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APPENDIX: CONSUMER RESEARCH INSIGHTS ACROSS EUROPEAN MARKETS ON GREEN MORTGAGE PROPOSITIONS

Summary of results per country for Germany, Sweden, Netherlands, Italy, Hungary, Romania

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Consumer Research Insights on Green Mortgage Propositions

EXECUTIVE SUMMARY

Across European markets, there is a need for flexibility and transparency when it comes to developing energy efficiency mortgages. Each market has important differences in context and outlook, and within each market different households are at different stages in their journey, so a highly flexible proposition is needed to answer these diverse needs.

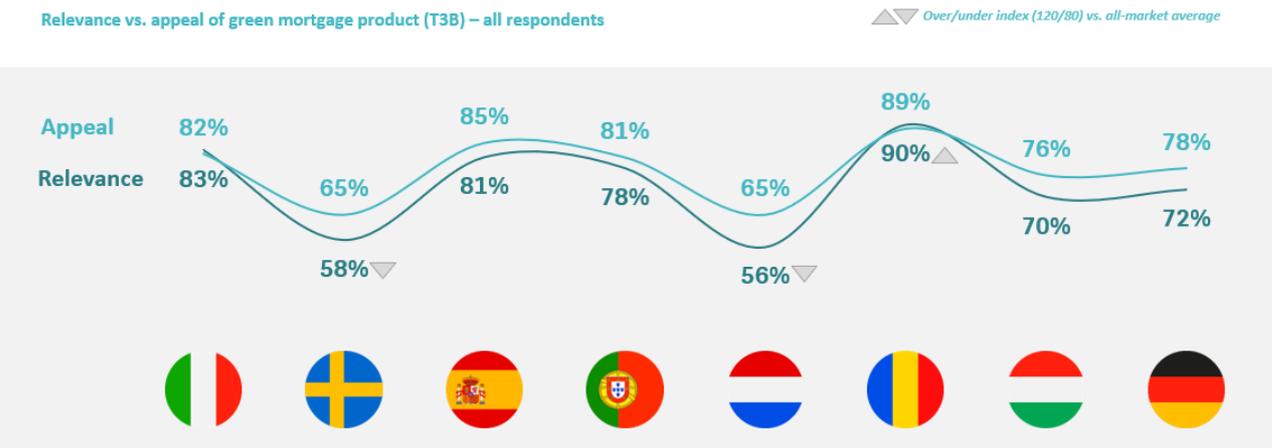
Simplicity is also a key requirement. Especially in eastern Europe, where there can be greater cynicism around the type of bureaucracy implied by things like EPC certification. The easier the process, and the more control homeowners can have, the greater the reassurance.

Additionally, markets with higher mortgage costs may expect larger discounts – such that the discount represents a meaningful proportion of the total interest burden. Against a 5% interest rate, a 0.3% discount feels underwhelming; but something closer to 0.7-1.0% becomes quite meaningful.

There is also scope for government/EU initiatives to aid in take up of green mortgage products – the impact of a clearly communicated initiative can be seen in Italy with the Superbonus scheme, which combines with the benefits of the Green Mortgage to give consumers a wide-ranging, appealing proposition.

Lastly, the proposition has the greatest breadth and the greatest potential impact if it incentivises consumers not only to choose more efficient homes, but also to make their own home more efficient – leveraging the financial benefits of the product alongside environmental benefits is likely to have greatest impact on take-up.

By combining these learnings from our qualitative research, we were able to devise an optimised proposition with very broad, strong appeal and relevance across markets.



NB. Appeal broadly consistent in markets tested previously (IT / SW / PT / SP)

B1. Thinking broadly about the new mortgage product you have seen, how appealing do you find it? B2. How relevant is this new mortgage product to you?
 Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500) Data: % answering 5-7 on 7 pt. scale

In what follows you will find a summary of the qualitative and quantitative research per country. For the full research report please see the document – Complete Report Qualitative and Quantitative Consumer Research.

