

Analysis on individual social investors

February 2013

As part of our commitment to open data, we are releasing a selection of internal analysis that has informed policy development on growing the social investment market.

This internal analysis does not constitute a statement of government policy. If you have any comments or queries on the analysis, please contact us as at:

socialinvestmentandfinance@cabinet-office.gsi.gov.uk

Government, social banks and trusts were key social investors in 2011

To date there has been limited investment from individual investors

Investor group	Funds provided in 2011 ¹	Limits on expansion
Government	 <p>£437 million 59% of total</p>	Government capital budgets are under pressure, and government's role may best be as a purchaser of goods and services, rather than as an investor.
Social Bank	 <p>£208 million 28% of total</p>	Deposits at social banks are an important source of capital, but only a small proportion of such assets are suitable for unsecured and risk-taking capital.
Charity Trusts	 <p>£61 million 8% of total</p>	Philanthropic foundations are an important source of support for the market, but have multiple demands on their philanthropic funds
Banks	 <p>£18 million 2% of total</p>	Institutional money (e.g. retail banks, pensions, insurance funds) requires significant scale and liquidity in the social investment market.
Individuals	 <p>£13 million <2% of total</p>	Increased individual investment can be supported by developments in products, awareness and infrastructure platforms

1. Boston Consulting Group. "Lighting the touchpaper. Growing the Market for Social Investment in England", Adrian Brown and Will Norman. November 2011.

Mainstream investors seem to be interested in social investment

But there is limited data available on the extent of their support

Individuals are potentially interested in social investment

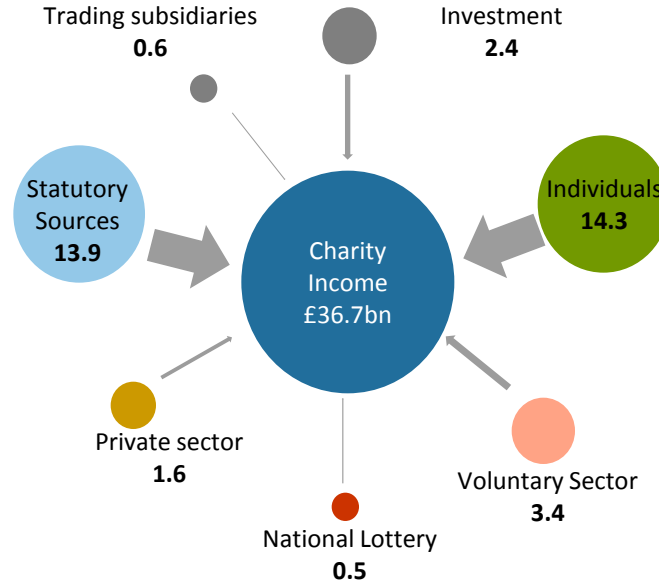


An Ipsos Mori poll revealed that:

- 72% of individuals with investible assets between £50k -£100k would be likely to invest in a financial product that benefits society as well as giving a good financial return.

Source: investing for the Good of Society: Why and How Wealthy Individuals Respond Antony Elliot, 2011

Individuals provided charities with £14.3billion in 2011



Most donations are small:

- The typical amount given per donor per month in 2011/12 was £10 (the median value)
- Donors giving £100 or less per month accounted for 60% of total donations in 2011/12

Source: NCVO, UK Civil Society Almanac, 2012

Microfinance platforms have engaged individuals

How It Works [Learn more](#)

- 1 Choose a borrower
- 2 Make a loan
- 3 Get repaid
- 4 Repeat!

[Ready? Find a loan](#)

The online platform Kiva has facilitated:

- over \$405m loans from...
- ... 893,000 lenders to...
- 984,000 entrepreneurs.

