



JUNE 2021
**SUMMARY OF CONSUMER "DIGITAL
JOURNEY" TESTS CONDUCTED UNDER
MIFID II**

[amf-france.org](https://www.amf-france.org)

INTRODUCTION

Faced with the increasing use of digital applications for investment, and changes in the technologies and market operators present online, another campaign of consumer tests (or mystery visits) was conducted in the last quarter of 2020 to observe commercial practices regarding online subscription to financial services and instruments.

The purpose of this campaign was to observe from the retail investor's viewpoint whether the information provided by the investment firms could inform their investment decisions. Therefore, particular attention was paid to: *(i) the content of marketing material presented when arriving on the website, (ii) the accessibility, legibility and clarity of pre-contractual information relating to the investment products and services, (iii) the content of the information provided to clients relating to the importance and purpose of the suitability assessment, (iv) and the content and clarity of the warning messages concerning the suitability of the product.* The consumer tests were carried out with a sample group of 11 firms, of varying status, representing the current commercial environment.

This is a qualitative study in which special attention was paid to practices which seem to facilitate clients' informed consent, and those that do not, at each step in the client journey.

This document is neither a position nor a recommendation. The practices identified as either “good” or “poor” highlight identified approaches that may, or may not, facilitate retail investors' informed consent.

1. SUMMARY OF KEY FINDINGS

The practices observed by the testers appeared very disparate from one firm to another.

On arrival on the firms' websites, promotional publications highlight the positive features of the offers. It is important to remember that any relevant risk must also be highlighted in a character font of a size at least equal to that used predominantly when referring to a potential positive feature of an investment service or a financial instrument. It should also be remembered that all marketing material, including price offers, must present clear, accurate and non-misleading content. Moreover, regarding communication concerning past performance, it should be remembered that the warning notices stipulated by the regulations must also be highlighted, and that in the case of gross past performances, the impact of commissions, fees and other charges must be indicated visibly and clearly.

Digital technology offers great potential for presenting information, and enables savers to invest anywhere and at any time. However, firms must make sure that clients are allowed reasonable time for reflection so as to invest on an informed basis, and should not encourage them to invest within a time limit that does not enable them to familiarise themselves with the pre-contractual information. Depending on the variety and density of the information to be provided to clients and the nature and complexity of the offers, the time required for analysis may differ. In addition, multichannel practice can contribute to improved guidance for consumers in understanding the offers.

As regards the pre-contractual information, it was found that it was not sufficiently accessible for potential clients, because it was scattered in several places on the website and provided in various documents at the end of the subscription process. It is often not very easy to understand. The unattractive presentation of the information and complex language have a deterrent effect. It is therefore clear that the digital journey could help improve access to pre-contractual information with better ergonomics, better writing and a better organisation of information to make it more legible and easier to understand.

Regarding information on products and services, educational material was often present in addition to the regulatory documents. As a reminder, the purpose of these regulatory documents is to allow comparability of products and services, and the sections of these documents should therefore be explained in greater detail. Likewise, the concepts of reception and transmission of orders for third parties (RTO) and advisory services are not explained and would deserve to be specified insofar as they entail important consequences with regard to the client's independence and the level of responsibility of the investment firm.

As regards fees, the terminology used is often technical and heterogeneous, which detracts from a sound understanding of the information. It appears necessary to improve the clarity of information on fees, to standardise it and ensure that this information is not dispersed.

As regards the know-your-client questionnaires, retail investors should be able to understand their importance and the purpose of the assessment and this information could be explained better. Some firms make provision for training of the public in financial concepts by making educational guides available. These practices provide real benefits, but it should be remembered that these tools must not influence investors' answers to the questionnaires. Likewise, recurrent changes in the questionnaires in a short lapse of time should not be encouraged.

The content of the warning messages relating to the suitability of the product or service should also be improved to make them clearer, more legible and more visible for investors.

2. STUDY CONTEXT, OBJECTIVE AND METHODOLOGY

Context

The Autorité des Marchés Financiers has conducted consumer tests (or mystery visits) since 2010 in bank branches, with recurring scenarios based on "risk-averse/risk-seeking" profiles and more specific scenarios such as, for example, that of a young worker with an appetite for risk. The aim is to have a concrete view of firms' marketing practices, and in particular to observe the application of the regulatory documents regarding, for example, the know-your-client process, the quality of the information provided about the products, or else the quality of the advice provided, through the consumer's experience based on real "in vivo" situations. This study is based on the perceptions of the mystery visitors and therefore does not constitute an inspection system.

