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# Making sense of S&S ISAs

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*Prepared for*



**University of  
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# Foreword

Legal and regulatory communications designed to help consumers aren't doing their job. This isn't new news. The FCA has challenged firms to improve their communications and design with the consumer in mind. The Consumer Duty is in motion. Nevertheless, the FCA's own regulations and firms' risk appetite mean that consumers are still being presented with reams of text and complex jargon.

Firms' communications are putting people off investing. In 2022, TISA's work with Oxaera found that over 70% of people with £5k in a cash savings account didn't even consider investing in a S&S ISA because they thought it was 'too risky'. Of those that did try to open an account, between 21% and 24% dropped out of the investing journey when they sought to find out information about S&S ISAs or assess them for their own benefit.

In response, TISA has worked with its members and the University of Nottingham and Amplified Global to design and test three Key Features Documents (KFD). UX and functional design support for the Key Features Document (KFD) prototype was provided by EY-Seren. Each KFD was increasingly shortened and simplified:

- an Original KFD, considered compliant with regulatory requirements, pre-Consumer Duty (4,149 words)
- a Simplified KFD, considered compliant with regulatory requirements following the introduction of the Consumer Duty (2,131 words)
- And a Digital KFD, not fully compliant but based on what TISA members think consumers should know when investing (full text: 1,289 words; main screens only: 592 words)

## The findings of this research show that:

Firms can significantly shorten and simplify communications within the current disclosure regime. Firms must take action to improve their documents so they help consumers. Relying on 'readability scores' alone may not be sufficient. As the research shows, intelligibility sets a higher bar for firms: consumers must be able to read, understand and apply the information to their situation.

Disclosure regulations need a radical overhaul. Pushing too much information into single disclosures to solve for multiple purposes is not working well for consumers. This points to a need to rethink what the purpose of disclosure is and how it should be designed to deliver maximum consumer engagement across decision-making journeys.

Consumers want to know what the costs and charges will be early in their journey. They are wary of costs being sprung on them down the line. But complex charging structures are difficult to make sense of. Calculators can help but people need guidance to understand norms, like how many deals they might be expected to do within a year.

Consumers were keen to know more about, and select their investments when they were reading the KFDs. Digitalisation provides new ways for firms to join the dots between various disclosures. But it also creates questions about the level of information people are presented with. Our work digitised just the KFD. Adding the Key Investor Information for selected investments calls into question how much information would be presented to the consumer. What is it realistic to expect consumers to engage with?

Creating shorter disclosure in a digital journey, alongside interactive tools makes journeys more accessible and engaging for consumers. Personalisation helps people interpret complex costs and charges information. But layering information requires consideration of what information should be prominent and what information firms can safely deprioritise.

TISA looks forward to continuing its work to promote simpler, shorter disclosures that actually do their job and help consumers.

TISA is grateful to its members and other collaborators involved in this project. However, the authorship and findings of the report belong to the authors only. We would like to thank CMS Law for their support. We are also grateful to Amplified Global, Fidelity, EY-Seren, Hargreaves Lansdown, Lloyds Banking Group and the University of Nottingham for all their support and sponsorship [1] .

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Adviser to the board at TISA



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We would like to particularly thank Dr Sarah Sabbaghan for her excellent research assistance and Ewan Willars at Amplified Global for the summary of Amplifi scoring. We would also like to thank Professor John Gathergood and Edika Quispe-Torreblanca from the University of Nottingham for collecting the quantitative survey data (see Appendix 1).

Any errors or omissions are the authors.

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# Executive Summary

TISA's research with Oxera in 2022 showed that the customer journey creates barriers to investing. Between 21% and 24% of research participants dropped out of the investing journey when they sought to find out information about S&S ISAs or assess them for their own benefit. Challenges of language and layout are holding people back from engaging with disclosure.

This research used mixed methods to examine the language and layout of a Key Features Document. Three documents were created in consultation with a TISA [2] working group. They were increasingly shortened and simplified:

TISA is the The Investing and Savings Alliance. <https://www.tisa.uk.com/>

- **an Original KFD**, considered compliant with regulatory requirements, pre-Consumer Duty (4,149 words)
- **a Simplified KFD**, considered compliant with regulatory requirements following the introduction of the Consumer Duty (2,131 words)
- **And a Digital KFD**, not fully compliant but based on what TISA members think consumers should know when investing (full text: 1,289 words; main screens only: 592 words)

The Original KFD was created first. The Digital KFD was then created. The Simplified was created by taking the Digital KFD and making it compliant. Compliance was achieved by following the headings required of CONC 13.3.2; adding in the Keyfacts logo; incorporating standardised text used by the industry and providing additional context, e.g. in relation to risk, highlighting that past performance is not an indicator of future performance.

