



TISA/Oxera joint report launch – Virtual event

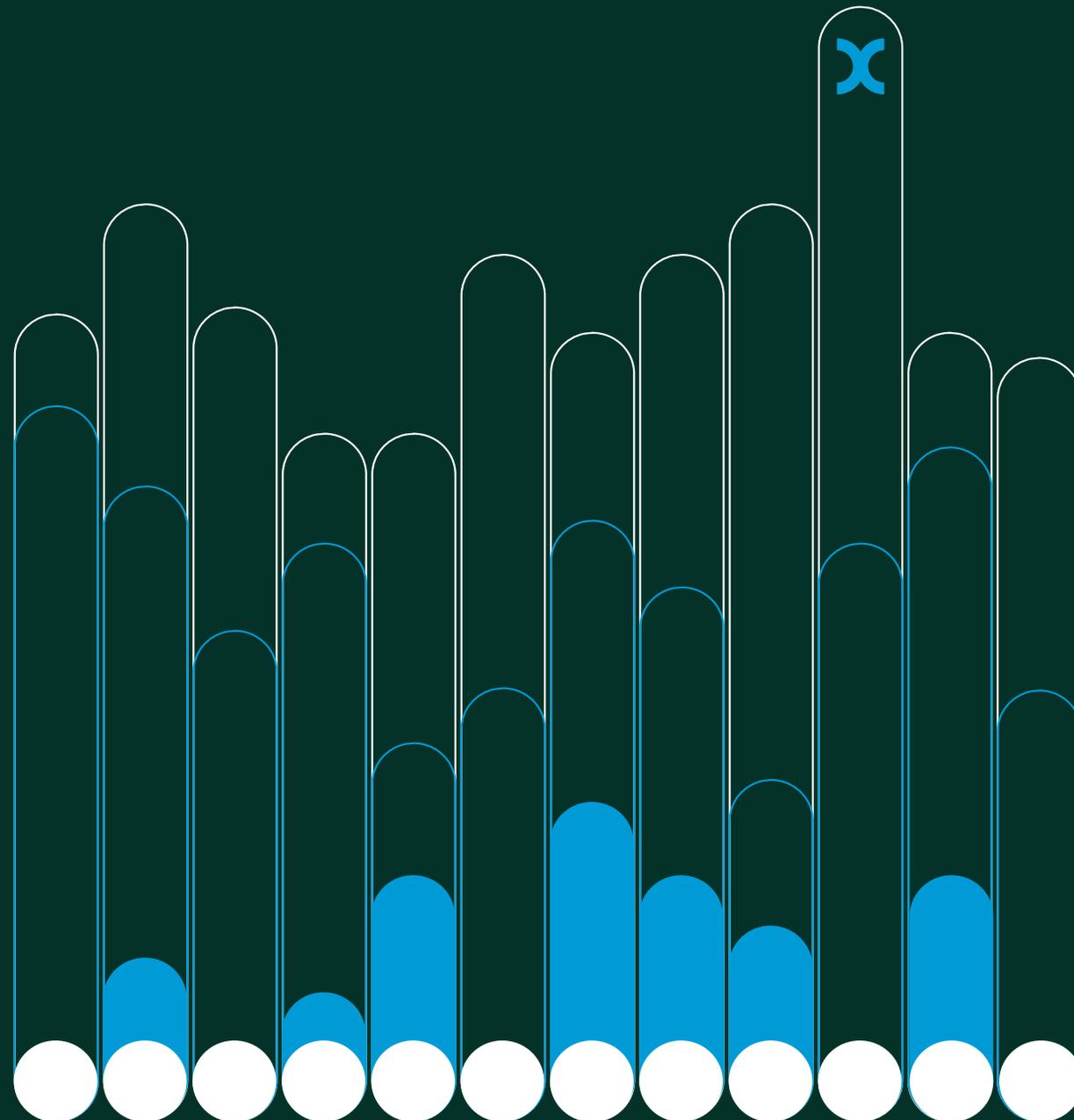
09:30 - 10:30 | Thursday 3rd November 2022

The keys to unlocking greater investment in Stocks and Shares ISAs

Evidence from a consumer survey

Prepared for TISA

3 November 2022



The survey

A 20-minute online survey, conducted with Accent Market Research.

