

# Personal and financial worlds are colliding, and young people are driving the change

The idea that your financial life is different to your personal life is now somewhat illogical in the investment world. It's a trend that has struck James Purcell, head of sustainable investing at Quintet Private Bank. Observing how financial investments have meaningful real-world impact, James is acutely aware of the latest trends in sustainable investing, and who is driving them.

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Sustainable investing has grown rapidly in the last number of years. Growing concern for climate change and social inequalities has meant that an interest in how environmental, social and governance (ESG) factors are accounted for is creeping further up the priority list of consumers when thinking about their next investment.

Young people – mostly Gen Z – are now reaching an age where investing money is exciting and accessible to them. As the generation that will be forced to live with the long-term consequences of the current global economy, they are determined to invest their money sustainably.

A poll carried out by Bloomberg this year of Gen Z students from nearly 50 different countries revealed that 46% made personal investments in 2020, of which the majority identified sustainable investing as the trend with the greatest investment potential in 2021. This cause-driven generation are now bringing their own personal values to play on their financial habits.

“What it really comes down to now is making sure people and the planet get incorporated into the investment landscape,” admitted James. “Right now, I think a somewhat artificial barrier is this idea that your financial life is somewhat separate from your personal life. Surely if I’m interested in recycling or electric cars in my personal life, there’s no reason why I wouldn’t be equally interested in that in my financial life?”

*“It’s as simple as “how do we make portfolios that reflect people?”*

## Impact investing is more accessible

One of the reasons why impact investing has expanded so rapidly is because a new generation of investors have the right tools to satisfy their interest and understanding in where to invest their money. As digital natives, information is available at the click of a button, and so too are conversations with sustainable investment experts like James.

“It’s easier to get hold of information and it’s only logical that people utilise that information and deploy it both in their personal lives and their financial lives,” said James. “What we’re seeing is made easier by the fact that people have the information right in front of them and they have the toolkit to make those connections.”

With more education and resources, everyday investors are not only becoming more confident in their own investment habits, but have an understanding of how to align these with their own personal values and a drive to see this through.

“You see young people on the streets protesting against some of the government’s policies that have led to the current climate situation. That is a form of engagement. Now, a similar form of engagement is using your wealth to speak to companies directly with influence. These things are related. As

younger people get used to expressing their views and seeking to engage and have an impact, it [investing] is just simply a different channel for them to do the same thing.

“A trend we’ve noticed for a while is a shift from exclusion and saying ‘I don’t want to own something’ into realising ‘actually I don’t mind owning it, but I want to raise my voice, engage and try to use the fact that I own it as a way to have influence.’”

## Personal and financial worlds will continue to merge

The gap between the personal and financial has closed even more in the last year, but it’s here to stay. Disruption caused by the pandemic has led people to re-evaluate their own priorities in the workplace and take an interest in whether companies prioritise ethical working environments, including adequate health and safety policies, sick pay and fair treatment of workers.

With many new to the workforce during the pandemic, and as the generation most affected by turbulence and unemployment, these questions surround young people.

“The fact that we’ve all had to deal with remote working and that we’ve all had to deal with a whole new relationship with our employer has naturally brought these issues to the surface,” explained James. “The companies that are handling this best will succeed going forward. It’s relevant not just because it impacts you and I and everybody else, but it’s also massively relevant from a financial perspective.”

Young investors and workers are the future of the world’s economy. If investing where it is likely to have a sustainable, real-world impact is what drives consumer habits, companies will have to adapt to stay on top.

“Consumer choices dictate the world economy,” said James. “What consumers want will drive the behaviour of companies. It’s something of a butterfly effect, and it’s here to stay. Unless there’s a dramatic change in what people want and people start to turn their backs on trying to preserve the planet and equality in its various forms, then it is absolutely here to stay.”

James Purcell is the head of ESG, impact and sustainable investing at *Quintet Private Bank*.

