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RESULTS OF THE 2022 “RISK-AVERSE” AND “RISK-LOVING” MYSTERY SHOPPING CAMPAIGNS

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SUMMARY

In 2022, with the help of the IPSOS research institute, the Autorité des Marchés Financiers (AMF) conducted two in-branch mystery shopping campaigns, one risk-averse and one risk-loving. For the first time since the AMF began conducting mystery shopping in 2010, the operation was part of a European study, coordinated by the European Securities and Markets Authority (ESMA), on the costs and charges of financial products marketed throughout the European Union.

The purpose of these mystery shopping campaigns is to study the main trends in marketing practices for financial services and products from the retail investor's point of view, and to compare the 2022 results with those of previous campaigns.

In general, the majority of institutions seem to have improved their handling of MiFID II obligations in terms of asking clients questions. While significant progress has been made on risk tolerance, ability to bear losses and clients' knowledge and experience of financial products, advisers still find these concepts tricky to deal with.

However, there is still significant work to be done on how fees are presented and on providing clients with the suitability report.

More than half of the financial institutions visited seem to have planned for or partially taken into account the new obligation, applicable since August 2022, to collect client's sustainable finance preferences, and have addressed the subject in a comprehensive manner.

Fewer financial products are on offer than in previous campaigns, probably due to the market environment, and portfolio management services that were heavily promoted in 2018 are no longer as prominent.

The two mystery shopping campaigns revealed an overall improvement in compliance with MiFID II by the institutions visited, although significant areas for improvement were identified with regard to practices that sometimes do not comply with the regulations. These results and the AMF's expectations will be presented to these institutions at the feedback sessions to be held between March and April 2023.

Important note:

Only advice within the meaning of the MiFID II regulations was studied as part of these mystery shopping campaigns. Life insurance was therefore not looked at in depth.

1. STUDY BACKGROUND, OBJECTIVES AND METHODOLOGY

1.1. BACKGROUND

The AMF has been conducting mystery shopping campaigns since 2010, first in bank branches¹ and then on the internet from 2014, combining recurring scenarios based on risk-averse and risk-loving profiles with more specific scenarios, such as the creation in 2020 of “[digital journeys](#)” as part of a dedicated working group within the AMF-ACPR Joint Unit.

Mystery shopping is a research tool conducted in conjunction with a specialised institute; it is not for control purposes. The AMF uses it to look at market practices from the point of view of retail investors, to learn more about these practices, to identify any departures from the regulator’s expectations, and to enter into a dialogue with the institutions visited in order to support them in the areas identified for improvement. The results are reported to each institution bilaterally and to industry associations.

For the first time in 2022, these mystery shopping campaigns were part of a European study coordinated by ESMA. Following the review of the European Supervisory Authorities (ESA), ESMA now has a role in coordinating mystery shopping.² In 2021, ESMA decided that its first coordinated mystery shopping campaign would take place in 2022, focusing on the costs and charges of financial products marketed in the European Union. National Competent Authorities (NCAs) were invited to participate on a voluntary basis. Given its experience in mystery shopping, the AMF decided to participate in this first joint campaign, along with ten other authorities.

1.2. OBJECTIVES

The goal of the ESMA-coordinated campaign was to observe, from the point of view of retail investors, whether the information provided by institutions is sufficient to inform their investment decision. The campaign therefore aimed to:

- Test the provision of products and services specifically defined for the campaign;
- Use credible consumer profiles that realistically replicate consumer behaviour in the market;
- Cover both advisory and non-advisory services.

These ESMA objectives are fully consistent with those of the AMF’s recurring risk-averse and risk-loving campaigns, specifically to identify the marketing practices of banks in a practical way, and to observe, using real-life situations, how regulatory texts are applied from the point of view of the retail investor, relating for example to how the prospect is identified, the quality of the information provided on the products and the quality of the advice given.

1.3. METHODOLOGY ADOPTED BY THE AMF

Mystery shopping visits are conducted by a specialised research institute, based on a scenario defined by the AMF and incorporating ESMA’s criteria. The findings of these visits are then analysed by the AMF.

Two in-branch campaigns were conducted between June and October 2022:

- A “risk-loving” campaign involving visits from prospective investors or new clients with relatively high incomes and assets who are prepared to take risks.

¹ A list of all mystery shopping campaigns carried out by the AMF since 2010 is provided in Annex 1.

² *The ESMA Regulation (ESA Review) includes in Article 9 the following ESMA tasks related to consumer protection:*

“The Authority shall take a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market, including by: [...]”

f) coordinating mystery shopping activities of competent authorities, if applicable.”

- A “risk-averse” campaign involving visits from prospective investors or new clients with lower incomes and assets and who are more risk averse.³

These mystery shopping campaigns have been organised by the AMF on a recurring basis since 2011, and the risk-averse campaign matches the ESMA scenario.

The mystery shopper’s profile was an individual investor seeking investment advice after receiving a gift of up to €50,000.

The AMF wanted to observe, from the point of view of the retail investor, the quality of the advice provided by the adviser and the marketing of certain specific products. The meeting therefore took place over two visits. At the first visit, the mystery shopper let the adviser suggest products spontaneously. The mystery shopper then ruled out any products outside the AMF’s scope, such as life insurance products.⁴ For the second visit, the mystery shopper contacted the adviser again to obtain specific investment advice on the following products:

- Investment funds in the form of UCITS** and more specifically **units of funds invested in European equities** and **units of funds invested in European bonds**
- Trackers**
- Socially responsible or sustainable investment funds** (SRI, solidarity, impact, etc.).

