

# THE PROJECT

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## Objectives:

- Assess financial literacy in Portugal to develop a financial literacy programme that will enable investors to take more informed decisions and better understand risks
- determine financial literacy of investors and non-investors in Portugal, identify profile of investors in securities markets, attitudes towards these markets and decision-making processes

2

## Team:

- Commissioned: European Commission (DG REFORM)
- Beneficiary: Comissão do Mercado de Valores Mobiliários (CMVM)
- Contractors: VVA & KPMG

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## Achievements:

- One of the most complete surveys ever conducted on literacy of retail investors in the capital markets in Portugal
- The results will inform the design of a financial literacy programme focusing on capital markets in Portugal

# SURVEY METHODOLOGY

## SAMPLE DEVELOPMENT

(August – September 2020)

- 15.173 persons aged 18+
- Representative of Portuguese population (Censos 2011) by gender, age, size of location and geography

## 9.969 INTERVIEWS WITH FINANCIAL DECISION MAKERS

(October - December 2020)

- Computer aided telephone interviews (CATI)
- Objectives:**
- identify share of investors in the population
  - Develop sample for in-depth interviews

## 2.207 IN-DEPTH INTERVIEWS

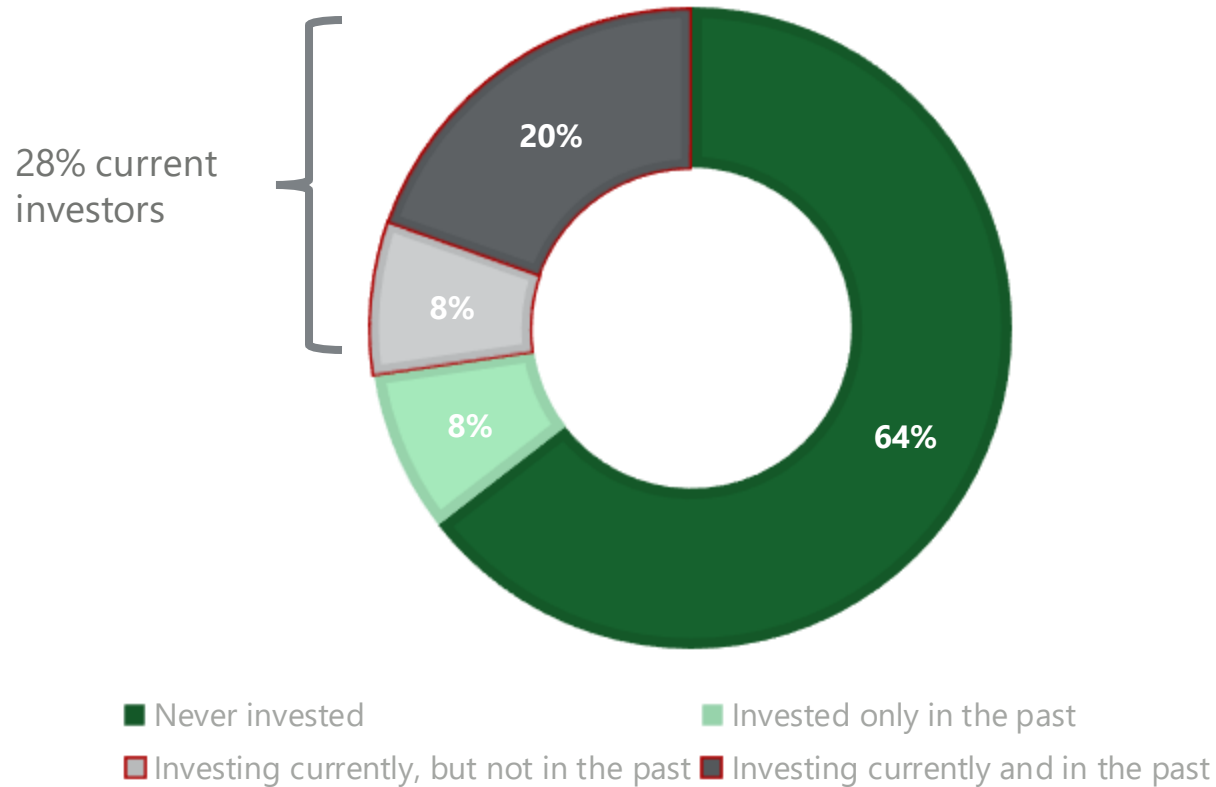
(October 2020 – January 2021)

- Face-to-face, CAWI & CATI
  - 706 investors and 1.501 non-investors
  - Based on 2015 survey by CMVM & OECD financial literacy measurement kit
- Objectives:**
- determine financial literacy of investors & non-investors
  - identify profile of investors in securities markets, attitudes and decision-making processes

