



POLICY BRIEF

Sustainability Preferences of Swiss Retail Investors

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Executive Summary

- We surveyed Swiss retail investors about their preferences regarding sustainable investments.
- Within the ESG dimensions (Environmental, Social, Governance), environmental factors were most important to investors.
- Renewable energy sources such as solar, wind, and hydro power are perceived as the most sustainable forms of energy.
- Investors prefer labels covering multiple dimensions of sustainable finance products, similar to the Swiss Climate Scores. In addition, investors prefer mandatory and government-issued labels.
- Investors are willing to forgo approximately 1.6% of returns for high and 1% for moderate sustainable investment funds.

Outline

As Sustainable Responsible Investing strategies (SRI) gain traction in Switzerland, the need for a regulatory framework for sus-

tainable finance becomes more pronounced. Policymakers play a pivotal role in this process, and understanding investors' preferences, particularly their prioritization of environmental, social, and energy characteristics, is crucial for designing sustainable regulatory frameworks that meet their needs.

This policy brief provides retail investors' perspectives regarding their preference for sustainable finance products and current regulatory efforts. The Swiss Federal Council has started to define a pathway towards regulation for sustainable finance and to prevent greenwashing.¹ With the Swiss Federal Council's efforts to define green finance and prevent greenwashing, our research provides complementary information on aligning regulatory efforts with investor attitudes and preferences.

We present a summary of findings from an empirical study based on a household survey conducted in Switzerland. The study, organized by the Centre of Energy Policy and Economics at ETH Zurich, encompassed a representative sample of 505 retail investors in the German-speaking region of Switzerland from November 2023 to January 2024. The survey used a com-

* The analysis and figures presented in this policy brief are based on two publications:

Katharina Holzheu and Tobias Wekhof, Bank-Advisor Certification and Willingness to Pay for Sustainable Finance Products, CER-ETHZ WP 25/396 (2025). Link: <https://ethz.ch/content/dam/ethz/special-interest/mtec/cer-eth/cer-eth-dam/documents/working-papers/wp-25-396.pdf>

Katharina Holzheu's Master Thesis, conducted at the Centre for Energy Policy and Economics (CEPE) at ETH Zurich and supervised by the present authors within the project's activities. The MA thesis is available under the following link: <https://www.zora.uzh.ch/id/eprint/261882/>

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¹ For further information: <https://www.news.admin.ch/news/message/attachments/83722.pdf> and <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-98351.html>

Table 2: Preferences among sustainability elements

Category	mean (/7)
Environment [1-7]	
Environmental pollution	5.99
Biodiversity	5.50
Green energy	5.38
Water scarcity	5.81
Recycling and waste reduction	5.84
Protection of oceans and marine environment	5.94
Social [1-7]	
Gender equality	5.02
Fair wages	5.64
Poverty reduction	5.32
No weapons and arms industry	4.75
No animal testing	4.74
Active in the local community	4.63
Orientation of investment [1-7]	
Local Companies	5.49
Global companies	4.88

Note: We asked respondents about the importance of different aspects of environmental, social, and local/global orientation when investing in sustainable options. The scale ranges from 1 to 7, with 7 indicating the highest importance.

Preferences for energy forms

Next, participants rated different forms of electricity generation for potential investments based on their sustainability level. Table 3 shows their responses, which can be categorized into three groups: the first group with the most preferred energy forms were solar energy, wind power, and hydropower, rated as the most sustainable sources, with a mean value between 6 and 7 on a scale of 1-7. Investors showed the lowest preference for oil and coal, which were rated the lowest, with a mean value between 1 and 2, indicating that they are not considered sustainable. The ranking for nuclear and gas was in the middle. Nuclear energy had the most varied ratings, ranging from 1 to 7, with a mean of 3.02, indicating that people are still actively debating the sustainability of nuclear energy.

Table 3: Perception of energy production technologies

Energy form	mean (/7)
Solar energy	6.35
Wind	6.33
Hydropower	6.32
Nuclear	3.02
Gas	2.28
Oil	1.55
Coal	1.37

Note: We asked the respondents how sustainable they considered different forms of electricity generation for sustainable investments, rating them from 1 (not sustainable) to 7 (very sustainable).

Willingness to pay for sustainable finance products

Using conjoint analysis, we elicited the willingness to pay (WTP) for sustainable mutual funds using mathematical and statistical methods. This type of analysis provides information on the preferences for sustainable and non-sustainable financial products because investors are asked to choose between two products with different characteristics. We presented respondents with three hypothetical mutual funds with three sustainability levels, described as follows:

- None: This fund includes shares that are representative of the entire global market
- Moderate: This fund invests in companies with low CO2 emissions and that pay fair wages
- High: This fund invests in companies with low CO2 emissions and that pay fair wages; additionally, the fund invests in companies that actively seek to reduce CO2 emissions, like building new wind parks.