210 mystery shopping visits were made (105 mystery shopping visits x 2 campaigns) with 10 mystery shopping visits per scenario (2) for each of the 11 main banking networks below (except for Crédit Mutuel Arkéa with 5 visits each):⁵

- ↗ Banque Populaire
- ↗ BNP Paribas
- ↗ Caisse d’Épargne
- ↗ CIC
- ↗ Crédit Agricole
- ↗ Crédit Mutuel Arkéa
- ↗ Crédit Mutuel, part of the Crédit Mutuel Alliance Fédérale group⁶
- ↗ HSBC
- ↗ La Banque Postale
- ↗ LCL
- ↗ Société Générale

The provider carried out the following for each institution and for each of the two campaigns (risk-averse and risk-loving):

- 1 visit per network as a new client** (i.e. 11 visits per campaign and 22 visits in all) including opening an account with each of the 11 network banks visited and making an initial investment equal to one fund unit (i.e. approximately €100).
- 9 visits per network** (except for Crédit Mutuel Arkéa with 4 visits) as a **prospective investor** (i.e. 94 visits per campaign and 188 visits in total) without opening an account.

³ Details of the two retail investor profiles are presented in Annex 2: the “risk-loving” profile, with relatively high income and a willingness to take risks, and the “risk-averse” profile, with lower incomes and assets and greater aversion to risk.

⁴ The AMF did not analyse life insurance because it falls outside the scope of its jurisdiction.

⁵ Given the size of its network, the number of clients compared with other institutions and the location of its branches, which are mainly in the west of France, it was decided to limit the number of visits to Crédit Mutuel Arkéa to 10.

⁶ The Crédit Mutuel Alliance Fédérale group comprises all the regional CMs (including Antilles Guyane since 2020 and Nord Europe since 01/01/2022) and the CICs, except Crédit Mutuel Arkéa, Crédit Mutuel Océan and Crédit Mutuel Maine-Anjou-Basse Normandie.

There were therefore a **total of 10 visits per network** (except for Crédit Mutuel Arkéa with 5 visits).

2. RESULTS OF THE IN-BRANCH “RISK-AVERSE” AND “RISK-LOVING” MYSTERY SHOPPING CAMPAIGNS

2.1. QUICK APPOINTMENTS IN MOST NETWORKS ALTHOUGH MORE COMPLICATED FOR SOME

Appointment setting remains relatively smooth in most networks, with 75% of appointments made **on the first attempt** (an increase of 2.5 percentage points compared with 2018). There are major disparities between networks, however.

In the majority of cases (63%), the appointment was made **by a person from the branch**, a figure slightly down on 2018 (73%), with a slight increase in appointments made over the telephone (23% compared with 21%).

Appointment setting:	2018	2022
On the first call	73%	75%
After several calls	28%	25%
Average number of calls	2,9	1,3
Appointment made by:		
Someone in the branch	73%	63%
Call centre	22%	24%
Adviser themselves	4%	11%
Other	4%	3%

As part of the **preparation for the appointment**, branches routinely asked about the purpose of the meeting (in 99% of cases, as in 98% of cases in 2018) and asked **questions related to the financial situation or the investment plans** in 43% of cases. When asking these questions, branches regularly asked additional questions about the mystery shopper's history with the institution visited (89%) and, to a lesser extent, about the reasons for choosing this institution (78%).

Whereas in 2018, the majority of appointments were with specialist advisers, in 2022, 57% of appointments were with customer advisers. This may be due to the **lower level of qualification of the prospective investor's situation and objectives** when the appointment is made.

2.2. QUESTIONS ON RISK TOLERANCE, KNOWLEDGE, EXPERIENCE AND THE ABILITY TO BEAR LOSSES SEEM TO HAVE IMPROVED OVERALL, BUT NEED FURTHER IMPROVEMENT

Under MiFID II, investment services providers have been required to collect information from their clients on their knowledge and experience, their financial situation, including their ability to bear losses, and their investment objectives, including their risk tolerance and, since August 2022, their sustainability preferences, so that they can recommend suitable and appropriate investment services and financial products.

The adviser asked you about:	2012		2013		2014		2015		2018		2022	
	Risk-averse	Risk-loving										
Your plans	88%	87%	94%	95%	84%	79%	68%	65%	85%	90%	93%	95%
Your financial savings	nd	nd	93%	95%	89%	88%	91%	91%	80%	82%	81%	84%
Your investment horizon	87%	95%	98%	89%	77%	70%	62%	58%	88%	82%	87%	92%
Your risk appetite	76%	69%	57%	51%	63%	56%	59%	59%	78%	66%	79%	73%
Your income	66%	58%	63%	53%	54%	55%	59%	58%	78%	76%	76%	78%
Your outgoings	59%	66%	35%	55%	54%	50%	45%	35%	72%	53%	72%	73%
Your tax situation	74%	57%	55%	55%	51%	59%	47%	45%	62%	60%	67%	72%
Your financial knowledge	nd	nd	34%	43%	28%	26%	42%	37%	37%	23%	60%	70%
Your financial experience									42%	30%	52%	59%

Qualification of the mystery shopper profile seems to have improved overall since 2018, although there are some differences depending on the profile.

As in 2018, mystery shoppers found the questioning to be of **good quality**, with an adviser who listened to them. However, some mystery shoppers described the questions as too general and “without a common thread”.

