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RESULTS OF THE TWO "RISK-AVERSE" AND "RISK-LOVING" MYSTERY SHOPPING CAMPAIGNS CONDUCTED UNDER MIFID II

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AMF

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ABSTRACT

Almost one year after MiFID II came into force, the AMF wanted to gain a clear view of the marketing practices of the 11 major retail banks when an adviser is in a client-facing an investment advisory situation. To this end, the AMF conducted two new "risk-averse" and "risk-loving" mystery shopping campaigns with a research institute. The methodology used is novel, since it was implemented from both the respective of standpoints of both a "potential client" and of a "new client" .

On the whole, questioning by advisers has improved since the previous campaigns, but in some cases the specific questioning on financial experience and knowledge remains inadequate, despite the new requirements laid down by MiFID II. Suitability reports were submitted to new clients in accordance with the new requirements introduced by MiFID II, at the time the investment advice was given.

The number of commercial offers, already significant during the previous campaigns, has continued to increase; life insurance is still the dominant tax wrapper, although the personal equity savings plan (PEA) continues to make the "breakthrough" already noted during the "risk-averse" and "risk-loving" mystery shopping campaign conducted in 2015. Financial savings have been under such stress, due to the low interest rate environment and undoubtedly also to the scenario aiming to take advantage of financial savings proposals to verify the satisfactory application of MiFID II. The " paper real estate " investment already proposed during the last "risk-averse" and "risk-loving" mystery shopping campaign conducted in 2015 has now become the most frequently proposed financial product. A new feature is that the discretionary management service is now very often proposed by advisers.

We note differences in adviser behaviour faced with these two profiles, especially as regards information on tax wrappers and products.
The sales pitch of advisers about the PEA savings plan and securities account has improved since the previous campaigns; it is now more balanced than that about life insurance. However, and this is a concern, the information given verbally is still insufficient regarding the fees, which is detrimental to savers.

1. METHODOLOGY

Two campaigns were conducted between December 2018 and February 2019; a so-called "risk-loving" campaign covering potential clients or new clients with relatively high incomes and capable of sustaining losses, and the other so-called "risk-averse" campaign covering potential client or new client profiles holding less liquid assets and displaying a more pronounced aversion to risk. These mystery shopping campaigns have been organised recurrently since 2011.

110 mystery visits per campaign were therefore performed/made within the networks of the 11 main banking institutions.[1] The mystery visits were carried out across the whole of France in order to ensure the reliability and representativeness of the results.

Mystery shopping is not organised/designed as / along the lines of an official inspection; it is a study aimed at observing the marketing practices and application of regulations.

The **MiFID II Regulation**, which came into force on 3 January 2018, aims to improve the security, transparency and functioning of financial markets, and to enhance investor protection. The main benefits of this new Regulation within the framework of the client relationship are therefore, in particular: the establishment of product governance, more stringent supervision of payments and inducements, the definition of "independent" advice, the capacity for sustaining losses and the provision of more comprehensive information on costs and expensesassociated with financial instruments. The new features of MiFID II were therefore incorporated in the scenario design for these campaigns in order to observe and test financial institutions on their correct application.

In order to better observe and understand market practices, the AMF was intent on ensuring that part of the organised mystery shopping focused on the stage leadning up to the opening of a deposit account and to the purchase of a financial product. Accordingly, out of the 110 mystery visits in a campaign, 1 visit[2] per network (i.e. 11 per campaign) was conducted from the standpoint of a**"new client"**. "New clients" followed exactly the same path as **"potential clients"** (who came to seek advice on how to invest €70,000 that they were going to receive in the form of a gift), with the additional stages of opening a deposit account, the remittance of 500 euros, and then purchase of a financial product.

Comparability with previous mystery shopping campaigns was maintained; the questions conventionally asked by the advisers were reiterated and the subject matter broadened to factor in the changes under MiFID II. The tested sample remains the same (weighted average to include new clients).

The AMF was keen that the mystery investigators should stats the background to/the object of the appointment from the outset. The mystery shoppers therefore specified, when making the appointment, that they wanted to receive advice on how to **invest a sum of €70,000 received in the form ofa gift** which they were to receive shortly, and that they wanted to meet an adviser with expertise in the field of financial investment.

