The investor's Rubicon: The value of moral fit in investment services

GOAL-BASED INVESTING

InvestSuite

In the first two papers of this series, we proposed a comprehensive motivational framework to structure investment goals, described how implementation intentions help investors better stick to their plans and showed how construal level theory inspires different tactics to keep clients' goal commitment high.

We also indicated that effective goal pursuit requires more than a portfolio with a strategic asset allocation, optimized with the desired financial return, time constraints and risk boundaries in mind. We claimed that to energize goal-directed behaviour, investors need to experience regulatory fit and ideally also motivational fit, a kind of self-awareness and reconnection with the personal motivation they have for investing in the first place.

In this paper, we continue this line of argument and expand the construct with the notion that, for many investors, goals come with an additional need, which we call moral fit. The premise of moral fit is the growing realization that there is no such thing as value-neutral investing and that investment decisions have consequences beyond the monetary dimension. We will illustrate that moral fit is no longer a fringe benefit for a niche segment; it is a significant component of any personalized investment service that adds value by creating a comprehensive person-investment fit[1].

In order to build a broader empirical basis and better illustrate psychological concepts, we will draw parallels with the food industry and explore how suppliers in this industry create moral fit. A wealth of scientific research on communicating the environmental (bio), social (fairtrade) and governance (tracing/food-safety) credentials of foods and on guiding consumer decision-making using labels on packaging, can inspire financial institutions to deal more effectively with the trend towards more sustainable investing.

MORALS ARE EVERYWHERE

A way of understanding morality is by viewing it as some code of conduct or set of personal values, that guide people's decisions and actions[2]. Social psychologists will point out that morals are 'normative', meaning that they involve socially or culturally defined codes on what is right and what is wrong and how one ought to act in certain situations [3]. They apply not only to decisions on how one should raise children or treat animals, etc. but also on how one should make money, spend money and invest money.

When people consciously align their behaviour with their morals, they not only satisfy their need for autonomy and competence (you are what you buy) but – because of the normative aspect – also satisfy the deeply human need to strengthen social bonds (belonging), which are both known to increase happiness. There is no reason to assume that this effect would not also apply to investing. Up to a certain level, gaining money in itself will already make people happier [4]. However, how they gain the money also matters for their happiness [5]. Based on this insight we argue that moral fit, which leads to an augmented experience of happiness or 'feeling good' about where and how your money is invested, adds utility to retail investment services.

MORE THAN SUSTAINABLE

Even though financial media and industry currently focus mainly on sustainability (using terms such as SRI, green investments and impact investing) we should point out that environmental, social and governance concerns are only a subset of the much broader moral dimension of investing.

From our research among 4.690 (potential) investors in Belgium, The Netherlands, Denmark, Sweden and Finland we found that, for certain investors, religious, political and even lifestyle considerations are also important and can be considered subdimensions of moral fit.

When we asked respondents to indicate (using a 5-point scale ranging from totally not to definitely yes) to what extent they would like to align their investment decisions with these considerations, we found some specific country differences:

	BE	NL	DE	SW	FI
Religious beliefs (e.g. what is/is not allowed)	17,0%	32,8%	25,2%	22,1%	21,9%
Political convictions (e.g. national/European focus)	39,1%	49,8%	40,2%	41,1%	36,9%
Lifestyle choices (e.g. vegetarian, vegan ...)	39,8%	48,0%	50,3%	58,0%	61,4%

Graph 1: Percentage of respondents who replied 'yes' or 'definitely yes' to the wish of aligning investment decisions with these considerations; on a 5-point scale, N = 4.690

These numbers reveal that a sizable segment of the investor population does consider more than only the sustainability aspect of their investments. For example, nearly one-third of the 1.125 Dutch (The Netherlands) investors we surveyed claimed wanting to align their investments with their religious beliefs. Close to half of them claimed to consider politics. These survey results predate the war in Ukraine and it is reasonable to assume that this number will have risen since. For these segments, moral fit means more than a decent ESG score.

Another finding, which confirms earlier research in other domains, illustrates how investors are more likely to pick up moral cues from other people rather than institutions. In our survey, we asked investors with whom they would align their investment decisions: independent organisations or subject-matter experts and specialists.

	BE	NL	DE	SW	FI
Independent organisations (e.g. United Nations, WHO ...)	33,5%	45,5%	41,4%	43,0%	53,0%
Subject-matter experts (e.g. academics, researchers ...)	59,5%	56,9%	57,7%	52,6%	74,8%

Graph 2: Percentage of respondents who replied 'yes' or 'definitely yes' to the wish of aligning investment decisions with the vision of independent organisations or human experts; 5-point scale, N = 4.690

Based on these results, financial service providers looking to guide clients to more sustainable investments would do well leveraging such experts in their communication, rather than only attaching institutional labels or ratings on products.

Hollywood Bets Big on the Bad Entrepreneur

With limited series like "The Dropout," "WeCrashed" and "Super Pumped," the culture is saturated with ripped-from-the-headlines tales of self-immolating moguls.

By Amanda Hess, New York Times, March 5, 2022.

