

THE AMF HOUSEHOLD SAVINGS OBSERVATORY NEWSLETTER

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EDITORIAL

Greater appetite for equities

In spring 2018, the AMF noted an increase in the rate of direct shareholding, which rose from 6.2% in 2016 to 7.5% in 2018.

Is this renewed interest the sign of changing attitudes among French savers? The second edition of the AMF saving and investment barometer, the main results of which are published in this Newsletter, provides a number of interesting responses to this question.

It shows that respondents' confidence in equity investments increased from 22% to 27% in the space of one year. A similar increase was seen in savers' plans to invest. In early October 2018, 22% of them said that they could consider making such an investment, compared to 18% in 2017.

However, this increase in appetite is not shared by all savers. The majority of them remain averse to any form of uncertainty and still consider equities to be synonymous with complexity and a high level of risk.

This group is made up of the wealthiest savers, those who are confident about their personal financial position and who feel comfortable with financial investments.

Alongside these "comfortable experts", another group has, more surprisingly, shown much greater interest in the stock market over the past year: young people under 35. 29% of them plan to invest in the near future, compared with 16% of those over 55. This rate stood at 19% in October 2017.

More confident in the stability of their personal financial situation, they more actively seek information on investments and are slightly more inclined to accept some risk in the hope of earning better returns on their savings.

This growing interest in the stock market and long-term equity investment should be accompanied by a tailored instructional approach and quality advisory services. ■

FOCUS ON

Autonomy, information and advisory services

Savers are most likely to turn to their bank adviser when choosing investments.

A minority of French people actively seek information on investments (24%). These are often people with financial assets of 50,000 euros or more (44%) and those who plan to invest in equities (62%).

French savers who actively seek information are mainly interested in the types of investments to prioritise (43%) or the latest information on products they hold (24%). They less often seek to enrich their general knowledge (11%).

Half of French savers consider themselves "autonomous"

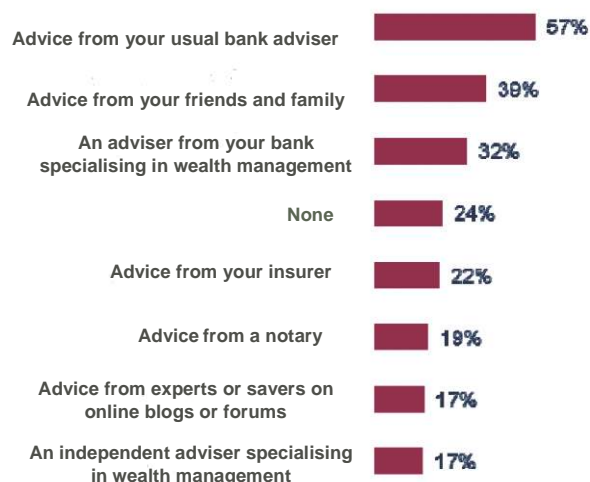
45% of the people surveyed say they consider themselves knowledgeable about investments (43% in 2017).

They feel "comfortable" discussing investments with an adviser from their bank (71%), but less so when choosing an investment that suits them well (55%), deciding whether to follow investment advice (54%) or evaluating the risk level of investments (48%).

Who is the main person the French turn to for investment decisions?

Savers are most likely to turn to their bank adviser when choosing investments (57%). They also often rely on their friends and family (39%). ■

In terms of saving and investment, whose advice do you seek when choosing your subscriptions?



Source: AMF saving and investment barometer, November 2018

A growing appetite for equity investment

Plans to invest are on the rise among the wealthiest savers... and the youngest.



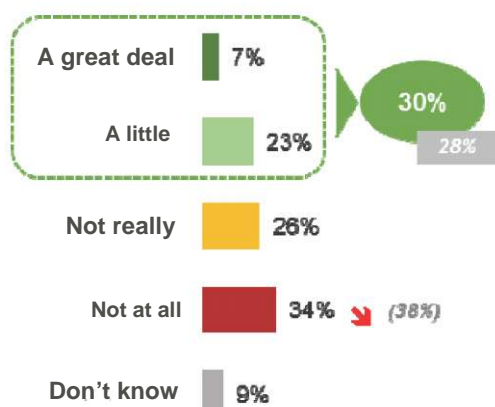
The second edition of the AMF saving and investment barometer shows a slight increase in French savers' appetite for equity investment over the past year¹.

3 out of 10 people interested in equity investment...

30% of people surveyed said they were interested in equity investments (direct or via funds), compared with 28% in 2017.

This was the case for 46% of those confident in their personal financial position, 47% of those who consider themselves knowledgeable about investments and 50% of those with financial assets of at least 50,000 euros.

Are you interested in equity investments?



