

# THE AMF HOUSEHOLD SAVINGS OBSERVATORY NEWSLETTER



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## ÉDITO

### Employee savings: perceptions and expectations among employees

At the beginning of 2020, one salaried employee in two declared that they had received an incentive bonus, profit-sharing or matching contribution payment from their company. The majority of them chose to invest their bonus rather than cash it, with the majority giving preference to zero-risk or prudent investment vehicles.

These results are taken from the survey conducted by OpinionWay on behalf of the partners in Employee Savings Week (Semaine de l'épargne salariale), just before the lockdown measures linked to the health crisis.<sup>1</sup>

Although 8 in 10 beneficiaries of employee savings schemes say they are satisfied with their scheme, the survey does still show that they would like better information and support (6 beneficiaries out of 10), in particular on the choice of investment vehicles.

The aim of the partners in Employee Savings Week is to provide guidance to employee investors, present the schemes and point them to the right questions they should be asking themselves. Their website ([epargnesalariale-france.fr](http://epargnesalariale-france.fr)) is an integral part of the national strategy to provide financial education to French people and provides up-to-date, practical information on employee savings.

In addition to this, the AMF also provides retail investors with access to a large amount of educational content on financial products and investment on its own website ([Retail Investors area of the AMF website](#)). ■

<sup>1</sup> Study conducted from 4 to 13 February 2020.

The partners of Employee Savings Week are the AMF, the Directorate General for the Treasury, the Directorate General for Labour, the Association Française de la Gestion Financière (AFG), the Institut pour l'Education Financière du Public and all the marketplace participants: custodians, professional associations, etc.

## FOCUS

### How legible is the information on financial investment fees?

The AMF conducted a qualitative study among retail investors to assess the clarity of the information provided about fees on direct investments in securities or investments via collective undertakings<sup>1</sup>.

Information on the fees and charges of investments must be provided to non-professional investors before they make their investment. They must also receive an annual summary statement on the instruments they hold.

This information must be comprehensible.

#### Legibility of documents can be improved

With the exception of the annual fee statements which were positively viewed, it would seem that the various documents provided to investors could be clearer.

Opinions on the prospectuses for collective investments (funds and SICAVs) were very severe: they were considered unsuited to retail investors.

However, opinions on key information documents (in PRIIPS or KIID format) were positive, although they were seen as having different qualities.

The PRIIPS document with its fee simulation provides retail investors with a better understanding of the impact of fees over time. In the KIID, they found the section on Fees easy to understand.

#### Simpler, more educational information expected

Retail investors suggest that any technical jargon should be banned as much as possible. They want simpler, more educational information. They would like to be able to measure the impact of the fees more directly. For example, they state that the possibility of access to a fees simulator would make things easier.

#### AMF content appreciated

The educational content on fees that has been designed for investors and is available in the Retail Investors area of the AMF website was considered both clear and useful. ■

<sup>1</sup> Online forum moderated by CSA Research from 24 to 28 March 2020. 16 investors in equities and/or funds were shown fees leaflets, key information documents, prospectuses and fee statements (equities and funds held). The survey is available on the AMF website in [Publications / Reports, research and analysis](#)

# Employee savings: perceptions and expectations among employees



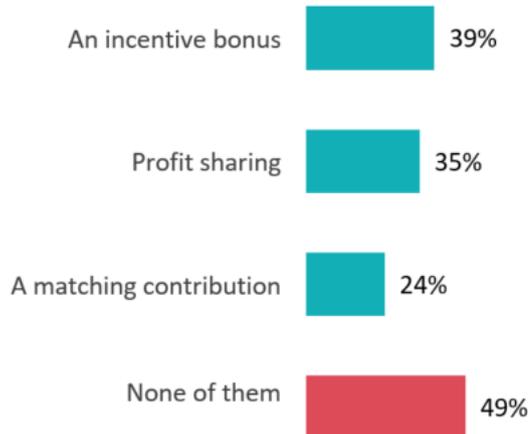
How good an understanding do employees have of employee savings schemes? What are the choices they make and their expectations?