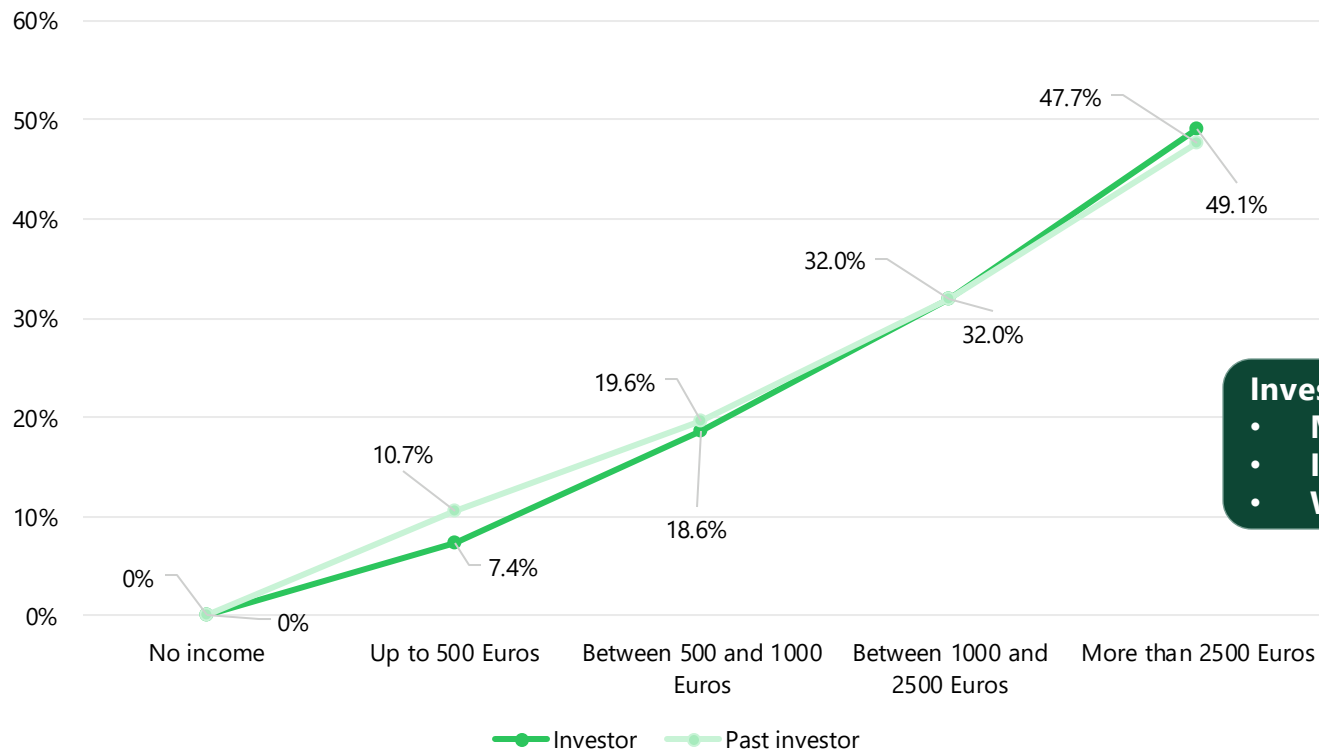


# PROFILE AND FINANCIAL LITERACY OF RETAIL INVESTORS IN PORTUGAL

## 28% OF THE PORTUGUESE POPULATION ARE CURRENT INVESTORS



# INVESTOR STATUS IS CLOSELY LINKED TO INCOME LEVEL

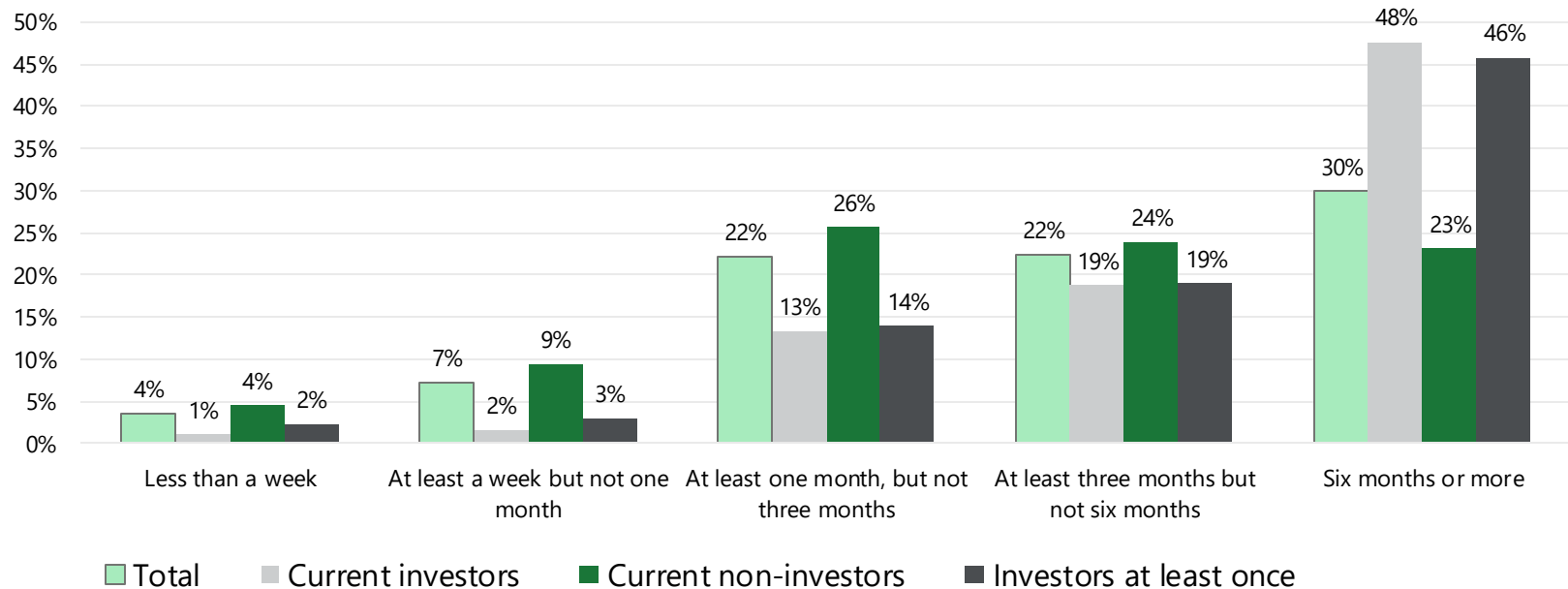


**Investors are more likely to be**

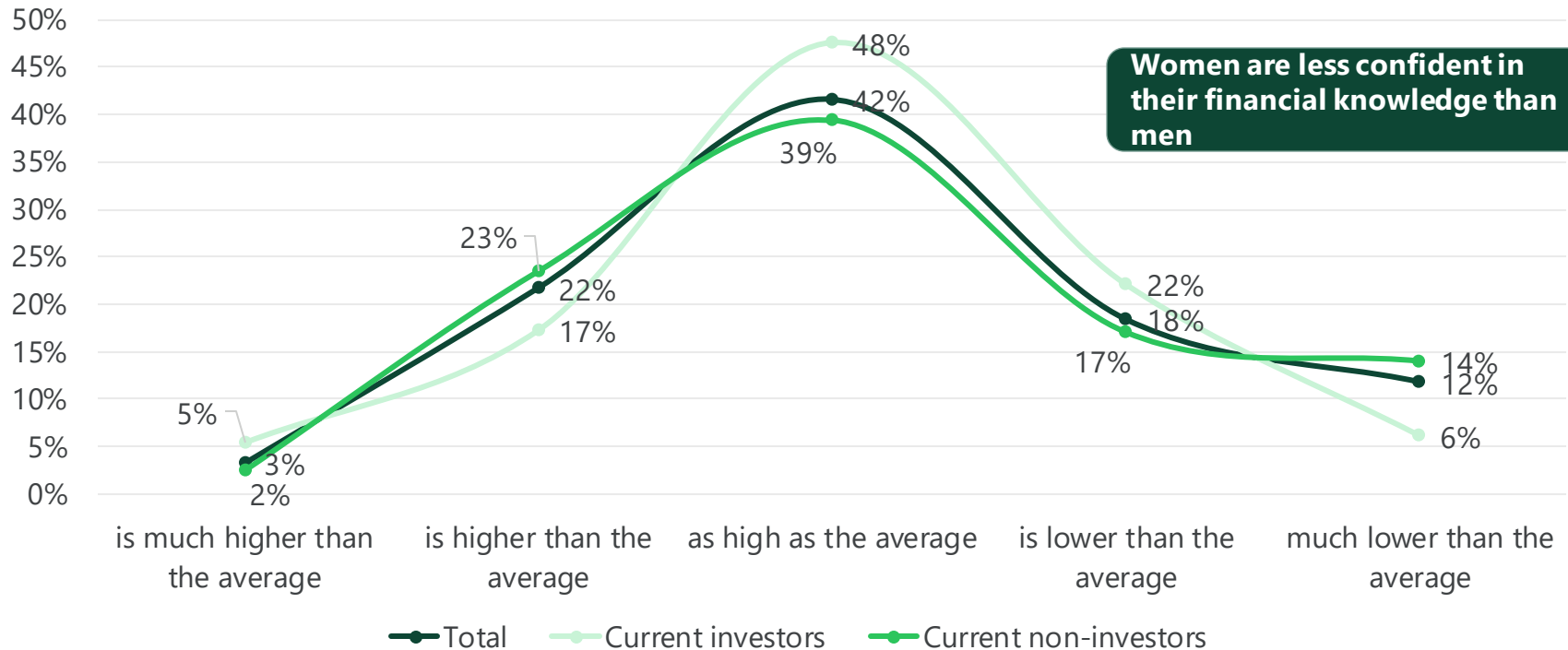
