

IV Study on Green Finance in Spain

ASUFIN

September 2023



· FINANCIAL AND DIGITAL EDUCATION 2023 ·



About **ASUFIN**

ASUFIN, the association of financial users, was founded in 2009 for the defense and protection of the financial consumer. Registered in **REACU**, it is a member of the **CCU** Council of Consumers and Users), **BEUC** (Bureau Européen des Unions de Consommateurs), the largest European organization of consumer associations and **Finance Watch**.

ASUFIN has a presence, through its president Patricia Suárez, in the Advisory Council (**BSG**) of the **EBA** (European Banking Authority), the Investor Protection Committee (**IPISC**) of **ESMA** (European Securities and Markets Authority) and the Financial Services Users Group (**FSUG**) of **DG FISMA** of the European Commission where she holds the vice presidency. She is also Vice President of **Finance Watch**.

At the national level, **ASUFIN** is actively involved in promoting green finance, through **Spainsif**.

It is also part of the **Finanzas para todos** program coordinated by the **Bank of Spain** and the **CNMV**. Within this framework, the association develops, among others, financial and digital education programs, as well as on over-indebtedness and responsible lending, housing, insurance, investment and sustainable finance, within the framework of the 2030 Agenda. For all this, it received the **2021 Financial Education Lifetime Achievement Award** from the Finanzas Para Todos program.

About **the authors**

This study is carried out by **ASUFIN**'s Studies Department, in collaboration with Antonio Luis Gallardo Sánchez-Toledo.

Antonio is a graduate in Business Administration and Management from the Autonomous University of Madrid, specializing in Finance Management and Economic Research. After having worked in the securities company La Caixa (now CaixaBank) and in the Santander Group, he has been working for more than 18 years in the field of consumer protection and financial education, carrying out educational programs that includes the preparation of studies in the field of personal finance and insurance.

Susana Martín Belmonte is an economist from the Autonomous University of Madrid, with a master's degree in Economic Theory. After working in international trade and online business in different organizations, her career has focused on putting the financial monetary system at the service of society. From REVO Prosperidad Sostenible, she is working in favor of an economic system in which environmental sustainability and social prosperity are compatible. She is the author of several publications and studies in her field and was part of the team awarded in 2020 with the European Commission's Blockchains for Social Good award in the area of financial inclusion.



REVO

Introduction

Environmental awareness is growing significantly. The damages we are suffering in the form of droughts, torrential rains or fires take their toll socially, to which we can add the economic aspect, with energy costs that remain very high and that have a general impact on electricity and gas bills, but also on the price of the products we buy.

This greater awareness of social and economic aspects should have a direct impact when choosing green financial products, whether as an investment or **for financing, but also has an opposing force: their cost**. Buying an eco-friendly car, an energy-efficient home or renovating it involves an additional initial cost that, despite having economic benefits, has an impact on personal finances that often cannot be assumed or is rejected because of not seeing the immediate return on said investment.

In addition, betting on sustainability not only depends on consumer perceptions or intentions, but also **requires the action of two agents to facilitate access to goods and services: Public Administrations and financial institutions**. The former must provide fiscal policies that incentivize the consumer; the latter must provide appropriate financial products and in optimal economic conditions to facilitate access. Without this, many consumers who want to take a chance will not be able to do so, creating a gap between motivations and possibilities that can stall the practical development of sustainable policies.

This study addresses this problem through the analysis of three key issues. To these, we have added as a novelty, in relation to other years, the energy renovation of housing, in order to improve sustainability.

PART 1 SUSTAINABLE HOUSING: FINANCING AND RENOVATION

PART 2 FINANCING OF THE GREEN VEHICLE

PART 3 SUSTAINABLE INVESTMENT

Five key points

1

The **supply of mortgages for the purchase of sustainable housing is growing**, but the average interest rate, 5.23% APR, is 1.48% more expensive than the average interest rate of 3.75% for new mortgage transactions in the month of July.

2

43.40% of Spaniards admit to having planned an energy renovation of their home, 15.10% in the short term and 28.30% in the long term.

3

Almost 3 out of 4 Spaniards, 73.90%, care aware of government aid to improve their home's energy efficiency through renovations, mainly through tax incentives.

4

39.10% of Spaniards consider a reduction in the price of the eco-friendly vehicle as the main incentive for its purchase, at a time when the offer of financing for this type of vehicle rises and its cost, of 7.30% APR, remains below 8.05% of the average for personal loans.

5

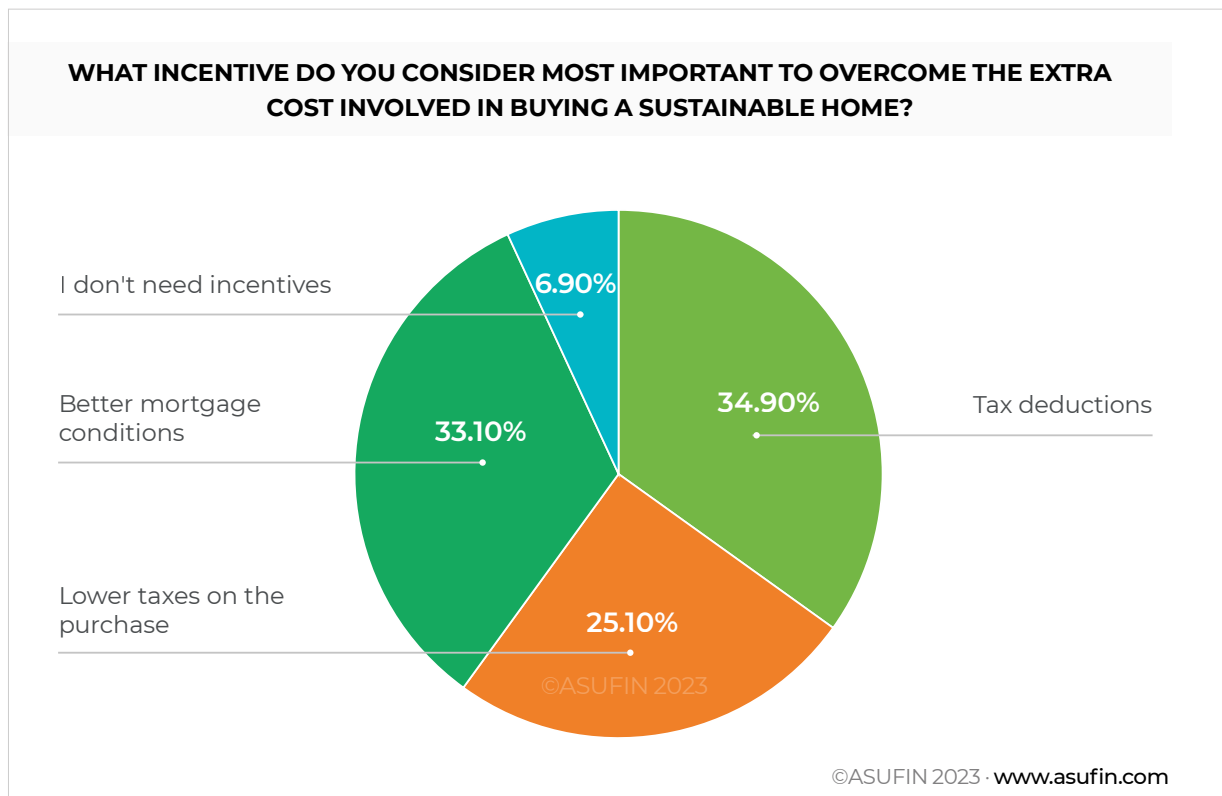
More than 3 out of 4 investors, 77.30%, invest using sustainability criteria because they believe that it will obtain higher profitability, 3.10% more than just a year ago.

PART 1 SUSTAINABLE HOUSING: FINANCING AND RENOVATION

Increased demand for mortgages to buy sustainable housing

The rise in interest rates is not only affecting consumers' purchasing power, it is also one of the factors when making important decisions like the purchase of a home.