METHODOLOGY

QUALITATIVE APPROACH

3 MARKETS



These are the products we designed and tested in the qualitative phase:

Green financing product	If the EPC of the house is:	Consumer gets an interest rate discount of (in pp):
1a "Green Home Discount Mortgage"		Your discounted mortgage HU & RO: 0.50% for A and 0.25% for B NL: 0.25% for A and 0.15% for B ES & PT: 0.1% for A & B plus 5% lower down payment
1b Green Home Improvement Mortgage"		Extra green loan → Extra discounted loan to the same conditions as the mortgage (interest rate & duration) Your discounted mortgage → Tested version with and without discount on mortgage after conversion to green home
2 Green Loan	Regardless of EPC rating	Extra green loan → Discounted loan compared to standard consumer loan (0.5%- 2%) for the ones who want to lower CO2 emissions of their homes & live sustainably and invest in solar panels, EV chargers, new heating systems etc.

QUANTITATIVE APPROACH

A 20-minute online survey, with n=500 respondents in each market provided a statically robust sample to be able to compare reaction to the Green Mortgages proposition across markets, while also providing us the ability to drill down into key sub-groups (e.g. first time buyers vs. existing mortgage holders).

Respondents were recruited from standard consumer panels in each market – to qualify, respondents needed to have taken out a mortgage in the last 2 years or consider taking a mortgage out in the next 2 years. For the purposes of this project, we excluded any respondents who lived in an apartment, due to the limited potential appeal of an energy-efficient mortgage product for those living in already reasonably energy-efficient properties.

The questionnaire covered a range of areas including detailed profiling on the type of mortgage they currently have (or are looking for) and their current living situation. We then introduced the Green Mortgages proposition to them, gauging their reaction to it, and the drivers and barriers of signing up to the product. We also tested a range of different discounts to understand the optimum product price point in each market.

And this is the final product we designed and tested in the quantitative phase (implemented the feedback from the focus groups in the qualitative phase).

The Green Mortgage is a new product that rewards customers whose homes are energy efficient. It provides a discounted mortgage rate (varies by market) vs. other available mortgages – meaning you pay less interest each month!

To qualify for the mortgage, your home needs an energy efficiency rating of **A+/A/B**. Should your energy efficiency rating be below that, you can make your home more energy efficient by:

- **Borrowing discounted funds to make your home more energy efficient:**
 - You can choose to pay the loan back over a time period that suits you
 - The interest rate for the additional borrowing is discounted at the same rate as the mortgage (**i.e. much lower than a consumer loan**)
- **Using your own funds to make your home more energy efficient:**
 - You can pay for any work required to make your home more energy efficient from savings or money you have available

Improvements which can boost your home's energy efficiency include insulation, heating systems, solar panels, solar hot water, smart heating thermostats, electric vehicle charging points etc.

KEY FINDINGS PER MARKET

KEY FINDINGS BY MARKET. PLEASE NOTE NETHERLANDS, HUNGARY AND ROMANIA ARE BASED ON QUALITATIVE AND QUANTITATIVE PHASE DATA, WITH ALL OTHER MARKETS BASED ON RESPONSE TO THE GREEN MORTGAGE IN THE QUANT PHASE ONLY

The NETHERLANDS

- Key context informing reaction to the propositions

Housing Market

- High confidence in homes as an investment
- But housing market is intensely competitive - limits buyers' ability to be that selective about their home, often a case of what home they can secure, few get their first choice

Mortgage Market

- Mortgages are cheap and secure - extremely low mortgage interest rates, with long-term mortgages available around 1% APR
- Loans are seen in stark contrast to this: expensive, risky and to be avoided at all costs

Green Attitudes

- Environmental issues feel high priority - willingness to make changes to their own lifestyle
- Several are living in highly efficient homes already, and take pride in this
- Broadly good understanding of EPC (in line with other markets) - many know their own home's rating and some are already investing to upgrade this

- Reaction to the Green Mortgage Discount

A discount on mortgages for environmentally sustainable homes is a welcome idea in Netherlands. It feels especially relevant given that high efficiency homes are already desirable for many, so a discount on them is inherently appealing. There's widespread appreciation here for the benefits of energy efficient homes - not only personal benefits (the top 3 drivers of appeal are reduction in the cost of energy bills (53%), increased property value (46%) and a warmer, comfortable home (45%)), but also benefits to the environment.

