

From buzz to business imperative: Taking genuine ESG action in fintech

An assessment on how ESG in fintech has transitioned from 'buzz' to 'business imperative', and analysis of the UK fintech businesses communicating their ESG strategies most effectively.

Has ESG (or Environmental, Social & Governance consideration) lost its lustre? Take a quick glance at the headlines and you'd be forgiven for thinking so. ESG has become a dirty buzzword in Corporate America according to The Wall Street Journal, while UK investors are putting UK security 'at risk' over ESG, says the Financial Times. It's little wonder that sentiment has dipped.

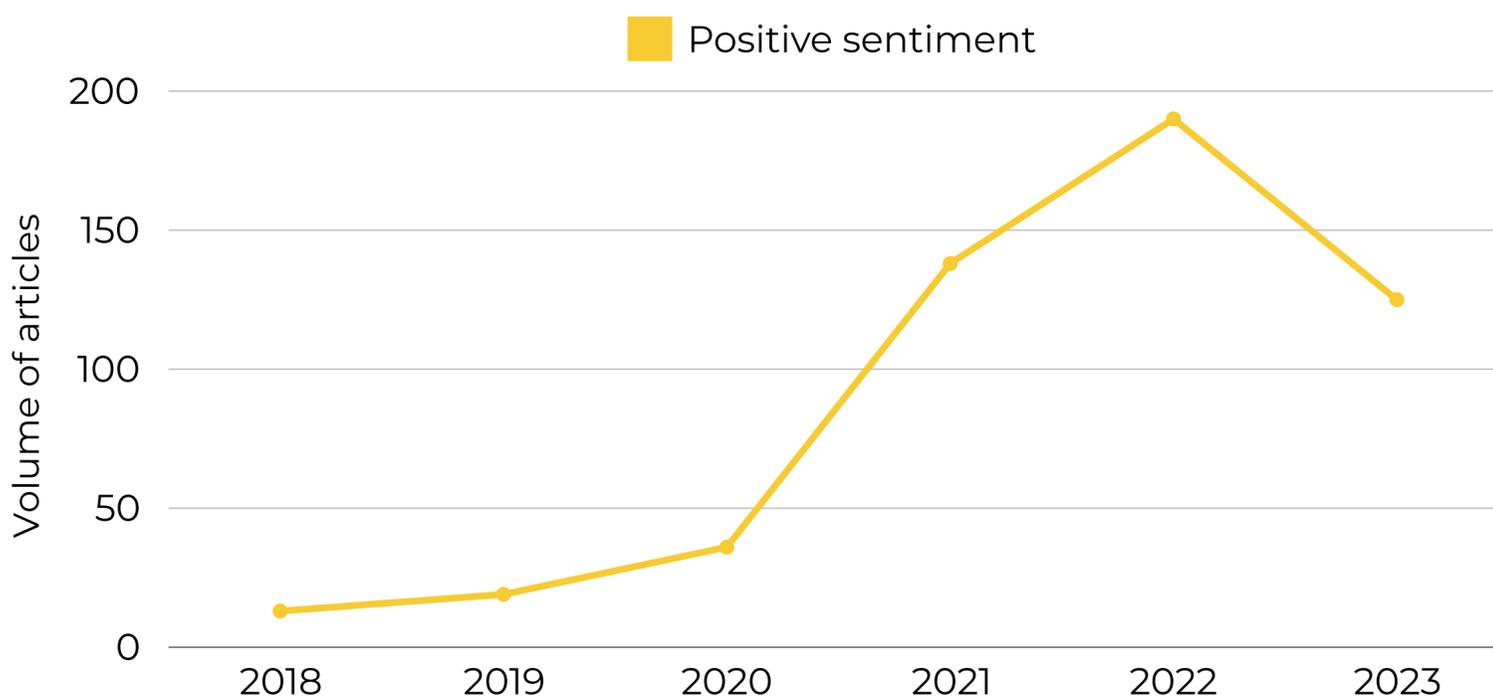
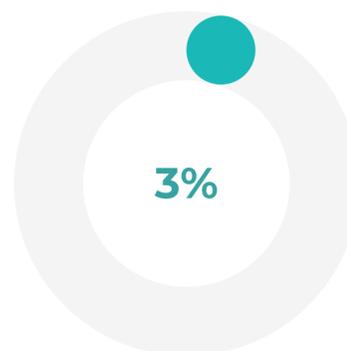
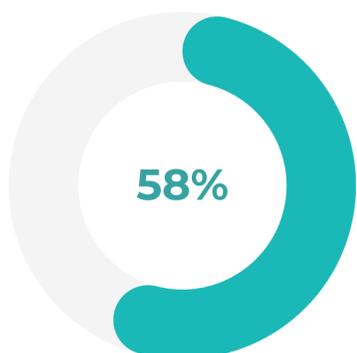


