

EDITORIAL

Fall in equity investment intentions

The sixth wave of the AMF Savings and Investment Barometer, some results of which are detailed by us in this Newsletter, revealed a certain decline in French people's interest in the stock market this year, after an uptick over the previous two years.

Their overall level of confidence regarding the outlook for their financial situation fell in 2022: the number of people who are pessimistic is at its highest level since the inception of the Barometer in 2017.

Logically, equity investment intentions, which are also linked to perceptions of the economic and financial environment, have fallen sharply. This fall in intentions is perceptible especially among young people aged under 25.

For a growing number of French people, this is no longer the right time to invest in equities. And for those who nevertheless have a positive outlook on the coming years, the expected returns are lower.

In the past five years, it can be noted that some investors in equities have appeared more sensitive to the economic situation/to the macroeconomic or geopolitical environment. Some were able to seize investment opportunities during the period of the health crisis, but against a backdrop of significant uncertainty and the resurgence of inflation, a larger number of them express fears and caution.

With regard to financial education, this raises several questions: Do retail investors have a sufficiently long investment horizon? How can the arguments in support of diversification of long-term savings in the stock market prevail over short- and medium-term concerns?

In 2023 the AMF will conduct more detailed mapping of investors based on their savings behaviour; this will be a precious tool for focusing its financial education initiatives more effectively on the various types of investors. ■

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Only 12% of French people familiar with basic investment concepts

To test individuals' knowledge regarding savings and investments, the AMF added three questions to the sixth wave of its Savings and Investment Barometer.¹

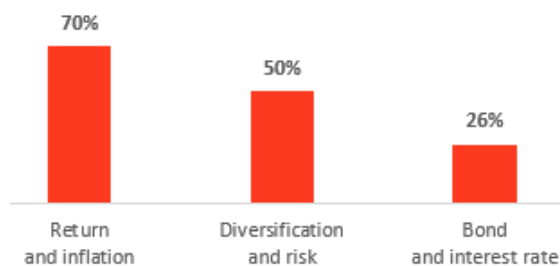
The analysis of the answers confirms the difficulties of understanding encountered by many French people with regard to investment.

The three questions were as follows:

- *Imagine that the rate of remuneration of your savings is 1% per annum and that inflation is 2% per annum. After one year, with these savings, in your opinion will you be able to buy... (more or less than before...)?;*
- *Generally, when an investor allocates their capital to diverse financial investments, the risk of losing money ... (increases, decreases...)?*
- *When interest rates rise, what usually happens for bonds? (their value rises, falls ...)*

¹ These questions are asked during international surveys to assess the level of financial education.

Proportions of correct answers to questions asked



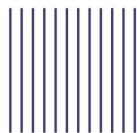
Source: AMF Savings and Investment Barometer, 2022

Two-thirds of French people (70%) correctly answered the question concerning the effect of inflation on the purchasing power of their savings.

The relationship between the value of bonds and the level of interest rates, which is admittedly complex, is understood by only one-quarter of those surveyed (26%).

In all, only 12% of the respondents found three correct answers. They are generally holders of individual shares (23% of them).

Only 18% of those who consider that they are "knowledgeable" regarding investments answered the three questions correctly. ■



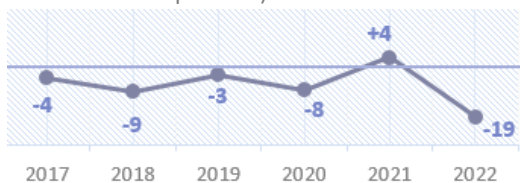
Lower confidence and a fall in equity investment intentions

The sixth wave of the Savings and Investment Barometer¹ revealed a change in savers' confidence regarding investment in the stock market.

Lower confidence...

In October 2022, confidence in France was sharply down from its level of October 2021. It is at its lowest level since 2017, when the Barometer was launched. Only one-quarter of those surveyed said they are confident in the outlook for their economic and financial situation, compared with one-third in 2021. This weaker confidence is widespread, irrespective of the age or the type of investment held.

