

ANNOUNCEMENT

CySEC launches new Investor Protection campaign

- New drive warns of rising adoption of ‘influencers’ and “gamification” techniques being used on social media channels to manipulate young investors

The Cyprus Securities and Exchange Commission (‘CySEC’) is pleased to announce that, as part of its ongoing endeavors to help investors make better-informed investment decisions and to reduce the number of people making high-risk investments that may not be appropriate for them, it is today launching a new investor protection campaign to help tackle the growing international scourge of investment harm.

Launching the campaign, Dr George Theocharides, Chairman of CySEC, said: “Rapid technological development, uncertain market conditions and the COVID-19 pandemic have all contributed to a significant increase in online retail trading in recent years. CySEC is concerned at the growing participation of younger inexperienced investors, and the proliferation of material on social media and online platforms to promote complex products that are not always what they seem. It is particularly worrying that already low financial literacy levels are also declining and this has exacerbated the risk of young people not fully understanding the unique characteristics and risks that trading in these products can carry and many will get in over their head.”

Social media channels are increasingly being used to promote complex and risky products, like crypto-assets, with some employing celebrities and online influencers that may sway investors to invest in products and services they may know very little about, and which may turn out to be unsuitable for them. The gamification of investing is also raising red flags. “Not surprisingly these gamification techniques are particularly attractive to younger people, many of whom with little experience in investing and will likely end up losing their money,” said Dr Theocharides.

CySEC’s new campaign will warn investors not to make decisions based on emotions and social pressure but rather through rational thinking and acquiring more knowledge of the products they’re buying and who they are buying them from.

The campaign complements CySEC’s ongoing supervisory work to clamp down on unlicensed investment services and to warn licensed entities of their legal obligation to protect their

investing customers' interests in all of their communications. Financial penalties are imposed for non-compliance.

Dr Theocharides added: "There is a crucial need for financial education programmes to help people develop new skills, and this has been recognised in the recently approved national strategy on the promotion of financial literacy.¹ In this era of digitization and constantly emerging new financial products and where we are seeing a rise in online scams, the best defence young people can take against financial predators is to expand their knowledge and so it is paramount that instruments are designed and developed to empower, educate and protect investors."

The CySEC campaign includes a series of [investor guides](#), available on a special section of the CySEC website dedicated to financial education (<https://www.cysec.gov.cy/en-GB/investor-protection/financial-education/>) The campaign will make substantial use of social media to target younger audiences, backed up by the comprehensive step by step guides and advice to help retail investors safely navigate investment markets.

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¹ <https://www.cysec.gov.cy/CMSPages/GetFile.aspx?guid=5776a559-09d2-40f1-a81b-a1f90a721f7b>