Fieldwork was 8 June–4 July 2022.

2,002 participants across three samples:

814

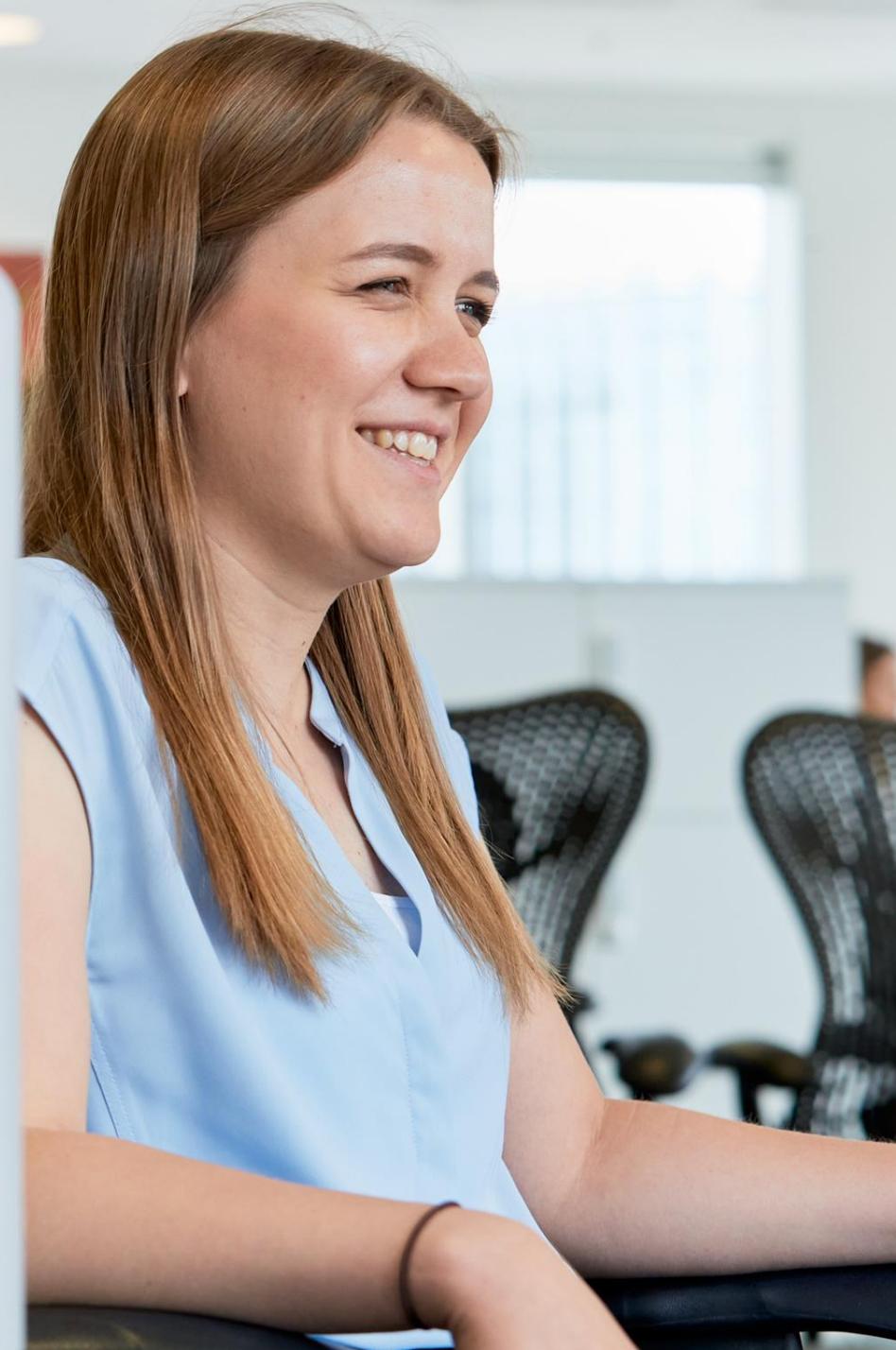
had a Stocks and Shares (S&S) ISA

649

had a Cash ISA, but no S&S ISA

539

had a Bank account with over £5k, but no ISA ('bank only' sample)



Who is more likely to invest in a Stocks and Shares ISA?



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Demographics and diversity

Participants who think that '**people like you**' are '**very likely**' to buy an S&S ISA

—> are 40% more likely to invest in an S&S ISA compared to a Cash ISA

Participants who are in the **lowest socio-economic group**

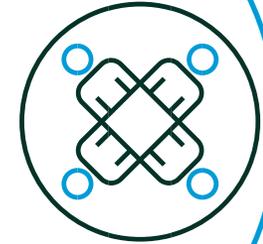
—> are 18% less likely...

Participants who **live in London**

—> are 16% more likely...

Participants who **are male**

—> are 8% more likely...



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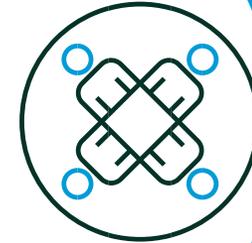
—▶ are 18% less likely...

Participants who **live in London**

—▶ are 16% more likely...

Participants who **are male**

—▶ are 8% more likely...



Biases and understanding

Participants who are **highly loss-averse**