Thus, in the case of sustainable housing there are important changes when compared to last year. Although tax deductions remain the most important factor, they fall from last year's 39.90% to **34.90%** this year. This decrease mainly translates into an incentive for better financial conditions, which increases from 28.30% last year to **33.10%** this year. Lower taxes is also a factor that rises, but only slightly, going from 24.10% in 2022 to **25.10%** in 2023. Meanwhile, those who do not need any type of incentive drop from 7.70% in 2022 to **6.90%** in 2023.



Keep in mind that the buyer of sustainable housing, as well as other goods and services, such as the eco-friendly vehicle itself, does so, to a large extent, to obtain energy savings. This same buyer, however, knows that these goods and services have a higher price, as a general rule, so with this in mind we want to investigate what additional incentive they are looking for, discounting the extra cost they must assume.

The supply of green mortgages is growing but with interest rates above the market average

This year there is a greater supply of green mortgages on the market when compared to 2022. **We went from five proposals from two financial institutions last year, to the current number of nine, offered by six entities.** We also found the first mixed eco-friendly green mortgage by Banco Santander.

On the other hand, we find that the Euribor, taken as a reference, at the time of the study, has risen by 2.82% (1.25% in August 2022, compared to 4.07% in August 2023). However, **if we take the entire mortgage price (APR) as a reference, we see that the rise in green mortgages has been lower:** in fixed mortgages, 0.22%, rising from 4.41% to 4.63%, while in variables, 2.01%, rising from 3.62% to 5.63%.

However, the competitive factor of green mortgages does not lie in the requirements that have to do with the home's energy efficiency, **which do not condition the discount.**

The entity that offers the greatest discount is BBVA, which reduces its fixed mortgages by 1.00% NIR, and on the other end we find Banco Santander, with its additional discount of only 0.10%. All mortgages are focused on type A or B rated housing.

FIXED-RATE GREEN MORTGAGES					
ENTITY	PRODUCT	CONDITIONS	NIR*	APR**	TERM
BBVA	Efficient house mortgage (discounted).	Homes A and B. Discount of 1.00% NIR. No opening, notary, transaction or registration fees.	2.90%	3.96%	15 years
bankinter.	Efficient house fixed mortgage (discounted).	In new construction homes with an A energy rating, appraisal with energy rating A and B in renovated or used housing. No opening fee.	3.40%	4.01%	20 years
BBVA	Efficient home mortgage (without additional requirements).	Homes A and B. Discount of 1.00% NIR. No opening, notary, transaction or registration fees.	3.90%	4.50%	30 years
Average	©ASUFIN 2023		4.00%	4.63%	
Triodos Bank	Triodos Fixed Mortgage.	Housing energy rating A+.	4.45%	5.05%	20 years
bankinter.	Fixed efficient home mortgage (not discounted).	In new Homes with an A energy rating, appraisal with energy rating A and B in renovated or used housing. No opening fee.	4.70%	5.06%	20 years
Triodos Bank	Triodos Fixed Mortgage.	Home energy rating B.	4.65%	5.17%	20 years




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*NIR: Nominal Interest Rate, price without taking into account other expenses.

** APR: Annual Percentage Rate, reflects the total costs of the loan.

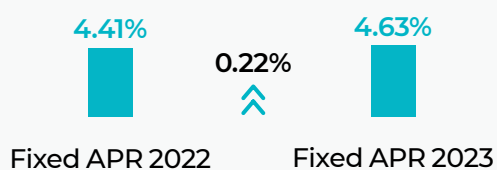
The **supply of green mortgages is growing** but with interest rates above the market average

VARIABLE-RATE GREEN MORTGAGES

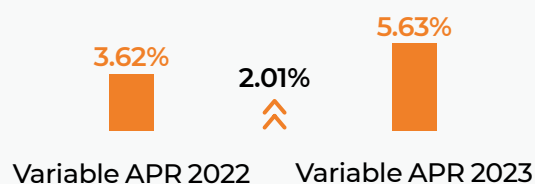
ENTITY	PRODUCT	CONDITIONS	NIR	APR	TERM
 mediolanum	Freedom Mortgage Green without discount.	Acquisition of the first home with an energy rating of A or higher.	Euribor +0.65%	4.86%	30 years
 mediolanum	Freedom Mortgage Green Discounted.	Acquisition of the first home with an energy rating of A or higher.	Euribor +0.90%	5.00%	30 years
 cajamar	Sustainable variable rate mortgage with discount.	For usual homes with Type A or B Consumption in the Energy Efficiency Certificate.	Euribor +0.60%	5,09%	30 years
 bankinter	Fixed efficient home mortgage (variable discount).	In new construction homes with an A energy rating, appraisal with energy rating A and B in renovated or used housing. No opening fee.	Euribor +0.75%	5.20%	20 years
 Santander	Variable green mortgage.	One of the 0.10% discounts is for energy certificate A or B.	Euribor +0.69%	5.24%	30 years
Average APR	©ASUFIN 2023			5.63%	
 cajamar	Sustainable variable rate mortgage without discount.	For usual homes with Type A or B Consumption in the Energy Efficiency Certificate.	Euribor +1.90%	5.60%	30 years
 bankinter	Efficient home mortgage (not discounted variable).	In new construction homes with an A energy rating, appraisal with energy rating A and B in renovated or used housing. No opening fee.	Euribor +2.05%	6.28%	25 years
 Triodos Bank	Triodos Variable Mortgage (energy rating A+).	Housing energy rating A+.	Euribor +1.05%	6.67%	30 years
 Triodos Bank	Hipoteca Variable Triodos (calificación energética B).	Housing energy rating B.	Euribor +1.14%	6.76%	30 years

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FIXED APR 2022 VS 2023

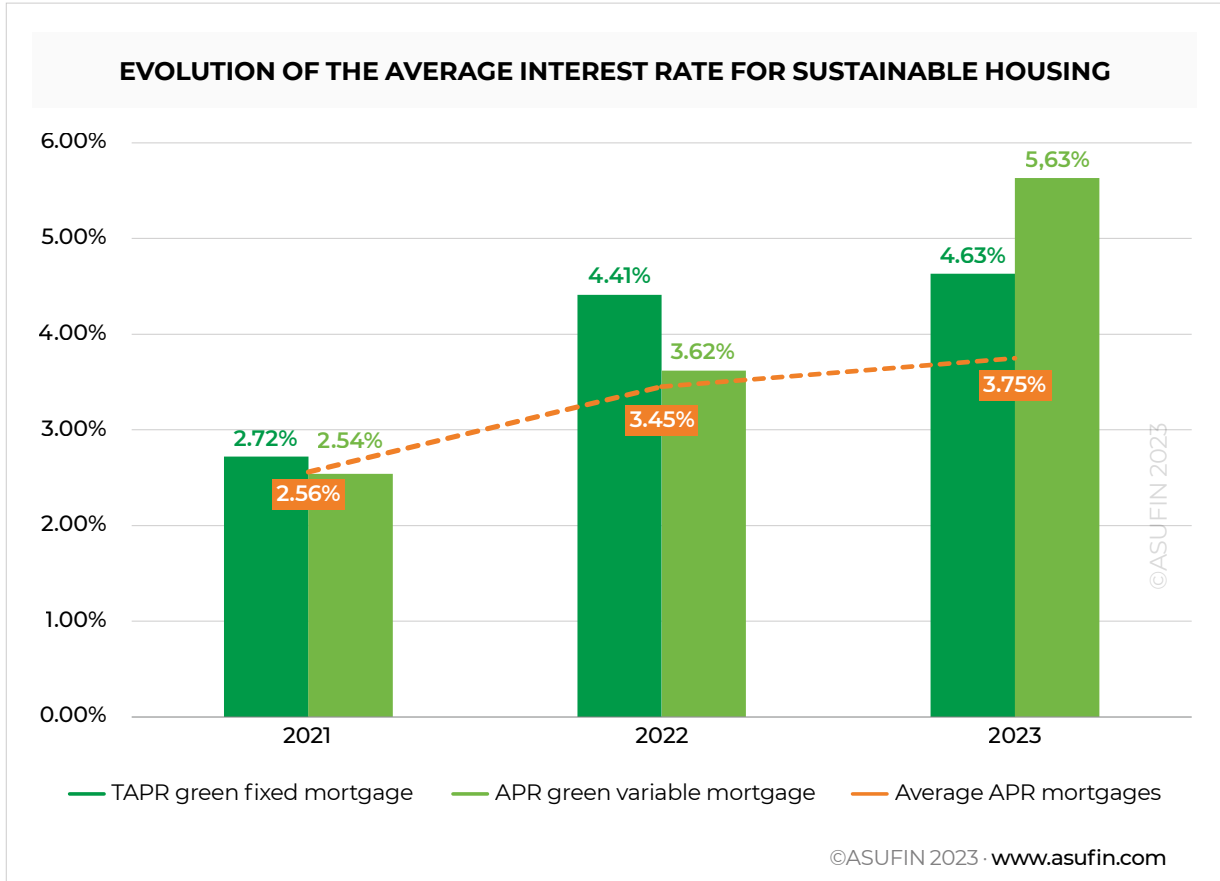


VARIABLE APR 2022 VS 2023



The **supply of green mortgages is growing** but with interest rates above the market average

Green mortgages have been above market prices throughout these three years of monitoring by ASUFIN. Thus, we see that at the moment, the green fixed mortgage stands at 5.63% APR, the green variable, at 4.63% APR, and the average of mortgages on the market, at 3.75%, that is, 1.88% more in the first case, and 0.88%, in the second.