In light of the growth in online marketing, two test campaigns were conducted by the AMF in 2014 and 2017 to study the commercial practices of French firms with a "new client". After the entry into force of MiFID II, another consumer test campaign was conducted by a research institute at the end of 2020, to observe client journeys with regard to subscription to investments online.

Objective

The aim of this campaign was to observe from the retail investor's viewpoint whether the information provided by the firms could inform their investment decision effectively.

For this purpose, the campaign covered, in particular:

- The content of marketing materials presented when arriving on the website;
- The accessibility, legibility and clarity of pre-contractual information relating to investment products and services;
- The content of the information provided to clients regarding the importance and purpose of the suitability assessment;
- The content and clarity of warning messages regarding the product's suitability.

Methodology

11 securities account journeys were tested with a sample that was representative of the current commercial environment, made up of diverse actors of different statuses.¹

The scenario chosen for the tester was to open a securities account and invest in three financial instruments:

- A UCITS fund unit invested in European equities;
- An equity via the Deferred Settlement Service (SRD);
- A unit in a real estate investment company (SCPI).

Based on a given scenario in which the tester wanted to invest in these financial instruments online, three investment services were able to be tested:

- The service of Reception and Transmission of Orders (RTO);
- The investment advisory service;
- The service of portfolio management on behalf of third parties.

¹ In particular, investment service providers (ISPs) including asset management companies (AMCs) and financial investment advisers (FIAs)

3. RESULTS OF THE CONSUMER TESTS

3.1 ARRIVAL ON THE WEBSITE

Marketing material on the financial products

Regulatory reminder:² All marketing material must present clear, accurate and non-misleading content.

- **Clear content:** the information must, in particular, be sufficient and presented in a way that is easy to understand for the investor, and must be suited to the communication mode used;
- **Accurate content:** the information must be correct and up-to-date;
- **Non-misleading content:** the information does not distort, minimise or conceal any important facts, statements or warnings.

The material must clearly highlight any relevant risk when it refers to a potential advantage of an investment service or a financial instrument (the relevant risks should be indicated in a character font of a size at least equal to that used predominantly, and the page setting must make this indication clear).

Advertising constitutes the very first stage in the relationship between a firm and a client, and is decisive in the client's choice of the products and services that they plan to invest in.

Upon arriving on the home page of the website, it was noted in all the journeys that marketing material concerning the financial products and services was the first information perceptible to investors. An imbalance was often noted between the presentation of the benefits and risks inherent in an investment in a product. Some firms assign a far larger and more easily discernible space to a presentation of the product's benefits. On the contrary, the risks are generally not very visible, legible and intelligible. They are often presented in a footnote and seldom in a character font of a size at least equal to that used predominantly. It was also noted that some firms presented the benefits of the product first and then the subscription links, before the risks inherent in the product. This could be considered as a practice that is not conducive to informed consent.

It was noted that the advantageous prices practised by the firms were especially highlighted in marketing material. The price offers on securities accounts appeared rather varied, sometimes depending on the number of orders placed over a period of time. Welcome offers are developed with a view to attracting novice investors into financial markets, stressing attractive fees (note that some firms apply charges in the event of failure to comply with a minimum number of orders placed during the month). The mix of offers proposed and links to price conditions are

² Article 44 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, Articles L.533-12, L.533-22-2-1 and L.541-8-1 of the Monetary and Financial Code and Article 325-12 of the AMF General Regulation.

often not easily accessible and intelligible, which can make an understanding of the price scale not very clear and transparent for investors.

Regarding marketing material on SCPI funds, it was observed that the promise of yield was especially highlighted. Some firms highlight a promise of a 5% yield on the first page of their website, while the risks are presented in a less legible manner than the promises of yield. The risks are very often presented in a footnote, in a smaller character font.

As regards the Deferred Settlement Service, in general, there is little advertising material about it. It tends to appear as an option (versus cash settlement) which may be presented in the descriptive pages and guides supplied to investors. However, it was observed that the risks and consequences related to the subscription to such a service were not especially highlighted.

Moreover, it was observed that the presentation of the past performance of financial instruments did not always comply with the applicable rules. As a reminder, the regulations stipulate that a disclaimer must be published indicating that the figures quoted concern past years and that past performance is not a reliable indicator of future earnings. They also specify that when the communication concerns gross past performance, it must specify the impact of commissions, fees and other charges. It was noted that the disclaimer was not always visible and that the indication of the impact of charges on performance was not always visible and clear.