On the whole, concerning the outlook for your economic and financial situation in the next 12 months, would you say that you are ... (balance between « confident » et « concerned » persons)



Source: AMF Savings and Investment Barometer, 2022

... which is less conducive to risk taking

Some savers are now more hesitant with regard to risky investments. The proportion of those surveyed who would accept a moderate risk for their savings, after rising in 2021, decreased while the number of the "hesitant" (those who reply that they don't know) increased.

You accept a small amount of risk in the hope of obtaining a higher return than with risk-free investments



The decline of this acceptance of risk is significant in the under-25 age group and less significant among the more elderly. A status quo can be noted among those who have financial assets exceeding €30,000 and among investors in the stock market.

At the same time, the proportion of French people saying they refuse any risk for their savings, the "risk-averse", remained stable compared with 2021 at a relatively low level (4 out of 10 French people).

You refuse any risk on your investments, although you know that your return will remain low



Savings behaviour in the past twelve months

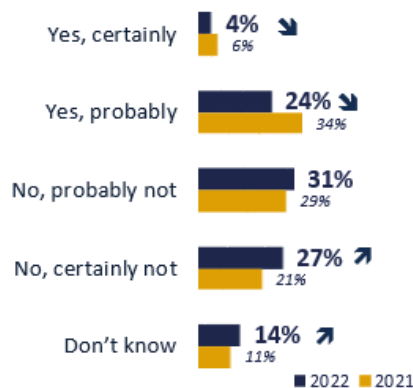
In 2022, 76% of French people set money aside (stable by comparison with 2021). At the same time, a larger number of them made withdrawals from their savings (58% versus 51%). The proportion of French people saying they save regularly declined, from 39% in 2021 to 32%.

Those who set money aside did so mostly on current accounts and savings accounts. Only 17% of them invested in the stock market, including 27% of those having financial assets exceeding €30,000 and 43% of those holding stock exchange investments in a securities account or a "PEA" (personal equity savings plan).

Low returns and inflation are less conducive to risk taking

The French are more cautious and the argument of the low return on savings is less convincing than in 2021: in 2022, only 28% now say they are prepared to take slightly more risk with their savings, versus 40% in 2021.

Given the current low return on guaranteed savings products, would you be prepared to accept a little more risk on part of your investments?



Source: AMF Savings and Investment Barometer, 2022

The inflation argument does not seem any more convincing to investors: only 27% of the respondents would endeavour to offset the effects of inflation by increased risk taking in their investments.

Freezing the amounts invested is less readily accepted

In the case of an unsecured investment, the idea of having to tie up one's invested savings in exchange was less frequently accepted than in 2021. Only 38% of respondents were prepared to have their savings tied up for at least three years (44% in 2021).

The average length of time accepted for freezing the amounts invested decreased to 4.2 years, versus 4.7 in 2021. This is the lowest level since 2017.

¹ 2,000 people representative of the French population aged 18 and over surveyed from 20 September to 10 October 2022.

Less interest in the stock market

Interest for investing in equities (directly or through funds or SICAVs) declined in 2022 (25% of French people say they are interested, versus 29% in 2021), as did confidence in equity investments (21% versus 24%), at the lowest level measured since 2017, when the Barometer survey was launched.

The decline was noted in the under-25 age group, but even more significantly in the 55-64 age group. However, interest in equity investments did not decrease among investors in the stock market.

Expected decline in returns...

In 2022, only 37% of French people replied that they expected equity investments to be profitable in the next five years. The corresponding percentage was 43% in 2021. The expected return for the next five years by this third of French people who are optimistic was also lower: 3.6% per annum versus 4.2% in 2021.

51% of those who are confident for themselves expect a positive return (4.1% on average).

54% of those who consider themselves "knowledgeable investors" are optimistic (they expect 4% per annum), the same proportion as those who say they stay informed about the stock market (3.8% expected per annum).

