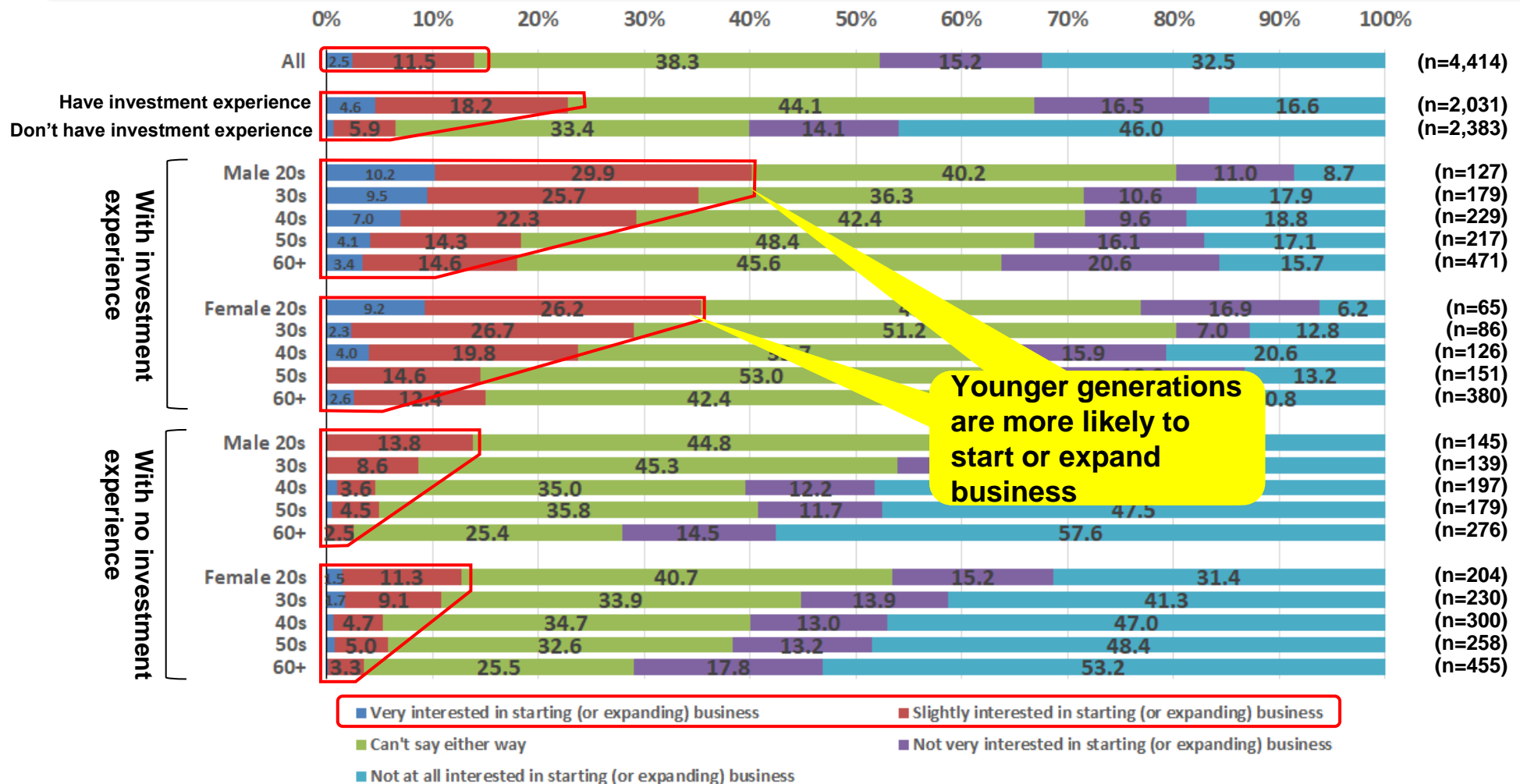
It is thought to be more effective to search for prospective customers of impact investing using the amount of household financial assets rather than annual household income.