The questioning appears to be **carried out freely** by the adviser, with the help of a **reference guide in three quarters of cases**. This figure is lower than in 2018 (80% for the risk-averse and 72% for the risk-loving in 2022, compared with 88% and 92% in 2018). Where a guide is used, it is most usually on a sheet of paper (60%), or in rarer cases on a computer (17%) or a paper-based form (9%).

2.2.1. More in-depth research on the prospective investor's situation, especially with regard to the risk-loving profile, including the ability to bear losses

The adviser asked the client about their situation:	Risk-averse (2018)	Risk-averse (2022)	Risk-loving (2018)	Risk-loving (2022)
Their professional situation	91%	81%	81%	88%
Their family situation	89%	88%	89%	91%
Their income	80%	76%	71%	78%
Their real estate assets	81%	82%	80%	84%
The total value of their financial savings	82%	81%	81%	84%
How their savings break down	81%	88%	79%	85%
Their tax situation	65%	67%	58%	72%
Their outgoings	74%	72%	50%	73%
Their ability to bear losses	64%	67%	32%	69%

Mystery shoppers are regularly asked about their **professional and family situation**, as in 2018. The frequency of questioning about their income and real estate assets remained stable at a satisfactory level compared with 2018.

Risk-loving mystery shoppers were asked significantly more about their outgoings in 2022 (from 50% to 73%).

Mystery shoppers were asked about their **ability to bear losses** in 68% of visits. Questioning in this area has risen sharply, particularly for risk-lovers, compared with 2018 (from 32% to 69% in 2022). This was a new concept

introduced in 2018 with MiFID II. However, the way in which questions on this important topic are asked is still too inconsistent.

2.2.2. Questioning on objectives has become more professional, but on the risk aspects, more work is unfortunately needed

The adviser asked the client about their objectives:	Risk-averse (2018)	Risk-averse (2022)	Risk-loving (2018)	Risk-loving (2022)
Their financial plans and objectives	86%	93%	90%	95%
Their investment horizon	88%	87%	83%	92%
Their appetite for taking risks (% of K invested)	78%	79%	66%	73%
Their risk tolerance	51%	47%	28%	55%
Their sustainability preferences		52%		59%

With regard to financial objectives, more than 9 out of 10 mystery shoppers were asked about **their plans and their investment horizon**. In three quarters of the visits, the adviser asked mystery shoppers whether they were prepared to take risks (in terms of the amount or percentage of capital invested), whereas questions on their **risk tolerance**,⁷ a new concept introduced by MiFID II in 2018 and integrated into the checks on investment objectives, were asked in only half of the visits.

Compared with 2018, the first mystery shopping campaign following the implementation of this questioning under MiFID II, questioning about risk tolerance has risen sharply among the risk-loving mystery shoppers (55% compared with 28% in 2018). Four years on, the MiFID II regulation seems to be more embedded within institutions, even though these different angles that need to be covered to check the client's risk profile still seem to pose some difficulties for advisers.

Sustainable investment preferences (taking ESG criteria into account), analysed for the first time, were covered in general terms for 52% of the risk-averse and 59% of the risk-loving mystery shoppers. However, the campaign started before the August 2022 requirement entered into force and continued beyond. The measure does not cover the three questions included in the new obligations. No major change in the frequency of this questioning was observed in the mystery shopping visits carried out after the requirement to collect these preferences entered into force on 2 August 2022.

2.2.3. Knowledge and experience questions below the expected level despite improvement

The adviser asked you:	Risk-averse			Risk-loving		
	2015	2018	2022	2015	2018	2022
About your knowledge of financial products	42%	42%	60%	37%	28%	70%
To assess your knowledge of financial products	-	21%	41%	-	16%	53%
About your financial experience	-	42%	52%	-	30%	59%

⁷ "Risk tolerance" is a 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.

Although there has been a clear improvement, the score for questioning on financial **experience and knowledge appears to be lower than for the other information**. Mystery shoppers were asked about their knowledge in more than 6 out of 10 cases and about their experience in more than 5 out of 10 cases.

According to the mystery shoppers, nearly half of the advisers continue to ask prospective clients to **assess their own financial knowledge**, even though institutions are not supposed to rely on this unduly.

The AMF made it clear during its feedback in 2018 that self-assessment was not sufficient and that if a positive response was given to knowledge of financial products, it should be supplemented by an assessment by the adviser.

2.3. TYPE OF ADVICE AND THE FACT THAT ADVICE IS INDEPENDENT STILL UNCLEAR

Under MiFID II, investment services providers are required to specify, before providing investment advice, whether they are likely to provide it independently, non-independently or through a mixture of the two. This information may be provided either verbally or as part of an initial contact document given to the client.

The adviser told you:	Risk-averse			Risk-loving		
	2015	2018	2022	2015	2018	2022
Whether the advice given is "independent" or "non-independent"	-	27%	33%	-	22%	31%
Why they are providing "independent" or "non-independent" advice	-	16%	30%	-	16%	36%

