



INVESTOR
EDUCATION
CENTRE
投資者教育中心

Educating investors to balance risk and rewards: enhancing the effectiveness of investor education

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Why is investor education important?

- **Transfer of broad range of financial risks to consumers**
- **Greater complexity and rapid evolution of the financial landscape**
- **Rising number of active consumers/investors in the financial sphere**
- **Limited ability of regulation alone to efficiently protect investors**
- **Implied costs and negative spill-over effects of low levels of financial literacy for society at large, financial markets and households**

Global financial crisis

- **Global financial crisis exposed the fact that some investors need more support and protection as they engage in financial services transactions**
- **Complaints about Lehman Brothers-related products highlighted that some investors had committed to complex structured products they did not understand**
- **Increasing awareness of the importance of financial literacy education around the world as a key life skill and complement to financial regulation and consumer protection**
- **Many major jurisdictions have significantly enhanced financial education efforts**

Enhancing effectiveness of investor education in Hong Kong

- **SFC only financial regulator in Hong Kong with statutory mandate to conduct investor education, but only in relation to SFC-regulated products and services**
- **Other regulators and organisations also produce investor education materials**
- **No holistic approach to investor education**
- **Increasing product innovation cutting across different financial sectors driving need to educate on cross-regulatory issues faced by investors**

Enhancing effectiveness of investor education in Hong Kong

- **2010 Government published proposal for creation of a dedicated investor education organisation to holistically oversee the investor education needs and deliver investor education initiatives across the entire financial sector**
- **2012 SFO amended to allow SFC to delegate its investor education function to the Investor Education Centre**
- **The IEC was launched on 20 November 2012 :**
 - **a subsidiary of and fully funded by the SFC**
 - **supported by other Hong Kong financial regulators: Monetary Authority, Insurance Commissioner and Mandatory Provident Fund Schemes Authority, with representatives on the Executive Committee of the IEC**
 - **a broader remit than the SFC to cover a wide range of financial products and services**

Enhancing effectiveness of investor education in Hong Kong

- **IEC's long-term goal is to ensure that the public is better equipped with the skill and knowledge to make informed financial decisions and manage their money wisely**
- **A more holistic and integrated approach to investor education, able to deliver campaigns and programs that cover a wider range of financial products and services as well as those that cut across traditional sectoral boundaries**
- **A central focal point for impartial and authoritative investor education**
- **With increased resources, IEC can raise the profile of investor education and expand the range of campaigns and programs to cater for the needs of Hong Kong people**

Education is part of consumer protection

- **Financial education is a key part of an overall consumer protection framework in assisting investors to make informed decisions**
- **Financial education is a complement to, not a substitute for, financial services regulation, enforcement and dispute resolution mechanisms**
- **IEC introduced in Hong Kong as part of a range of measures to strengthen investor protection:**
 - **Financial Disputes Resolution Centre**
 - **Enhanced sales practices introduced by regulators**
- **G20 High Level Principles on Financial Consumer Protection**

Challenges

- **Investor attitudes: unrealistic expectations**
 - **Some investors expect a level of returns disproportionate to the level of risks they are willing to accept**
 - **Many investors are primarily focusing on the return of an investment rather than the downside risk as the most important factor**
 - **At the same time, some investors believe they are adopting a smart and safe investment approach**
 - **Many believe financial planning is not relevant to them, only for very wealthy**

Challenges of investor education

- **Investor attitudes: “followers” and “gamblers”**
 - **“Followers” place reliance on investment tips or advice from friends or stock commentators or on bank staff/insurance agents to give them advice**
 - **Some investors exhibit “gambling” mentality and take a very short-term view and speculate on high risk leveraged investments**
 - **Challenge to change the investing attitude of these groups of investors**

Challenges of investor education

- **Understanding of financial products**
 - **Hong Kong is a vibrant and dynamic international finance centre**
 - **Investor knowledge and understanding needs to keep pace with product innovation and market developments**

Challenges of investor education

- **Developing and designing education programs and campaigns that cut-through to reach the target audience**
- **Translating increased knowledge into action and behavioural change**
- **Measuring the impact and effectiveness of investor education**

Enhancing effectiveness

- **Communicate messages in plain language and layman terms**
- **Use a range of channels and formats to deliver key messages that appeal to different audiences**
- **Use of case studies and dramas to convey messages in a lively and engaging manner**
- **Leverage on celebrities and market professionals to deliver messages**
- **Collaborate with stakeholders to maximise reach and avoid duplication**
- **Commit to research and evaluation**
- **Engage with international networks and counterparts to share experiences and learn from best practice**