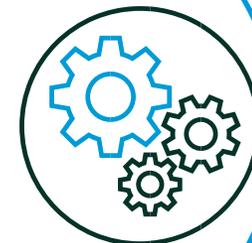
—▶ are 18% less likely ...

Participants who are **highly risk-averse**

—▶ are 9% less likely...

Participants who **correctly understand** that money can be withdrawn from an S&S ISA at any time

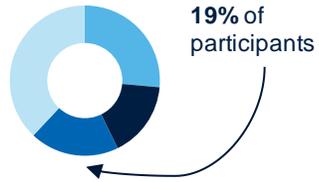
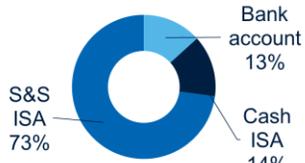
—▶ are 14% more likely...



There are four main clusters of consumers: showing how factors are correlated

1. Younger, less averse to risk/loss

73% have a S&S ISA

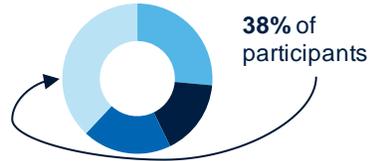
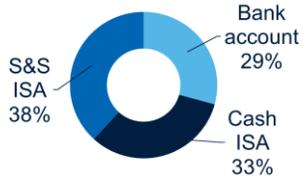


This cluster is:

- Less risk- and loss-averse
- Less present-biased
- Less financially literate
- Younger (average age of 38)
- More likely to be male (42% female)

2. Older risk/loss avoiders

38% have a S&S ISA

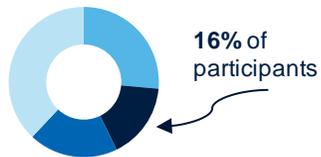


This cluster is:

- More risk- and loss-averse
- Less present-biased
- More financially literate
- Older (average age of 62)
- More likely to be male (38% female)

3. Living for the present, risk/loss avoiders

30% have a S&S ISA

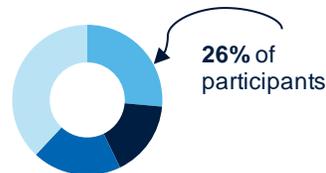
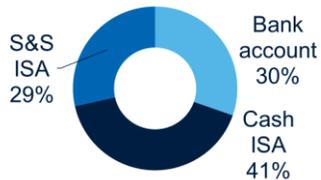