Participants chose one fund for their hypothetical investment. Importantly, we repeated this exercise eight times per respondent and randomly varied the expected returns for the funds each time. This design allowed us to estimate the willingness to forgo returns for the two sustainable investments compared to the traditional investment product. The analysis showed that investors are willing to accept approximately 1 percentage point less return for the moderately sustainable fund than the unsustainable product and 1.6 percentage points less return for the highly sustainable product. Due to the hypothetical nature of the experiment, these results could be an overestimation of the WTP and should be considered as an upper bound.

Preferences for sustainable finance labels

Labels on sustainable investment products have significantly increased to address transparency issues. However, the large number of labels, each following different criteria, risk to create confusion among retail investors. We presented four different label descriptions, each highlighting various sustainability dimensions. Participants selected the most helpful label format.

The first label considered environmental, social, and governance (ESG) aspects, the second focused only on environmental factors, the third displayed only CO2 emissions, and the last included six labels with detailed CO2 emissions information, such as current fossil fuel usage. This last option referred to the Swiss Climate Scores (SCS), launched by the Swiss government in June 2022 to enhance transparency on the Paris alignment of financial investments (SIF, 2022).

Figure 2 shows that the average score of the six combined labels (a proxy for the SCS) received the highest ranking, followed by a label covering the three ESG dimensions. The results indicate a preference for labels providing information on multiple dimensions. Therefore, the Sustainable Climate Scores (SCS) can pro-

more transparency among sustainable investment products by offering comprehensive environmental, social, and governance information, helping investors make informed decisions.

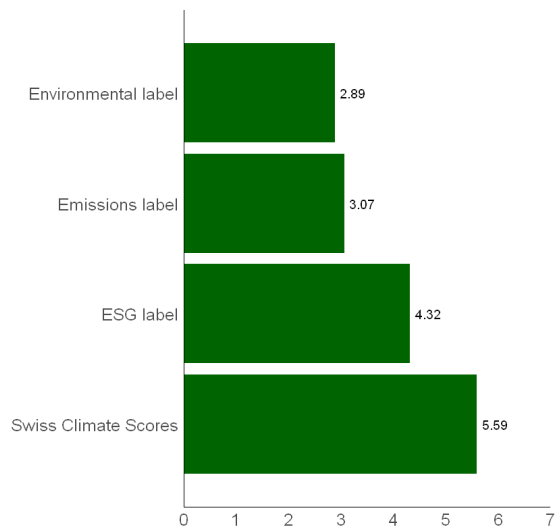


Figure 2: The respondents were asked which label design they preferred for sustainable financial products. The scale ranged from 1 to 7, with 7 being the best possible rating.

While the Swiss Climate Scores are voluntary best practice recommendations, most participants (72%) generally prefer mandatory labels over voluntary ones (18%). Additionally, the majority (79%) favor more detailed scores on labels, as opposed to simple yes/no labels (9%). Regarding defining the labels, 83% indicated an important positive attitude toward government-recognized labels rather than those defined by individual banks (4%).

Policy Implications

Swiss retail investors are increasingly considering sustainable finance for their investments. Among the various ESG elements, the environmental dimension is most important for investors in sustainable investing. Areas such as pollution control, waste reduction, and ocean protection are of particular concern to investors who prioritize the environment in their investment decision-making process. While the environmental dimension seems to outweigh social and governance aspects in investor preferences, the overall differences are relatively small.

Furthermore, participants in our study have consistently shown that they consider renewable energy sources like solar, wind, and hydropower the most sustainable. This finding is consistent with the results of open-ended responses that emphasize clean energy and environmental factors. Further, retail investors were willing to forgo up to 1.6 percentage points of annual return for higher sustainability.

Investors prefer mandatory governmental labels, particularly those resembling comprehensive descriptions like the Swiss Climate Scores. Policymakers can introduce labels tailored to the sustainability dimensions that investors are interested in.

This will align with investors' preferences and could lead to a higher inflow of investment by retail investors and higher political support for sustainable finance. These findings indicate that sustainable investing is gaining momentum, and investors are increasingly looking for ways to make a positive impact through their investment choices.

References

- Katharina Holzheu and Tobias Wekhof, Bank-Advisor Certification and Willingness to Pay for Sustainable Finance Products, CER-ETHZ WP 25/396, 2025
- SIF (11.12.2023). Swiss Climate Scores. State Secretariat for International Finance SIF. <https://www.sif.admin.ch/swiss-climatescores> (from: 03.05.2024)
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