2. MAKING AN APPOINTMENT

2.1. INDEPENDENT AGENCIES WHICH MANAGE APPOINTMENT MAKING

Banques Populaires, BNP Paribas, Caisse d'épargne, CIC, Crédit Agricole, Crédit du Nord, Crédit Mutuel, HSBC, La Banque Postale, LCL, Société Générale.

[2] A "new client" mystery visit often involves two appointments to go so far as opening of a deposit account and subscription to a financial product.

The process of appointment making was relatively smooth; in more than 70% of cases, the appointment was made as of the first call, and with a person from the agency (this is the perception of the mystery shopper, some institutions having specified that appointment making was handled by call centres).

The statement of the reason for/object of the appointment and the amount to be invested made it possible to obtain access to **greater degree of expertise** than in previous years; 50% of the visits were conducted with specialist advisers in 2018/2019, compared with 34% in 2015 during the previous campaign of this type.

2.2. IMPROVED APPOINTMENT IDENTIFICATION

Apart from the conventional/routine questions, namely whether the person is a client of the bank and purpose of their request for an appointment, an initial identification of the financial situation is carried out for most of the visits. This identification would seem to involve a combination of due diligence concerning anti-money laundering and due diligence related to the suitability of the potential client, because the advisor asked questions about the financial situation of the mystery shopper or their investment plan.

More stringent **regulations on anti-money laundering and combating the financing of terrorism (AML-CFT)** have probably heightened advisers' vigilance regarding the origin of funds by means of dedicated measures and procedures.

3. THE ADVISER'S QUESTIONING

Questioning is generally of high quality and smooth, conducted by an attentive adviser, according to the testimony of the mystery shoppers. However, in some banks there is evidence of significant somewhat/rather mechanical questioning.

In more than 78% of cases, the answers to the questions are noted on paper during interviews with potential clients. This is most probably due to the fact that the mystery shopper does not yet exist as a ‘potential client’ in the bank's information system.

3.1. A DEEPER KNOWLEDGE OF THE CLIENT'S FINANCIAL SITUATION AND OBJECTIVES

Since 2015 good progress has been made with **the identification of the potential client's situation** (except regarding the amount of total savings where the question is asked slightly less often, which is possibly due to the mention, when making the appointment, of the €70,000 to be received shortly as a gift by the potential client).
The identification of the potential client's situation in 2018/2019 is relatively similar from one profile to another, expenses and the capacity of withstanding losses (new feature in MiFID II) aside, at significantly lower levels for the risk-loving profile. Questioning on expenses is steadily improving but still falls short of requirements.

The adviser asks the client about…	RISK-AVERSE 2015	RISK-AVERSE 2018	RISK-LOVING 2015	RISK-LOVING 2018
Their occupation	-	91%	-	81%
Their family status	-	89%	-	89%
Their income	59%	80%	58%	71%
Their outgoings	45%	74%	35%	50%
Their property assets	-	81%	-	80%
The total value of their savings	91%	82%	91%	81%
The breakdown of their savings	-	81%	-	79%
Their tax situation	47%	65%	45%	58%
MIF2 Their ability to withstand losses on their future investments	-	64%	-	32%

The identification of objectives is also conducted relatively well, except when it comes to risk tolerance[3] (new feature in MiFID II) which seems to be a concept yet to be expressed much by the advisers. Those in the risk-averse category were more often asked this question than those in the risk-averse category, 51% versus 28% respectively.

Most advisers run through the whole questionnaire before offering a product, which is seen as positive.

The adviser asks the client about…	RISK-AVERSE 2015	RISK-AVERSE 2018	RISK-LOVING 2015	RISK-LOVING 2018
Their financial plans and objectives (retirement, children's studies, etc.)	68%	86%	65%	90%
When the plans are specified, he immediately proposes a specific product	-	16%	-	13%
Their investment horizon (investment/tie-up period wanted)	62%	88%	58%	83%
Their willingness to take risks (amount or percentage of capital invested)	59%	78%	59%	66%
MIF2 Their risk tolerance	-	51%	-	28%

3.2. FINANICAL KNOWLEDGE AND EXPERIENCE : QUESTIONING STILL INSUFFICENT

The **financial experience and knowledge** of mystery shoppers received relatively little scrutiny from the adviser. Furthermore, questions leading the mystery shoppers to self-assess their financial knowledge should be avoided. When questions of this type were asked, they were asked prior to more theoretical questions aimed at confirming the level of knowledge of the mystery shopper, which would seem appropriate.