This cluster is:

- More risk- and loss-averse
- More present-biased
- Less financially literate
- Intermediate age (average age of 46)
- More likely to be female (63% female)

4. Lower SEG, risk/loss avoiders

29% have a S&S ISA



This cluster is:

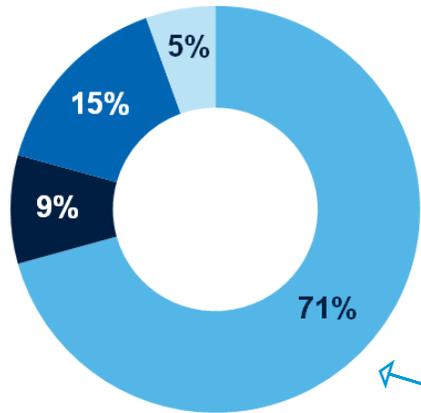
- More risk- and loss-averse
- Less present-biased
- Moderately financially literate
- Intermediate age (average age of 44)
- More likely to be female (60% female)
- From a lower SEG



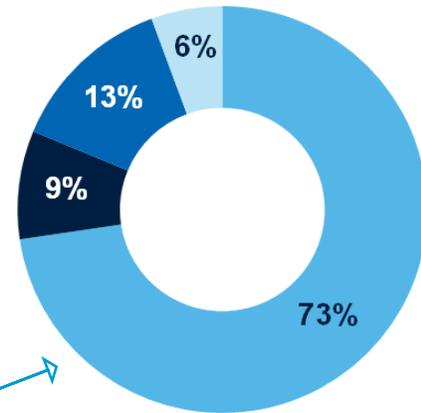
What are the barriers to investing in a Stocks and Shares ISA?

>70% of participants who have not invested in an S&S ISA do not even engage in the market

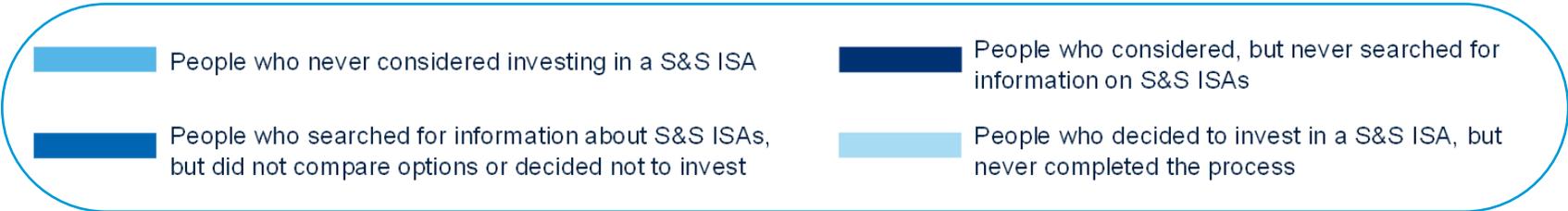
Cash ISA sample



Bank account sample



Consumers who do not engage in the market



Note: Figure based on a comparison of the three samples (i.e. not a regression result). We categorised a 'don't know' answer to any of the questions as a 'no'.

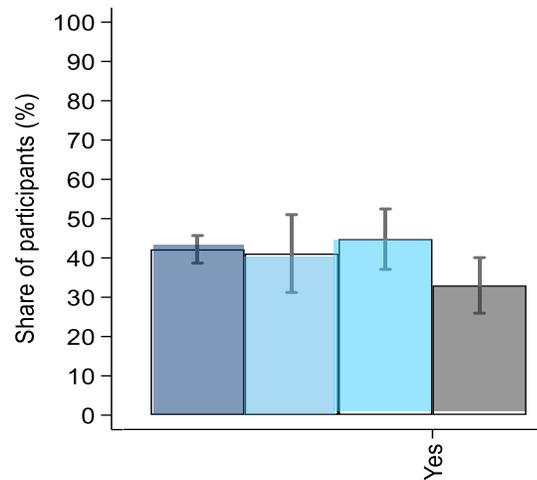
The perceived riskiness of S&S ISAs is a major barrier



Why did you not choose to invest in an S&S ISA?