Nevertheless, it is abundantly clear that the issue of sustainability is high on today's public agenda. Concerns with regard to the natural environment, social welfare and even corporate governance feature heavily in mainstream media, influence all kinds of purchase decisions and are seeping into popular culture. Who would have thought five years ago that a Netflix series about unhinged entrepreneurs and bad corporate governance would be a thing in 2022?

MOST PEOPLE DO MIND

The realization that the money they are investing will be put to use and consequently have an impact on the world is also affecting how retail investors are making decisions.

When we asked our panel how important it is for them to be able to express their moral preferences with regard to how and where their money is invested, only 25% indicated that it was unimportant to them. 75% do care, and no less than 40% even indicate explicitly that it is important to them that their morals are reflected in their investments.

The fact that this stated importance does not correlate even mildly with a range of factors such as marital status, having children, age/generation, amount of investable assets, nationality, regulatory ocus, risk-taking propensity, financial maturity (all $r < .08$) and even gender (r -.12) indicates that investments indeed come with a need for moral fit for a majority of people in these markets.

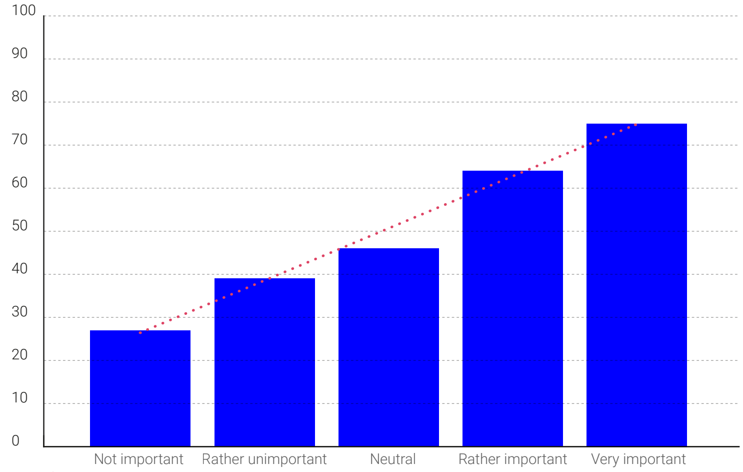
It is difficult to pigeonhole the 25% of investors for whom morals are 'rather unimportant' or plain 'unimportant'. When we compare their profile with the average numbers of the total sample, we see that they are more often male (+9%), have an above-average or high risk tolerance (+5%), prefer using an online trading platform to invest (+8%), already had money invested at the time of the survey (+5%), are more often motivated by a need for Achievement such as 'making more money and seeing my capital grow' (+4%) and have between €100K and €250K to invest.

Their antipodes, the 40% who think morals are indeed important, are more likely to be female, with a lower-than-average risk profile, who prefer the services of a human advisor, are currently intending or merely considering investing their savings, are motivated by a need for Security such as 'guaranteeing financial stability and covering potential risk' and have between €25K and €100K to invest.

These profiles paint a somewhat predictable picture and could reinforce stereotypical thinking. However, that would be very ignorant, as all these characteristics have very limited descriptive power and strengthen the notion of a general trend towards more sustainable investing. For institutions wishing to market sustainable investments, any form of typecasting would not only be unsubstantiated, it would also lead to missed opportunities to address the many people that 'care'.

Next to the relative importance of moral fit, we asked respondents to which minimum percentage their portfolio holdings would have to comply with their personal moral standards. Graph 3 shows the moderate positive correlation (r .49) between these two variables. It seems that even investors who consider morals to be unimportant want a part of their portfolio (27%) to be compliant. Among those who consider it very important, this number averages out at 75%.

DESIRED PERCENTAGE OF PORTFOLIO HOLDINGS COMPLIANT TO PERSONAL MORAL STANDARDS (N: 4.690)

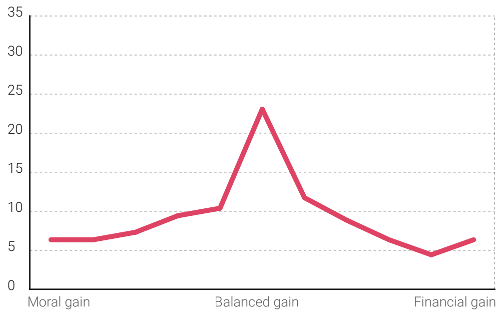


Graph 3

In a third question on the subject, we presented moral gains and financial gains as a trade-off and asked respondents how they would balance their investments between these two types of gain: money over morals, or morals over money? Such a trade-off is of course presumptuous, as in reality it is not a zero-sum game. More gain of one type does not necessarily diminish the other type of gain. The provocative question did aid us, however, to shed a light on how much investors are prepared to put their money where their mouth is.