MIXED GREEN MORTGAGES

ENTITY	PRODUCT	CONDITIONS	NIR	APR	TERM
	Mixed Green Mortgage with discount.	One of the 0.10% discounts is for energy certificate A or B.	Euribor +0.90%	5.18%	25 years

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Almost half of Spaniards have plans to renovate their homes and improve energy efficiency

This year, climate change has become the top concern of the Spain population (as well as in Italy and Portugal), according to an international survey¹, which explains that the characteristic that is most valued when looking for housing, after the price, is that of good thermal insulation, according to a recent study². That is why, starting from a fairly old housing stock, **the energy renovation of homes is the most viable solution in response to the challenge of climate change and the logical concern of its citizens**. Below, we present the perception of energy renovations by citizens, the current conditions for carrying out this type of action and its financing, which is especially relevant in the current context of high interest rates.

43.40% of respondents say they have plans for energy renovations of their home, 15.10% in the short term and 28.30% in the long term. Of the others, **27.30% cite economic reasons for not considering it**, another 3.30% say they have already done it and only 3.40% say they do not see the need. In addition, 12.10% of respondents say they do not consider it because they are renting.

In addition, according to the latest scenarios of compliance with the greenhouse gas neutrality target in Europe by 2050, the actions of energy renovations for homes are ordered according to the following priority³:

ACTIONS IN THE FIELD OF HOME ENERGY RENOVATIONS		
PRIORITY	OBJETIVE	ACTION
1 Sufficiency	Reduce energy needs and increase a home's comfort "without pressing any buttons."	Thermal insulation of enclosures: facades, windows, etc.
2 Efficiency	Improve the energy performance of the required equipment, to consume the minimum amount of energy.	Heating and cooling air by heat pump, solar panels for domestic hot water.
3 Renewable energies	Eco-friendly energy: once we consume as little energy as possible, it must come from renewable sources.	Solar photovoltaic panels.

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¹ Transatlantic Trends Survey 2023. Prepared by The German Marshall Fund of the United States (GMF) Available at <https://www.fbbva.es/wp-content/uploads/2023/09/presentacion-transatlantic-trends-2023.pdf>

² Sustainability in the demand for housing in Spain (June 2023 - Fotocasa and Solvia). Available at: <https://s36360.pcdn.co/wp-content/uploads/2023/06/Informe-La-sostenibilidad-en-la-demanda-de-vivienda-en-2023.pdf>

³ CLEVER Scenario: <https://www.revoproprosper.org/2023/07/26/clever-una-vision-colaborativa-de-bajo-consumo-energetico-para-la-region-europea/>

Spaniards willing to invest in renovations will spend an average of €9,414

The energy renovation of homes has several advantages. First, it combats climate change in two ways: mitigation and adaptation. Energy rehabilitation prevents climate change, as it drastically reduces CO₂ emissions and other greenhouse gases and the energy use of our homes (which account for 21.00% of total emissions and 30.00% of total energy consumption in Spain, respectively)⁴. And it also allows us to adapt to climate change, as it protects us from extreme temperatures, which our country is more likely to reach than other European countries due to its geographical location. Finally, **the energy renovation of homes** is included in the National Strategy against Energy Poverty⁵, being **a way to achieve thermal comfort in the home without the need to spend energy**.

On the other hand, the fact that thermal insulation is an increasingly valued feature of homes means that the economic and patrimonial revaluation of the renovated home is no less than 24.10% on average over that of a home of the same characteristics with a worse energy efficiency certificate, according to a recent analysis⁶. Confronted with the fact that **the increase in the value of an energy-renovated home is 24.10% on average** (according to the aforementioned appraisal company report), almost a quarter of respondents say they do not believe that their home can undergo this revaluation (24.90%), but **63.20% of respondents declare that they are willing to make this investment**. Of these, the average of what they are willing to spend on the home energy renovation is 9,414 euros, although, if it were a question of paying for this reform in installments, 71.00% of the respondents would choose to pay between 100 and 300 euros per month, between 2 and 5 years.

As of this time, these advantages are complemented by generous government aid. The Plan España Puede⁷ has channeled a large part of the Recovery and Resilience Plan (Next Generation Funds) to aid for the energy renovation of housing.



Renovated housing appreciates by **24.10%**

⁴ Long-term renovation strategy in Spain (ERESEE) 2020.

⁵ National Strategy Against Energy Poverty.

⁶ Appraisal Society Study.

⁷ Plan España Puede.

Most people are aware of government aid to renovate housing

The aid for housing renovation of the recovery and resilience plan, the Plan España Puede, is considered historic due to the high percentages of coverage. This **aid is well known**, 73.90% of respondents say they have heard of them, as well as the applicable tax reliefs.

The aid has been designed to promote the integral renovation of a house and achieve the greatest possible reduction in energy demand, focusing on the building's outer insulation (thermal insulation of facades and windows, etc.). Therefore, **the more energy savings the renovation is expected to achieve, the higher the percentage of aid for the total cost of the renovation**. Below is a summary table of these aids in general⁸:

NEXT GENERATION AID		
ENERGY SAVINGS OBTAINED	% OF AID OF THE COST MAXIMUM	AMOUNT OF ACTION AID PER HOME (€)
≥ 30.00% < 45.00%	40.00%	€6,300
≥ 45.00% < 60.00%	65.00%	€11,600
≥ 60.00%	80.00%	€18,800

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The application period for this aid ended in June 2023, but has been extended until November 30, 2023. It is important to take into account some issues:

- **These subsidies do not count as income for income tax purposes.**
- **The maximum limit of the housing allowance increases by €1,000** when the action involves the removal of asbestos.
- **These grants do not exempt from certain initial disbursements**, since in order to request them, a technical project and a previous energy efficiency certificate are required, which will be necessary to document the energy savings achieved once another post-work energy efficiency certificate is obtained that justifies the energy savings.
- **Some autonomous communities**, such as Madrid, **offer an advance of 50.00% of the aid, once approved**. In other communities, it is necessary to wait for the final justification to obtain payment of the aid, although from the moment they are granted, they are assigned to the project and cannot be lost, unless the project is not duly justified.
- In addition, **the municipality where the house is located can offer deductions of a percentage of the property tax for a few years**.
- **For families at risk, the subsidy can reach 100.00% of the action** with a limit of 26,750 euros per home.

⁸ Regulated by Royal Decree 853/2021, of 5 October (Programs 3, 4 and 5). Available in the BOE: <https://www.boe.es/buscar/act.php?id=BOE-A-2021-16233> As well as the regulatory bases of aid for home energy renovations, published by the different autonomous communities.

One-stop service counters to facilitate access to aid and subsidies

Although the housing rehabilitation process is somewhat complex, there are information resources that have been developed to facilitate understanding of the entire process⁹. In addition, it is possible to consult with the existing one-stop service counters that **facilitate, through a single interlocutor, the information and/or management of the different parts of the project**: the technical project, the financing, and the management of the grants.