- **Men**
- **In more urban areas**
- **With tertiary education**

# INVESTORS ARE MORE FINANCIALLY RESILIENT THAN NON-INVESTORS

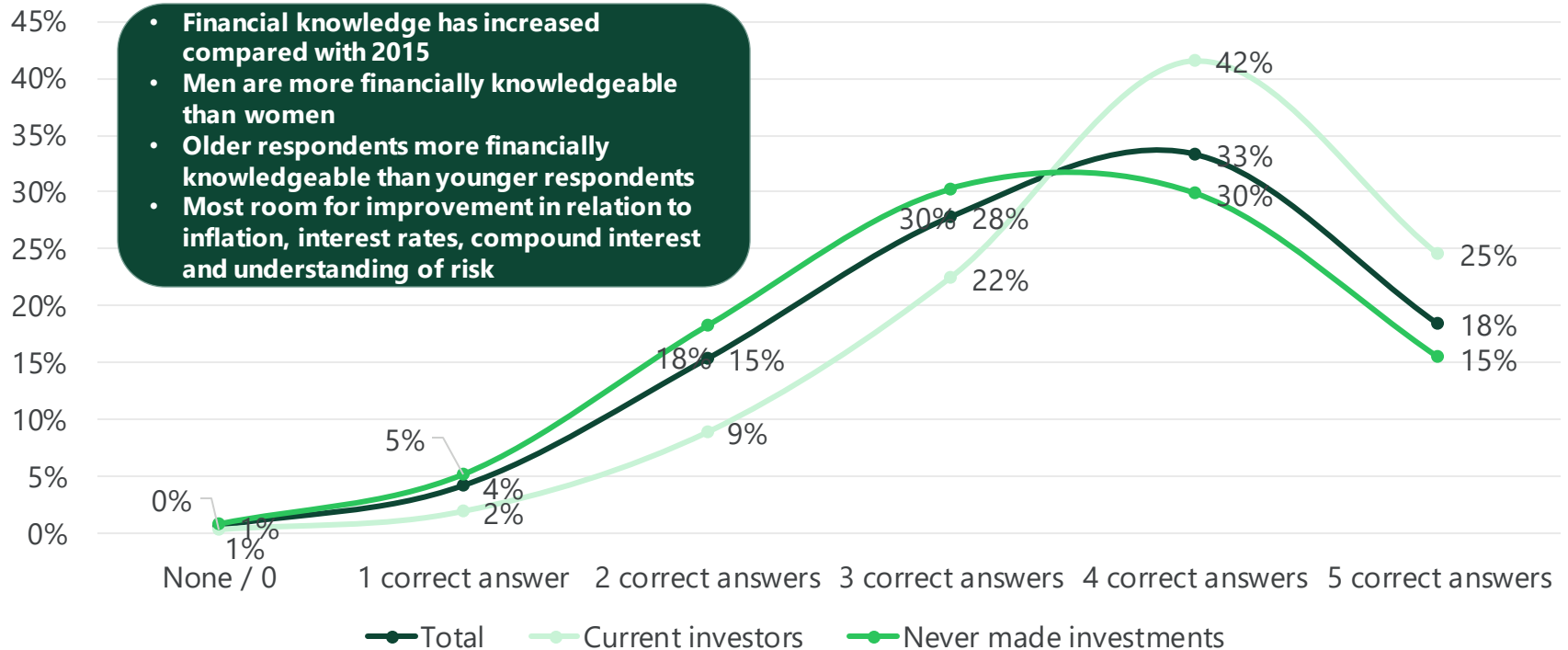
If you were to lose your main source of income, how long would you be able to cover your expenses without asking for a loan or having to change your living situation?