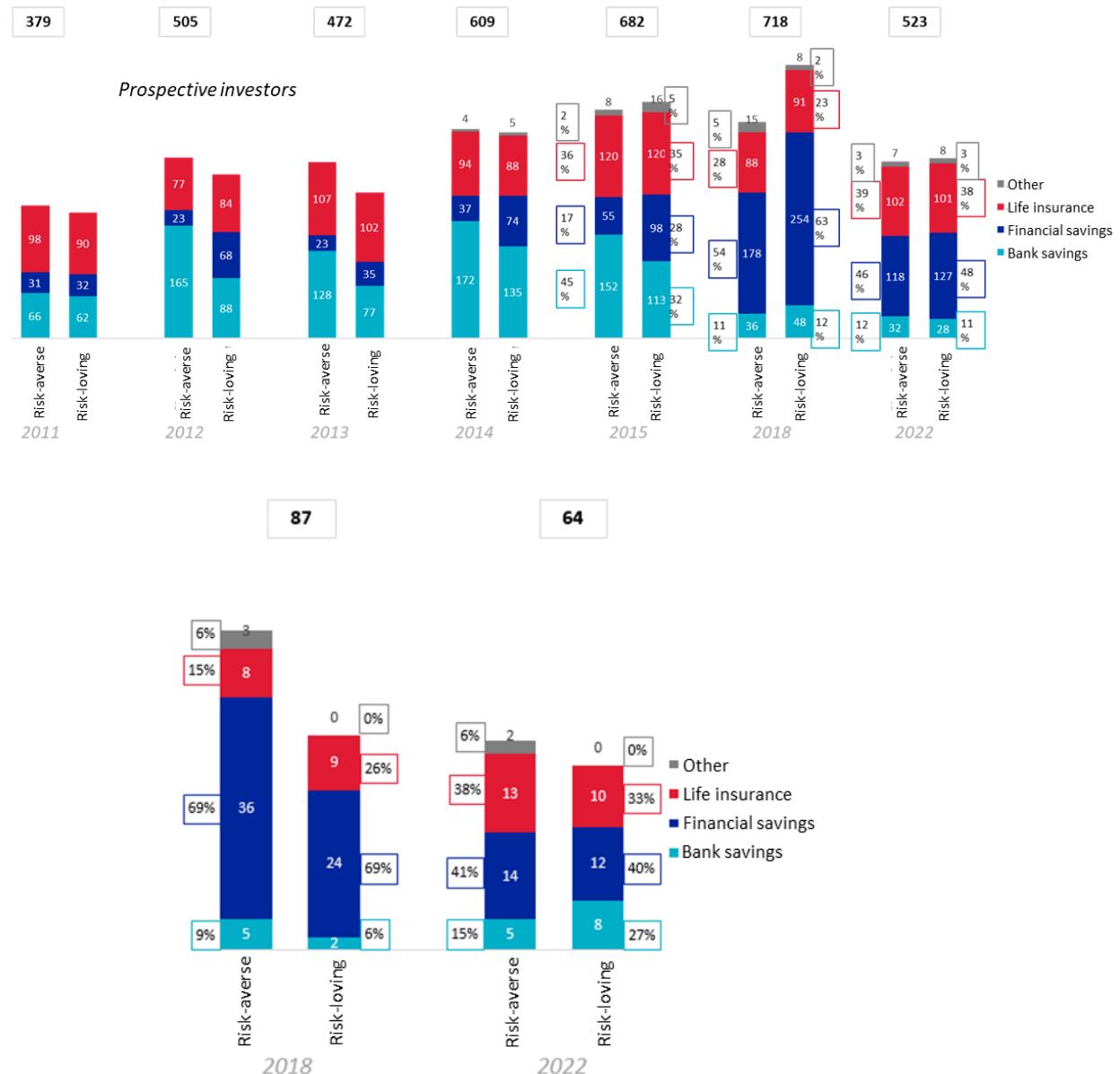
In almost 70% of cases, **advisers failed to tell mystery shoppers verbally whether they were providing independent advice or not**. However, this figure is slightly lower than in 2018 (75%).

This concept was explained by advisers in more than 8 out of 10 cases in which it was mentioned, whereas the reasons why this type of advice is offered were only explained in a third of cases.

2.4. A DECREASE IN COMMERCIAL PROPOSALS

2.4.1. A reduction in the catalogue effect of unsolicited proposals

Since the launch of the mystery shopping campaigns in 2010, the number of unsolicited commercial proposals made by advisers to prospective investors has increased each time up to and including the last campaign in 2018. For the first time in 2022, **this number fell**, with 523 commercial proposals made compared with 718 in 2018 (-27%). However, the proportions of product ranges offered compared with previous campaigns are fairly similar for bank savings, increasing for life insurance and decreasing for financial products.



Despite their decrease compared with the previous campaign, financial savings products seem to be the most promoted, with these accounting for 46% of those offered to the risk-averse and 48% to the risk-loving prospective mystery shoppers. Life insurance (39% and 38%) and bank savings (12% and 11%) products follow as in the last campaign. The proportions for the new client mystery shoppers are of the same order of magnitude, although they differ slightly.

On average, 2.8 products were offered to prospective investors regardless of their mystery shopper profile (2.8 to the risk-loving and 2.75 to the risk-averse) compared with 3.6 in 2018 and 3.1 in 2015.⁸ In 2018, in all the networks, **4.1 products** were proposed on average to the **risk-loving** mystery shoppers, compared with **3.2 products** on average to the **risk-averse**. For the first time since 2010, the proportions are the same for the risk-averse and risk-loving profiles. The new customers were offered 2.9 products on average.

⁸ These results were observed over a total of 188 visits in 2022 compared with 198 in 2018 and 220 in 2015.

2.4.2. Life insurance is still the most popular investment wrapper, ahead of equity savings plans and retirement savings plans, which continue to gain in popularity

For several years now, **life insurance has been the most promoted** investment wrapper.⁹ These policies were proposed without prompting by 67% of advisers. Advisers typically propose a **split between non-unit-linked and unit-linked products**. For the first time in several years, non-unit-linked products seem to be regaining momentum, with an increase of 4 points for the risk-averse profiles and 3 points for the risk-loving.