Generally speaking, questions on financial knowledge and experience were more thorough with new clients than with potential clients. **Hence progress remains to be made in the field of questioning on financial knowledge and experience.**

"Willingness to take risks" is a concept that existed with MiFID and which involved determining the client's profile in light of the return expected by the client and the level of risk that they are prepared to sustain. "Risk tolerance" is a new concept introduced by MiFID II which is analysed, for example, by simulations to find out how an investor would behave if the value of their portfolio declined.

The adviser asks the client about...	RISK-AVERSE 2015	RISK-AVERSE 2018	RISK-LOVING 2015	RISK-LOVING 2018
Their knowledge of financial products	42%	42%	37%	28%
Their knowledge by asking them for a self-assessment	-	21%	-	16%
Their experience in financial matters	-	42%	-	30%

3.3. STILL LITTLE CLARIFICATION AS TO WHETHER OR NOT THE ADVISER IS INDEPENDENT

Relatively few advisers comply with the MiFID II obligation to state whether the advice given is independent or non-independent. **Only 24% of the advisers specify whether the advice given is independent or non-independent** and only 16% explain the reasons for this. This point should be clarified, even though advisers in conventional networks do not in principle give independent advice, because they generally only market financial products provided by their own group.

	The adviser informs you:	RISK-AVERSE 2018	RISK-LOVING 2018
MIF2	Whether the advice given is "independent" or "non-independent"	27%	22%
MIF2	Why "independent" or "non-independent" advice is provided	16%	16%