Figure 1: Media sentiment towards ESG initiatives in top-tier national, tech and financial services publications (source: TrendKite)

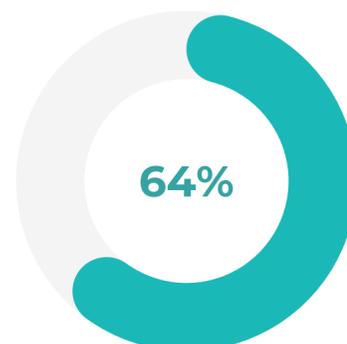
Despite increasing media cynicism for corporate ESG approaches, evidence would suggest that there remains a healthy correlation between robust ESG strategies and strong business performance. Recent data includes:



improvement was seen, on average, in stock performance of companies included in Fortune's 100 Best Companies to Work For versus those that didn't make the list over a 25-year period ([source](#)).



of corporate studies found improvements in metrics such as return on equity, return on assets, or stock price, to be as a direct result of superior ESG performance ([source](#)).



of consumers choose, switch, avoid, or boycott a brand based on its stance on societal issues, and change buying behaviour because of a brand's response to climate change ([source](#)).

What consumers want

While strong business impacts may incentivise brands to invest in ESG, it is also consumer loyalty that is at risk if brands fail to adapt. Characterised by their environmental and social consciousness, Gen Z and Millennials are flexing their purchasing power - in fact, as many as eight in ten would be willing to see their ethical investments underperform as long as they align with their ethical values. Our audience insights reinforce this, with social responsibility and eco-friendliness non-negotiable for 40% of Gen Z consumers.

What Gen Z want a brand to **do**

Listen to customer feedback

(43%)

Be socially responsible

(40%)

Be eco-friendly

(39%)

Source: GWI Core 2023, Base: 6,251 UK consumers aged 16 to 24 (Gen Z) Question: Which of these do you want a brand to do?

What Gen Z want a brand to **be**

Reliable

(53%)

Authentic

(42%)

Smart

(37%)

Source: GWI Core 2023, Base: 6,251 UK consumers aged 16 to 24 (Gen Z) Question: Which of these do you want a brand to be?

With authenticity ranked the second-most valued brand trait by consumers, and regulators increasingly mandating ESG integration, brands can't afford to ignore this shift. Robust, authentic ESG commitments and meaningful action are essential to retaining customers, investor confidence, regulatory compliance, and ultimately, reputational integrity.

The fintech industry in particular – often considered the leading light of the UK's technology sector – is facing ever-growing pressure from customers and legislators to prioritise ESG practices, with consumers becoming more conscious of the impact of their financial choices.



So, what must fintechs do next?

With the wide breadth of ESG spanning everything from climate change to diversity, human rights to executive compensation, fintech brands need meaningful auditing and action at the core of any plan. They must go beyond lip service by conducting comprehensive ESG audits to identify strengths and gaps, setting measurable targets, and taking concrete actions to improve. Integrating ESG into decision-making, risk management, and product development is also crucial.

Only once this has happened can the communications work start, an integral pillar in building trust and credibility with stakeholders. Developing comprehensive strategies to share ESG initiatives and progress effectively is paramount, and the following tips will always stand fintech brands in good stead, from industry behemoths to start ups:

■ **Reposition ESG as a growth engine:**

Rather than framing ESG as a cost centre, fintechs should highlight to investors and shareholders how sustainable products and practices can drive new revenue, meet burgeoning market demand, and differentiate the brand. By repositioning ESG as a business growth opportunity, it becomes a strategic investment versus an obligation.

