

THE AMF HOUSEHOLD SAVINGS OBSERVATORY NEWSLETTER



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ÉDITO

The number of individual shareholders falls again

The 2017 and 2018 rebound in shareholding after 10 years of steady decline was short-lived. In March 2019, the rate of direct shareholding through securities accounts or PEAs (equity savings plans) was estimated at 6.2%, the lowest level in 10 years, already observed in 2016¹.

This decline holds true for all securities: the holding rate for funds and open-ended investment companies (funds) also fell to 4.6%.

This new drop in holding of securities is statistically significant and, rather logically, more pronounced among those investors that hold the most: the oldest and the most well-off financially.

Could this be a consequence of the considerable drop in stock markets during Q4 2018?

The current number of individual shareholders, which can be estimated at about 3 million people, has been divided by 2 since 2008.

A high of nearly 7 million people was reached between 2002 and 2007, following almost two decades of initial public offerings for privatised companies².

But global stock ownership didn't decrease by the same amount.

It is of note that the drop in holding of securities over the past few years has been accompanied by a steady increase in that of unit-linked accounts, such as life insurance and personal pension savings. Holding rates for these accounts (11.8% in 2019) have doubled over the past 10 years. ■

¹ SoFia survey, French population sample, Kantar.

² «Porteurs de valeurs mobilières» (Securities holders), Kantar, 2007.

FOCUS

Advisers and responsible investment

Three in 10 advisers say they have a sound understanding of responsible investment.

In March 2019¹, 89% of the financial advisers who were surveyed said they were familiar with responsible investment (RI): 32% said they have a good understanding of it while most (57%) said they know "a little" about it.

Do they offer RI products?

Only 28% of the advisers surveyed indicated that they offer RI investments to all of their clients. Private banking advisers offer RI more often (54%) than wealth management advisers (23%).

41% responded that they only offer RI products to clients "that ask them about it" and 8% only to "sophisticated" clients.

Finally, 23% of advisers said they never offer RI.

¹ "Les épargnants et l'investissement responsable" (Investors and Responsible Investment), OpinionWay for Deloitte and CPR AM, survey of 415 wealth management and private banking advisers, April 2019

Which RI products do they offer?

69% of advisers said they offer thematic funds.

The other products most often proposed, far behind thematic funds, are impact funds (24%) and best-in-class funds (23%).

For 49% of advisers, RI products are an "opportunity for diversification". But 40% also think that RI is just a fad.

What factors encourage distribution of RI investments?

For 64% of advisers, specialised labels make RI products more trustworthy.

When asked about obstacles to distribution, advisers noted a lack of information (46%) and insufficient performance of RI investments (33%). ■

A study on investors and responsible investments

The AMF is currently conducting two studies on sustainable finance. The first explores investors' perceptions of responsible investments. The second investigates whether the information available on responsible investment is understandable.

The number of individual shareholders falls again



Securities holding rates (shares and funds) hit their 2016 low again in March 2019.

The latest SoFia survey of 13,675 respondents aged 15 and up, conducted by Kantar, shows that the number of investors that declare they hold shares (either directly or via a fund) has dropped again.

Fewer holders of equity investments in 2019

The declared rate of direct equity holding was 6.2% in March 2019, significantly lower than the 2017 and 2018 numbers (7.5%).

At the same time, the rate of collective investment in equity, housed in a PEA or securities account, also declined. It was estimated at 2.3% in March 2019, compared to 2.7% in 2018.

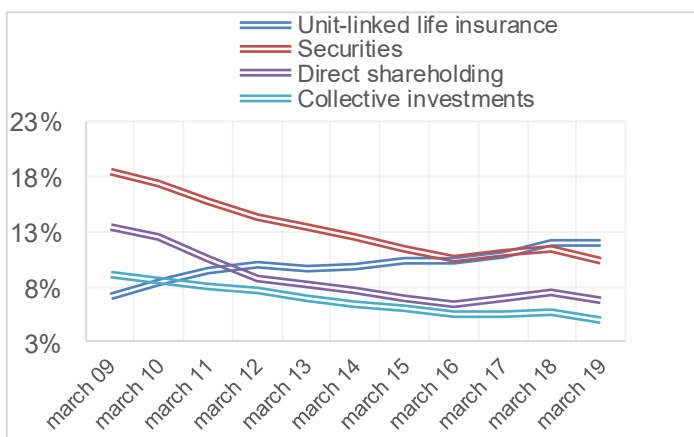
Overall, the equity investment holding rate (either direct or via a fund) was 7.2% in 2019, its lowest level since 2008, the year in which the SoFia survey was launched.

Holdings by category

Although direct holding in collective investment schemes remains low overall (4.6% in 2019), holding through unit-linked life insurance policies continues to grow. The overall investment rate is about 12% for 2019.

