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Investment Industry
Regulatory Organization
of Canada

OCRCVM
Organisme canadien de
réglementation du commerce
des valeurs mobilières

ACCESS TO ADVICE

Key Findings
January 2020

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1

RESEARCH OBJECTIVES

About the Research

Objectives

- To explore access to investment advice from the perspective of current investors (hold at least one of a range of investment instruments) and aspiring investors (those who currently do not hold investments and indicate that their financial situation is not a barrier to investing)
- To identify barriers to investment advice from the perspective of current and aspiring investors
- To explore awareness, usage, and perceptions of automated online investment advice tools and service

To deliver on these objectives a national online panel of Canadians was undertaken and **1507** investors and **501** aspiring investors were surveyed. More details are found in section 7.

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INVESTOR WANTS AND NEEDS

Investors value **access**, flexibility and personalization in the advice they receive.

Access means getting advice when and how investors want it, through a single point of contact, and through a human being.

Current Investors	Aspiring Investors	
90%	71%	Important I can access the financial advice I need and want, <u>when I need and want it</u>
86%	68%	Important I can access a range of financial products & services <u>without going to different providers or opening new accounts</u>
74%	62%	Say they need their advice to come from a <u>human</u>

Q. For each of the following, please indicate how important it is to you personally.

Base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

Q. Thinking about the financial information and advice available through an online investment service, please indicate whether you agree or disagree with each of the following statements.

Base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

Investors value access, **flexibility** and personalization in the advice they receive.

Flexibility is key both in terms of service levels and payment options.



Q. For each of the following, please indicate how important it is to you personally.
Base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

A quarter of investors don't know how they pay for advice

Among those who do know, most are satisfied, although satisfaction with the current payment models is soft (33% very satisfied).

24%

Don't know how they currently pay for advice.

88%

Are **"Satisfied"** with the way they currently pay for advice.
33% "very" satisfied

12%

Are **"Not Satisfied"** with the way they currently pay for advice.

Investors value access, flexibility and **personalization** in the advice they receive.



Q. For each of the following, please indicate how important it is to you personally.
Base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

A majority of investors receive investment advice and most say it meets their needs.



Receive professional investment advice



Frequency of seeking advice



■ Monthly or more frequently ■ Annually ■ Less than annually

Top topics of advice

- 1 Planning for financial goals (56%)
- 2 Tax and estate planning (43%)

Q. Are you currently getting professional investment advice? Base: Investors (n=1507)

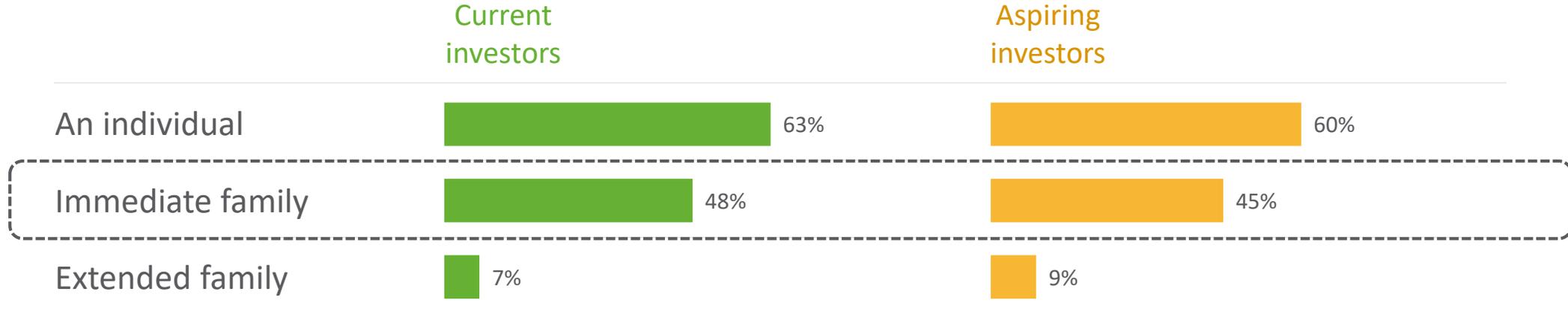
Q. Does the advice you are getting meet your needs? Base: Those who answered "Yes" (n=828)

Q. How often would you say you typically: Seek advice from a professional about my personal investments? Base: Investors (n=1507)

Q. Which, if any, of the following topics do you or would you tend to seek information or advice on? (check all that apply) Base: Investors (n=1507)

Nearly half of investors want professional advice that considers their immediate family in the planning process.

For those with children under the age of 21, 70% want the advice to consider their immediate family.