Mortgages inherently feel the 'safe' form of borrowing and there is a high level of trust in banks, so this offer feels very secure. With mortgage rates so low already, often around 1% for most borrowers, a relatively modest discount (of 0.1 or 0.2%) makes a meaningful difference and feels like a fairly generous benefit. This is especially true when the discount is

shown over a longer period, beyond just the monthly cost.

"I think it's quite a significant amount if you look at it over an annual basis and think about having a mortgage for over 25 years".

This proposition is especially popular among first time buyers, where relevance (74%) is significantly stronger than existing mortgage holders (59%). For those already looking for an energy efficient home in particular, this is very appealing. By offering a reduced rate on the type of home they already want, it makes it more affordable and easier to aim for.

The Netherlands' tight housing market, however, presents a challenge. While many would be delighted to gain the benefit of a discount on a mortgage if they were able to buy such a high-efficiency home, the highly competitive housing market actually restricts

their ability to seek and choose a very high-efficiency home. In the Netherlands, it is common to have to bid on many properties before having an offer accepted and so buyers are often not able to be highly selective about their properties – in some cases having to ‘take what they can get’.

In particular, the stock of A or B-rated homes is very limited, and these homes are especially hard to find in certain desirable or historical locations. The fact that such homes are hard to find, combined with the competitiveness of the housing market, can make this product feel unreachable. There is an expectation that home buyers will need to compromise on some details of their ‘ideal’ home, and in this context, core factors like price, location and space have to be prioritised while factors like EPC are generally relegated to a lower priority in the search.

- Reaction to the Green Home Renovation Mortgage

The most appealing proposition for this market. A renovation mortgage feels especially relevant given buyers are likely to value sustainability, but are unlikely to be able to prioritize EPC in choosing a home to buy; helping them to upgrade what they do buy is genuinely helpful.

For many, it feels more important and beneficial for society at large too – there are a great many older homes still in need of modernization, and upgrading these to be more efficient feels like it will make a bigger impact than simply building new, efficient homes (while leaving the old homes so inefficient). Many have started to consider making such efficiency improvements already, so an incentive to do this, coupled with a clear pathway to getting the work done, helps to close the gap between intention and behaviour.

- Green Home Improvement Loan

In contrast, the green home improvement product receives a lukewarm reception in Netherlands. In principle, it’s received as a good initiative - financing the improvements is hard, so support is welcomed.

“We’re in an energy efficiency crisis, there are rules for the new homes we build but we also need get those older homes in order”

The key barrier here is people’s attitudes towards loans.

“I don’t think this would lure me away from downtown Amsterdam if there wasn’t a home I could get there that was A or B rating.”

“My first impression is (this is great), but then I don’t think this is fair because there’s only a small number of A or B homes available.”

There were also reservations around the process and potential complexity of applying for this type of product, and getting your home certified as ‘green’. Some did have experience looking into existing Green Mortgage and found the process difficult: simplifying the hassle and cost in the journey would help to convert such people.

“There’s a lot of paperwork to prove that your house is Green - but ours was purpose-built for this!... It just feels as if there’s a lot of red tape... They also wanted to charge me \$1,500 for the guy to come to the house to certify.”

The fact that this is a mortgage, as opposed to a loan, fosters greater confidence in the product. Given the extremely favourable mortgage terms available, people in the Netherlands see mortgages as a safe and sensible way of borrowing (compared to loans).

