

# Investor Confidence Research

Insight into New Zealanders' attitudes towards investing and the financial markets

June 2021





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# Research background and methodology



## BACKGROUND

The FMA commissioned Buzz Channel to measure New Zealanders' attitudes towards and confidence in New Zealand's financial markets.

The FMA has carried out annual investor confidence research since 2013.

The main objectives of the research are to measure the level of confidence the public has in the New Zealand financial markets and perceptions of the FMA and regulation.



## METHODOLOGY

An online survey was conducted among a representative sample of 1020 New Zealanders aged 18 years and over between 23 April and 17 May 2021.

The data has been weighted to ensure the sample is representative of the New Zealand population by age, gender, region, and ethnicity.

In some cases where results have been aggregated, such as 'agree' and 'strongly agree', the combined agreement will not add exactly to the sum of the individual percentages shown. This is due to rounding.



## INTERPRETATION

This report shows overall results and comparison between investors and non-investors.

Where applicable, results have been analysed and compared to previous years' findings to demonstrate significant changes or trends.

The margin of error on the overall sample of 1,020 is +/-3% at the 95% confidence level.

Statistical significance testing (Z-tests) have been used throughout when interpreting results.



# Summary - confidence in the financial markets



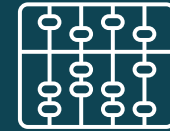
Investor confidence in the New Zealand financial markets has been steadily increasing over recent years and in 2021 is at the highest level since 2013 at 72%, with markets rebounding significantly after March 2020 (+5 percentage point increase from 2020).

Confidence is significantly higher among investors who identify as male than female (+3 percentage points), have a household income of \$150,000-\$200,000 (+17 percentage points) and those in full time employment (+9 percentage points).



Top reasons given for feeling confident include:

- Observing or experiencing a strong bounce back from COVID-19 (New Zealand recovering better than other countries in terms of post-COVID-19 response);
- Having trust in the market, Government, or authorities responsible for regulation;
- Having high levels of knowledge of the markets and keeping informed/ updated.



Conversely, reasons for lack of confidence in the markets include lack of knowledge around the New Zealand financial markets and how they work (not having any experience) and uncertainty or lack of stability (impact from COVID-19, general instability of the economy, uncertainty around the current Government and its influence in the market).



# Summary - investment activity / trends



The majority of New Zealanders aged 18 years and over hold an investment of some form (83%) – this has remained consistent over the last 4 years.

KiwiSaver continues to be the most common form of investment amongst New Zealanders (63%), and for 3 in 10 KiwiSaver is the only investment they hold.



2021 results indicate a gradual downward trend over the last few years in term deposits (from 34% in 2019 to 28% in 2021). Superannuation schemes (other than KiwiSaver) show a similar trend down, while there has been a slight uplift over recent years in investors buying shares themselves (outside of KiwiSaver and managed funds) – from 17% in 2019 to 21% in 2021.

Among those who have bought shares themselves, 6 in 10 purchased the shares using an online DIY platform.



One quarter of New Zealanders purchased new investments or increased their existing investments in the last 12 months (23%), with those who have acquired new investments citing 'ease of investment' and 'promise of good returns' as key reasons for choosing the investment.

63% of investors who received investment materials with their most recent investment found the materials helped them make an informed decision when choosing a new investment. Among those who found the materials helpful, three quarters agreed or strongly agreed that materials received were clear, concise and effective (74%).



# Summary - confidence in regulation of the financial markets



Two thirds of investors are confident that New Zealand financial markets are effectively regulated (67%) – this is consistent with 2020 results (68%).

Confidence among non-investors is lower this year, but this isn't a statistically significant decrease (44% compared to 49% in 2020).



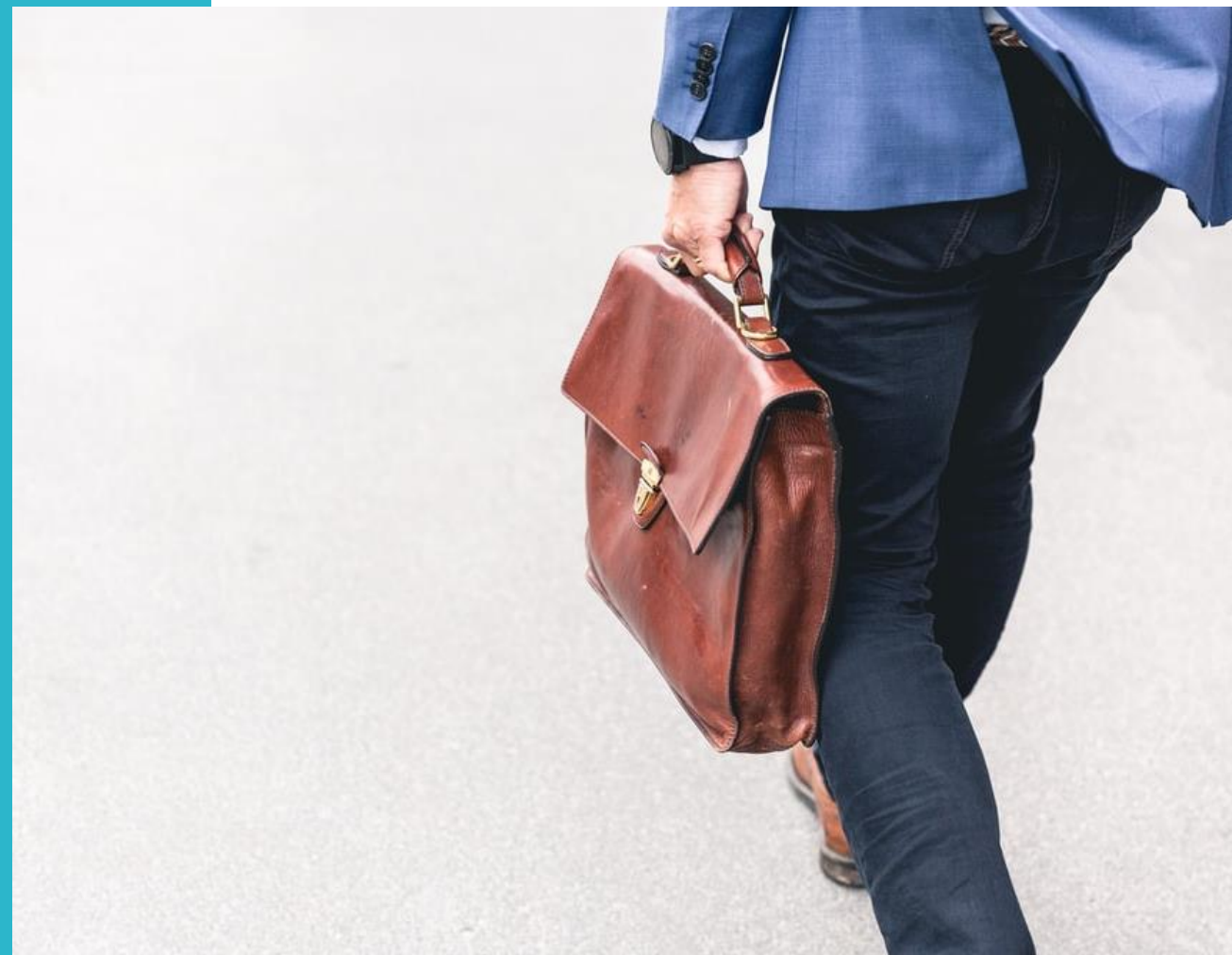
When prompted for justification of confidence that the New Zealand financial markets are effectively regulated, many mentioned not having any reason to believe they shouldn't be confident in the markets being effectively regulated, as they had not heard of any major occurrences or issues around fraud or corruption. Main reasons provided for not feeling confident include frustration and disappointment with the housing market being too expensive and observing or experiencing unemployment. This suggests people's confidence is being affected by their personal situations, and the overall economic factors.



Room for improvement lies within creating and encouraging positive perceptions of the FMA's actions, with fewer than half of New Zealanders in agreement that FMA supports the integrity of New Zealand's financial markets (48%), promotes fair, efficient and transparent financial markets (48%), or promotes trust and confidence in New Zealand capital markets (46%). For all of these measures agreement levels were far higher for investors than non-investors.


















## Recent investor activity





# Investment types held

Investment Types	2018	2019	2020	2021	2021 results
KiwiSaver	63%	66%	65%	63%	
Term deposits	32%	34%	30%	28%	
Shares you bought yourself (this includes online investment platforms but not through KiwiSaver or other managed funds)**	19%	17%	20%	21%	
Managed funds / Unit trusts / Managed investment scheme / ETFs*	11%	14%	13%	13%	
Residential property investments	11%	14%	9%	11%	
Other superannuation scheme	14%	12%	8%	8%	
Government or corporate bonds you bought yourself*	10%	3%	6%	4%	
Peer to peer lending (where you are the lender)	3%	2%	4%	3%	
Commercial property investments	3%	2%	2%	3%	
Equity crowdfunding	1%	1%	2%	2%	
Property syndicates (a direct form of investing that raises money from multiple investors into a pool to buy and develop property)**	1%	1%	1%	1%	
Capital notes or hybrid bonds	1%	1%	1%	1%	
Derivatives e.g. futures, binary options, credit-linked notes and CFDs*	1%	1%	1%	1%	
I don't have any investments in New Zealand's financial markets	16%	13%	15%	14%	
Don't know	-	2%	2%	3%	

\*\*Extended / more detailed description added in 2021 survey

\*Extended / more detailed description added in 2019 survey

The majority of New Zealanders hold an investment of some form (83%) – this has remained consistent over the last 4 years.

KiwiSaver continues to be the most common form of investment amongst New Zealanders (63%), and for 3 in 10 KiwiSaver is the only investment they have.

Although no significant movements are evident compared to 2020, there are signs of a potential downward trend for term deposits and other superannuation schemes over the last few years. And also signs of slight uplift over time for investors buying shares themselves (outside of KiwiSaver and managed funds).

Roughly 1 in 10 New Zealanders said they invest in managed funds (13%) and a similar amount are investing in residential property (11%).

Note: In 2021 the description for the option 'shares you bought yourself' and 'property syndicates' were expanded with additional clarification text.

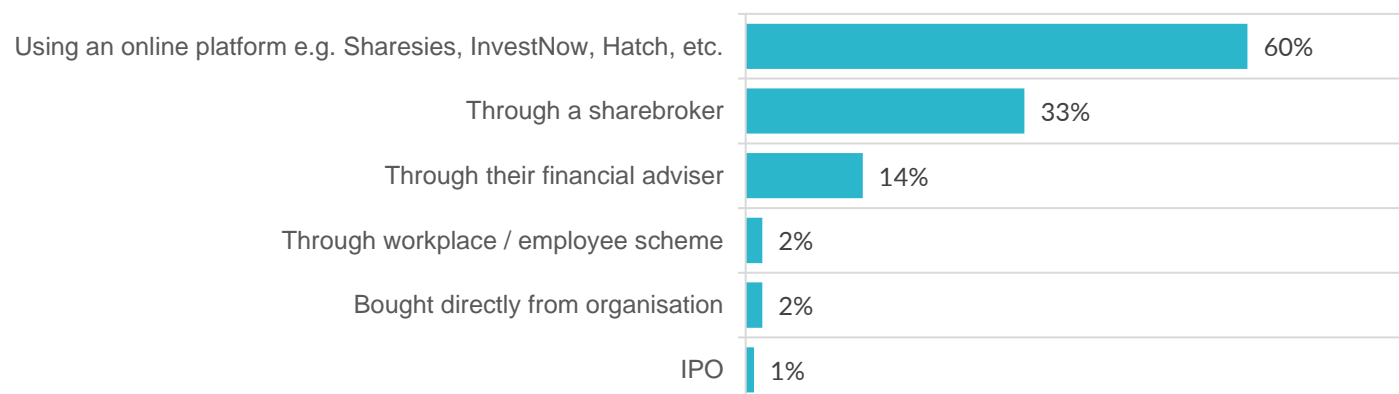


# Online DIY methods are most popular for buying shares

Investors who have shares they bought themselves were asked how they purchased them - 6 in 10 used an online platform such as Sharesies, InvestNow, or Hatch (60%).

Those who used an online platform to buy their shares were significantly more likely to be aged between 25-39 years, in full time employment, and have an annual personal income of \$100,000 or more. These investors tend to have high confidence in the financial markets and say their confidence has increased over the last year.

## How New Zealanders bought their shares (2021):





# Investment activity over the last 12 months

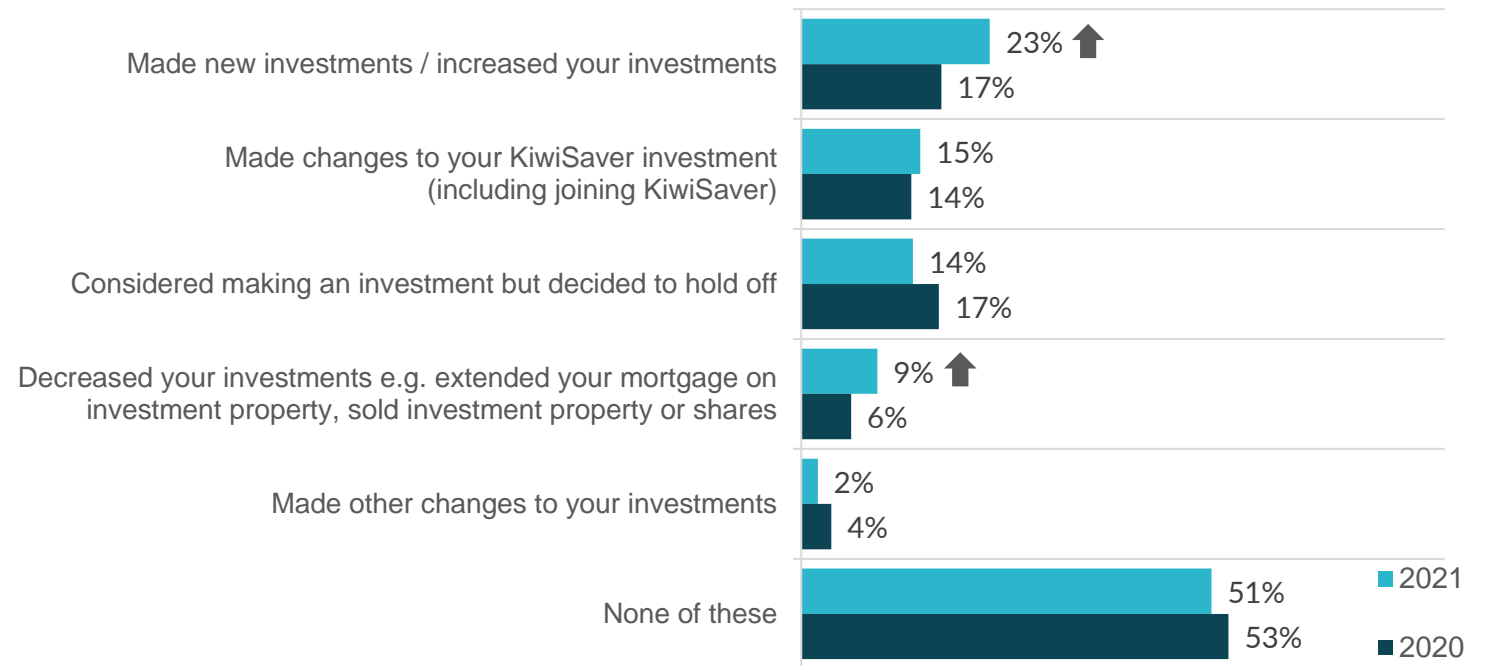
Similar to 2020, around half of New Zealanders aged 18 years and over indicated they have carried out some sort of investment activity in the last 12 months.

Investment activity has increased compared to 2020. A significantly higher proportion mention they made new investments or increased their investments than a year ago (23% compared to 17% in 2020).

There has also been an increase in the proportion decreasing their investments over the last 12 months (9%, up from 6% in 2020).

Activity by investor type is explored on the following pages.

## Investment activity over the last 12 months:





# Investment activity over the last 12 months – by investor type

As was the case in 2020, investors who have KiwiSaver, as well as other investments have been the most active over the last 12 months in terms of making changes to their investments – particularly increasing their investments (41%).

Those who made new investments or increased their investments in the last 12 months were significantly more likely to be aged between 25-29 years old, be young couples with no kids, in full time employment and have an annual personal income greater than \$100,000.

Non-investors and exclusive KiwiSaver investors have been the least active over the last 12 months in terms of changing their investments.

Around one in five exclusive KiwiSaver investors made a change to their fund in the last 12 months – this is consistent with 2020 results (22% in 2021 compared with 20% in 2020).

Detail on the changes made to KiwiSaver investments over the last 12 months is shown on the following page.

## Investment activity over the past 12 months by investor type (2021):

	Average	Non-investor	Exclusive KiwiSaver investor	KiwiSaver with other investments	Other Investments but no KiwiSaver
Made new investments / increased investments	23%	8% ↓	7% ↓	41% ↑	33% ↑
Considered making an investment but decided to hold off for now	14%	16%	12%	11%	19% ↑
Made changes to your KiwiSaver investment. This includes Joining KiwiSaver.	15%	-	22% ↑	25% ↑	-
Decreased your investments	9%	3% ↓	5% ↓	16% ↑	11%
Made other changes to investments	2%	2%	1% ↓	3%	2%
None of these	51%	74% ↑	62% ↑	32% ↓	46%



# Changes made to KiwiSaver investments in the last 12 months

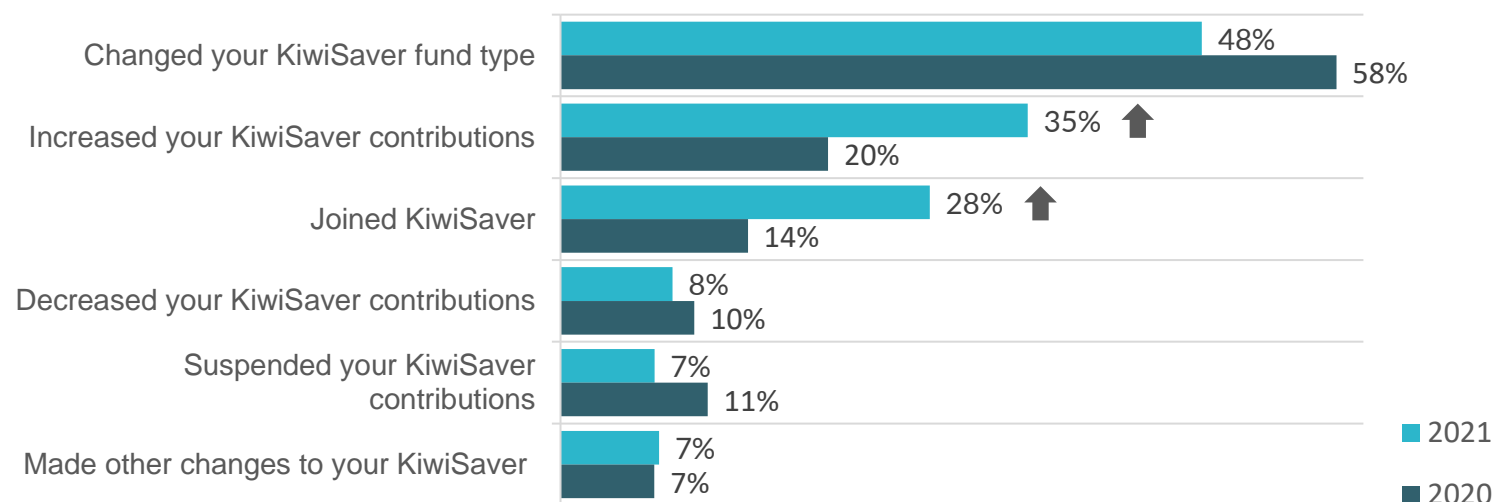
When asked about investment activity within the last 12 months, 15% of all New Zealanders indicated they made changes to their KiwiSaver.

The most common activity among those who made changes in the last 12 months is a change to their fund type (48%).

Joining KiwiSaver and increasing contributions is significantly higher this year (around double the level seen in 2020).

Growth in KiwiSaver in terms of joining and increasing contributions far outweighs decreasing or suspending contributions (among those who made changes to their KiwiSaver).

Of the 15% who made changes to their KiwiSaver investment (including joining KiwiSaver) in the past 12 months:





# Increased / made new investments in last 12 months

When asked about investment activity over the last 12 months, almost a quarter indicated they increased or made new investments (23%, up from 17% in 2020).

Buying shares online through an online investment platform was the most common activity (43%). This option was added to the survey in 2021.

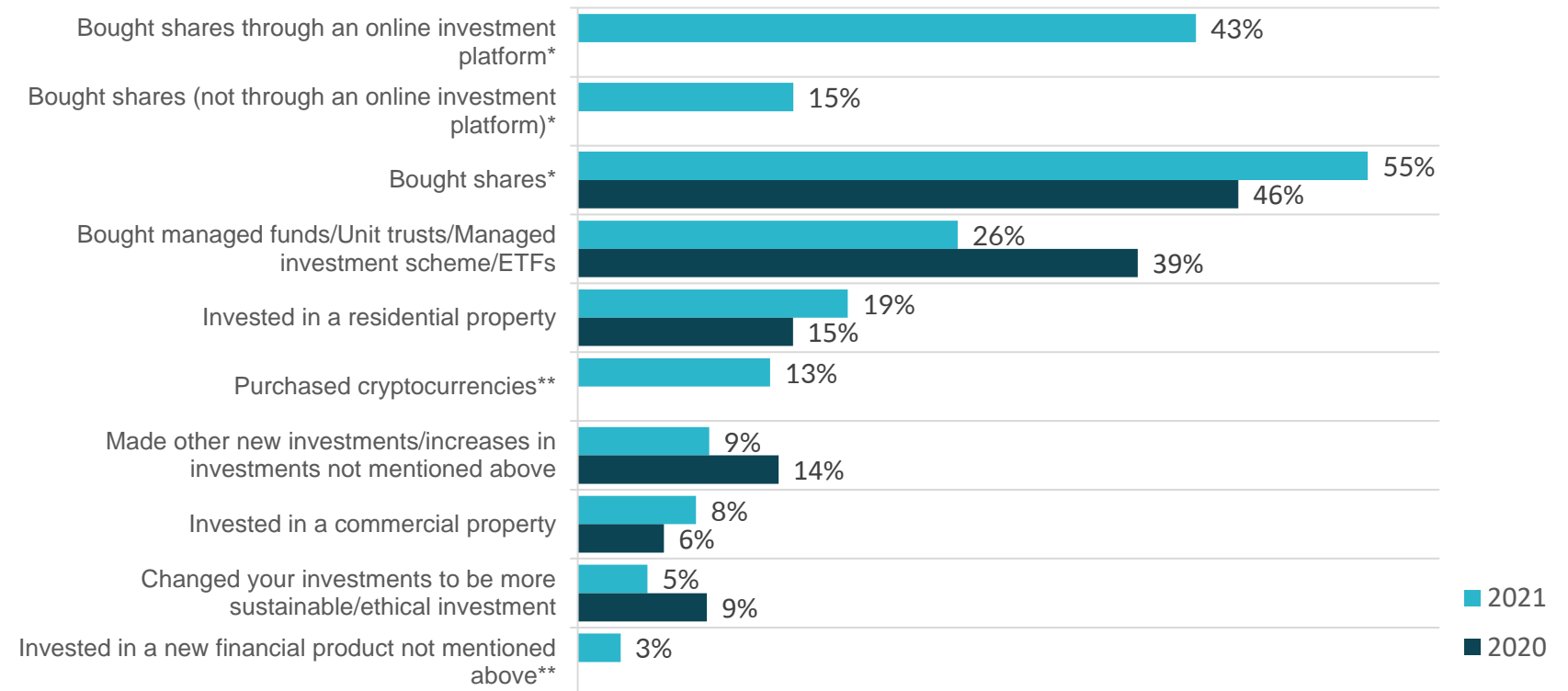
Next most common is managed funds (26%) and investing in residential property (19%).

