

Attitudes towards New Zealand's financial markets



General public investor research 2016



Methodology



This is the fourth year that FMA has carried out investor research measuring attitudes towards, and investment in New Zealand's financial markets.



The research was carried out online using Colmar Brunton's omnibus.



Fieldwork was conducted between 30 March and 6 April 2016.



A total of 1,000 New Zealanders took part in the research in 2016. Results are weighted by age, gender, and region to ensure the results are representative of the New Zealand population.

$$m.e. = \pm \frac{1}{\sqrt{n}}$$

The margin of error for overall results n=1,000 is +/-3.1%.



Of the 1,000 people surveyed this year, 885 had an investment in New Zealand's financial markets. This is a significant increase from 763 in 2015 and is primarily due to a change in the question wording. In 2016 we asked people specifically which investments they have from a pre-coded list. Prior to this people were asked a yes/no question about whether or not they have any investments.

Key outtakes



Confidence in New Zealand's financial markets has declined from 2015 to 2016, and the number of people who say their confidence has increased has also declined. As for previous years investor confidence is higher than non-investor.



Investors with managed funds/unit trusts are the most positive, they have the most confidence in both the markets and regulation, are most likely to say their confidence has increased, and to say their investment statements were helpful.

Inverse to this investors with KiwiSaver are most likely to have less confidence, or say they don't know how confident they are.



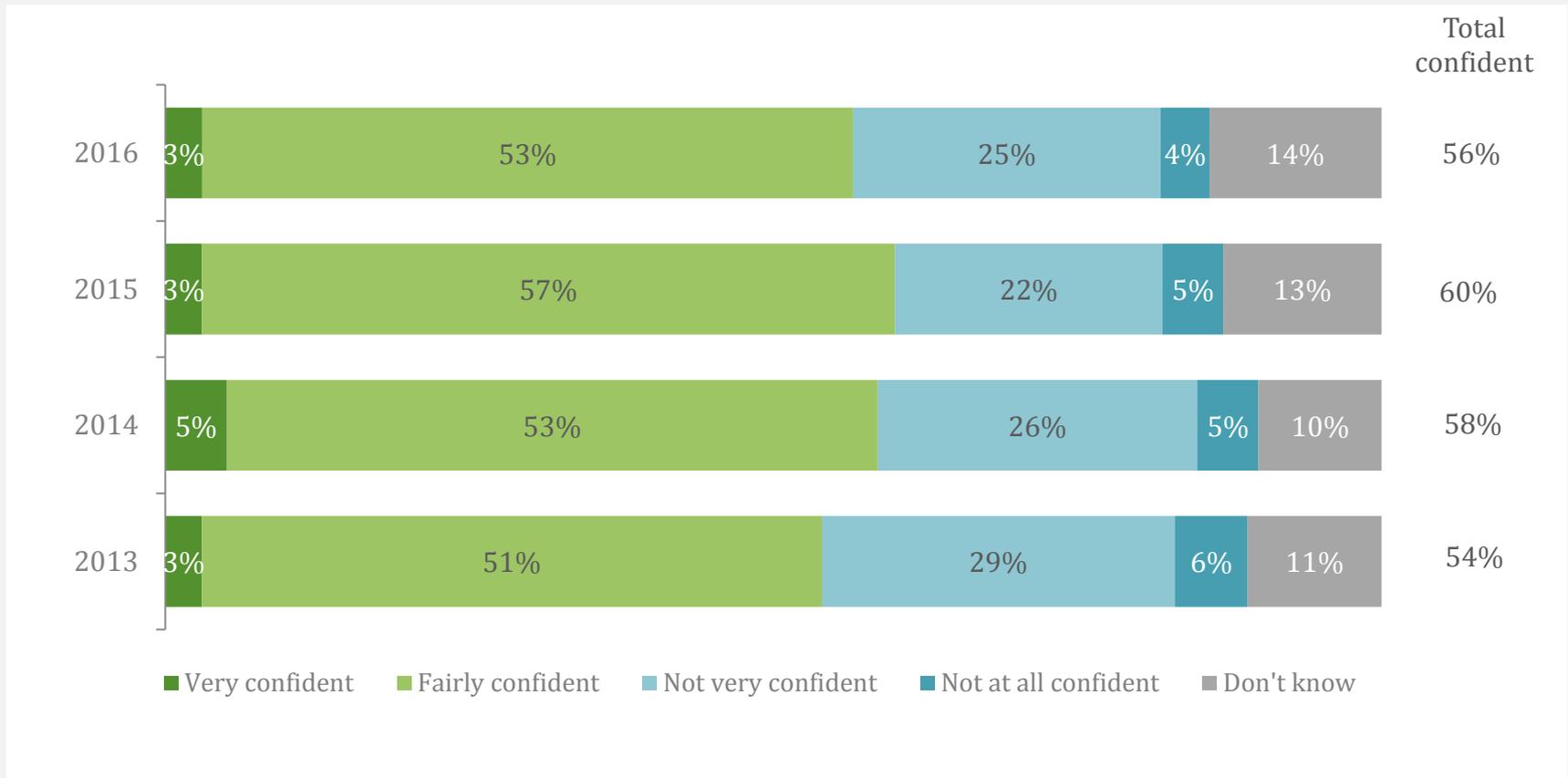
Awareness of FMA has a positive impact on confidence, people who are aware of FMA have more confidence in the market and regulation. They are also more likely to have investments and to say their investment statements were helpful.



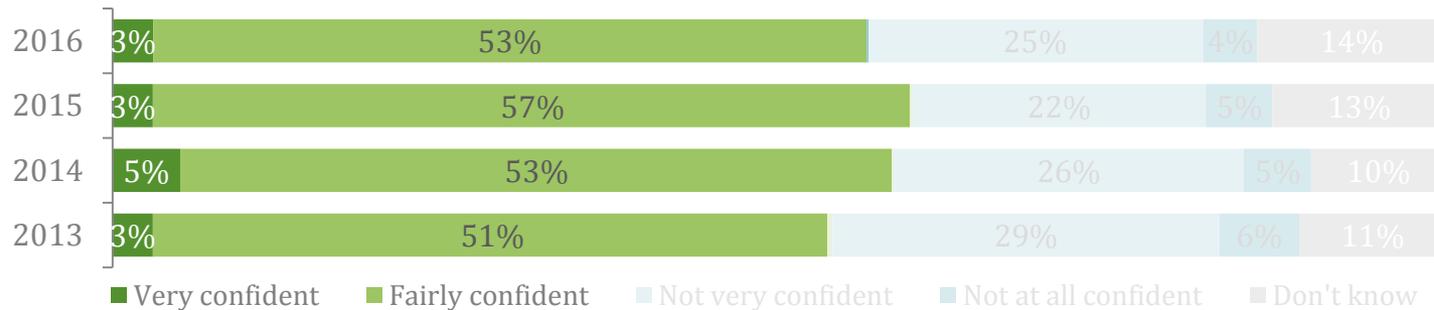
Confidence in New Zealand's financial markets



Confidence in New Zealand's financial markets has dropped slightly this year and is on par with results from 2013 and 2014.



The group of people who are confident in New Zealand's financial market...