Equity savings plans (PEAs) / securities accounts were proposed on average in the same proportions as during the last campaign, when they increased. The trend observed is different for the risk-averse and the risk-loving profiles. The PEA is proposed less to the risk-loving prospective investors (48% in 2022 compared with 53% in 2018), but it is proposed more to the risk-averse profiles (in 44% of visits in 2022 compared with 38% in 2018).

Across all banking institutions, prospective investors are significantly **less likely to be offered the option of delegating the management of their financial savings** (discretionary management of securities accounts or PEAs or retirement savings plan securities accounts). In 2022, this service was offered half as much to both the risk-loving and risk-averse prospective investors. In 2018, 64% of the risk-averse profiles were offered the service, compared with 29% in 2022. Discretionary management was offered to the risk-loving profiles in 56% of cases in 2018, compared with 31% today.

Following the reform of retirement savings and the introduction by the PACTE Law of the **retirement savings plan (PER)** on 1 October 2019, this wrapper, which is mainly proposed in combination with life insurance,¹⁰ is the third most popular choice. The **securities account**, however, continues its gradual decline (7% compared with 17% in 2018 for the risk-averse and 9% compared with 13% for the risk-loving in 2018). Conversely, the PER, compared here with the previous retirement savings plans studied in earlier campaigns (PERP, Madelin contract, Perco, etc.), is growing strongly, particularly for the risk-averse mystery shoppers, who were offered **seven times more PERs than they were PERPs** in the previous campaign (28% compared with 4% in 2018).

Given the profile and the scenario given to the mystery shoppers, **bank savings** were still only offered on a very limited scale. These figures are similar in proportion to those observed in previous campaigns.

2.4.3. Financial savings products slightly down on the last campaign

As was the case in the last campaign, almost half the commercial proposals concern financial savings since, as was the case four years ago, the scenario would naturally lead advisers to offer these products.

In 2018, there was an increase in the range of **vehicles invested in “real estate paper”**. In 2022, real estate investment companies (SCPIs) remain the most popular financial instrument (24% of visits on average). The gap between the two profiles is narrowing, with a drop of two percentage points in the number of proposals for the risk-averse and nearly 10 points for the risk-loving profiles. **Real estate collective investment undertakings (OPCIs) were proposed much less in 2022**, in only 1% of visits for the risk-averse profiles and 3% for the risk-loving profiles. They were proposed in 11% and 23% of visits respectively in 2018.

Equity funds were, on average, proposed less during this campaign. A significant drop was noted in particular by the **risk-loving mystery shoppers, who saw the number of proposals for equity funds fall by 20 points**. At the same time, **structured funds**, which were not studied in the previous campaign, were proposed to 6% of visits by risk-loving mystery shoppers.

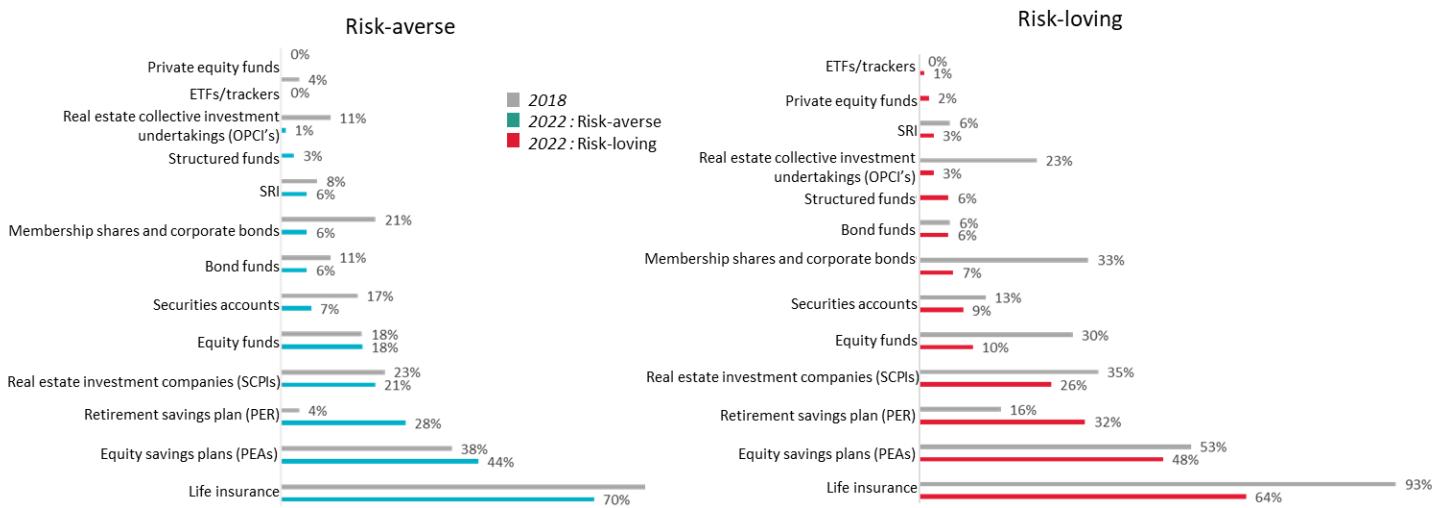
⁹ Only advice within the meaning of the MiFID II regulations was studied as part of these mystery shopping campaigns. Life insurance was not looked at in depth.

