

# How banks can align with their customers' sustainability needs

Engaging customers through the banking app experience

# /Foreword

After another record-breaking hot summer and an alarming [IPCC](#) report, people are increasingly waking up to the reality of the climate crisis. Many are also realising the responsibility they have to change their behaviour and help mitigate the effects of climate change.

There is an opportunity for banks to support their customers and help them reduce their carbon footprint. Thanks to the transactional data they hold, banks can help people understand the carbon emissions associated with their spending and help them adopt more sustainable behaviours. And the introduction of open banking means financial institutions can collaborate with sustainable fintechs to effectively deliver carbon management products to their customers.

In our survey, we found that 1 in 2 UK mobile banking app users support banks providing this information. While this connection is not commonly understood by customers, banks have an opportunity to define this space for themselves, opening up new fields for green banking products as well as meaningful customer relationships.

In this report, we have identified a number of concrete actions banks can take to create real value for themselves, their customers and society as a whole.

We have all the solutions we need to address climate change, now all we need is collective will. Let's go solve the climate crisis together.



Emma Kisby  
EMEA CEO of Cogo

# / Executive summary

People are increasingly concerned about the climate crisis. Research shows that 80% are willing to change their lifestyles to combat the effects of global warming. However, the number of people taking climate action is much lower.

The difference between what people say they are going to do (intention) and what they actually do (action) is what we call the 'intention-action gap'.

There are many barriers that prevent people from living in line with their values. When it comes to sustainable lifestyles, one of the biggest obstacles is carbon literacy. People lack clear, actionable information about the environmental impact of their actions.

Thanks to customers' transactional data, banks are well positioned to help people understand the carbon emissions associated with their spending.

## **But do customers want the support of their bank on their sustainability journey?**

We teamed up with the Behavioural Insights Team to understand how people feel about their bank helping them take climate action and whether there are any differences between ages, genders, ethnicities and levels of carbon literacy.

Some key questions we addressed include: What climate actions do people want help with from their banks? What environmental offers and incentives do customers expect from their banks? And how would people feel if their banks provided them with information on the carbon impact of their purchasing habits?

The following insights have practical implications for banks, so we have recommended how banks can tailor their services and advice to their customers.

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## / Key findings

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### 1. Conscious consumerism has spread to the financial industry.

Our research shows that people care about the environmental impact of their spending. Equally, people want to see financial institutions taking action to reduce carbon emissions in their operations.

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### 2. Customers need more information to make impactful sustainable decisions.

People want to know the carbon emissions associated with their spending. But they can't currently access this information and consequently are at risk of taking less impactful actions.

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### 3. People want their banks to help them manage their carbon footprint.

And they support their banks using offers and incentives to encourage climate action.

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### 4. Customers want their mobile banking app to encourage climate action.

The majority of those who want their bank to provide this information also want to receive climate action push notifications from their banks.

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## / Recommendations

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# 1

Help customers improve their carbon literacy.

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# 2

Integrate personal carbon management into the mobile banking app.

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# 3

Educate customers on how banks can help with climate action.

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# 4

Motivate people to take action with pro-environmental rewards and incentives.

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# /The research

The insights in this report are based on a survey of over 2,007 UK mobile banking users that are generally representative of the UK population.

The survey was conducted in May 2022 in collaboration with The Behavioural Insights Team.

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## Conscious consumerism spreads to the financial industry

### 1.1 People care about the environmental impact of their spending

Our research reveals that 9 in 10 people consider the environment (at least sometimes) when choosing what to buy. Reportedly, customers consider their environmental impact most when shopping for food, fuel, flights, clothes and household goods (see figure 1).

This insight supports the findings from the [Global Sustainability Study](#) (2021) which reports that 85% of consumers have shifted their purchase behaviour to become more sustainable in the past five years.