59% of investors in the stock market, i.e. those who hold equities directly, and bonds or investment funds, expect a positive return (4.1%). This is the case for 65% of the shareholders of listed companies (4.3% expected).

... the impression that it's not the right time ...

Logically, the proportion of those who think that it is not a good time to invest in equities increased significantly between 2021 and 2022, from 26% to 34%. This is also the case for 34% of the holders of listed shares.

As regards age, those most inclined to think that it is still a good time to invest are the 25-34 age group: 19% of them think that it is rather a good time (16% in 2021), versus 12% for the population as a whole (15% in 2021).

However, 31% of individual shareholders still think that it is a good time (34% in 2021).

... and lower investment intentions in the short term

Short-term investment intentions (in individual shares or through collective investment schemes) have fallen back to their 2019 level, at 19% of French people.

In the coming 12 months, could you consider investing in equities?



Source: AMF Savings and Investment Barometer, 2022

Among the under-25 age group, intentions have fallen significantly, from 37% to 30%. But this is also the case for the 55-and-over age group: the figure there is now only 12%, versus 18% a year earlier. Only the 25-34 age group maintains its investment intentions (29% of them).

Among the holders of individual shares, listed or unlisted, intentions remain strong: 56% of the shareholders surveyed in October 2022 said they were prepared to invest within the coming twelve months.

Longer-term intentions have also declined. The cumulative total of short-, medium- and long-term investment intentions fell back to 28%, its 2019 level, versus 35% in 2021.

Savers and their advisers

The adviser remains the main "source" of information for savers (48% of them), ahead of close relations (26%) and reading documentation (23%).

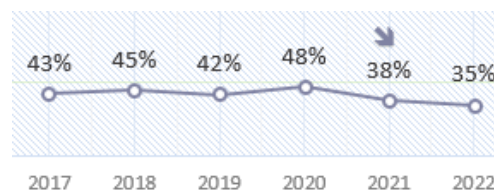
However, 54% of savers say that they decide themselves on their choice of investment, sometimes with support from their close relations. Advisers are involved in 30% of cases.

In the past three years, only 21% of French people received an evaluation of their savings. This was done on their initiative in half of the cases. Usually, the adviser took the time to examine in detail their client's situation and objectives with a view to giving advice. ■

In the past two years, a decline in the impression of being knowledgeable

In the past two years, a larger number of French people consider they have a poor knowledge of savings and investment. In 2022, only one-third of the French stated that they had a good knowledge, or at least a fairly good knowledge in this field. Around half of them said so in 2020.

Do you think you have a very good, fairly good, rather poor or very poor knowledge of savings products and financial investments?



Source: AMF Savings and Investment Barometer, 2022

Future "neo-investors" in equities

Some savers, among those who currently have no unsecured investment, replied that they could consider investing in equities in the near future (within twelve months). They represent 3% of the respondents.

They are often young (59% are aged under 35), women (70%) and people in employment (77%, 32% self-employed).

They are also often people who are very confident regarding their financial future. ■