Q. When planning your finances, do you want to receive professional advice that pertains to you as an individual, to your immediate family (eg. your partner/spouse, children, others who may be living with you), or to your extended family (your parents, adult children, or other family members who are not living with you)? (check all that apply)

Base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

Among current investors, confidence and knowledge across a variety of dimensions appears strong, but is softer than it first appears.

Confidence	% Confident	% Very Confident
Ability to make decisions about what to do with your money	80%	28%
Ability to make decisions about investments	72%	21%
Understanding of the performance of the investments you currently hold	77%	23%
Understanding of the fees you currently pay	72%	25%

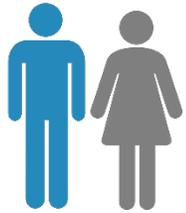
Knowledge	% Knowledgeable	% Very Knowledgeable
The options available for getting investing information and advice	67%	15%
The financial products and services that are available	67%	13%

Q. Overall, how confident do you feel about each of the following?

Q. Overall, how knowledgeable do you feel about each of the following?

Base: Investors (n=1507)

Men tend to express higher levels of confidence and knowledge than women when it comes to many aspects of investing.



* Men vs. Women

Confident in ability to make decisions

Financial decisions
*80% vs. 72%

Investment decisions
*72% vs. 57%

Confident they understand investment performance and fees they currently pay

Investment performance and fees
*84% vs. 70%

Fees
*75% vs. 68%

Knowledge of the options available for information, advice, products and services

Information and advice
*66% vs. 54%

Products and services
*66% vs. 52%

Senior investors (65+ years of age) are more confident and knowledgeable, and place greater value on personal relationships when it comes to investment advice.

Confident in ability to **make decisions** about their money (83%) and investments (71%)

Confident in their **understanding** of the performance of their investments (88%) and the fees they pay (84%)

- Most likely to work with an investment advisor (53%)
- Say it is important that their advice be delivered by a human (82%)
- Say it is important their advice come from a regulated individual or firm (81% important, 62% 'very' important)

3

DIGITAL MODELS

Digital comfort isn't translating into widespread uptake of online investment services ... yet.

Most seem comfortable doing financial business online ...



Yet few say they have tested automated investment services so far

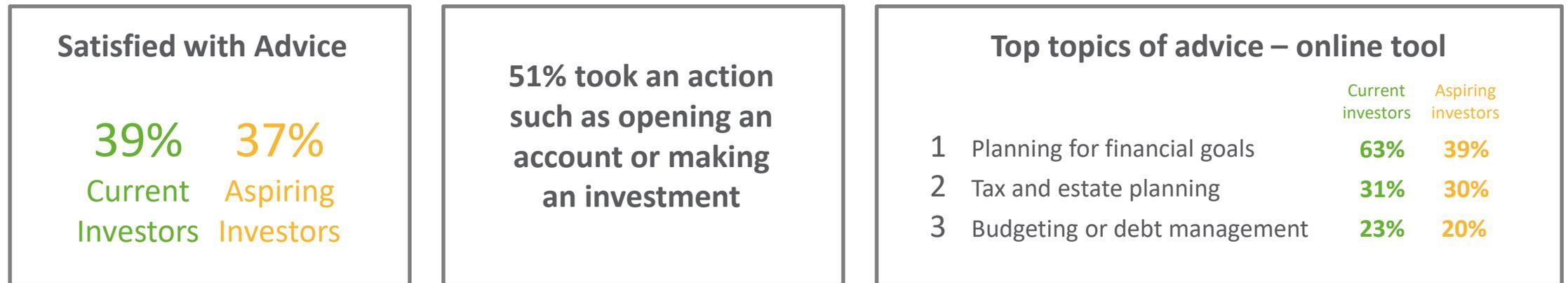


Q. Which of the following, if any, do you consider barriers to receiving the financial advice you need and want? (please check all that apply): I'm not comfortable with doing financial business online (such as banking or making purchases online)
base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

Q. Which, if any, of these options have you accessed for financial information and/or advice? (please check all that apply) Base: Total Sample (n=2008), Investors (n=1507), Aspiring Investors (n=501)

Q. Which of the following topics, if any, have you used an online investment service to explore? Base: Online investment service at Q22 (n=301), Investors (n=255), Aspiring Investors (n=46)

Of the few who have tried an automated online investment service, less than 40% say they are satisfied with the advice received.



Q. After you entered your information through the online investment service, did you take action such as opening an account or making an investment?

Q. On a scale of 1-10, where 10 means you are completely satisfied, and 1 means you are not at all satisfied, how satisfied would you say you are overall with the advice you received through this online investment service?