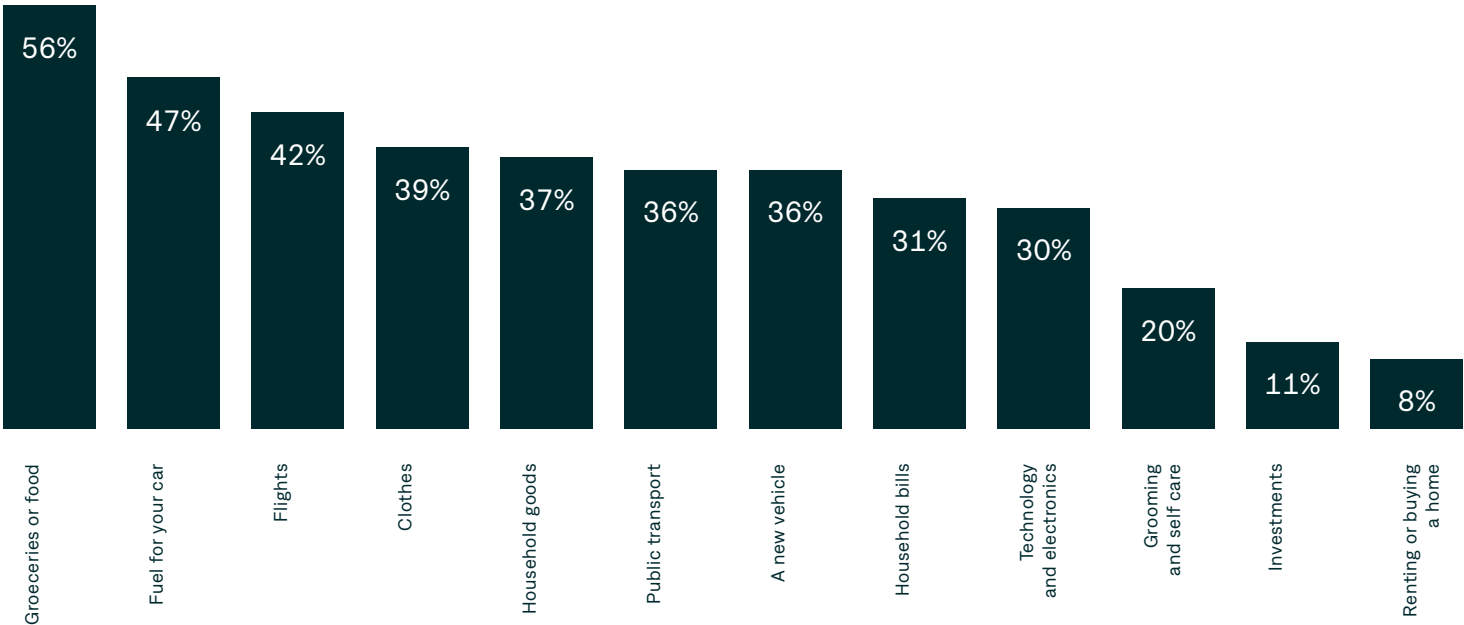
And this number is likely going to increase in the next ten years as people become increasingly aware of the climate crisis.

Banks that take a proactive approach and develop a green banking strategy will attract and engage the growing conscious consumer segment.

Figure 1  
Environmental impact of spending

"For what types of purchases do you consider the impact of the environment?"

Data collected by BIT  
on 29 April – 5 May 2022





1.2 People want to see their banks take climate action

This movement towards conscious consumerism does not just affect commerce. Customers want to know about the environmental impact of their banks too.

Our survey shows that 7 in 10 participants want to see their bank taking action to reduce their own environmental impact (see figure 2), mostly through reducing the carbon impact of their operations (76%) and by investing in businesses with a low environmental impact (73%).

A recent report by Mambu found that 70% of global customers would choose a bank that puts purpose over profits, with a further 58% willing to pay a premium for financial services that help the environment and local communities.

Clearly, here is an opportunity for banks to win over conscious consumers by prioritising sustainable initiatives and by transparently communicating progress towards science-based targets.