■ FOCUS

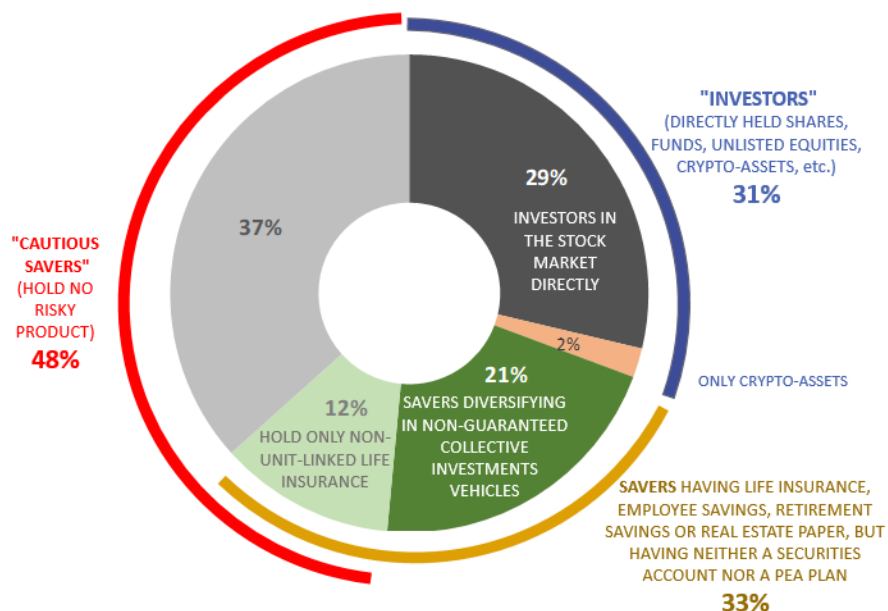
Segmentation of savers according to the investments held

An analysis of the investment products held by households reveals three categories of savers:

- Those who have bank savings (passbook savings accounts, home-buyers' savings plans, etc.) and/or a life insurance policy fully invested in euro funds, but who hold no unsecured investment product; these are "**cautious savers**": 48% of the households surveyed;
- Those who diversify their savings with unsecured financial instruments within the framework of a life insurance policy, retirement savings scheme, through an employee savings scheme, or else by investing in real estate paper (SCPIs/OPCIs). These are "**diversified savers**": 21% of households;
- "**Investors**" (31% of households), more autonomous, who also frequently hold life insurance, retirement savings or employee savings schemes, but who also invest in financial markets more directly via a securities account or a "PEA" personal equity savings plan. Of these investors, 20% also invested in crypto-assets and 2% hold only crypto-assets.

Segmentation of savers according to the type of investments held in the household

Please indicate in the following list all the savings and investment products, and the assets that you possess in your household



Source: AMF Savings and Investment Barometer, 2022

NB: 31% of those surveyed stated that they possess, in their household, at least one non-guaranteed product in a securities account or a PEA plan (equities, bonds, funds, ETFs, stock market products, crypto-currencies). 37% don't hold life insurance or non-guaranteed products.

"Investors" versus "diversified savers"

Investors are more often men than are "diversified" savers (59% versus 45%), they are slightly younger (age 49 versus 51), and have far larger financial assets on average (€111,000 versus €74,000).

They are more frequently confident in their financial future (36% versus 23%) and 58% of them consider themselves knowledgeable investors, versus 33%.

More optimistic, 56% of investors intend to invest in equities in the short, medium or long term (versus 25%).

Diversified savers are more attentive than investors to the safety and availability of their assets, like the cautious savers. Only one-quarter of them consider that the current environment of low returns on guaranteed investments or inflation gives them an incentive to take more risk, versus half of investors.

They are distinguished from investors in their perception of equity investments. Far more diversified savers than investors think that equities are reserved for people who are financially well-off (60% versus 43%), or that they are excessively risky investments (79% versus 62%).

59% of investors expect equity investments to be profitable in the next five years, versus 45% of diversified savers and 17% of cautious savers. They expect a return of 4.1% per annum, versus 3.1% for other savers (diversified savers and cautious savers).

Most investors are relatively little invested

Investors indicated the allocation of their financial assets among the various types of savings or investments possessed.

The proportion invested in the stock market (equities, bonds, collective investments in equities and/or bonds, etc.) is on average 17% of their total financial assets. Those most heavily invested are the 35-44 age group and the over-75 age group (21% each).

Those least heavily invested are the under-35 age group (13%). The proportion invested increases with the amount of financial assets possessed.

Moreover, 4% of investors' financial assets are real estate paper and 10% are "other types of investments". It can be observed that the declared holders of crypto-assets (8% of respondents) indicated that 50% of their assets are invested in these other investments. ■

The complete study report is available from the [Publications/ Reports, Research and Analysis page of the AMF website](#)