Earning Investors’ Trust: Focus on South Africa

**Information Is Essential**
Trust and confidence in the financial system is strong, but so is fear of a crisis.

**Innovation and Tech Enhance Trust**
Trust in the industry is driven by technological innovation, as well as the human touch that advisers provide.

**Investors Want Greater Influence and Control**
Performance, personalization, and social impact are high priorities for investors.

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**TRUST IN THE FINANCIAL SERVICES INDUSTRY**
- South Africa
- Global

<table>
<thead>
<tr>
<th>Year</th>
<th>South Africa</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>60%</td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td>46%</td>
<td>50%</td>
</tr>
</tbody>
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**IMPORTANCE OF ACCESS TO TECH VS ADVISER**
- South Africa
- Global

<table>
<thead>
<tr>
<th>Year</th>
<th>南</th>
<th>Global</th>
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</thead>
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<tr>
<td>2020</td>
<td>58%</td>
<td>50%</td>
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**CONSIDERATIONS TO LEAVE AN ADVISER**
- Underperformance
- Fees are too high
- Data security

<table>
<thead>
<tr>
<th>Reason</th>
<th>South Africa</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underperformance</td>
<td>54%</td>
<td>42%</td>
</tr>
<tr>
<td>Fees are too high</td>
<td>46%</td>
<td>38%</td>
</tr>
<tr>
<td>Data security</td>
<td>46%</td>
<td>35%</td>
</tr>
</tbody>
</table>

**HAVE INTEREST IN PERSONALIZED INVESTMENT PRODUCTS**
- South Africa
- Global

<table>
<thead>
<tr>
<th>Interest</th>
<th>South Africa</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>94%</td>
<td>77%</td>
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</table>

**REASON TO INVEST IN ESG**
- Express personal values/invest in making a positive impact
- Expect ESG investing to result in higher risk-adjusted returns
- Both

<table>
<thead>
<tr>
<th>Reason</th>
<th>South Africa</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Express personal values/invest in making a positive impact</td>
<td>48%</td>
<td>34%</td>
</tr>
<tr>
<td>Expect ESG investing to result in higher risk-adjusted returns</td>
<td>34%</td>
<td>28%</td>
</tr>
<tr>
<td>Both</td>
<td>17%</td>
<td>29%</td>
</tr>
</tbody>
</table>
Credibility and Professionalism
How Investment Professionals and Firms Can Take Action

CREDIBILITY
1. MAINTAIN STRONG BRAND IDENTITY AND FOLLOW THROUGH ON BRAND PROMISES

PREFERENCES WHEN HIRING AN INVESTMENT FIRM
- People that can be counted on
- A trusted brand

South Africa
2020
- 35%
- 65%

Global
2020
- 49%
- 51%

2018
- 54%
- 46%

2. EMPLOY PROFESSIONALS WITH CREDENTIALS FROM RESPECTED INDUSTRY ORGANIZATIONS

SATISFIED WITH THE LEVEL OF CREDENTIALING IN THE INDUSTRY

South Africa
- 56%

Global
- 50%

3. STAY FOCUSED ON BUILDING A LONG-TERM TRACK RECORD TO DEMONSTRATE COMPETENCE AND DELIVER VALUE

IMPORTANT THAT ADVISER GENERATES RETURNS SIMILAR TO OR BETTER THAN A TARGET BENCHMARK

South Africa
- 86%

Global
- 77%

4. ADOPT A CODE OF CONDUCT TO REINFORCE YOUR FIRM’S COMMITMENT TO ETHICS

TRUST ADVISER MORE IF THEY COMPLY WITH A VOLUNTARY CODE OF CONDUCT

South Africa
- 85%

Global
- 84%

PROFESSIONALISM
5. IMPROVE TRANSPARENCY AND CLARITY REGARDING FEES AND CONFLICTS OF INTEREST

LEVEL OF ADVISER TRANSPARENCY
- Very transparent
- Transparent
- Not transparent

Conflicts of Interest
- South Africa
  - 35%
  - 44%
  - 27%

- Global
  - 46%
  - 43%

Fees
- South Africa
  - 53%
  - 27%
  - 20%

- Global
  - 50%
  - 42%
  - 20%

6. USE CLEAR LANGUAGE TO DEMONSTRATE THAT CLIENT INTERESTS COME FIRST

INVESTORS IN SOUTH AFRICA WANT INVESTMENT REPORTS

South Africa
- 57%

Global
- 36%

7. SHOWCASE YOUR ONGOING PROFESSIONAL DEVELOPMENT TO IMPROVE INVESTMENT KNOWLEDGE

BELIEVE CONTINUING EDUCATION LEADS TO BETTER PORTFOLIO MANAGEMENT

South Africa
- 79%

Global
- 66%

8. DEMONSTRATE YOUR DEDICATION TO THE VALUES THAT CLIENTS HOLD DEAR

ADVISER ALWAYS PUTS CLIENTS’ INTERESTS FIRST

South Africa
- 18%

Global
- 35%

AFTER THE SURVEY
In 2019, CFA Institute and Greenwich Associates conducted a global survey of 3,525 retail investors and 921 institutional investors, including 100 retail investors and 25 institutional investors from South Africa. Retail investors were 25 years or older with investible assets of at least US$100,000. Institutional investors included individuals responsible for investment decisions with at least US$50 million assets under management, from public and private pension funds, endowments and foundations, insurance companies, and sovereign wealth funds.

For more information, visit trust.cfainstitute.org

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