

## EDITORIAL

### The rejuvenation of equity investors and the challenges facing the regulator and the financial centre

The fifth annual AMF Savings and Investment Barometer shows that direct investment in equities has been on the rise for nearly two years, especially among younger investors.

Aged under 35 and more often women than traditional investors, new investors are confident about the future of their own financial situation.

While confidence is a key factor in deciding to invest for the long term, behavioural finance highlights how the negative effects of overconfidence can lead to excessive risk-taking.

Newcomers tend to make many mistakes, such as using stock market orders incorrectly, not diversifying enough and reacting too quickly to unfavourable market events.

The arrival of this new generation of investors is raising questions for the regulator. How can we provide these newcomers with the support they need?

How can they develop their financial knowledge? Will they turn out to be long-term investors?

The challenge is to help them develop a stock market culture that involves, as part of their learning process, experimenting with reasonable sums of money in relation to their financial means.

The importance of financial savings education is paramount and requires the entire financial community to work together. The role and contribution of professional advisers must be recognised.

The increased digitalisation of advice-free subscription channels does not exempt distribution platforms from good, complete, accurate and non-misleading customer information.

Building digital customer journeys must therefore provide for readable messages, with the objective of providing them at the right time in order to allow investments that are truly adapted to everyone's situation. ■

## FOCUS

### Savings: the French and their financial advisers

Savers tend to consult an adviser about their investments.

Half of French people believe they need their advisers to help them with their money and savings. This need is expressed more by those with financial assets of more than €30,000: 6 out of 10 say they need advice. By contrast, the under-35s are more likely to prefer to "fend for themselves".

#### Conducting a review with an adviser

Half of French people say they have had their savings or investments reviewed by an adviser, including 3 out of 10 in 2020 or 2021. Of these, 62% requested this review on their own initiative.

In more than half these cases, the adviser took the time to review their situation and their objectives before recommending an investment. In 3 out of 10 cases, as far as the respondents could remember, the adviser suggested investments based on a quick discussion.

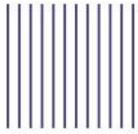
### What are people's expectations?

When it comes to savings and investment, French people expect their adviser to provide them with support and advice (48% of them). Two out of 10 French people expect their adviser to find solutions that are appropriate to their situation and objectives. ■

### In your opinion, what is the role of a financial adviser in terms of savings and investment? Open-ended question



Source: AMF Savings and Investment Barometer, November 2021



# 2021 Savings and Investment Barometer

## Interest in equity investments remains high. The intention to invest is increasing.

The fifth edition of the Savings and Investment Barometer (2,000 French people aged 18 and over surveyed in October 2021) confirms the growing interest in equity investments, particularly among the youngest.<sup>1</sup>

### An openness to risk

Over the past two years, the proportion of French people refusing to take risks with their savings has fallen and is now below 50%: it was just over 54% in 2019 and is now 43%.

**Proportion of French people “refusing to take any risk on their investments while knowing that returns will remain low”**

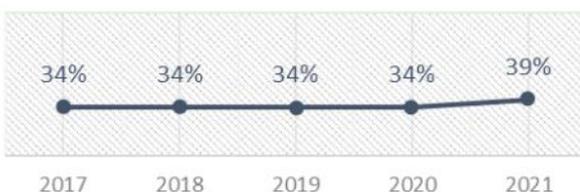


Source: AMF Savings and Investment Barometer, November 2021

Risk-averse are more likely to be over 65. Only 36% of those under 35 would be “reluctant” to taking any investment risk.

At the same time, the number of French people accepting “a little risk” is higher in 2021. The most risk-loving are those under 35 (42% of them, compared with 39% in 2020 and 35% in 2019). But older people are also more willing to take a little risk: 35% of the over-65s (29% in 2020) are now willing to take a little risk and 40% of the 35-54s (34% in 2020).

**Proportion of French people “accepting a little risk in the hope of getting a better return than with risk-free investments”**



Source: AMF Savings and Investment Barometer, November 2021

<sup>1</sup> The complete study report is available from the [Publications/ Reports, Research and Analysis page of the AMF website](#)

### Increase in French people’s financial confidence

After a downturn in 2020, French people’s confidence in their own financial situation over the next 12 months rose again in 2021. For the first time since the Barometer was launched, in October 2021 there were more “confident” people than “worried” people.

Between 2020 and 2021, the proportion of people who said they were confident increased significantly, from 27% to 34%. This increased confidence in one’s personal financial situation is particularly marked among the under-35s (from 35% to 51%).