These one-stop service counters **are sometimes offered by the autonomous communities, which are the public administrations with competences in housing, or entities associated with them**. This is the case, for example, of NASUVINSA in Navarre. Sometimes it is the municipalities, especially in the case of large cities, or the technical architecture colleges, that offer guidance and management of the process, as is the case of the Technical Rehabilitation Offices (OTR) in Catalonia.

Finally, private companies also act as a one-stop service counter **as renovation agents**: a figure regulated by law that is a natural or legal person, or public or private entity, that can carry out actions to promote, monitor, manage and receive public aid, through mechanisms for the assignment of the right to collection or similar, access to financing, preparation of documentation or technical projects or other actions necessary for the development of the rehabilitation or improvement actions that may be subject to financing¹⁰.

In the case of renovation of multi-residence buildings, the comprehensive renovation of homes that involves exterior siding, solar central hot water and window renovations in common areas, among other things, requires that the owners consortium approve the project. **Recent legislative improvements made to speed up this process have resulted in two important changes**. The first is that the owners consortium can obtain non-mortgage loans, which was not possible before, and which allows longer-term financing of the renovations. On the other hand, energy improvement works can be approved by a simple majority¹¹.

⁹ Aúna Forum: step by step of the renovation process or government information.

¹⁰ Article 8 of Royal Decree 853/2021, of October 5, which regulates the aid programs in residential renovations and social housing of the Recovery, Transformation and Resilience Plan defines the figure of the "renovation management agent."

¹¹ Amendment of Law 49/1960 on Horizontal Property and the Consolidated Text of the Law on Land and Urban Renovations, approved by Royal Legislative Decree 7/2015, of 30 October to facilitate energy renovations and access to financing by owners consortiums.

Housing Renovation Funding: Three Possible Pathways

Funding for housing renovations can come through different channels. First of all, we will show the offer that credit institutions provide to their customers directly. Next, we will show the financing offers that are channeled through public-private agreements, and the technical renovation offices of autonomous communities and municipalities. Finally, we will present other innovative **financing models such as financing through energy service companies or energy saving certificates**.

While an energy renovation in an individual home can be financed with a personal loan or with a mortgage loan, in the case of multi-residence buildings, **an owners consortium can only subscribe to a non-mortgage loan**.

Housing Renovation Financing:

1. Financial institutions
2. Public-private agreements
3. Energy services companies

1. Financing renovations through **financial institutions**

Most lenders have specific offers aimed at housing renovations. Although the majority of respondents, 76.60%, know of a loan offer, only 26.77% actively sought one. Only 7.40% of the all respondents considered this offer attractive and memorable: 18.90% considered it too expensive, and 50.00% did not remember it. 23.00% did not know of any loan offer for their home energy renovation.

By consulting the website of the different credit institutions and their customer service, we were able to obtain the following information:

HOUSING RENOVATION LOANS							
ENTITY	PRODUCT	NIR	APR	TERM	OPENING FEE	AMOUNT(1)	EXEMPTION
	Energy efficiency loan.	4.00%	4.38% (2)	7 years	1.00% (financed)	€100.000	
	Energy Efficiency Loan Owners Consortiums or Individual.	4.50%	4.66%	8 years	1.00%	€100.000	6 months
		4.65%	4.99%	10 years	1.00%	€500.000	6 months
		4.50%	5.00%	4 years	1.00%	€15.000	6 months
	Green loan.	5.00%	5.59%	7 years	1.50%	€75.000	
	Energy efficiency loan for owners consortiums.	5.50%	6.11%	10 years	0.50%	€60.000	12 months
	Energy efficiency loan.	5.80%	6.13%	8 years	0.00%	€75.000	
Average APR			6.20%				
	Consortium energy efficiency loan (unsubsidized part).	5.95%	6.20%	12 years	0.50%	€360.000*	24 months
	Consortium energy efficiency loan (subsidized part).	5.95%	6.40%	2 years	0.50%	€640.000*	23 months
	Home loan.	11.90%	12.53%	6 years	0.00%	€30.000	

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(1) Maximum amount, except in the case of amounts marked with an asterisk (*) which are amounts from the example from which the APR is calculated.

(2) Calculated for a loan of €15,000 in 82 installments.

2. Financing renovations through **public-private agreements**: a fundamental option to encourage renovations

Since reducing greenhouse gas emissions is a social priority, it justifies the creation of public-private agreements to facilitate the financing of home energy renovations. Some of them have been developed by certain autonomous communities; as we list below. Also noteworthy is the agreement offered by the Instituto de Crédito Oficial (ICO).

The Generalitat de Catalunya has published an agreement ¹² with various financial institutions, according to which the following loans can be accessed:

GENERALITAT DE CATALUÑA LOANS AGREEMENT		
RECIPIENTS	MAXIMUM ANNUAL RATE	AMORTIZATION PERIOD
Owner's Consortium	5.90% depending on the term.	10 years extendable to 15 years depending on the guarantees.
Individuals	5.00% depending on the term.	7 years extendable to 15 years depending on the guarantees.
Renovation agents	5.50% depending on the term (4.00% if they obtain the Avalis guarantee that guarantees the loan for 12 years).	10 years, extendable to 15 years (if Avalis endorsement is obtained).

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The credit institutions adhering to this agreement, which was signed in 2022, are: Arquia Banca, Bankinter, BBVA, Banco Sabadell, Banco Santander, CaixaBank, Caixa d'Engineers, Deutsche Bank, Ibercaja, Unión de Créditos Inmobiliarios (UCI).

The Navarre one-stop service counter (managed by NASUVINSA), recommends financing in two tranches: the first would be for all residents, for agility, and covers the subsidized part of the project cost). The second loan, intended for the unsubsidized part of the project, is optional and is subscribed only by owners who wish to do so, since it can also be self-financed with savings or, if there is already a mortgage, it can be paid with an extension of the existing mortgage. Whatever the situation, both credits are subscribed by the owner's consortium.

¹² Agreement to advance the financing of the next generation EU funds (May 2022) Generalitat de Catalunya <https://fonseuropeus.gencat.cat/web/content/next-generation-catalunya/convocatories-manifestacions-interes/financament/conveni-rehabilitacio-habitatges-next-generation-eu.pdf>

The Official Credit Institute has an agreement signed with the Ministry of Transport, Mobility and Urban Planning (MITMA) for the financing of energy rehabilitation of homes to which several credit institutions have adhered. Through this agreement, **loans are offered for the energy rehabilitation of homes with a 50.00% guarantee at a fixed or variable rate, for a maximum of a 15 year term.** For example, a 15-year fixed interest loan comes out (APR) at 8.20% annual interest with the possibility of a one or two year grace period. The participating entities are: BBVA, Banco Sabadell, Banco Cooperativo, Bantierra Nueva Caja Rural Aragón, Caja rural de Asturias, C.R. Central, Caja rural de Burgos, Caja rural de Granada, Caja rural de Soria, Caja rural del Sur, Cajasiete, Caja rural de Teruel, Caja rural de Zamora, Caja rural de Navarra, Santander, Unicaja Banco, UCI – Unión de Créditos Inmobiliarios¹³.

ICO MITMA LOANS FOR RENOVATING RESIDENTIAL BUILDINGS	
Interest rate	Fixed or variable, plus the entity's margin, depending on the term.
Endorsement	From MITMA, up to 50% of the loan amount.
Repayment term and grace period	From 1 to 15 years, with the possibility of a 2-year grace period.
Validity	Application, until November 30, 2025.

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¹³ ICO MITMA Residential Building Renovations– Published in 2023 and available until November 2025. More information is available at: <https://www.ico.es/web/guest/ico-mitma-rehabilitaci%C3%B3n-de-edificios-residenciales/tipos-de-interes>

3. Financing renovations through **energy service companies**

There are innovative models of financing for renovations such as those based on capitalizing on future energy savings. On the one hand, we have the energy service companies, which act as a renovating agent and take care of all the procedures. This company model was documented in the Long Term Renovation Strategy in Spain 2020¹⁴ with the success story of the EOS Energy company. This type of agent offers a **turnkey solution, with a contract that includes the preparation of the project, the request and management of the aid, the complete renovation works, the maintenance and energy supply service for 10 or 15 years, in addition to financing it (Euribor±3.00%) for said period.** Once the work is done, the energy saving is approximately 66.00%; this saving is guaranteed during the 10 years of the contract and helps to repay the financing. Frequently, works do not begin until the aid is approved, and the owners do not begin to pay them until they are already finished.

