I|F|I|E
INTERNATIONAL FORUM FOR INVESTOR EDUCATION

**I WANTED TO GO BACK TO A CHALLENGE THAT THE REGULATOR IN GERMANY BaFin INTRODUCED, ABOUT HOW RETAIL INVESTORS CAN ONLY BE REACHED ON A VOLUNTARY BASIS. TO WHAT EXTENT AND HOW CAN SECURITIES REGULATORS AND OTHERS WORK COLLABORATIVELY WITH OTHER STAKEHOLDERS, FOR INSTANCE WITH FINANCIAL ADVISORS, IN THE DELIVERY OF INVESTMENT RISK EDUCATION INITIATIVES?**

**Answer:** Financial professionals and other stakeholders can play a valuable role in delivering investment risk education. Advisors, for instance, have the ability to reach clients directly. The degree that regulators feel comfortable working with those they regulate will vary. FINRA materials such as Investor Alerts have been used on occasion in mailings firms deliver to their customers—and regulated firms that seek permission to do so are generally permitted to link to FINRA content (although the firm may not state or imply that the link constitutes FINRA's endorsement of the firm). FINRA also involves firms in the review and qualitative testing of tools and other investor protection initiatives.

**OUR FINAL QUESTION TODAY IS ABOUT THE CURRENT SITUATION GLOBALLY WHERE WE HAVE AN EXTENDED LOW INTEREST RATE ENVIRONMENT, A LARGE PORTION OF THE POPULATION RECENTLY OR SOON TO BE RETIRED, AND INCREASED INDIVIDUAL RESPONSIBILITY FOR FINANCIAL SECURITY IN RETIREMENT. GIVEN THAT GREATER RETURNS GENERALLY MEAN TAKING ON GREATER RISK, AND THAT MANY INVESTORS ARE BECOMING**

**AWARE THAT THEY DO NOT HAVE SUFFICIENT FUNDS TO FINANCE THEIR RETIREMENT, HOW SHOULD REGULATORS OR OTHER ORGANIZATIONS INCORPORATE THIS INTO THEIR RISK EDUCATION PROGRAMMES?**

**Answer:** First and foremost, we need to be mindful that investors who feel behind in their saving and investing may turn to “yield reaching” and higher risk products in an effort to catch up. We have to build this into our planning and create educational products that address this situation. We also need to recognize that investors who try to make up for lost time may also be more susceptible to financial fraud. As one investor who got involved in an oil and gas fraud confessed, he was trying to hit a home run rather than go for the base hits.

Focus groups and other cost-effective ways can be used to understand what investors are feeling. Qualitative research can also help us design risk education products and campaigns that these investors are likely to respond to.

Finally, keep the messages positive and attainable. Small steps over time can change behaviors and financial situations. We’ve seen with debt management: planning and incremental changes can erode and even erase debt.