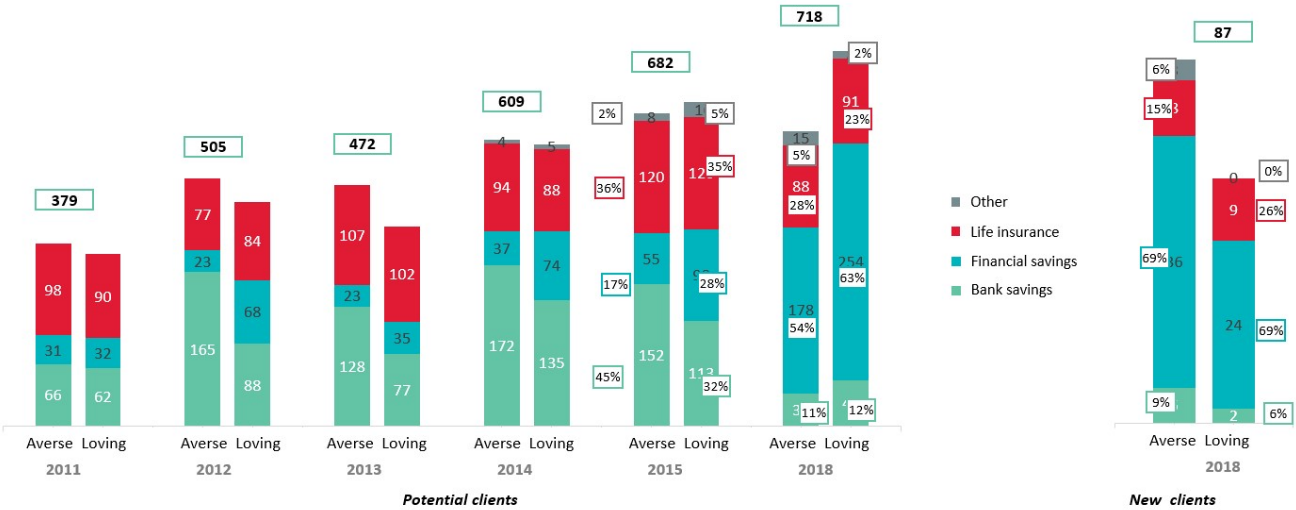
4. EVEN MORE COMMERCIAL OFFERS MADE BY THE ADVISER THAN IN THE PAST

4.1. A CONSTANTLY INCREASING NUMBER OF COMMERCIAL OFFERS

The number of spontaneous commercial offers made by advisers to potential clients has constantly increased over the years, and increased again slightly in 2018/2019. **3.6 products were proposed on average** during these campaigns (based on potential clients only, versus 3.1 in 2015).[4] In all the networks, **4.1 products** were proposed on average to the **risk-loving** mystery shopper, compared with **3.2 products** proposed on average to the **risk-averse** one. There were more financial savings proposals and very few bank savings proposals. As found during the previous campaigns, the proposals are different for the risk-averse and risk-loving profiles, although this phenomenon could be more pronounced.

4 These results were found from a total of 198 mystery visits conducted as a potential client, whereas in earlier campaigns the results were found from a total of 220 mystery visits.

5 In a total of 220 mystery visits conducted in 2015, the PEA or the securities account was proposed by 35% of advisers to the risk-lover and 23% of advisers to the risk-averter.



4.2. LIFE INSURANCE REMAINS THE LEADING WRAPPER, BUT THE PEA (PERSONAL EQUITY SAVINGS PLAN) CONTINUES UPWARD & INCREASING TREND

Regarding wrappers, **life insurance is still the most frequently promoted wrapper** in the past few years. Life insurance is proposed spontaneously by 90% of advisers.
Not surprisingly, advisers highlight both non-unit-linked policies in euros and unit-linked policies.

The **PEA (personal equity savings plan)** was proposed spontaneously by advisers more frequently: over half of the advisers proposed it to the risk-loving mystery shopper and one-third of advisers to the risk-averse mystery shopper. These results are consistent with the mystery shoppers' profiles and therefore demonstrate an increased **encouragement for the promotion of financial savings** compared with the previous campaign conducted in 2015[5].

4.3. FINANCIAL SAVINGS PROMOTED AS NEVER BEFORE

More than half of the commercial proposals concern financial savings. The scenario leads naturally to the proposal of financial savings and probably accounts for part of this over-representation (as mentioned above).

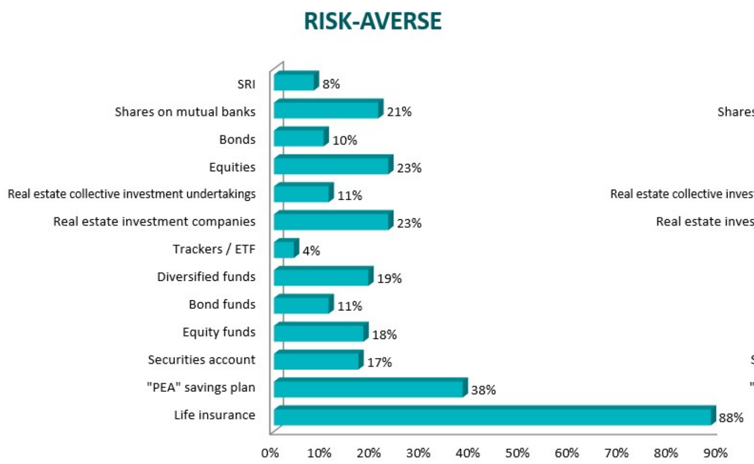
There has also been an **increase in vehicles invested in "real estate paper"** (OPCIs and SCPIs), reflecting the record amounts of net inflows in 2017.
The market for SCPIs and OPCIs has expanded significantly since 2015. SCPIs are the financial instrument most frequently proposed during this campaign. On this type of instrument, more sophisticated arrangements are proposed; a bank proposed SCPIs with split ownership rights (providing a 15-page explanatory note). These products are mainly proposed to risk-lovers.