Because I did not want to put my money in a risky investment.



It was seen as a barrier by >30% of participants who did not buy an S&S ISA



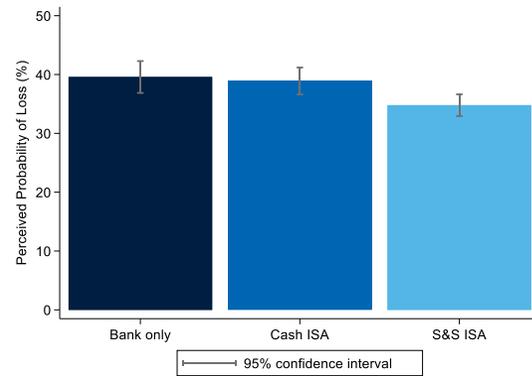
Note: Figure based on a comparison of the answers across the four As (i.e. not a regression result). Data excludes S&S ISA sample. Attend: participants who did not attend the market. Access: participants who attended but did not access information. Assess: participants who accessed information but did not compare options. Act: those who assessed the market but did not buy an S&S ISA.

Consumers estimate high probabilities of realising a loss from investing...
...even over a ten-year investment horizon

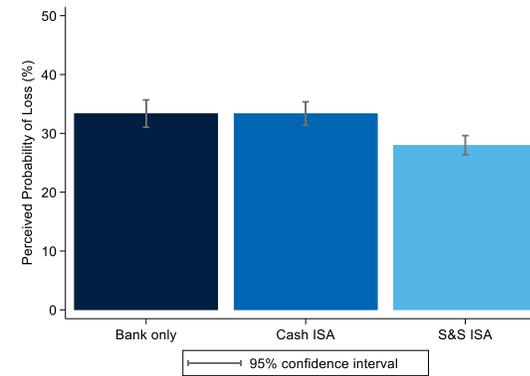


What do you think is the probability of losing money
(i.e. your investment going down) in an S&S ISA in equities, over a...

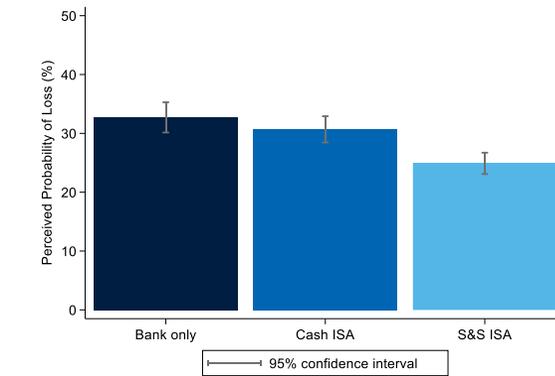
...one-year investment period?



...five-year investment period?



...ten-year investment period?