Figure 2  
Customers' attitudes towards their bank taking climate action

% of respondents who are supportive of their bank taking different actions to reduce their own environmental impact





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## Customers need more information to make impactful sustainable decisions

### 2.1 Customers experience an information-gap

Customers need clearer information on the sustainability of their products and services in order to make informed, environmentally friendly purchasing decisions.

Our research shows that when respondents make a purchase, the majority consider tangible factors like the product's materials (65%) and packaging (66%) (see figure 3). But, despite its devastating role in climate change, only 34% consider the carbon emissions associated with their purchases.

This could reflect that there is a lack of information about the environmental impact of products and services, and carbon emissions are invisible to us.

These findings point to the importance of giving customers greater access to carbon footprint information. It is clear that customers want this information as 75% say they want to know more about the environmental impact of how they spend their money.

"I have no idea about my current [carbon] usage, but to be able to see that regularly and actively work out how to lower my footprint [...] would be amazing"

Since the invention of spend-based carbon footprinting technology, financial institutions are perfectly placed to close this information gap by working with organisations like Cogo to provide their customers with personalised carbon footprint information.

Figure 3  
Environmental impact of consumption habits

"What factors do you consider when thinking of the environmental impact of your purchases?"

Data collected by BIT on 29 April – 5 May 2022



2.2 People are more willing to take action if they think it has a bigger impact on their carbon footprint

People struggle to identify high-impact climate actions, and this has a significant impact on how they decide to spend their energy and resources to reduce their footprint.

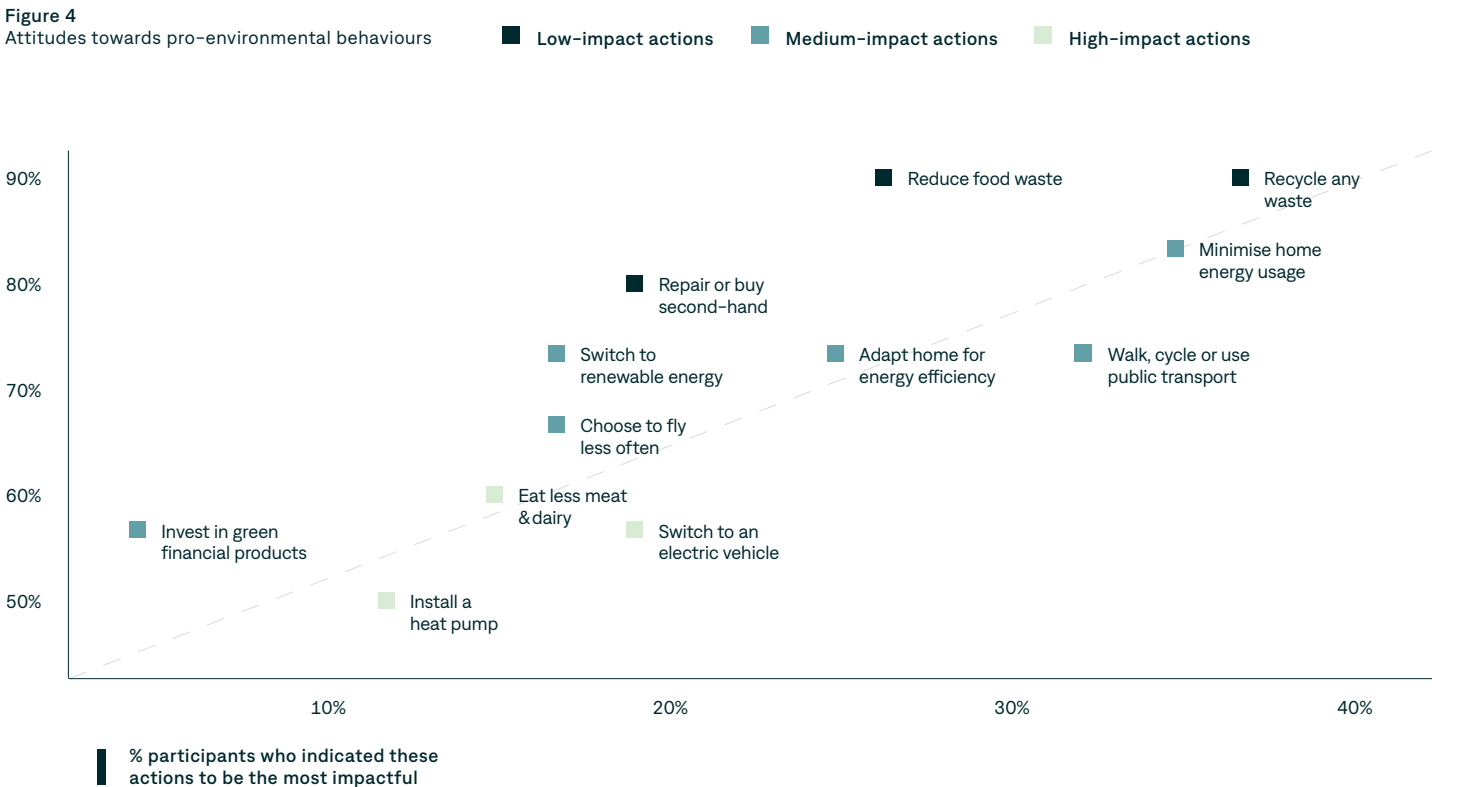
Our study shows a correlation between people’s willingness to take action and the perceived impact of a particular climate action (see figure 4).