13% purchased cryptocurrencies (a new option asked in 2021).

Note:

- \*The option 'Bought shares' was split into two separate options in the 2021 survey.
- \*\*Two new options were added in 2021: 'Purchased cryptocurrencies' and 'Invested in a new financial product not mentioned above'.

## Increased / made new investments in the last 12 months:





# Decreased investments in the last 12 months

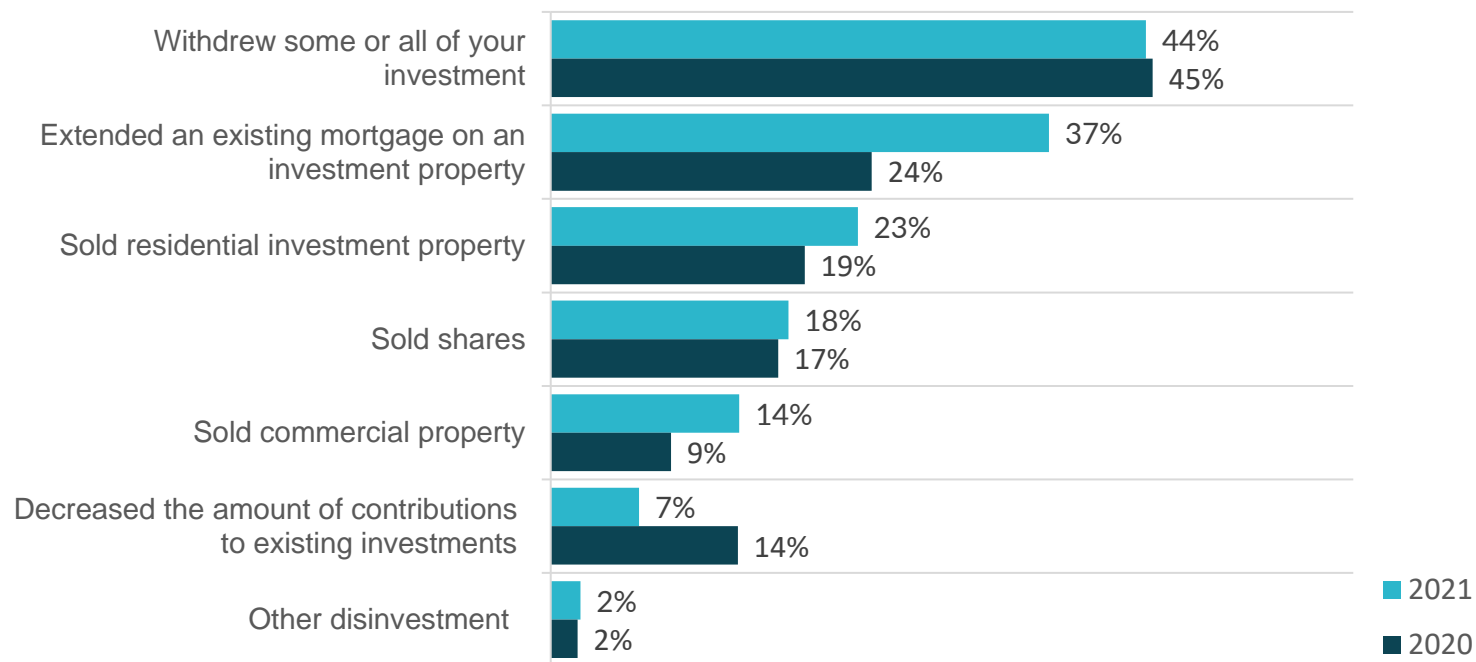
Almost 1 in 10 New Zealanders said they decreased their investments in the past 12 months (9%).

There are no statistically significant differences between 2021 and 2020 results.

Withdrawing some or all of their investments was the most common activity among those who decreased their investments over the last 12 months (44%).

The next most common activity among those who decreased their investments is extending an existing mortgage (37%).

## Decreases to investment in the last 12 months:





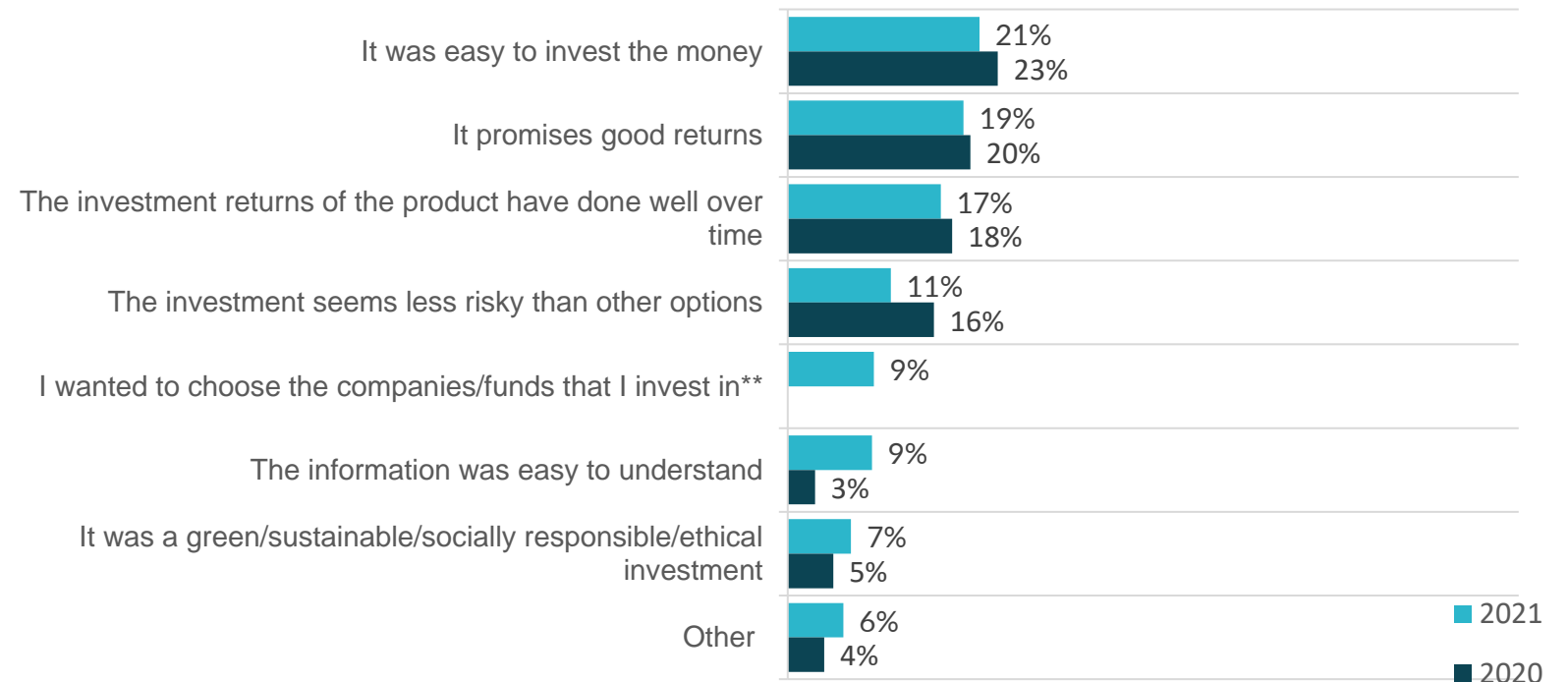
# Main reasons for choosing recent investment

Ease of investment and promise of good returns are key to decision making for new investors.

Those who invest in other superannuation plans and those who bought shares online were significantly more likely to say they wanted to choose the companies/funds they invest in than other investment types.

\*\*New option added in 2021

## Main reason for choosing investment among those with new investment in past 12 months:





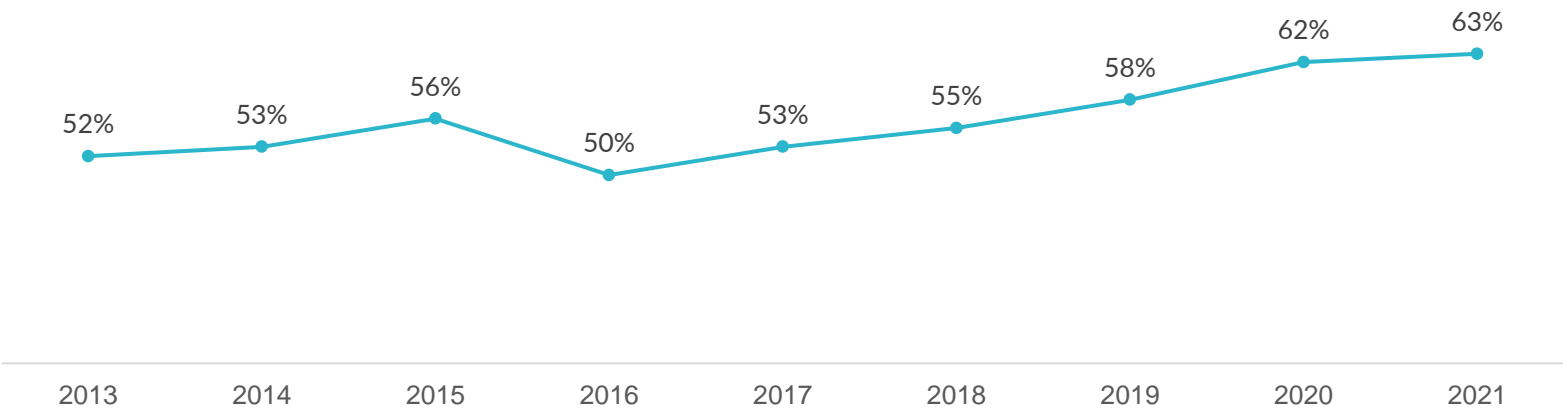
# Investment materials increasingly helping investors make informed decisions

Four in five investors received investment materials in 2021.

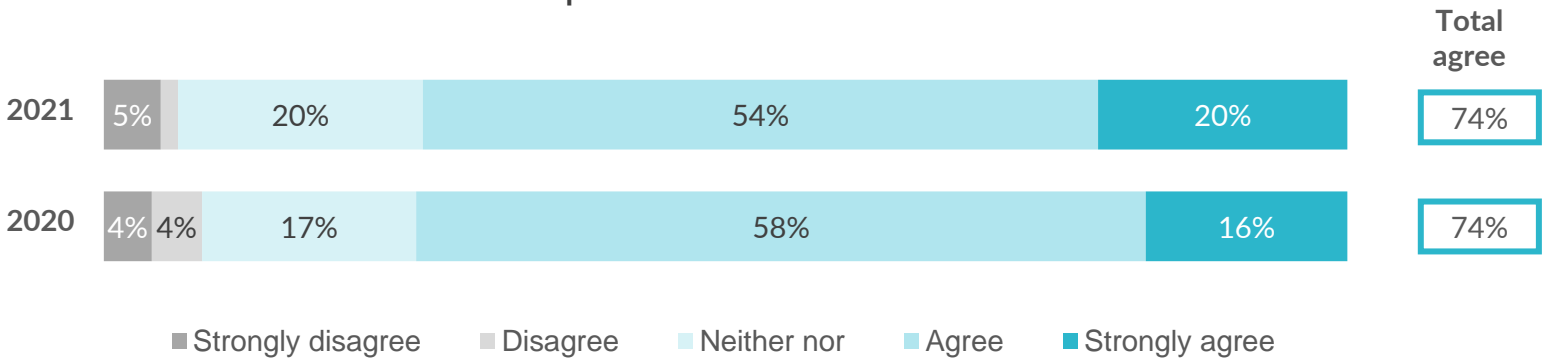
Among investors receiving investment materials, the proportion who found them helpful in decision making continues to steadily increase from 2016. Nearly two thirds who received materials said the investment materials they received helped them to make an informed decision (63%).

Of those who found the materials helpful, three quarters agree or strongly agree that the materials they received were clear, concise and effective (74%). This result is consistent with 2020 results.

'Yes' - investment materials received helped make an informed decision



Extent of agreement that materials received were clear, concise and effective among those who rated materials as helpful:



**Note:** Percentages <4% are not shown on the graph.



# Expected performance of the financial markets – domestically and internationally

## Domestic market: predicted changes

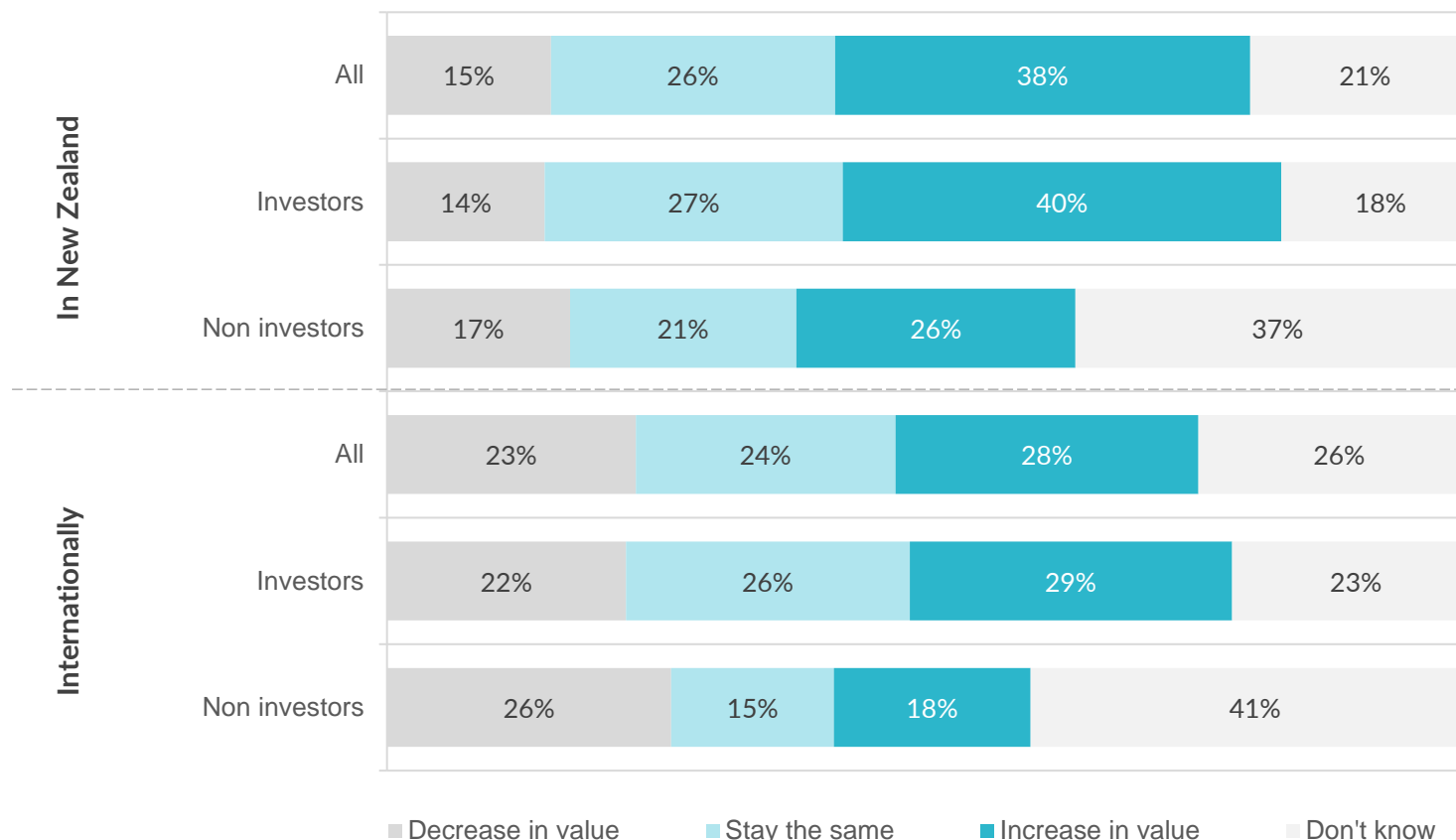
Predictions among New Zealanders are more positive than negative when considering the performance of the domestic financial markets over the next 12 months.

Investors feel more optimistic than non-investors, with 67% predicting the markets will either stay the same (27%) or increase in value (40%). Whereas non-investors tend to be unsure what the future may hold (37% 'don't know').

## International markets: predicted changes

The international outlook for financial markets is perceived to be less positive among New Zealanders compared to the domestic outlook. Around 1 in 5 investors and a quarter of non-investors feel the international financial markets will decrease in value in the next 12 months.

Predicted changes to NZ financial markets over the next 12 months:





# Investor confidence in New Zealand financial markets

Exploration into New Zealander's  
levels of confidence in the national  
financial markets



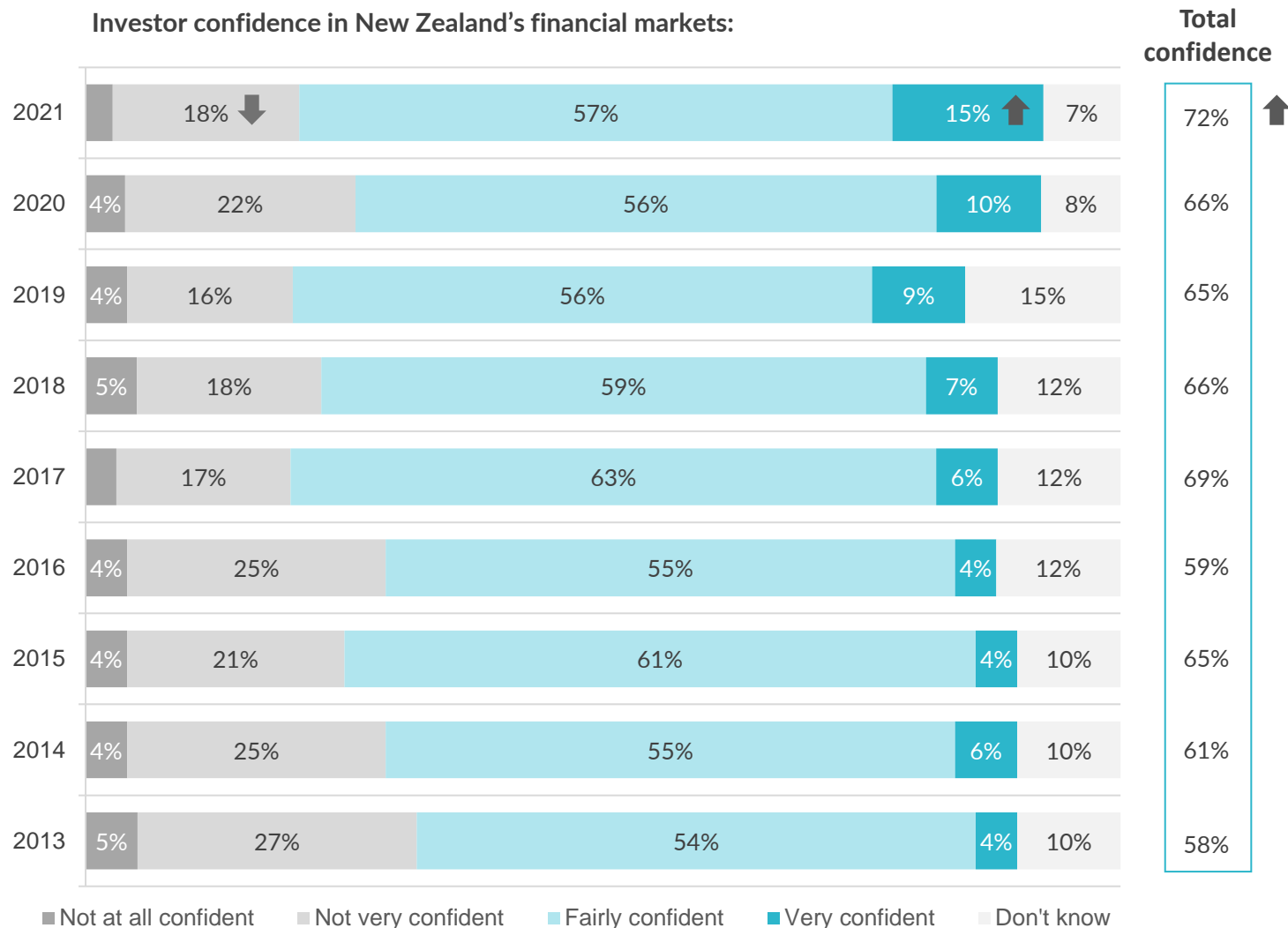


# Investor confidence over time

Investor confidence in New Zealand's financial markets has increased significantly (+6 percentage points from 2020) and continues to trend upwards since from 2019.

2021 results reveal a significantly greater proportion of investors saying they are very confident in New Zealand's financial markets (+5 percentage points compared to 2020) and significantly fewer investors saying they are not very confident (-4 percentage points compared to 2020).

Investors who are very confident are significantly more likely to be male, invest in KiwiSaver as well as other investments, be young couples with no kids, be in full time employment, and have an annual personal income of \$100,000 or more.