Attitudes toward financial institutions and institutional investors

Consumers' preference for financial institutions offering impact investment products

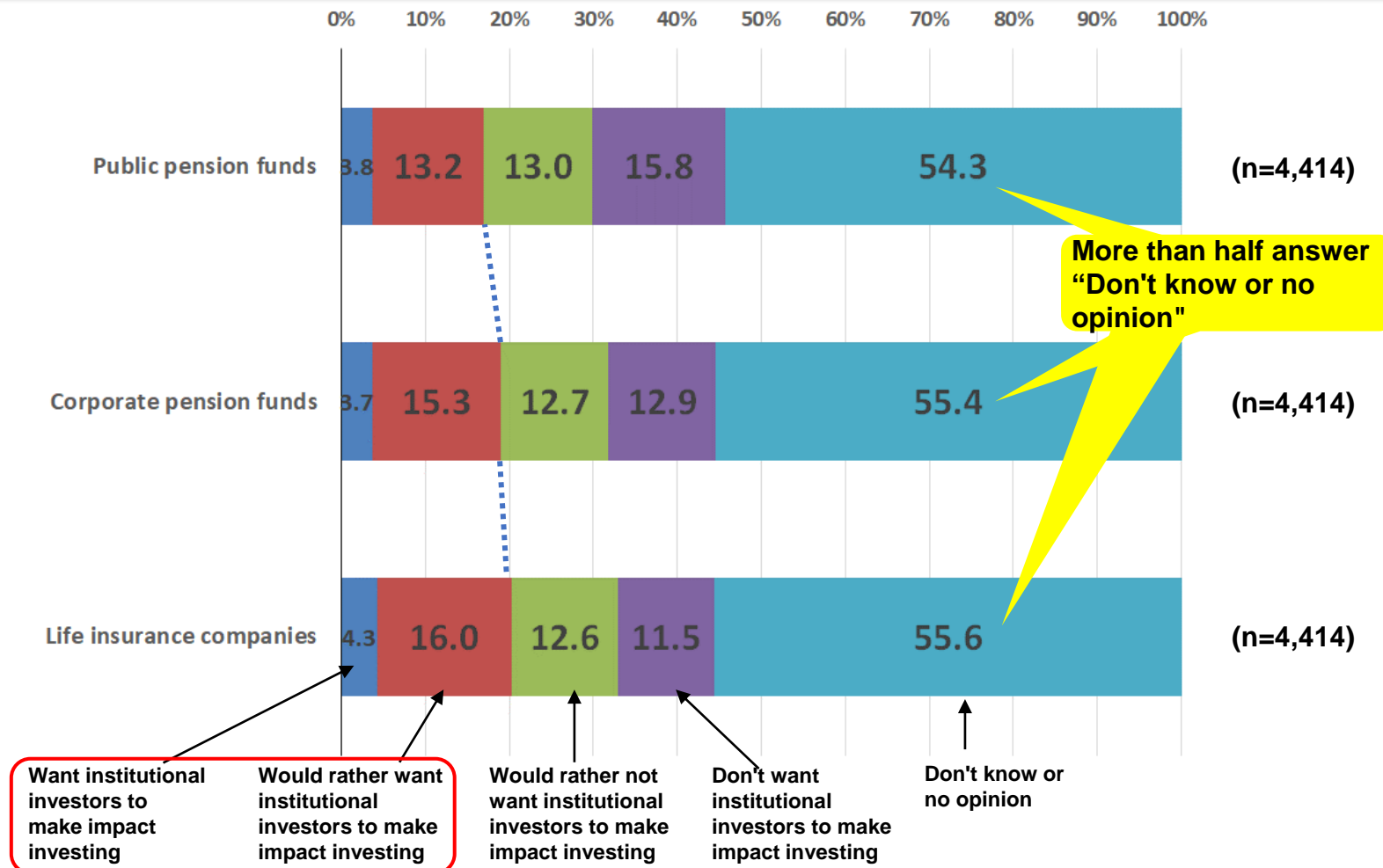
- Regardless of gender, younger respondents with investment experience, are more likely to start or expand business with a financial institution that offers impact investment products.