¹⁰ Only two of the identified PER securities accounts were marketed at the time of the campaign, those of Yomoni and Crédit Agricole.

Bond fund commercial proposals remained stable for the risk-loving profiles and were slightly down for the risk-averse profiles, while **membership shares and corporate bonds** were down significantly (on average 7% in 2022 compared with 27% in 2018).

The increase in **socially responsible (SRI) funds** observed in 2018 has waned between then and this campaign, with the number of proposals falling by 2 percentage points for the risk-averse and 3 percentage points for the risk-loving profiles. A few advisers in six institutions proposed them, but products with a socially responsible aspect are not routinely promoted by all advisers.

ETFs/trackers and **private equity funds**, already at very low levels in 2018, were hardly proposed at all during this campaign.



2.5. UNEVENLY BALANCED INFORMATION DEPENDING ON PRODUCT TYPE

MiFID II requires investment services providers to provide detailed information on the products they advise on, including how they work, their characteristics, their risks and their costs and charges. This information must be presented prior to providing any advice.

2.5.1. Ongoing imbalance in how the benefits and drawbacks of wrappers are presented

Communication regarding the benefits and drawbacks is still not balanced.

	RISK-AVERSE			RISK-LOVING		
	2015	2018	2022	2015	2018	2022
<i>Basis</i>	-	74	50	-	81	53
Benefits of PEA/securities accounts	87%	61%	94%	73%	78%	96%
Drawbacks of PEA/securities accounts	70%	46%	56%	46%	72%	67%
The adviser presented:						
<i>How these products work</i>	57%	54%	94%	62%	64%	91%

Communication regarding the benefits and drawbacks of the PEA and the securities account is generally perceived as balanced. It is worth noting that, for both the risk-loving and risk-averse profiles, presentation of the benefits has increased by about 26 percentage points.

Presentation of how the PEA and securities account wrappers work occurred in 9 out of 10 cases, all profiles combined, which is a significant improvement (64% risk-loving and 54% risk-averse in 2018).

	RISK-AVERSE		RISK-LOVING	
	2018	2022	2018	2022
<i>Basis</i>	6	29	17	34
Benefits of PERs	33%	93%	53%	94%
Drawbacks of PERs	33%	45%	47%	77%
The adviser presented:				
How these products work	-	83%	-	91%

The **PER** was presented during this campaign, replacing the previous PERP from 2018. The benefits were more readily presented than the drawbacks. The same holds true for life insurance.

2.5.2. Fees are presented too inconsistently and sometimes inadequately

With regard to fees relating to wrappers, on securities accounts and PEAs, the mystery shoppers reported that the information was presented in only 5 out of 10 visits for the risk-averse and 6 out of 10 visits for the risk-loving profiles. In life insurance, the fees related to the wrapper were presented in almost half of the visits.

	RISK-AVERSE			RISK-LOVING		
	2015	2018	2022	2015	2018	2022
<i>Basis</i>	-	98	73	-	101	67
The adviser presented the fees related to life insurance:	-	43%	60%	-	60%	45%
<i>Policy-related fees</i>			49%			42%
<i>Management fees related to unit-linked products</i>			26%			13%
<i>Other fees</i>			4%			3%
<i>Basis</i>	-	74	50	-	81	53
The adviser presented the fees related to SAs/PEAs	36%	42%	58%	25%	38%	66%
<i>Basis</i>	-	6	29	-	17	34
The adviser presented the fees related to PERs		0%	62%		6%	64%

According to the mystery shoppers, during the meeting, information on costs and charges on financial instruments was provided in half of the cases. **Entry fees are the fee type most frequently presented, followed by annual management fees and then exit fees, which are rarely presented.** Overall, it can be observed that the advisers more generally mention the fees involved in investments to risk-averse shoppers than to risk-loving shoppers.

	RISK AVERSE	RISK LOVING
	2022	2022
<i>Basis</i>	65	68
The adviser presented the following fees:		
Entry fees	29%	29%
Exit fees	12%	11%
Annual management fees	26%	18%
Other fees	8%	8%
No fees	25%	34%

In 7 out of 10 cases for the risk-averse and 6 out of 10 cases for the risk-loving profiles, no written document on fees was provided. When fees are mentioned during the meeting, advisers **do not use many examples, references or tables to explain them verbally**. However, the **terminology used appears to be clear and understandable to the mystery shoppers**. A detailed breakdown of costs and charges was presented in 29% of cases for the risk-averse and 40% for the risk-loving shoppers. Specifying a percentage of all-inclusive costs appeared to be used in 4 out of 10 visits for all profiles combined.

	RISK- AVERSE	RISK- LOVING
	2022	2022
Basis	65	68
Benefits of financial instruments	69%	66%
Drawbacks of financial instruments	54%	52%
The adviser presented:		
How these products work	74%	62%
Information on costs and charges	51%	50%
Documentation is provided on fees	28%	40%
Examples are used to explain fees	34%	41%
Schedules and tables are presented to explain fees	21%	35%
A detailed breakdown of costs and charges is presented	29%	17%
Terminology used is clear and understandable	97%	81%

2.6. END OF THE MEETING

2.6.1. Fewer documents given to shoppers, but a larger proportion of regulatory documents

Regulatory documents must be routinely given to clients in an investment advisory situation. Similarly, the adviser must provide the client with a suitability report detailing the advice given and the extent to which it corresponds to their situation and investment objectives.