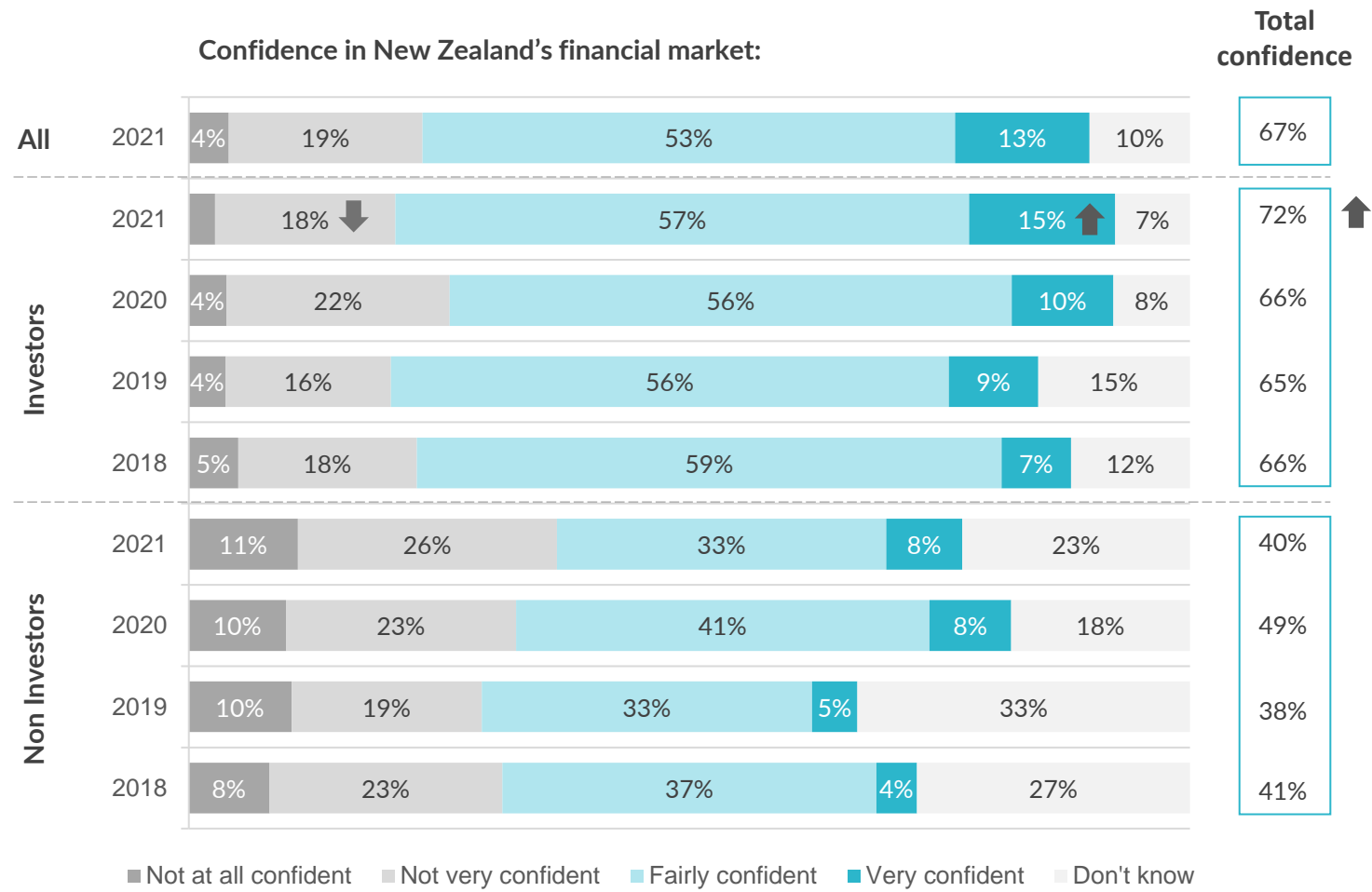
**Note:** Percentages <4% are not shown on the graph.



# Confidence by investor / non-investor

Overall confidence among non-investors is slightly lower in 2021 (40% compared to 49% in 2020), however this is not a statistically significant change.

In 2020 there was a significant increase in the proportion of non-investors having an opinion about their confidence in the financial markets, and this has held steady in 2021.



**Note:** Percentages <4% are not shown on the graph.



# Confidence by investment type held

Investors with managed funds are the most confident in New Zealand's financial markets, with almost 9 in 10 saying they are fairly or very confident (88%).

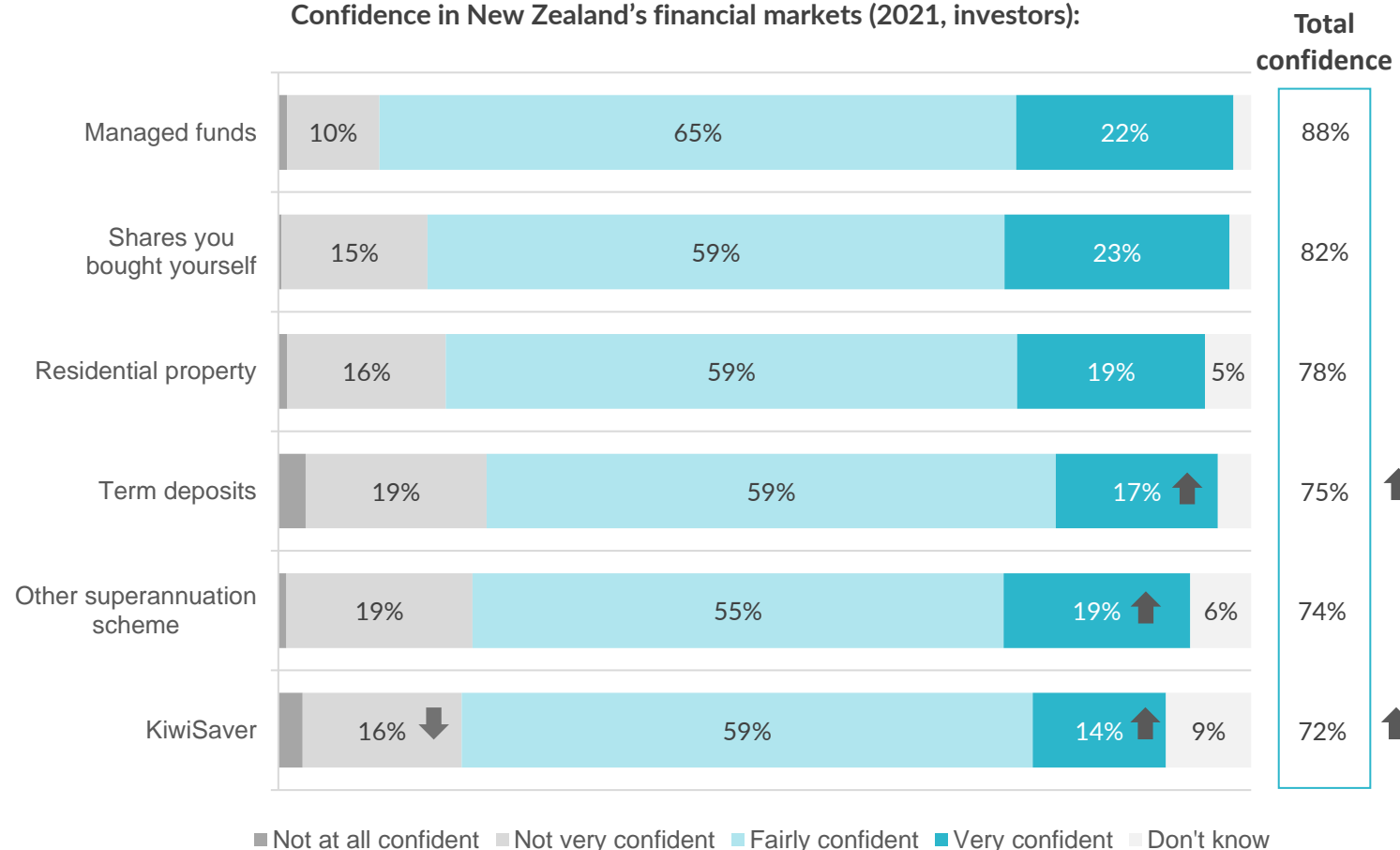
Confidence in the markets is also high among investors with shares (82%) and residential property (78%).

Term deposit holders indicate higher confidence in the financial markets this year with 75% fairly or very confident. This is a bounce back to the level seen in 2019, after a significant decline in 2020 to 66%.

Investors with a KiwiSaver investment also have higher confidence this year compared to 2020 (72%, compared to 66% in 2020).

Investment types that could require less active engagement from investors, such as term deposits and superannuation schemes, tend to have lower total confidence than investments which might have more active management (such as managed funds and shares), suggesting a possible correlation between participation levels or familiarity with the market and confidence levels.

Confidence in New Zealand's financial markets (2021, investors):



**Note:** Percentages <4% are not shown on the graph.





# Confidence trends by investment type

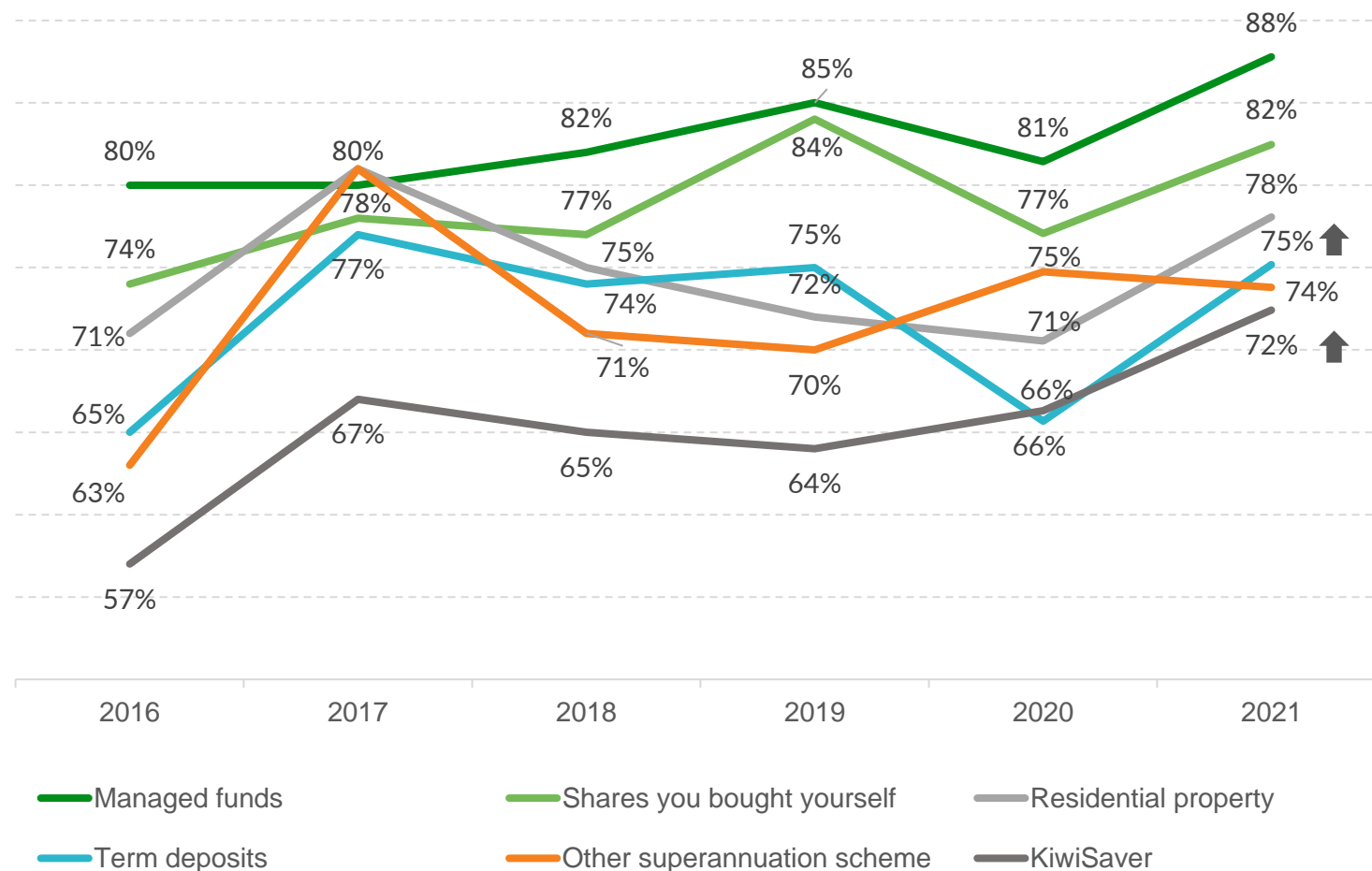
There is an uplift in confidence in the financial markets in 2021 among investors across all investment types except other superannuation schemes (which has remained stable overall but with a higher proportion indicating high confidence ('very confident')).

Confidence in the New Zealand financial markets among those who invest in term deposits and KiwiSaver is significantly higher than in 2020 (+9 percentage point increase and +6 percentage point increase, respectively).

The increase in confidence among term deposit holders reflects a stabilisation/return to the confidence levels recorded in 2018 and 2019, after a large dip was experienced in 2020.

However in the case of KiwiSaver investors, confidence has been steadily trending upwards since 2019.

Confidence in New Zealand's financial markets (6-year trends by investment type):  
Shows % of total confidence (fairly or very confident)



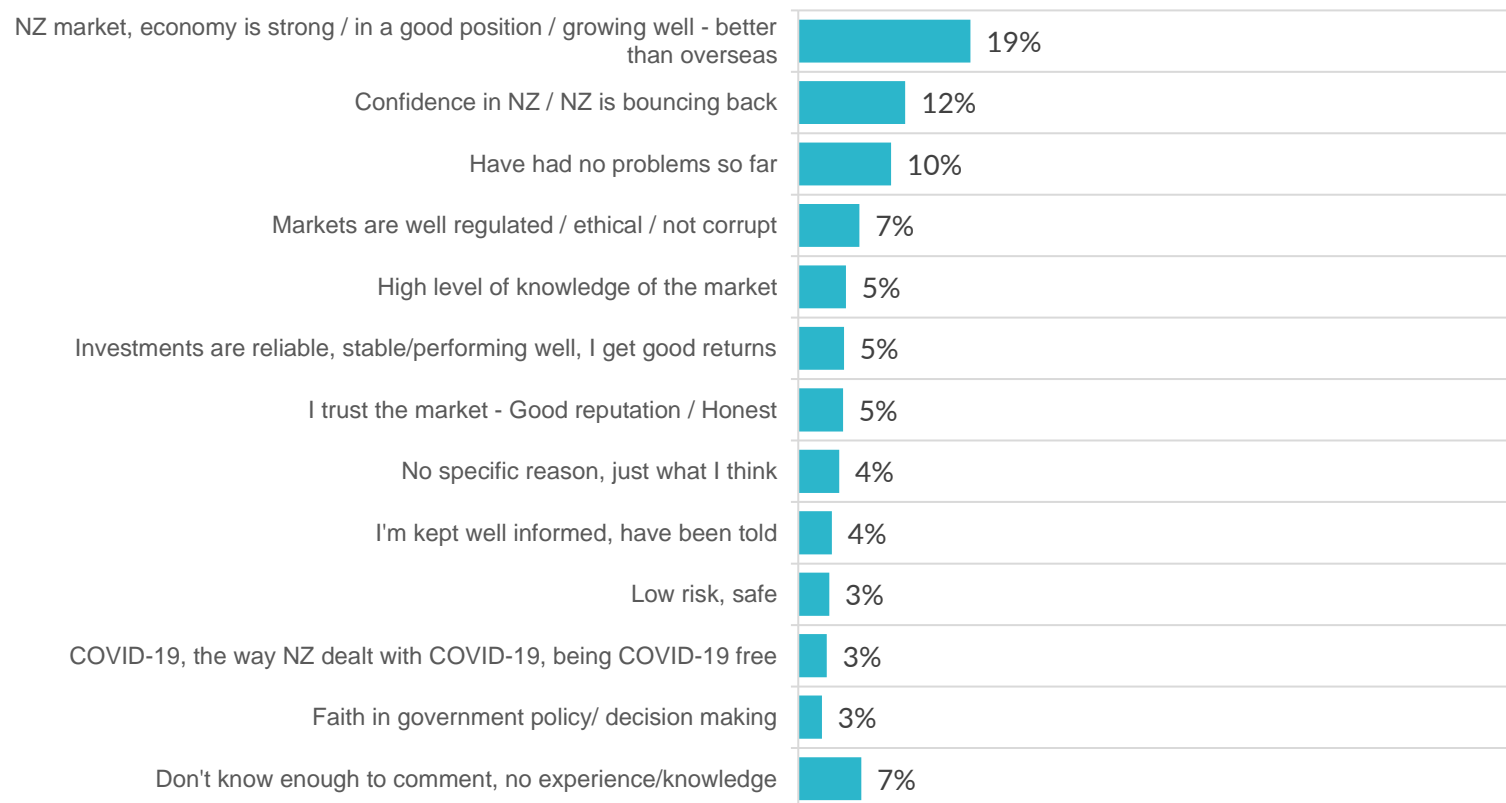


# Reasons for confidence in the New Zealand financial markets

The main reasons for having confidence in New Zealand financial markets include the economic bounce back from COVID-19, New Zealand performing or recovering faster or better than other countries (in terms of post COVID-19 response), having trust in the market, having trust in the Government, and having trust in authorities responsible for regulation.

Some New Zealanders who were confident in the market mentioned having high knowledge levels of the market and keeping updated, while others mentioned previously receiving good returns as a reason for confidence.

## Reasons for confidence (responses to open-ended question, coded)





# Example quotes – reasons for confidence

*"I think we are dealing well with Covid and are in a much better financial position than a lot of other countries."*

— Fairly confident —

*"Values of Shares on NZX are at healthy values at the moment."*

— Very confident —

*"NZ financial markets seem to be resilient, and when there is a bit of a dip, it usually is only for the short-term."*

— Very confident —

*"A range of companies to invest in with varying returns."*

— Fairly confident —

*"I believe we are fairly well regulated and secure."*

— Fairly confident —

*"I read quite frequently about what the Financial Markets Authority and NZRegCo do and I'm confident that they sufficiently regulate New Zealand's markets."*

— Fairly confident —

*"NZ financial markets are well regulated, and NZ share market provides good information."*

— Very confident —

*"Because I trust the company responsible for my investments."*

— Very confident —



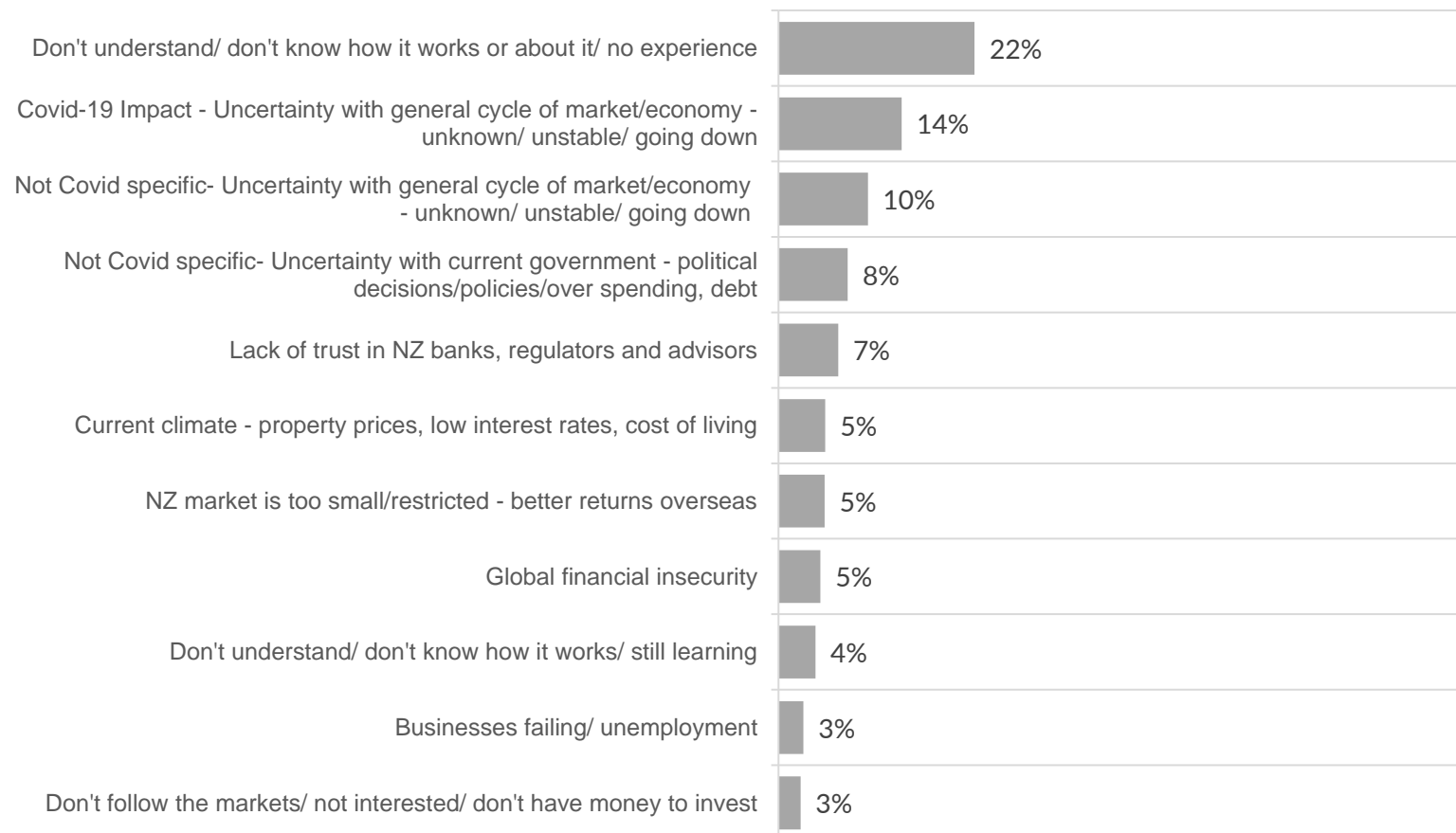
# Reasons for lack of confidence in the New Zealand financial markets

A common reason for lack of confidence in the New Zealand financial markets is lack of knowledge about the markets and how it works, with some mentioning they have no experience with it.

New Zealanders who mentioned being unfamiliar with the market were significantly more likely to be aged 18-24, single parents, those who are unemployed and 'non-investors'.

Other common reasons for lack of confidence in the New Zealand financial market include uncertainty or lack of stability in terms of the impact from COVID-19, general instability of the economy, and uncertainty around the current Government and its influence in the market.

