NUDGING THE WEALTHY GREEN

A BEHAVIOURAL FRAMEWORK FOR ESG ENGAGEMENT AMONG ULTRA-HIGH-NET-WORTH INVESTORS IN ASIA

A randomised behavioural experiment examining whether Default, Social Norm, and Risk Framing nudges increase ESG allocation among UHNWI investors in Asia — and translating findings into a deployable RM engagement toolkit

NUS National University of Singapore | NUS BUSINESS SCHOOL

TEAM

Academic Advisor:
Prof. Yue Ling

SGFin Team:
Hu Meilun (Avyanna)
Li Ruitong
Jason Yuan
Lyu Xian (Freya)

1. INTRODUCTION

Asia's UHNWI wealth is growing fastest globally, yet actual ESG allocation remains stubbornly low. Conventional ESG pitches do not work well on wealthy investors. This study investigates behavioral nudging strategies to bridge the gap between ESG interest and actual portfolio allocation among high-net-worth individuals in the Asian wealth management context. The research was conducted as a BNP Paribas x NUS MSc Sustainable & Green Finance collaboration.

244 Responses | **3 Nudges Tested** | **5 Key Findings** | **RM Tooolkit**

2. METHODOLOGY

Survey → **Nudging Scenario Experiment** → **Response Collection** → **Statistical Analysis** → **RM Toolkit Design**

- **Survey**: Profiling investors ESG attitudes, knowledge and current allocation behaviour
- **Nudging Scenario Experiment**: Randomised between-subjects design across 4 conditions: Control, Default, Social Norm, and Risk Framing
- **Response Collection**: 244 total responses; strict analytical sample of 94 active investors with investable assets ≥ SGD 50k
- **Statistical Analysis**: Multiple analysis to identify nudge effects and key allocation predictors"
- **RM Toolkit Design**: 5-stage client engagement framework translating findings into targeted RM pitching strategies for UHNWIs

3. SURVEY & EXPERIMENT DESIGN

Survey

- Screening (Investment experience in the last 12 months)
- Demography (Age, Gender, Assets Volume, Experience)
- Current ESG Behavior(4 Questions)
- BehavioralBarriers (6 Questions)
- Decision Drivers (1 Question)
- Investor Segmentation (4 Questions)
- Investment Decision Style (1 Question)

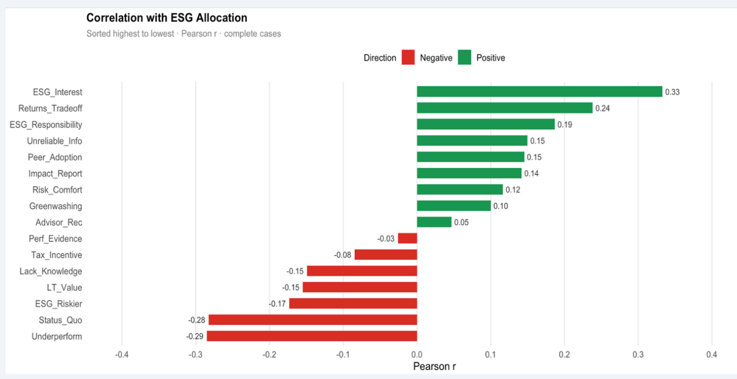
Experiment

Scenario: SGD 5,000,000 portfolio, 5-year horizon

1. Control - No nudge, slider default 50%
2. Default Nudge - 30% ESG anchor, slider preset 30%
3. Social Norm - Peer reference ~30%, slider default 50%
4. Risk Framing - Regulatory/climate risk focus, slider default 50%

4. RESULTS AND FINDINGS

Finding 1: ESG Interest and Returns Trade-off Are the Strongest Predictors of Allocation



Finding 2: Nudge Effectiveness Differs by Decision Style

- - Default Nudge: +22.90pp lift for simple-preference investors
- - Advisor-reliant investors: all nudges show negative effects (-9.09pp)

Interaction Terms (Treatment × Moderator)	
T_Default × Style_Simple	22.90 *(42.13)*
T_SocialNorm × Style_Simple	-9.85 *(26.54)*
T_RiskFraming × Style_Simple	4.81 *(41.65)*
T_Default × Style_Advisor	-9.09 *(16.80)*

Finding 3: Higher ESG Interest Amplifies Nudge Response

- +3.44pp per ESG allocation point increase on 1-7 scale
- High interest investors need less nudge intervention