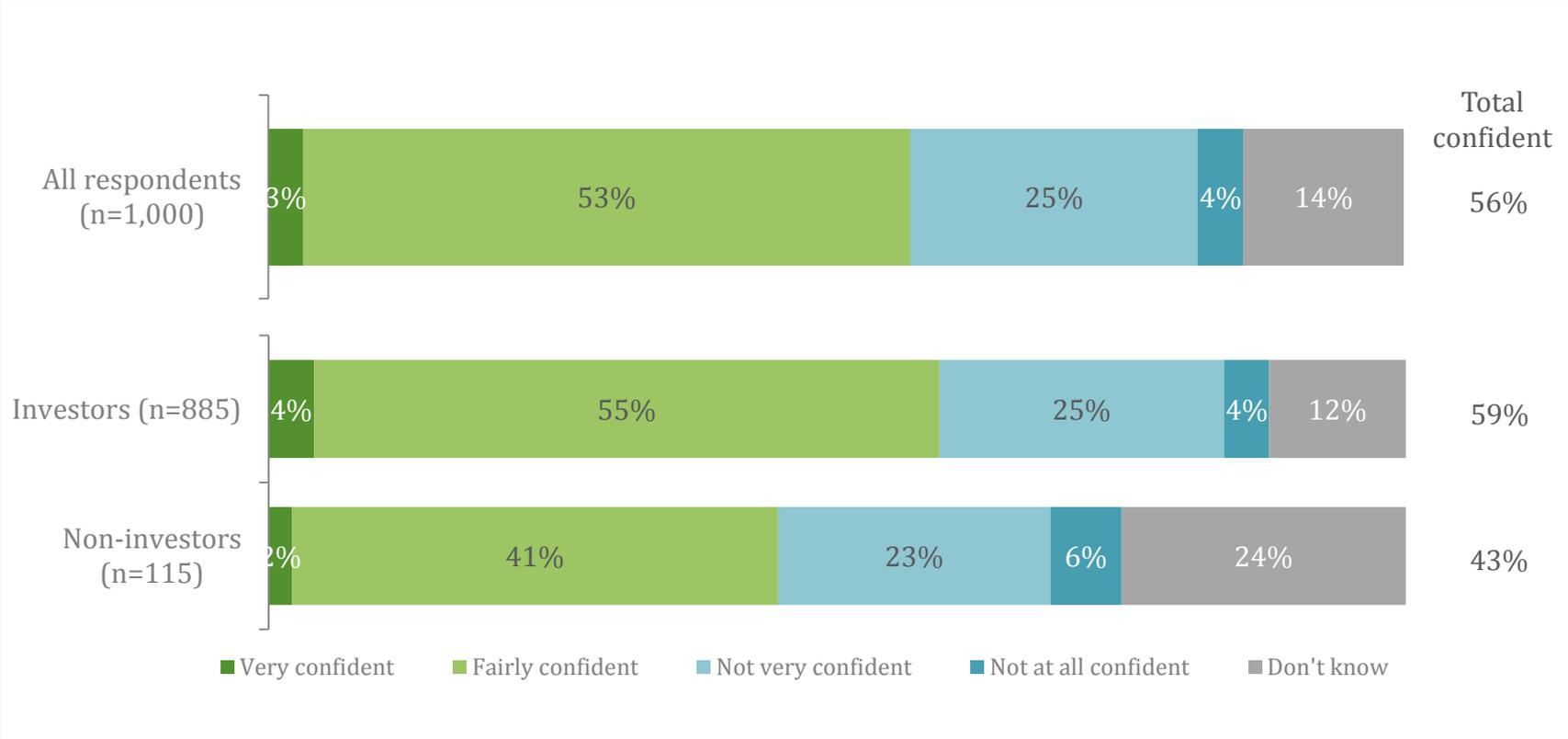


The group of people who say they are confident in New Zealand's financial market is more likely to be married or living with their partner, with a double income and no kids. They are most likely to have a high personal and household income (\$100k+).

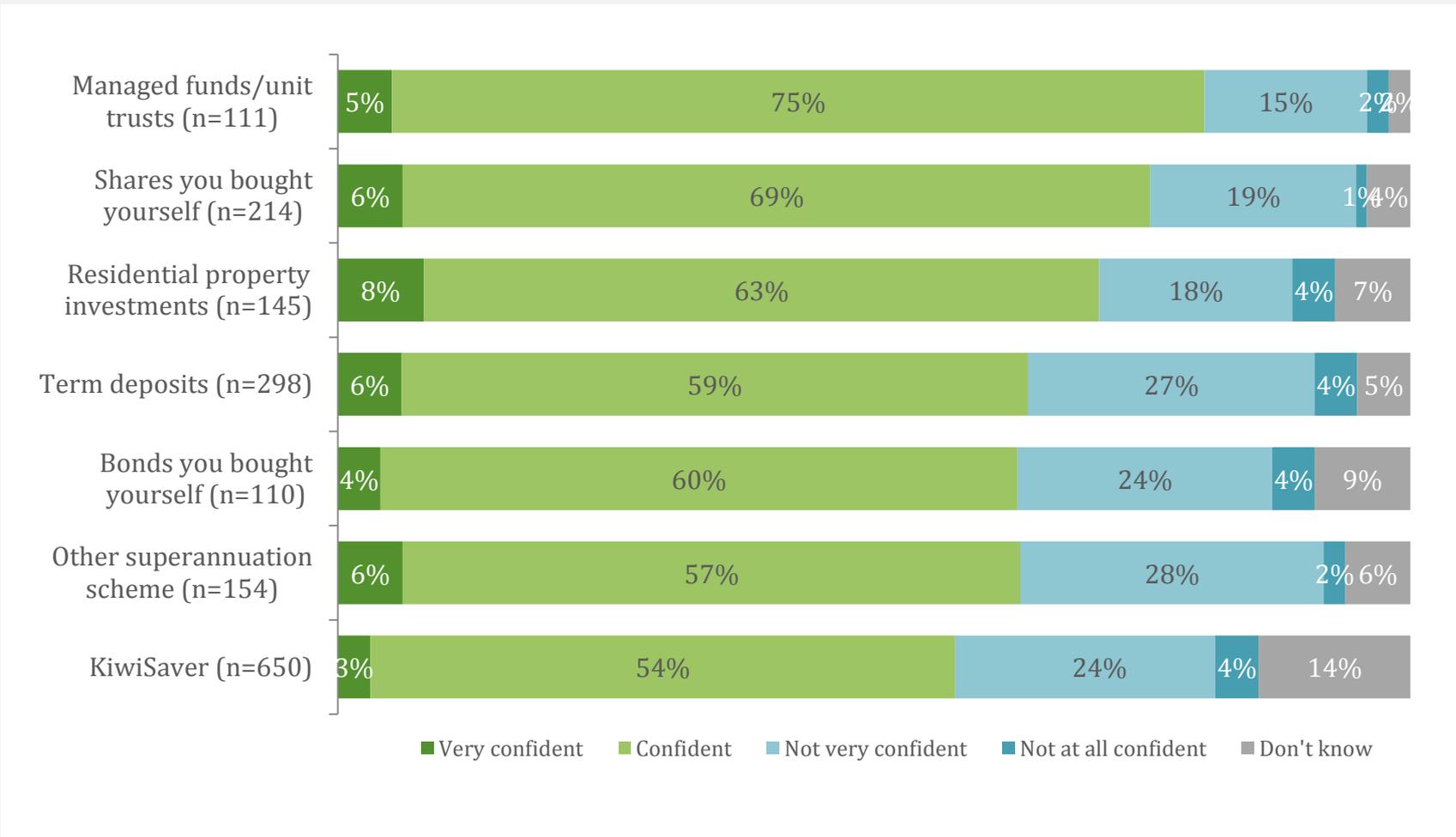
People who are less likely to say they are confident are younger (18-29 years old), female, single, and with a lower household income (up to \$50k). This group are most likely to say that they don't know whether or not they have confidence, not that they are not confident.

There are no significant demographic differences in the group of people who are not confident.