UX and functional design support for the Key Features Document (KFD) prototype was provided by EY-Seren. The KFDs were assessed by Amplified Global to check their difference in intelligibility. A total of 60 qualitative interviews were conducted with research participants (20 per KFD) and these were supplemented with eye-tracking during a 5 minute reading task. Additional survey data was gathered on complexity of terms commonly associated with S&S ISAs.

This report first sets out the background to the research, the approach taken and the methods used. It then reports the results in four parts.

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<sup>2</sup> TISA is the The Investing and Savings Alliance. <https://www.tisa.uk.com/>

## PART 1

### Validating the efforts to simplify KFDs

Amplifi's Intelligibility Assessment shows that the Simplified and Digital KFDs are simpler than the Original KFD across a variety of metrics. The results for the Simplified KFD demonstrate that an easy to read and compliant document can be constructed.

“It was not as difficult as I expected. When you told me it was going to be something around stocks and shares ISA, I thought it might be harder than it was.” (S12, reading Simplified KFD).

The variety of metrics show that condensing information increased some complexity, but overall shortening the document, reducing sentence length and simplifying how concepts were described improved readability and overall intelligibility.

To be intelligible in legal and regulatory terms, information must leave the reader in a position to evaluate the risks and benefits and understand the financial implications of their decision. It is a higher bar than 'readability'.

“I think it was pretty well laid out. I liked the bullet points, I find them easier to read than long bits of text.” (S17)

Test Document	Document length (words)	Reading duration (average adult)	Intelligibility score	Accessibility
Original KFD	4149	21 minutes	65.8	Likely to be understood by a reader who has a GCSE (5 grade A*-C) education or equivalent. Around 72% of the UK adult population.
Simplified KFD	2131	11 minutes	74.5	Likely to be understood by a reader who has a GCSE level of education. Around 82% of the UK adult population.
Digital copy (full text)	1289	6 minutes	73.7	Likely to be understood by a reader who has a GCSE level of education. Around 82% of the UK adult population.
Digital copy (main screen only)	592	3 minutes	85.0	Likely to be understood by a reader who has a pre-GCSE (Secondary) level of education. Over 90% of the UK adult population.

## PART 2

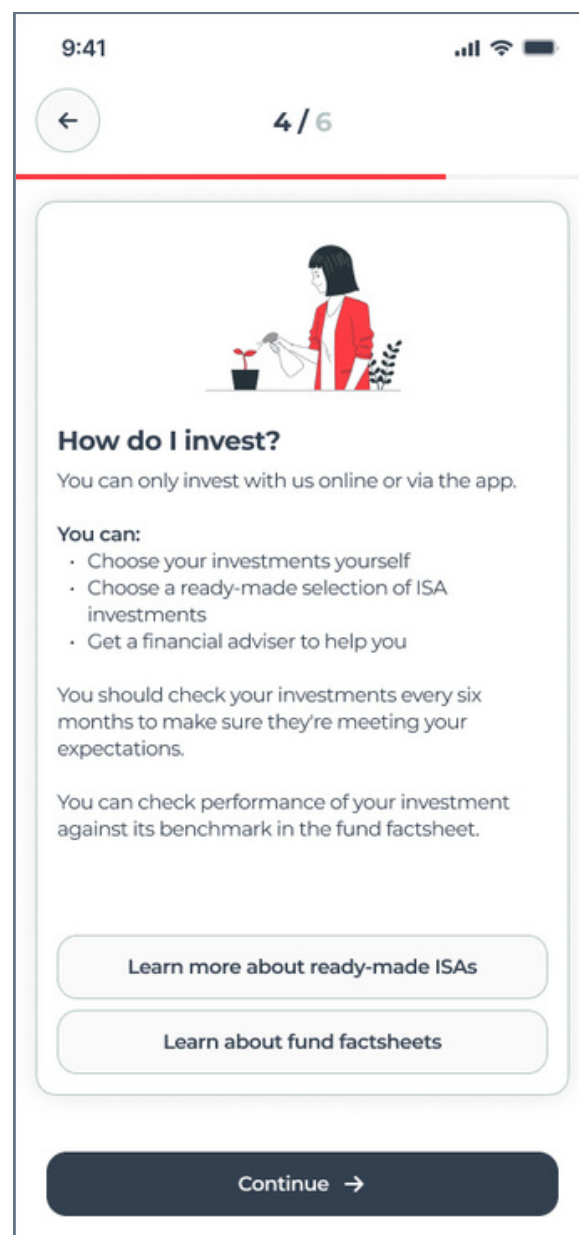
### Making information more accessible

Part 2 of the report draws on the data from the qualitative testing of the documents and the survey data. It shows shorter information is more likely to be read in full, in time-constrained scenarios. Simplified language eases reading and makes it easier for people to understand.