Q. If you knew that a financial institution offers impact investment products, would you be interested in starting a new business with that financial institution, such as opening an account? If you already have business with that financial institution, would you be interested in expanding your business, for instance, by increasing your assets in that financial institution? (SA)



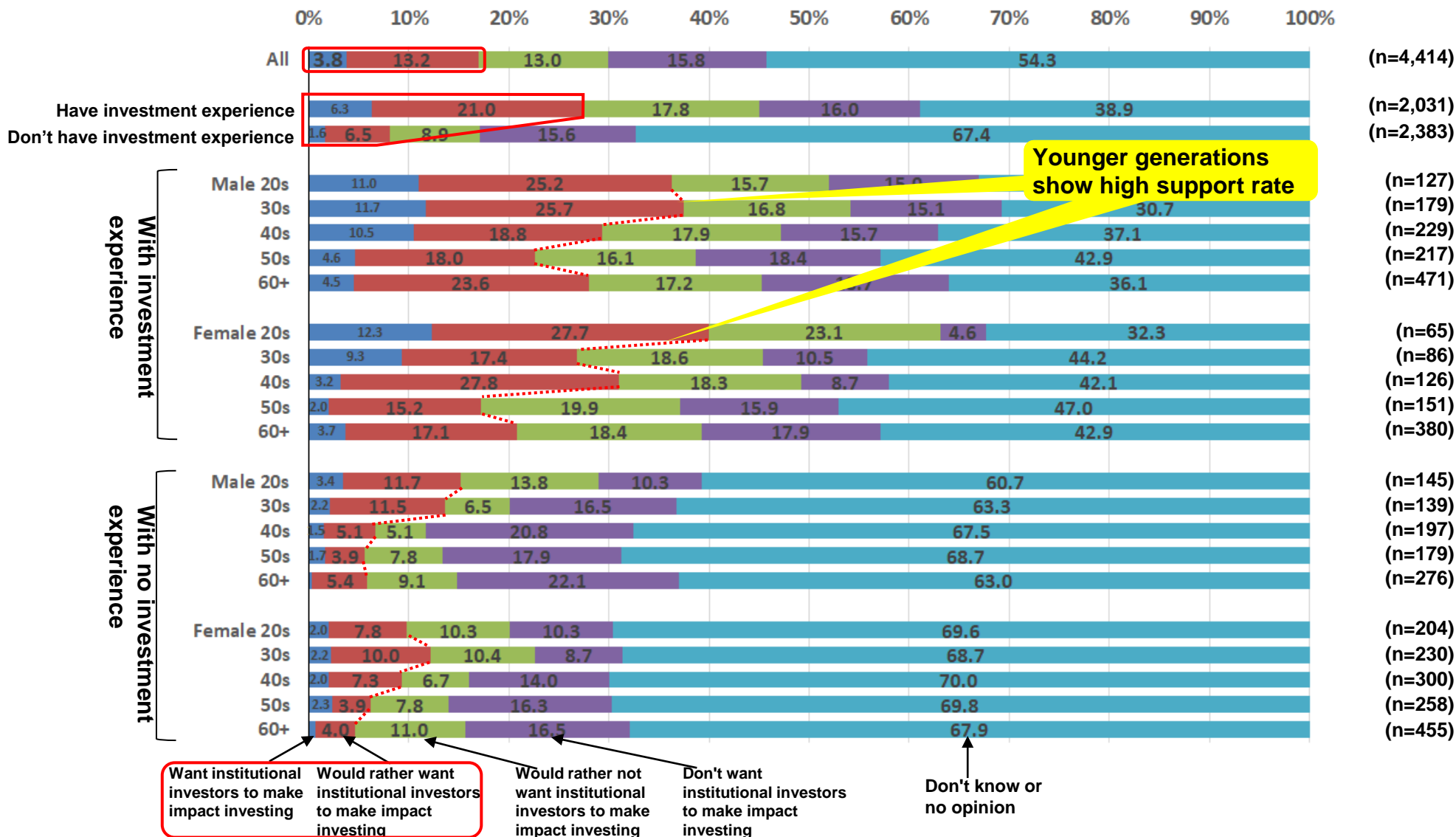
- Around 20% of respondents support impact investing by institutional investors, which is roughly the same as the level of interest in impact investing (17.7%).
- More than half of those surveyed say they say they don't know or have no opinion.