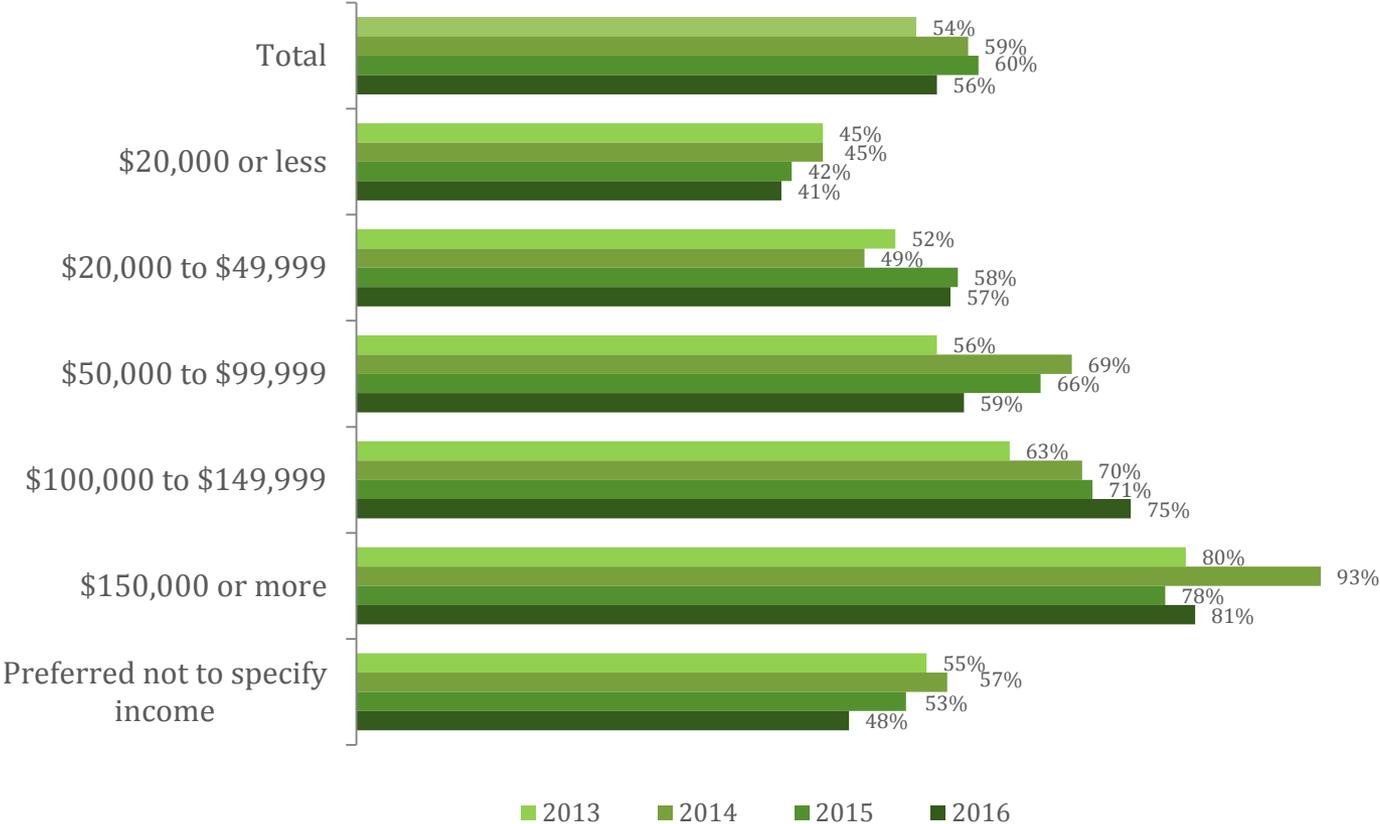
Investor confidence is higher than non-investor...



...and among investors people with managed funds/unit trusts are most likely to express confidence while those in KiwiSaver are the least likely. People with term deposits and other superannuation schemes are most likely to say they are not confident.

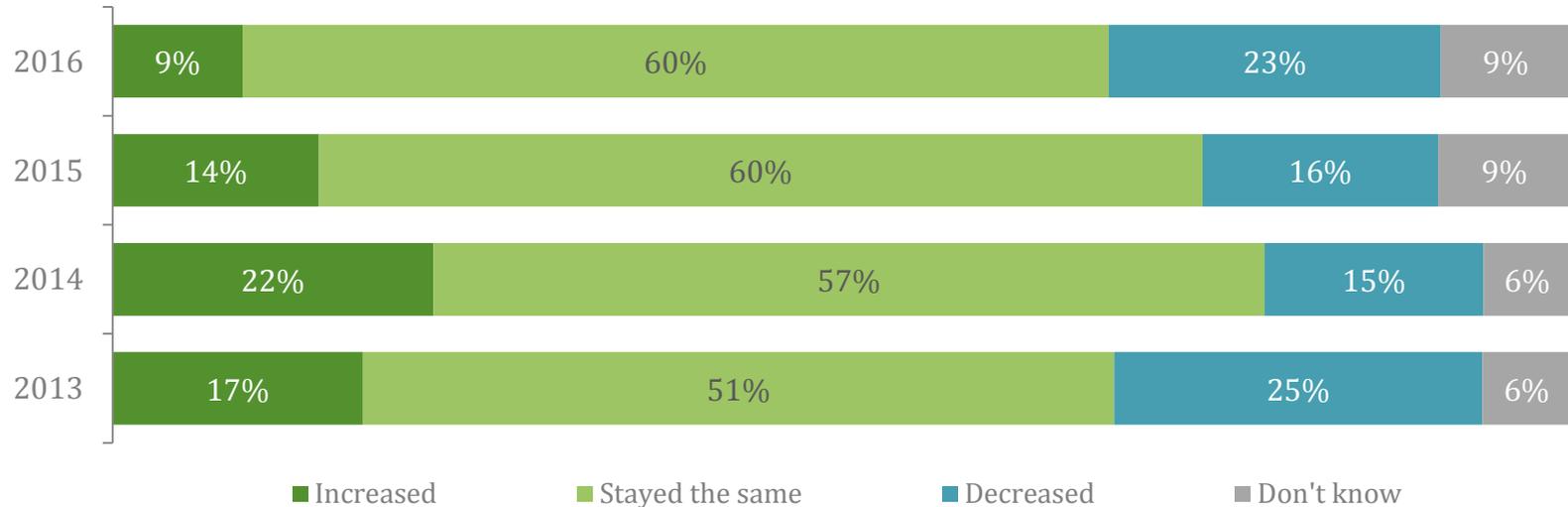


Confidence has increased among people with high personal incomes in comparison to 2015, but decreased among those with personal incomes under \$100k



Q: Into which one of the following groups does your own gross personal income from all sources before tax fall into?
 Base: All respondents (2013 n=1,021, 2014 n=1,015, 2015 n=1,000, 2016 n=1,000).

Just less than one in ten people in 2016 say their confidence has increased, down from the results of preceding years. Nearly one quarter say their confidence has decreased.

