

AMF HOUSEHOLD SAVINGS OBSERVATORY NEWSLETTER



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EDITORIAL

The adviser remains the key contact

The digitalisation of financial services is progressing. To measure changes in behaviours with regard to research, subscription and savings management, the AMF carried out a survey of a sample of savers. The main results can be found in this Newsletter.

While digital offers undeniable benefits, the vast majority of savers still prefer contact with an adviser. The use of the internet to find information is certainly becoming widespread. But when savers subscribe an investment, the adviser remains the key contact: in 80% of cases, he is present throughout all stages of the customer journey. And for 59% of savers, the adviser remains the most suitable channel for obtaining advice, compared with only 6% who prefer the internet.

It does not follow, however, that all-digital options cannot meet the advisory needs of French savers. Confidence in their skills and in their knowledge leads many of them to prefer digital, for which they express a relatively high level of satisfaction.

The revised Markets in Financial Instruments Directive ("MiFID II"), which took effect on 3 January 2018, strengthens the requirements regarding disclosures and the quality of advice provided for the sale of investments. Regardless of the channel, whether face-to-face or remote, the quality of the advice provided must be based on a complete study of the customer's profile and must allow the bank to meet his needs, especially in terms of diversifying his investments. The AMF will be attentive to compliance with this requirement and ensure that the interests of savers are properly taken into account. ■

FOCUS ON

The findings of online mystery visits

The AMF tested the investment advisory and online investment subscription services of a number of commercial banks and online actors.

This campaign, carried out in late 2017 and involving 20 institutions (8 traditional retail banks, 9 online banks and 3 Fintechs), was designed to determine whether the rules of MiFID I were applied by the institutions. It provided an important assessment shortly before the new MiFID II requirements came into force, on 3 January 2018..

Few paperless processes

The procedures for opening a securities account online remain varied and, for the most part, are not paperless. The processing time for opening a securities account is shorter for an online bank or a new online adviser than for a retail bank. However, to finalise subscriptions, online banks require the customer to return documents by mail.

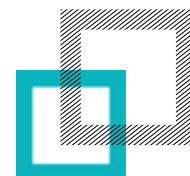
Insufficient progress in identifying the customer's profile

The scenario in question involved an autonomous online subscription. However, in 7 traditional banks, the customer was advised to make an appointment at a bank branch.

Whether online or face-to-face, the process of identifying the customer's profile, particularly with regard to his financial knowledge, remains an area for improvement: it is still too often based on a customer self-evaluation, which can lead to overestimation of his financial knowledge or a poor understanding of his risk profile. For banks that are exclusively internet-based, 2 out of 9 actors do not ask any questions about knowledge; among the 7 others, 4 asked the mystery visitor to complete a self-evaluation.

Among traditional banks, 5 out of 8 institutions asked questions about the customer's knowledge; 4 did so via self-evaluation. Too often, the process of identifying the customer's profile is not finalised with the delivery (and signature by the customer) of a summary of the customer's profile and the advice given. Finally, a lack of sufficient information regarding fees was noted once again.

These results will be presented to the institutions concerned and will allow for a discussion on the remaining areas for improvement. ■



Information, subscription and investment monitoring channels

To subscribe and manage their investments, the majority of savers still prefer to be in contact with an adviser.

The survey carried out by the AMF aimed to gain a better understanding of the ways in which French savers learn about investments, as well as how they subscribe and monitor their investments.²

Contact with a primary adviser

When asked about their general preferences with regard to their relationship with a financial institution, 48% of savers say that they prefer contact with an adviser.³ This is particularly true for those aged 65-74 (55%) and for those whose primary bank is a traditional bank (51%).

20% prefer to use the internet, in particular those aged 18-34 (27%), professionals and executives (25%) and those with significant financial wealth (150 KE and above, 28%).

The internet is also the preferred resource of those whose primary bank is an online bank (59%). Finally, 32% of savers prefer to combine contact with an adviser and services offered via internet.

Table 1: As regards your relationship with a financial institution, which channel do you generally prefer?

Contact with an adviser	48 %
Both contact with an adviser and use of services offered online	32 %
Use of services offered online	20 %

Source: CSA Research for the AMF, February 2018.

Furthermore, 95% of savers consider that contact with an adviser is suitable for the purpose of obtaining advice (59%, highly suitable). Only 37% consider that the internet is a suitable channel for obtaining advice (6%, highly suitable).

Searching for information: online

75% of those who looked for information on investments in the past 12 months (33% of savers surveyed) did so via internet, 41% of whom referred to their bank's website.

Contact with an adviser remains important, however: 47% of people surveyed say that they consulted with their adviser, whether face-to-face, by phone or email.