By contrast, those who are most “worried” are older people (37% of the over-55s, compared with 25% of other respondents) and people with relatively low financial assets (42% of those with financial assets below €10,000). ■

### A good time for young people

The number of French people who believe that now is a good time to invest in equities has hardly changed (15% of respondents compared with 13% in 2020), except among the youngest: 25% of under-25s now think this is a good time, compared with only 7% in 2020.

The number who think that now is not a good time is much lower than in October 2020 (26% compared with 41%), which is consistent with the rebound in confidence.

### Greater intention to invest

The intention to invest has been increasing for the past two years: 25% of French people say they intend to invest in equities in the next 12 months, compared with 19% in 2019.

**Would you consider investing in equities in the next 12 months?**



Source: AMF Savings and Investment Barometer, November 2021

Those who do not intend to invest in equities in the next 12 months may intend to invest in equities in the long term. In total, in the more or less long term, 35% of respondents have subscription intentions (compared to 31% in 2020 and 28% in 2019).

This is the case for 49% of people under the age of 35 (44% in 2020 and 39% in 2019) and for 58% of people under 25.

### Slightly more optimistic expectations

When asked about how they view the profitability of equity investments, half of French people believe that they have been profitable over the past five years. The annual rate of return is estimated to be 4.6% on average, up 0.6 points on 2020.

However, only 3 out of 10 French people believe that these investments have been profitable (4 out of 10 among those holding individual equities).

For the next five years, 43% of respondents think that the profitability of equity investments could also be positive (41% in 2020). This is the case for 55% of those aged 18-24, but also for 57% of those with financial assets of at least €50,000, 67% of “confident” people and 69% of those with equity investments.

The average expected return is 4.2% (3.6% in 2020). Holders of individual equities expect the highest return (4.7% per year on average).

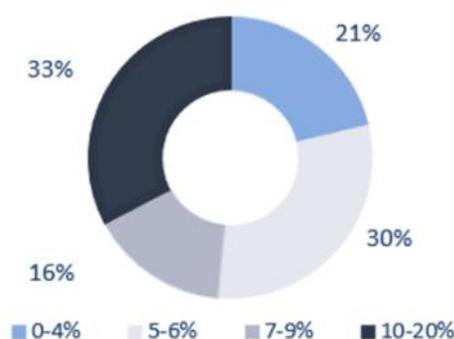
### The level of return is an incentive to invest

For a risky investment in the financial markets, 2 out of 10 French people believe that a rate of return of less than 4% per year is sufficient incentive to invest part of their savings. Three out of 10 believe that this return should be 5 or 6%.

However, a third of French people expect at least 10% per year.

The median rate for the under-35s is 7.2%. It is 5.1% for the over-55s (5.9% for all respondents).

What is the annual return on savings invested in the financial markets (i.e. risky) that would be sufficient incentive for you to invest part of your savings in them?



Source: AMF Savings and Investment Barometer, November 2021

### Awareness of new stock market investment offers

Some 29% of French people have heard of new internet-based offers that provide a very simple way to invest in the stock market, either for free or at very low rates. The majority are men (34%) and those aged 18-24 (39%). This is also the case for 54% of those who might consider investing in equities. ■

### The image of equity investments is changing

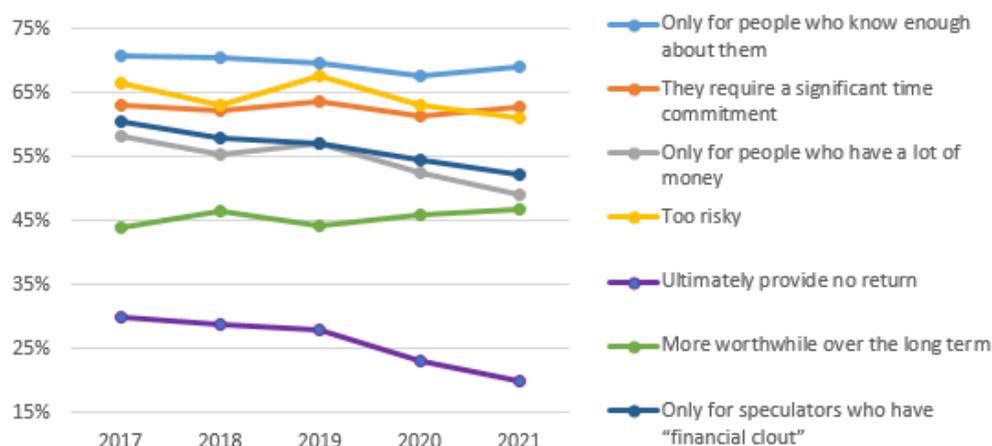
The image of equity investments is, in many respects, stable. A majority of French people continue to think that they are only for those who know enough about them, that they require a significant time commitment or that they are too risky. However, over the past 4 years, perceptions have tended to change:

- 49% of people believe that equity investments are only for people who have a lot of money (down from 58%).
- 20% believe that they ultimately provide no return (down from 30%).