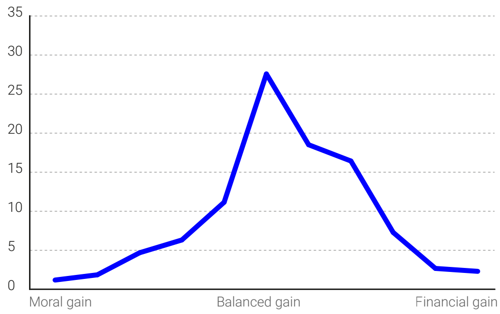
Overall, 52% of investors prefer financial gain over moral gain, 24% seek a 50/50 balance and 24% indicated that, for them, morals trump money.

DISTRIBUTION OF PREFERENCE (%) FOR FINANCIAL OR MORAL GAINS. SEGMENT 'VERY IMPORTANT' (N:520)



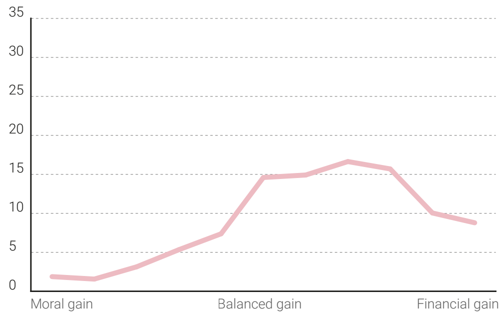
Graph 4

DISTRIBUTION OF PREFERENCE (%) FOR FINANCIAL OR MORAL GAINS. SEGMENT 'RATHER IMPORTANT' (N:1345)



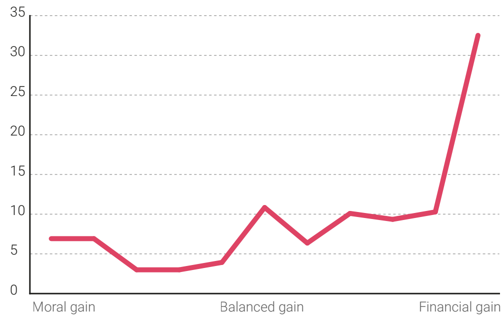
Graph 5

DISTRIBUTION OF PREFERENCE (%) FOR FINANCIAL OR MORAL GAINS. SEGMENT 'RATHER UNIMPORTANT' (N:637)



Graph 6

DISTRIBUTION OF PREFERENCE (%) FOR FINANCIAL OR MORAL GAINS. SEGMENT 'NOT IMPORTANT' (N:535)

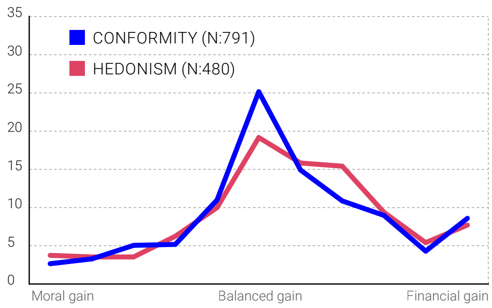


Graph 7

Graphs 4 to 7 show that an investor's attitude towards moral/ethical investing does affect the balance. Those who consider it to be 'very important' (dark blue line) show a normal distribution with a peak in the middle and a virtually equal number of investors at either end: a preference for financial gain to the right and moral gain to the left. It is important to note that even among these 520 highly ethical investors, only 40% end up to the left of the median.

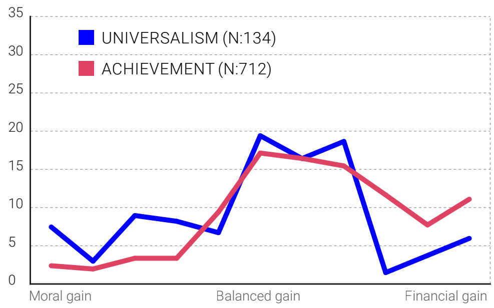
The normal distribution curve becomes left-skewed when we plot the responses of investors who consider morals 'rather important' (light blue line), indicating a larger number of respondents preferring financial over moral gain. For those who think morals are 'rather unimportant' (pink line) the graph shows a typical plateau distribution. The consecutive peaks on the right side of the median signal an outspoken preference for financial gains. The hockey stick curve illustrating the preferences of the investors who consider morals 'unimportant' (red line) sends a very clear message: their focus is on money.

DISTRIBUTION OF PREFERENCES (PERCENTAGE) FOR FINANCIAL OR MORAL GAINS, PER SUPERORDINATE MOTIVATION



Graph 8

DISTRIBUTION OF PREFERENCES (PERCENTAGE) FOR FINANCIAL OR MORAL GAINS, PER SUPERORDINATE MOTIVATION



Graph 9

As we explained in our first paper on goal-based investing [6], retail investors are motivated by different, higher-order or 'superordinate' goals. The distribution of preferences for either moral or financial gain is rather similar across these motivations. It is only when we compare opposing motivations that nuances appear.

Graph 8 compares the preferences of investors with a conservation-oriented motivation (e.g. maintaining my wealth and protecting it from inflation) with those with a change-focused motivation (e.g. buying something extra for myself such as a car or holiday). The latter's distribution graph is only slightly more skewed towards financial gains and less balanced than the former.