In the same line of capitalizing on energy savings, energy saving certificates (ESAs) have been defined in various pieces of legislation, as collected by the Ministry for the Energy Transition and Demographic Challenge in the energy efficiency section of its website¹⁵. This instrument, of recent development, is intended to simplify aid to improve energy efficiency, so it may be of interest in the near future. The request is carried out by the person who makes an investment in improving energy efficiency, through the entities obliged to contribute to the National Energy Efficiency Fund, which are energy supply companies, and the delegated entities, which will help the individuals obliged to obtain the Energy Savings Certificates.

Finally, it should be noted that from civil society, various organizations, including **Positive Money, Revo, Ecodes, GBCE, WWF y ASUFIN**, consider that financing for the energy renovations of housing is key to the ecological transition and **proposes that central banks in the Euro area lower interest rates for this type of investment, without abandoning a restrictive monetary policy for other investments**, so that there is greater coherence between fiscal and monetary policies, and thus manage to face the enormous challenge we face as a society¹⁶.

¹⁴ ERESEE 2020 Page 129. Available at: <https://www.mitma.gob.es/el-ministerio/planes-estrategicos/estrategia-a-largo-plazo-para-la-rehabilitacion-energetica-en-el-sector-de-la-edificacion-en-espana/eresse2020>

¹⁵ CEnergy Saving Certificates – MITECO Available at: <https://energia.gob.es/Eficiencia/CAE/Paginas/certificacion.aspx>

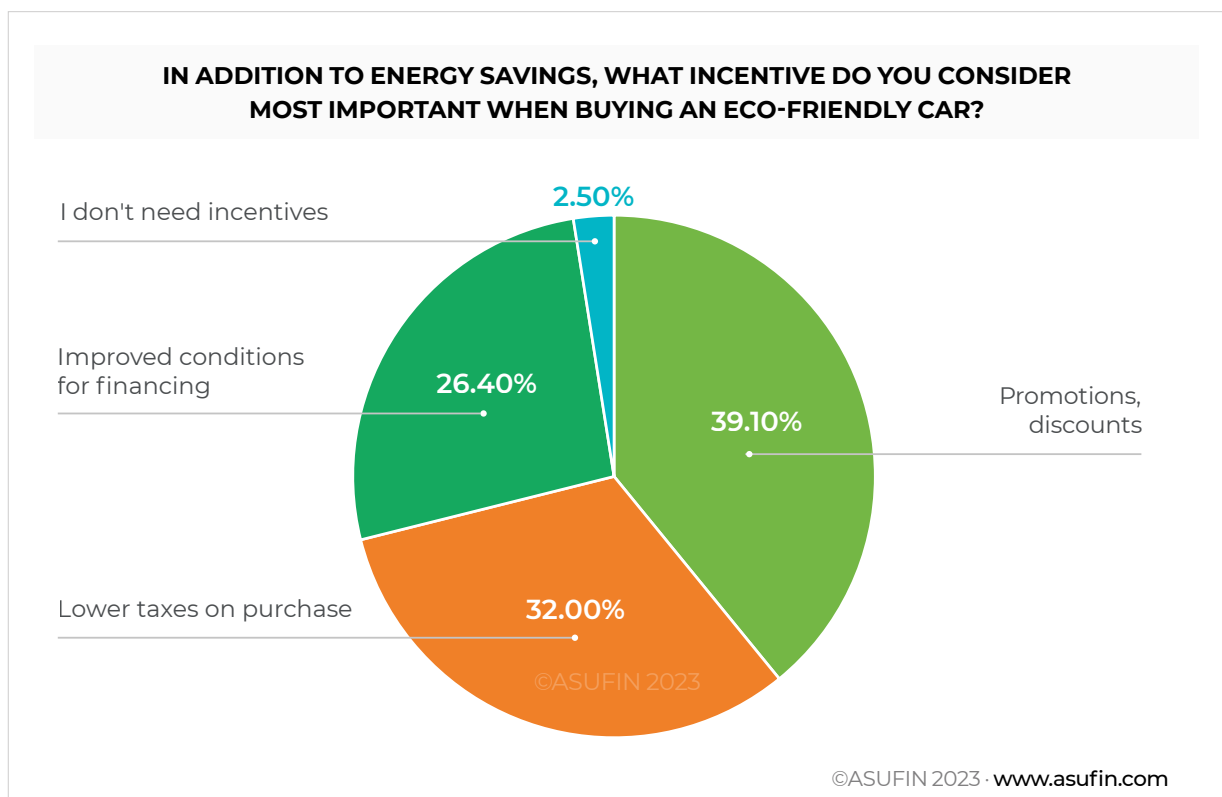
¹⁶ For more information about the Unlock Campaign access the website: www.unlock.green/es. Other articles of interest may include support for this proposal from the rehabilitation sector: <https://unlock.green/es/noticias/tasas-de-interes-duales> or the presentation of the Unlock campaign in Spain: <https://unlock.green/es/noticias/viviendas-energeticamente-eficientes-y-como-financiarlas-tres-demandas/>.

PART 2 ECO-FRIENDLY VEHICLE AND ITS FINANCING

Price: the main incentive to buy an eco-friendly vehicle for 4 out of 10 Spaniards

In August 2023, the last month with access to data, 54.40% more electric vehicles were registered in Spain than in the same month of the previous year. Taking this percentage into account, the increase seems very important, but if we look at the absolute data, 4,087 units, we see a reality: **few electric vehicles are sold, at a rate more than three times lower than the European Union**. In this context, purchase motivations are important, and have changed slightly from the previous year.

Currently, the incentive to buy an eco-friendly car only for the economic and environmental benefits only convinces **2.50%**, 0.00% less than the 8.50% in 2022. There are three reasons for this decrease: The price incentive goes from 35.30% in 2022 to **39.10%** in 2023, a 3.80% increase. It is followed by 'lower taxes on the purchase,' which rises by 1.10%, that is, from 30.90% to **32.00%**, and, with the same increase, by 1.10% for 'better financing conditions,' which rises from 25.30% to **26.40%**.



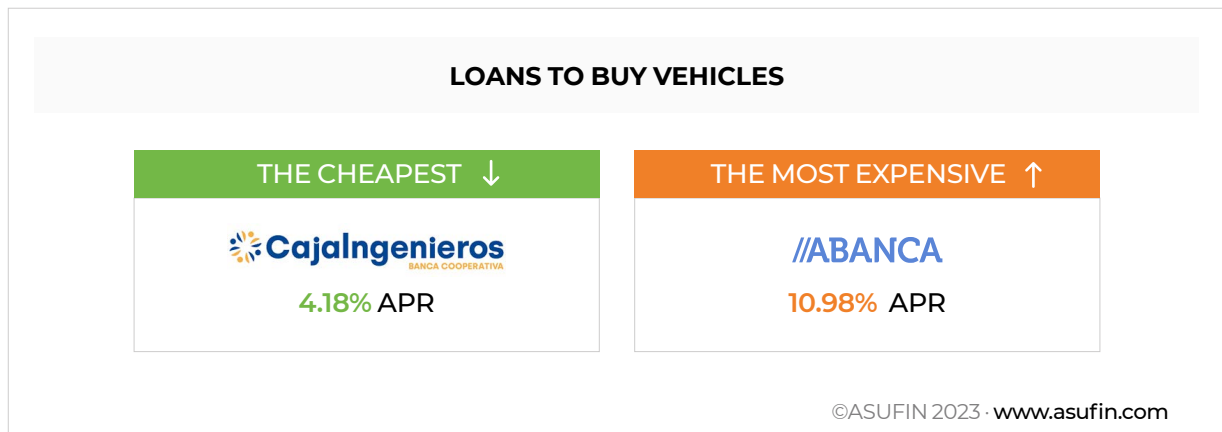
More loans for the purchase of vehicles and with an average rate, 7.30%, below the average for loans

Financing conditions, although a relevant concern for more than one in four buyers, as we have seen, is the least relevant. Perhaps the answer is that **financial institutions continue to actively bet on this type of financing**, loans for eco-friendly vehicles (electric and generally plug-in hybrids): in total in our mystery shopper search we have found 11 offers from 8 entities compared to 6 offers from 5 entities in 2022.