However, the majority of participants struggled to identify the most impactful climate actions, suggesting that people are targeting low impact behaviours.

This is shown in the figure below, where you can see people are more willing to adopt low or medium impact climate actions (upper right corner) than high-impact climate actions (lower left corner).

The good news is carbon literacy can be learned, and Cogo’s Personal Carbon Manager is carefully designed to improve people’s understanding of the environmental impact of their behaviours.

In fact, when we showed the respondents carbon footprint information on the Cogo UX screens, 60% agreed that the information would encourage them to reduce their carbon footprint, 63% said the information would be useful, and 68% think the information is easy to understand.



2.3 Banks can provide this carbon data

Our research revealed that most people expect brands to inform them about the environmental impact of how they spend their money.

However, brands have a conflict of interest when it comes to reporting on their own sustainability performance. There is no incentive to disclose scope 3 emissions because those who do, look bad and are unlikely to win customers over.

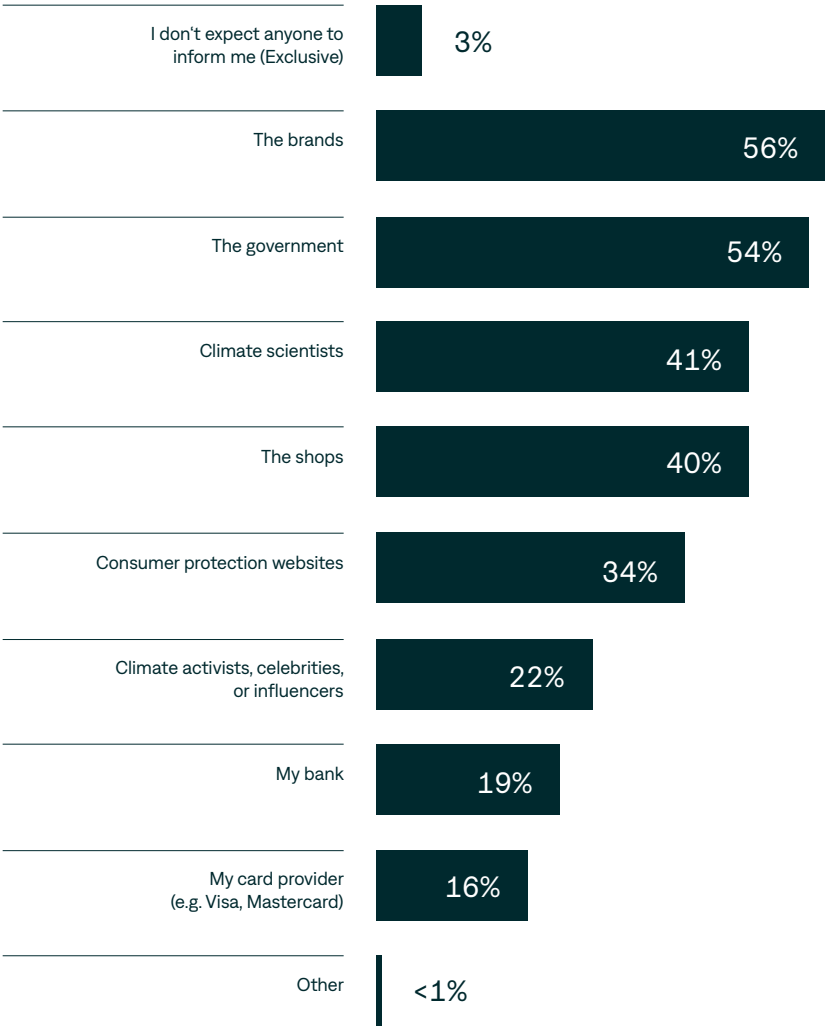
Banks, on the other hand, can act as neutral players and provide spend-based carbon footprinting data.