Graph 9 compares the preferences of investors with a self-enhancement motivation (e.g. making more money and seeing my capital grow) with those with a self-transcendence motivation (e.g. contributing to a more sustainable and fair economy with my investments). In this case, the differences lie at the outer ends of the curve. However, even among this small pocket of the most unselfish of investors, there are more people leaning towards more financial gain (46,3%) than towards moral gain (27,6%).

E ≠ S ≠ G

To express the relative sustainability of instruments, financial institutions often use ESG scores, based on different environmental, social and governance performance data from listed companies. Whereas such a score can be useful to retail investors as a shortcut when comparing assets, we could argue that few of them comprehend the real sustainability character of an instrument by looking at the score alone. Sustainability implications are often poorly communicated, which makes it difficult for investors to make fully informed decisions in accordance with their conscience. Moreover, sustainability is a credence attribute, which means that investors cannot evaluate it personally but must put trust in the source that makes the claim. The frequent inconsistencies with regard to ESG scores between data providers, however, do not reassure investors. On the contrary, they create suspicion and sometimes even tick off superstar CEOs with huge Twitter followings.

From a psychological perspective, ESG scores function on what is called a high construal level. Contrary to a low construal level (e.g. E1, E2, etc. in the list below), this requires people to think abstractly, look at the bigger picture and not focus on the details but 'get' the overall gist of the matter. Consequently, ESG scores present sustainability goals as a rather abstract concept which is, as we described in the second paper of this series [7], detrimental for goal commitment. As Locke and Latham explain in their goal-setting theory: people tend to work harder to achieve specific, measurable, achievable, relevant and time-bound (SMART) goals [8]. But how specific do investors want to get when they are looking for moral fit?

Assuming that investors only consider those ESG factors they feel bring added utility when creating their portfolios (and disregard the ones that do not), we proposed the following options to the 4.690 retail investors in our survey:

E. Environmental considerations
- **E1 Global warming: reducing carbon emissions, ...**
- **E2 Nature and pollution: toxic emissions, land use, ...**
- **E3 Positive impact: renewable energy, cleantech, ...**
- **E4 Resources used: energy, water, recycling, ...**
- **E5 Controversies: accidents, spills, risky operations, ...**

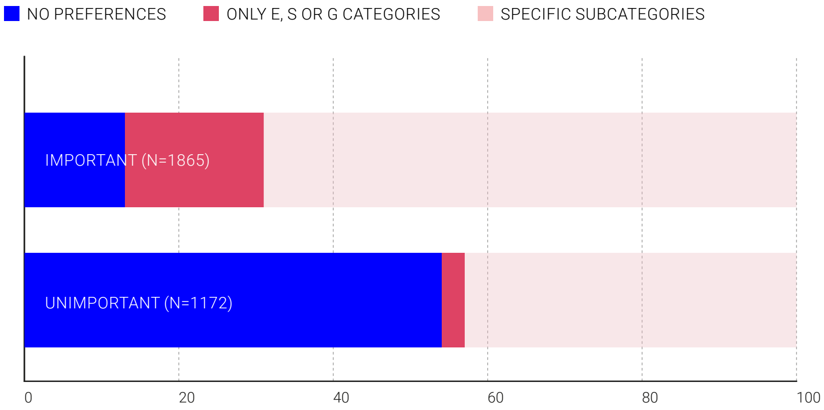
S. Social considerations
- **S1 Employee wellbeing: working conditions, minimum wage, ...**
- **S2 Diversity: gender pay gap, diversity of board members, ...**
- **S3 Social damage: alcohol, weapons, gambling, obesity, ...**
- **S4 Social cohesion: supporting local, regional, national ... businesses**
- **S5 Social contributions: taxes paid, employment provided, ...**

G. Governance considerations
- **G1 Shareholder protection: shareholder rights, capital restrictions, ...**
- **G2 Accounting stress: qualified audits, working capital stress, ...**
- **G3 Board composition: independent directors, CEO/chairman, ...**
- **G4 Dividend policy: healthy pay-out ratio, favour dividend payers, ...**
- **G5 Ethical behaviour: no controversies, legal disputes, insider dealing, ...**

From the number and the type of sustainability preferences our respondents selected, we can conclude that retail investors prefer to be specific when it comes to tailoring their portfolios to suit their moral beliefs.

As graph 10 shows this is not only the case for investors for whom morals are important (18% selected only general ESG categories and 69% selected specific subcategories) but also for those who consider morals unimportant when making investment decisions (3% selected only general ESG categories and 43% selected specific subcategories).

SELECTION OF (SUB)CATEGORIES TO EXPRESS ESG PREFERENCES WHEN INVESTING



The fact that 46% of investors who claim that morals are unimportant when considering investments nonetheless selected ESG factors from the list we provided, further strengthens our 'most people care'-claim. It transpires that only 13,5% of our entire sample considered morals unimportant and refrained from selecting any of the proposed ESG factors.