Source: AMF saving and investment barometer, November 2018

A bit more confidence in equities

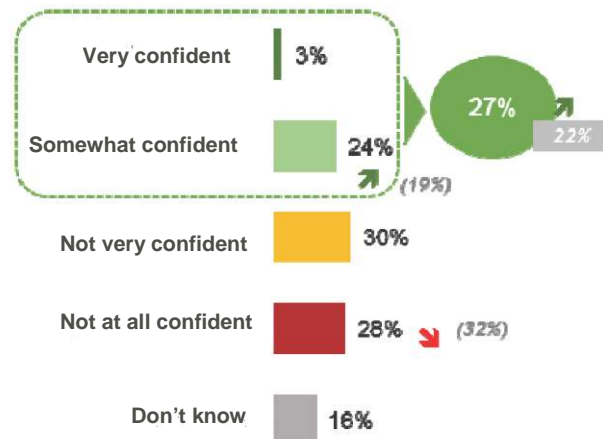
Confidence in equities has increased: 27% of French savers said they were "confident in equity investments", compared with 22% in 2017.

This increase in confidence is marked among those who consider themselves knowledgeable about investments (45% in 2018 compared with 26% in 2017) and among those confident in their personal financial position (49% in 2018 compared with 19% in 2017).

Which group shows the most interest?

People who say they are interested in equity investments are often men (40%), those under 35 (37%), those belonging to higher socio-economic categories (43%), those with financial assets of more than 50,000 euros (50%) and those who save regularly (45%). ■

Generally speaking, would you say that you are confident in equity investments?



Source: AMF saving and investment barometer, November 2018

...but the majority remain risk-averse

The majority of French people still consider equity investments to be risky and reserved for people who have enough time, money and knowledge.

More specifically, 70% of French savers think that equity investments are meant for people with good knowledge of investments (71% in 2017) and 63% think that they are simply too risky (67% in 2017).

If the French population seems to have become more open to equity investments this year, it remains generally uncertain about them:

- as in 2017, three out of 10 respondents said they were confident in their future, but a greater number of people were worried about their future in 2018 (38% compared with 34% in 2017);
- the major concern of the population is to be prepared for unforeseen expenses (83% compared with 82% in 2017);
- The level of risk is still most often the main criterion in choosing an investment (59% compared with 61% in 2017).

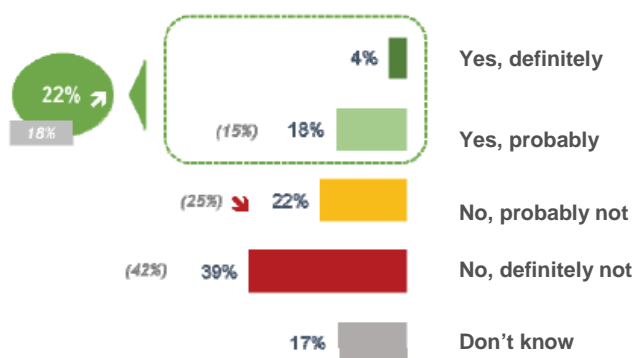
¹ Detailed results of the Barometer are available on the AMF website ([Publications/ Rapport, études & analyses/ .Epargne & prestataires](#)).

22% could consider investing in equities

Only 11% of people interviewed find that the current period is “a relatively good time” to invest in equities.

However, at the same time, 22% of them said they could consider investing in equities in the next 12 months, compared with 18% in 2017. In particular, this was true of 55% of people who hold financial investments (20% of the population).

Over the next 12 months, do you think you might invest in equities?



Source: AMF saving and investment barometer, November 2018

The increase in appetite for equities is relatively marked among those with over 50,000 euros in financial assets: the rate of intention to invest among these wealthy respondents rose from 34% to 40% between 2017 and 2018.

Perceived profitability of equity investments

Four out of 10 people (38%) thought equity investments were “unprofitable” over the past five years. 11% of them thought these investments lost money and 36% of people surveyed were unable to respond to this question.

It was most often the least wealthy people who were unable to respond: this was the case for 50% of those with less than 10,000 euros in financial assets.

Among those who consider themselves knowledgeable about investments, 68% thought that equity investments were profitable (of which 20%, very profitable). This was also the case for 84% of people who already have a financial investment.

If more than half of respondents (53%) found that investments were profitable over the past five years, albeit modestly so, they were more pessimistic about the next five years: only two out of five respondents (43%) thought that they would be profitable (slightly to very profitable). ■

Among people who do not plan to invest over the short term, 12% plan to invest over the long term. The majority of these savers are young people from 18 to 34 years old.

Overall, 29% of people surveyed said that they planned to invest in equities more or less over the long term.

A growing appetite among 18- to 34-year-olds

29% of those under 35 said they plan to invest in equities (compared with 16% of those 55 and over). This “appetite” is growing: it stood at 19% in 2017.

24% of them planned to invest over the long term (beyond the next 12 months), compared with 6% for those over 55.

Such savers are more interested in equity investments than their elders (37% compared with 28% of those 55 and over) and more confident in these investments (36% compared with 23%).

Those under 35 are highly concerned about building long-term financial wealth (27% compared with 18%).