The most relevant aspect are their conditions. Although there is disparity (the cheapest, Caja Ingenieros, charges 4.18% APR compared to the most expensive, Abanca, which skyrockets to 10.98%) the average, 7.30% APR, is still below the 8.05% average of personal loans in the month of July according to the latest data from the Bank of Spain.

Loans also offer other features that are key in the providing potential resources for the client:

- **The maximum loan amount** is important, covering much more expensive vehicles: between 30,000 euros and 80,000 euros, with an average of 60,909 euros.
- **The terms**, in order to convert these important maximum amounts into more accessible installments, are also high, between 5 and 10 years, with an average term of just over 7 and a half years.



However, **the average for all vehicle loans (7.30% APR) is cheaper than that of personal loans (8.05%).**

More loans for the purchase of vehicles and with an average rate, 7.30%, below the average for loan

LOANS FOR THE PURCHASE OF ECO-FRIENDLY VEHICLES

ENTITY	PRODUCT	CONDITIONS	NIR	APR	TERM	AMOUNT
	Eco Loan for an eco-friendly car.	Sustainable electric or hybrid vehicle.	3.90%	4.18%	5 years	€30.000
	ECO Car Loan.	Hybrid or electric vehicles. With direct deposit payroll.	4.50%	4.91%	10 years	€30.000
	Eco-friendly Car Loan with payroll.	Electric or plug-in hybrid vehicles.	4.80%	5.08%	8 years	€75.000
	Loan with Guarantee for 0 Emissions Car.	Electric or hybrid vehicle with the label "0 CO2 emissions".	Euribor 3 months + 1.15%	5.27%	8 years	€90.000
	Eco-friendly Car Loan without direct debit payroll.	Electric or plug-in hybrid vehicles.	5.80%	6.13%	7 years	€80.000
	ECO Mobility Loan with direct debit payroll.	New or semi-new hybrid or electric vehicles (up to 36 months old).	5,75%	6.38%	7 años	€80.000
Average APR	©ASUFIN 2023			7.29%		
	ECO Mobility Loan without direct debit payroll.	New or semi-new hybrid or electric vehicles (up to 36 months old).	5.75%	7.15%	7 years	€80.000
	Ecoauto Car Loan.	Electric and hybrid vehicle.	7.99%	9.05%	8 years	€60.000
	Eco Car Loan.	Electric car (DGT environmental badge 0 label) or hybrid (DGT environmental badge ECO label).	9.90%	10.36%	6 years	€30.000
	Eco-friendly Car Loan with discount.	New sustainable, electric or hybrid vehicle, plug-in or with rechargeable battery.	7.05%	10.80%	8 years	€60.000
	Eco-friendly Car Loan without discount.	New sustainable, electric or hybrid vehicle, plug-in or with rechargeable battery.	10.05%	10.98%	8 years	€60.000




End of the Moves III program?

Doubts about an aid plan that has not attracted many people

The Moves III Plan ends in 2023 and does so very far from meeting the objectives, since less than 3 months before its completion there is still a remnant of 300 million euros in aid. All this is leading to calls for a new extension, both by manufacturers and dealers.

The problem is that, as this study points out, **subsidies, although important, are not the first priority for one in three consumers (32.00%)**. If we put this in relation to the price, which is a higher priority (39.10%), it may be an indication that they are insufficient for many. The dealership association has already pointed out other direct measures that have a greater impact on the price, such as the deduction of its VAT, or in its field, since it focuses on electric vehicles, extended-range electric and plug-in hybrid, ignoring other types of hybrid vehicles.

The current political situation, with no Government being formed three months before the end of the year, may lead to the MOVES III Plan, without modifications, being extended for another year

MOVES III PLAN		
ELECTRIC CAR, EXTENDED RANGE ELECTRIC CAR OR PLUG-IN HYBRID CAR		
		
ELECTRIC VEHICLE RANGE	WITH SCRAPPING	NO SCRAPPING
Vehicle for private use with more than 90 kilometers autonomy 	€7,000	€4,500
Vehicle for private use with 30 to 90 kilometers autonomy	€5,000	€2,500
Commercial vehicle with more than 30 kilometers autonomy	€9,000	€7,000

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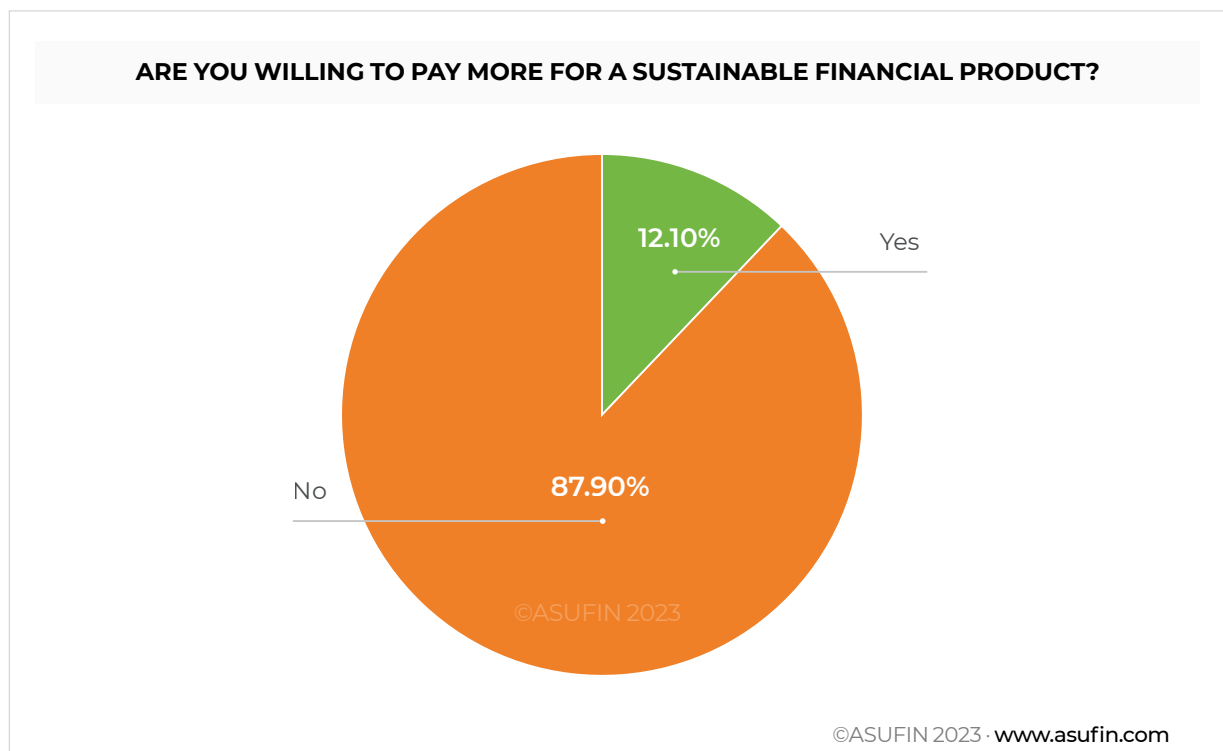
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PART 3 GREEN INVESTMENTS

Only 12.10% of citizens are willing to pay an extra cost for a sustainable financial product

One of the key points introduced at the beginning of this study is to see if the contracting of financial products is based only on economic benefits or also on environmental and social benefits, all in **an environment of pressure on the consumer's purchasing power**, due to the rising interest rates on loans and prices on their products.

Therefore, whether you are willing to pay more for a sustainable financial product is very relevant, without further considerations. If the result was always low, in 2023 it reduces further, from 12.60% in 2022 to **12.10%** in 2023. This summarizes what has been seen especially in housing renovations and that will be extended to financing: the extra costs are not well assumed, although there are benefits in the short and long term, and the consumer seeks either lower costs in financing or higher returns on investments.