Q. What is your opinion on impact investing made by the institutional investors (public pension funds, corporate pension funds, and life insurance companies) that manage your assets? (SA)



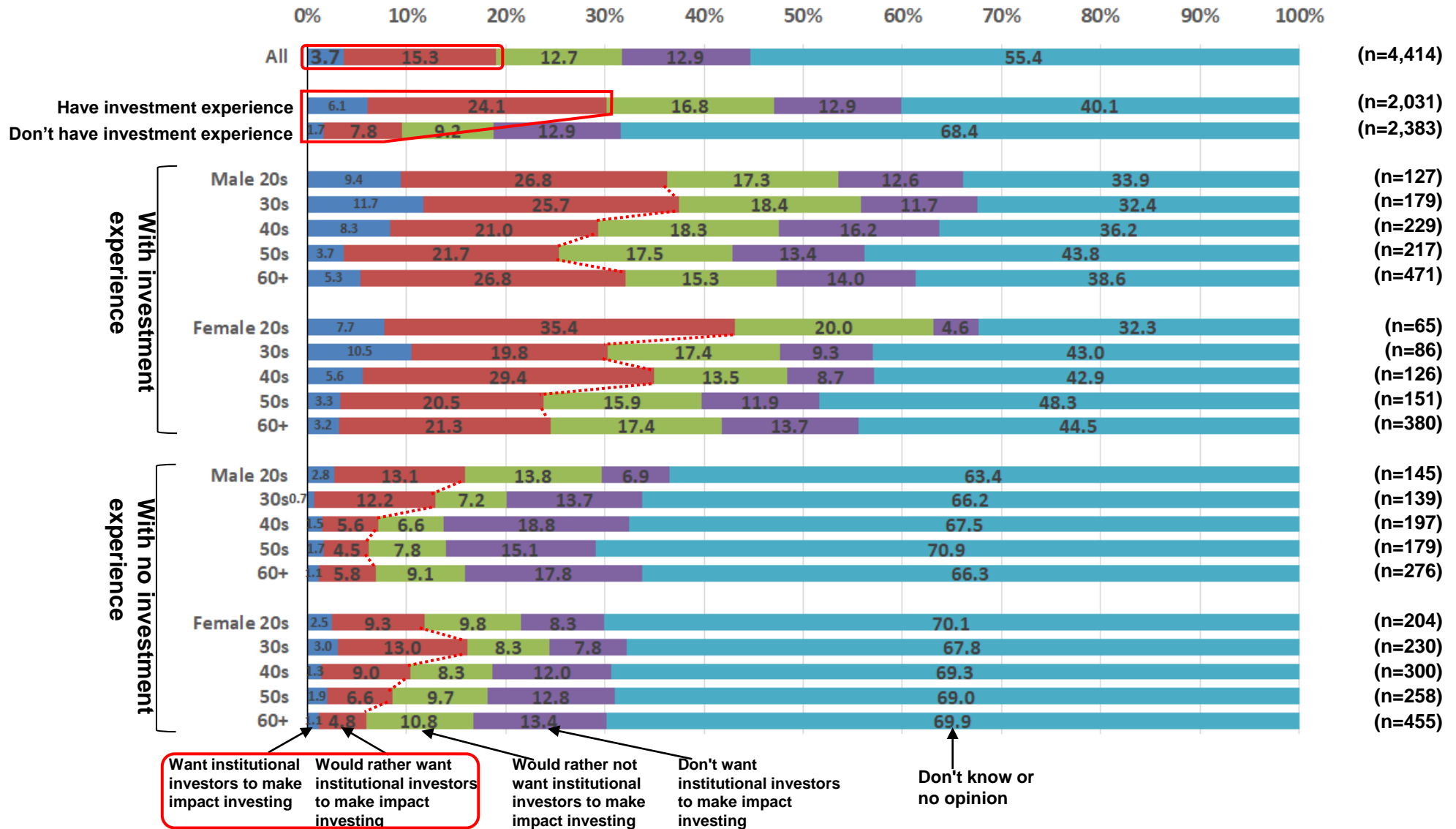
Consumers' support for impact investing by public pension funds

- Those respondents with investment experience are more likely to support impact investing by public pension funds than those without.
- In general, younger generations have strong support rate, though there is some zigzagging.