## Reasons for lack of confidence (responses to open-ended question, coded)





# Example quotes – reasons for lack of confidence

*"Because of Covid. It set the country back big time and put the country in to debt with all the extra social services it provided to New Zealanders, plus the fact that lock-downs prevented New Zealanders from spending money nation wide by reducing or removing local vacations. With the border closures, tourism was down, small businesses either closed for good, or took a huge financial hit."*

— Not very confident —

*"I think this Covid pandemic has shaken my confidence in the financial sector as it has affected everyone all over the world, not just in NZ."*

— Not very confident —

*"Don't know anything about investments."*

— Not at all confident —

*"Not happy that some funds are invested in weapons & warfare, tobacco, oil & gas exploration and similar. Also, covid has affected the economy negatively."*

— Not very confident —

*"The economic situation in NZ is not positive with business going under and the world economy in disarray."*

— Not very confident —

*"Anxious and worried about financial issues so can't focus on working good investment options, they seem to need significant spare cash to try them."*

— Not at all confident —

*"I find it a bit hard to discern which is the best type of investment, given so many people in NZ think property is the best way to invest but that doesn't seem to be the case."*

— Not very confident —

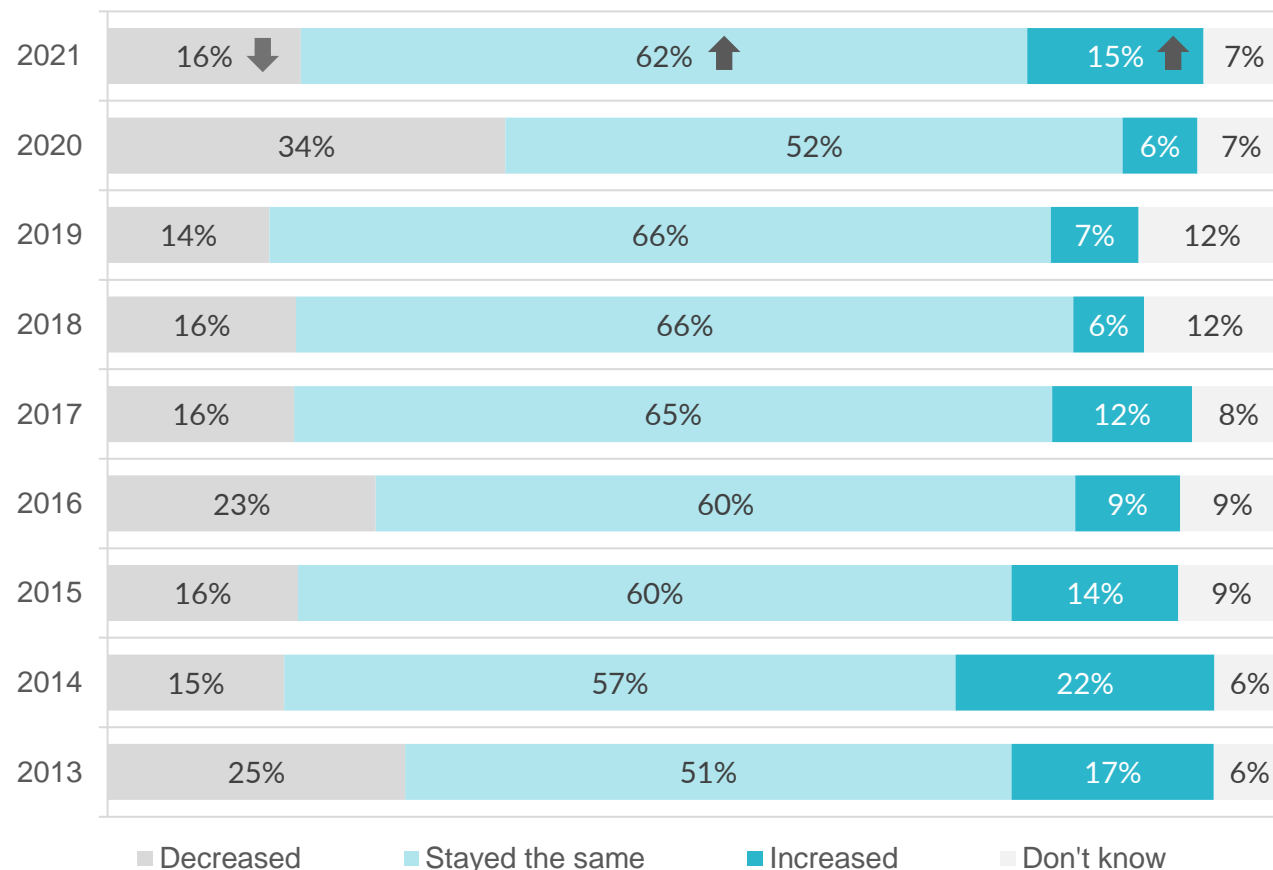


# Changes in confidence in the financial markets over time

15% of New Zealanders say their level of confidence in the New Zealand financial markets has increased over the last year. Most people say their confidence has remained the same (62%) and those with lower confidence has more than halved (from 34% in 2020 to 16% 2021).

These results align with the findings on page 19, showing current confidence in the financial markets is significantly higher than it was in 2020.

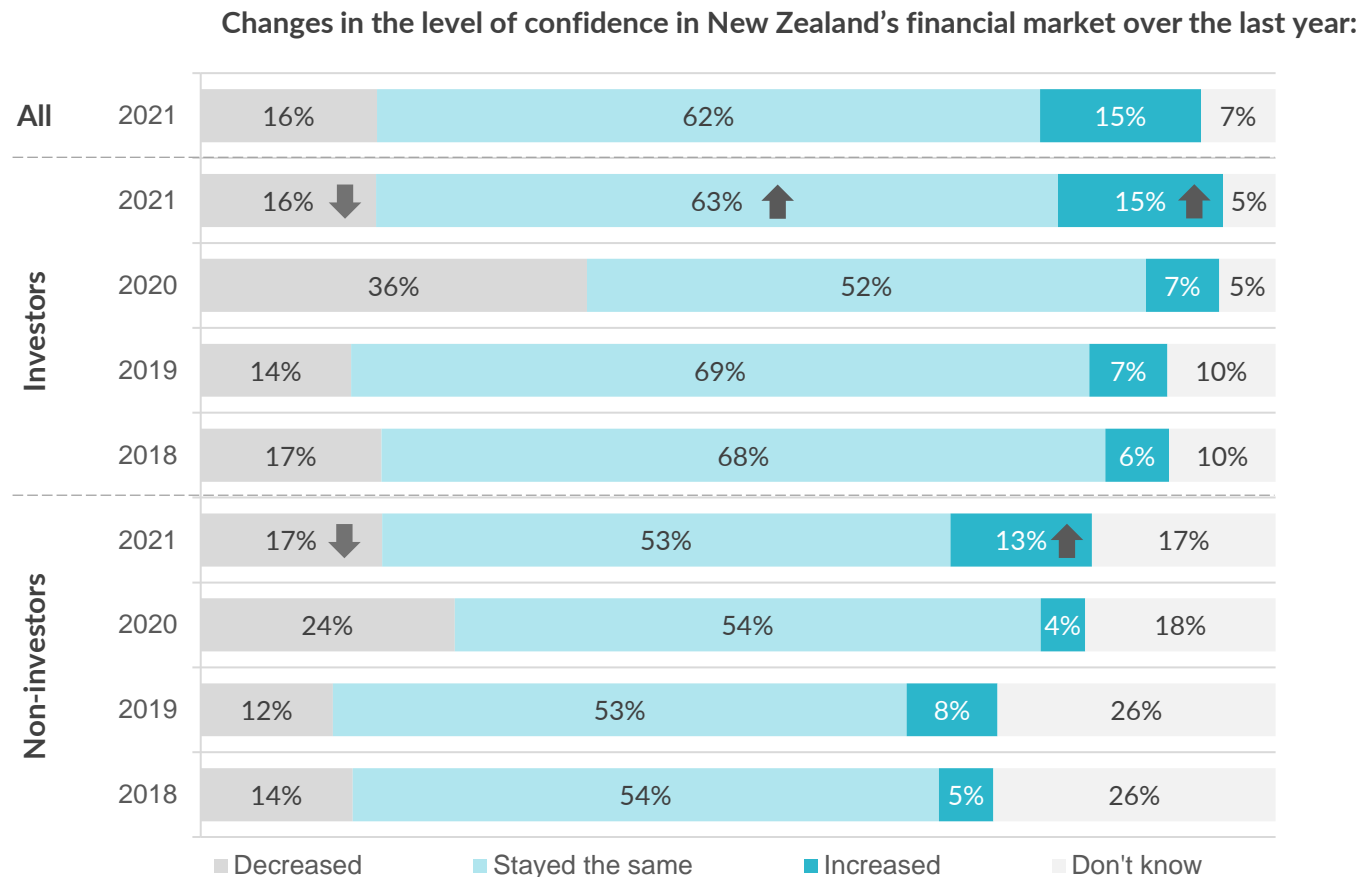
Changes in the level of confidence in New Zealand's financial markets over the last year (all):





# Changes in confidence over time – by investor / non-investor

The market has significantly rebounded after COVID-19, and the increase in confidence over the last year is evident among investors and non-investors.



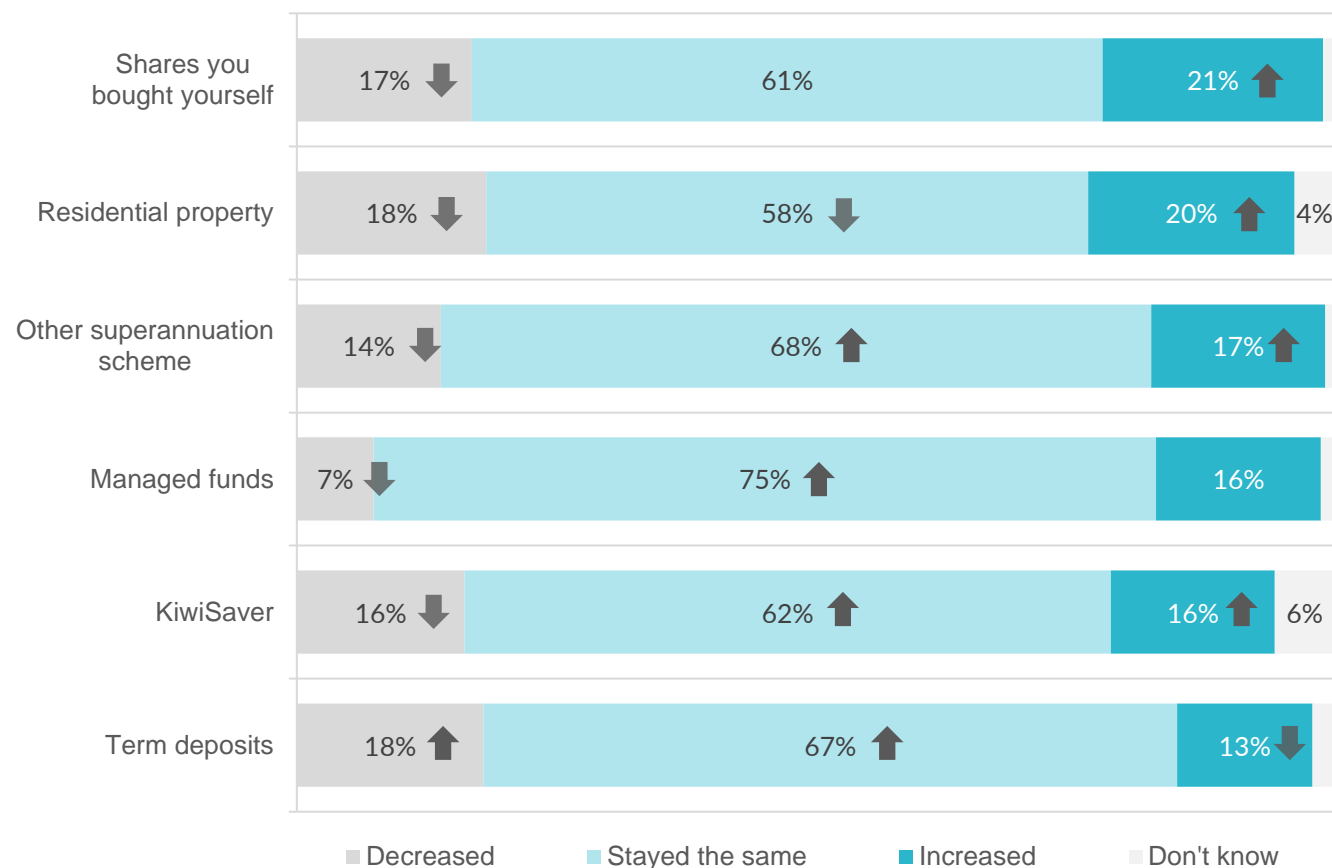


# Changes in confidence over time by investment type held

Market confidence has increased over the last year among investors across all investment types except managed funds and term deposits.

The largest increases in confidence are evident among investors who have shares or residential property.

Changes in the level of confidence in New Zealand's financial market over the last year:



**Note:** Percentages <4% are not shown on the graph.



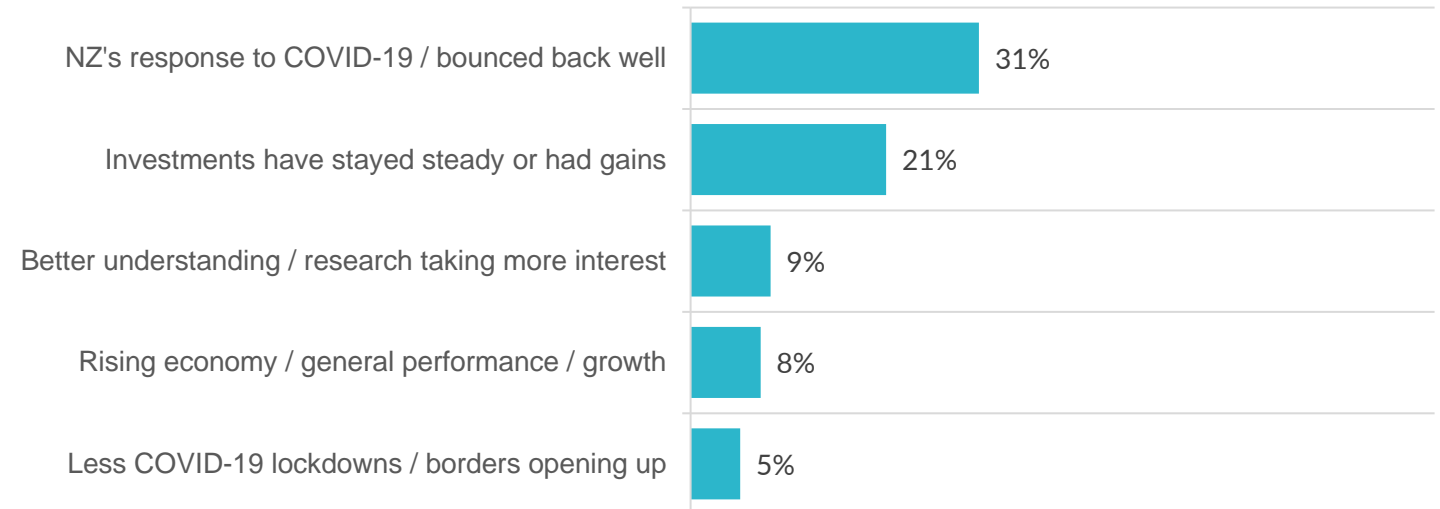


# Reasons for increase in confidence over time

Common reasons for increase in confidence levels in the New Zealand financial markets over the last year include a positive response to COVID-19, observing stability or positive returns in their investments, becoming more involved in their investments (increased knowledge) and observations of general positive movement in the economy.

Those who say their confidence level has increased tend to have a positive outlook for the future of their investments and feel that COVID-19 related changes such as reduced lockdowns and opening borders will have a positive effect on the economy.

Most common reasons for confidence increasing over past 12 months (responses to open-ended question, coded):





# Example quotes – reasons for increase in confidence over time in New Zealand financial markets

*"NZ is doing well - we have experienced good bounce back from lockdowns."*

— Increase —

*"I can only speak personally. My investments have stayed very steady & I feel so lucky. I've friends in the UK in much worse positions."*

— Increase —

*"The value of KiwiSaver has performed very well over the last year."*

— Increase —

*"Confidence has increased - people are spending more and more is returning to normal post covid."*

— Increase —

*"Reading more about what the Financial Markets Authority and NZRegCo do has increased my confidence...several times I have considered their actions to be justified and sufficient."*

— Increase —

*"I invest small amounts regularly and research into what I'm investing in."*

— Increase —

*"After reading stories I feel confident."*

— Increase —

*"Even with the adversity from COVID-19, New Zealand financial market remains strong and rising."*

— Increase —



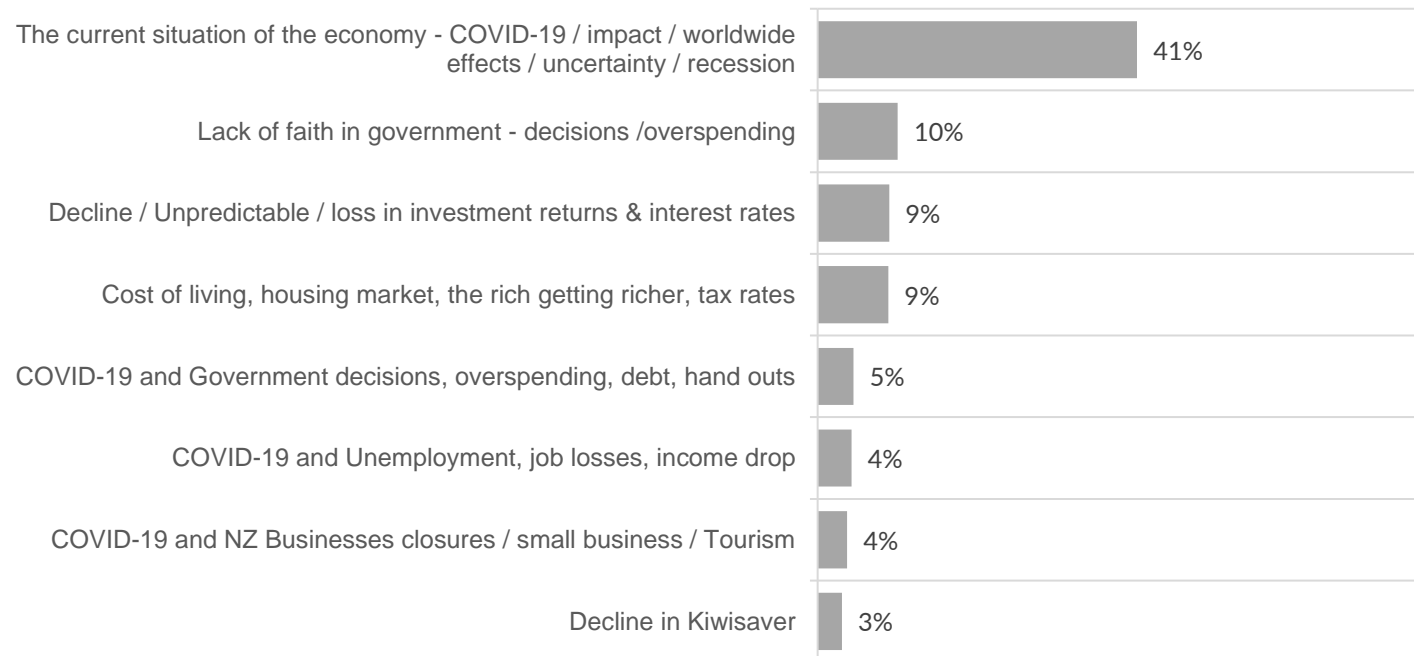
# Reasons for decrease in confidence over time

Conversely, those who say their confidence in the New Zealand financial markets has decreased over the past year mention COVID-19 having a negative effect on the economy – predominantly worldwide - but also note that New Zealand is not immune to absorbing the effects of or avoiding uncertainty and recession.

Others justify their lack of confidence with a lack of faith in the Government, previous experiences of loss in returns, or a combination of COVID-19 and other factors, such as Government decisions made in response to the pandemic or unemployment as a result of COVID-19.

A small number saw a decline in their KiwiSaver investments and have decreased confidence levels as a result.

## Most common reasons for confidence decreasing over past 12 months (responses to open-ended question, coded):





# Example quotes – reasons for decrease in confidence over time in New Zealand financial markets

*"Covid 19 impacted New Zealand in so many ways, especially financial, but in job losses, unemployment levels, tourism, small business losses and closures."*

— Decrease —

*"Housing market is all over the place, no confidence at all."*

— Decrease —

*"I lost money in my Kiwisaver and other investment in the last year and I will retire in 4 years, so not much time to recover losses."*

— Decrease —

*"Interest rates on deposit funds have dropped to the lowest level not seen for more than a decade."*

— Decrease —

*"Global markets are not steady. The US market seems to be over inflated. I think NZ is going in the right direction but we're at the mercy of global trends."*

— Decrease —

*"Covid 19 and really don't understand the share market - find it too risky."*

— Decrease —

*"The effect of the downturn in global trading, due to Covid-19."*

— Decrease —

*"No real support for the small business owners but hand outs to places that will survive without it."*

— Decrease —



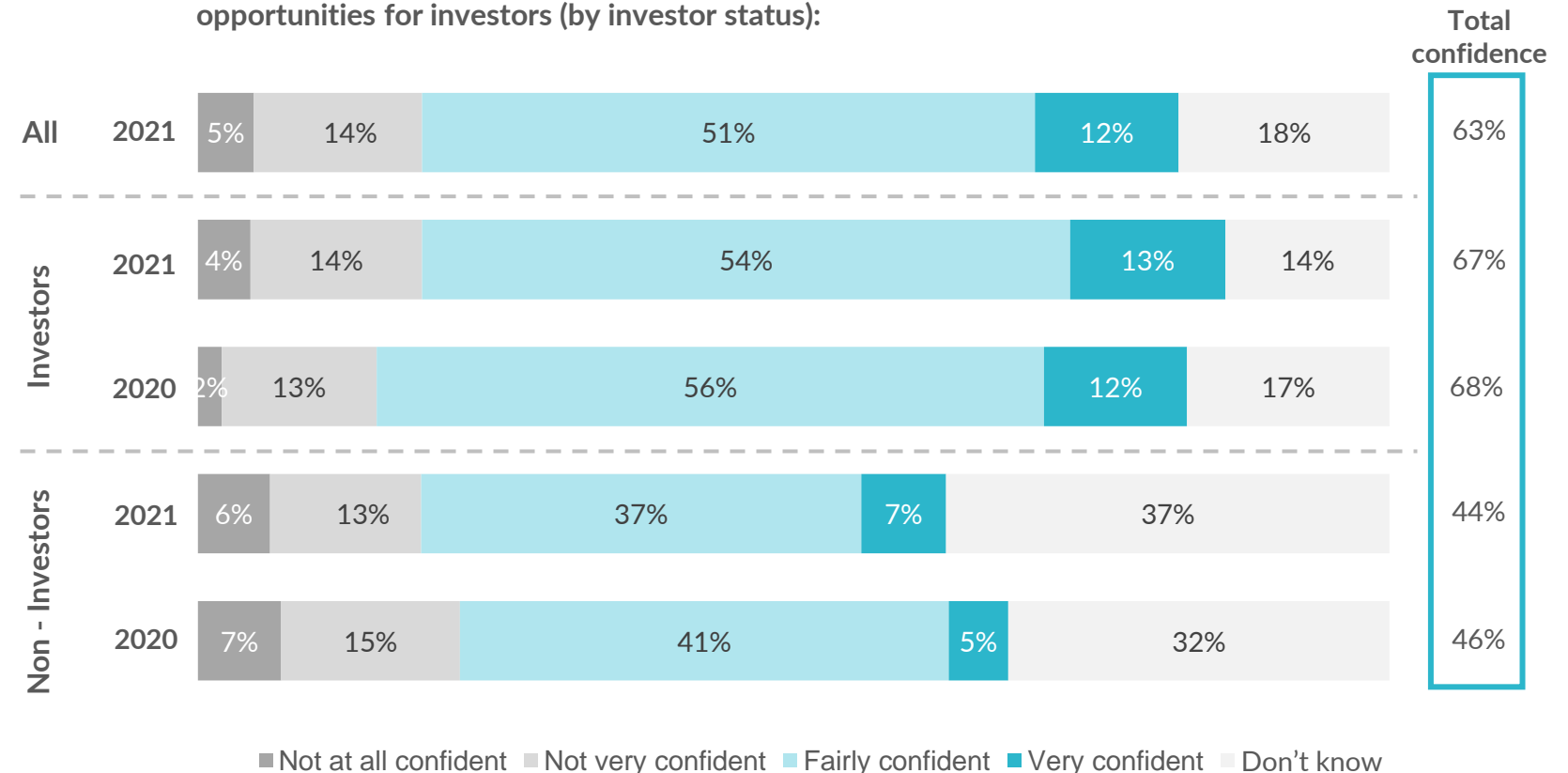
# Confidence in long-term opportunities for investors by investor / non-investor

Results remain consistent with 2020, with over two thirds of investors confident or very confident that New Zealand financial markets and financial service providers offer good long-term opportunities for investors.