The matrix in addendum 1 further illustrates the specificness with which investors think about sustainability. It shows how the listed ESG preferences correlate for all the respondents in our survey. The main finding here, is that there is a moderate to low positive correlation between the choices for subcategories within a general category, but not beyond. Those who chose E1 (global warming), for example, were moderately inclined to also choose E2 (r .54) or E3 (r .47) but were not inclined to select any of the social factors (with correlation coefficients between .15 and .23) or governance factors (between .00 and .05). The matrix tells us that in the investor's mind E is not S is not G. Caring about one aspect does not necessarily mean caring about another.

A KEY FACTOR FOR TOMORROW'S GENERATIONS

What investors care about is shaped by their individual life experience, current life situation and their anticipation of future states. One example to illustrate this, is that young investors in Belgium and the Netherlands not only care (slightly) more about environmental issues than their older countrymen; they also focus markedly more on social issues. A particular case in point are the issues of employee wellbeing (S1) and diversity (S2). Where only 6,7% of the silent generation and 8,2% of the babyboomers in these markets indicated to care about this, 16,9% of the millennials and 18,6% of the gen-z respondents indicated that these factors would be important to them when considering investments. The knowledge that young people experience live in a more diverse society today and dread encountering any of the old glass ceilings in their future careers, goes a long way to explain their responses.

Both the tendencies for choosing subcategories and for concentrating choices within a given general category indicate how specific investors are about what provides them the utility of moral fit. One could argue that nudging investors to a general 'ESG-themed' portfolio is a less-than-optimal tactic because it does not satisfy the investor's desire for considering moral choices at a lower (more concrete) construal level and creates needless constraints for portfolio construction that could negatively affect the performance or lessen the chance of reaching a financial goal within a given timeframe.

To summarize: moral fit is not created with an investment portfolio that is 'as ESG as possible'. It is about allowing investors to consider their choices and create a highly personalized portfolio that - to put it plainly - just 'feels right' for them.

LESSONS FROM THE FOOD INDUSTRY

The financial industry is of course not the only industry having to respond to consumers' growing need of moral fit, as sustainability (and religious, political, lifestyle, etc.) considerations become part of a great many purchasing decisions. For some industries it is a relatively new phenomenon. Others have had decades of experience in dealing with it. One in particular has an uncanny resemblance to investing: the food industry.

Just as few retail investors (2,9%) are motivated by what Schwartz called 'Universalism' (see our first paper in this series [9]), so few consumers buy food with the primary goal of saving the Amazon Rainforest or paying a fair price to a Kenyan coffee farmer. Most purchases are driven by other motivations such as habit (Conformity), cooking a healthy meal for the family (Security), gastronomic indulgence (Hedonism), trying new flavours (Stimulation), etc.

People also tend to just buy the products that are readily available in the local supermarket (home market bias), low-priced, actively promoted by the reseller, recommended by friends or TV chefs (herding bias) or simply carry a brand they know and feel a connection with (those Apple shares!). Most people do not bother checking the Nutrition Facts Label (fundamentals) that is obligatory for all packaged retail food products and they have little knowledge of exactly how much fat, sodium or calcium their purchases contain.

Those who buy with a specific dietary plan (investment strategy) in mind are more likely to scan and compare these fundamentals, as they are looking for what are called 'functional foods'. Athletes might favour high-protein products (growth stocks) and those aiming for a long and healthy life might prioritize vitamins and dietary fibres (quality stocks).

Unfortunately, as nutritional literacy (financial literacy) is low among the general public, the food industry created what are called 'front of pack (FOP) labels' (ratings), using stars, ABC's or colour coding to shortcut product evaluations. Additionally, some producers started adding promotional food claims (green!) to the packaging, either focusing on qualifying elements (added calcium) or disqualifying elements (no added sugar) to direct consumers in their decision making.

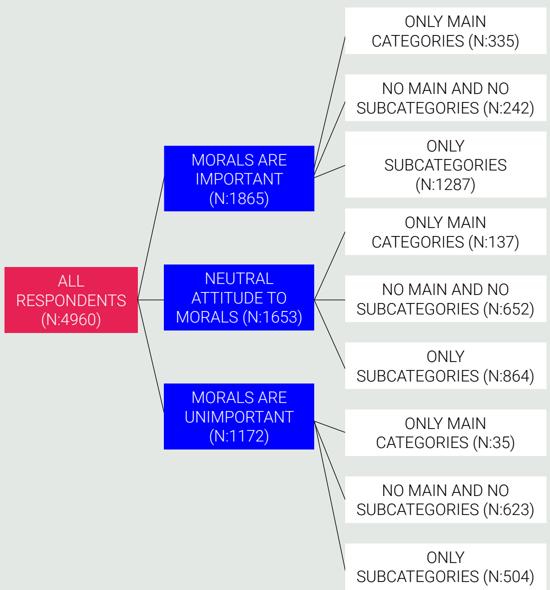
And there is more: for decades now, the food industry has also been displaying bio (ecological), fair trade (social) and origin and traceability (governance) labels on products. Not surprisingly, there is extensive scientific literature on the topic of food labelling, particularly in the context of choice modelling and the development of tactics to nudge consumers to more sustainable food consumption, while not only maintaining, but increasing their willingness to pay for products that are presented as ‘enriched’ with some personal moral value or extra utility.