Declared holding of legal and fiscal funds is also down. Investment in PEAs declined from over 7% in 2018 to 6.5% in March 2019, and the rate for securities accounts dropped to under 5%.

Figure 1: Changes in holding rates for several types of investments from 2009–2019



Source: Kantar, June 2019

Note: Taking into account the margin of error (+/- 0.5 percentage points), this graph smooths out changes in annual estimated holding rates over two years, year-on-year.

Margin of error

Considering the sample size of this study, the margin of error is about 0.5 percentage points. This means, for example, that the direct shareholding rate has a 95% probability of being between 5.7% and 6.7% in March 2019, so less than that measured in March 2018 whatever the case. ■

Investor profiles remain similar (older, wealthier) ...

Investors in securities (equities, bonds, collective investments) are most often men over the age of 45. They are most often members of the independent or liberal professions, or in senior management.

Additionally, 6 in 10 investors earn more than €3,000 per month or have more than €50,000 in financial assets.

Equity investors (direct holding or through funds/SICAVs) are older and wealthier than investors in unit-linked life insurance policies and employee savings plans.

Employee savings plans and personal pension savings: an insignificant increase in holding

Investment in employee savings,¹ estimated via employee savings plans (PEE), is up to 7.8% in 2019 (7.1% in 2018). For executives and the liberal professions, the holding rate is 25.4% (22.8% in 2018).

For retirement savings plans (including PERCO), it is estimated at 13.7% (12.9% in 2018). Holding rates for PERCO (group retirement savings plans) and PERP (employee savings schemes) are estimated at 4.0% (versus 3.8% in 2018) and 6.4% (5.8%), respectively.

¹ Kantar has been asking the French about their investment in employee savings plans and personal pension savings since 2017. ■

Personal pension savings and employee savings plans: orders of magnitude for AUM

At the end of 2018, household life insurance investments amounted to about €1,900 billion (source: Banque de France), employee savings about €130 billion (source: Association Française de la Gestion Financière) and personal retirement savings about €200 billion (source: Fédération Française de l'Assurance). ■

... but the drop in holding is more pronounced for the older and wealthier

Direct and indirect shareholding

In 2019, the oldest equity investors decreased in number. The over-65s proportion declined from 33.6% in 2018 to 31.7% (see table 1).

Their holding rate for equity investments dropped from 12.4% to 9.4%.

The holding rate for the wealthiest investors also declined. Those who earn more than €3,000 per month (per household) now amount to 59.2% of all equity investors, versus 64.0% in 2018.

The decline in number of investors is very pronounced for those that earn more than €6,000 per month. They now only amount to 10.2% of investors, versus 15.4% in 2018.

Their holding rate for equity investments dropped from 35% to 22% between March 2018 and March 2019.

Direct shareholding

The same trends were observed for direct shareholders: there are many wealthy direct shareholders, and the holding rate for those over 65 dropped from 10.8% to 8.6%.

They now amount to 33.6% of all direct shareholders (34.2% in March 2018).

At the same time, the direct holding rate for wealthy individuals that earn more than €6,000 per month (per household) slid from 30% to 19%. This group accounted for 15.5% of direct shareholders in March 2018, and only 10.2% in March 2019.

Table 1: Investor profiles by holding type in March 2019

Tip: 33.6% of direct shareholders are aged 65+

	French over age 15	Unit-linked life insurance policy holders	Employee savings plan holders	Equity product holders (1)	Direct shareholders
Breakdown by gender					
Men	47.8%	51.2%	59.8%	61.5%	62.8%
Women	52.2%	48.8%	40.2%	38.5%	37.4%
Breakdown by age					
Under age 45	43.7%	24.6%	43.5%	24.8%	24.8%
Aged 45–64	32.2%	45.8%	48.0%	43.5%	41.6%
Aged 65+	24.2%	29.7%	8.4%	31.7%	33.6%
Breakdown by declared net monthly income					
Fewer than €3,000	63.6%	46.1%	40.0%	39.0%	39.5%
More than €3,000	37.7%	51.5%	58.7%	59.2%	58.9%
More than €6,000	3.3%	7.3%	10.4%	10.2%	10.2%
No answer	3.7%	2.5%	1.3%	1.6%	1.5%
Breakdown by declared individual financial assets					
No assets	18.1%	-	6.8%	-	-
Fewer than €50,000	67.6%	56.2%	65.5%	41.0%	40.4%
€50,000–150,000	9.8%	25.2%	17.0%	32.1%	31.7%
More than €150,000	4.2%	18.1%	10.7%	30.0%	27.8%

(1) Via equity funds or direct

Source : AMF

Kantar's SoFia survey

The SoFia survey was launched in 2008 and examines a sample of the French population made up of 12,000 panellists aged 15 and over, surveyed annually by mail. This sample is supplemented with two subsamples interviewed online: 1,000 people with more than €50,000 in assets and 1,000 people aged 16 to 24. This large sample (13,675 people interviewed in March 2019) is representative of the French population.