Confidence is significantly higher among investors than non-investors, mainly due to a high proportion of non-investors not having an opinion on this topic.

There are no statistically significant differences between 2020 and 2021 results by investor type.

New Zealand financial markets and financial service providers offer good long-term opportunities for investors (by investor status):

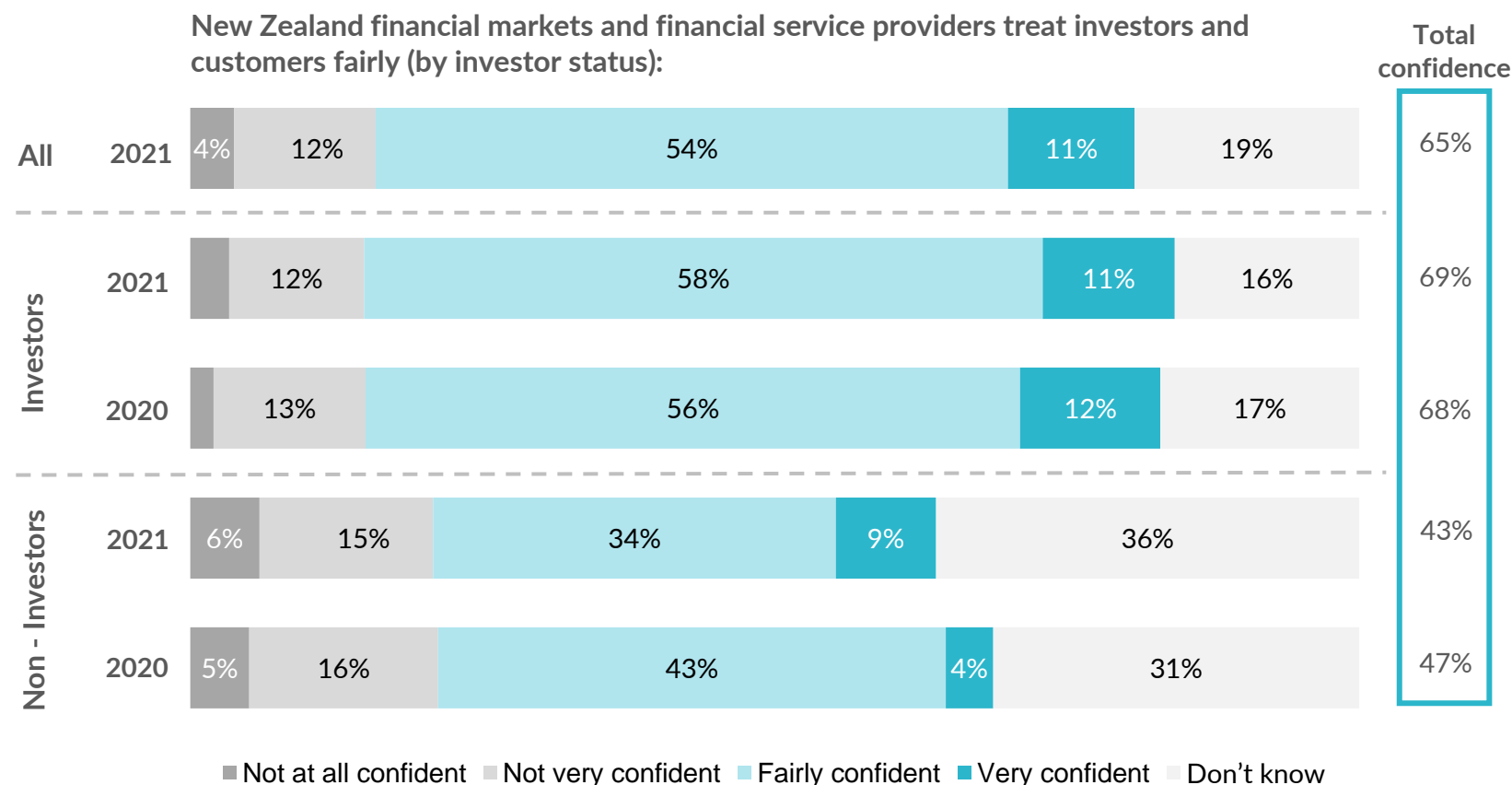




# Confidence in being treated fairly - by investor / non-investor

Two thirds of New Zealanders are confident that New Zealand financial markets and financial service providers treat investors and customers fairly. This is consistent with 2020 results.

Investors are significantly more likely than non-investors to be fairly or very confident that New Zealand financial markets and service providers treat investors and customers fairly - this remains consistent with 2020 results.

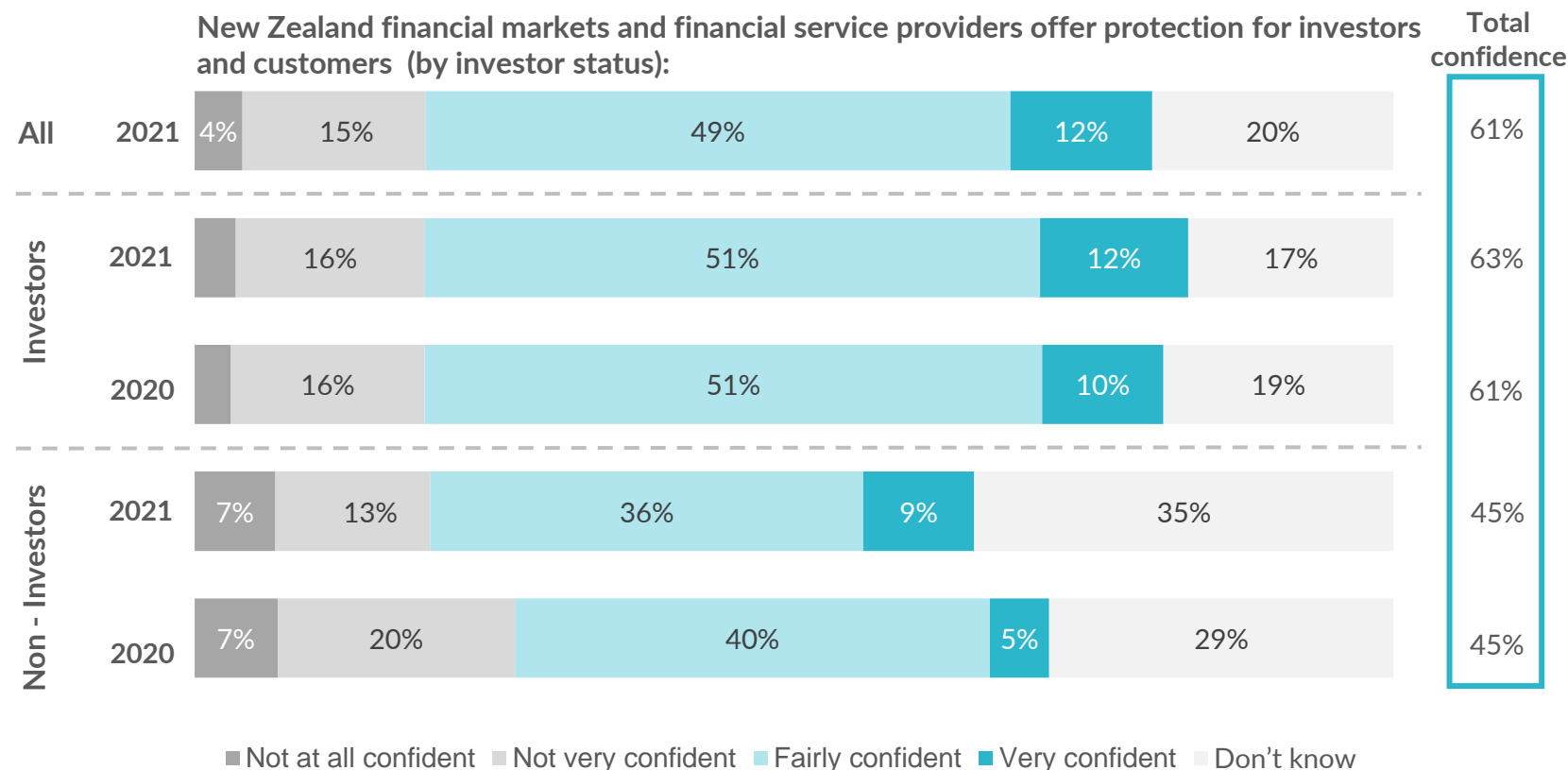


**Note:** Percentages <4% are not shown on the graph.



# Confidence in offering protection – by investor /non-investor

Six in ten investors and nearly half of non-investors feel confidence that that New Zealand financial markets and financial service providers offer protection for investors and customers. Results are consistent with 2020 findings.

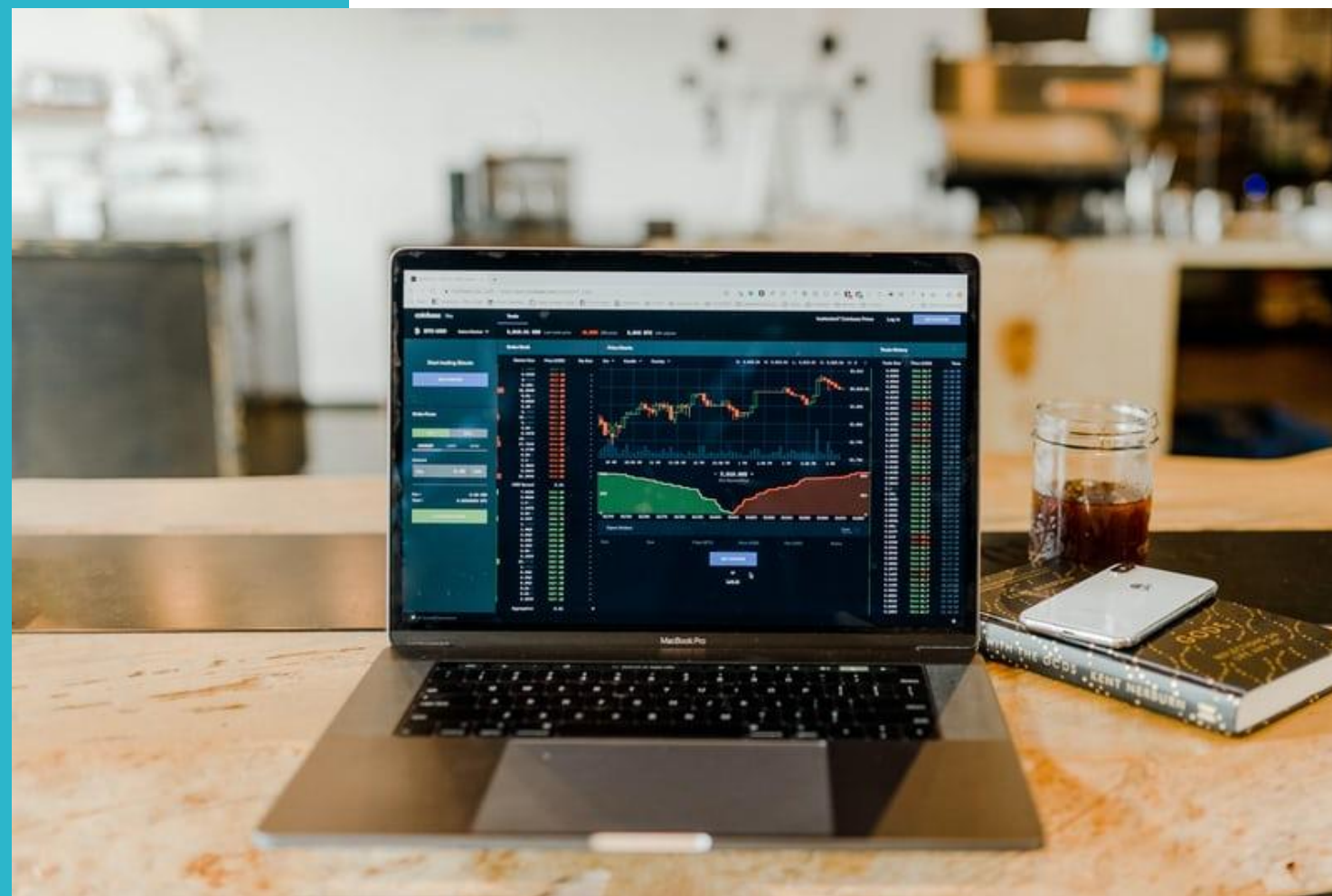


**Note:** Percentages <4% are not shown on the graph.



# Perceptions of FMA and regulation

Exploration into New Zealanders' perceptions of FMA and regulation of the New Zealand financial markets





# Investor confidence in effective regulation of the financial markets

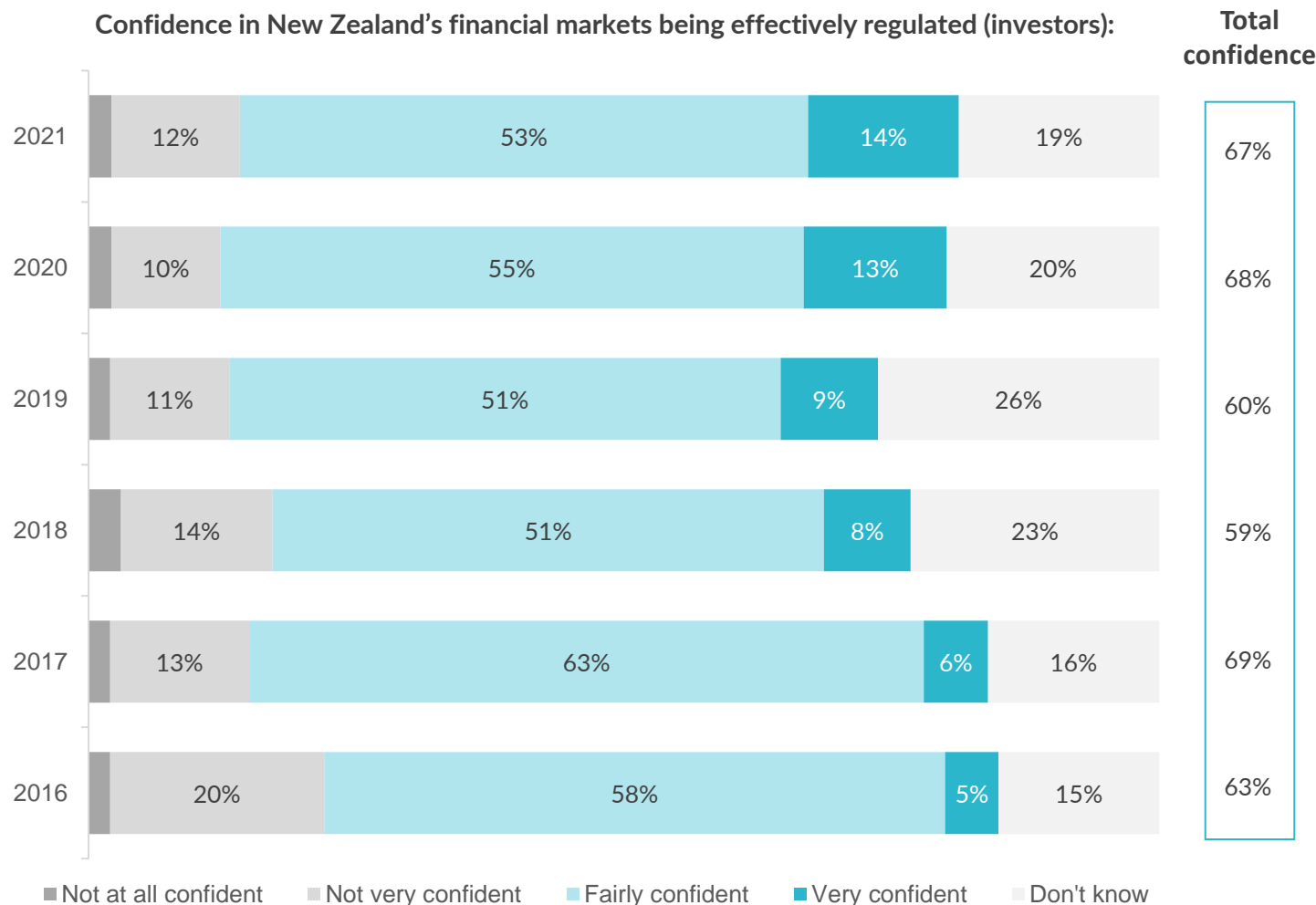
2021 results are consistent with 2020 findings.

Two thirds of investors are confident that the New Zealand financial markets are effectively regulated (67%), just over half are fairly confident (53%) and 1 in 5 are unsure (19%).

While there are no statistically significant differences between 2020 and 2021 results, there are statistically significant differences amongst demographics groups.

The demographic groups significantly more likely to be confident are those:

- Who identify as male
- Aged between 40-49 years
- In full time employment



**Note:** Percentages <4% are not shown on the graph.





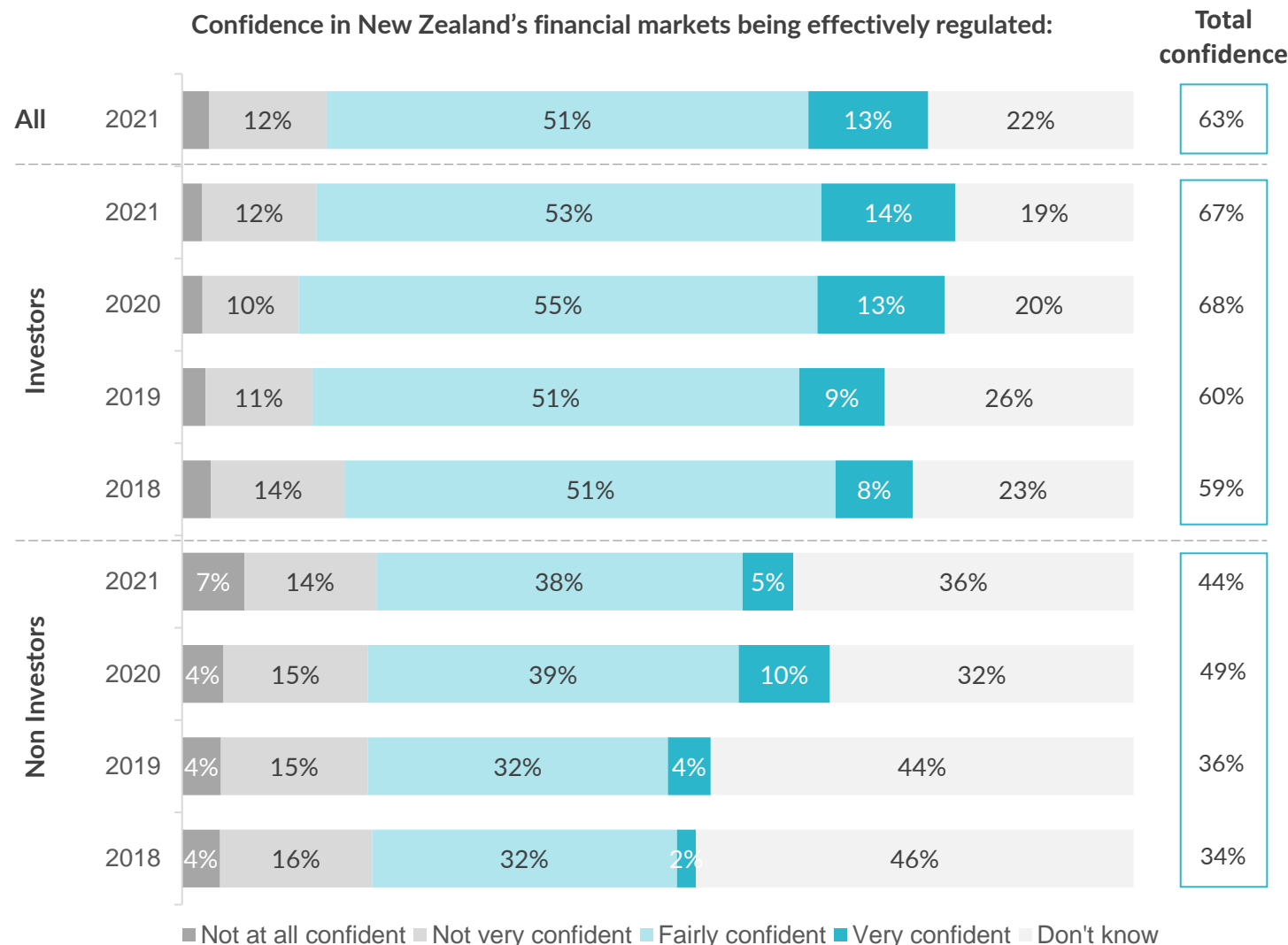
# Confidence in effective regulation by investor / non-investor

Investors are significantly more likely to be confident that New Zealand's financial markets being effectively regulated (67%) than non-investors (44%).