Base: Online investment service at Q22 Investors (n=255), Aspiring Investors (n=46)

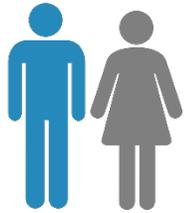
Q. Which of the following topics, if any, have you used an online investment service to explore? Base: Online investment service at Q22 (n=301), Investors (n=255), Aspiring Investors (n=46)

Investor openness to digital models of advice is balanced by a strong desire for human contact, security of information, and personalization of advice.



Q. Thinking about the financial information and advice available through an online investment service, please indicate whether you agree or disagree with each of the following statements.
Q. Would you expect that advice that is generated through an online tool to have more, the same, or less regulatory protections than advice that comes from a human being such as an investment advisor?
Base: Investors (n=1507), Aspiring Investors (n=501)

Men expressed greater interest than women in digital models.



* Men vs. Women

Have accessed an automated online investment service (17% vs. 13%)

Feel that an online tool offers a personalized, cost effective, and convenient investment option

- 41% vs. 35% agree that advice is personalized
- 51% vs. 44% agree that online services are cost effective
- 61% vs. 56% agree that online services are convenient

Feel confident in the quality of advice generated through these tools

- 48% vs. 35% agree that they are confident in the quality of online advice that is based on information they provide

Younger investors are the most likely to be open to digital models.

Those under the age of 45 are the most likely to:

Have accessed an automated online tool or service for information or advice

(22% under the age of 35, 19% between 35-44 years old)

Feel comfortable with the technology

(62% under the age of 35, 60% between 35-44 years old)

Feel confident with the quality of the advice received

(51% under the age of 35, 50% between 35-44 years old)

Feel confident with the personalization of the advice

(50% under the age of 35, 48% between 35-44 years old)

Say they would take action as a result of the advice

(47% under the age of 35, 44% between 35-44 years old)

Senior investors are:

Least likely to have accessed an automated online investment tool or service for information or advice (8%)

Least confident that digital models are convenient (39%) and cost effective (30%)

Most likely to expect that online tools and services are subject to less regulatory protections than in person advice channels (43%)

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BARRIERS TO ACCESSING ADVICE

Lower confidence and knowledge levels are barriers for aspiring investors.



49%

Almost half say their main reason for not investing is that they **don't know enough about it.**

- 25%
I prefer to invest my money in other ways
- 26%
I feel investing is too risky

60% **Aren't confident** in their ability to make decisions about investments

61% **Don't know the options available** for getting investment information and advice

65% **Don't know the financial products and services available** to them

Q. And which of the following is the primary reason that you have not yet invested or considered investing?

Q. Overall, how confident do you feel about each of the following?

Q. Overall, how knowledgeable do you feel about each of the following?

Base: Investors (n=1507), Aspiring Investors (n=501)

Financial ability is also a perceived barrier for aspiring investors and to a lesser extent for current investors.

41% (23% of current investors)

Don't feel they have enough money to get advice from an investment advisor



28% (18% of current investors)

Don't think they can afford to get advice from an investment advisor

And even though household income levels are generally lower than those of current investors:

- 70% of aspiring investors have a post-secondary education
- almost half are in the active workforce
- almost 70% are over 40 years old, and
- 30% are retired.

Q. Which of the following, if any, do you consider barriers to receiving the financial advice you need and want?

Base: Total Sample (n=2008), Investors (n=1507), Non-investors (n=501)

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REGULATION

Regulation plays a key role in investor confidence in advice.

Confidence	Current Investors	Aspiring Investors
Confident that the investment industry in Canada is properly regulated	76%	48%
Importance		
Feel that it's important that the advice they receive comes from a regulated firm or individual	87%	67%
Digital Models		
Expect that advice generated through an online tool has less regulatory protections than advice that comes from a human being	31%	44%