While our survey shows that only 1 in 5 customers expect banks to deliver this information, when presented with the idea, many were excited by the prospect.

Clearly, there is an opportunity for banks to disclose spend-based carbon footprinting data to customers and give people clarity on otherwise invisible carbon emissions.



Figure 5  
Customers' expectations about being informed about the environmental impact of their purchases



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People want their banks to help them manage their carbon footprint

3.1 Customers want their banks to support their sustainability journey

Our research reveals that 62% of respondents support their bank helping them reduce their environmental impact.

This is significantly higher in people who are under 25 (71%), have a higher income (64%), belong to ethnic minority groups (70%), live in suburban or urban areas (66%) or

use their mobile banking app at least once a week (63%). Banks have multiple opportunities to accelerate climate action adoption among their customers.

"Rewards and incentives" are the most popular category among age, gender and income demographics, among ethnic minorities "receiving help with making decisions" and "being able to set environmental / carbon footprint budgets" is just as popular (71%) (see figure 6).

Figure 6  
Respondent's attitudes towards pro-environmental offers

% who are supportive of receiving these intervention categories by their banks (via mobile banking app)	Age			Gender		Income		Ethnicity	
	18 – 24 (n = 246)	25 – 54 (n = 1,084)	55+ (n = 667)	Male (n = 957)	Female (n = 1,023)	Below median (n = 1,023)	Above median (n = 981)	White (n = 1,730)	Ethnic minority (n = 277)
rewards and incentives (n = 875)	79%	74%	62%	71%	71%	68%	73%	71%	71%
consumer protection (n = 901)	70%	67%	59%	64%	65%	62%	66%	63%	72%
financial support (n = 877)	75%	67%	55%	66%	62%	61%	67%	62%	73%
help to make decisions (n = 892)	79%	65%	57%	63%	64%	58%	70%	62%	71%
advice on how to reduce environmental impact through finances (n = 921)	68%	65%	55%	62%	62%	62%	62%	60%	74%
opt into more sustainable / greener financial services (n = 913)	71%	62%	48%	61%	57%	56%	61%	57%	69%
environmental or carbon footprint 'budget' (n = 868)	66%	59%	54%	61%	57%	58%	58%	56%	71%
information on impact of spending (n = 886)	68%	59%	54%	58%	58%	57%	59%	57%	67%
advice on how to reduce environmental impact, outside finances (n = 895)	64%	59%	52%	59%	56%	54%	60%	56%	64%



### 3.2 Customers want to receive offers and rewards from banks

One of the biggest barriers to sustainable decision-making can be attributed to the present bias: people prefer to receive smaller immediate rewards as opposed to larger ones in the future.