Male investors are significantly more likely to be confident that the New Zealand financial markets are effectively regulated (73%) than female investors (62%).

However male non-investors are significantly more likely to be not at all confident (13%) than female non-investors (1%). Female non-investors are more likely to not give an opinion (46% don't know compared to 25% of males).

Income correlates with level of confidence in the financial markets and their effective regulation. Those with a personal or household annual income of \$100,000 or more tend to have higher confidence than those in the lower income brackets.

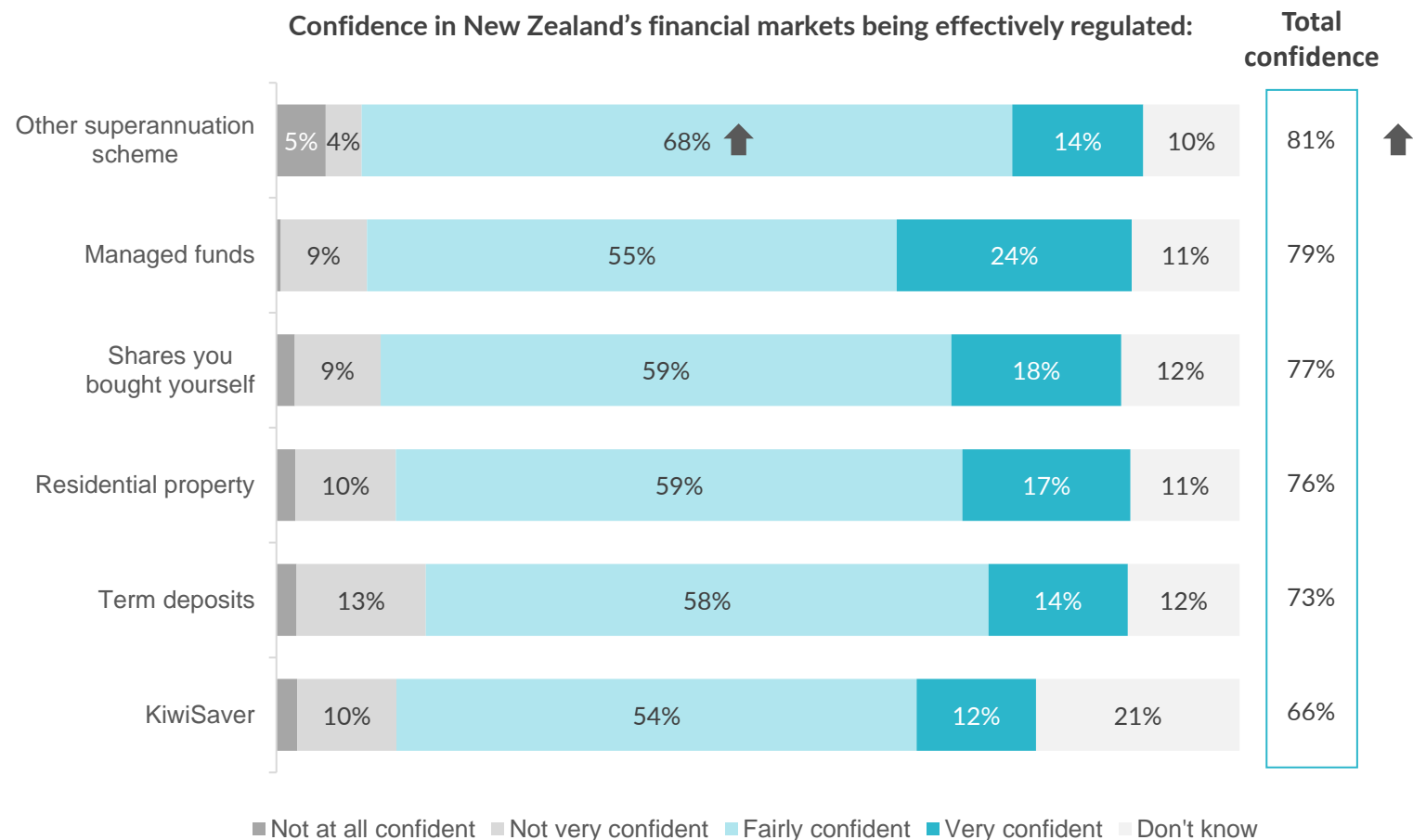


Note: Percentages <4% are not shown on the graph.



# Confidence in effective regulation by investment held

New Zealanders who invest in superannuation schemes other than KiwiSaver are significantly more likely to be fairly confident that New Zealand markets are being effectively regulated in 2021, resulting in a statistically significant increase in total confidence for these investors, compared to 2020.



**Note:** Percentages <4% are not shown on the graph.

**Question:** How confident are you that New Zealand's financial markets are effectively regulated? **Base:** 2021: Managed funds n=135; Shares you bought yourself n=225; Other superannuation scheme n=77; Residential property n=102; Term deposits n=273; KiwiSaver n=656.



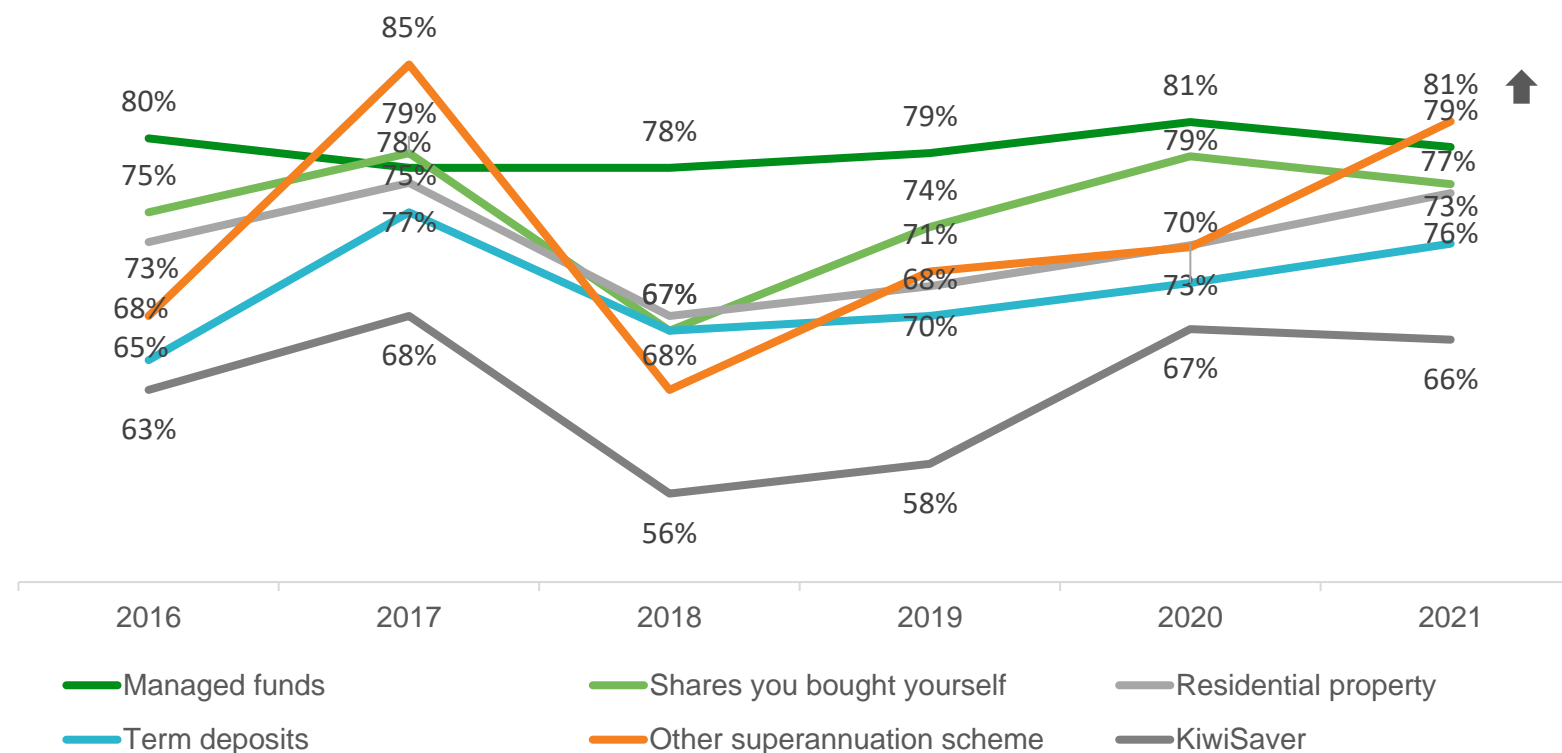
Denotes results significantly different to 2020 results



# Confidence in effective regulation by investment type – over time

Total confidence in effective regulation of New Zealand financial markets continues to gradually trend upwards among investors who have other superannuation schemes, term deposits, and/or residential property.

**Confidence in New Zealand's financial markets being effectively regulated (6-year trends by investment type): Shows % of total confidence (fairly or very confident)**





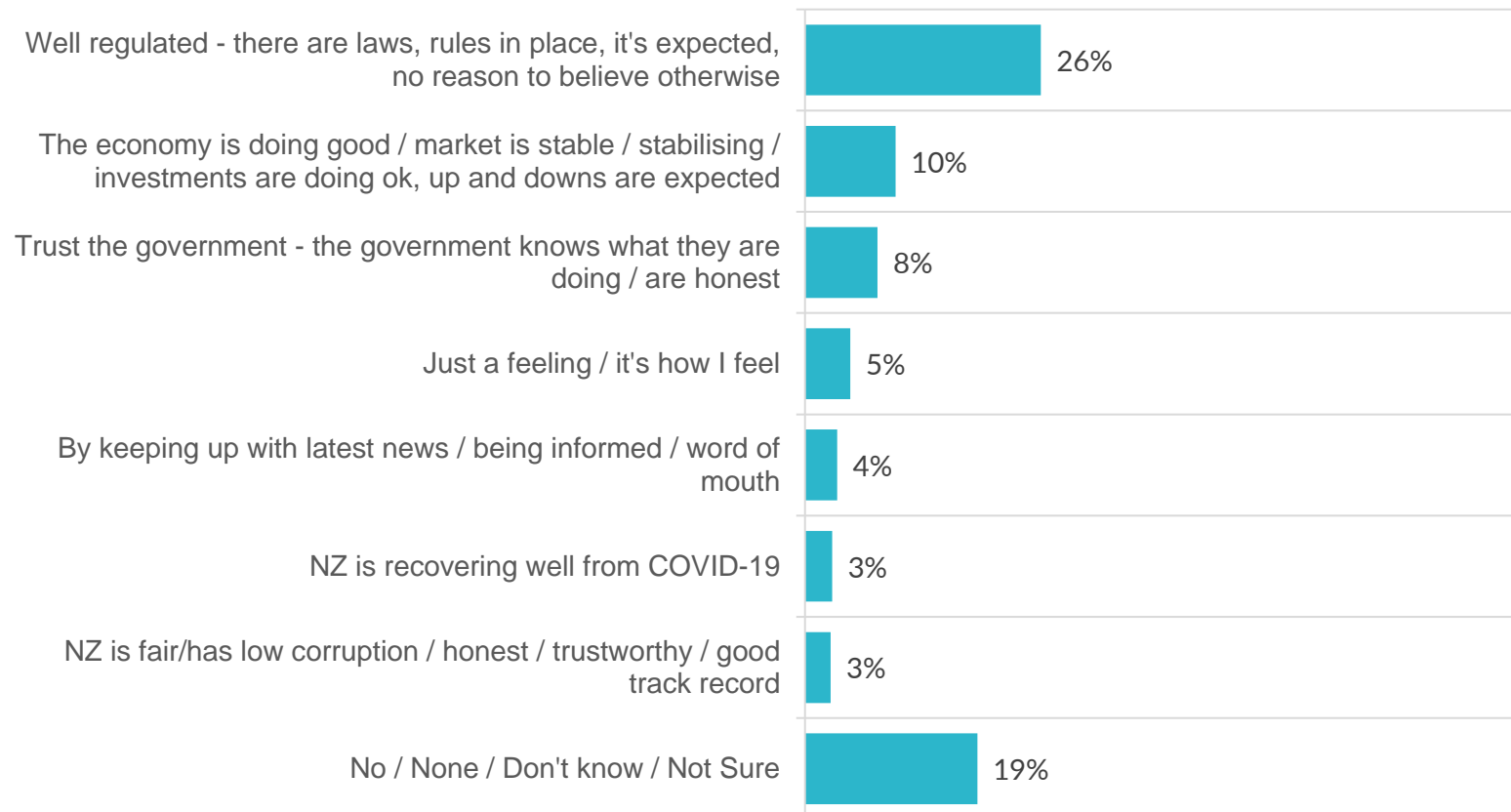
# Reasons for level of confidence in effective regulation

When prompted for justification of confidence that the New Zealand financial markets are effectively regulated, New Zealanders talked about trust - trust in the Government, trust in the New Zealand economy, trust in the regulatory system and bodies responsible, and that New Zealand is recovering well from COVID-19.

Many mentioned not having any reason to believe they shouldn't be confident in the markets being effectively regulated, namely because they had not heard of any major occurrences or issues around fraud or corruption.

Some recalled observations of their investments doing well sooner than expected (post COVID-19) or being pleasantly surprised that their investments have remained stable in unprecedented times.

## Most common reasons for confidence (2021 responses to open-ended question, coded)





# Example quotes – some reasons New Zealanders are confident in regulation

*“Am not sure what most regulations are but we don't seem to have major problems.”*

— Fairly confident —

*“I feel like the banks have a lot of rules and regulations they have to adhere to and are constantly being checked on.”*

— Very confident —

*“I think NZ is one of the least corrupt and most transparent markets in the world so trust that we have adequate measures in place. Financial laws always seem to be updated and we have ombudsmen to go to if concerned.”*

— Very confident —

*“I see my investments always going up slightly despite the covid conditions.”*

— Fairly confident —

*“I think with the relaxation of border and quarantine restrictions I feel New Zealand's economy will improve along with it's financial situation.”*

— Fairly confident —

*“I think the Labour Government has done a very good job, and I trust them to regulate NZ investments fairly.”*

— Fairly confident —

*“Seems safer in NZ to invest in companies that are grass roots.”*

— Very confident —



# Reasons for level of low confidence in effective regulation

When prompted for justification of confidence that the New Zealand financial markets are effectively regulated, non-investors were significantly more likely to say they didn't know or were unsure than investors.

New Zealanders who were not very confident or not at all confident justified their ratings by expressing frustration and disappointment with the housing market being too expensive and observing or experiencing unemployment.

Others felt further enforcement was required in order to increase their confidence levels, with claims of unethical/unsustainable investments from large corporations, security breaches, and fraud.

## Most common reasons for lack of confidence (2021 responses to open-ended question, coded)





# Example quotes – reasons not confident in regulation

*"The authorities appear to be spineless in their ability to hold anyone to account for illegal behaviour in NZ. Dishonest company directors move on to new companies and carry on with their unethical and often illegal behaviour."*

— Not very confident —

*"The governments' lack of holding the market and associate parties in line to stop or slow down...we don't have a housing crisis we have an affordability crisis."*

— Not very confident —

*"There doesn't seem to be much regulation. Especially with fees."*

— Not very confident —

*"Awaiting the next "failure" where depositors lose out and directors get away with it."*

— Not very confident —

*"I don't know anything about the financial markets. I don't know how regulation works."*

— Not very confident —

*"Investment in things such as weapons, warfare and oil and gas exploration. Too much power is in the hands of a few. Far too much profit before people."*

— Not very confident —

*"Not enough protection for the investor from inefficient and ineffective boards, let alone the downright fraudulent schemes that boards seem to buy into."*

— Not very confident —



# Perceptions of FMA's support of the financial markets' integrity

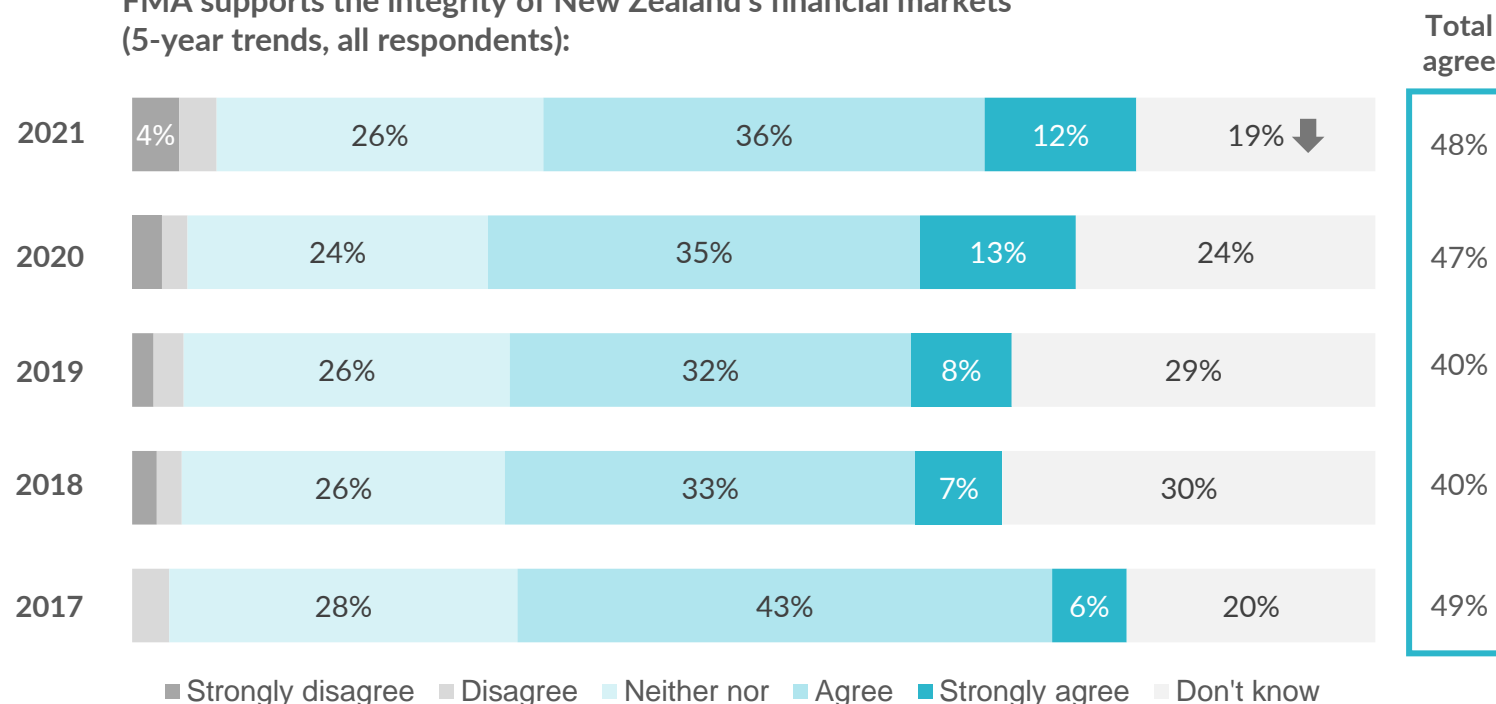
2021 results are similar to that of 2020, despite a significant decrease this year in the proportion who don't know whether FMA supports the integrity of New Zealand's financial markets (-5 percentage points 2020 compared to 2020).

Total agreement (48%) and indifference (26%) for 2021 remain consistent with previous years.

Males are significantly more likely than females to strongly agree that the FMA supports the integrity of New Zealand's financial markets, while females were significantly more likely to be unsure.

Those aged 60-69, older couples with no kids at home, and personal annual income earners of \$100,000-\$149,999 were also significantly more likely to agree or strongly agree that the FMA supports the integrity of New Zealand's financial markets.

FMA supports the integrity of New Zealand's financial markets  
(5-year trends, all respondents):



Note: Percentages <4% are not shown on the graph.

**Question:** One of the primary roles of the FMA is to support the integrity of New Zealand's financial markets which, for investors, means making sure NZ financial service providers operate in a way that is fair, honest and effective. To what extent do you agree or disagree that 'The FMA supports the integrity of NZ's financial markets'? **Base:** 2021 n=1020; 2020 n=1003; 2019 n=1037; 2018 n=1011; 2017 n=1000



2021 results significantly higher or lower compared to 2020 results

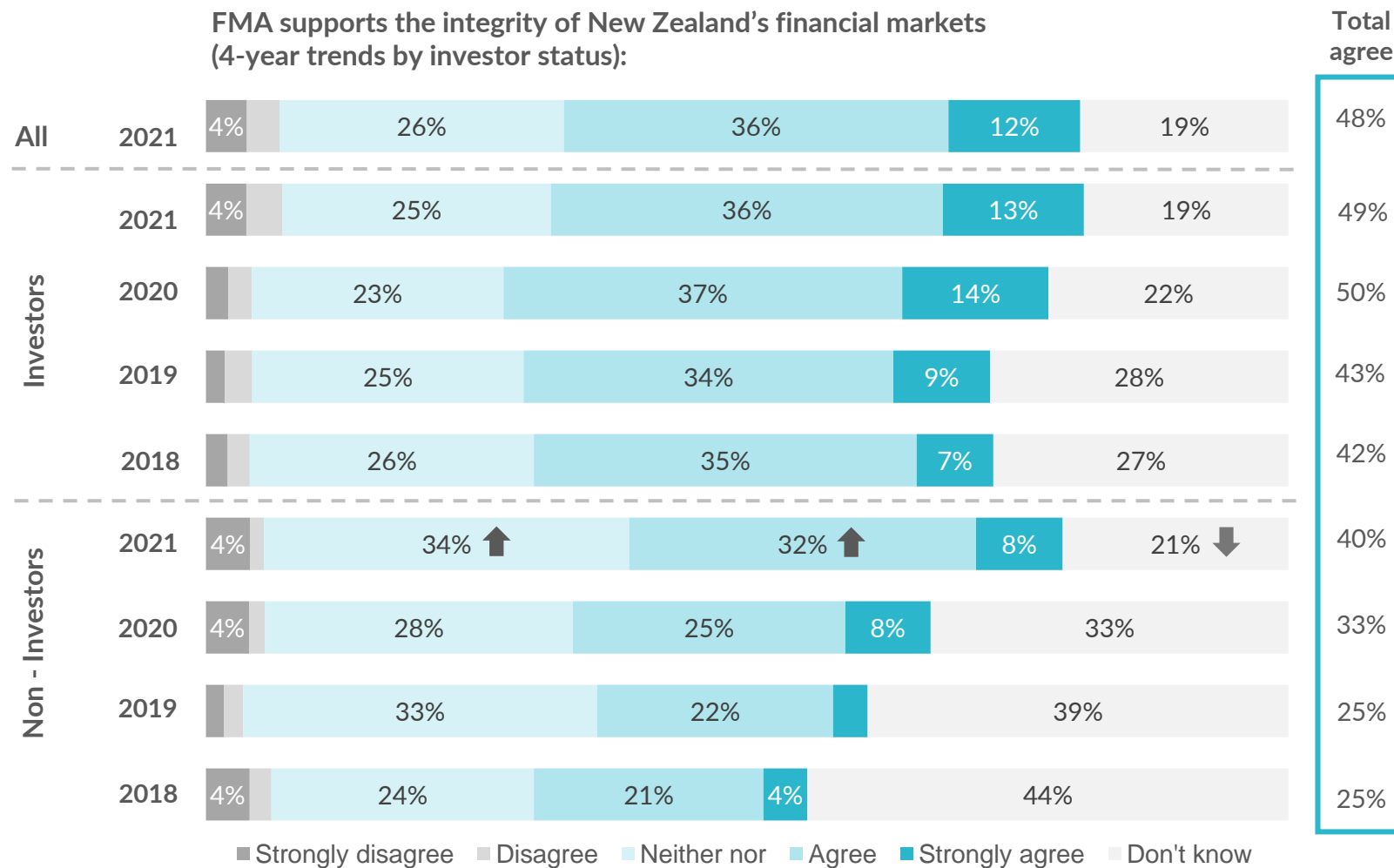


# Perceptions by investor / non-investor

The gap between investor total agreement and non-investor total agreement that the FMA supports the integrity of New Zealand's financial markets begins to close in 2021.