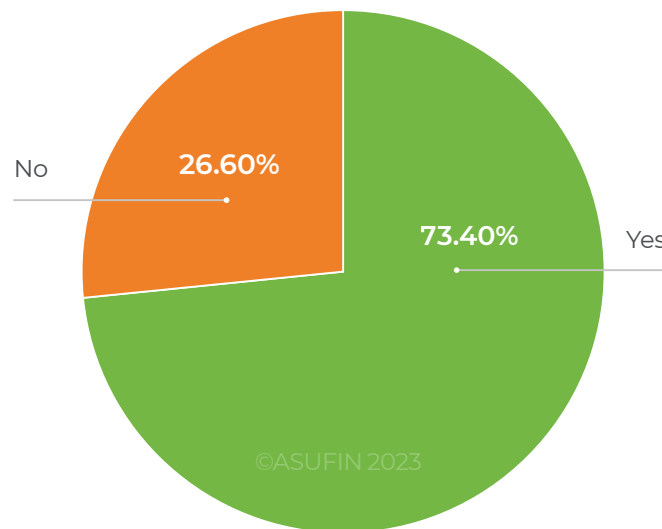


Sustainability is important for 73.40% of investors

The first piece of information that answers one of the great unknowns opened in the introduction is whether Spanish consumers are committed to sustainable products when investing. The answer, as in previous years, is yes, **despite this financial environment with doubts in the medium term, due to the economic slowdown in some nearby economies, increases in interest rates and inflation.**

Specifically, **73.40%** take sustainability criteria into account when choosing their investments, but on a negative note, this data represent a slight decrease of 0.90% compared to the 74.30% of the previous year. **Although it is not a worrying decrease, it does show a change in trend** and also, although slightly, it shows that adverse economic factors are influencing the choice of products despite the fact that the current supply is increasing.

WHEN CHOOSING YOUR INVESTMENTS IN FUNDS OR COMPANIES, IS SUSTAINABILITY AN IMPORTANT CRITERION?

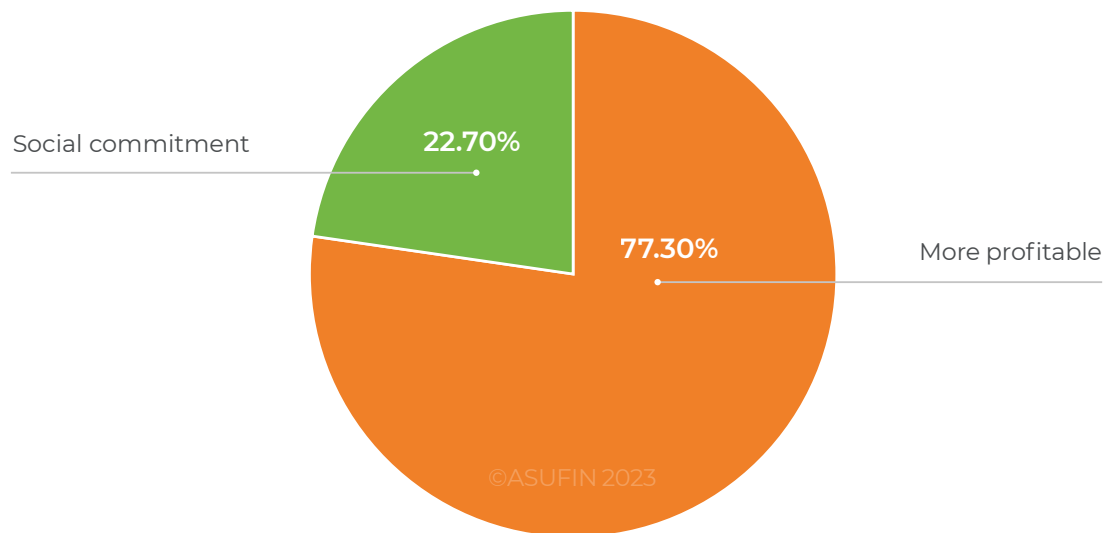


The return on sustainable investment is relevant to more than 3 out of 4 investors

Those consulted by our survey increasingly link the profitability variable with sustainable investment products, which is quite relevant. While last year 74.20% believed it important to invest in sustainable companies due to profitability, in 2023 this percentage experiences a slight rise to **77.30%**, thus passing the 75.00% barrier. Correlatively, those who only care about the social commitment when investing in sustainable companies fall from 25.80% last year, to **22.70%** now.

Although it seems contradictory, **the relationships between sustainability and profits show that “green” criteria are permeating society**, since by relating to greater profits they do so with the fact that companies that bet on the environment are more accepted by their customers and thus hire greater products or services. The company with environmental criteria has greater social acceptance and this translates into greater potential for economic growth.

WHY DO YOU BELIEVE IT IS IMPORTANT TO INVEST IN SUSTAINABLE COMPANIES?



Conclusions

In the introduction we pointed out the importance of knowing whether consumers today are more inclined towards investing in and purchasing sustainable goods and financial products. And we are in a position to affirm that yes, we are witnessing a positive evolution.

However, there is a greater offer of sustainable financial products, both mortgages and consumer loans, especially to finance the purchase of a vehicle. Yet, costs remain high. Financing a more energy-efficient home or purchasing an eco-friendly vehicle is more expensive than the conventional market. To this we must add the discounts obtained when opting for a more efficient home, in terms of energy rating A or B, are less than those offered by other types of “requirements,” such as purchasing insurance from the entity.

For home renovations, it is similar. Only 7.40% of Spaniards indicate that they know of loans to renovate housing in “good conditions,” 18.90% consider it expensive and 50.30% have not heard of the offer. Therefore, it is normal that, while they note the positive impact on the revaluation of their home after investing in renovations, the amounts they indicate they would invest are small, 49.40% say less than 200 euros per month, and up to 81.7% if the amount rises to 300 euros per month, and also in short terms, since 74.60% would only be willing to pay these amounts in a maximum of 4 years. All this in the midst of a favorable tax framework for this type of product, in which 3 out of 4 Spaniards declare that they are aware of the existence of subsidies and/or tax incentives.

In the field of eco-friendly vehicles this impact is even greater. The high price is consolidated as the main “obstruction” for the purchase of these products in which the aid does not seem to be convincing them to make the purchase. Banks do act more actively on these products, with more loans and interest rates being slightly more competitive than the average, but their impact on purchases, although it is rising, does not seem relevant and should lead to a rethinking of other policies to promote purchases.

Finally, things are similar in investments. While the cheaper cost drives or encourages the contracting of loans, here profitability is consolidated as a criterion for choosing sustainable investments. However, it is positive to see that more and more people think that a sustainable investment is more profitable since it is related to consumers betting more on companies with sustainability criteria.