Poor practices:

- Assigning a much larger and more legible space to presentation of the benefits of a financial service or product than to the risks involved in their marketing material;
- Presenting the benefits of the product first in marketing material, then the subscription links, before the inherent risks;
- Indicating the impact of commissions, fees and other charges on past performance in a manner that is not very visible and clear.

3.2 PRE-CONTRACTUAL INFORMATION

Regulatory reminder:³ So that retail investors may take their investment decisions on an informed basis, firms must provide them in due time, prior to signature of the contract, with certain information including, in particular:

- Information on the identity, capacity and contact details of the investment firm;
- Information on the financial instruments and services proposed, including the standardised Key Information Document relating to packaged retail investment products;⁴
- Information on the contract conditions;
- Information on costs and fees;
- Information on the nature of the remuneration received by the investment firm and on conflicts of interest;
- Information on the cooling-off period;
- Information on the procedures for handling complaints, and on available recourse, including mediation.

This information must be presented in a clear, accurate and non-misleading manner.

In general, it was noted that this information was likely to be consulted on two occasions: when a potential client is searching on the website on their own initiative for information on a financial product or service, or when the firm tells them that they must familiarise themselves with the contract documentation and certain information at the end of the subscription process.

In all cases, the potential client could reach an adviser, as a complement and if necessary. It was always possible to contact an adviser at any time during the process, either through a chat managed by an adviser, or through a telephone platform. In addition, two firms proposed the help of a virtual chatbot.

On the whole, it was found that this information was not all sufficiently accessible for potential clients, because it was scattered in several places on the website or in various documents. This information was often not easily legible. The expressions used were rather technical and not very simple, having a deterrent effect on the consumer for reading.

Moreover, it was noted that the investment firms stressed the speed and simplicity of online subscription. Here a distinction should be made between the time for opening a securities account and the order placing time. Regarding the time required for clients to open a securities account, some firms stated that "it just takes 15 minutes" to open an account, while others mentioned a time of "5 minutes". This seems a relatively short time to become reasonably acquainted with the pre-contractual information. Regarding the time for placing an order,

³ Articles 26, 44, 45, 46, 47 and 48 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, Articles L.533-12, L.533-22-2-1 and L.541-8-1 of the Monetary and Financial Code and Article 325-23 of the AMF General Regulation.

⁴ Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)

relatively short times, e.g. 3 minutes, are also announced by the firms, both to confirm the order and to become acquainted with the pre-contractual information, whereas a distinction should be made between the time for reading the pre-contractual information and the time for placing an order, so that clients may become acquainted with the information in a reasonable period of time. In general, multichannel practice (telephone, chatbot managed by an adviser, virtual assistant) may facilitate decision making by the client on a fully informed basis. However, the use of remote communication techniques should not result in a reduction in time for reflection. It seems necessary to encourage retail investors to allow for a reasonable time for reflection to enable them to become acquainted with the pre-contractual information.

Good practices:

- Informing retail investors in advance of the various steps in the client journey;
- Making it possible to contact an adviser at any time during the journey, either through a chat managed by an adviser, or through a telephone platform to obtain further information.

Poor practices:

- Encouraging investors to subscribe within a time limit that does not allow them to become acquainted with the pre-contractual information;
- Dispersing the pre-contractual information relating to a financial service or product in several locations on the website or in various documents.

Information on the proposed financial instruments and services

It was noted that the pre-contractual information relating to the products and services proposed by the firm generally appeared in the firm's general terms and conditions.

In all cases, these conditions are available on the website. They were submitted to potential clients when they applied to open the securities account, when subscribers had to tick a box to certify that they had read these documents before subscription. In most cases, however, it was noted by the testers that these documents could be long, dense, technical and not very attractive. This requires a special reading effort by existing or potential clients to find specific information relating to the products and services. In particular, the testers indicated that they had been unable to find certain information, which was nevertheless indicated in the general terms and conditions.

It was also noted that the information provided concerning the advisory and RTO services, and their consequences for investor protection, was not always very clear for the testers and did not make it possible to understand the distinction between these two services, because the expressions used were rather technical and legal.

It was noted that certain firms referred existing or potential clients to educational guides on the products and services. The provision of educational guides can constitute a practice that is conducive to informed consent, when the guides explain the nature of the instrument in question, as well as its functioning and the risks inherent in it, in a clear, accurate and non-misleading manner.