Higher estimates
than we might
expect

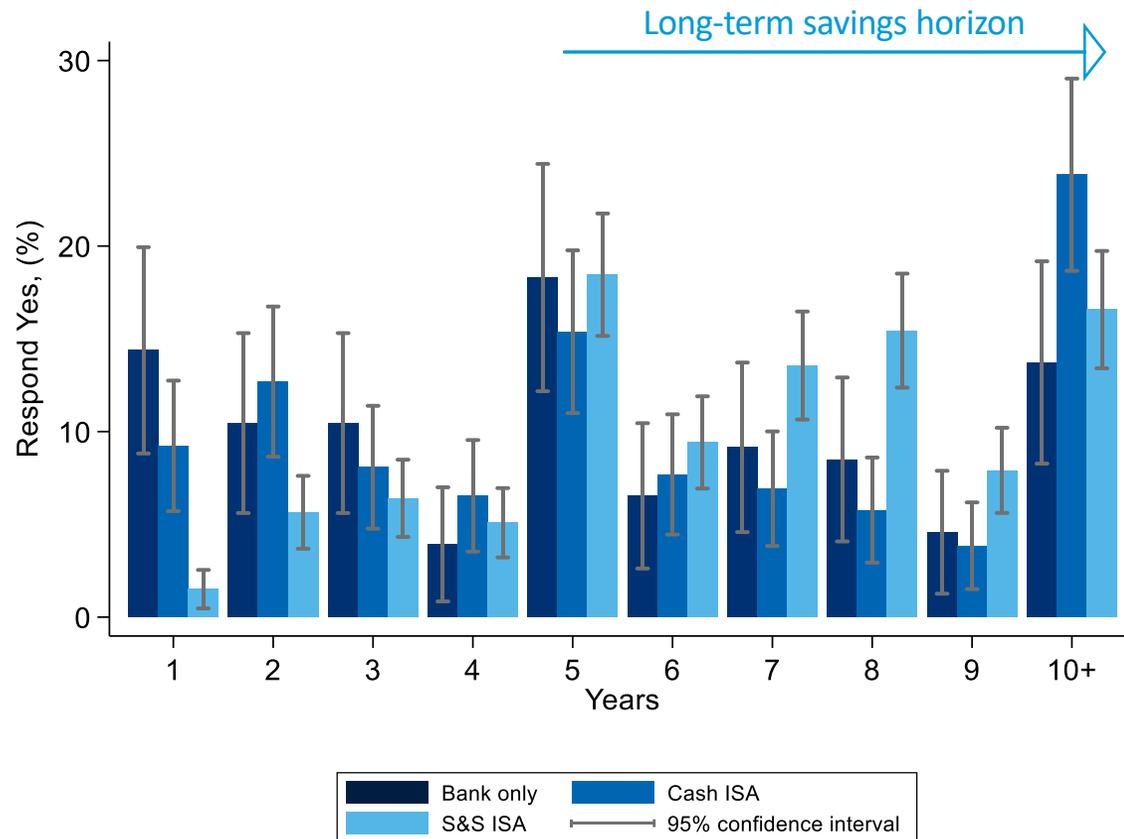


Estimates do not reduce with investment period by as much as we might expect

Many of those with cash holdings expect to withdraw their money after 5+ years



When do you expect to withdraw the savings in your ISA or bank account?



Of those consumers who knew when they were planning to withdraw their savings (40% of Cash ISA sample and 28% of Bank account sample)...

...a large proportion have savings horizons of 5+ years:

- 85% of the Cash ISA sample had savings horizons of 5+ years
- 89% of the Bank account sample had savings horizons of 5+ years

Note: Figure based on a comparison of the three samples (i.e. not a regression result). The graph excludes participants who selected 'don't know'/'prefer not to say'.

Why are women more likely to miss out on the benefits of investing?