Consumers' support for impact investing by corporate pension funds

- Similar to the case of public pension funds, those in younger generations with investment experience have high support rates for impact investing by corporate pension funds.



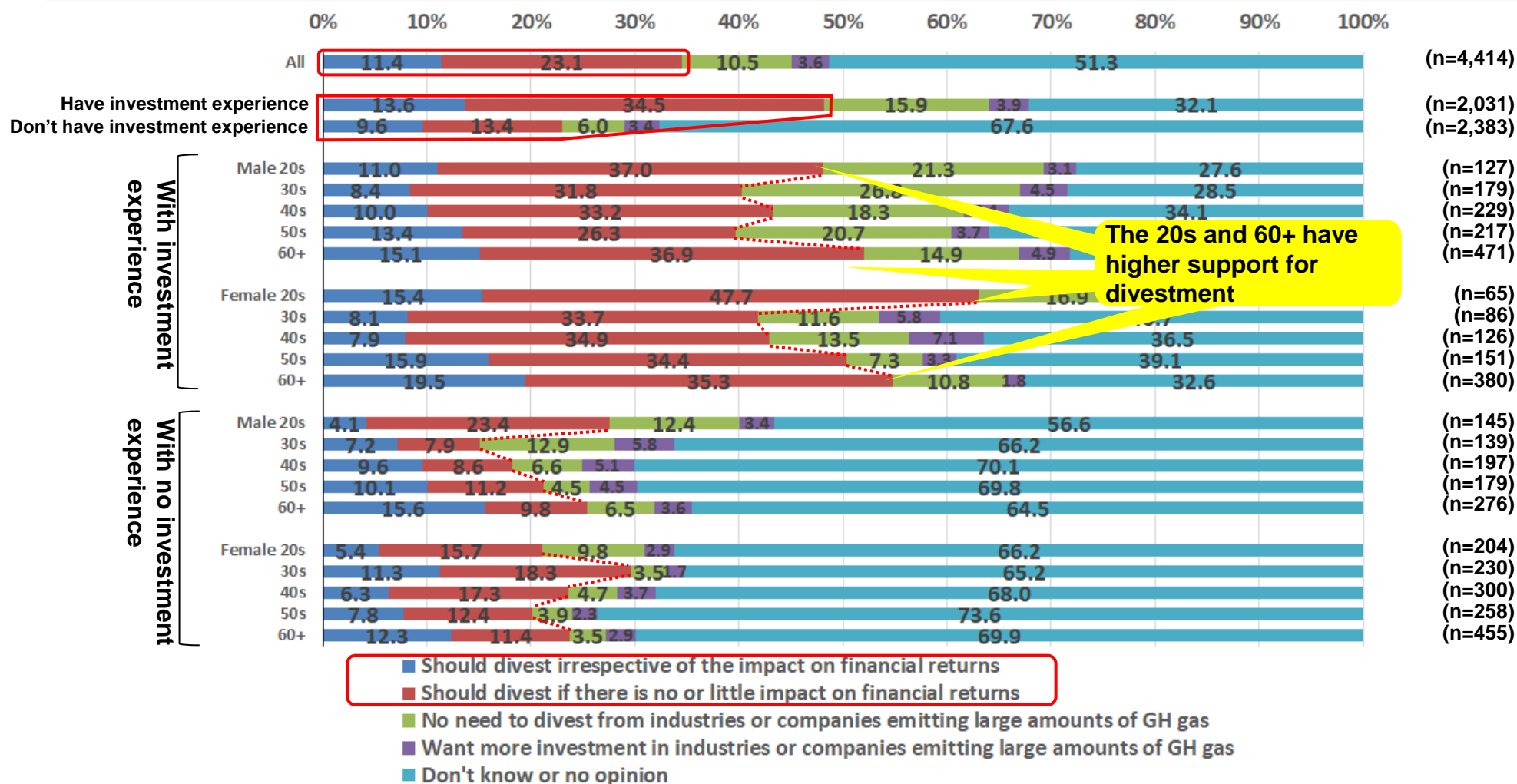
Consumers' support for impact investing by life insurance companies