Making sustainable decisions can often seem like a cost-benefit trade off, many times leading to customers choosing their financial wellbeing over sustainability.

Introducing financial incentives and rewards that encourage sustainable decision-making will help people meet their current needs without compromising their future (financial or planetary) and therefore can be an effective way to overcome this bias.

Our research shows that 71% of customers want their banks to offer rewards and incentives to encourage more sustainable purchasing decisions. People under 25 (79%) are particularly supportive of this incentive.

The exclusive bank card and train miles offers are the most popular, with 3 in 4 saying they would take up those offers (see figure 7). This is even higher among young people, with 91% saying they support their banks offering exclusive bank cards and 88% supporting train miles.

The majority reported they would be happy for their bank to provide the rewards directly through their mobile banking app (see figure 7). And even more are happy for their bank to personalise the offer based on their transaction data.

Figure 7  
Respondents' attitudes towards different pro-environmental offers

Data collected by BIT on 29 April – 5 May 2022

% of participants who would:	Prompts for energy switching (n = 678)	Exclusive bank card (n = 634)	Train miles (n = 697)	Loans for eco purchases (n = 663)	EV trials (n = 673)	Protection for second hand purchases & repairs (n = 669)
take up the offer*	69%	78%	74%	62%	71%	63%
be happy for their bank to provide this offer directly, through their mobile banking app**	51%	63%	64%	52%	57%	48%
be happy for their bank to personalise the offer based on transaction data*	63%	68%	66%	—	—	57%

\* 'Yes, definitely' and 'Yes, probably' responses

\*\* 'Moderately' or 'Very' responses

Bold shading identifies statistically significantly ( $p < 0.1$ ) highest (or joint highest) value within row.

**Exclusive bank card**  
Customers would be offered a green bank card if the carbon footprint of their transactions was below a certain threshold. The card would then entitle customers to perks and exclusive discounts in selected stores.

**Train miles**  
This is a reward scheme where customers can collect points for travelling by public transport. Once customers have accumulated enough points, they can use them to pay for travel tickets and other available items.

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## Customers want their mobile banking app to encourage climate action

### 4.1 People support their banks' to provide information on the carbon footprint of their transactions

After showing participants screenshots of Cogo's UX (see figure 8) which showed transactions along with their carbon footprint, tips to reduce their emissions, and celebrations of transactions with a low impact, 6 in 10 said they want their bank to provide information on the carbon footprint of their transactions. And of those, 65% said they want to receive climate action push notifications from their bank.

