



SECURITIES AND  
FUTURES COMMISSION  
證券及期貨事務監察委員會

## Integrating investor education initiatives in the national financial education agenda

February 2012

### Hong Kong context

- There is no national financial education strategy for Hong Kong
- Among the four regulators who oversee various sectors of the financial industry, the SFC has a statutory responsibility, under the Securities and Futures Ordinance (SFO), of conducting investor education
- Scope of the SFC's investor education work is confined to the securities and futures activities
- Other regulators, such as the Mandatory Provident Fund Schemes Authority (MPFA), includes MPF investment education in its publicity work, whereas the Insurance Authority relies on the industry to conduct consumer education.
- There is no formal collaboration or cooperation among the regulators in investor education.



## SFC's investor education objectives

- To promote public understanding of the operation and functioning of the securities and futures markets
- To explain the benefits and risks of investing
- To help investors know the steps they should take to protect their rights
- To promulgate the importance of making informed investment decisions
- To inform the public of scams and dishonest market malpractices
- We generally target retail investors and to a lesser extent, the younger generation in high schools and universities



3

## Collaborating with different sectors

- **Collaboration**
  - Contribute articles to Consumer Council's Choice Magazine
  - Run train-the-trainer workshops for teachers who teach financial studies at senior secondary classes and credit courses in universities for non-finance major undergraduates
  - Organize public seminars with local universities and professional bodies, and invite market experts to share their insights. Film them for upload on the university and SFC's website and publish summaries of the seminars in widely-circulated newspapers
  - Arrange for industry professionals and academia to speak in our interview segments on radio and TV
- **Contribution of ideas**
  - Set up the Investor Education Advisory Committee (IEAC), which comprises members from the exchange operator, financial services industry, professional bodies, media, consumer rights advocate and academic fields to contribute ideas to the SFC's investor education work



4

## Evaluating effectiveness

### Media effectiveness

- **TVC / infomercials / radio programmes / newspaper ads**
  - Ratings or circulation of the medium concerned
  - Limitation : we are not sure whether people who are exposed to those media really receive our educational messages
- **Outreach seminars**
  - Feedback from participants on content preference and speaker's quality
  - Limitation : we are unable to determine how well the participants understand the messages delivered

### Investor education effectiveness

- **Periodic retail investor survey**
  - Find out about the attitude and behavior of retail investors and compare results with previous surveys to see if there are any changes
  - Findings can help shape our investor education strategy
  - Limitation : we are unable to survey the attitude and behavioral change in the same group of people over time given the sampling approach



5

## The need for an Investor Education Council

- **In 2007, we proposed to amend the law and set up an Investor Education Council (IEC) to carry out investor education in a broader perspective:**
  - to address a clear need for increased levels of investor education
  - to allow a more holistic approach to investor education needs
  - to facilitate broader and deeper investor education goals
- **At the time, it was not deemed appropriate to propose the relevant legislative changes. We then expanded the breadth and depth of our investor education initiatives within our statutory remit**
- **In 2009, the importance of investor education has been heightened by the global financial crisis, and in HK, the Lehman Brothers Minibonds incident, with public interest in financial affairs at an all-time high.**
- **The idea of having a preventative, long-term investor education strategy which cover products and services of the entire financial sector was re-examined**



6

## Setting up the IEC

- In 2010, the Hong Kong Government went through a public consultation on a proposal to establish an IEC wholly owned and funded by the SFC
- Consensus was reached to set up IEC and the Government has proposed legislative amendments to the SFO to broaden the SFC's education mandate and delegate this function to IEC
- A baseline survey will be conducted to help determine IEC's direction and strategies
- The IEC board will comprise representatives from different regulators and the market to determine the overall financial education strategies and goals
- Advisory working groups will also be formed to drive collaboration with consumer advocates, industry associations, media and market professionals
- Infrastructure support from the SFC for Finance, HR, IT and premises for cost effectiveness



7

## From investor education to financial literacy

- IEC aims to broaden investor education to cover the entire financial sector and to strengthen people's financial decision making skills and their abilities to:
  - Make ends meet;
  - Keep track of their finances;
  - Plan ahead;
  - Choose financial products; and
  - Stay informed about financial matters.
- IEC will go beyond product specific matters to address personal finance management across the financial spectrum
- Growth of IEC will need to be phased to allow for gradual development and delivery



8

## IEC's strategies

- **Three main components**
  - Reaching the masses primarily through regular, media campaigns
  - Reaching specific target audiences through customised outreach programmes
  - A self-service website to get comprehensive and impartial investor education information
- **Challenges**
  - Limited resources of conducting outreach activities
  - Attracting public participation
- **Possible solutions**
  - Raise the profile of IEC
  - Leverage stakeholder support to expand reach
  - Train the trainers
  - Continuous evaluation of the effectiveness of educational programmes
  - Refresh and enhance programmes



9

## Evaluation framework

- **Target to budget 10% of the total investor education programme costs for evaluation work each year**
- **An evidence base to measure success**
  - To measure reach, process, content and impact of each initiative
  - Evaluation will be built into the design phase of each programme
  - Feedback will be obtained from users and delivery partners using different mechanisms as appropriate to the specific audience
- **Accompanied by a tracking research on public's financial knowledge, attitudes and behaviours every five to six years**



10