Interviewed about their preferences in terms of risk, fewer of them claimed to prefer “risk-free” investments (44% compared with 56%).

They were also more likely to invest a portion of their savings in risky investments: between 10 and 20% of their savings (39% compared with 29%).

They more often seek information to enrich their knowledge (18% compared with 4%), and do so mainly on the Internet (55% compared with 38%).

When choosing an investment, they are more likely to seek “expert opinions” on the internet (blogs, etc.; 35% compared with 12%) or advice from friends and family (57% compared with 29%).

Finally, they more often cite ethics as a decision-making factor (22% compared with 7%). ■

Optimism, the necessary ingredient to equity investments

Those most interested in equity investments are also the most confident (29% of the population) and the most knowledgeable (45%).

Accordingly, 68% of people who are confident in the stability of their personal financial position think that equity investments are a good way to develop long-term savings (only 38% of “worried” people).

49% of these optimists are confident in equity investments (compared with 15% of worried people). And 41% of them could consider investing in equities (11% of worried people).

Those under 35, for whom interest in equities has increased since 2017, are also more confident in their personal financial situation than one year ago (48%, compared with 43%). ■

Which investments are best adapted to the long term?

Interviewed on the suitability of different investments to long-term savings (for retirement, for example), respondents tended, as in 2017, to prefer real estate (6.3 out of 10) and non unit-linked life insurance (5.9). Passbook savings accounts (5.6) came in at third place.

However, the percentage of those who “don’t know” increased significantly in 2018. For example, 23% of French people could not say whether collective investments in real-estate were well-adapted to long-term savings, compared with 15% in 2017. This rise in uncertainty also concerns non unit-linked life insurance (17% compared with 12%) or atypical non-financial and non-real estate investments (22% compared with 15%).

Among the other respondents, those who expressed an opinion lowered the average levels of suitability. This was the case for employee investment undertakings (5.3 out of 10 compared with 6.0), rental real estate (5.3 compared with 5.7), collective investment in real estate (4.9 compared with 5.3) and atypical investments (4.3 compared with 4.8).

However, the perception of the suitability of traditional financial investments (equities, bonds, funds, etc.) remained stable at 5.1 out of 10. But only 28% of people surveyed consider these investments to be well-adapted to long-term savings.

Saving aims: preparing for unforeseen circumstances and for retirement

The major preoccupations of French people have remained the same. They are mainly concerned about being prepared for unforeseen expenses, including health issues (83% of French people, 82% in 2017), preparing for retirement (72% compared to 69%) and anticipating needs related to ageing (health problems, loss of autonomy, 76% compared to 75%).

The objective of preparing for retirement remains a major preoccupation among relatively wealthy French people (81% of those with over 50,000 euros in financial assets), as well as those in the 35-54 age range (82%).

A third of French people put money aside regularly

46% of people surveyed said they put money aside occasionally and 34%, regularly. 20% said they never put money aside.

55% of French people who plan to invest in equities save regularly (52% in 2017) as well as 54% of those who are confident in the stability of their economic and financial situation (50%).

Half of employees save for retirement

52% of working people said that they save for retirement (48% in 2017), of whom 19% on a regular basis (16%). 91% of those who save regularly for retirement do so each month.

Those who regularly save for retirement include 33% of people 55 and over.

1 out of 3 people are prepared to accept some risk

Attitudes with regard to the risk of capital loss remained stable: as in 2017, 52% of French people refused to take any risk on their investments “even with the knowledge that returns will be low”. They are most often:

- women (58%),
- those aged over 55 (56%),
- those with less financial wealth (less than 10,000 euros, 63%),
- those who are worried about their financial position (62%).

Thus, 34% of people interviewed, a stable proportion, would accept “some risk in the hope of earning a higher return than on risk-free investments”.

Only 4% of people interviewed (stable) would accept “a higher level of risk in the hope of earning the best return possible”.

Consulting a KIID

18% of people interviewed said that they had “heard about” KIIDs (key investor information document). Among this group, 42% said they had already used one. These savers are often those who actively seek information (67% of whom have already used a KIID) and those who consider themselves “knowledgeable about investments” (81%).

The KIID is the document given to savers who invest through funds and SICAVs.

Among holders of financial investments (equities, bonds, funds and SICAVs), who represent 20% of the sample interviewed, 37% said they were familiar with the KIID and of this group, 49% said they had already used one.

Barometer methodology

The AMF Barometer is an annual survey of how the French save: their aims, preferences, perceptions of the potential return on different types of investment and the associated risk. Appetite for investment in the stock market is also measured.

The sample questioned (1,244 people) is representative of the French population aged over 18 and of its breakdown in terms of gender, age, socio-professional category, region and financial wealth.

- The following questions were covered:
- appetite for saving and general attitudes about saving;
- investment products image;
- autonomy, sources of information and advice;
- selection criteria;
- preferences with regard to risk;
- image of the stock market and interest in equity investment.

The responses to the survey were collected online from 25 September to 5 October 2018.