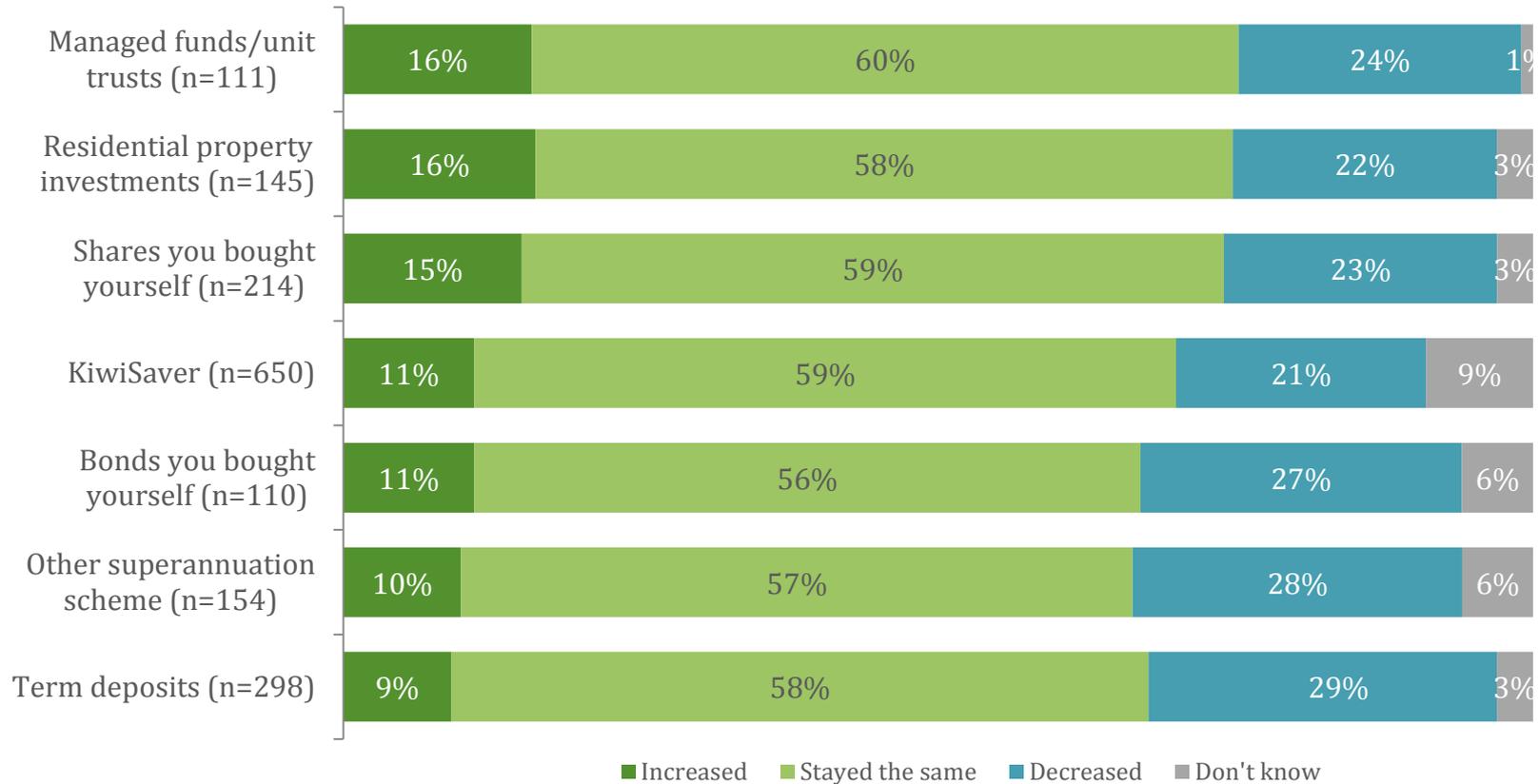


Males with a household income over \$100k+ are more likely to say their confidence in the market has increased.



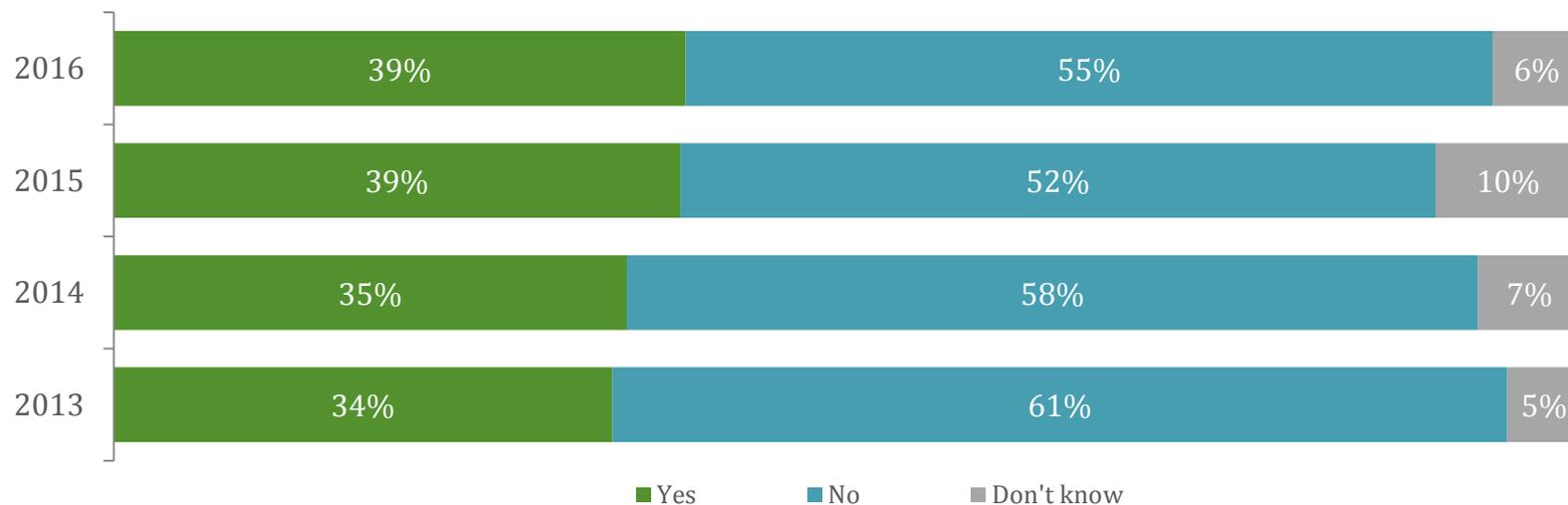
People aged 60 years or older are more likely to say their confidence has decreased

People with managed funds/unit trusts, residential property investments, and shares they have bought themselves are more likely to say their confidence has increased. People with term deposits, other superannuation schemes and bonds they've bought themselves are most likely to say their confidence has decreased.



Awareness of FMA

Awareness of FMA is similar to last year, four in ten people have heard of the FMA.