So, what can we learn from the food industry with regard to adding value to investment products through ‘moral fit’? And how can the financial industry go beyond their best practices?

1. DON’T NUDGE, ADD INFORMATION

Downs et al., in their paper *Strategies for Promoting Healthier Food Choice*[10], describe the results of a field experiment in sandwich shops, comparing two tactics to influence healthier food selection among its clientele. One tactic involved providing additional calorie information to the different sandwich options; clients could then compare alternatives based on the calorie intake they represented. The other involved nudging, by making the healthful options more convenient to order (at the front of the menu) than the less healthy alternatives.

Not surprisingly, the researchers found that the nudging intervention had a more significant calorie-reducing effect than the intervention involving added calorie information, which had only a limited effect on the food choice of the clientele. More interesting than this general finding, was that the researchers observed a perverse, calorie-increasing effect among dieters who experienced the ‘added information’ treatment in the experiment. People on a diet ordered more (not less) unhealthy sandwiches when confronted with the caloric product information! The researchers presumed that the reason for this effect is that people who want to achieve a goal, such as losing weight, may seek to motivate themselves by exaggerating the threat they face. Thus, dieters may attempt to motivate themselves to choose low-calorie options by inflating their calorie estimates. Providing accurate information may, therefore, lead to a downward revision of calorie estimates, resulting in an increase in calorie intake.



Even though experimental research is needed to confirm its validity, our research already hints at a similar perverse effect in an investment context. When we presented respondents in our survey with a menu of three main categories (E, S and G) and more detailed descriptions of the 15 underlying subcategories, only 4% opted for compliance with all main categories. As graph 11 shows, for a vast majority of retail investors, moral fit does not mean aligning with all three ESG factors, but the ability to select specific factors that are personally relevant; 57% of our sample made selections only at the level of the sub-category; 32% selected nothing at all and 11% only selected main categories without further detailing their preferences.

Graph 11

Our assumption is therefore that by adding more detailed ESG tilting options to portfolio construction tools, financial institutions can:

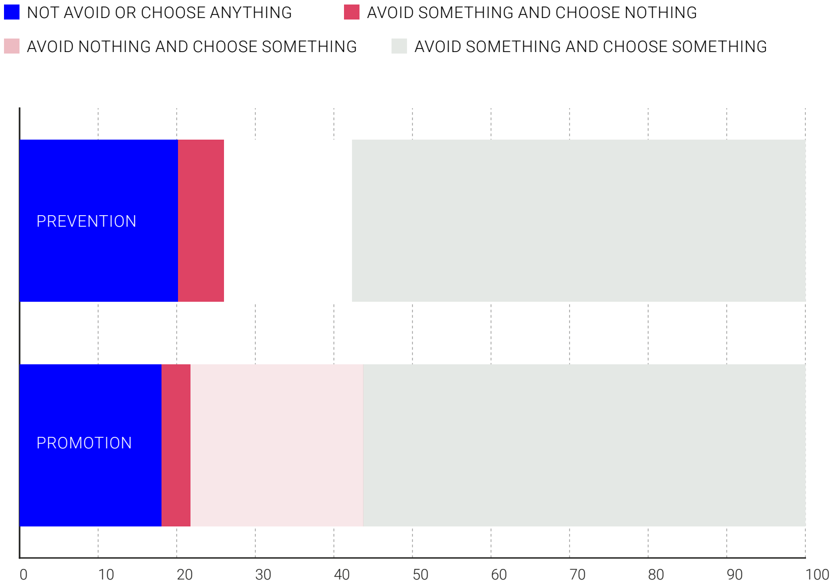
- **(1) Increase the sustainability of the portfolios of the most ignorant investors.**
- **(2) Make the portfolios of the most mindful investors less restricted which, in turn, will increase their chances of reaching financial goals within a given time horizon.**

Both kinds of investors will, however, experience the added value of moral fit more strongly using this tactic. They not only experience more happiness due to the prosocial character of their investment (satisfying the need to belong); the choice architecture itself also satisfies their need for autonomy and competence.

2. FRAMING THEORY FAVOURS CHOOSING

In terms of food choice, consumers tend to rely more on positive rather than negative features. Several experiments have shown that we are biased towards the 'enriched' (added vitamins) options rather than the impoverished (no added sugar) options that are presented to us. This may be due to the fact that we usually associate choice with a search for positive outcomes which, in turn, can be explained by *attribute framing theory* [11]. This theory suggests that individuals generally formulate and think of decisions in terms of choosing rather than rejecting or avoiding. The greater popularity of the choose formulation even implies that when asked to reject, a lot of people will nonetheless entertain the act of choosing, whereas, when asked to choose, fewer consider the act of rejecting. [12]

PREFERENCE FOR CHOOSING OR AVOIDING COMPANIES, INDUSTRIES AND THEMES IN PORTFOLIOS - PER REGULATORY FOCUS (N: 4.690)