### Many new investors

Of those who reported holding individual equities (at household level), 14% bought shares for the first time in the last year. This was the case for a quarter of female shareholders and for 3 out of 10 of those aged 18-24. The level of rejuvenation among individual shareholders appears to be significant, since 4 out of 10 shareholders have been shareholders for three years or fewer (1 out of 2 female shareholders). ■

### Proportion of people who agree with the following statements about investing in equities



Source: AMF Savings and Investment Barometer, November 2021

## ■ FOCUS

### French people categorised in terms of savings and investment

The Savings and Investment Barometer provides the AMF with a robust way to categorise savers into four different groups.<sup>1</sup>

The analysis was based on the concerns savers have about their savings, how comfortable they are with investing and their interest in equity investments.

The group of French people who are most familiar with equity investments are those classified as “well-off experts”.

#### “Well-off experts” (24% of French people)

The well-off experts (aged 48 on average and two-thirds men), who are usually married and from higher social categories, have relatively significant financial resources (€73,000 on average, almost twice the average financial assets of other French people). Their household income is relatively high (€4,400 per month compared to an average of €2,900 for the rest). They are confident about how their own financial situation might change (52%, compared with 27% of other French people).

Some 44% are very concerned about preparing financially for their retirement, and 39% want to increase their wealth and make it grow.

#### Willing to take risks

Many of them are willing to take a risk on part of their investments (87% of respondents compared with an average of 29% among the other respondents). Unlike other French people, these savers are much less sensitive to the criterion of the availability of their money.

They hold multiple products (at household level). Some 37% hold equity funds and 43% individual equities.

#### Interested in equity investments

They keep themselves informed about financial news, stock market trends and financial markets (97% of them, compared with 37% of other French people), say they are interested in equity investments (80% compared with 12%) and 65% say they trust them (11%).

A full 75% think that equity investments will be profitable over the next five years (33%), and 35% think that now is a good time to invest in the stock market (9%).

Overall, 72% of these well-off savers say they could consider investing in equities in the relatively long term (23% for the others).

<sup>1</sup> The methods used to create a categorisation based on the answers to a questionnaire use statistical calculations. To obtain a relevant classification, individuals of a same group must be as similar as possible while being very different from individuals of the other groups.

### Other groups of savers

Two groups, representing half of French people, stay far away from equity investments, either because they are risk-averse and not very interested in them, or because they find it hard to save.

A third group, relatively more confident and younger, is indifferent to equity investments at this stage but may take more interest in them in the future.

#### “Detached” (29% of French people)

Usually older (54 on average, often retired) and concerned savers, the “detached” are hostile to any risk-taking in investments. They are less frequently confident about how their own financial situation might change (29%, compared with 35% for the rest). More often than others, their concerns relate to dealing with unforeseen expenses or the risk of losing their self-sufficiency in the future. They are not interested in equity investments and do not plan to invest in them.

#### “Fragile and worried” (24%)

This category includes more women. They are 49 years old on average, more often divorced than French people overall, from the lower social categories and worried about changes in their financial situation (41% compared with 26%). Their lower incomes make it hard for them to save. They feel that they know little about investments (90% compared with 54%). They do not seem to be in a position to lock in savings over the long term nor to diversify into more risky assets. These people are therefore detached from the stock market.

#### “Young people with little knowledge” (23%)

Those in the “young people with little knowledge” category are more likely to be working women (60%) and younger (average age 40, 47% under 35). They are relatively confident about how their financial situation might change (34% of them, the same as the other respondents). They feel they know little about financial investments (85% compared with 55% for the other respondents) and do not really know how to assess the situation with regard to equity investments. For example, they do not know whether equities have been profitable over the past five years (49% compared with 31%) and have little opinion about the next five years (47% do not know, compared with 34%).

However, in general, their disinterest or lack of confidence in equity investments is less marked than among those who shy away the most from them. For example, while they do not plan to invest in the short term (62% compared with 57%), they are more open to investing in the longer term (24% compared with 15%).