We present here the main findings of the survey conducted before the start of the health crisis for Employee Savings Week.<sup>1</sup> The aim was to evaluate employees' perceptions of the different employee savings systems and notably to question them about their investment choices.

## One salaried employee in 2 received a bonus or matching contribution

51% of the salaried employees state that they have received an incentive, profit-sharing or matching contribution payment in the 12 months prior to the survey (70% working in companies with over 500 employees and 36% in companies with less than 10 employees).

In the past 12 years, have you received...?



Source: OpinionWay for Employee Savings Week, March 2020

Among those that have a savings scheme (4 employees out of 10), 85% received a bonus or matching contribution (66% an incentive bonus, 62% profit sharing and 52% a matching contribution from their employer).

## 7 beneficiaries in 10 chose to invest their bonuses

Most of the employees who received an incentive or profit-sharing bonus and have a scheme stated that they generally invest such sums (6 in 10 the whole of the sum and 7 out of 10 at least part of the sum).

Two beneficiaries in ten replied that they prefer to receive the amount immediately without investing it. They are mainly in the lower socio-professional categories (31% among those with annual income of less than €30,000).

## The schemes are well known

83% of the employees surveyed replied that they know one of the employee savings schemes, at least by name. The figure was 94% for beneficiaries. ■

## More than 4 employees in 10 declare that they have an employee savings scheme

17% of respondents do not know employee savings scheme and/or stock options from their company (24% in companies with less than 10 employees).

40% responded that they do not have a scheme and 43% that they hold at least one employee savings scheme (25% in companies with less than 50 employees, 58% in those with over 500 employees). ■

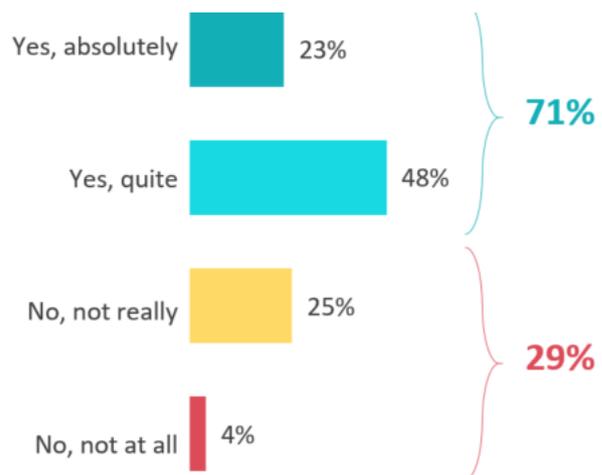
## One holder in 2 considers that they are familiar with the investment solutions

Among those who declare that they have an employee savings scheme, 52% consider that they know the range of investment solutions proposed in their PEE or PERCO (32% among scheme holders in companies with less than 50 employees).

Nine out of ten of these "connoisseurs" consider that employee savings enable them to make an investment that is suited to their needs (risk level, investment horizon, etc.) and also to ensure good diversification.

71% of the beneficiaries consider themselves capable of choosing the investments in their employee savings scheme themselves.

Do you consider yourself capable of choosing the investments made in your employee savings yourself?



Source: OpinionWay for Employee Savings Week, March 2020

<sup>1</sup> Quantitative survey conducted from 4 to 13 February 2020 by OpinionWay on a sample of 1,002 individuals aged 18 and over, salaried and self-employed workers (excluding the civil service) working in a company with at least 1 employee. The survey report is available on the AMF website in [Publications/ Reports, research and analysis](#)

## Investment choices tend to be prudent

When surveyed about their investment choices (several possible answers), the responses of those in the habit of investing their bonus and those who make voluntary payments are divided evenly between the three risk levels (zero risk, prudent, dynamic).