Variable	Table E2	Table E3	Table E4
Dependent Var.: esg_alloc	*All treatment*	*Social Norm & Risk Framing vs. Control*	*Default nudge vs. Social Norm*
Treatment Effects			
Default Nudge (H1)	1.48 *(6.89)*	-	3.93 *(6.62)*
Social Norm (H2)	-3.16 *(5.89)*	-0.79 *(5.80)*	-
Risk Framing (H3)	7.12 *(6.72)*	9.28 *(7.09)*	-
Controls			
Female	4.83 *(4.36)*	2.59 *(5.67)*	3.92 *(5.43)*
Age	-1.73 *(3.09)*	0.72 *(4.14)*	-2.22 *(3.73)*
Experience	5.17 *(3.30)*	-1.54 *(3.30)*	9.27 *(4.34)* *
Assets	-3.42 *(3.41)*	-2.12 *(4.33)*	-4.09 *(3.76)*
ESG interest	3.44 *(1.83)*.	2.99 *(1.72)*.	4.93 *(2.55)*.
Current ESG investor	7.19 *(5.2)*	12.58 *(5.90)* *	4.44 *(6.82)*
Barrier Index	-2.24 *(1.97)*	-0.03 *(2.40)*	-0.54 *(2.31)*
Segmentation Index	1.31 *(2.17)*	4.05 *(2.87)*	-2.18 *(2.68)*

Finding 4: Experienced Investors Respond Strongly to Default Nudge

Experienced investors respond more strongly to the institutional Default nudge (+9.27pp), but resist persuasion-based Social Norm and Risk Framing nudges

Finding 5: Investor Attitudes Outrank Nudge Type — Profile the Investor Before Pitching

Attitudes matter more than nudge alone → toolkit should address attitudes first, nudge second

5. RM TOOLKIT

5 Stage RM Engagement Toolkit Framework

1. Pre-engagement: Confirm experience & decision style
2. ESG Interest & Values: Assess 1-7 scale
3. Barriers ID: Greenwashing, underperformance, status quo
4. Risk Perception Recheck: 1-10 scale, >=6 forces pivot
5. Nudge Assignment: Route via decision matrix

Nudge Summary:
- Simple-preference -> Default Nudge (+22.90pp)
- Advisor-reliant -> Education First (nudges backfire)
- Self-directed + low risk -> Default or Social Norm
- Any + high risk (>=6) -> Education First

Important Rule:
If risk perception is high, focus on Education First.

Decision Style [Section 1]	Experience [Section 1]	Risk Perception [Section 4]	Assigned Nudge [Pitching based
Simple-preference	<5 years	Low (< 6)	Default Nudge (+22.90)
Simple-preference	>= 5 years	Low (< 6)	Default Nudge
Simple-preference	Any	High (≥ 6)	Default Nudge
Advisor-reliant	Any	Low (< 6)	Education first All 3 nudges are
Advisor-reliant	Any	High (≥ 6)	Education first Address risk
Self-directed	<5 years	Low (< 6)	Default or Social Norm Nudge
Self-directed	>= 5 years	Low (< 6)	Default nudge
Self-directed	Any	High (≥ 6)	Education first; address risk

6. CONCLUSION

This study demonstrates that nudge effectiveness is not universal — it is contingent on investor profile. No single nudge outperforms across all investor types, but the Default Nudge emerges as the safest broad-spectrum strategy, while Risk Framing must be applied with caution. Investor attitudes consistently outrank nudge type as allocation predictors, reinforcing that relationship managers should profile first and pitch second. The resulting 5-stage toolkit translates these findings into an immediately deployable framework for UHNWI ESG engagement in Asia.

SURVEY RESULT

Total responses: 224
(English+Simplified Chinese+Traditional Chinese)
Valid responses: 94
Majority demographic: 26-35 age group (43.6%), below 50k investable assets (45.7%), 67% residents in Singapore

SAMPLE CONVERSATION FROM TOOLKIT

RM: I completely respect that standard. And what you've described is exactly the discipline that institutional ESG investing has had to rise to meet. The concern you raised — that ESG lacks the same accounting rigour as traditional assets — was valid three years ago. It's no longer accurate today. Let me show you why the landscape has fundamentally shifted.

Client: I'm listening. But I want to be clear — I'm not here to be sold a product. I'm here to be shown data that meets my standards.

RM:Precisely — and that's what I'm going to show you. The IFRS Sustainability Disclosure Standards, launched in 2023, now require companies to disclose climate-related financial risks using the same mathematical and auditing rigour applied to balance sheet reporting. These are not ESG ratings — these are audited, standardised, third-party verified disclosures treated as financial reporting obligations.

Client: That's the kind of data I've been waiting to see. Carbon intensity as a financial ratio — that's a language I understand. I'll want to study this more closely, but this is a significant step toward meeting my standards.

RM: Take all the time you need. My recommendation at this stage is not to change your allocation — simply to include this dataset in your next quarterly review alongside your existing performance analysis and run the same process you apply to everything else. If it holds up, the conversation naturally evolves from there.