The Demand for
Socially Responsible Investments

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Importance of the paper

Growth SRI

Increasing choice of pension participants

Are investors willing to pay for SRI?

Representative sample Netherlands
Three main suggestions

1. Clearly define contribution of the paper
2. Some thoughts on the analysis
3. More concise literature review
Are investors willing to pay for SRI?

Savings account vs. mutual funds

Savings account → interest rate SR account is 0.6% or 0.8% lower

Mutual funds → return on SRI fund is 1% or 0.5% lower
Interesting results

Choice for SRI in stated preference task exceeds actual investment in SRI

A substantial fraction of people is willing to accept lower returns on SRI

More interest for SRI funds than SR savings accounts

Education strongly related to preference for SRI
Accepting lower returns on SRI

Bollen (2007)
Investors are less likely to sell bad performing SRI funds than conventional funds

Riedl and Smeets (2016)
Dutch investors hold SRI funds because of social preferences at the cost of lower expected returns and higher management fees
Stated preference for SRI exceeds actual SRI investments

Opportunity for financial institutions to sell more SRI products
10% should do it, but did not get to it

Attitude-behavior gap
Sheeran (2002) Intention-behavior relations
Vermeir and Verbeke (2006)
Presents to increase SRI

Simplify analyses

Power of financial incentives
Gneezy and Rustichini (2000)
Gneezy, Meier and Rey-Biel (2011)
Bauer, Eberhardt and Smeets (2017)

Crowding out of intrinsic motivation
Titmus (1970)
Ariely Bracha and Meier (2009)
Actual SRI investments and stated preferences

Randomize order of asking first actual or stated preferences

Directly compare characteristics of investors who hold SRI and those with stated preferences for SRI
Take aways

Important to study whether investors are willing to sacrifice returns for SRI

Simplify analyses

More concise literature review