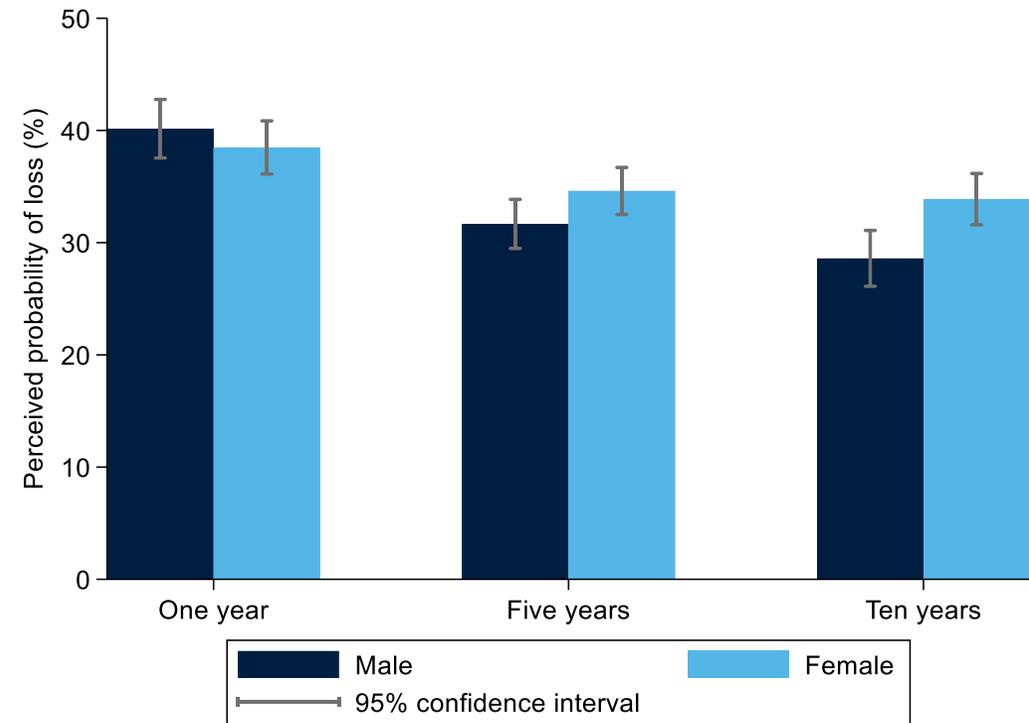
On average, women expect a higher probability (than men do) of losing money from investing in S&S ISAs in equities over 5 or 10 years

On average, women are more likely (than men) to be highly loss-averse

On average, fewer women (than men) report that 'people like you' are likely to invest in S&S ISAs

On average, women find it less easy (than men) to complete the S&S ISA customer journey...

Expected probability of realising a loss from investing in a S&S ISA in equities over a one-, five- and ten-year investment period, by gender



Note: Figure based on a comparison of the three samples (i.e. not a regression result). Based on answers to the question: 'What do you think is the probability of losing money (i.e. your investment going down) in a Stocks and Shares ISA in equities, over a ten-year investment period?' Graph shows the average expected probability of losing money in a S&S ISA in equities across all participants of the sub-samples and gender.

How easy did you find it to do the following?

—

	Proportion of participants stating that it is 'difficult' or 'very difficult'		
	All	Women	Men
Select which fund to invest in	27%	31%	24%
Work out the differences between different types of S&S ISAs so you could compare them?	27%	33%	22%
Understand the language used to describe S&S ISAs	25%	34%	18%
Select an S&S ISA to invest in	24%	29%	20%
Match what you wanted/needed with the S&S ISAs on offer?	24%	28%	20%
Complete the purchase of an S&S ISA	18%	21%	15%
Find information about S&S ISAs	16%	20%	14%

Note: This question was asked to participants who said that they had looked for information about S&S ISAs.
Potential answers: 'very easy'; 'easy'; 'somewhat easy'; 'difficult'; 'very difficult'; 'don't know'; 'prefer not to say'.

On average, women find it *less easy* (than men) to complete the S&S ISA customer journey

Emotional responses reveal that certain terms are poorly understood

Proportion of participants who did not respond with positive emotional responses

	Bank only sample	Cash ISA sample	S&S ISA sample
Rate of return	47%	43%	27%
Investments	52%	46%	28%
Inflation	45%	41%	32%
Diversification	74%	74%	40%
Active and passive funds	87%	83%	46%
Tax-free wrapper	86%	84%	47%

Less familiar terms, especially for the Bank account and Cash ISA samples

On average, women are *less* likely (than men) to give a positive emotion-based response to these terms

Note: Positive responses: 'comfortable'; 'informed'. Other responses: 'anxious'; 'confused'; 'turned off'; 'don't know'; 'prefer not to say'. Calculated as the number of participants not responding 'comfortable' and/or 'informed', as a percentage of the sample.