In 2021 there is a significant increase in the proportion of non-investors who agree (+7 percentage point increase).

2021 also reveals a significant decrease in non-investors who are unsure whether the FMA supports the integrity of New Zealand's financial markets (12 percentage point decrease), resulting in only 1 in 5 non-investors being unsure – the lowest proportion yet since 2018.



**Note:** Percentages <4% are not shown on the graph.

**Question:** One of the primary roles of the FMA is to support the integrity of New Zealand's financial markets which, for investors, means making sure NZ financial service providers operate in a way that is fair, honest and effective. To what extent do you agree or disagree that 'The FMA supports the integrity of NZ's financial markets'? **Base:** Investors 2021 n=849; Investors 2020 n=832; Investors 2019 n=888; Investors 2018 n=849; Non-Investors 2021 n=171; Non-Investors 2020 n=171; Non-Investors 2019 n=149; Non-Investors 2018 n=162; All 2020 n=1003



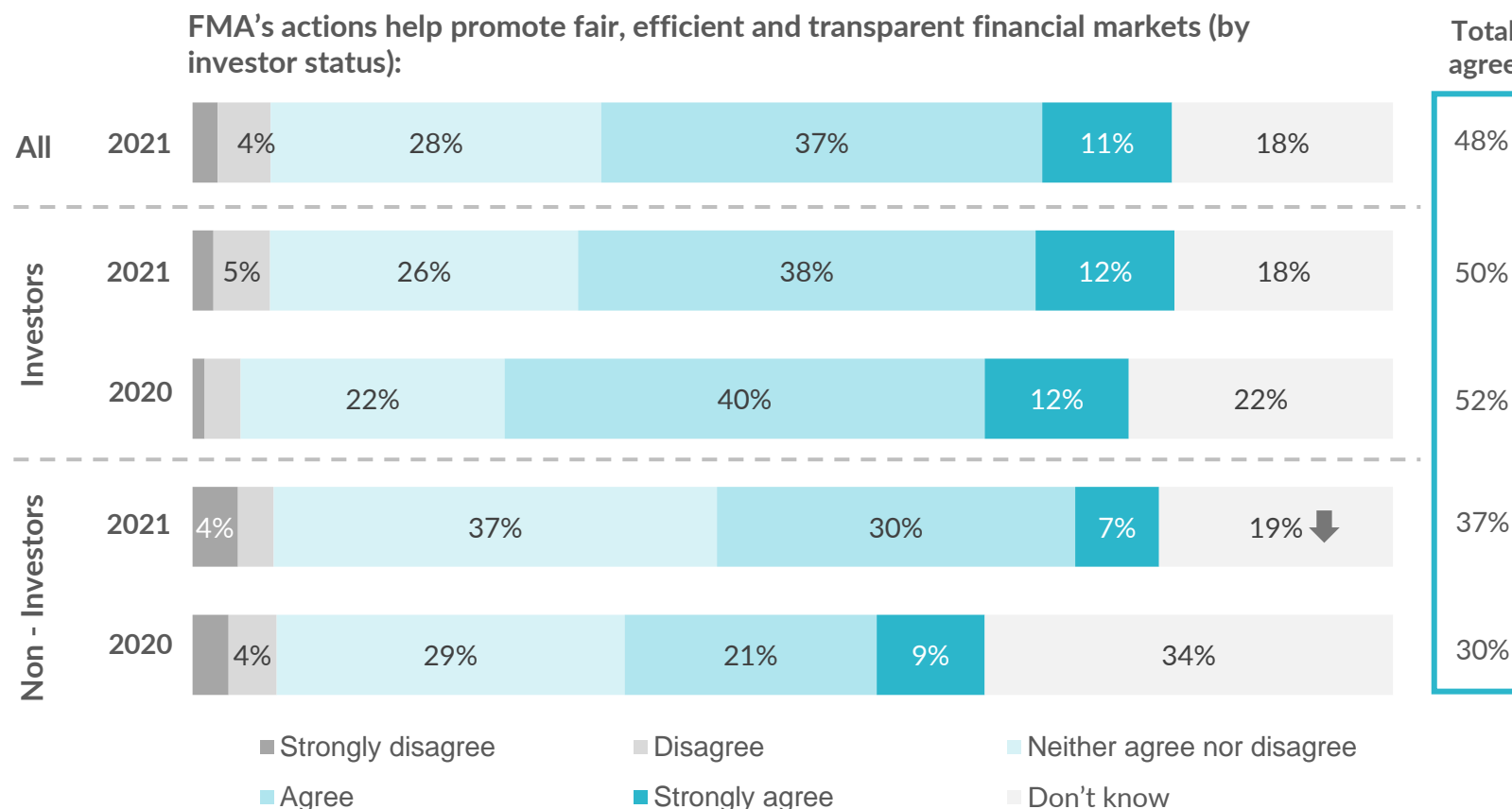
2021 results significantly higher or lower compared to 2020 results



# Perceptions of FMA promoting fair markets by investor / non-investor

While 2021 investor results are similar to that of 2020, non-investors are significantly less likely to be unsure whether the FMA's actions assist in the promotion of fair, efficient and transparent financial markets in 2021 (15 percentage point decrease), compared to 2020.

Whilst not statistically significant, 2021 results also reveal a slight increase in non-investors who agree that the FMA's actions help promote fair, efficient and transparent financial markets (+9 percentage point increase), and a slight increase in non-investors who are indifferent (+8 percentage point increase).



**Note:** Percentages <4% are not shown on the graph.

**Question:** One of the primary roles of the FMA is to support the integrity of New Zealand's financial markets which, for investors, means making sure NZ financial service providers operate in a way that is fair, honest and effective. To what extent do you agree or disagree that 'The FMA's actions help promote fair, efficient and transparent financial markets'? **Base:** Investors 2021; n=849; Investors 2020; n=832; Non-Investors 2021 n=171; Non-Investors 2020 n=171; All 2021 n=1020



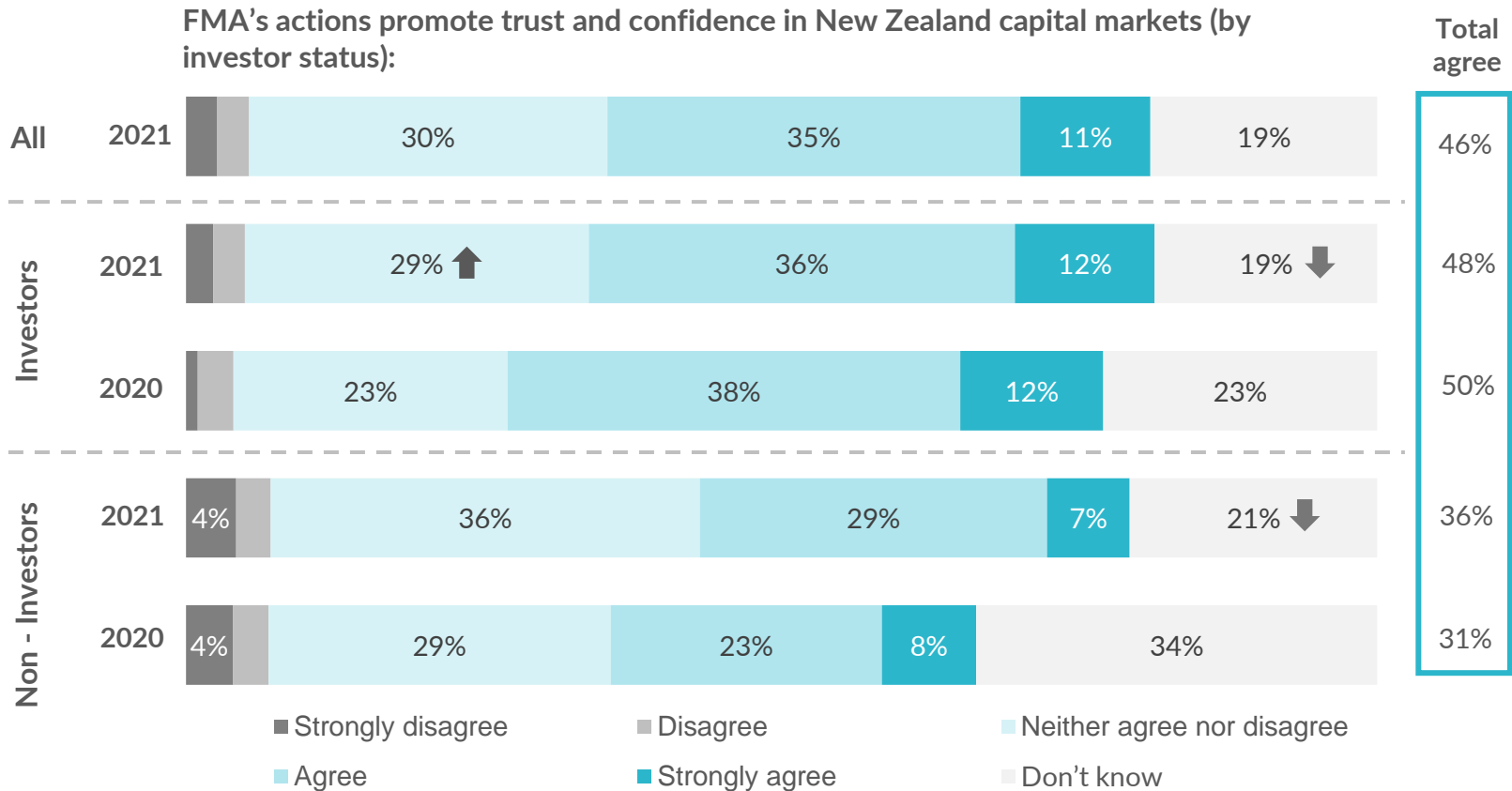
2021 results significantly higher or lower compared to 2020 results



# Perceptions of FMA promoting trust and confidence by investor / non-investor

2021 results reveal a significant decrease in investors who are unsure whether the FMA's actions promote trust and confidence in NZ capital markets (+5 percentage point decrease compared to 2020) and a significant increase in investors who are indifferent (+6 percentage point increase compared to 2020).

Non-investors are significantly less likely to be unsure whether the FMA's actions promote trust and confidence in NZ capital markets (+13 percentage point decrease compared to 2020), and whilst not statistically significant, overall agreement has increased for non-investors (+5 percentage points compared to 2020).



Note: Percentages <4% are not shown on the graph.

Question: One of the primary roles of the FMA is to support the integrity of New Zealand's financial markets which, for investors, means making sure NZ financial service providers operate in a way that is fair, honest and effective. To what extent do you agree or disagree that 'The FMAs actions help promote trust and confidence in NZ capital markets' Base: Investors 2021; n=849; Investors 2020; n=832; Non-Investors 2021 n=171; Non-Investors 2020 n=171; All 2021 n=1020



# Reasons for positive perceptions of FMA

New Zealanders who have positive perceptions of FMA mention fairness as a key quality of the FMA that they appreciate, as well as keeping an eye on and encouraging transparent behaviour in the market.

Others feel the FMA has a great track record and have done a good job so far, with some having a 'no news is good news' approach, explaining that not having heard of any bad news must mean the FMA are doing their job correctly.

## Most common reasons for positive perceptions (2021 responses to open-ended question, coded)





# Example quotes – reasons for positive perception

*"Although I'd not heard of them, I have an overall confidence in the way the country is managed. If something is established and resourced to do something it probably does a reasonable job."*

— Agree —

*"FMA is a government agency and I have a high trust level with the New Zealand government."*

— Agree —

*"They are a good authority in this regard however as our economy continues to grow we will need to upgrade and perfect the systems we have in place."*

— Agree —

*"I have heard and read good things about FMA. They also being prosecutions where necessary."*

— Strongly agree —

*"I have not heard anything negative about NZ investments. I think we are not a corrupt country, and I trust them, and think they are doing a good job."*

— Strongly agree —

*"It's an independent, well known agency, with a good reputation."*

— Strongly agree —

*"They have recently introduced a new plethora of requirements in NZ, including licensing requirements around who can provide financial advice."*

— Strongly agree —

*"We can see and feel the results of having such a body."*

— Strongly agree —



# Example quotes – reasons for negative perception

*"I have seen major collapses over the years...all "supposedly" covered by government oversight and protection. Who wouldn't be concerned that the FMA won't do their job properly? Previous "safeguards" have failed, drastically affecting small family investors... and yet the directors of these got richer and richer."*

— Disagree —

*"A Government bureaucracy funded at great cost to the taxpayer with minimal oversight and minimal tangible benefit."*

— Strongly disagree —

*"I don't think they are actively trying to educate consumers."*

— Disagree —

*"I've never heard of them, so I guess they haven't informed the public as to what they do."*

— Disagree —

*"Somewhat of a "toothless" regulator - plenty of spin, little concrete action especially with "financial failures"."*

— Disagree —

*"FMA need to be more vigilant in monitoring financial advisers and financial companies. Too many irregularities occurring."*

— Disagree —

*"FMA can only suggest options, not enforce them."*

— Disagree —



# Who did we hear from?

Profile of New Zealanders who participated in the research



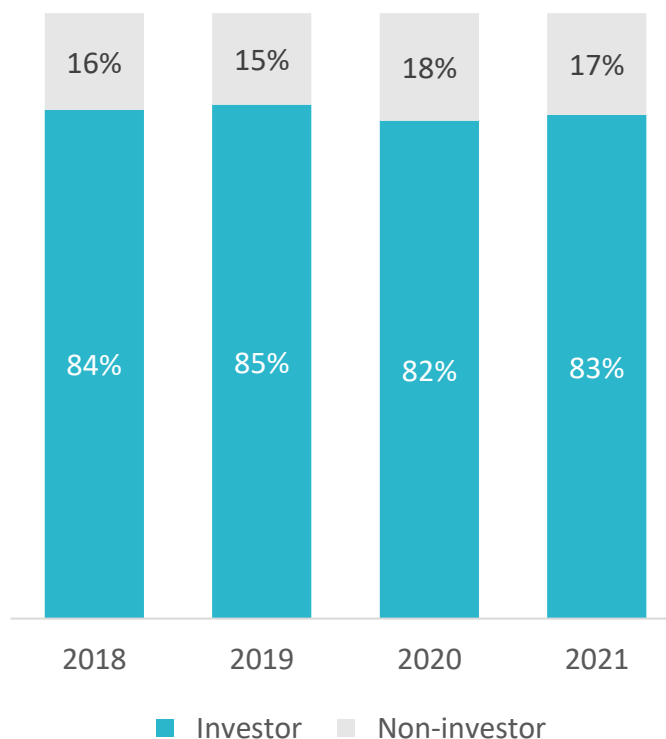


# Investor profile

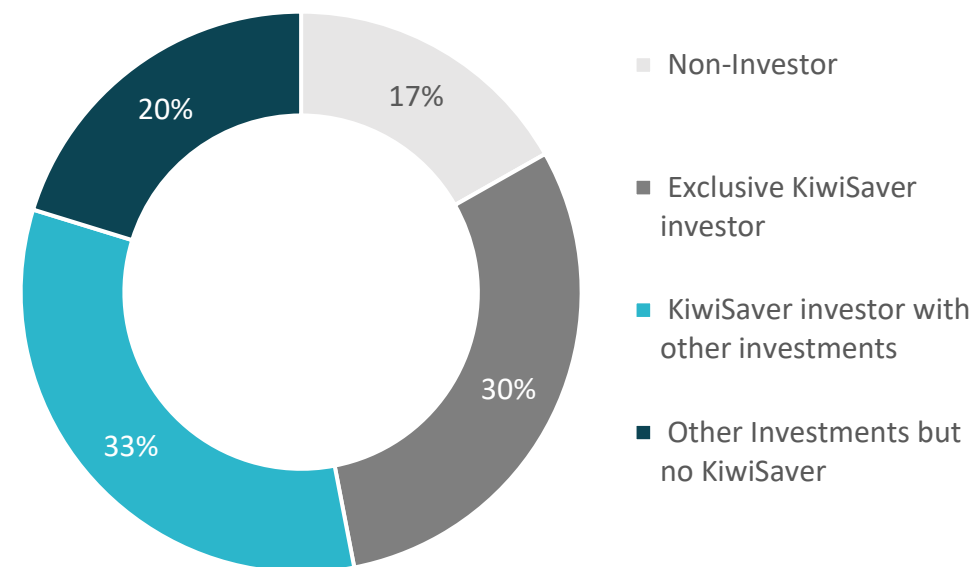
2021 results see a similar proportion of investors and non-investors that is consistent with previous years, with 4 in 5 New Zealanders having some form of investment.

3 in 10 New Zealanders are exclusive KiwiSaver investors and have this as their only form of investment, while a similar amount are KiwiSaver members, but also invest in other areas. 1 in 5 New Zealanders do not have KiwiSaver, but say they have other investments.

Investors and non-investors  
(4-year trends)



2021 Investor segment profile





# Investor profile: key demographics

Non-investors and those who have other investments but are not KiwiSaver members are significantly more likely to be over 70 years of age, while exclusive KiwiSaver investors are significantly more likely to be aged between 18-29 years or Māori and KiwiSaver members with other investments are significantly more likely to be aged between 30-39 years and/or identify as Asian.

Investor segment by age (2021)

	Average	Non-Investor	Exclusive KiwiSaver investor	KiwiSaver with other investments	Other Investments but no KiwiSaver
18 - 29 years	22%	19%	31% ↑	20%	14% ↓
30 - 39 years	17%	14%	19%	22% ↑	9% ↓
40 - 49 years	17%	15%	21%	18%	12% ↓
50 - 59 years	17%	15%	18%	21%	11% ↓
60 - 69 years	14%	13%	10%	16%	16%
70 years +	13%	24% ↑	1% ↓	4% ↓	39% ↑

Investor segment ethnicity (2021)

	Average	Non-Investor	Exclusive KiwiSaver investor	KiwiSaver with other investments	Other Investments but no KiwiSaver
New Zealander NZ European	58%	60%	62%	51% ↓	65%
Other European	6%	7%	5%	6% ↓	7%
Māori	11%	13%	16% ↑	7%	10%
Pacific Peoples	9%	14%	11%	5%	5%
Asian	23%	19%	17%	35% ↑	16%

Investor Profile. Base: Non-Investor 2021 n=171; Exclusive KiwiSaver investor 2021 n=308; KiwiSaver investor with other investments 2021 n=334; Other investments but no KiwiSaver 2021 n=207.

↑↓ Denotes results significantly different to other groups



# Investor profile: key demographics

New Zealanders who are KiwiSaver members but also have other investments are significantly more likely to be employed full time, while exclusive KiwiSaver investors are significantly more likely to be students or unemployed.

Non-investors are significantly more likely to be retired or unemployed, suggesting greater barriers to financial investments for lower income earners.