2. Survey conducted online by CSA Research with 1,789 French savers, from 5 to 15 January 2018. The survey sample was selected using quotas with regard to criteria of sex, age, socio-professional category, size of metropolitan area and region.

3. In this survey, the "adviser" is defined as a known and dedicated contact person who is available to speak with clients by phone or at a bank branch.

Table 2: What method did you use to look for information on savings and investment products? More than one answer is possible.

You look for information on the internet (search engine, information sites, comparator, media outlets...)	60 %	
You consult the website of your bank or financial intermediary	41 %	
You meet with or phone your adviser	36 %	
You look for information by reading the trade press	30 %	
You communicate by email with your adviser	19 %	
You ask people in your close circle for information	24 %	
You phone the call centre of your financial intermediary	5 %	
Othe	2 %	
	Only adviser	18 %
	Total adviser (face-to-face, phone, emails)	47 %
	Only internet	47 %
	Total internet	75 %

Base: those who looked for information, or 33% of savers.

Source: CSA Research for the AMF, February 2018.

To learn about investments, savers under 35 turn more often to people in their close circle for advice (35%).

Those aged 35-49 prefer the internet (68% compared with 60% on average, excluding the bank website). Those aged 50-64 are relatively more likely to read the trade press (38%). This is also true of those who hold equities or funds (47%), of those who consider themselves "savvy investors" (49%) and of those with relatively high incomes (more than €4,000 per month, 50%).

Those aged over 65, as well as retirees, are more likely to rely on their adviser alone (24% compared with 18%).

Knowledge of investments

Nearly half (48%) of savers surveyed consider themselves very familiar with savings and investment products. 45% also said they keep regularly informed about issues of current interest to the financial community. Overall, 36% of savers say they are both familiar with savings and investment products and that they keep regularly informed ("savvy investors"), 6% of whom consider themselves highly knowledgeable ("experts").

These "experts" hold more products, are more often clients of online banks (39%) and more often prefer the internet (29% compared with 20% for all savers). ■

Investment subscriptions: the adviser prevails

The subscription process can be broken down into 3 steps: initial contact, followed by an advisory session, then finalisation (signature).

When asked about the channels used during their most recent investment subscription, 91% of savers say that they were in contact with an adviser for at least one of these three steps.

In 80% of cases, the adviser is present at all stages of the subscription process. In 20% of cases, the internet, telephone or email is used for at least one of the three steps.

Only 9% of the people surveyed say they subscribed an investment 100% remotely.

Subscription: via which type of institution?

3 out of 4 PEA or securities account owners hold their account through a traditional bank, 17% through an online bank and 8% through a specialised online broker. More than 17% of PEA and securities account owners aged 25-34 hold their account with a specialised online intermediary.

At the time of their most recent investment subscription, more than 86% of savers were already clients of the institution through which they subscribed; 14% subscribed through a new institution. ■

When asked to evaluate their satisfaction with their most recent subscription, the people surveyed assigned a higher rating to subscription via internet (8.2/10) than via an adviser (7.3/10).

Nevertheless, 78% of French people say they prefer to contact an adviser for assistance with their next subscription.

Monitoring of investments: often via the adviser

Regardless of the investment held, contact with an adviser remains important when investing or adjusting the distribution of one's investments.

Table 3: Management channels (all investments)

	Contact with an adviser	Remotely ⁽¹⁾	Remotely via internet
View assets	31 %	19 %	68 %
Investment	61 %	13 %	40 %
Arbitrage ⁽³⁾	56 %	16 %	47 %

Source: CSA Research for the AMF, February 2018.

(1) Via a call centre, by letter and/or email.

(2) Unit-linked life insurance, PEA/CT, Employee savings plan.

For investment products, the adviser also remains the predominant choice. When investing in a fund, 55% of PEA and securities account holders still consult with an adviser, at least from time to time. However, 68% of these same holders declare that they place their orders for the purchase and sale of equities online.

Table 4: Management channels for PEA/CT holders T

	Contact with an adviser ⁽¹⁾	Remotely, via internet	Total remotely ⁽¹⁾
View assets	28 %	68 %	77 %
Investment in a fund or a SICAV	55 %	39 %	48 %
Arbitrage	59 %	37 %	46 %
Purchase/sale of equities	32 %	68 %	72 %

Source: CSA Research for the AMF, February 2018.

(1) Internet, access to a call centre, letter or email.