The goal of this study is to follow changes in the holding rate of financial products: the same individuals are interviewed each year in order to obtain more pertinent results.

The questionnaire remains the same, allowing for diachronic analysis.

Asset holding is detailed by a series of questions: panellists are asked if they hold a PEA or securities account, and with which financial institution, and then to break this down by asset class (shares, unit trusts (FCP) and SICAV). The amounts invested are also tracked ■



In 2018, French investors maintained their investments in guaranteed products

Investments remain concentrated in liquid and guaranteed assets.

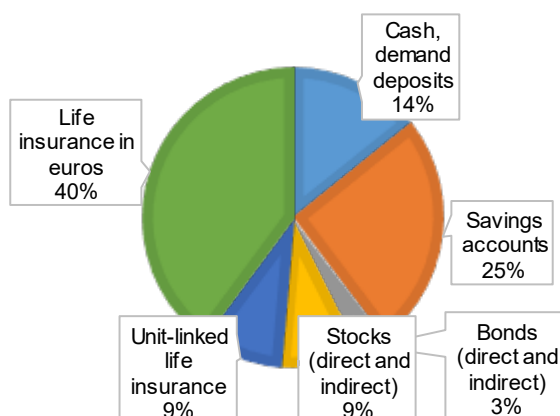
In 2018, as has been the case for several years, household savings were primarily invested in bank savings (cash, demand deposits, passbooks, housing savings) and life insurance policies. Bank deposits (67% of investment flows) were more consequential than investment in life insurance (34%).

Excluding unlisted shares, flows into securities (equities, bonds, collective investment schemes) were negative overall. Only investments in unit-linked life insurance policies generated a positive flow.

At the end of 2018, life insurance (in euros and unit-linked) accounted for almost half of invested household AUM, excluding unlisted shares. Cash (demand deposits) and bank savings (passbook accounts and housing savings) amounted to nearly 40%.

The share of securities was 13% (22% including investments in unit-linked life insurance policies).

Figure 2: AUM in major household financial investments, excluding unlisted shares, at the end of 2018



Source: *Placements et patrimoine des ménages (Household Investment and Assets)*, Banque de France, May 2019

Do advisers offer appropriate products?

Bank advisers have a relatively good image.

8 in 10 French banking clients say their advisers are competent, and 6 in 10 say that they offer products adapted to their needs, a proportion that has remained relatively stable for several years.

More than 7 in 10 clients are generally satisfied with their bank's advice. However, a little less than 6 in 10 say that they are satisfied with their bank's ability to anticipate their needs.

Source: *BVA for FBF, survey of 892 respondents aged 18 and over, December 2018, April 2019*

Where should you invest?

In February 2019, 4 in 10 French respondents considered it "worthwhile" to invest in stocks.

This proportion is up, since only 3 in 10 thought so in April 2016.

At the same time, 6 in 10 also thought it worthwhile to invest in real estate to be rented out or in a life insurance policy.

Only 1 in 10 cited equities as the most profitable investment (3 in 10 cited rental real estate).

More respondents aged 18–24 (55%) think so than those aged 65 and up (37%). This is also the case for 64% of respondents who already have a PEA.

Source: *Ilop for the CECOP, survey of 1003 respondents aged 18 and over, February 2019, April 2019*

Should the "perfect bank" offer responsible investment

Only 9% of respondents answered yes to this question.

And only 7% of them think that their perfect bank should have a "social and ethical policy".

A "perfect bank" is reflected by what it does on a daily basis: data and account security came in first (39%), followed by availability when you need them (28%).

It is also of note that 17% of French respondents think that their ideal bank should advise them on investment.

Source: *Ilop for FBF, survey of 2,014 respondents aged 18 or over, November 2019, May 2019*

Do investors plan their investment strategy?

Only 35% of European investors say they have a personal financial plan.

According to this study, 35% of investors have clearly defined financial plans for all of their investment goals. Among the 65% who do not have detailed plans, about half have no plan at all.

The average investment horizon of individuals interviewed is 6.9 years. They expect an average performance of 4.7%. They know that returns on guaranteed investments are rather low, but half of investors (49%) say they do not really know in which other products they could invest.

Finally, 54% of investors on average say they prefer capital growth strategies, versus only 28% who prefer capital protection.

Source: *Invesco Income Investing Study 2018/2019, 5,006 respondents in 8 European countries surveyed in September 2018, investing in at least one risky investment product or intending to do so, May 2019*