There are few immediate barriers to the product - although some sense it could make the process of raising a mortgage more complicated. The product therefore relies on clear and simple explanation from the provider both when positioning the product and taking the consumer through the process.

“It’s already quite a complex process (mortgaging) and this may make it even more intense as I’d have to think about how much I can borrow for this”.

Rationally: loans are generally seen as much more expensive than borrowing via mortgage, with higher interest rates, shorter terms, or more variability. There are also concerns (especially among first time buyers) about how a loan might interact with a mortgage – impacting affordability calculations or credit ratings in unexpected ways, that could cause knock-on issues.

Emotionally: For many, loans are associated with financial mismanagement, irresponsibility, and

spiralling debt. Where a mortgage is a highly secure form of credit with favourable interest rates and long, stable repayment terms, loans are seen as something only to be considered as a last resort. Having a loan can be seen as a sign of making poor choices, and there are worries that loans are easy to fall beyond on or get out of control. For these reasons, many in Netherlands want to avoid loans per se, as they “feel” like a risky choice, regardless of the details.

“This comes with more pressure if you can’t make it then you have to repay the whole loan! That is steep, and not for me”

Furthermore, the discount offered by the product feels relatively modest. The discount is a smaller fraction of the total interest so the difference it makes is smaller.

Lastly, the process felt complex and risky, as it implies there is a risk that after taking the loan and completing the work you may still fail to get the work certified, leaving you in a difficult financial situation.

“What if you do the work and the bank says - no, please review the below”

The Netherlands Summary

A market that is, in many ways, ready for Green mortgage innovation, but is very wary of non-mortgage lending – which is seen as risky.

The peculiarities of the housing market, however, present challenges for lenders bringing such products to market: the tight housing market and limited stock of high-rated homes restricts the breadth of appeal for a Green Home Discount Mortgage on new/existing highly-rated homes. However, there is appetite for a mortgage products that facilitates home energy improvements to existing, lower-rated homes. This has far broader appeal, and can be part of a broader shift towards making the existing stock more efficient

ROMANIA

- Key context informing reaction to the propositions

Housing Market	Mortgage Market	Green Attitudes
<ul style="list-style-type: none">• Strong tradition of home ownership - highest home ownership rates in the world• A rite of passage and the default expectation for many - enabled by (relatively) affordable housing• Value stability - most plan to stay put in their home for a long time, are more likely to upgrade their existing home than to move	<ul style="list-style-type: none">• Volatile and potentially expensive credit landscape. Plus, many borrow in Euros and are then vulnerable to exchange rate fluctuations• Despite being accessible, mortgages are relatively expensive• An aversion to carrying debt and desire to pay it off rapidly - favour short-term loans as a result	<ul style="list-style-type: none">• Growing engagement with environmental issues - but more motivated to make any behaviour changes associated with cost savings than environmental impact• Patchy knowledge of EPC ratings - currently not a key driver for homeowners

- Reaction to the Green Mortgage Discount

As an initiative, it's well received: interest rates are high, and any product that helps people to get favourable rates appeals. A sustainable financial product still feels relatively new and grabs attention, and a promise to save money by increasing efficiency feels very relevant – a reduction in energy bills is the top driver of appeal (78%).

However, upon closer consideration of the proposition, several factors can become barriers for buyers, making this feel out of reach for some.

When house hunting, EPC is generally not a high priority. There is often an expectation that high-rated homes will be considerably more expensive, requiring a higher mortgage and thereby negating any discount. This sometimes also manifests as a cynicism that better EPC won't necessarily result in cost savings for them.

"I don't care if I live in an A rated home, I think I still would be spending a lot of money on bills, including on all of my lights"

The fact that this is a relatively slow-moving market – where homeowners tend to stay put for longer periods – means that for most current homeowners, a proposition that hinges around buying and moving to a new home is also less relevant. Most are not intending to move soon.

Furthermore, the mortgage context also means the proposition feels less financially compelling: given the relatively high cost of mortgages in Romania, the level of discount on offer is fairly underwhelming. We saw however that by increasing the value of the discount, the appeal in the product also improved.