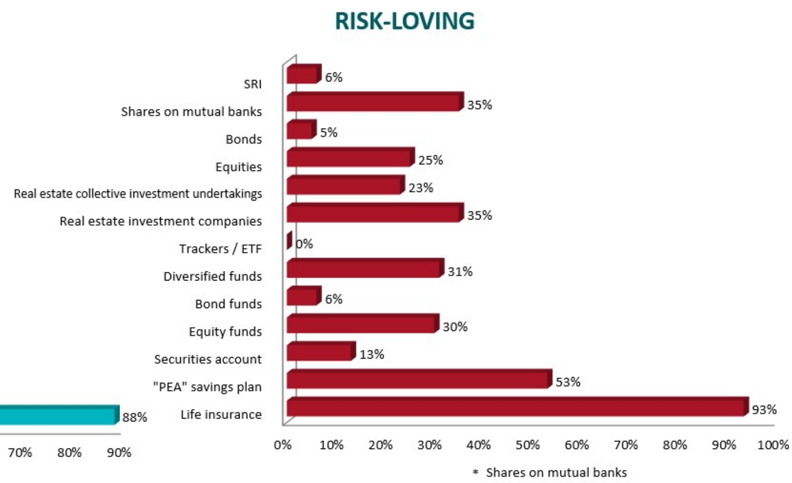
Diversified funds and equity funds are also some of the most frequently proposed products, for risk-lovers but also for those who are risk averse in somewhat smaller proportions. These results are consistent (with the profiles and the established scenario), because those who are risk averse are looking for a measure of diversification in their financial investments.

5 In a total of 220 mystery visits conducted in 2015, the PEA or the securities account was proposed by 35% of advisers to the risk-lover and 23% of advisers to the risk-averter.

The details of the proposals made by the advisers to the mystery shopper are shown below: it can be seen that life insurance was proposed in 93% of the mystery shopper made by the risk-lover, and in 88% of the mystery visits made by the risk-averter.

<u>Details of the commercial proposals made by the advisers on the basis of the visits conducted:</u>





4.4. INVESTMENT ADVICE EXPLICITLY REQUESTED OF THE ADVISERS

The AMF wanted to test for the first time the advice given on certain specific products. To do so, observations were made concerning two different stages of the commercial relationship: the adviser's <u>spontaneous</u> proposals first, then <u>in a later stage follow-up</u> by the mystery shopper on two products from the following list:

- SCPI (real estate investment company);
- Funds invested in European equities;
- SRI qualified product (Socially Responsible Investments);
- Shares.

	RISK-AVERSE		RISK-LOVING	
Commercial proposals	Total	Of which spontaneous	Total	Of which spontaneous
Real estate investment companies	46%	23%	67%	35%
Equity funds	29%	18%	39%	30%
SRI	16%	8%	19%	6%
Trackers / ETF	9%	4%	10%	0%
Shares of mutual banks (on mutual bank basis)	29%	21%	37%	33%

The products tested were proposed to risk-averters and risk-lovers but all were proposed more frequently to risk-lovers.

SRI products were not promoted much by the advisers.

Shares were proposed by the four banks marketing them. In each bank, they were always more often proposed to risk-loving potential clients than to risk-averse potential clients.

4.5. DISCRETIONARY MANAGEMENT SERVICES STRONGLY PROMOTED

Throughout all banks visited, **delegation of management of financial savings** was often offered to potential client, with the risk-averse category being made such offers slightly more often.Six out of 10 advisers proposed it to both profiles, both on a life insurance policy and on a securities account or a PEA savings plan.[6] Discretionary management services (or arbitrage mandate in life insurance) had very seldom been proposed during the previous mystery shopper campaign, although the amount of savings to be invested were similar, which shows the banks' keenness to market this service. For new clients, the establishment of this service is even supported in some institutions by a portfolio manager coming to take part in the second appointment to establish the discretionary management service on a PEA plan.

5. A DIFFERENT LEVEL OF INFORMATION DEPENDING ON THE PRODUCT TYPE AND CLIENT PROFILE

5.1. COMMUNICATION REGARDING THE PEA PLAN AND SECURITIES ACCOUNT IS GENERALLY BALANCED

Communication regarding the benefits and drawbacks of the **PEA plan and securities account is generally well balanced**. However, there are still differences between the two profiles: the disadvantage are described less to the risk-averter than to the risk-lover. It is worth noting that during the previous campaign, the opposite was observed: the disadvantage were described better to the risk-averter than to the risk-lover.