As regards investment management, the level of satisfaction expressed is higher when transactions are carried out via contact with an adviser (7.5/10). Via internet, the satisfaction level is 6.7/10. It is 5.9/10 for phone, letter and/or email. ■

Focus on online questionnaires

We surveyed French holders of an insurance policy, a pension fund or a PEA (50%) to find out if they had filled out an online questionnaire before investing. 20% of those surveyed responded positively; 9% for a PEA and 15% for a life insurance policy or a pension fund.

77% found that this questionnaire sufficiently detailed their situation and profile, while 65% found that this questionnaire allowed them to obtain advice suited to their savings needs. ■



Savings flows into passbook accounts and sight deposits continue to increase

In 2017, French people invested the majority of their savings in liquid products and guaranteed savings.

The estimates published by the Banque de France show that in 2017, savings flows into passbook savings accounts remained high (around EUR 25 billion) and into sight deposits (around EUR 40 billion). Flows into unit-linked life insurance were also significant (around EUR 20 billion). ■

Source: Stat Info Household assets and savings, Banque de France, February 2018.

Investments in life insurance in 2017

In 2017, assets invested in unit-linked products in life insurance policies rose by 10%.

At end 2017, unit-linked products accounted for 20% of life insurance assets (18.6% at end 2016), or EUR 336 billion of the EUR 1,676 billion in total assets. This increase in the share of unit-linked products can be attributed to strong inflows and the development of the markets in which they invest.

Gross inflows into unit-linked products (EUR 37 billion) represented 28% of total inflows, compared with 20% in 2016. Total net inflows declined due to the outflows of euro funds: EUR 7 billion in 2017 (EUR 17 billion in 2016 and EUR 23 billion in 2015). ■

Source: French Insurance Federation, 2017 Annual Report, March 2018.

Employee savings plans markets continue to expand

In 2017, the assets invested in employee savings plans rose by 7%.

At end 2017, employee savings assets stood at EUR 132 billion. This marks growth of 7% compared with end 2016. These assets are distributed between employee share ownership funds (39% of the total) and "diversified" funds, themselves invested heavily in equities (61%). Payments (EUR 15 billion) rose by more than 5% compared with 2016. There was a 15% increase in PERCO assets (EUR 16 billion), attributable to nearly EUR 3 billion in payments. ■

Source: French Asset Management Association (AFG), March 2018.

Working people are concerned about their retirement

68% of the French, and even 78% of working people, say that they are concerned about their retirement.

For 94% of French people, it is necessary to save for retirement, 44% from the first years of their professional life. In particular, they fear a decline in their quality of life (79%). 46% of working people feel that they are well informed about savings solutions that can help them to prepare for their future (retirement, health, ageing, etc.). ■

Source: Harris Interactive for AG2R-La Mondiale, 3000 people aged 18 and older interviewed, March 2018.

Employee savings: management can be improved

During Employee Savings Week, which was held from 26 to 30 March 2018, the AMF interviewed employee savings plan holders to evaluate their opinions and attitudes with regard to this scheme.

A good investment

7 out of 10 plan holders (72%) believe that it is a good investment, in particular those aged 35-49 (75%). The most commonly expressed motive for holding a plan is preparation for retirement (42%), and even 61% for those aged 50-64. 26% of plan holders say that they simply want to benefit from employer's matching contributions and tax advantages.

Knowledge and management

If the majority of plan holders consider themselves familiar with the characteristics of their employee savings plan (funding method and early redemption cases), fewer of them understand the financial aspects (funds, risk). Only 48% feel that they know which funds to invest in and only 54% feel capable of choosing investments in their employee savings plan.

Investment choices

With regard to employee savings plans, 1 out of 8 plan holders (13%) opt for "dynamic investments whose value may fluctuate, but that can provide a better return". 56% choose "risk-free" investments and 40% choose "cautious investments whose value may fluctuate slightly". ■

Source: Kantar TNS for the AMF; 135 of those surveyed hold a PEE (12.2% of the active segment), 82 hold a PERCO (7.5%) and 37 hold their employer's shares (3.4%), January 2018.

The adviser, the preferred solution for learning about savings

8 out of 10 French people would turn to their financial adviser to better understand their savings.

85% of the French believe that financial markets are complex. When seeking advice, 48% prefer to turn to a physical adviser. Only 12% prefer autonomy, in order to be freer and to use digital tools as much as possible. 82% of French people see their adviser as the proper contact person to help them understand and learn to manage their savings.

Furthermore, 59% would like to have access to tools aimed at helping them understand how their savings are managed. ■

Source: Les Français et l'épargne digitale, Harris Interactive for Deloitte and WeSave, 2000 French people aged 25 to 75 interviewed in October 2017.

The AMF barometer figure

47% of the French say they are comfortable evaluating the level of risk of investments. ■

Source: AMF saving and investment barometer, January