There is also a general wariness of accumulating large amounts of long-term debt, in a mortgage environment that does not necessarily feel very stable or secure. Smaller and short-term lending tends to be preferred, as it offers greater flexibility and a better chance to repay it quickly.

Some had heard second-hand of the additional 'hassle' that existing Green Mortgages involve, which presented another barrier to considering this further. Again, suggests that consumers need reassurance on the process (that it will be streamlined, hassle-free), and that work is needed to build trust in the infrastructure and processes surrounding these products and services.

"I heard about this from friends...there's lots of criteria to go through, in the assessment of your house - the banks won't let you off easy"

- Reaction to the Green Home Renovation Mortgage

In a market that tends towards longer tenure in each home, and in particular to upgrading and renovating homes over time, the Green Home Renovation Mortgage had much more obvious resonance and relevance for most. This has a better fit with existing home ownership patterns and is more widely relevant, including those who are not intending to move soon (but may be interested in upgrading).

The model of taking a mortgage with an additional loan to make home improvements is also familiar in this market. This is a common way to fund home improvements and therefore feels easy to understand.

However, while the format is familiar and the purpose and positioning is clear, the benefits of the product remain rather underwhelming.

In a market where mortgage rates are higher, the promise of 'borrowing at the same terms as your mortgage' does not necessarily mean an obvious, intrinsic benefit. Because of the higher mortgage

rates, borrowing as part of a mortgage rather than as a shorter-term loan results in lower monthly costs (as the cost is spread over a longer term), but a greater total repayable amount, as the interest is compounding over this longer term. While the advantage in short-term affordability is real and meaningful, the increased total cost of the loan makes it a less clear, less 'win-win' calculation. It also provokes cynicism and wariness toward the product. Consumers are reluctant to take on longer term or inflexible debt.

The discount offered as part of this product is also not enough to greatly change the calculation. Certainly, it makes the product slightly cheaper and more attractive, but it does not change the overall calculation of short-term gain for long-term cost inherent in the concept.

Greater flexibility with repayments may help to counter these misgivings.

- Green Home Improvement Loan

- A familiar borrowing structure makes this easy to comprehend - feels relevant here too, as this is how people would expect to borrow the money and do the work
- Shorter term is widely preferred here (vs. a mortgage) - making this product feel safer, less daunting (vs. mortgage-intwined forms of borrowing)
- For those already considering home renovations especially, it's an appealing proposition - and aligns with their savings mindset
 - A loan that's cheaper to borrow, and improvements that may reduce costs in the long-run
- But the discount itself felt underwhelming - so for those not already considering home renovations, this wouldn't be sufficient to motivate them
 - As elsewhere, discount feels especially modest when they take into account the additional work involved - proving they've done the work and being held to standards by the bank, which sounds an inconvenience
 - *"It's more complicated, I'll have to make a schedule... there's more bureaucracy"*
- Another watch-out: they're especially keen to not feel pressured time-wise to make improvements, being in the home for longer can mean there's less of a rush
 - *"Do you have a deadline... this sort of work can take a long time"*
- Greater reassurance and flexibility is needed to reassure on these points of process and administration.

Romania summary

A market with high levels of enthusiasm for green mortgage concepts, but some particular challenges around the mortgage context that need to be taken into account.

In Romania we see greater enthusiasm for flexible and short-term borrowing via loans, rather than borrowing attached to the mortgage. And there is greater appetite for products to help homeowners and buyer to upgrade their dwelling, rather than simply buying a new, highly-efficient home. But in a market where 90% or more of the population can expect to own their own home, there is clearly a huge opportunity for these products.

