

PRESS RELEASE

CySEC survey provides new insight on retail investor behaviours and habits

- **Less than one in three investors check the websites of the financial regulator to find out if they're buying from a legitimate company, a new survey has revealed.**
- **Most people rely on company-provided or on news reports to determine whether a firm is legitimate and licenced to operate, while more than one in ten investors don't conduct any research at all.**
- **One in four investors admit to investing more than they could afford to lose.**

Nicosia, 25 January 2023 – With the rise of complex financial technologies and the widespread use of social media to promote investments, the Cyprus Securities and Exchange Commission (CySEC) has conducted a study on the behaviours and habits of investors in Europe. The survey forms part of a wider programme being conducted by CySEC aimed at strengthening investor protection and financial literacy.

The findings of the survey provide a clearer insight into how individual investors make their investment decisions and highlight the challenges facing regulators as they work to protect investors in a rapidly evolving sector. Respondents were asked what had prompted them to make an investment in a particular product and how long they spent researching the product and the firm offering it.

A key question was whether their research included checking the regulator's website, as many offer publicly available databases that allow users to see which firms are regulated and whether they have been the subject to sanctions or other administrative actions. The CySEC website also includes an [investor guide on how to spot and avoid scams](#).

The study compared the investment habits of investors in four jurisdictions in Europe, namely in the UK, France, Germany, and Cyprus. All respondents in the survey had invested, with the majority (25%) saying they bought and sold financial products on a monthly basis. Another 19% invested every 4-6 months, 17% on a weekly basis, and 4% on a daily basis.

A spokesperson for CySEC said: *"Social media now has a direct influence on investment decisions, but not all the information can be trusted. Too many investors including young people are taking real risks with their money because they are taking advice and recommendations from unreliable sources, ranging from family members and friends to celebrity endorsements on social media platforms, without properly checking out the entity they're buying from.*

"This is an area where regulators can and should play a much greater role to enhance their ability to

protect investors. The patterns identified by our survey were identified across a range of countries and investor groups, demonstrating an opportunity for national authorities to work together to raise awareness of the tools available to investors and to signpost information that will help them make informed decisions.”

Key insights from the CySEC survey include:

1. Almost a quarter (22%) of investors make investment decisions based on digital promotions or celebrity endorsements on social media. Asked what had primarily prompted investors to make an investment in a particular product, most investors (42%) investigated and conducted research before deciding where to invest. However, a similar number (37%) mostly relied on recommendations from friends and family. Only one in three investors (31%) investors sought advice from an authorised financial advisor, and 6% said they bought a product because they felt pressured by a peer group.

Investors in France (48%) were the most likely to seek a recommendation from a licenced financial advisor before making an investment, compared to 34% in the UK and in Germany. However, a much higher proportion (24%) of investors in the UK primarily base their investment decisions primarily on online promotional content, compared to 14% in both France and Germany.

2. Fin-influencers who reach prospective clients through social media advertising play a major part in persuading investors to buy products. With platforms such as TikTok, YouTube, Instagram and Twitter providing financial content aimed at young people, nearly one in three (31%) of respondents said they had made a financial investment based on the advice of a financial influencer. Investors in France were most likely to be swayed by a fin-influencer (40%) compared to 24% in Germany and 34% in the UK. In Cyprus, 26% of respondents said they made decisions based on recommendations from influencers on social media.

3. Too few investors spend significant time researching the products they plan to invest in or the firm selling them. While a quarter of all respondents (25%) said they spent 6-7 days researching a particular product, 7% said they did less than 30 minutes research or none at all before committing their money to a product.

When it came to checking out the firm selling the product to see whether it was licenced to operate, 15% of all respondents said they didn't do any checks at all. Most people (51%) said they looked at company reviews or the firm's own website (44%), but only one in three investors (30%) looked up the firm on the website of the country regulator to check it was licenced.

Investors in the UK (42%) were the most likely to use the country regulator website to check if the firm selling the product was licenced, compared to 18% of investors in Cyprus, 26% of investors in France and 32% in Germany who checked with the regulator to find out whether a firm was real.

Investors in France were the least likely to check into the status of an investment firm, with 22% not checking at all, and most (52%) relying solely on the firm's own website. Most investors in the UK said they had researched online and checked out both the firm's and the regulators website for information, although 14% did not carry out any checks.

4. Investors are also taking more risk than they can afford, and many regret their past financial investments. When asked whether they had invested more than they could afford to lose, over a quarter (26%) of all respondents admitted they had. This was particularly true of investors in France, with 32% saying they could not afford to lose their investment. German investors appear to be the most cautious, with 24% saying they had invested more than they could afford to lose. Cypriot investors appear to take less risks, with just 18% agreeing to invest more than they can afford to lose. More than

one in three (34%) of all respondents confessed they had regretted a financial investment they had made. This was especially true for UK investors, with 38% regretting a decision.

Responses were based on a survey of 200 investors aged 18-55+ conducted by Censuswide. The full CySEC survey on retail investor behaviours and habits can be found [here](#). More information on CySEC's work on financial literacy is available [here](#).

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