■ **Substantiate claims with credible data:**

To avoid greenwashing allegations, fintechs must back up their ESG messaging with verified metrics, third-party certifications, and transparent reporting on progress against publicly-stated goals. This can form part of the cadence of periodical, anticipated corporate reporting.

■ **Humanise ESG through storytelling:**

While data is powerful, fintechs can bring their ESG programmes to life through personal narratives and storytelling. Whether it's employees benefiting from upskilling, or customers empowered by accessible financial tools, real human stories exemplify impact.

■ **Integrate ESG into brand purpose:**

Effective fintechs tie their ESG messaging tightly into their overall purpose-driven branding and company values. Rather than treating it as a separate initiative, ESG should be woven into the core identity - helping democratise finance, promoting inclusion, or building a sustainable economy.

■ **Tailor communications by audience:**

Different stakeholders will care about different aspects of ESG. Investors may prioritise governance and risk management, while employees resonate more with social issues like diversity and development. Tailoring messaging accordingly ensures it resonates.

■ **Engage employee ambassadors**

A fintech's own employees can be powerful advocates for its ESG initiatives when empowered and engaged. Equip teams with tools and training to proudly champion the brand's sustainable ethos.

“Any organisation seeking to report on its ESG credentials, or use terms such as ‘eco’ or ‘green’ in branding or marketing, will need to be prepared to have their assertions scrutinised by accredited verifiers.

“Most organisations are on a journey with ESG and there may be bends in the road along the way. Now is a good time to take stock, be honest about gaps and pivot appropriately.”

Kate Hunter, Director, Missive

The trailblazers

When it comes to ESG, having strong strategies on paper is not enough. Key to leadership is the ability to clearly demonstrate impact from genuine action. The below are offered as examples, and include how it's possible to leverage communications to underscore ESG commitments:



Monzo has taken several steps to bolster its ESG credentials. In 2020, the digital bank signed up to the UN Principles for Responsible Banking, committing to ESG goals, and it aims to reach net zero carbon emissions across operations and financing by 2030. Monzo has published data on gender and ethnic diversity, seeking to increase representation of women and minorities in senior roles. It joined the Tech Talent Charter and partnered with likes of Code First: Girls to supercharge diversity across the industry. Monzo also launched a crowdfunding platform to raise money for charities and community causes.



Starling Bank has prioritised a number of environmental and social initiatives. The neo-bank was one of the first to become carbon neutral and set a 2030 net zero target, using renewable energy and offsetting emissions. The bank reports its gender pay gap annually and implemented blind recruitment to enhance diversity. Starling Bank uses its voice to support the wider community, and stand up for causes that align with its values and ethics, working with the likes of Sports Aid to give grants to young footballers and planting 100,000 trees through Trillion Trees to help fight climate change. Starling is a supporter of the Women in Finance Charter, setting diversity targets for management, and expanding family leave.



PensionBee committed to being a net zero asset manager by 2050, integrating climate into investment decisions. The provider has set several social targets, spanning everything from representation in senior management to ethical hiring practices, and signed numerous charters, including the Social Mobility Pledge and Race at Work Charter. In addition, PensionBee offers eco-friendly and Sharia-compliant pension options. As an advocate for transparency and sustainability in the pensions industry, PensionBee has submitted evidence to government committees on these issues.

The fintech sector is at a pivotal juncture when it comes to ESG. The principles of responsible, sustainable business remain resolute, and communicators must demonstrate that ESG is not just a PR ploy. By embracing ESG as a catalyst for innovation, growth and competitive advantage, brands can be championed for purposeful legacies, rather than risk fading into the crowd. While progress has been made, there remains significant opportunity for the fintech industry to raise the bar on authentic ESG integration and transparency - separating the leaders from the followers.

If you need help auditing, developing, and communicating your ESG credentials, Missive is here to help. Our team formulates effective strategies to identify goals, develop action plans that target achievable progress, and create long-form reporting in line with standards such as the Global Reporting Initiative the UN Sustainable Development Goals. [Contact us](#) for more.