HUNGARY

Key context informing reaction to the propositions

Housing Market

- Quite expensive and can be challenging for FTB in particular
- Newer homes are generally preferred but are out of reach for many

Mortgage Market

- Mortgages don't carry a strong sense of safety and security - less differentiated from other loans (in that rates are high, plus in language - mortgages are called 'loan')
- Wariness of broader debt - borrowing in other currencies (CHF) exposes borrowers to currency fluctuations; plus, strong memories of 2008 financial crisis
- Low trust in banks - particularly cautious of hidden costs
- Widespread cynicism towards institutions and government

Green Attitudes

- Green topics feel relevant and current - but often less personal: these are issues for the government to be tackling
- Greener homes feel more a political goal, than a personal one - strong expectation for sizeable subsidies and support to make energy efficient changes

- Reaction to the Green Mortgage Discount

- Broadly, received as a positive initiative, at a societal level – consumers believe it to be relevant to them (70% agree), and the proposition is clear (76% agree)
 - *“This is exactly what we need, support building these homes”*
- As with other markets, a mix of financial and environmental factors help to drive appeal of the Green Mortgages proposition – reducing energy bills (67%) is the top driver, followed by a desire for a warmer, comfortable home (65%)
- Several barriers: in terms of personal finances - in a market where homes are already quite expensive, there is also a widespread assumption that A+ or A++ rated homes will be much more expensive than conventional homes
 - In this sense, can feel slightly 'unfair' rewarding those who are already financially well off enough to purchase the more expensive homes
 - *“This is not a product for the ordinary people. This is a product for the wealthy”*

- For some, patchy familiarity with EPC ratings can undermine their ability to initially grasp the product; and for others, it's a case of they can't imagine prioritizing an EPC rating over all of the other factors that go into choosing a home
 - *"When I bought my home it was based on my emotions, looking at the home I was trying to imagine how I would feel here in 10-15 years... I just didn't think about the EE certificate"*
- Pivotaly, the discount is perceived as just too modest here
 - The presence of state-backed products in this space undermines the impact of the discount; interest free housing loans via CSOK, for example, make this discount seem insignificant
 - *"You could get a better rate elsewhere, this discount is nothing to me!"*
 - Appeal of the proposition increases from 44% to 51% if the discount rate is increased from 0.33% to 0.66% - larger discounts are likely to drive take-up, particularly in a 'real-world' setting where consumers can compare this discount to what else is available in the market
 - Integration with other government support schemes also help to make this a more compelling & competitive offer
 - Regardless of amount, it may help to position the discount in real terms so it can be fully realised
 - *"If I could save say, two months of (mortgage) repayments then I would genuinely think about getting it"*

- Reaction to the Green Home Renovation Mortgage

- Feels more relevant than the Green Mortgage for many - fits with a preference to improve their current home, rather than move
 - *"Lower monthly repayments? I'd like to know more"*
- However, the high cost of mortgages means borrowing tied to a mortgage isn't necessarily preferable to other types of loan
 - *"I prefer the separate structure, with a separate loan - it shouldn't be part of the mortgage, to go with a better interest rate"*
- A great degree of wariness and cynicism around the potential for "hidden costs", as shown by the short-term/long-term trade-off
 - The process of certification and approved suppliers was a red flag for many
 - Given the widespread cynicism, many assume that there will be a cosy relationship between banks & constructors - which they assume will come at a loss to them
 - Reassurance would be needed around the process: currently assumed a lot of 'red tape' and bureaucracy which would bog it down
 - Wariness too around how interest rate fluctuations could catch them out, again undermining the appeal of the discount
 - *"After inflation the difference won't be worth much"*
- Given the volatile market, early repayment options could go some way in helping to reassure people here they won't get 'stuck' with this product if things change
 - *"If I have the option to pay it back early, then it's a good idea"*