# INVESTORS ARE MORE CONFIDENT ABOUT THEIR OWN KNOWLEDGE OF FINANCIAL MATTERS ...



## ... AND THEY ARE IN FACT ALSO MORE FINANCIALLY LITERATE THAN NON-INVESTORS



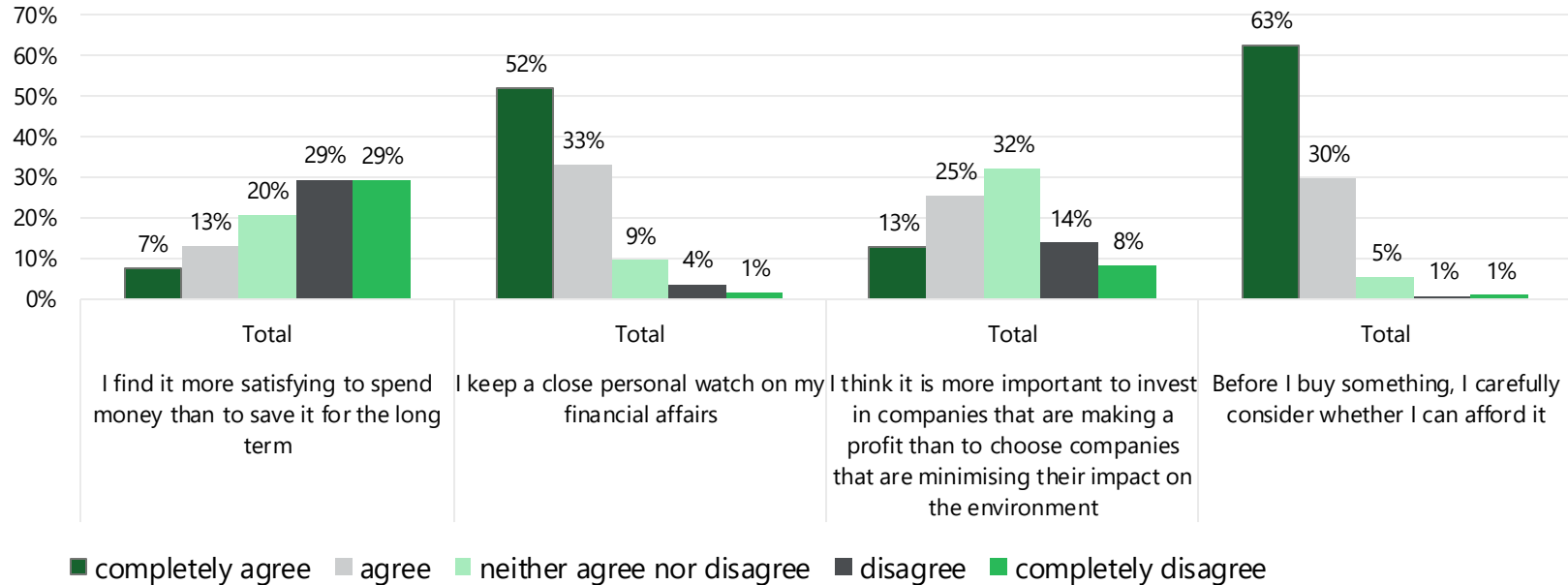
- Financial knowledge has increased compared with 2015
- Men are more financially knowledgeable than women
- Older respondents more financially knowledgeable than younger respondents
- Most room for improvement in relation to inflation, interest rates, compound interest and understanding of risk