“It was quite straightforward and quite simple. I mean, there was no complicated language. I could understand what it was trying to tell me, so that was good and it was quite short, which I liked. I think sometimes when you get a lot of information it can be quite hard to digest. So that was quite useful” (D3, reading the Digital KFD)

“I thought the text was accessible. I think it was just about right. I didn’t think it was, it was formal. But it had the right level of informality to keep me reading it.” (S1)

All participants managed to finish reading the Digital KFD in the five minute reading task. No participant reading the Original or Simplified version managed to complete reading within the allotted time. Readers of the Original version reached, on average, page 9 of the document (reading 66% of the document) and readers of the Simplified version, on average, reached page 7 (reading 87.5% of the document).



Disclosure requirements may need to take more account of the time that people are willing to engage in documents.



In the post-reading interview,

- 17 readers said that they would be likely to read the Digital KFD in full;
- 18 readers said that they would be likely to read the Simplified KFD in full.
- 13 readers said that they would be likely to read the Original KFD in full.

People who read the Original and Simplified versions of the document displayed a different reading approach to those who read the Digital version. Readers of the Digital version were more likely to read methodically with their eyes resting on every word. However, people reading the Original and Simplified were more likely to skim backwards and forwards. This suggests that more consideration should be given to how channel effects people's approach to reading and how this effects their engagement.

Participants encountered difficult words and phrases whilst reading all versions of the KFD. Eye-tracking identifies difficult words and phrases by identifying where eyes rest on a word or phrase longer than the average. People spent longer fixating on words in the Original KFD than the Simplified and the Digital.

Survey data confirmed words identified in the eye-tracking data that people find difficult are also considered difficult by the general public.

### **Four types of terms made the reading experience harder for people:**

- Words with multiple, nuanced meanings. For instance, 'investment' is used in different ways to convey information related to both the general act of investing as well as specific individual investments.
- Familiar terms in unfamiliar contexts. For instance, the use of the word 'subscription' to mean the contribution of money to a fund, is not common and caused people to pause.
- Unfamiliar terms for regulatory purposes. For instance, 'bid-offer' spread is a key term used to explain underlying investment charges but is not well understood. As also noted in the survey, public opinion is that very few people would understand this term. Information about charges is required for regulatory purposes: it is important in ensuring consumers are equipped to know where charges might arise. But currently, the information is not transparent enough to be helpful.

- Words with less immediate relevance. The “civil partnership” concept caused difficulty for a number of participants. It is likely that this term is less familiar to those for whom it is less relevant. Greater personalisation in future may help ensure information is made more prominent for those to whom it is more relevant.

Shortening documents, simplifying jargon and concepts can contribute to an improved reading experience for consumers.

## PART 3

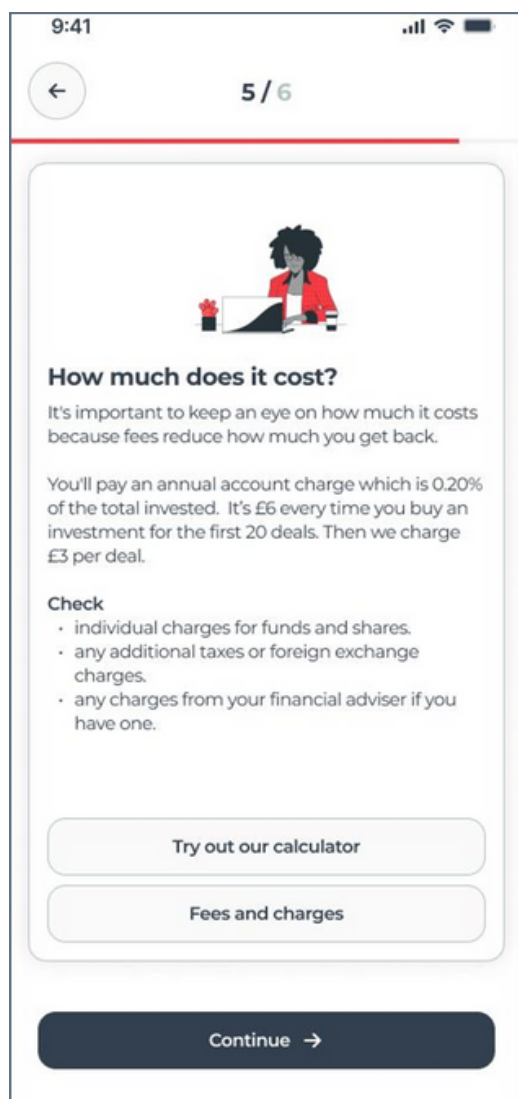
### Helping people assess the information

Part 3 explores the analysis of the qualitative interviews with research participants. It shows that even where information is simpler, it can still be difficult to recall in full. People understood the benefits and risks associated with the product, however, they struggled to recall clearly information about fees and charges; how to check their investments; and the distinction between advice and guidance.