- In the case of life insurance also, younger generations are also supportive of impact investing.
- However, due to the private-asset nature of life insurance, there is less disparity in the support rates across generations when compared to public and corporate pension funds.



- Those with investment experience in their 20s and 60+ are more likely to support divestment than other age groups.

Q. Assume that institutional investors (public pensions, corporate pensions, life insurance companies) that manage your assets are investing in industries or companies that emit large amounts of greenhouse gas. What do you think should institutional investors do with such investments? (SA)



- Regardless of gender, younger respondents with investment experience are more likely to start or expand business with a financial institution that offers impact investment products.
- Impact investing by institutional investors is supported by those in their 20s and 30s with investment experience.
- Those in their 20s and 60+ are more likely to support the divestment from environmentally unfriendly industries or companies, while those in their 30s, 40s, and 50s are less likely.

[Insight]

- As Generation Z and subsequent generations become pension savers and life insurance policyholders, institutional investors can expect to gain a tailwind and increased support for impact investing in the future.

Implications for retail market development of impact investing

- The findings of this consumer survey have the following implications for the development of the retail market for impact investing.

Implications from this consumer survey

Prospective customer segments	Investment experience	<ul style="list-style-type: none"> It is effective in developing customers by concentrating on those who have prior investment experience and have already invested in stocks, mutual funds, and so forth.
	Financial attributes	<ul style="list-style-type: none"> Instead of annual household income, household financial assets are an effective key for screening prospective customers Those with household financial assets of ¥20 million or more are highly likely to purchase impact investment products.
	Age	<ul style="list-style-type: none"> 20s and 30s (Generation Z, Millennials) with investment experience 60+ generation with a large amount of personal financial assets are the most promising.
Product design	Appeals	<ul style="list-style-type: none"> Social contribution should be emphasized as a key message for gaining the support of future generations. Should appeal to those in their 20s and 30s who value economic benefits by offering market-competitive financial returns. Should, on the other hand, recommend low volatility products such as bonds and mutual funds to middle-aged and older prospective customers who place a higher value on safety and risk management.
	Investment areas	<ul style="list-style-type: none"> Companies that contribute to renewable energy, environment protection, healthcare, and elderly care. Companies that provide a work environment that facilitates childcare while continuing to work.

This is the fourth annual impact investing consumer survey. Every year, we revise or remove questions from the survey in order to uncover new insights that will help expand impact investing in Japan. We have also been attempting to deepen our cross-analysis in order to gain a multidimensional understanding of market structure, based on the belief that "there is little point in discussing simple averages.

In this year's survey, we newly added new questions asking

- For what reason are people interested in making impact investing?
- Would consumers like to start or expand business with a financial institution that engages in impact investing?

Furthermore, we inquired about consumer support for impact investing by institutional investors, specifically (1) public pension funds, (2) corporate pension funds, and (3) life insurers.

We attempted to create a picture of prospective customers in the cross-analysis by preparing various axes of analysis, particularly in terms of the level of interest in impact investing and the amount of money they are willing to spend on it.

It would be our greatest pleasure, as the authors of this report, if the content of this report piques your interest.

We would like to take this opportunity to express our heartfelt gratitude for all the advice and assistance we received from both inside and outside SIIF in conducting this survey, from question formulation to report preparation. However, we bear sole responsibility for the contents of this report.

Last but not the least, we would appreciate your feedback and suggestions.

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