- Green Home Improvement Loan

- Broadly well received as a positive initiative, at a societal level
 - *"I like how they're talking about a loan being used for energy efficiency... It means we can all create more environmentally friendly homes"*
- The simplicity of the discounted loan appeals, and many would be interested in something like this
- However, the scale of the discount isn't motivating enough to overcome what is assumed will be a process riddled with bureaucracy which could ultimately leave them out of pocket
 - *"1% sounds low - compared to the best regular loan and only 1% cheaper, come on!"*
 - *"It disturbs me that you have to use a home analysis tool... if I plan home improvements there are better ways to do this. I get that you have to provide proof of invoices, but I don't want to have to provide things in advance of the work"*
- Many would prefer to have a more flexible loan, without the discount, that they could do what they wanted with it - making some non-energy efficient improvements at the same time, as part of a broader renovation to their home
- Simplified accreditation / certification procedures would help to take some of the stress and cynicism away
- But also, again, given the volatile market conditions people are also concerned about changing interest rates - fixed interest rates or early repayment options could help to reassure them here

Hungary summary

A market where there is growing interest in green topics, but cynicism presents a barrier to complex propositions. Wariness around hidden costs, red tape and bureaucracy emphasise the need to make this seem as simple, transparent and flexible as possible.

The presence of generous government subsidies and benefits for prospective homeowners also complicates the landscape – setting an extremely high bar for the scale and nature of discount that could or should be available for home buyers. If green mortgage products are not able to either compare to, or combine with these other schemes, they risk looking irrelevant.

GERMANY

- There are plenty of existing homes not as energy efficient as they could be, and very little outright rejection in terms of making future energy efficiency home improvements. The Green Mortgage is therefore viewed favourably – consumers agree it is relevant to them (72% agree), and the proposition is clear (77% agree)
 - *“I think this offer is very good because it saves money overall and also does something for the environment”*
 - *“It rewards sustainable properties that are energy efficient with a low mortgage rate”*
- As we’ve seen across all markets, financial benefits drive appeal of the Green Mortgage – reducing energy bills (60%) is the top driver, followed by flexible repayment periods (58%)
- Consumers are aware of the wider environmental implications of this product too, with the desire to reducing household carbon footprint amongst the top 5 drivers (54%)
- There is wide appeal of the proposition, so barriers are relatively minimal. However, as with other markets any barriers that do exist are largely financial (rather than any issues with the clarity of the proposition). There is an unwillingness amongst some consumers to take out additional loans, particularly for long-term mortgage holders, while some who already have an energy efficient home simply don’t think they have a need for it
 - *“We are no longer young and do not want to take another loan”*
 - *“Because the house has an energy class A. That’s enough us”*
- There’s also a suggestion that government/EU initiatives perhaps need to work harder for consumers – there is no clear stand-out initiative, with VAT reductions, subsidies, lower rate borrowing all holding similar appeal. Ensuring full understanding of how these initiatives can supplement the benefits of the Green Mortgage for prospective mortgage buyers
- Understanding of current EPC ratings are relatively strong amongst German consumers compared to other markets, although a considerable proportion of the market don’t fully understand the ratings system. Inevitably, this undermines some consumers’ ability to understand the product, suggesting greater education is required to help bring consumers up to speed