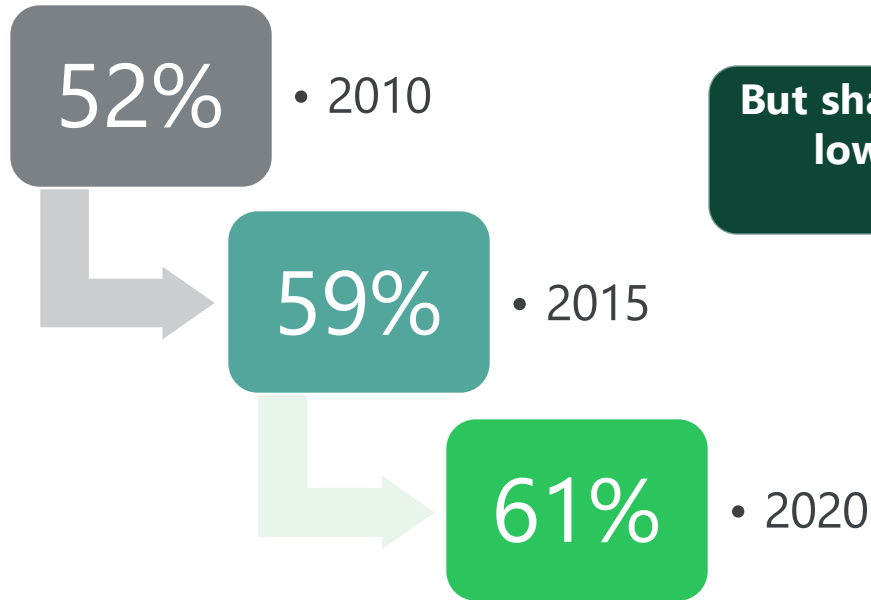


# FINANCIAL BEHAVIOUR AND ATTITUDES

# MOST PORTUGUESE ARE CAREFUL WHEN IT COMES TO SPENDING MONEY



# AN INCREASING SHARE OF THE POPULATION ACTIVELY SAVE MONEY

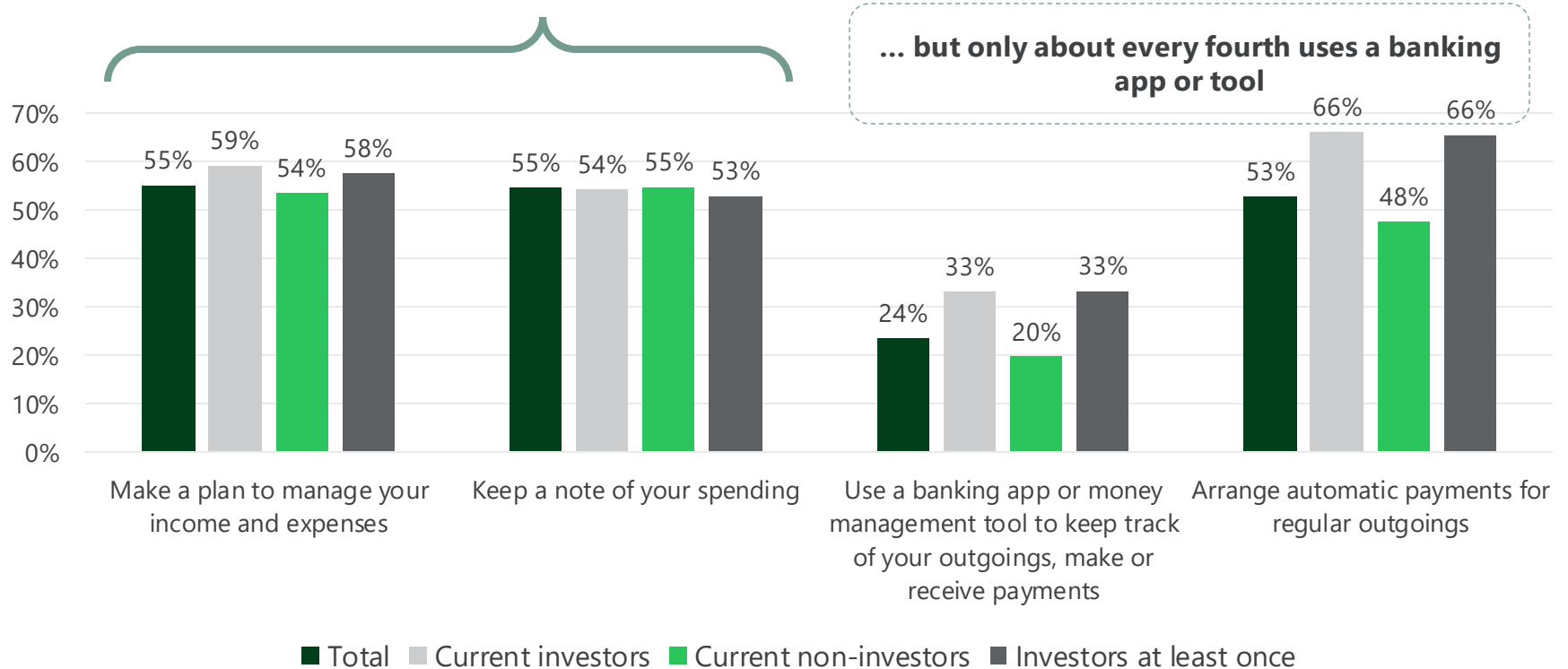


**But share of income saved (savings rate) remains lower than EU average (7% in Portugal vs 11.96% in the EU as a whole)**

.. 82% of current investors actively saved in last 12 months compared with 53% of non-investors

.. strong preference for savings accounts (36%) or saving at home (22%)