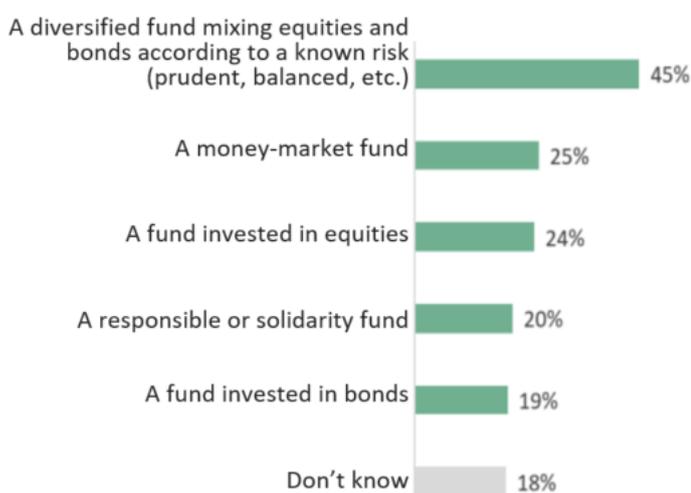
Three-quarters of them replied that they opt for zero-risk or prudent investments, however.

Those investors who are the best off financially are more inclined to choose the riskier investments: 59% of those with annual income in excess of €44,000 answered that they choose “dynamic” investments (38% among those on less than €30,000).

## Investments are often in risk-profiled diversified funds

45% of investors declared that they have invested in a risk-profiled diversified fund, 25% in a money-market fund and 24% in an equity fund.

More precisely, indicate the types of funds you have invested in (several answers possible)



Source: OpinionWay for Employee Savings Week, March 2020

## A high level of satisfaction

81% of the employees surveyed agreed with the idea that employee savings provide a way of setting some money aside without making a savings effort, via incentive bonuses, profit sharing and matching contributions from their employer.

In addition, 78% of beneficiaries of employee savings schemes state that they are satisfied, made up of 65% quite satisfied and 13% very satisfied.

Finally, 82% of holders of such schemes consider that they are good investments and 76% that they are suited to employees' needs. 76% of them also think that these schemes are easy to manage and 70% that they are profitable.

### Reasons for the choice to invest

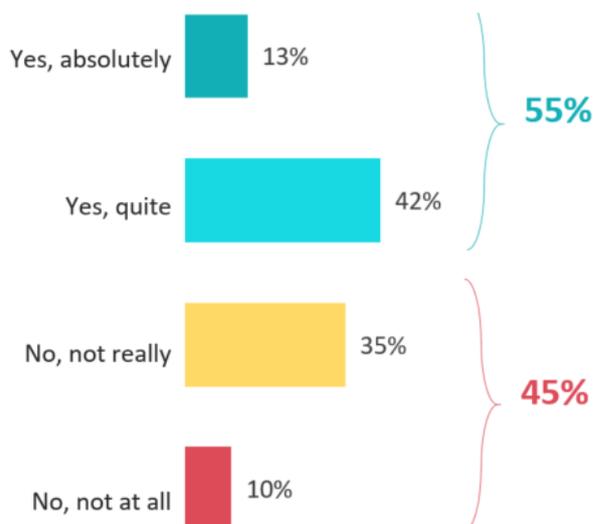
Those who invested their bonus in a scheme did so primarily for reasons of profitability (interesting return, benefit of a matching contribution from the employer, taxation, etc.) for 6 out of 10. Simplicity was a factor mentioned by 3 out of 10 respondents. ■

## Expectations in terms of information and support

Many of the holders consider themselves capable of choosing their own investments in their employee savings scheme (71%).

However, 55% of them consider that they need support to help them manage their employee savings.

Would you need support to help you manage your employee savings (choice of funds, changes to investments)?



Source: OpinionWay for Employee Savings Week, March 2020

Also, while many holders of employee savings schemes believe they know how to pay into the scheme (74%) and what the situations allowing early release of the funds are (77%), fewer of them are familiar with the fees on employee savings schemes (45%) or the type of funds in which to invest (52%).

When surveyed about their expectations of employee savings, some 3 beneficiaries in 10 would like greater clarity, simplified formalities and more information and support.