ITALY

- With a large pool of detached homes in Italy, there are plenty of homes that could benefit from an improvement in energy efficiency – a receptive market to the Green Mortgage proposition. The Green Mortgage therefore strongly resonates amongst existing mortgage owners or those looking to enter the market, with 83% agreeing it's a relevant proposition for them
 - *"It is interesting both for energy savings and for having a subsidized rate"*
 - *"I believe it is the most important thing to do, energy efficiency means future savings and at the same time an aid to ecology"*
- However, as with other markets, sustainability initiatives are deprioritised for financial factors when looking for a new mortgage. The interest rate offered by the Green Mortgage and potential discount rates are therefore even more crucial to take-up than the environmental benefits of the mortgage, with better interest rates likely providing the required incentivisation for consumers to consider the Green Mortgage
- While financial benefits of course drive appeal of the Green Mortgage, Italy perhaps differs slightly to other markets, with slightly more importance given to environmental concerns. The top driver of the proposition is reducing carbon footprint (61%), on par with a desire for a warmer home (60%) – this is followed by flexible repayment terms and reducing energy bills (both 57%)
- The Superbonus tax reduction program likely plays a key role in driving appeal of any mortgage (not just the Green Mortgage). Given the likely impact of the Superbonus on take-up of any mortgage product, close alignment to this initiative will sustain appeal (and any other help that can be given to consumers to navigate this will be beneficial)
 - *"I could expand the range of interventions aimed at improving the quality of the property while enjoying lower interest rates. The possibility of combining these loans with the 110% super bonus is also a unique opportunity"*
- Italian consumers are amongst the most likely across all markets we tested to borrow additional funds for energy improvements (52% likely). With interest rates low compared to other markets, there is likely to be relatively little differentiation between the rate offered by the Green Mortgage and other comparable products – further increasing the discount will likely help to driver take-up further
- As with other markets, there is relatively wide appeal of the proposition, so there aren't any particularly extensive barriers. Barriers that do exist are largely financial, with a lukewarm response amongst some consumers to having to potentially take out additional loans
 - *"Scares me to know that I still have anything else to pay"*
 - *"Because the class of the buildings I could buy in my area is lower than that required in the green mortgage parameters"*
- Just over half of Italian consumers claim to fully understand EPC ratings, which although on par with most other markets leaves a large amount of headroom to improve understanding. As the Green Mortgage is closely linked to EPC rating, any initiatives to help improve knowledge in the market will likely boost consideration of energy-based mortgages in the future

SWEDEN

- Sweden has a relatively large energy efficient housing pool, and as a result there is generally weaker consideration to make energy efficiency improvements. This in turn impacts wider appeal of the Green Mortgage product, which is slightly weaker than in other markets (relevant to 58% of those active/recently active in the mortgage market). Appeal of a similar proposition in 2018 was in line with the current Green Mortgage, suggesting the market hasn't moved on in the last 3-4 years
 - *"I would need to calculate how much it will cost in total to take such a loan compared to my current loan"*
 - *"Attractive offer with supposedly favourable interest rates"*
- There are perhaps other cultural factors at play in Sweden (although here an additional qualitative research in this market would be needed to dig into this in more detail). Given the price of homes in Sweden compared to most of Europe (and therefore the age of mortgage owners), the mortgage decision is more likely to be made with at least one other person, and our research shows indicatively that re-mortgaging is perhaps more common. This ladders up to a slightly more muted response to the proposition, given there are other external factors more likely to impact decision making
- Another factor is the generally weak level of understanding of EPC ratings in Sweden (43% claim to fully understand their rating and the system it comprises), which is lower than in other markets. Of course, this will likely have been impacted by a change to the ratings system in 2019, with consumers likely to still be getting to grips with the new way of categorising home energy efficiency. All of which will have an impact on appeal and likely take-up of the Green Mortgage
 - *"Not quite clear what qualifies the home as energy efficient"*
- A free Home Audit is therefore a more appealing feature of the Green Mortgage than in other markets, which could help to bridge this gap in knowledge that exists
- However, amongst those whom the product resonates, appeal is largely driven by financial benefits as we see across other markets. A reduction in household energy bills (60%), lower borrowing interest rates (55%) and flexible repayment terms (52%) are the key drivers of appeal. Environmental benefits are perhaps not quite as likely to drive consideration, which is not a surprise for the reasons identified earlier in this report
- And as the drivers are largely financial, it stands to reason that the barriers are also largely financial. Consistent with other markets, an unwillingness to consider additional loans to make energy improvements and concern over larger repayments tend to be the barriers cited by those who don't find the proposition appealing
 - *"Because it feels like they want to take additional and more loans"*
 - *"I do not want multiple loans"*
- Government/EU financial incentives would perhaps help to drive take-up, although as is the case across other Western European markets, no sole initiative stands out (i.e. subsidies, tax reductions etc.) which suggests further clarity is required to clearly communicate potential benefits to consumers