Q. Overall, how confident do you feel about each of the following?

Q. For each of the following, please indicate how important it is to you personally.

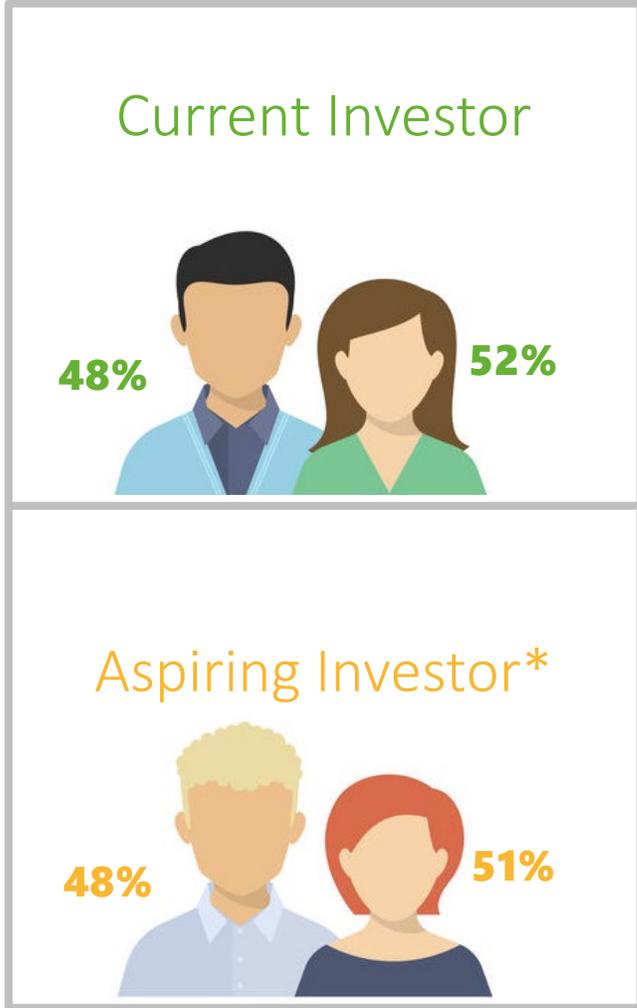
Q. Would you expect that advice that is generated through an online tool to have more, the same, or less regulatory protections than advice that comes from a human being such as an investment advisor?

Base: Investors (n=1507), Non-investors (n=501)

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PROFILE OF CURRENT AND ASPIRING INVESTORS

Comparing Current and Aspiring Investors – Key Demographic Variables

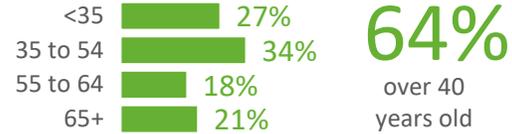


* 1% of Aspiring Investors selected 'Prefer not to answer' to the gender question.

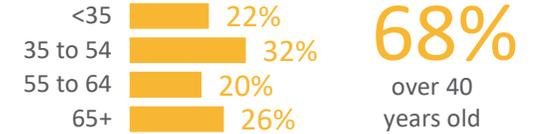
AGE



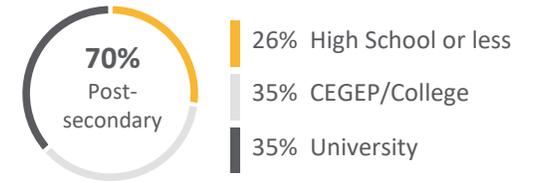
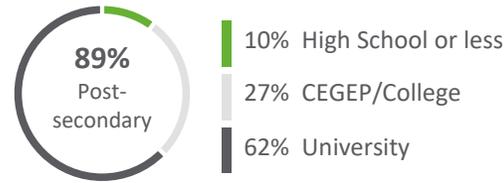
Current Investor



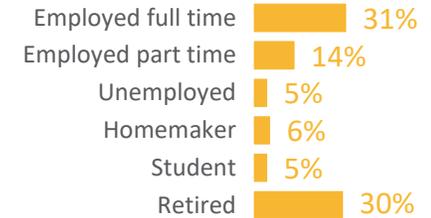
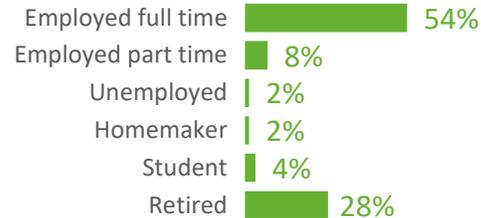
Aspiring Investor



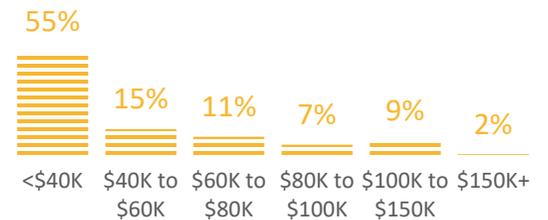
EDUCATION



EMPLOYMENT



HOUSEHOLD INCOME



7

METHODOLOGY

About the Research

Methodology

Online survey n=2,008
Current and Aspiring Investors

Proportionate to the distribution of the population across the country.

n=1,507
Current Investors

Currently hold investments.

Note: For select questions, those in an exclusively non-advice based model were excluded in the analysis, creating a new base of current investors of n=1099

n=501
Aspiring Investors

Don't currently hold investments but are interested in investing and do not have a financial barrier to investing.

Regional Breakdown

Atlantic (6%), QC (24%), ON (38%), MB/SK (7%), AB/North (11%), BC (14%)

The survey was undertaken between August 14-23, 2019.