However, they are not in search of a greater choice of investments, lower fees or better returns.

### New features with the PACTE Law

When questioned about the provisions of the PACTE law on retirement savings, 41% of employees responded that they were aware of the creation of the retirement savings plan (PER).

58% of those who do not hold investments for their retirement replied that the various measures in the PACTE law could give them an incentive to take out a PER.

Surveyed about the management based on the retirement time horizon that has been offered with the PERCO for some years and is now generalised with the PER, 33% of employees said they knew of it (44% of those holding schemes). Such management seems interesting to 69% of them (72%). ■



## More retail investors in 2019

In 2018 and 2019, almost 2 million French retail investors placed orders on financial instruments (excluding funds and SICAVs). Most of these were direct investments in equities.

After reaching a peak in the mid-2000s, the number of French people who hold equities was divided by two between 2008 and March 2019. By this date, the number was estimated to be 3 million French people.<sup>1</sup>

In October 2019, when surveyed by the AMF Savings and Investment Barometer, almost one French person in five stated that they were considering investing in equities.<sup>2</sup>

The AMF has published new figures on the number of retail investors who bought or sold equities in 2018, 2019 and Q1 2020.

### Almost 2 million investors in 2018 and 2019

The number of individuals who placed orders for financial instruments (equities, bonds, ETFs, etc.) came to 1.2 million in 2018 and 1.5 million in 2019, with a marked rise in Q4 (see box).

All in all, the number of investors was 1.964 million in 2018 and 2019, of which 88% investors in equities.

Number of transactions in financial instruments by retail investors, in thousands, per quarter



Source: Transactions in financial instruments, AMF calculations

### Transaction reporting

Under the European regulations on markets in financial instruments, investment services providers (ISPs) are required to report their transactions in financial instruments (equities, bonds, ETFs, etc.), with the exception of funds and open-ended investment companies (SICAVs).

Since 2018, this reporting has covered a broader scope of instruments and is more detailed.

The figures presented here concern investors of French nationality served by French ISPs. ■

<sup>1</sup> Read the Household Savings Newsletter n°34, July 2019.

<sup>2</sup> Each year, the AMF Barometer surveys French people about their preferences, attitudes and intentions regarding investments in equities (Read Newsletter n° 36, January 2020).

### Focus on the Française des Jeux IPO

The initial public offering of La Française des Jeux (FDJ) in November 2019 had a very significant impact on the number of individual retail investors in France trading in equities.

535,000 individuals residing in France signed up to the offer. Among them, 340,000 had not executed a single transaction in financial instruments since 1st January 2018.

The operation drew a younger audience (median age: 57 years old) than the clients who usually invest directly in equities (63). 17% of subscribers were under 40 years old (against 13% for habitual investors in equities). ■

### Over 1.7 million investors in equities

The number of French people who are active investors in equities rose from almost 1 million in 2018 to 1.3 million in 2019.

All in all, 1.764 million single retail investors placed orders for equities over the 2018-2019 period.

In Q1 2020, 765,000 individuals placed orders on equities, against an average of 500,000 on average in 2018-2019 (read below).

In 2019, 38% of active investors placed 1 order, 21% 2 or 3 orders, 18% from 4 to 10 orders and 20% from 11 to 100 orders in the space of the year. Less than 2% of the investors had placed more than 100 order within the past year.

### 580,000 investors during the Covid Crisis

The AMF has just published a report on retail investor behaviour during the Covid-19 crisis. For the securities that make up the SBF 120, it shows a rise in the amounts of shares purchased and in the number of retail investors.

In 2019, retail investors had cut back their investment in securities of the SBF 120 (by €5.9 billion).

Between 24 February and 3 April 2020, the net investment balance was positive by €3.5 billion and 580,000 retail clients bought SBF 120 equities, including more than 150,000 new investors who had not executed a single transaction in financial instruments directly in 2018 or 2019. ■

For further information, the study "Retail Investor Behaviour during the Coronavirus Epidemic" is available on the AMF website: [Publications / Reports, research and analysis](#)