

Investing in renewable energy and financial literacy

Ariel Bergmann, University of Dundee, corresponding author, eabergmann@dundee.ac.uk

Bruce Burton, University of Dundee

Matthias Klaes, University of Dundee

This paper reports on a questionnaire and choice experiment investigating the preferences of private (household) small investors in renewable energy projects and companies through internet based crowdfunding platforms. As part of the survey a three question financial literacy tested was completed by the respondents. The relationship between financial literacy and respondent answers was examined for both revealed and stated preferences. The sample frame consisted of a stratified sample of 200 respondents selected from the general public in the United Kingdom. The frame was provided by Survey Monkey who administered the survey questionnaire. Qualitative and quantitative characteristics of the respondents were self-reported as well as an eight card choice experiment conducted. The findings indicate that financial literacy of those who previously engaged with crowdfunding was higher than the general public and willingness to consider and possibly use crowdfunding increased as financial literacy increased. A key policy recommendation from this research is that increasing financial literacy is a key mechanism to increasing the pool of small investors who may use crowdfunding as an investment pathway.