Good practice:

- The provision of educational guides on financial services and products, when the guides explain the nature of the instrument in question, as well as its functioning and the risks inherent in it, in a clear, accurate and non-misleading manner.

Poor practice:

- Not clearly defining the concepts of RTO and advisory services beforehand, with the risk that the investor may not understand and measure the characteristics of the various services proposed and their effects regarding protection.

▪ **Concerning information relating to the funds**

As a reminder, in due time and before providing existing and potential clients with investment services, professionals must give them a general description of the nature and risks of the financial instruments taking into account, in particular, their categorisation, in this case "retail client" in these consumer tests. This description must explain the nature of the particular type of instrument in question, the functioning and performance of the financial instrument in various market conditions, including positive conditions and negative conditions, and the risks that are inherent in it, in a sufficiently detailed manner for the client to be able to take investment decisions on an informed basis.

Regarding this, it was noted that the firms made subscription to a product conditional on reading the standard regulatory documents (KID or KIID). Potential clients could download the document before confirming the order, when searching for the product in the customer area. In all cases, they had to tick a box certifying that they had become acquainted with these documents before subscription, when confirming the order. The description of this check box generally contained a link for downloading the document. On the other hand, the sections of the KID/KIID are never explained to existing or potential clients. It could be useful to provide an online help facility for this purpose.

Moreover, it was noted that one firm transferred responsibility for submission of the KIID to the client. When confirming the placing of an order, the client was asked to recognise that the firm had indeed submitted the KIID relating to the selected fund or to tick that "*The KIID does not correspond to the fund selected, I can therefore no longer subscribe to the fund, the firm has been informed and will update the KIID as soon as possible.*". The client was therefore responsible for checking the effective submission of the KIID by the firm and for notifying it if that was not the case, whereas it is the firm's responsibility to submit this information accurately.

Good practice:

- Providing for an online help facility to explain to the client the purpose and content of the KIID/KID.

Poor practice:

- Transferring responsibility for submission of the KIID/KID to the client.

▪ **Concerning information relating to SCPI funds**

It was noted that the specific risks of SCPI funds could be presented rather differently from one firm to another. This information was presented by one firm throughout the duration of the subscription journey, while another presented this information at the start of the journey. Others chose to present this information in the contractual documentation, making it less visible. Moreover, the risks were presented rather illegibly, in terms that were complex for the retail investor.

Poor practice:

- Presenting the risks inherent in investment in an SCPI fund unit in a way that is not very visible and legible.

▪ **Concerning information relating to the Deferred Settlement Service (SRD)**

It was noted that the information relating to the Deferred Settlement Service (SRD) is made available on the firms' websites through a section or educational guides and in the general terms and conditions. With firms that proposed educational guides on this service, the tester was able to learn the operating rules easily.

Regarding the information on risks, some firms present a disclaimer on the risk of loss of capital when confirming the placing of an order. The content of this disclaimer differs depending on the firm and is not always easy to understand for retail investors. It is important to remember that the effectiveness of a disclaimer depends on the clarity of its content.

□ **Information on the contract terms and conditions**

This information is available for download from the website for all the firms, although it was not always read by the tester as it is very dense. The number of pages can range between 5 for a firm which makes a distinction between each product and service, and 132 pages for a firm which concentrates all the information relating to banking and financial products and services in a single document.

It was noted that one firm had provided a summary on one page, and mentioned links to regulatory documents and additional information, in order to facilitate reading for potential clients.

Good practice:

- Distinguishing between product and service information so as to give priority to providing the necessary documents in a legible form.

□ **Information on consumer rights**

Regarding information concerning the cooling-off period in the context of distance marketing,⁵ it was noted that it was often mentioned in the firms' general terms and conditions. Some firms show this information during the subscription journey. One firm showed this information in a footnote, in a small character font, then in the subscription form for opening the securities account. Others presented this information when confirming the request to open the securities account, via a check box.

⁵ Articles L222-7 and L222-9 of the French Consumer Code (the cooling-off period does not apply to the provision of financial instruments referred to in Article L. 211-1 of the Monetary and Financial Code and the order reception and transmission and third-party order execution services referred to in Article L. 321-1 of said code (here it applied especially to opening of the securities account))

The testers said that this information was not available, which tends to show that it was not sufficiently highlighted by the firms. And yet it is important, because most of the firms stipulate that the client gives an undertaking, by ticking a check box or reading the general conditions, to request immediate execution of the agreement before expiry of the cooling-off period, and to bear any consequences of this.⁶ It should be remembered that investment firms must guarantee the exercise of the right to a cooling-off period under the conditions provided for by the regulations.