Investor segment employment status (2021)

	Average	Non-Investor	Exclusive KiwiSaver investor	KiwiSaver with other investments	Other Investments but no KiwiSaver
Student	5%	4%	10% ↑	4%	1% ↓
Parent / care-giver	7%	7%	7%	6%	6%
Employed full-time	39%	16% ↓	39%	58% ↑	27% ↓
Employed part-time	17%	14%	21%	19%	11% ↓
Unpaid work	1%	3%	1%	1%	1%
Retired	19%	31% ↑	4% ↓	9% ↓	47% ↑
Unemployed	9%	20% ↑	14% ↑	3% ↓	5%
Other	3%	6% ↑	6% ↑	0% ↓	1%

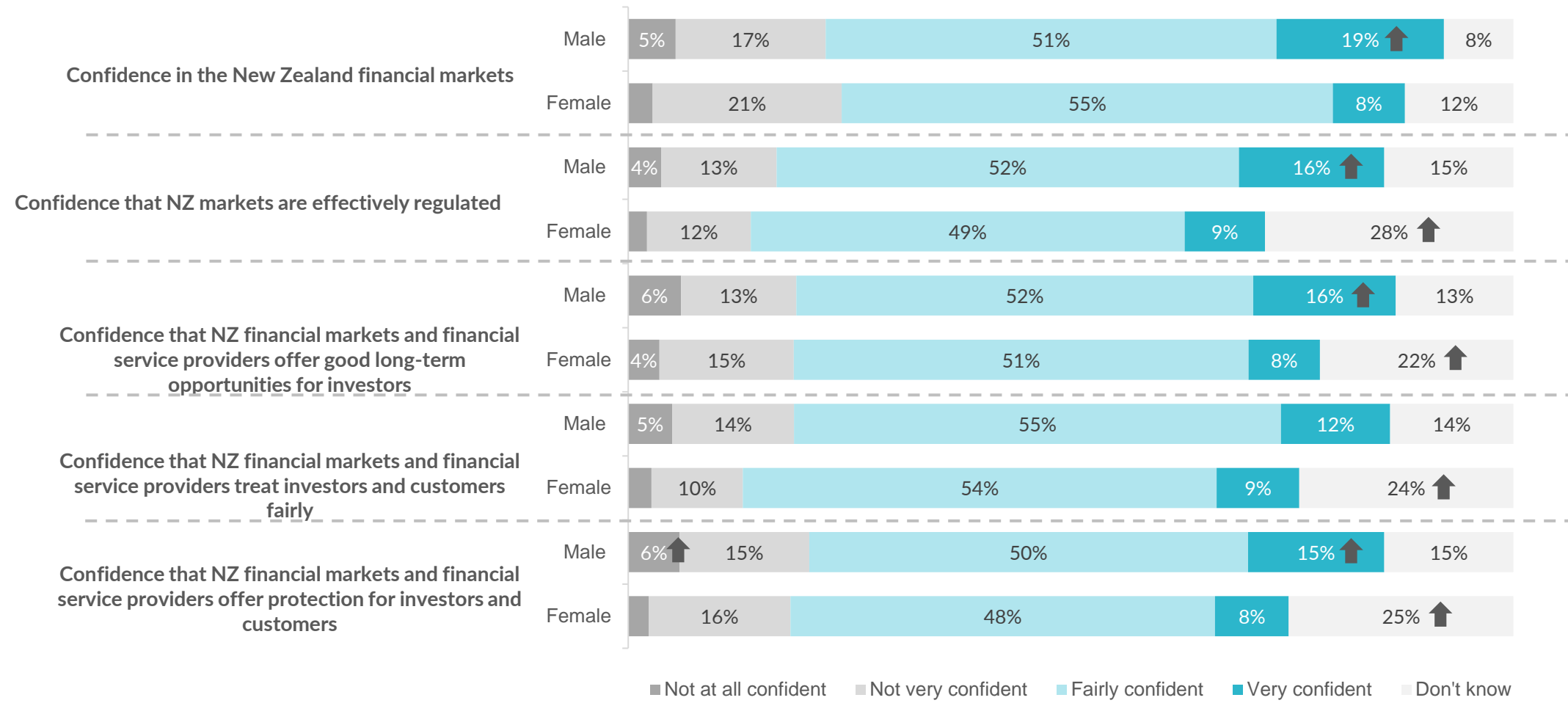
Investor segment other key demographics (2021)

	Average	Non-Investor	Exclusive KiwiSaver investor	KiwiSaver with other investments	Other Investments but no KiwiSaver
Kids in household	40%	23%	45%	50%	29%
Household annual income* <\$50k	35%	62%	38%	17%	41%
Married living with partner	59%	47% ↓	47% ↓	70% ↑	66% ↑



# Key differences by gender 2021

Key differences - confidence in New Zealand's financial markets by gender:

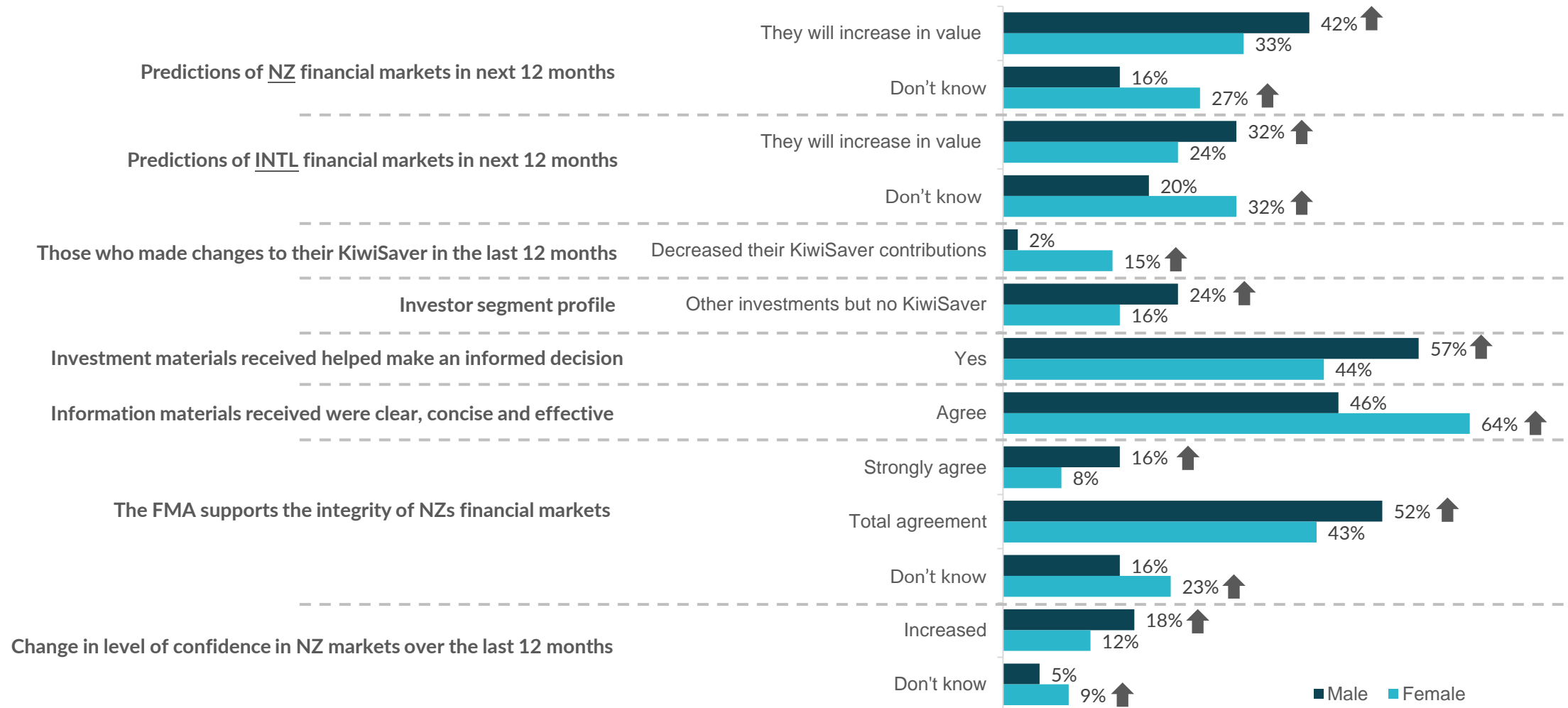


**Note:** Percentages <4% are not shown on the graph.



# Key differences by gender 2021

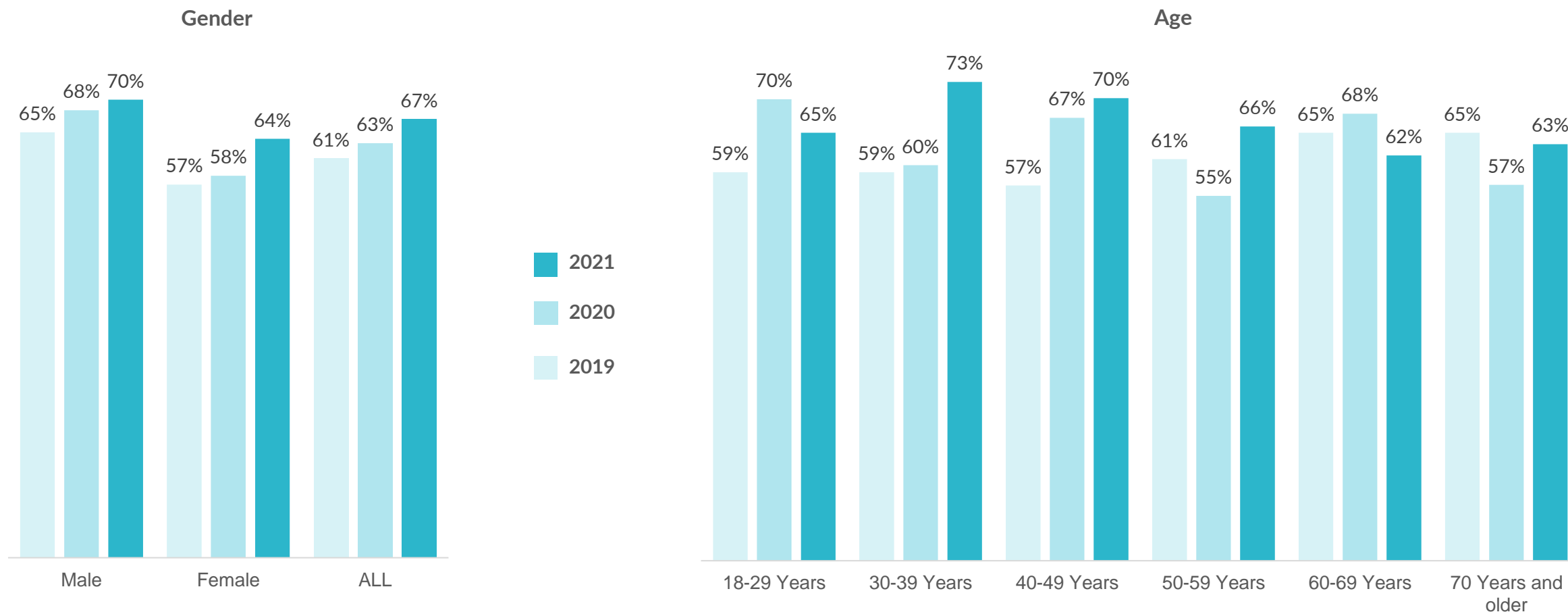
Other key differences by gender:





# Confidence by age and gender

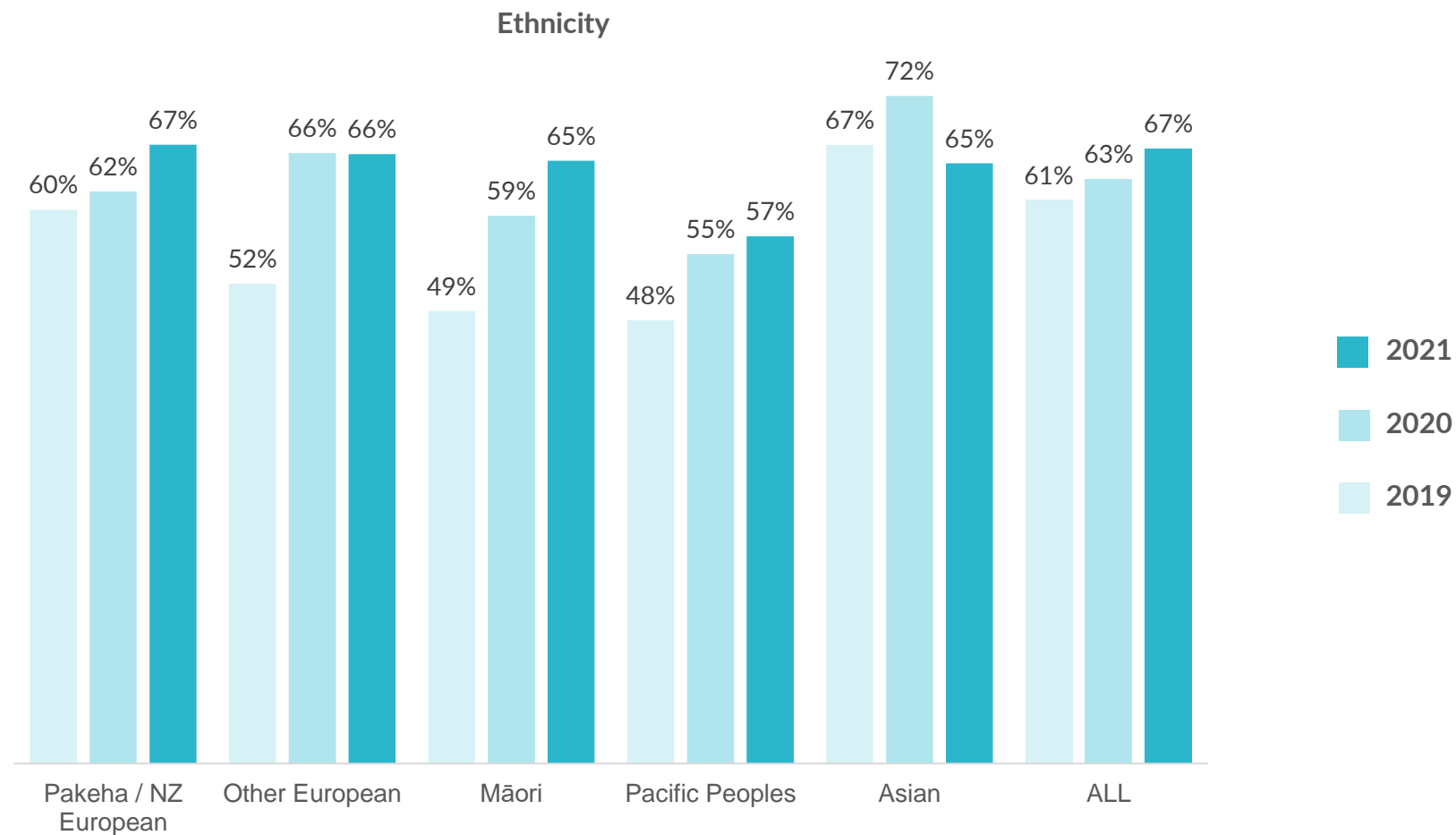
Confidence in New Zealand's financial markets (2021 vs 2020 vs 2019):  
Shows % of total confidence ('fairly' or 'very' confident)





# Confidence by ethnicity

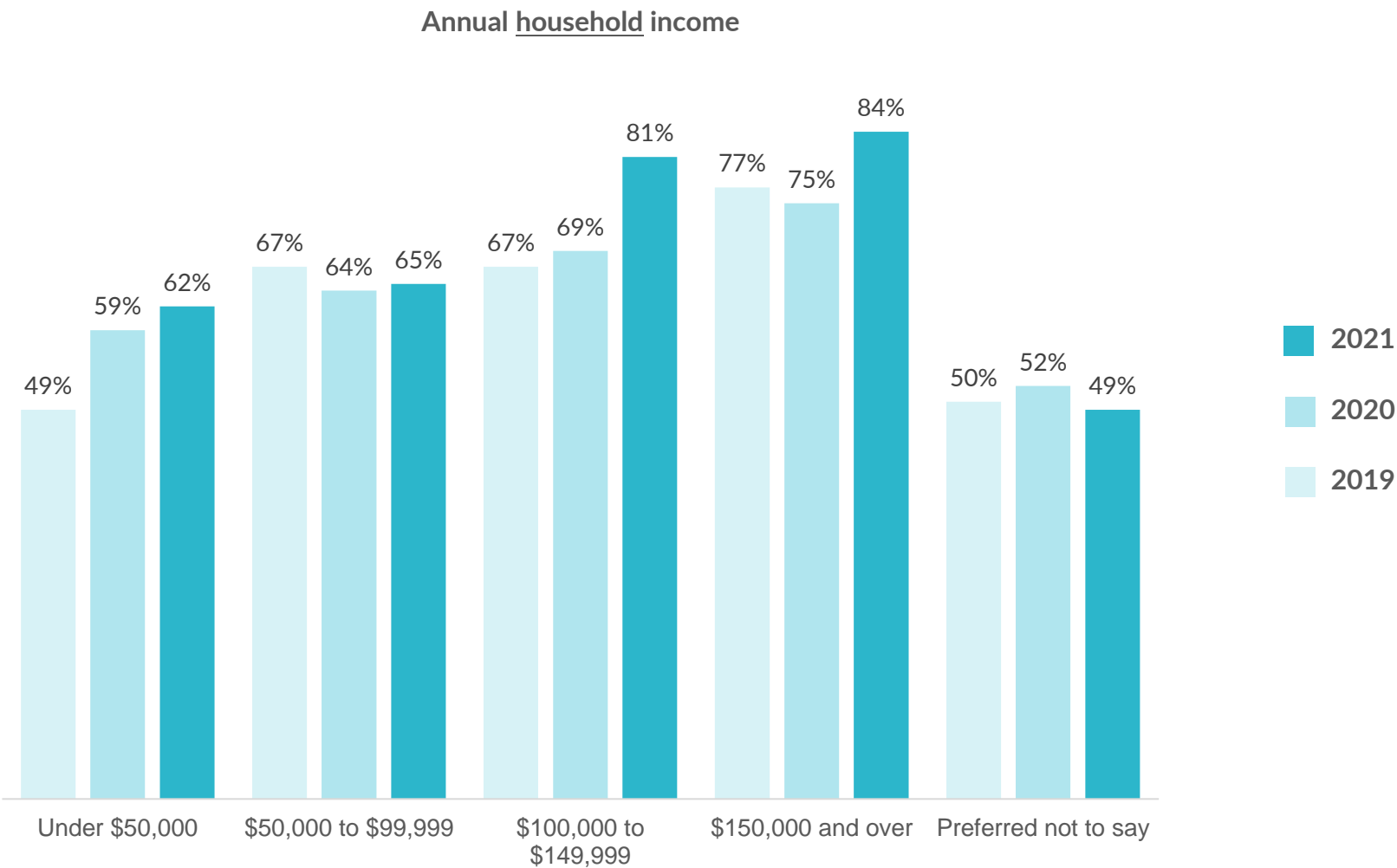
Confidence in New Zealand's financial markets (2021 vs 2020 vs 2019):  
Shows % of total confidence (fairly or very confident)





# Confidence by annual household income over time

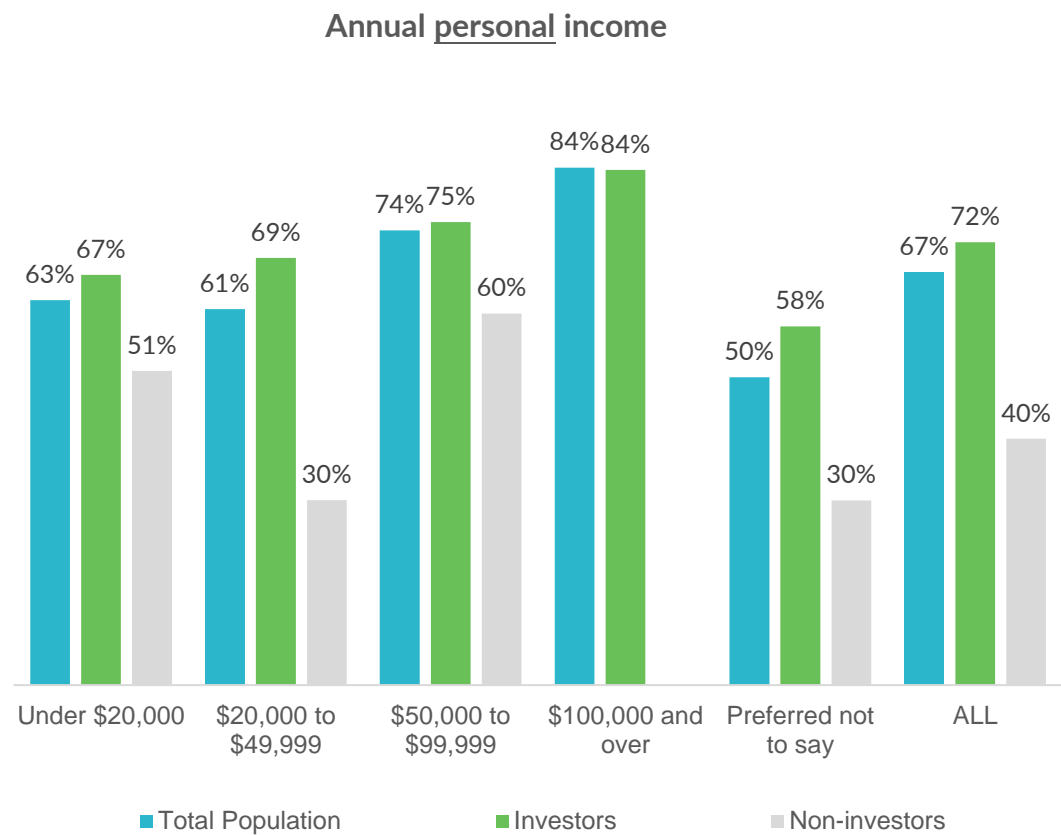
Confidence in New Zealand’s financial markets (2021 vs 2020 vs 2019):  
Shows % of total confidence (fairly or very confident)



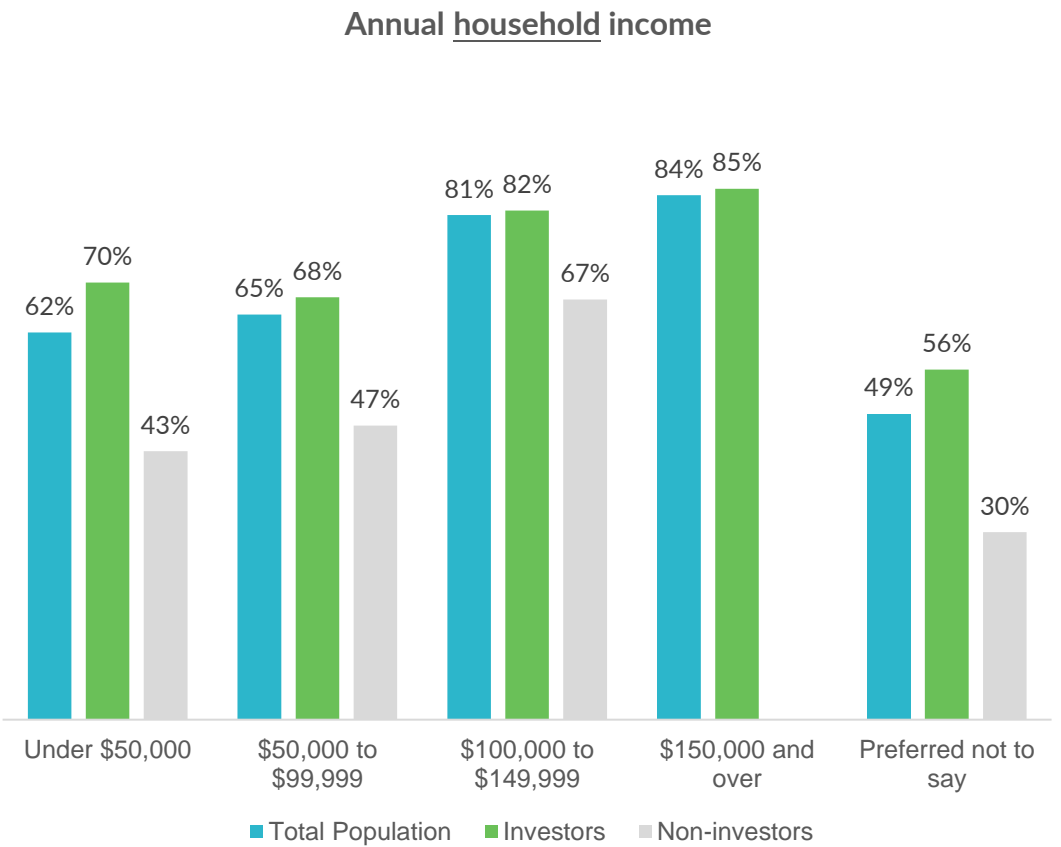


# Confidence by income

Confidence in New Zealand’s financial markets:  
Shows % of total confidence (fairly or very confident)



\*Annual personal income non-investors \$100,000 and over n=2 so not included



\*Annual household income non-investors \$150,000 and over n=2 so not included



# Investor Confidence Research

Insight into New Zealanders' attitudes towards investing and the financial markets

June 2021