What could be done differently?

What could be done differently?

The most promising potential solutions focus on providing simpler and clearer pre-sale information, and regular post-sale information

Consumers said that information from public figures / influencers, quality ratings, and price comparison websites would help them make a decision about S&S ISAs

Online tools were seen as helpful by many participants who had considered investing in an S&S ISA



We can seek to inform consumer perceptions of loss and risk



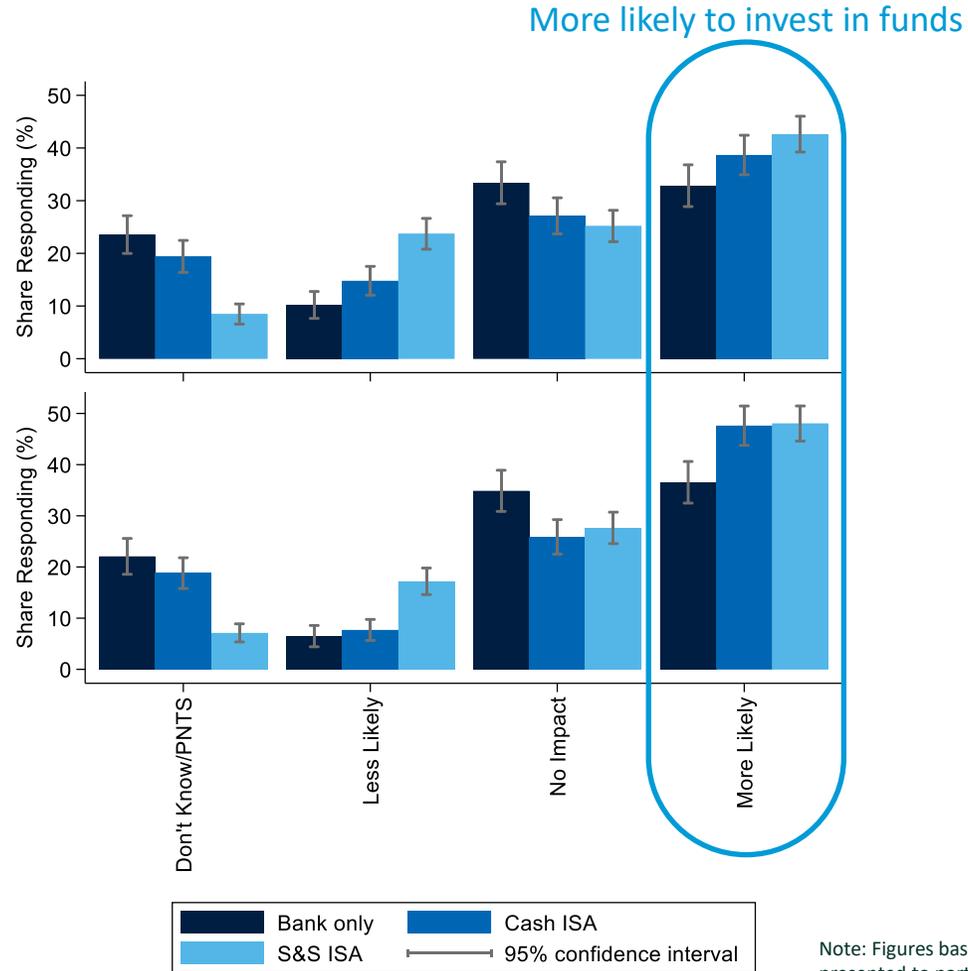
To what extent would each of these factors make you more likely to invest in funds?



Answer: funds are less likely to lose money in the long run



Answer: funds are low-risk



Note: Figures based on a comparison of the three samples (i.e. not a regression result). Other answers were also presented to participants. PNTS, prefer not to say.



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