RISK-AVERSE		Global 2018	Prospective client	New clients	Global 2022	Prospective client	New clients
Basis	109	99	10	65	58	7	
Given at least one document (commercial or regulatory)	75%	74%	90%	45%	45%	43%	
Regulatory	68%	66%	90%	32%	31%	43%	
Regulatory (excluding the suitability report)	16%	15%	20%	23%	24%	14%	
No documents	25%	26%	10%	55%	55%	57%	

RISK-LOVING		Global 2018	Prospective client	New clients	Global 2022	Prospective client	New clients
Basis	108	99	9	68	63	5	
Given at least one document (commercial or regulatory)	68%	67%	78%	49%	49%	40%	
Regulatory	63%	63%	67%	41%	43%	20%	
Regulatory (excluding the suitability report)	7%	6%	22%	24%	24%	20%	
No documents	32%	33%	22%	51%	51%	60%	

In 2022, in general, fewer documents were given to mystery shoppers. No documents were given in more than half the visits. In 28% of the visits for the risk-averse and 24% for the risk-loving, regulatory documents were provided on a durable medium (email and hard copy).

However, **the number of regulatory documents (apart from the suitability report) given to both profiles seems to have increased**, from 16% to 23% for the risk-averse and from 7% to 24% for the risk-loving shoppers. This is positive, albeit not sufficient.

It appears that the documents most frequently given to both profiles **are still commercial documents** (more than 30% on average).

2.6.2. Advisers mostly summarise the mystery shopper's situation but do not give them a suitability report

		RISK-AVERSE		Global 2018	Prospective client	New clients	Global 2022	Prospective client	New clients
		Basis	109	99	10	105	94	11	
At the end of the meeting, the adviser summarised your situation			57%	53%	100%	65%	63%	82%	
When the investor profile is stated, it is stated verbally			35%	44%	-	57%	58%	50%	
When the investor profile is stated, it is specified in the suitability report						5%	4%	17%	
Provided with the suitability report			5%	3%	20%	8%	6%	18%	
		RISK-LOVING	Global 2018	Prospective client	New clients	Global 2022	Prospective client	New clients	
		Basis	108	99	9	105	94	11	
At the end of the meeting, the adviser summarised your situation			52%	54%	33%	64%	64%	64%	
When the investor profile is stated, it is stated verbally			35%	42%	14%	43%	43%	45%	
When the investor profile is stated, it is specified in the suitability report						5%	5%	9%	
Provided with the suitability report			5%	2%	33%	11%	11%	9%	

In 2022, **advisers summarised the client's situation more frequently than in 2018**. Advisers have made an effort to educate clients by providing them with a summary of their situation on a systematic basis. However, this summary is mostly done verbally, rather than on paper.

Mystery shoppers reported that the **suitability report was given to them more than in 2018 (8% for the risk-averse and 11% for the risk-loving)**. However, this figure is still **very low**, even for visits where a shopper subscribes to a product, **which is in breach of the regulations**.

2.2. MYSTERY SHOPPERS STILL SATISFIED

RISK-AVERSE			RISK-LOVING			
	2015	2018	2022	2015	2018	2022
Did the adviser seem to listen to you?	97%	76%	94%	95%	89%	90%
The information and advice given was clear	91%	82%	82%	87%	85%	80%
The adviser used understandable language /made sure you understood their explanations	95%	94%	91%	95%	91%	88%
The adviser asked for enough information to understand your situation	73%	79%	70%	67%	79%	74%
The adviser seemed competent	83%	81%	86%	79%	83%	83%
The adviser suggested a second meeting	47%	77%	59%	63%	81%	54%
The mystery shopper was contacted again within 8 days	18%	27%	39%	25%	26%	38%

The mystery shoppers report a **high level of satisfaction**, because in most cases the advisers seemed to them to be attentive (92%), clear (81%), intelligible (90%), looking to understand their needs (72%) and competent (85%). Whereas in 2018 in 80% of cases advisers suggested a second appointment to the prospective investor, in 2022, this figure fell back to 2015 levels (57%).

CONCLUSION

The in-branch mystery shopping visits showed that the majority of the institutions visited had made progress in implementing the client discovery obligations required by MiFID II. Progress has also been made with regard to clients' knowledge and experience and in the areas of clients' risk tolerance and their ability to bear losses in relation to financial products, although not enough given their importance for providing appropriate advice. Furthermore, there is still significant work to be done on providing the suitability report and on how fees are presented. Based on the mystery shoppers' feedback, the institutions visited were in breach of the regulations in these two key areas, which is very problematic.

Unsurprisingly, commercial proposals are correlated to the current economic environment: fewer proposals for financial savings, more proposals for non-unit-linked products and increased marketing of PERs. The number of products offered to prospective investors was lower than in previous years, reducing the "catalogue" effect that had been observed. It is worth noting that management services strongly promoted in 2018 are no longer as prominent.

Although the questions asked about sustainability preferences did not go into much depth for our mystery shoppers, more than half of the institutions visited had plans or were trying to implement this obligation, which has applied since August 2022, by simply referring to it in general terms without asking the three required questions (on sustainable investments as defined in the Taxonomy Regulation, sustainable investments as defined in the SFDR and the principle adverse impacts).

ANNEX 1 – SUMMARY OF THE OBJECTIVES OF THE MYSTERY SHOPPING VISITS AND CAMPAIGNS CONDUCTED SINCE 2010

The objectives of the mystery visits are to:

- Check that the prospective investor's profile has been correctly identified;
- Check the relevance of commercial proposals in relation to the prospective investor's profile;
- Check the quality of the information and advice given on the products;
- Compare the results of the campaigns;
- Measure the impact of the Retail Investor Relations Directorate's messages after feedback.