## MORE THAN HALF OF PORTUGUESE KEEP TRACK OF THEIR FINANCES



# STOCKS, SHARES AND RETIREMENT FUNDS ARE THE MOST POPULAR INVESTMENTS

Stocks, shares and Treasury bonds are preferred by *new* investors

Investment funds are preferred by those who also invested in the past

30%



Stocks and shares

28%



Retirement savings funds

17%



Investment funds

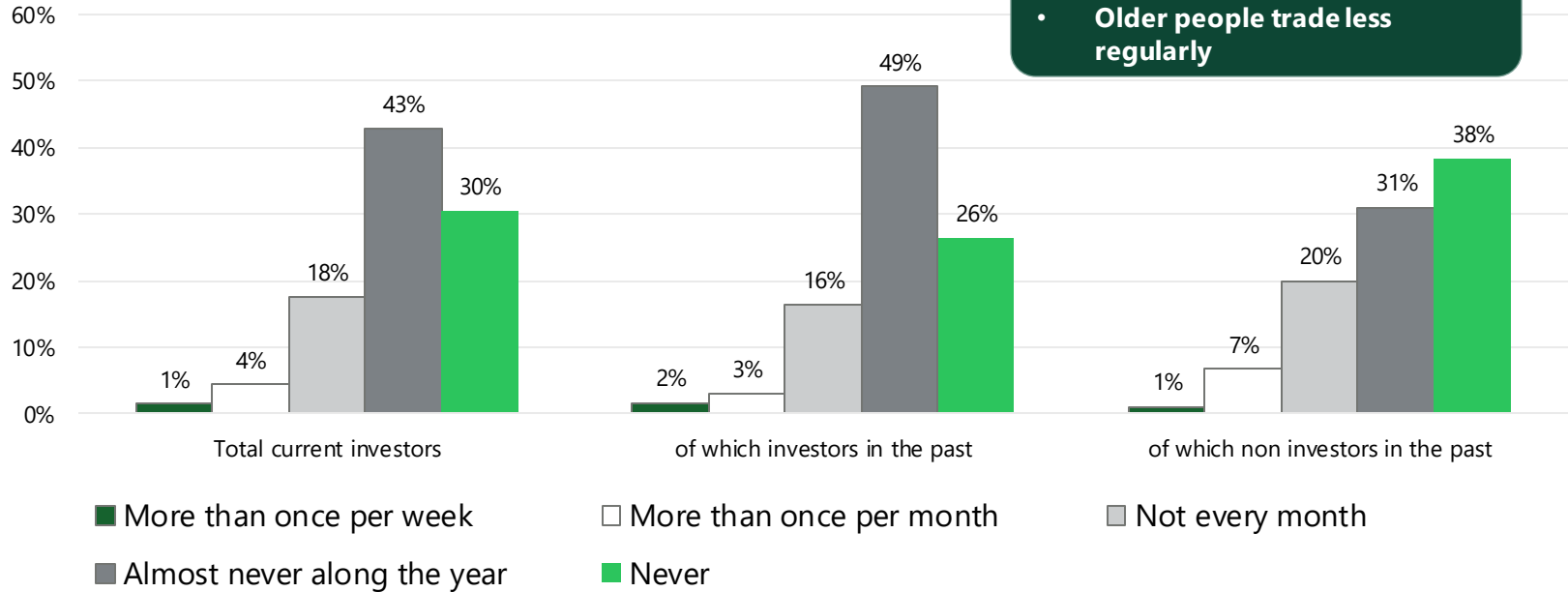
11%



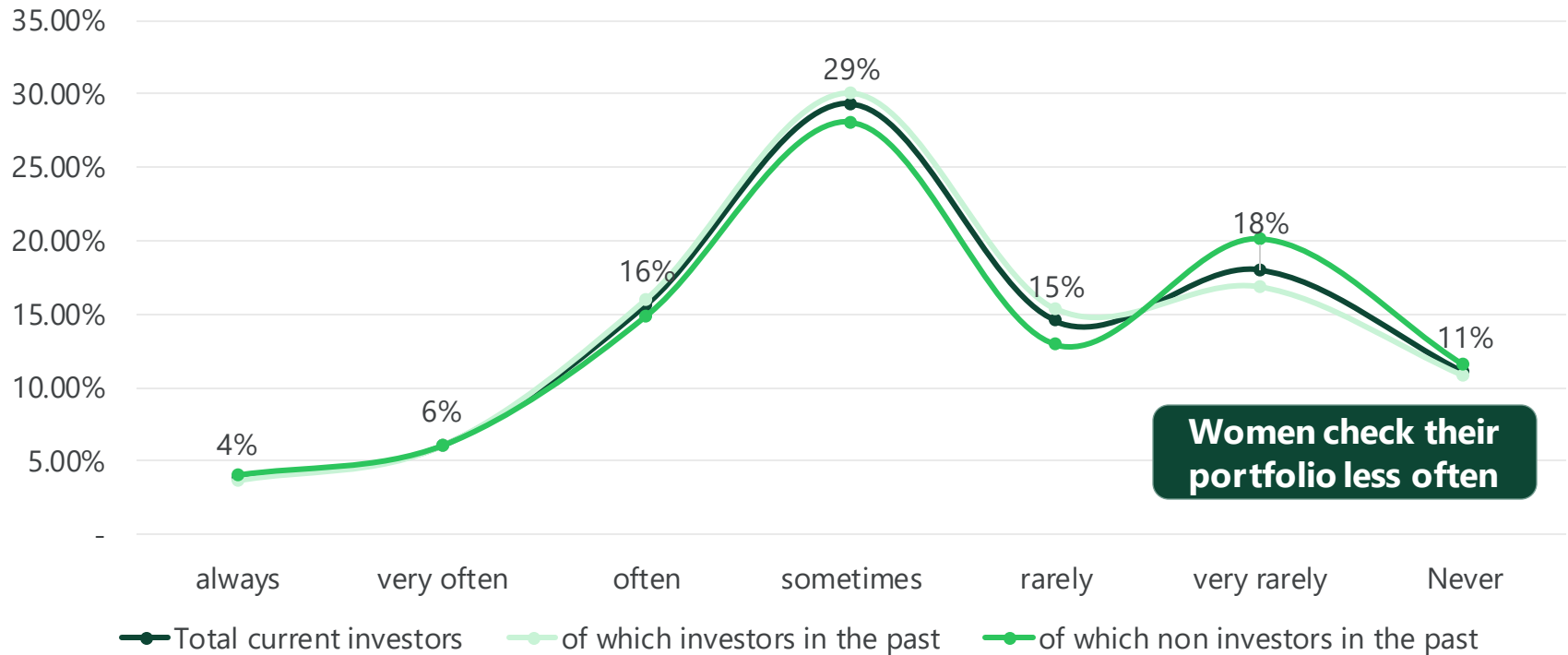
Treasury bonds

# MOST INVESTORS DO NOT TRADE REGULARLY IN SECURITIES

- Women trade less regularly than men
- Older people trade less regularly

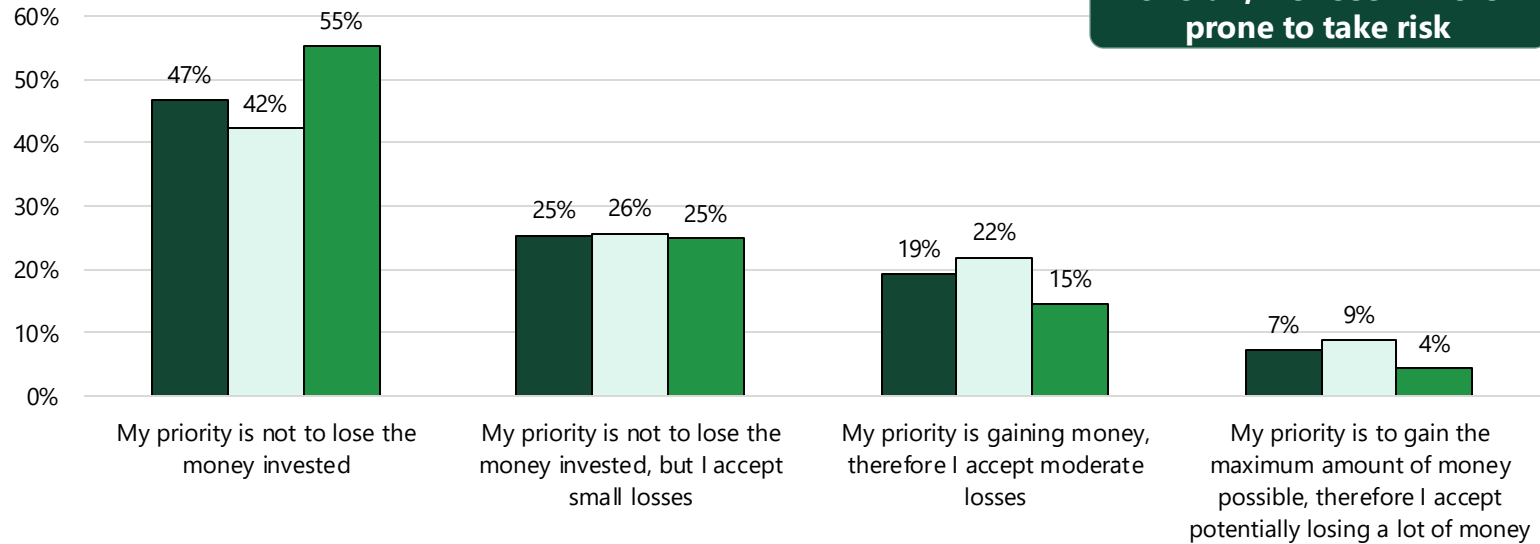


## BUT MOST INVESTORS CHECK THE VALUE OF THEIR INVESTMENTS REGULARLY



# NEW INVESTORS TEND TO BE MORE RISK AVERSE

Overall, men seem more prone to take risk



■ Total current investors    □ of which investors in the past    ■ of which non investors in the past



# CASH AVAILABILITY IS THE MAIN REASON TO START/STOP INVESTING

REASONS TO STOP INVESTING

Main factors: resources and knowledge

REASONS TO INVEST AGAIN

31%  NEEDED LIQUIDITY

19%  TOO RISKY

17%  NOT KNOWLEDGEABLE ENOUGH

16%  LOST MONEY

Especially men

63%  MORE RESOURCES

27%  MORE INFORMATION/ KNOWLEDGE

25%  BETTER INTEREST RATES

19%  GREATER RETURNS

Reasons: market circumstances (62%), bad advice (26%), bad luck (13%)