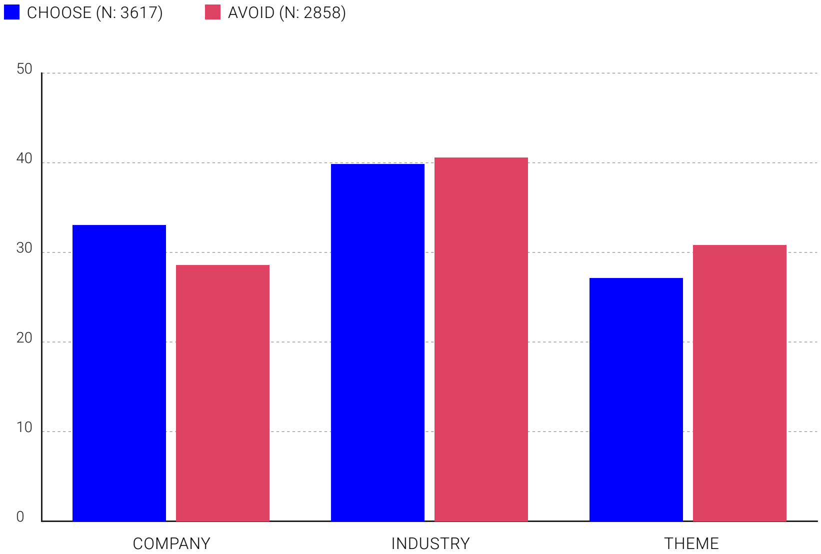


Graph 12

We found that, in general, investors also think more in terms of choosing than in terms of avoiding. Where only 4,3% of our respondents opted to avoid a certain company, industry or investment theme, more than 20% opted to choose certain factors and avoid none. The majority, however, wished to do both: choose and avoid. As graph 12 shows, the regulatory focus of the investor toward either promotion (investing to win) or prevention (investing not to lose) barely influences the way investors wish to express their preferences. Those with a prevention focus are slightly more inclined to only avoid and slightly less inclined to only choose.

The fact that the information burden on securities is already high, that investor preferences are usually constructed – and not merely revealed – during their elicitation and that most investors want to both choose and avoid items, present some real challenges for designers tasked with creating a user experience for a digital investment tool that allows users to 'tilt' portfolios to find their moral fit. However, when considering the choice architecture, financial service providers would do best to frame any selection as a positive choice for an enriched (not impoverished) investment portfolio.

THE LEVEL AT WHICH RETAIL INVESTORS WISH TO CHOOSE OR AVOID ASSETS IN THEIR PORTFOLIOS



Graph 13

Additionally, from our survey, we found that retail investors wish to avoid and choose at different levels. The most preferred is the industry level, followed by the company level and finally the investment theme level. We found no significant correlations either between the preferred level of choice and any of the socio-demographic variables we assessed or any of the highlighted environmental, social or governance concerns we listed. It appears that investors tend to think at their preferred level; this is also evident from the very weak positive correlations between choosing and avoiding industries (r .20), companies (r .22) and themes (r .21)

MORE FOOD FOR THOUGHT

The vast body of research on food labelling can also inspire alternative approaches to communicating the sustainability credentials of securities and guide investors in their decision-making. Some key insights from the literature to consider:

SIMPLICITY CAN BE MISLEADING

In their paper titled *To see or not to see, do front-of-pack nutrition labels affect attention to overall nutrition information?*, Bix et al.[13] concluded that the often colour-coded FOP ratings on groceries are indeed an effective way to increase attention to nutrition information. However, they also found that – because people have a limited capacity to process information – the FOP-labels decrease the consumer's attention to the detailed information provided on the obligatory Nutrition Facts Label on the back of the package and, therefore, limit the consumer's ability to make genuinely informed decisions. In another research paper, Downs et al. [14] suggest some innovative ways to solve this problem by displaying the essential (fundamental) nutrition information in ways that make it more accessible to consumers. The researchers suggest using reference points such as 'per meal' recommendations or even a nutrient-to-energy ratio or other index that helps consumers better understand nutrient density both within and across food groups. Likewise, the idea of allowing investors to visually compare the 'moral' suitability of similar instruments or combining monetary and non-monetary aspects in a single view to grasp the full impact of an investment decision seem interesting tactics that deserve follow-up research.

RATE FOR TRANSPARENCY

According to Grunert & Wills (2007), the interest of consumers in nutritional information is also influenced by the type of product they are evaluating. They observed a higher interest for nutritional information related to processed foods with a low degree of transparency and in situations with low time constraints or where the product is bought for the first time. This finding raises a question – if investors also need more, less or other information to find a moral fit, for instance when they are considering 'processed' securities such as exchange trade funds (an apple pie with cream) versus a single stock (an apple), when they are experienced versus inexperienced investors, or when they are having ample time versus having to make a snap decision? This question would also be a good candidate for further research.

EDUCATION IS A MISSING INGREDIENT

In their eye-tracking experiments, Graham et al. [15] quantified consumers' label viewing on grocery products and examined the differences between participants in the study. They found that an increased visual attention to FOP labels (ratings) occurred when – at the time of the experiment – there was signage present in the grocery store that informed consumers about the purpose of the labels. According to the researchers, the labels are only relevant if an awareness campaign to educate consumers on the availability of this resource accompanies its usage. If education is key to making informed purchasing decisions at a grocery store, then it is safe to assume it will also be key to making informed purchasing decisions on the financial market. Similarly, players in the financial industry could benefit from looking closely to the food industry and how they turned regulatory requirements into additional utility for their clients.