Campaign	Year	Number of tests	Prospective investor's profile
1	2010	110	Risk averter
2	2010	110	Risk lover
3	2011	110	Hard-working person
4	2012	110	Risk averter
5	2012	110	Risk lover
6	2013	110	Young working person
7	2013	110	Risk averter
8	2013	110	Risk lover
9	2013	22	Private bank client
10	2014	110	Risk averter
11	2014	110	Risk lover
12	2014	110	Person under guardianship
13	2014	29	Forex/binary options client
14	2015	17	Online bank client
15	2015	110	Risk averter
16	2015	110	Risk lover
17	2015	110	Young working person
18	2016	14	Forex/binary options client
19	2017	18	Online bank client
20	2018/2019	110	Risk averter
21	2018/2019	110	Risk lover
22	2019	18	Atypical product client
23	2020	25	"Digital journeys" with the ACPR
24	2022	105	Risk averter
25	2022	105	Risk lover
26	2022	11	Digital journeys

ANNEX 2 – 2022 RISK-AVERSE AND RISK-LOVING MYSTERY SHOPPER PROFILES

	Risk averter (ESMA profile)	Risk lover
Age	40-50 years	40-50 years
Marital status	Married without prenuptial agreement 2 children: ages 13 and 15	Married without prenuptial agreement 3 children: ages 8, 10 and 14
Approximate earned income	He: €3,000 net/month She: €1,800 net/month (Note: add 20% for Paris)	He: €3,100 net/month She: €3,600 net/month (Note: add 20% for Paris)
Income tax	Approximately €3,000 per year (€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	<ul style="list-style-type: none"> - Savings on passbook accounts: €30,000 invested on all the family's Livret A passbook accounts - Life insurance 100% invested in a non-unit-linked policy: €20,000 <p>The total financial wealth of the risk-averse prospective investor amounts to €50,000 before receiving the gift. It is fully invested today in a "cautious" and "safe" manner.</p>	<ul style="list-style-type: none"> - Savings on passbook accounts: €30,000 on the family's Livret A passbook accounts - 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) - In 2010, they opened a securities account and invested €10,000 in equity funds. <p>The total financial wealth of the risk-loving prospective investor amounts to €110,000 before receiving the gift: 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.</p> <p>The risk-averse mystery shopper therefore has an investment profile that is "balanced" between so-called risky and cautious investments.</p>
Why are you investing money?	<p>The reason is the same in both cases</p> <p>The mystery shopper is going to receive €50,000 as a gift from his/her parents. He/she is keen to get investment advice.</p> <p>Given the amount, he/she would like to have an opinion from somewhere other than their bank, with which he/she has no real relationship (adviser unavailable), before making a decision.</p>	
Investment objective and horizon	<p>The objective and horizon are the same in both cases</p> <p>To increase the value of his/her savings over the next 10 years. He/she has no short-term real estate plans. These savings will be used mainly to prepare for retirement.</p>	
Risk aversion and risk tolerance	<p>He/she would like to have better returns given the low interest rates on passbook accounts and life insurance in the past few years.</p> <p>He/she is therefore prepared to invest a small part of his/her capital in financial</p>	<p>Is prepared to take risks to increase the value of his/her capital more than by investing in a non-unit-linked life insurance policy, even if it means taking risks.</p>

	<p>markets and tolerate a fall in a small part of his/her invested capital due to the performance of equity markets.</p> <p>He/she is therefore prepared to tolerate a potential maximum loss of 10% of the invested capital.</p>	<p>He/she is therefore prepared to tolerate a potential maximum loss of 20% of the invested capital.</p>
Knowledge of financial markets	<p>He/she has an average knowledge of financial markets.</p> <p>He/she is capable of replying positively to 50% of the questions in the MiFID II questionnaire on knowledge of financial markets (the answers to be ticked in the questionnaires likely to be handed out in institutions will be provided).</p> <p>He/she is acquainted with how conventional financial savings work: equities, bonds and funds in general. He/she is also acquainted with how products invested in real estate work (SCPIs/OPCIs).</p> <p>However, he/she has no understanding of complex products and hedging products (currency or interest-rate hedging).</p>	<p>He/she has a good knowledge of financial markets.</p> <p>He/she is capable of replying positively to 75% of the questions in the MiFID II questionnaire on knowledge of financial markets (the answers to be ticked in the questionnaires likely to be handed out in institutions will be provided).</p> <p>He/she is well acquainted knows how conventional financial savings work: equities, bonds and funds in general. He/she is also acquainted with how products invested in real estate work (SCPIs/OPCIs).</p> <p>He/she has some basic understanding of complex products and hedging products (currency or interest-rate hedging).</p>
Experience of financial markets	<p>He/she has a limited past experience of financial investments (sold his/her shares 10 years ago).</p> <p>He/she had shares in a securities account and eventually sold them (because they had fallen in value). If the question is asked, the mystery shopper may state that this sale related to Natixis or EDF shares, or to shares of other companies that he/she is comfortable mentioning.</p>	<p>He/she has experience currently because he/she holds equity funds on his/her securities account or his/her life insurance policy. He/she reviews the performance of his/her investments once a month and places no particular orders because he/she has invested for the long-term.</p> <p>The current capital loss (€1,000) on the securities account does not bother him/her because he/she is waiting for these investments to regain value.</p>