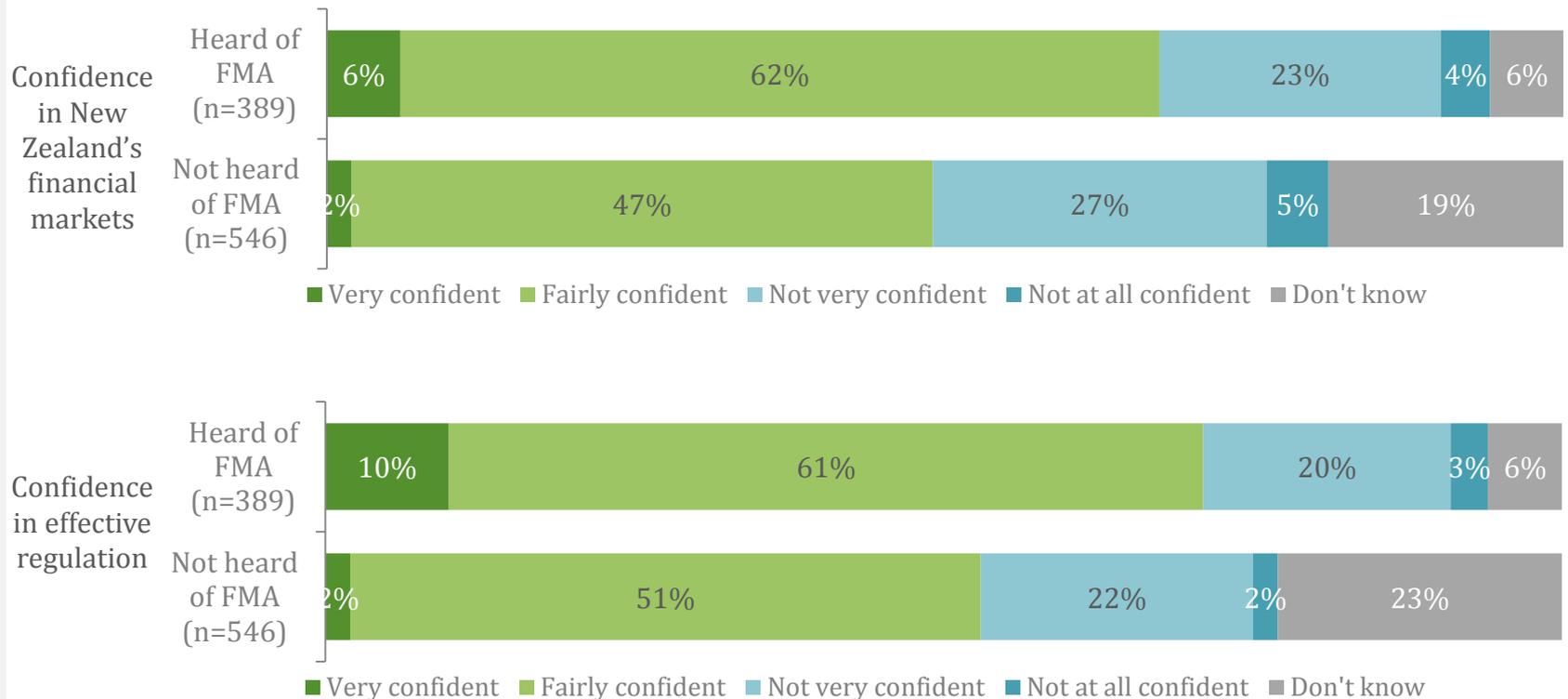


Awareness of FMA is highest among males, aged 50-59 years old, who live in Wellington and have personal and household incomes over \$100k.

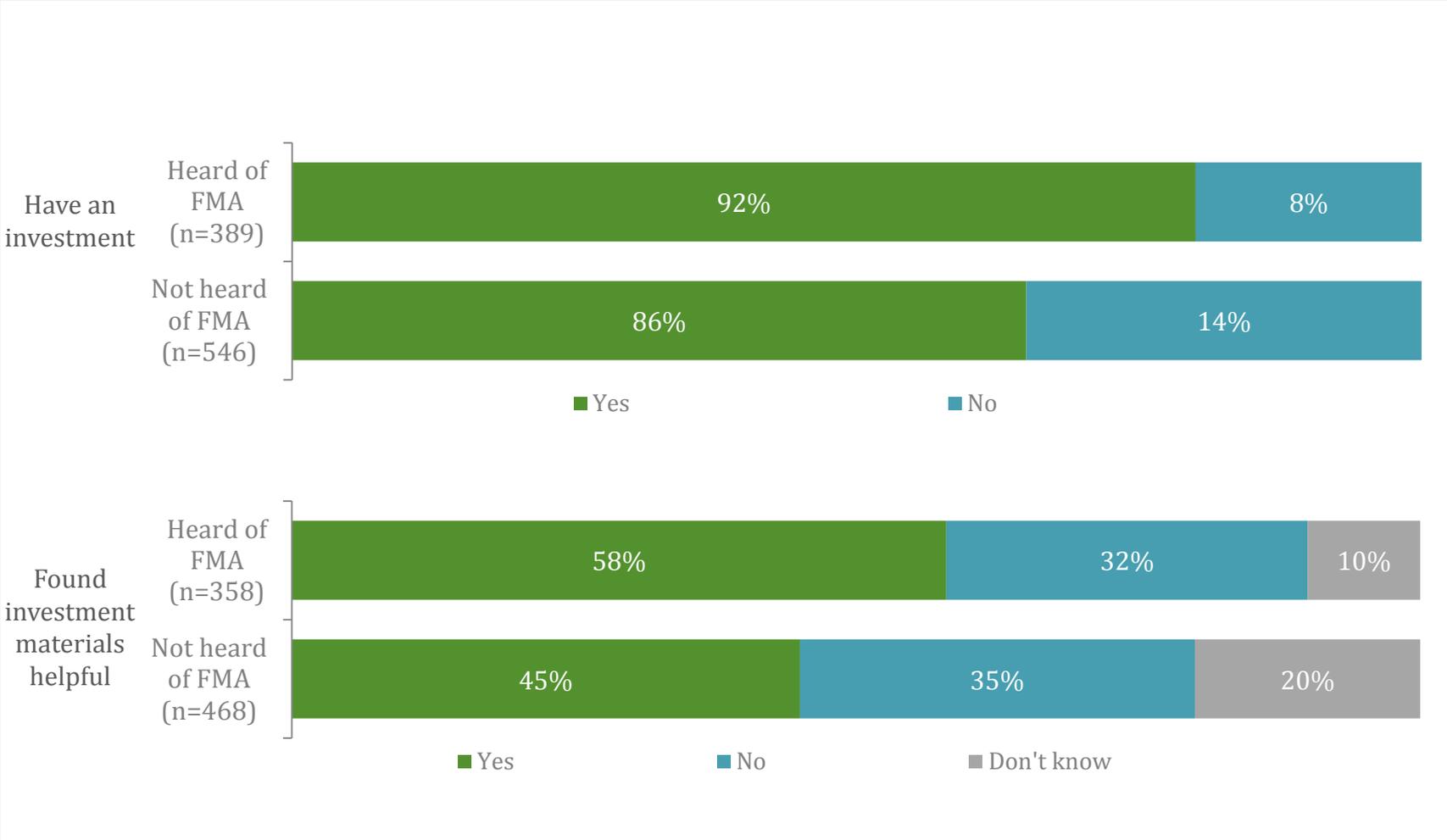


Awareness of FMA is lowest among females, aged 18-29 years old, who live in the North Island outside of Wellington or Auckland, and have lower personal incomes – up to \$50k.

People who have heard of FMA are more confident about the market and market regulation...



...and they are more likely to have investments and find the investment materials helpful.