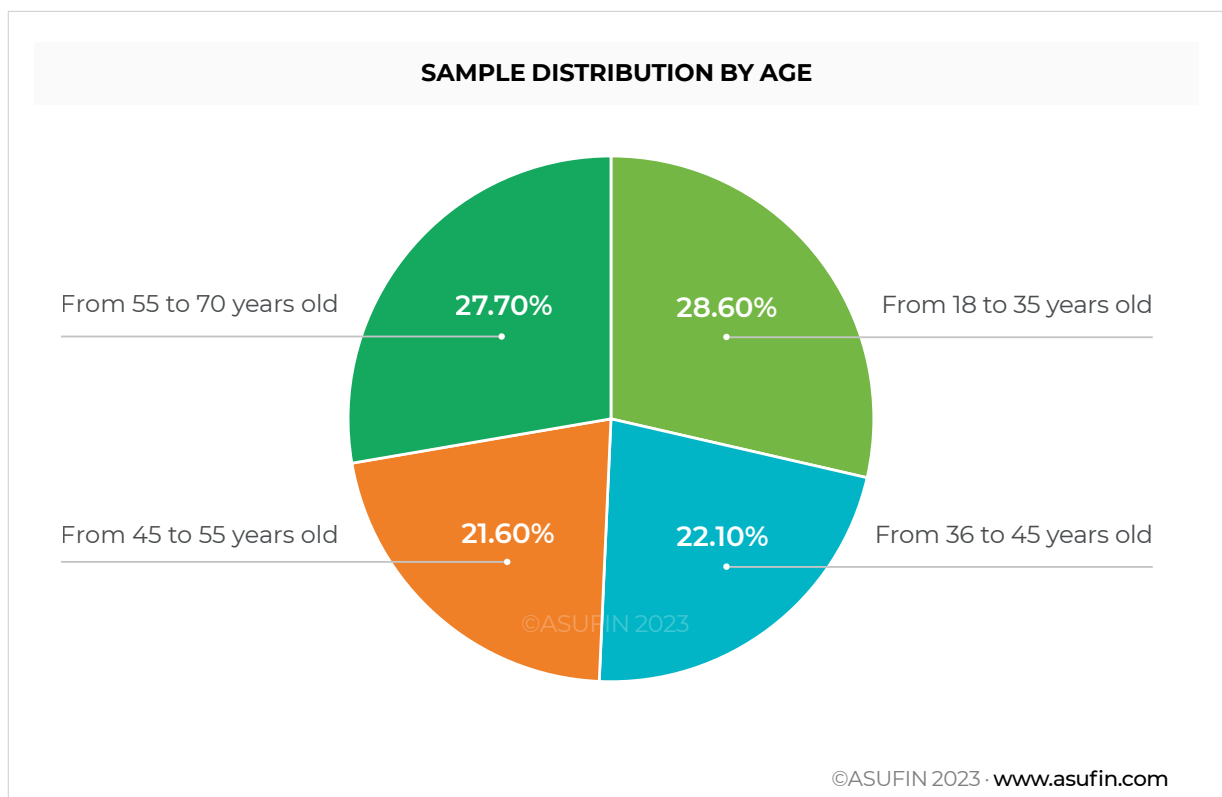
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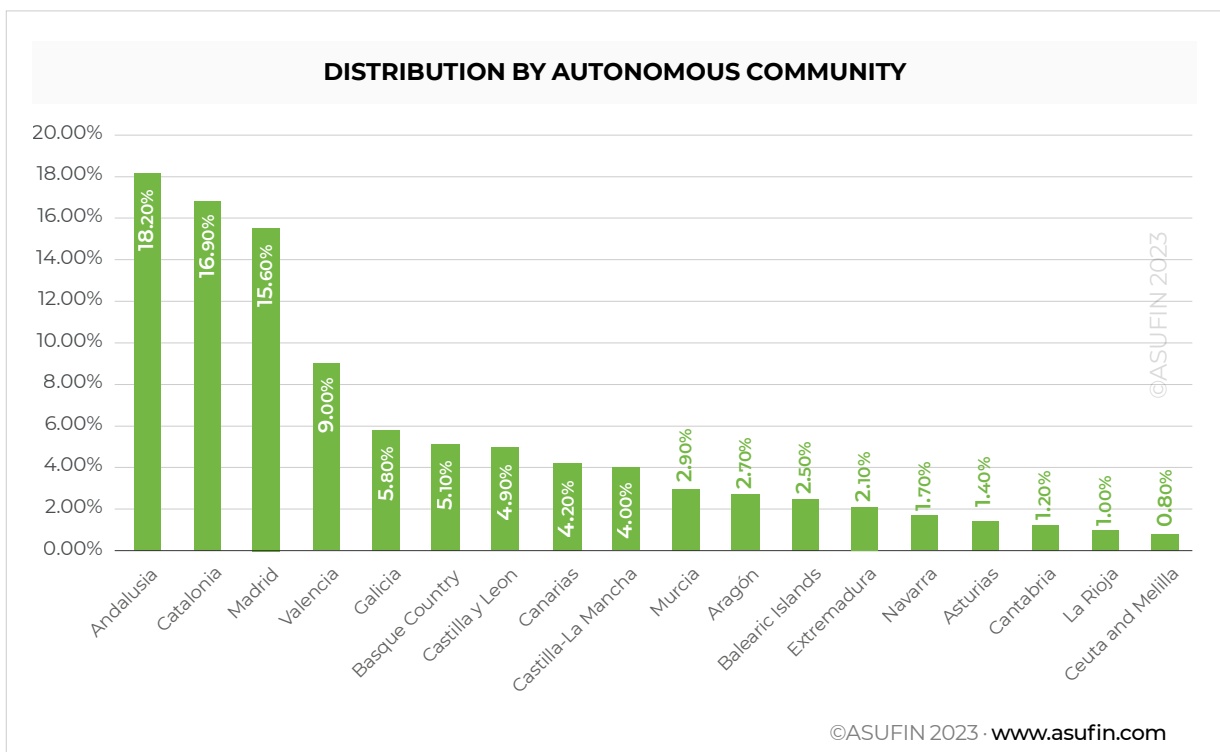
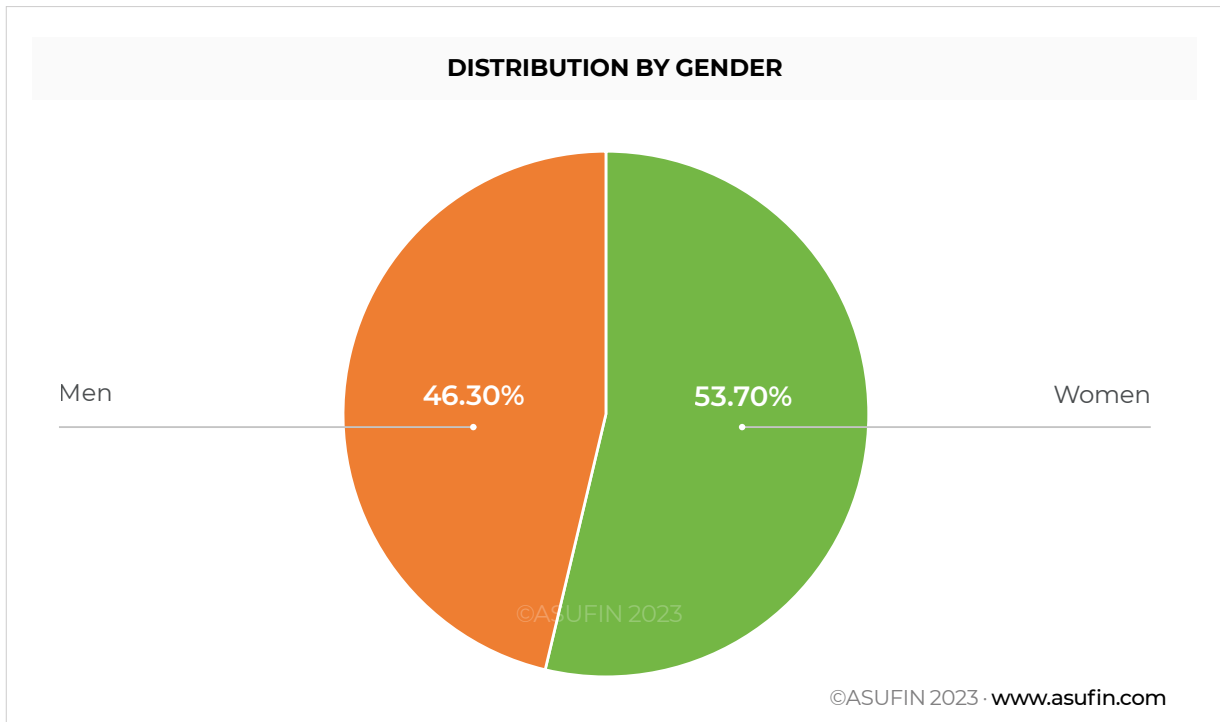
Methodology

A) Sampling

Geographical area	All of Spain
Age	18 - 70 years old
Population size (INE)	32,939,085 people
Sample size	1,899 people
Sampling error (95.00%)	2.25%
Sampling error (90.00%)	1.47%
Date of sampling	August 16 to September 8, 2023

Maximum representativeness has been sought, taking into account distribution by age, sex and autonomous community of the respondents.





B) Market Analysis

The market analysis was carried out between September 10 and 13, 2023, simulating the search for financing products for home purchase, loans for renovations, loans for the purchase of eco-friendly vehicles or of mixed use. The study was carried out only considering what the financial institutions websites advertise online, either on their own page or what appears prominently in search engines.

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