	RISK-AVERSE		RISK-LOVING	
	2015	2018	2015	2018
Advantages of PEA/securities account (spontaneous + reminder)	87%	61% ↘	73%	78% ↗
Disadvantages of PEA/securities account (spontaneous + reminder)	70%	46% ↘	46%	72% ↗

As regards the **functioning of the PEA and securities account wrappers, this is more frequently described to risk-lovers** (64%) **than to risk-averters** (54%). This difference is generally the same for financial instruments such as SCPIs and funds invested in equities.

Client profiles with an appetite for financial products would benefit from more thorough guidance by the adviser. And yet the "educational" and advisory role of advisers should lead them to provide the same quality of information in this task, irrespective of the type of profile.

Lastly, it was found that the sales pitch concerning the life insurance policy is focused far more on the benefits than on the disadvantage of the policy.

6 When it is proposed, the discretionary management service is frequently accessible above a threshold of €75,000 on a securities account or a PEA plan (or via an arbitrage mandate on a life insurance policy). The access thresholds may be different depending on the tax wrapper. Note that LCL proposes it above a threshold of €10,000.

5.2. CONCEPT OF LONG-TERM ADVICE SELDOM MENTIONED

All in all, **few advisers address the concept of long-term advice**, a new feature of MiFID II. However, a clear difference can be seen between the two types of profile: generally a larger number of advisers indicate (verbally) to risk-averters that they will be led to provide long-term advice.

	RISK-AVERSE	RISK-LOVING
The adviser indicates to the potential client that they will provide long-term advice	**2018**	**2018**
Real estate investment companies	26%	28%
Equity funds	44%	21%
SRI	44%	17%
Trackers / ETF	56%	8%
Shares of mutual banks (on mutual bank basis)	50%	12%

5.3. FEES MENTIONED IN A PARTIAL OR EVEN PARTISAN MANNER

On the whole, **fees are still just as rarely mentioned** verbally: less than half of the advisers mention fees related to the wrappers or financial instruments. It can be observed that the advisers more generally mention the fees involved in investments to risk-averters than to risk-lovers.

	RISK-AVERSE	RISK-LOVING
The adviser outlines the fees relating to real estate investment companies		
Entry fees	40%	42%
Redemption fees	22%	6%
Annual management fees	42%	14%
The adviser outlines the fees for equity funds		
Entry fees	6%	14%
Redemption fees	6%	-
Annual management fees	22%	14%
The adviser outlines the fees for SRI funds		
Entry fees	56%	17%
Redemption fees	28%	4%
Annual management fees	44%	8%

5.4. TAX TREATMENT ADDRESSED BY MORE THAN HALF OF ADVISERS

Tax treatment was addressed by more than half of the advisers, but, just as the risk-lovers were informed more about how the products function, they were informed more about the tax treatment of the products than risk-averters (79% versus 55%).

Recent tax changes such as the flat tax were discussed by the advisers with 21% of risk-averters and 34% of risk-lovers.

5.5. SALES ORGANISATION INFLUENCES THE LEVEL OF INFORMATION PROVIDED

Irrespective of the new client's profile, four banks organised an **appointment with three participants** (an expert, an adviser and the client) **for opening the account**. The expert is generally specialised in the field of wealth management or financial savings. For these banks, the mystery shoppers noted that the two advisers proactively disclose a maximum of information concerning the products, the tax wrappers and their functioning.

6. END OF THE INTERVIEW

6.1. HALF OF ADVISERS PROVIDED A SUMMARY OF A MYSTERY SHOPPER'S SITUATION AT THE END OF THE APPOINTMENT

Half of the advisers verbally summarised the mystery shopper's situation at the end of the interview.

The advisers indicated to new clients their **investor profile** in around 75% of cases,[7] and in about 25% of cases for potential clients.