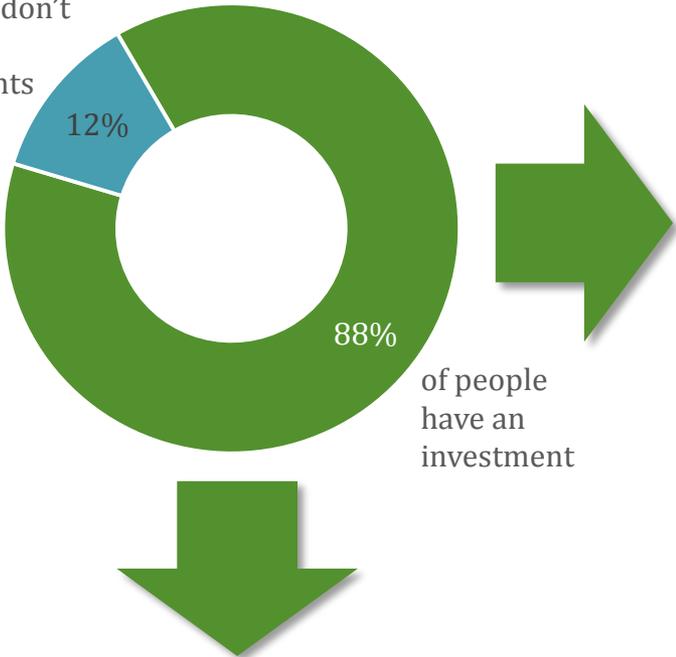


Investments



Nearly nine out of ten people have an investment, the most popular of which is KiwiSaver with two-thirds of people invested

of people don't have any investments



of people have an investment

66%

KiwiSaver

29%

Term deposits

21%

Shares you bought yourself

16%

Other superannuation scheme

14%

Residential property investments (other than your own home)

11%

Managed funds / Unit trusts

11%

Bonds you bought yourself (not through KiwiSaver or other managed funds)

3%

Commercial property investments

2%

Peer to peer lending

1%

Property syndicates

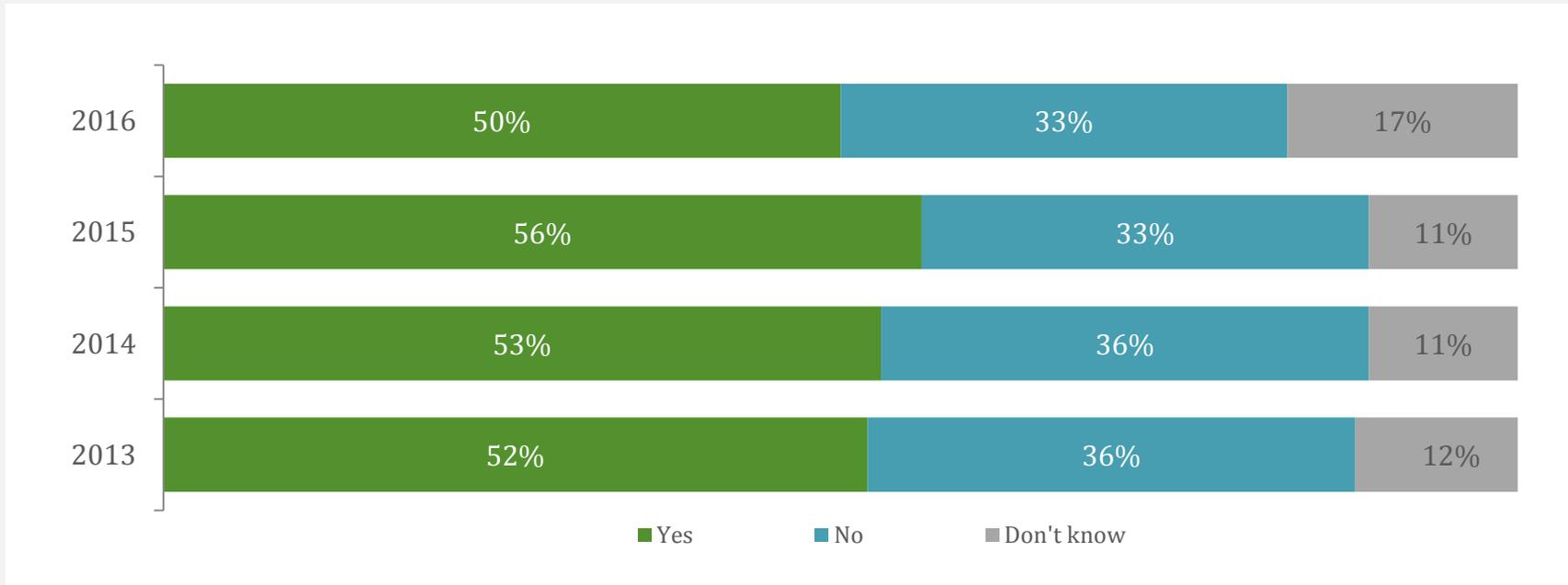
1%

Capital notes or hybrid bonds

People who are most likely to have investments live in Wellington and have personal income \$50k+ and a household income \$100k+.

People who are least likely to have investments are older (60 years or older) with lower incomes – less than \$50k personal and household income.

Half of those with investments found the materials they received about their most recent investment helpful. This number has decreased slightly from previous years and there is an increase in the number of people who 'don't know'

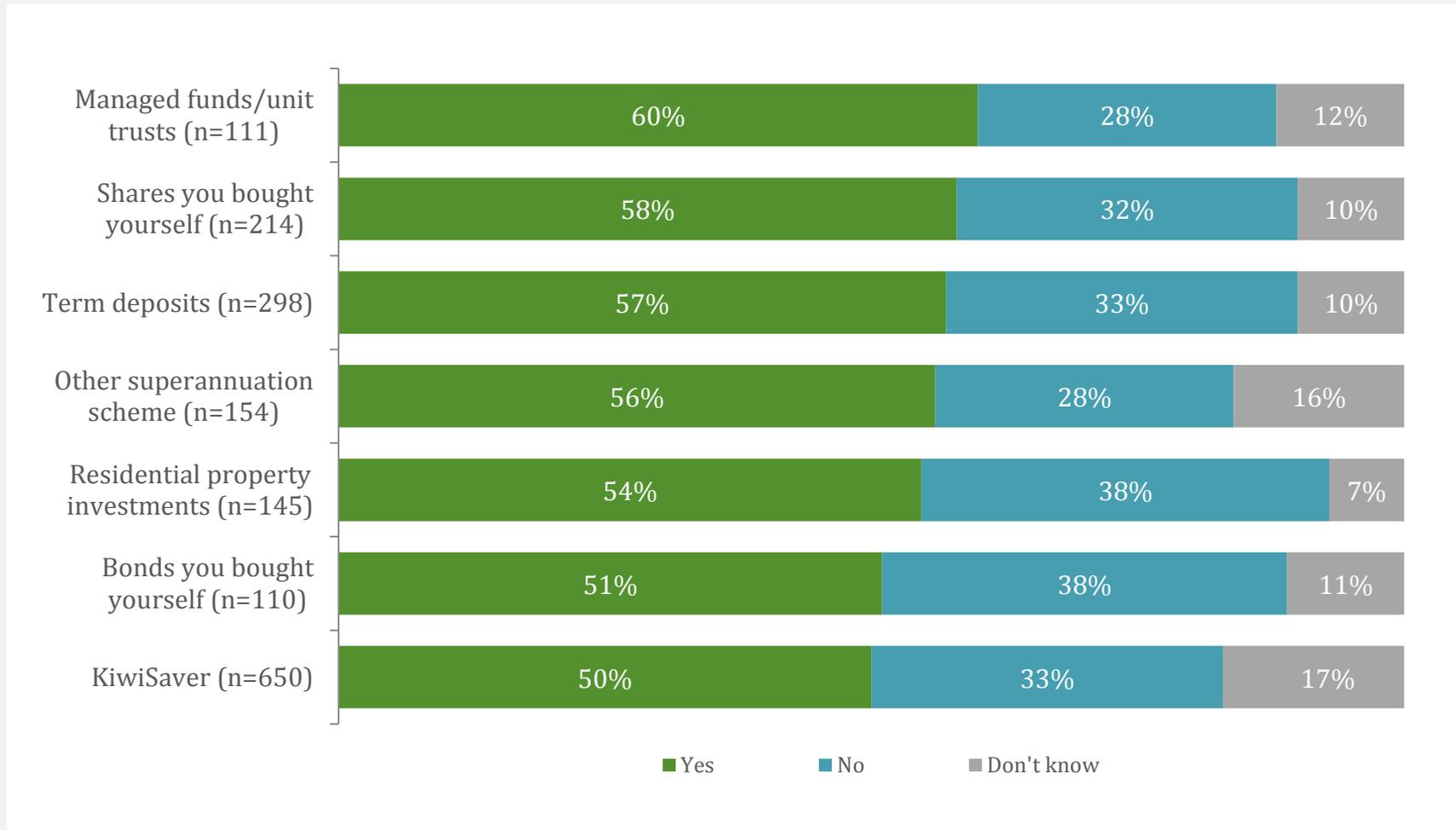


Note: The way investors are identified changed in 2016. Previously people were asked if they had any investments (Yes/No/Don't know). In 2016 people were asked to identify which investments they have from a pre-coded list.