Regarding information relating to complaints and mediation, the testers said that it was not available, which tends to show that it was not sufficiently highlighted by the firms. It was noted that this information appeared in the general terms and conditions and in the complaints section of the websites of certain firms. However, it is necessary for this information to be provided in a visible and legible manner.

Poor practice:

- Showing pre-contractual information on consumer rights in a footnote or in a character font smaller than the rest of the text.

Information on the nature of the remuneration received by the professional

It was noted that this information was disseminated in different places. It may be indicated when placing an order, or in the contract documentation.

For financial investment advisers, it was noted that the information relating to remuneration and conflicts of interest was given in the letter of engagement. However, this information was often not very intelligible. For example, one firm inserted several boxes with information on remuneration in different documents, which seems rather illegible.

Poor practice:

- Dispersing information relating to the nature of the remuneration received by the professional.

Presentation of fees ex-ante at the time of subscription

Generally, fees are announced in very different ways from one firm to another.

There is great diversity in the terminology used to present the information relating to fees. What are "ongoing fees" for some may be called "management fees" by others. Some include custodian's fees which could be

⁶ Article L222-13 of the French Consumer Code: contracts for which the cooling-off period applies cannot have their execution started by the parties before the end of this period without the consumer's agreement.

considered part of the overall securities account budget. Brokerage fees are sometimes presented as transaction fees, but what they consist of is not always specified.

Most of the firms present aggregate fees but also detailed fees, which adds to the confusion, since the terminologies and scopes of calculation differ from one firm to another.

Moreover, it was noted that the footnotes made it more complicated to understand the fees properly.

In one firm the indication "AMF prospectus fees" may be misleading, because it suggests that these fees are regulatory or compulsory.

It was noted that one firm presented fees in an "all-inclusive" form, which is required and clear for investors.

Good practice:

- Presenting costs and fees in the form of an "all-inclusive" total (remembering that a breakdown between service costs, trailer fees received and product costs remains essential and compulsory in the conditions provided for by the regulations in force).

Poor practices:

- Dispersing information relating to costs and fees;
- Presenting information relating to costs and fees in a footnote.

3.3 CLIENT QUESTIONING

Regulatory reminder:⁷ With a view to providing the service of reception and transmission of orders or the order execution service, investment service providers (ISPs) shall make enquiries of their clients, concerning their knowledge of, and experience in, investment matters, to be able determine whether the service or product proposed to clients or requested by them is appropriate for them. The regulations stipulate that, before providing the product or service, the ISP must warn the client when:

- It considers, on the basis of the information provided, that the service or instrument is not appropriate for the client's profile;
- The necessary information concerning the client's knowledge and experience has not been provided.

Regulatory reminder:⁸ With a view to providing an investment advisory service or a portfolio management service on behalf of third parties, in order to ensure that the products or services are recommended in the interest of the client, ISPs and FIAs shall make sure to comply with their obligations, depending on the product being marketed, and in particular, to:

- Inform the client of the importance and purpose of the assessment;
- Collect precise information on the client (knowledge, experience, financial situation, including the ability to bear losses, and investment objectives, including risk tolerance);
- Analyse the suitability of the product or service based on the information collected;
- Recommend a product or service suited to the client's characteristics, objectives and needs;
- Inform the client of the periodic suitability assessment;
- Update the client's information.

When clients do not provide the required information or when the product or service is not suitable, service providers shall refrain from recommending the product or service to them.

It was noted that some firms asked clients to fill in a questionnaire at two different points in the client journey. First, before opening the securities account, some firms asked the potential client to reply to a questionnaire which might concern financial knowledge and experience regarding financial products, or not only their knowledge and experience, but also their financial situation, needs and investment objectives.

In light of the various investment services and products that they propose, some firms choose to collect other information than that regarding knowledge and experience in investment matters, even when they provide only the RTO service. Two firms stated that they used the same questionnaire for subscription to a life insurance contract and a securities account.

For each placing of an order in RTO, it was noted that some firms sent another, shorter questionnaire, this time concerning only the client's knowledge and experience.