6.2. DOCUMENTS SUBMITTED IN THREE OUT OF FOUR INTERVIEWS, BUT MAINLY COMMERCIAL DOCUMENTS

	RISK-AVERSE				RISK-LOVING			
	2015	2018	*Potential clients*	*New clients*	2015	2018	*Potential clients*	*New clients*
Submission of documents	80%	75%	*74%*	*90%*	76%	68%	*67%*	*78%*
Minimum number of documents	-	*1*	*1*	*2*	-	*1*	*1*	*2*
Maximum number of documents	-	*12*	*6*	*12*	-	*10*	*7*	*10*
Commercial	-	*68%*	*66%*	*90%*	-	63%	63%	67%
Regulatory	-	*16%*	*15%*	*20%*	-	7%	6%	22%
No document	-	*25%*	*26%*	*10%*	-	32%	33%	22%

Most of the documents submitted to the mystery shoppers were of a **commercial** nature.

For opening an account, **regulatory documents** were submitted to new clients in only 20% of cases on average (excluding suitability reports), which does not correspond to the regulatory requirements.

7 From a regulatory viewpoint, it is not compulsory to provide the mystery shopper with details of their investor profile. However, it is necessary for the ISP to define the mystery shopper's investor profile to ensure that the product is suitable if an investment recommendation were to be given, or to check that the product is appropriate in the case of Order Receipt and Transmission.

We also note that regulatory documents (KIID or KID when required for UCITS or SCPIs) are submitted to risk-averters more often than to risk-lovers: regulatory documents were submitted to risk-lovers in 7% of visits, versus 16% for risk-averters.

Whenever investment advice is given, the regulatory document relating to the product must be handed out; a verbal presentation of this document would be appropriate.

6.3. SUITABILITY REPORTS SUBMITTED MAINLY TO NEW CLIENTS

Advisers who were in a position to give investment advice to potential clients (because personalised proposals were made), on the occasion of an initial appointment, generally did not provide them with a suitability report. And yet the MiFID II directive introduced the requirement for banks to submit a suitability report when advisers make a personalised investment recommendation.[8] Only two banks have apparently developed an information system enabling them to submit a suitability report to a potential client (although it was not systematically submitted to all potential clients).

On the other hand, a suitability report **was submitted to new clients in the vast majority of cases, when the investment advice was given, before investing in the financial product.**

For two banks, the advisers did not submit a suitability report to new clients even though the financial investment took place. **Apparently the suitability report was not submitted because the adviser felt, wrongly, that they were providing an RTO service,[9] and not a personalised investment recommendation.**

6.4. SATISFIED MYSTERY SHOPPERS

Mystery shoppers report a high level of satisfaction, because in most cases (80% on average) advisers appeared to be attentive, clear, intelligible, seeking to understand a client's needs, competent and expert. In 80% of cases, the adviser proposed/invited a potential client to make a second appointment, which is far higher than during the previous campaign (when the adviser suggested a second appointment in around 55% of cases).

8 The suitability report specifies how the advice corresponds to the preferences, objectives and other characteristics of the client. It should, theoretically, be handed out before the transaction and should specify whether the recommended service or instrument is likely to require that the client request a periodic review of the agreed provisions, and the client's attention should be drawn to this possible requirement (Article 54-12 of the Delegated Regulation of the MiFID II directive).

9 Receipt and Transmission of Orders

	RISK-AVERSE				RISK-LOVING			
	2015	2018	Potential clients	New clients	2015	2018	Potential clients	New clients
The adviser seemed attentive	97%	76%	76%	80%	95%	89%	89%	89%
The information and advice given are clear	91%	82%	83%	70%	87%	85%	85%	89%
The adviser uses understandable language, without technical jargon	95%	94%	93%	100%	95%	91%	90%	100%
The adviser looks for sufficient information to understand your situation	73%	79%	80%	70%	67%	79%	80%	67%
The adviser seemed competent	83%	81%	80%	90%	79%	83%	83%	89%
The adviser inspired confidence due to their expertise	73%	83%	82%	90%	67%	80%	79%	89%
If the mystery shopper had been a potential client, would he have followed the recommendations?	69%	66%	65%	80%	70%	66%	67%	56%
The adviser demonstrates that he wants the potential client to go ahead with the projected plan	49%	69%	68%	80%	51%	83%	83%	89%

As regards **new clients**, the perceived level of competence and technical expertise regarding financial products is highest in two banks. This can be explained by the fact that during the second appointment to open the account, the adviser met in the first appointment was accompanied by a portfolio manager.