Qe. Thinking about your most recent investment, did the investment materials you received (e.g. prospectuses, investment statements, product disclosure statements or adviser disclosure statements etc) help you make an informed decision about whether or not to invest?

Base: All investors (2013 n=742, 2014 n=749, 2015 n=763, 2016 n=885)

People who have managed funds/unit trusts are more likely to say their statements helped them make an informed decision, and those with residential property investments or bonds they bought themselves are more likely to disagree their statements helped.



Qe. Thinking about your most recent investment, did the investment materials you received (e.g. prospectuses, investment statements, product disclosure statements or adviser disclosure statements etc) help you make an informed decision about whether or not to invest?

Base: Investors in each scheme

Three out of five people are confident that New Zealand’s financial markets are effectively regulated. This differs for those who have investments compared to those who don’t, people with investments are more confident that those without.

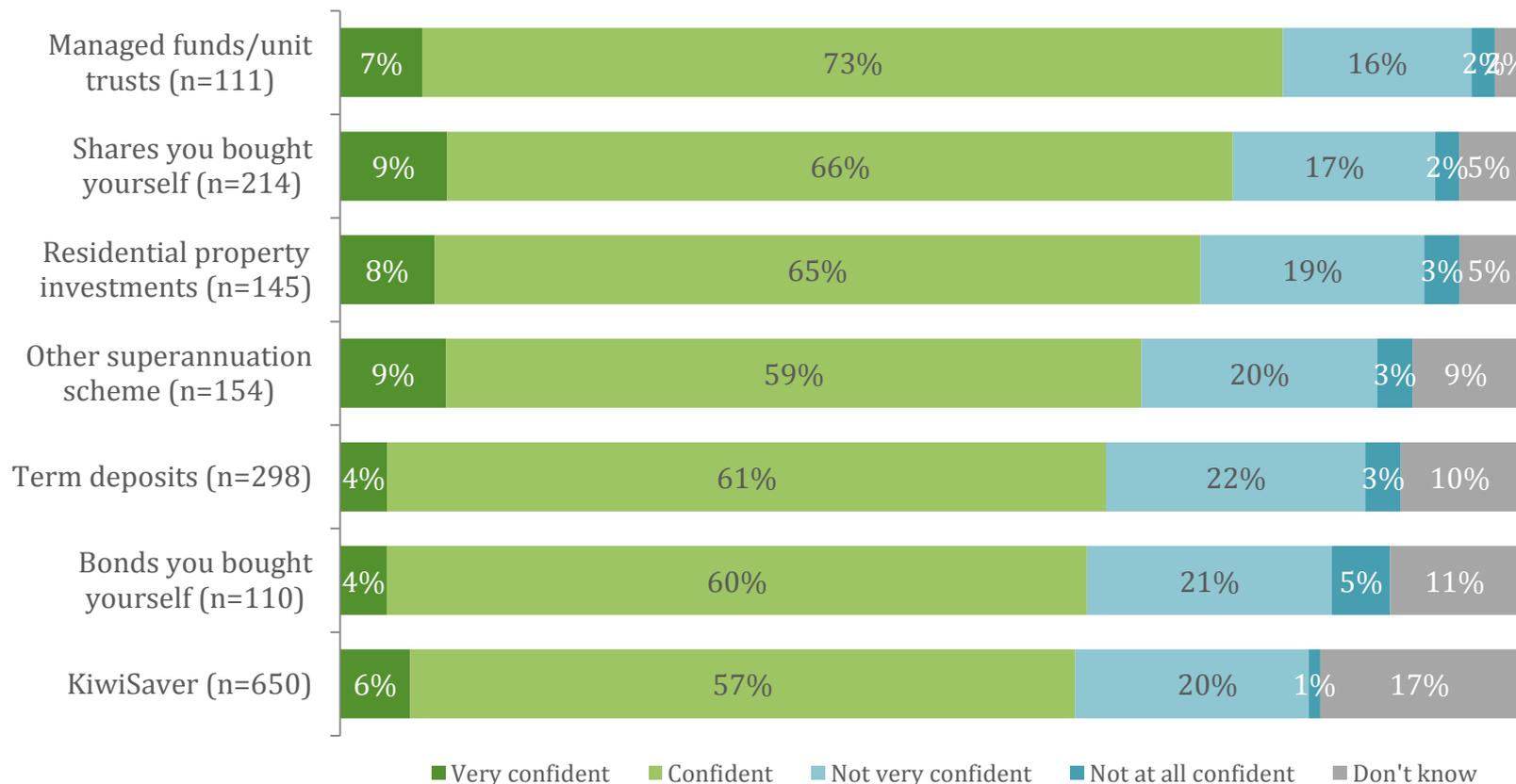


Confidence in regulation increases with income – those with personal and household income \$100K are more likely to be confident.

Qf. The responsibility for ensuring effective regulation and oversight of New Zealand’s financial services and markets is shared by the FMA and front line regulators, including the NZX, and supervisors (or trustees) of both managed funds and KiwiSaver providers. How confident are you that New Zealand’s financial markets are effectively regulated?

Base: All respondents

Confidence in the regulation of the markets is highest amongst people with managed funds/unit trusts, four out of five people are confident. Confidence is lowest among people with bonds they bought themselves or term deposits.