⁷ Article 55 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 and Article L. 533-13 of the Monetary and Financial Code

⁸ Articles 54 and 55 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, Articles L. 533-13 and L. 541-8-1 of the Monetary and Financial Code and Article 325-8 of the AMF General Regulation

Information provided to the client concerning the importance and purpose of the assessment

Information on the purpose of the questionnaires must be shown clearly and explicitly so that the investor may be fully aware of the benefits of providing true and full information.

It was noted that the information provided to clients regarding the importance and purpose of the assessment before gathering client information was very uneven. Some firms informed clients of the benefits of this regulatory requirement. However, it was also noted that some messages aiming to explain the benefits of the questionnaire seemed brief, not very clear and confused. It was also noted that some messages might seem rather complex for retail investors.

Lastly, it was noted that some firms indicated the coming steps, which enabled clients to understand the structure of the questionnaire.

Good practices:

- Indicating coming steps in the questionnaire, so that the investor can understand the structure of the questionnaire;
- Clearly and explicitly informing investors of the benefits of providing true and full information and updating it if necessary.

Poor practice:

- Not clearly informing investors of the benefits of providing true and full information.

Collection of information

The questionnaire is sometimes treated by the firms like a game. The expressions "succeeding with the questionnaire" or "quiz" are used. When placing an order and before presenting the questions, some firms sent educational guides on the instruments and services concerned.

Moreover, it was noted that some firms sent clients the correct answers, when the client had given an incorrect answer. It was also noted that one firm had not given any indication of the benefits of the questionnaire and did not provide clients with an incentive to answer it, either. The questionnaire was called a "quiz", which is a term specific to "games" and instruction, and its benefits were not explained to the tester, who could place his order without realising the importance of filling it in.

The guides should provide training in financial concepts and not influence the answers to the questions. Although gamification can have benefits for learning, associating it with a subscription journey entailing risk may seem inappropriate.

Poor practices:

- Providing clients with educational guides containing information that could influence the answers to the questions when presenting the questionnaire;

Associating the lexical field of gaming with a subscription journey entailing risk, even though gamification may have benefits for learning.

Regarding completion of the questionnaire

Most firms make moving on to the next step in the client journey or placing an order conditional on completion of the questionnaire. One firm stated, before providing the questionnaire, that if the client did not answer the questions on knowledge, they would be considered as not having any knowledge of financial instruments and markets.

Also, it was noted that the knowledge and experience questionnaire can, in most cases, be modified afterward/at any time, i.e. that the client may go back to obtain information and tick the correct answers or change those that they might have already entered.

Lastly, it was noted that at some firms, the client had to modify the questionnaire when they wanted to invest in a product whose nature was not appropriate.

Good practice:

- Not encouraging repeated modifications of the questionnaire in a short lapse of time.

Poor practice:

- Encouraging clients to modify the answers to the questionnaire in order to invest in a financial product whose nature is not appropriate.

Warning related to the inappropriateness of the financial product or service

Given the rather risk-averse profile of the mystery visitor, the firms issued a (non-blocking) warning to the tester concerning investment in the product. These alerts concerned either the inappropriate nature of the product relative to the knowledge and experience of the mystery visitor, or the fact that it was a first order, or the fact that the product involved a risk of loss of capital, and possibly even of the entire capital invested.

It was noted that the content of the warnings was uneven and sometimes complex for retail investors.

The content of the warning messages relating to the suitability of the product or service should be improved, so that they may be more clear, legible and conspicuous for investors.

It is important to remember that the effectiveness of the message depends on the clarity of its content.

ANNEX – TESTER PROFILE

	Risk-averse
Investment objectives and horizon	Increasing the value of his (her) savings over the coming ten years. He/she has no real estate plans in the near future. These savings will be used mainly to prepare his (her) retirement.
Knowledge of financial markets	<p>Moderate knowledge of financial markets</p> <p>He (she) generally knows the functioning of conventional financial savings but has no notion concerning complex products.</p> <p>Concerning the 3 products subscribed to, the tester:</p> <ul style="list-style-type: none"> - thinks that "real estate is a safe bet" and doesn't know that the price of SCPI fund units can fall; - wants to use and speculate on the Deferred Settlement Service (SRD) because equities are currently declining, with a superficial or inaccurate knowledge of this service; - knows merely that an equity is a share of a company.
Experience of financial markets	He (she) has limited past experience of financial investments. He (she) had shares in a securities account and sold them because they had fallen in value.