“...but I think when you’re giving lots of information about costs, it’s harder to remember and interpret” (D3)

Complex charging structures create friction for readers.

“So it was a bit of a surprise to see that there are charges coming from different places for different reasons.” (D16)



Consumers want to receive the information in the KFDs, early in their decision making journey. They expect to use other sources of information for shopping around (e.g. internet).

Consumers may not be aware of KFDs until late in the journey when they are making their application. This points to the need for a rethink about the purpose of disclosure and whether it is meeting consumers' needs.

“You should know most of this stuff before you decide to invest...” (D13)

The layout of information can help consumers navigate through the information and people particularly liked the Digital KFD for the separation of information and bitesize chunks.

People appreciate tools that help them personalise information because it makes it easier to interpret what it means.

The calculator in the Digital KFD was particularly welcomed, but people needed additional information to understand how it would apply to them: for instance, the number of deals they might be likely to make in a year.

“I think what I appreciated at the end of the calculator was it kind of gave me, a rough annual cost. And that made me feel comfortable. Whereas when I read the information on the costs, I got a bit like that’s a lot of different charges.” (D5)

“It is a nice idea, but I don’t think I would know what numbers to put in.” (D19)

Trust is important and is a multifaceted concept. Consumer trust is built through the reputation of the sector and the brand as well as the information provided. A perception that information is being withheld can damage trust. In particular, readers wanted more information about the investments they could select. The missing information negatively influenced readers’ trust in the information they were shown.

## PART 4

### Designing for the future

Part 4 examines the Digital KFD, setting out the considerations that drove its design and the response of consumers to the information it contained.

Research participants particularly liked the Digital KFD, because they perceived it as more accessible and easier to engage with than the Original KFD.

“It was easy to get through. I could see what I was doing and where I was going” (D16)

“Pretty concise, organised... easy to follow... the way it’s put together makes you feel quite comfortable.” (D7)

The Original KFD was seen as long, legalistic, boring and confusing. Readers were able to read the information in the Digital KFD within the five minute reading task. This was not the case for the Original and Simplified documents.

The Original KFD is for “somebody who has experience in terms of language and product” (O8, reader of the Original KFD).

However, creating concise documents required prioritising information and deprioritising other information to the ‘layers’ which readers must click through to view.

The screenshot shows a mobile application interface for a 'Cost calculator'. At the top, the time is 9:41 and there are signal, Wi-Fi, and battery icons. Below the status bar is a close button (X) and the title 'Cost calculator'. The main content area is titled 'Estimated fees' with a sub-note: 'This calculator only provides an estimate of what your fees might be based on what you've told us.' A green checkmark icon is positioned above the first item. The items are listed as follows:

Annual account fee	<b>£10.22</b>
Dealing charges	<b>£30</b>
Fund charges	<b>£25.51</b>

Below these is a section for 'Estimated costs' with the sub-note: 'Cost for one year based on 5% return.' The total estimated cost is **£65.73**. A final note states: 'You can change how much you invest, the number of deals or the likely fund price to adjust the total fees you pay.' At the bottom of the screen is a dark blue button labeled 'Recalculate'.

People did not routinely click on all the additional information available to them. This highlights the importance of careful design to ensure both prominence and adequate information are maintained.

“I wouldn’t click on all the extras” (D9)

.The most clicked on link was the 'download' button at the end of the Digital KFD, suggesting that people like the certainty of having the information and that 'durable medium' still has a role to play in a more digital future.

Despite the positive comments about the Digital KFD, the lack of familiarity did mean that people were nervous about whether it was hiding information.

“...it kind of feels like some of the information might be missing. I mean, it's ridiculous because I much prefer this as an interface and think it gives me more useful information...” (D3)

# Conclusion

The research concludes that improved language and layout of a Key Features Document is possible. However, participants expect to find out about much of the information in a KFD earlier in their journey through the website. This calls into question the purpose of lengthy disclosures like the KFD; and what the role of more general disclosure is in the decision making process.

A Digital KFD could be important for improving consumer engagement with products. However, readers did not read all of the layered information contained in the Digital KFD. This highlights the importance of being clear about what information should be prioritised on the main screens, relative to other information which while important, can be deprioritised.

Further, a Digital KFD did not, in this small sample, improve recall of the information relative to the Original or Simplified KFD. Research participants also exhibited different ways of reading the information in the Digital KFD in comparison to the other KFDs. Further research would be helpful to understand how digital journeys may impact reading approaches and any impact on recall of information and consumer comprehension.

Whilst readers liked the Digital KFD, it's unfamiliar and shorter format did give rise to concerns information might be missing. Further consideration should be given to how to ensure shorter information is perceived as (and indeed is) trustworthy.