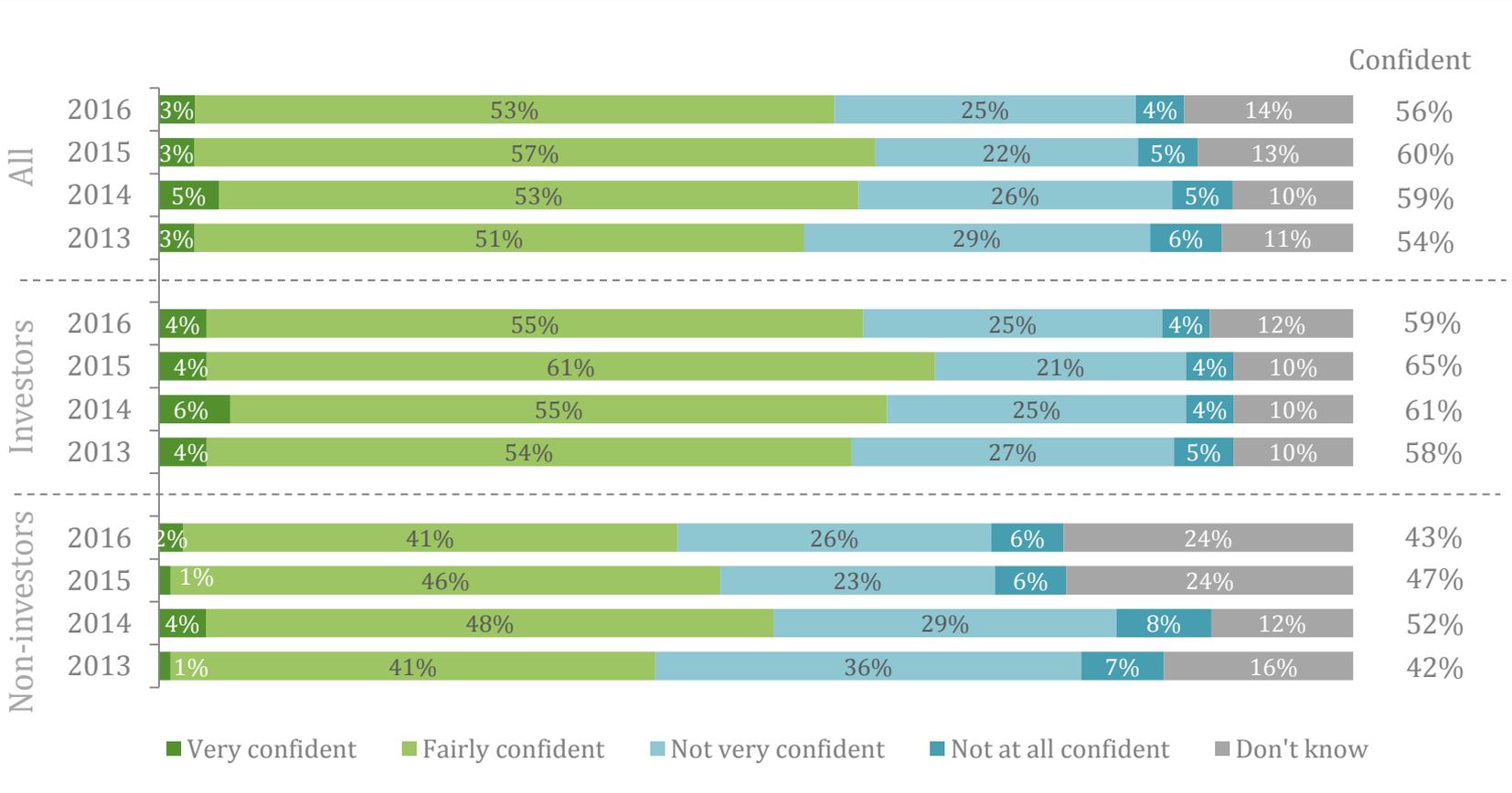
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Appendix: Investor views of New Zealand's financial markets



Investor versus non-investor confidence in New Zealand's financial markets over time



Note: The way investors are identified changed in 2016. Previously people were asked if they had any investments (Yes/No/Don't know). In 2016 people were asked to identify which investments they have from a pre-coded list.

Qa. How much confidence do you have in New Zealand's financial markets? Are you...

Base: All respondents (2013 n=1,021, 2014 n=1,015, 2015 n=1,000, 2016 n=1,000); Investors (2013 n=742, 2014 n=749, 2015 n=763, 2016 n=885) Non-investors (2013 n=274, 2014 n=253, 2015 n=237, 2016 n=115)

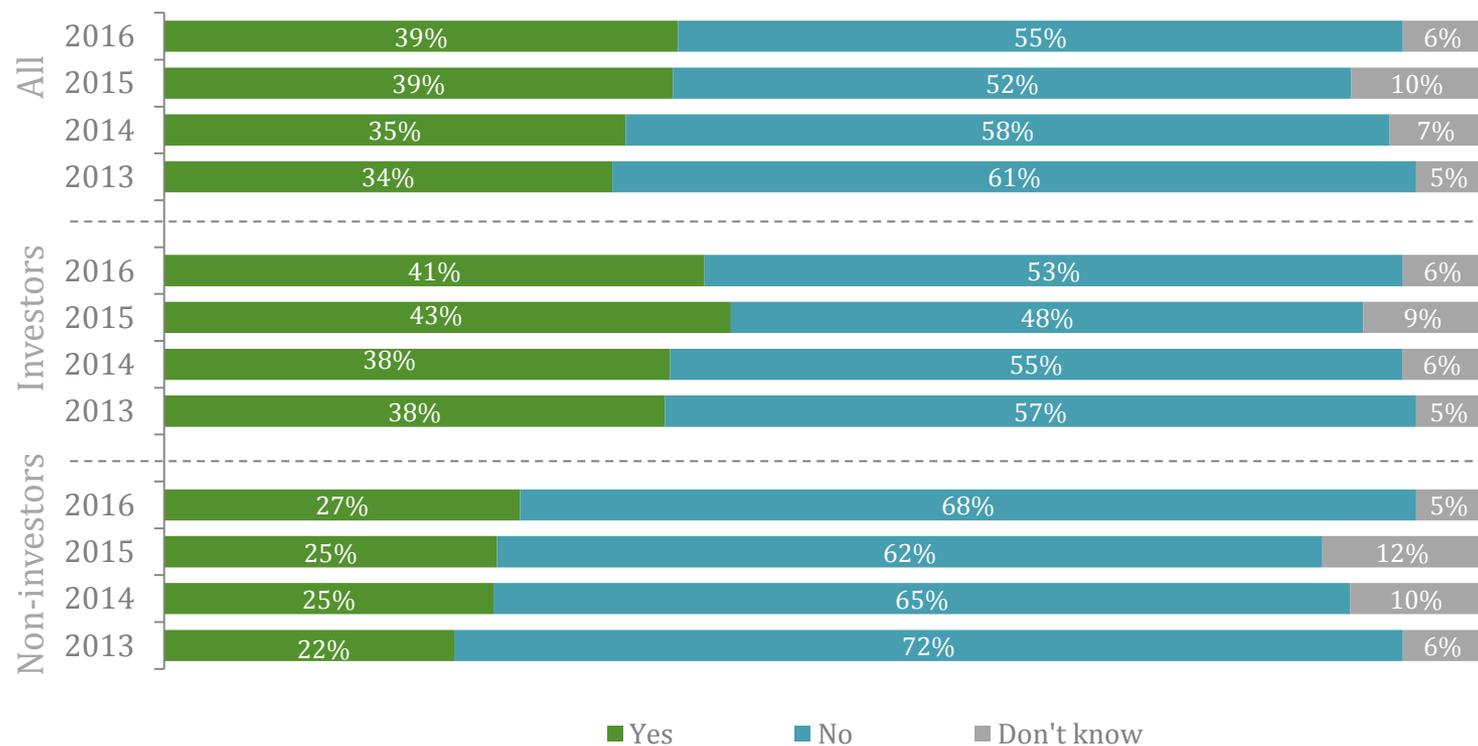
Increases and decreases in investor versus non-investor confidence over time



Note: The way investors are identified changed in 2016. Previously people were asked if they had any investments (Yes/No/Don't know). In 2016 people were asked to identify which investments they have from a pre-coded list.

Qb. Has your level of confidence in New Zealand's financial markets increased, decreased or stayed the same over the last year?
Base: All respondents (2013 n=1,021, 2014 n=1,015, 2015 n=1,000, 2016 n=1,000); Investors (2013 n=742, 2014 n=749, 2015 n=763, 2016 n=885) Non-investors (2013 n=274, 2014 n=253, 2015 n=237, 2016 n=115)

Awareness of FMA among investors and non-investors over time



Note: The way investors are identified changed in 2016. Previously people were asked if they had any investments (Yes/No/Don't know). In 2016 people were asked to identify which investments they have from a pre-coded list.

Qc. Have you heard of the Financial Markets Authority (FMA)?

Base: All respondents (2013 n=1,021, 2014 n=1,015, 2015 n=1,000, 2016 n=1,000); Investors (2013 n=742, 2014 n=749, 2015 n=763, 2016 n=885) Non-investors (2013 n=274, 2014 n=253, 2015 n=237, 2016 n=115)



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