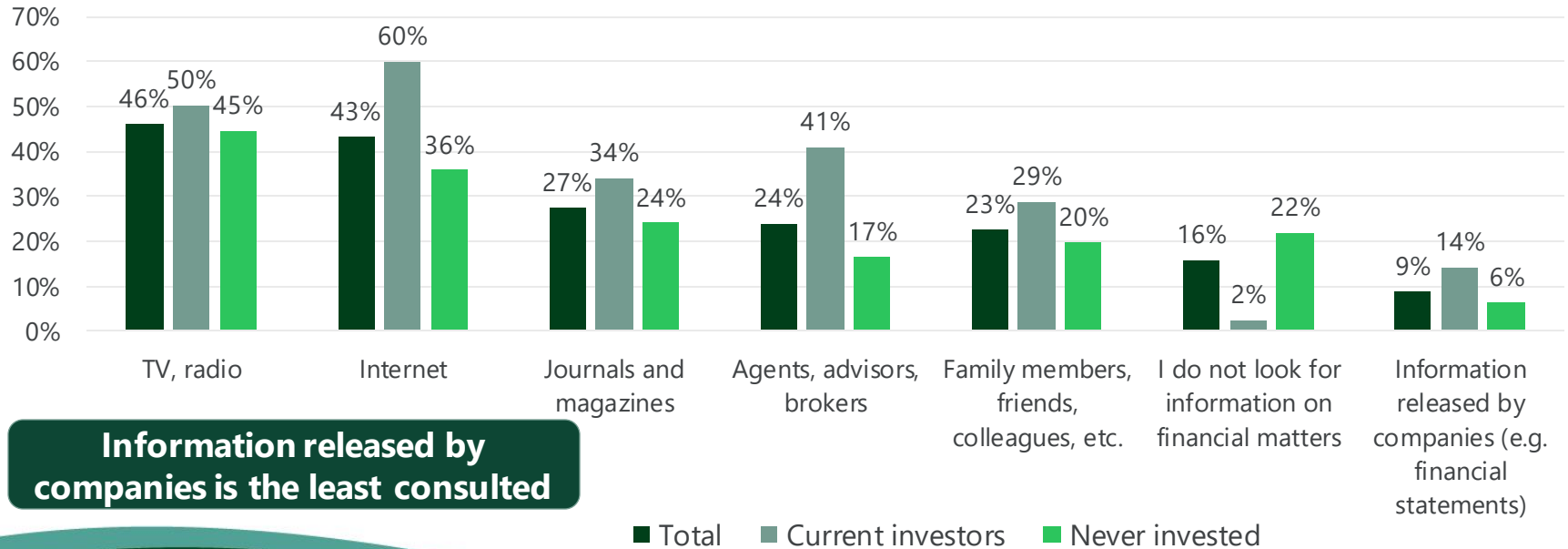


# FINANCIAL DECISION-MAKING

# BROADCAST MEDIA & INTERNET ARE PRIMARY SOURCES OF INFORMATION FOR FINANCIAL MATTERS

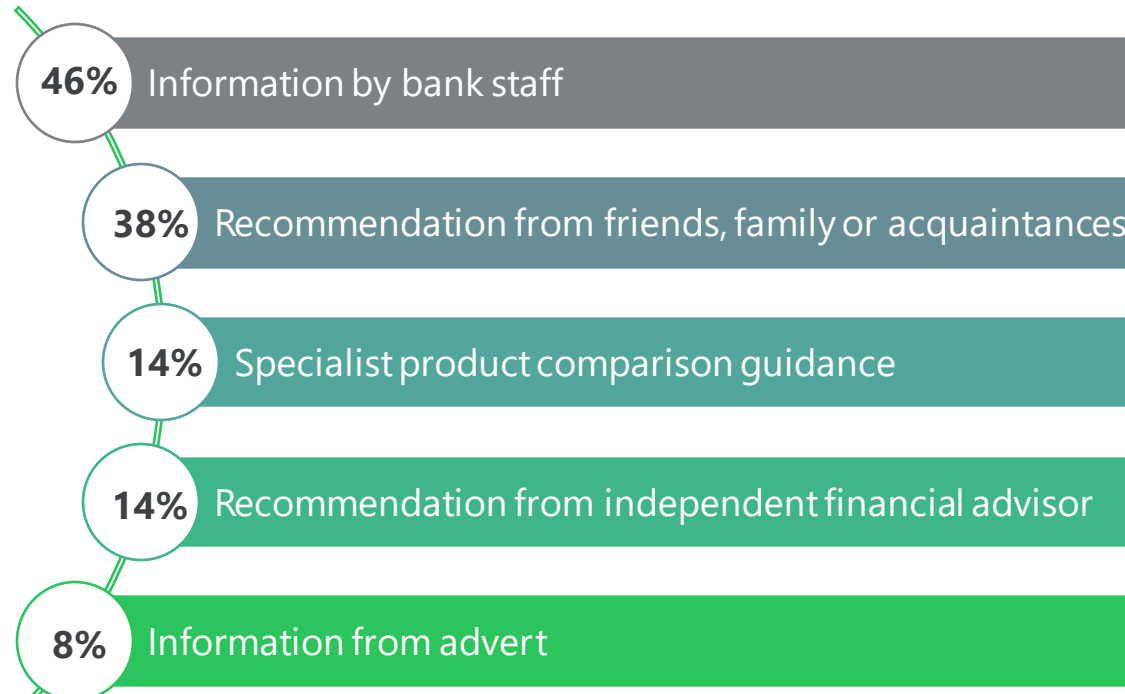
Investors are generally more informed than non-investors & mostly likely to use online sources

- Men focus on journals/magazines & internet
- Use of the internet decreases with age



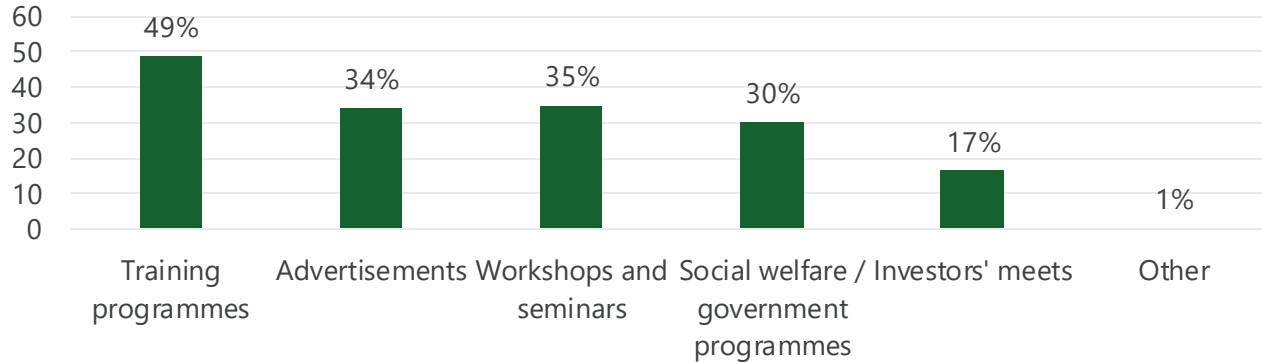
Information released by companies is the least consulted

# BANK STAFF, FRIENDS, FAMILY AND ACQUAINTANCES ARE MOST TRUSTED SOURCES TO DECIDE WHICH FINANCIAL PRODUCT TO BUY



**Women trust bank staff, friends and family more than men**

## INVESTORS SUPPORT A RANGE OF INITIATIVES TO RAISE AWARENESS ABOUT INVESTMENT



- **Type:** training programme
- **Aim:** specific target groups (women, younger people)
- **Possible topics:** general awareness raising of securities markets and the opportunities they create, understanding risk and portfolio diversification, investment as way to save, sustainable finance



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**Thank you for your attention!**