Figure 8  
Screenshots of Cogo's UX

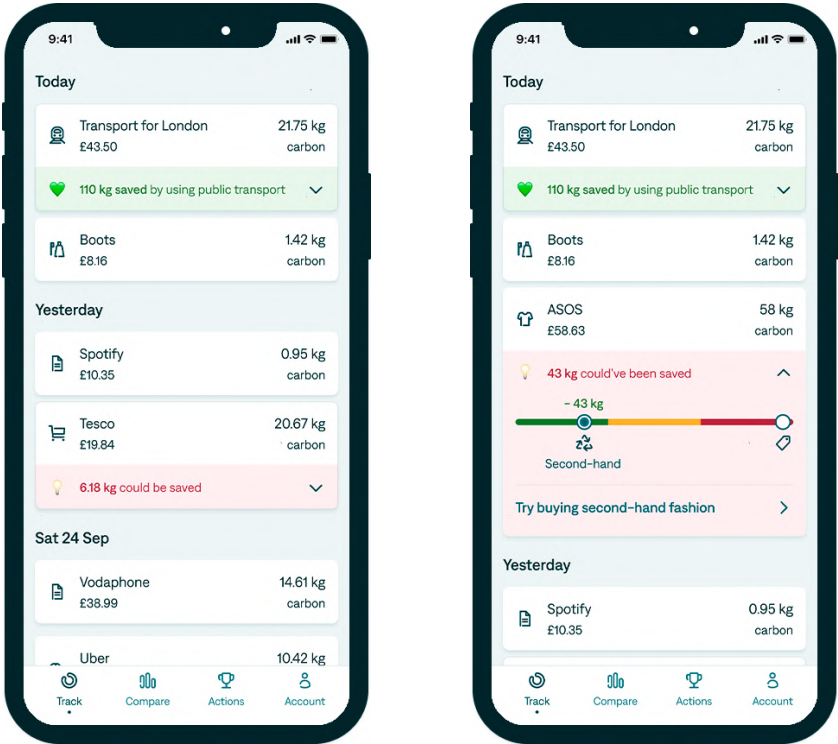


Figure 9

# 60%

think the information would encourage them to reduce their carbon footprint\*

This is significantly higher in people who are:

- **under 25**  
71% vs 62% aged 25 to 54 and 54% aged 55 and over
- **concerned about climate change**  
66% vs 29% who are not concerned
- **highly carbon literate**  
65% vs 56% who are in the low carbon
- **living in an urban region**  
67% vs 52% who live in a rural region

\* There were no significant differences for app frequency checking, income, gender, education, ethnicity, homeownership, car-ownership, location

The majority of respondents said they think this information would encourage them to reduce their carbon footprint. This was higher for young people, people with high carbon literacy and those who use their banking app at least once a week (see figure 9).

It is also important to mention that of those who did not want their bank to provide carbon footprint information, 7 in 10 said they would change their mind if they could opt out, emphasising the importance of consent.

Evidently, there is an opportunity for banks to partner with sustainable fintechs, like Cogo, to provide specialist carbon footprint management tools to their customers. And develop relationships with their customers from purely transactional, to deeper, more conversational relationships, with sustainability at the heart.



# / Recommendations

1. **Integrate personal carbon management into the mobile banking app**

Customers want to know about the environmental impact of their spending. As banks possess customers' personal financial data, they are in a unique position to provide real-time carbon footprints based on people's spending. Banks can partner with carbon tracking experts to seamlessly integrate it into the online banking experience.

2. **Help customers improve their carbon literacy**

Carbon literacy is a key barrier to climate action. Banks should inform their customers by helping them understand how food, fashion, finance, transport and energy systems impact the carbon footprint of their spending.

3. **Educate customers on how banks can help with climate action**

8 in 10 people want to know more about the environmental impact of their spending, but only 2 in 10 expect their bank to inform them. To boost their legitimacy, banks should lead by example and highlight their efforts to reduce their environmental impact.

It is also evident that people want to see their banks take climate action, so it's recommended that banks not only prioritise their own sustainable initiatives but also communicate their progress with customers.

4. **Provide rewards and incentives**

It is recommended that banks explore creative ways of offering rewards and incentives in their banking apps to encourage customers to take climate action.



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# /How Cogo can help

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Cogo is a carbon footprint management product that helps individuals and businesses to measure, reduce and offset their impact on the climate.

Cogo does this through partnerships with some of the world's largest banks to integrate leading carbon-tracking functionality into their banking apps via open-banking technology.

We use best-in-class models to provide accurate ways to measure carbon emissions specific to local markets and cutting-edge behavioural science techniques to nudge customers to make more sustainable choices.

We are currently working with some of the world's largest banks, including CommBank (Australia), NatWest (UK) and ING (Netherlands), helping over a million customers around the world track their carbon footprint.



"We know that many people in the UK want to reduce their impact on the climate, and that to be able to change something in a meaningful way, you need to be able to measure it.

Our use of Cogo's expertise in carbon tracking in the NatWest app is a really important first step in making it easy for everyone to live and spend in a greener way – using the power of their money to influence change.

It's aligned to our core purpose as a bank and it's going to give people the information they need to make informed choices about how they spend, as well as realistic and achievable ways of cutting down on carbon."

David Lindberg | CEO, Retail Banking at NatWest

# / Do you want to join the world's leading banks?

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If you're looking for deeper insights into how banks can do more to help customers with their carbon management, [get in touch with our team.](#)

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