Example: multi media campaign

- **Making use of financial knowledge quizzes via mass media and online channels to disseminate generic product knowledge and the dos and don'ts of investing in a lively and interesting way**

Two TV game shows “Outsmart” aired on TVB Jade channel during evening prime time in 2009 and 2012

Leverage on celebrities and TV artistes to attract audience and invited academics to deliver educational messages

Achieved an average TV rating of 19 points, i.e. an audience of 1.2 million



Rerun on MyTV.com and TVB mobile apps (in 2012)



Interactive TV quiz program “ATM” aired on Now TV channels, a pay-TV with over 1 million household subscribers

Example: short dramas and interviews

- Using short videos of dramas and interviews with market professionals to bring across the educational messages in a comprehensible manner

A series of five three-minute videos “Pointers for investing” broadcast on pay TV channels with over a million household subscribers and online platforms

Use case study to educate on RMB products, risks of leveraged investing and importance of keeping track of trading documents.



Short videos “Put your assets in order” broadcast on buses and online platforms

Use of a celebrity as the program host and a market professional to deliver the key messages

Example: newspaper campaign

- Using short dialogues in plain language, a weekly newspaper column helps to convey educational messages on topical issues



The image shows a snippet from a newspaper article. At the top, there is a green banner with the text '先求知再投資' (Learn first, then invest) and '逢周四見報' (Published every Thursday). Below this is the main headline '用港元買賣人民幣證券' (Using HKD to buy and sell RMB securities). The article consists of a series of questions and answers between two characters, Ah Ping and Kei Zi, discussing the details of RQFII A-share ETFs, including their pricing, trading modes, and how to identify them. At the bottom, there is a note stating that the column is provided by the Investor Education Centre (IEC) and its website is www.hkiec.hk.

先求知再投資
• 逢周四見報

用港元買賣人民幣證券

阿平：「RQFII A股ETF不是全以人民幣計價的嗎？為甚麼有些可用港元買賣呢？」

克仔：「哦，設有『雙櫃台』交易模式的證券，包括一些RQFII A股ETF及上市公司股份，可以在二手市場用人民幣和港幣進行買賣。」

阿平：「即人民幣櫃台的交易用人民幣結算，在港元櫃台的交易則以港元結算？」

克仔：「不錯。而在兩個櫃台交易的股份或基金單位屬同一類別，持有人的權益是相同的。」

阿平：「那如何識別證券在甚麼櫃台買賣呢？」

克仔：「舉個例，若港元櫃台的股份代號是9997，人民幣櫃台就會在之前加個『R』字，即89997。」

阿平：「兩者的股份簡稱又有沒有分別呢？」

克仔：「人民幣櫃台的股份簡稱會在港幣櫃台的股份簡稱後加『R』。例如假若港元櫃台的股份簡稱是XYZ ETF，人民幣櫃台的股份簡稱就是XYZ ETF-R。」

此欄由投資者教育中心提供
該中心為證監會的附屬機構
網站：www.hkiec.hk

The column in Headline Daily, a free daily with a circulation of over 900,000, provides a platform to deliver timely messages to the general public, e.g. this article is about the new HKD and RMB dual counter trading model.

Example: TV advertising campaign

- TV advert reminded investors not to follow the herd

TV advert was broadcast on TV using the government's free air time.



Example: TV advertising campaign

- “Ask Me” TV advert campaign was launched in early 2009 amidst the global financial crisis.
- The advert made use of a Cantonese golden hit song “Ask Me” and revised lyrics to remind investors the key questions to ask before investing.

The TV advert was broadcast on TV channels, outdoor media together with poster ads and ads on the body of bus and trams.



Example: TV advertising campaign

- High profile “Invest prudently/Signing means responsibility” TV advert campaign, a sequel to the “Ask Me” TV advert.



Using lively dialogues between an investor and an investment adviser and a theme song “Ask Me”, the TV advert reiterates the key questions investors should ask before signing up for an investment.

The TV advert was broadcast on major TV channels to reach the general public and online channels, e.g. YouTube and news portals to hit the tech-savvy young segment
Delivered 7.7 million impressions, 21% of which were unmuted by internet users