CONCLUSION

Institutions have invested in their information system, which is highly visible for the "new clients" process. For potential clients, investment advice is wel provided but is less precisely defined, since not all institutions have included this function in their IT systems.

Questioning has improved since previous campaigns, but further progress remains to be made, notably regarding experience, and in some cases regarding the assessment of financial knowledge. The campaign has revealed shortcomings in information provided verbally on fees and this a is a problem that must absolutely be resolved by institutions.

Lastly, advisers should provide more information on how long-term advice will be given, and on the nature of the advice given (whether it is independent or non-independent).

APPENDIX: PROFILE OF THE TWO MYSTERY SHOPPERS

	Risk-averter	Risk-lover
Age	40-50 years	40-50 years
Marital status	Married without marriage contract 2 children: ages 13 and 15	Married without marriage contract 3 children: ages 8, 10 and 14
Salary income	Him: €3,000 net/month in the provinces - €3,600 net/month in Paris Her: €1,800 net/month in the provinces - €2,150 net/month in Paris	Him: €3,100 net/month in the provinces - €3,750 net/month in Paris Her: €3,600 net/month in the provinces - €4,320 net/month in Paris
Income tax	Approximately €3,000 per year in the provinces €4,500 in Paris	Approximately €4,500 per year €8,500 in Paris
Housing	Home owner but still has to repay €1,120/month for five years (€1,500 in the Paris region)	Home owner (loan repaid)
Financial wealth	Savings on passbook accounts: €30,000 invested on all the family's Livret A passbook accounts	Savings on passbook accounts: €30,000 on the family's Livret A passbook accounts
	Life insurance 100% invested in a non-unit-linked policy: €20,000 → Secured	A life insurance policy worth €70,000 with €40,000 invested in a non-unit-linked policy and €30,000 invested in units of account (financial investments whose performance is linked to financial markets) → Balanced loss potential
	-	In 2010, he/she opened a securities account and invested €10,000 in equity funds.
	The total financial wealth of the risk-averse potential client amounts to €50,000.	The total financial wealth of the risk-loving potential client amounts to €110,000: it is invested two-thirds in safe investments (such as a non-unit-linked policy or Livret A passbook account) and one-third in investments which entail a risk of loss of capital and which depend on the performance of financial markets.
Risk aversion and risk tolerance	He would like to see better returns given the low interest rates on passbook savings accounts and life insurance over the past few years. He is therefore prepared to invest a small part of his capital in financial markets and tolerate a fall in a small part of/small drop in his invested capital due to the performance of equity markets. He is therefore prepared to tolerate a potential maximum loss of 10% of the invested capital.	Is prepared to take risks to increase the value of his capital more than by investing in a non-unit-linked life insurance policy, even if it means taking risks. He is therefore prepared to tolerate a potential maximum loss of 20% of the invested capital.
Knowledge of financial markets	He has an average knowledge of financial markets. He is capable of answering correctly to 50% of the questions in the MiFID II questionnaire on knowledge of financial markets. He is acquainted with the functioning of conventional financial products: equities, bonds, and funds in general. He is also acquainted with the functioning of products invested in real estate (SCPIs/OPCIs).	He has a good knowledge of financial markets. He is capable of replying correctly to 75% of the questions in the MiFID II questionnaire on knowledge of financial markets. He is well acquainted with the functioning of conventional financial products: equities, bonds, and funds in general. He is also acquainted with the functioning of products invested in real estate (SCPIs/OPCIs).

	However, he has no notion of complex products and hedging products (currency or interest-rate hedging).	However, he has some notions of complex products and hedging products (currency or interest-rate hedging).
Experience of financial markets	He has a limited past experience of financial investments (he sold his shares three years ago). He had shares in a securities account and eventually sold them (because they had fallen in value).	He has experience currently because he holds equity funds on his securities account or his life insurance policy. He reviews the performance of his investments once a month . He has invested for the long-term. He is relatively unconcerned by a current capital loss (€1,000) on securities account since happy to wait for investments to recover/regain value.