

## **Reaching Adults – Developing Financial Skills & Competence for a Secure Future**

12 December 2005

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## **Who We Are**

- ❑ The Securities and Futures Commission, Hong Kong is an independent non-governmental statutory body
- ❑ We are responsible for administering the laws governing the securities and futures markets in Hong Kong
- ❑ We also facilitate and encourage the development of these markets

## Our Statutory Educational Roles

We have to promulgate public understanding of:

- The securities and futures industry
- Benefits and risks associated with financial investments
- The importance of making informed decisions and taking responsibility therefore
- The rules intended to protect them



However, investor education is not a substitute of market regulation, it is only a complement. Nor can a regulator recommend what and when to invest

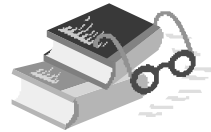
## A Dedicated Team

The SFC's Investor Education & Communications Department has five functions:

- Launch **Investor Education** programmes in all available media
- Help **Investors** find **Information**: "*Get the facts before you invest*"
- Publish **Investor Alerts** to warn the public off suspected scams
- Conduct Retail **Investor Surveys**
- Investor Communications** – answer investors' questions and hear their complaints of suspected market misconduct and financial crime



## Why Investor Education?



- ❑ Knowledgeable investors make better financial decisions
- ❑ The market is increasingly complex and the language of investment can be complex and confusing
- ❑ Quality investors help to raise standards of the markets
- ❑ Investor education is key to investor protection

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## What is Investor Education?

The process by which investors:

- ❑ Enhance their understanding of investment activities, jargons and risks;
- ❑ Develop the skills to become aware of investment opportunities and risks;
- ❑ Learn how to make informed financial decisions and manage financial risks;



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## What is Investor Education? (Cont'd)

- Know how to improve their financial well-being and invest wisely;
- Learn to spot market malpractices and scams; and
- Understand their rights and duties

Investor education goes beyond investment education and provision of financial information and trading advice



## What is Financial Competence?

Educated investors:

- Make informed financial decisions (do their homework, ask the right questions, while punters follow rumours)
- Know where to find the facts
- Understand the pros and cons of different types of financial products and services
- Support investor activism
- Alert to suspicious financial scams



## **Investor Education – Collaboration with Market**

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*Regulator as a promoter and facilitator of investor education*



- Spawns ideas
- Develops and implements education programmes
- Encourages and supports the market to do education as well

*Market institutions as partners of investor education*

- Carry out their own education work
- Help promote regulator's education initiatives

## **Investor Information**

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Investor information is disseminating factual information to facilitate investors to make informed investment decisions



*Regulator*

- Ensures proper disclosure by market
- Provides regulatory information (e.g. rules and regulations, register of authorised intermediaries and investment products, enforcement actions)

*Market institutions*

- Make proper disclosures on their products and services (e.g. in product prospectuses, service fees and charges, dealing procedures)

## Investor Marketing

Investor marketing is to promote specific products or services to investors



### ***Regulator***

- ❑ Ensures compliance with relevant rules and regulations (e.g. prohibits cold calling, no misleading advertisements)
- ❑ **Cannot** comment on viability and profitability of specific products or services

***Market institutions*** are promoters of investments

*Is Investor Marketing Investor Education?*

## How Useful are Investor Surveys?

- ❑ Estimate retail participation in the markets
- ❑ Find out socio-economic profile of investors
- ❑ Understand investment behaviour and perceptions
- ❑ Gauge level of financial understanding
- ❑ Ask about education needs and desired channels to receive educational information
- ❑ Measure effectiveness of education programmes

Survey findings help to prioritise education work



## Reaching Adults

Conventional approach advocates:



- Free booklets and leaflets
- Public seminars, talks and exhibitions
- Text information on official websites
- Newspaper articles
- Radio / TV talk show

But, the world has changed, we need more innovative strategies to attract interests and attention

## Reaching Adults

Given resources constraints, we need to make good use of the mass media:



- Publish short investor stories based on closed complaints to illustrate common fallacies and lessons to learn
- Radio dramas cum quiz to attract attention
- Short TV documentary-dramas (use celebrities or artistes if possible)
- Press releases: use complaint trends to issue warnings or advice

Always use plain language. Emphasis is on **Messages** rather than on **Information**

## Reaching Adults



We also try unconventional approaches:

- ❑ Dr Wise: an icon representing SFC's collective wisdom
- ❑ “My Investment Story” Competition – share real-life good or bad investment experiences
- ❑ Public Interest TV / radio commercials using different creative concepts and analogies

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## Reaching Adults

- ❑ Broadcast short videos on public transportation
- ❑ Smart Investor Awards to encourage the public to report financial scams
- ❑ Fake scam websites
- ❑ Flash videos, interactive games, audio / video clips on website



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## Reaching Adults On-line

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Our Electronic Investor Resources Centre (eIRC) at [www.eirc.hk](http://www.eirc.hk) lets investors acquire knowledge of investing and conduct research on investments any time they like:

- ❑ It has an **eLibrary** linked to 701 webpages of 453 websites of education resources, market information, regulators, exchanges and intermediaries
- ❑ It **Features** education and **Dr Wise** articles, case stories, topical investor questions and e-version of investor **Publications**
- ❑ It publishes an **Investor Alert** List to name suspected boiler rooms, scam websites and phishes
- ❑ The **Game Zone** hosts different kinds of interactive games for investors to play and learn

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## Reaching Adults On-line

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- ❑ The **Studio** is a repository of radio and TV programmes
- ❑ Numerous materials at the **Teachers Corner** for teachers to discuss in class
- ❑ A free **Monthly** e-newsletter **Focusing** on hot issues
- ❑ **Education News** lets public keep abreast of education events

The eIRC receives 3 million hits per month



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## Reaching Adults - Hotline



- ❑ Every phone call is an education opportunity
- ❑ A direct means to understand investors' problems
- ❑ Trends of enquiries and complaints are useful for planning education programmes
- ❑ You can be a victim of your success: proactive education programmes increase awareness and hence the volume of Hotline calls

Our mass media programmes are complemented by the personal touch on our Investor Hotline

## Reaching Adults - Thematic Campaigns

- ❑ Address hot issues: "*Ride on the talk of the town*"
- ❑ Investors feel messages are relevant and hence more receptive to them
- ❑ Media are usually interested and help publicise the messages

Sometimes, crisis is the best time for education



## Reaching Vulnerable Adults

- ❑ Grass root investors and seniors tend to be more susceptible, e.g. over-trust their brokers, chase rumours
- ❑ Greed always causes barriers to education
- ❑ Some may even be illiterate, so we use cartoons leaflets
- ❑ TV or radio dramas are also useful for this target group

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## How We Measure Effectiveness

- ❑ Use investor surveys to gauge awareness and perceived usefulness
- ❑ Hit rates and page views on eIRC
- ❑ Investor Hotline and dedicated email address serve as a channel for feedback
- ❑ TV ratings (estimate the number of viewers)
- ❑ Talk / course evaluation forms
- ❑ Copies of publications distributed

It is not easy to measure success and effectiveness of education efforts

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**Financial education is a marathon job!**