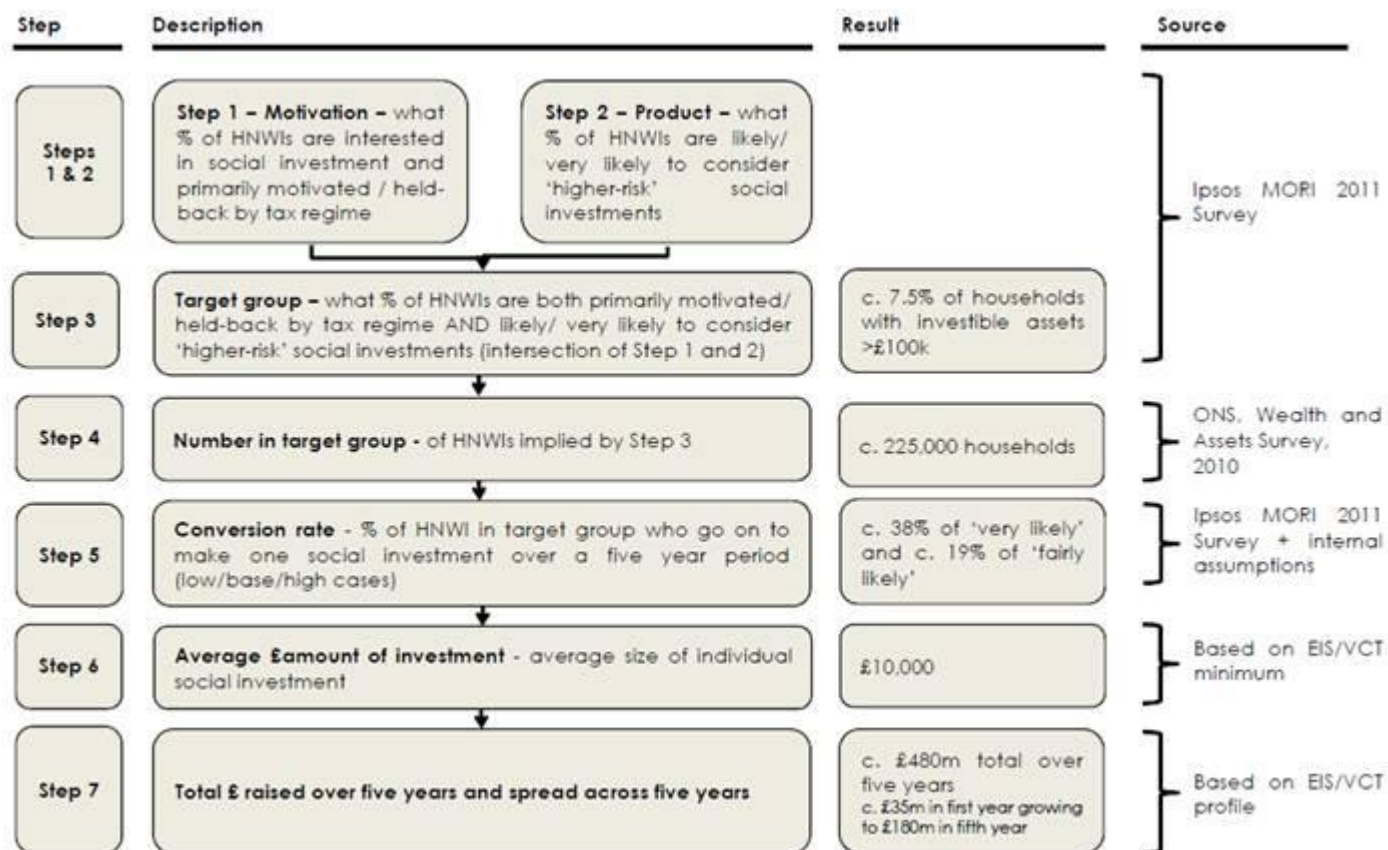
The minimum loan is only \$25.

Source: www.kiva.org/about/stats

HNWI investors could contribute of £480m social investment

Depending on products and distribution channels

BSC forecasts that HNWI could supply c.£480m of risk capital to social investment over five years¹



1. City of London and Big Society Capital. "The Role of Tax Incentives in Encouraging Social Investment", Worthstone assisted by Wragge & Co LLP, March 2013

However awareness of social investment seems to be low amongst HNWI

This potentially limits demand even where products and infrastructure exist

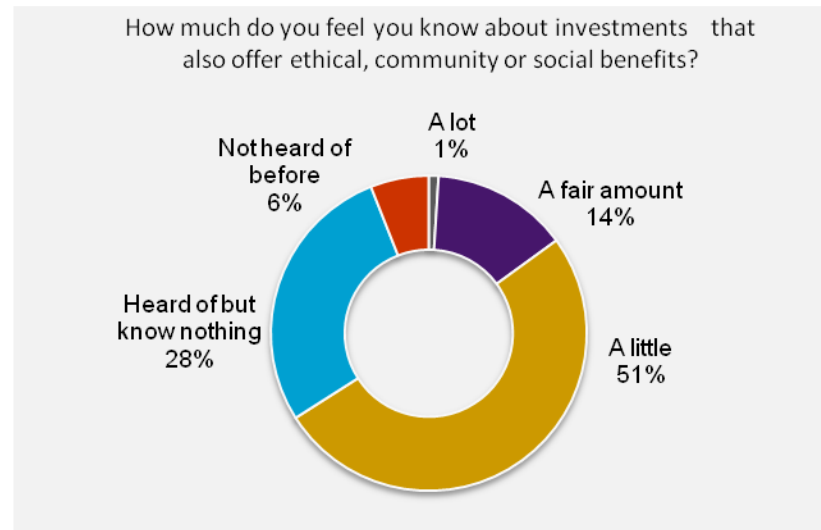
Social banks and fund managers offer a range of products...

e.g. Banks	e.g. Fund Managers
<ul style="list-style-type: none">Charity BankTriodos BankReliance BankUnity Trust BankEcology Building Society	<ul style="list-style-type: none">Bridges VenturesCAF VenturesomeBig Issue Invest

Products by organisation, e.g.

- | | |
|--|--|
| <ul style="list-style-type: none">Cash ISAsSaving AccountsSavings BondsSave and donate accounts | <ul style="list-style-type: none">Social enterprise fundsSustainable property fundsThemed funds e.g. deprived areas, health, |
|--|--|

... but on one study 99% of HNWIs don't know a lot about S.I.



When 500 high net worth individuals were asked about knowledge of investment offering ethical, community or social benefits, only 15% knew a lot or a fair amount, a half knew a little, whilst over a third had no knowledge.

This doesn't appear to vary significantly for those earning above £50k.

Source: *Investing for the Good of Society: Why and How Wealthy Individuals Respond*, April 2011, Antony Elliot, The FairBanking Foundation