VALUE FROM PERSON-INVESTMENT FIT

Psychological theories on fit have a long tradition and result from a long line of research in organizational and work-related settings (e.g. person-environment fit, person-organisation fit and person-person fit). All these frameworks are based on the understanding that human behaviour is a function of both the individual and the environment (Lewin, 1951) and that fit is defined by the grade of congruence between the needs of the individual and the attributes of the environment. Many experiments have revealed that higher congruence has several positive outcomes (Chatman, 1989; Higgins, 2005; Kristof, 1996; Kristof -Brown et al., 2005; O'Reilly III et al., 1991) such as higher motivation, more well-being and higher commitment [16].

Building on this tradition, and analogous to person-environment fit, we propose the concept of 'person-investment fit' [17] where the quality of investment decisions is mediated by the extent to which the einvestor perceives the congruence of his personal needs and the attributes of the investment product or service. In addition, we propose that when defining the investor's needs, we must take into account both their monetary (e.g. invested amounts, time horizon, risk, etc.) and non-monetary dimensions. Based on our research, this non-monetary dimension should include – but not be limited to – a regulatory, superordinate goal and moral component.

Creating person-investment fit will significantly assist in delivering a truly personalized investment service. A service aimed more at happiness than plain 'satisfaction' and optimized for a more effective goal pursuit. A service that differentiates with added value, steeped in a thorough understanding of the person-behind-the-client.

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ANNEX 1

PEARSON CORRELATIONS BETWEEN ENVIRONMENTAL €, SOCIAL (S) AND GOVERNANCE (G) FACTORS

Variables	E (general)	S (general)	G (general)	E1	E2	E3	E4	E5	E (all)	S1	S2	S3	S4	S5	S (all)	G1	G2	G3	G4	G5	G (all)
E (general)	1,00																				
S (general)	0,21	1,00																			
G (general)	-0,02	-0,01	1,00																		
E1	0,56	0,11	-0,04	1,00																	
E2	0,56	0,12	0,00	0,54	1,00																
E3	0,52	0,14	0,02	0,47	0,45	1,00															
E4	0,41	0,10	0,03	0,42	0,41	0,47	1,00														
E5	0,31	0,12	0,04	0,29	0,37	0,29	0,34	1,00													
E (all)	0,41	0,19	0,02	-0,16	-0,15	-0,14	-0,11	-0,09	1,00												
S1	0,17	0,52	0,01	0,23	0,20	0,20	0,18	0,19	-0,03	1,00											
S2	0,10	0,40	0,01	0,16	0,17	0,17	0,14	0,12	-0,08	0,28	1,00										
S3	0,11	0,45	-0,01	0,15	0,19	0,17	0,16	0,20	-0,05	0,31	0,20	1,00									
S4	0,12	0,40	0,04	0,16	0,16	0,22	0,20	0,16	-0,05	0,31	0,22	0,26	1,00								
S5	0,13	0,35	0,04	0,15	0,15	0,16	0,19	0,22	0,00	0,34	0,17	0,28	0,33	1,00							
S (all)	0,22	0,36	0,04	-0,06	-0,07	-0,05	-0,06	-0,02	0,53	-0,14	-0,11	-0,12	-0,11	-0,10	1,00						
G1	-0,01	-0,02	0,53	0,02	0,05	0,07	0,06	0,05	-0,05	0,05	0,03	0,02	0,03	0,06	-0,03	1,00					
G2	0,00	0,02	0,46	0,03	0,06	0,08	0,09	0,07	-0,04	0,07	0,08	0,07	0,08	0,09	-0,04	0,34	1,00				
G3	0,00	0,02	0,46	0,02	0,06	0,08	0,09	0,09	-0,05	0,06	0,06	0,06	0,10	0,09	-0,03	0,28	0,34	1,00			
G4	-0,01	-0,01	0,55	0,00	0,04	0,06	0,08	0,06	-0,05	0,05	0,03	0,03	0,09	0,08	-0,05	0,34	0,35	0,30	1,00		
G5	0,05	0,06	0,55	0,05	0,08	0,10	0,09	0,11	0,00	0,10	0,05	0,08	0,12	0,12	0,00	0,35	0,36	0,36	0,38	1,00	
G (all)	0,08	0,06	0,38	-0,04	-0,03	-0,02	0,00	0,02	0,20	-0,03	-0,04	-0,05	-0,03	-0,01	0,23	-0,03	-0,03	-0,03	-0,04	-0,04	1,00

Sample: N = 4.960 (potential) retail investors in Belgium, Netherlands, Denmark, Sweden and Finland
Respondents could indicate their preference for a main category (e.g. 'E general'), specific subcategories (e.g. 'E1', 'E2', etc) or all subcategories (e.g. 'E all')

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