INTERNATIONAL FORUM FOR INVESTOR EDUCATION

Webinar IFIE - 8 June 2016

IFIE Virtual Boot Camp Part I -- in Conjunction with IFIE/Americas Chapter and IFIE/Americas Working Group on FC/IE Content Development/Distribution

A Cost-Effective Strategy for Building Financial Literacy Part I

QUESTIONS & ANSWERS

Question 1. Which resonates better with an audience/ which message will they retain better from your experience....what to do, positive reinforcement or what not to do, ... negative reinforcement?

In most cases positive messages work better. It is better to say "Follow these steps and you will get good results" rather than "Don't do….". The positive gives a direction for action while the negative does not tell a person what they should do to get a good result. A good example is the difference between saying "Save a little for the future from each pay cheque. Here is how…" versus "Don't spend more than you earn".

Of course, there are some cases when the only valuable thing to convey is "don't do it". A good example is "don't be pressured into buying investments over the telephone. If there is pressure to buy, it is probably a scam".

Question 2. Isn't there a risk when using third party partners like advisers that persons believe that the regulator is "in favour" of one market participant over another. How does the regulator ensure their independence comes through?

I can think of three situations that apply.

The first is that an advisor or firm wants to use your material, and you suggest they create a link to your website at the end of a brief introduction to your material that they create. This is just an advisor referring to an independent website and your independence should be clear on your site.

Second, many advisors like the idea of directing clients to third party independent partners who are credible because of their independence, but their company doesn't always let them. You can negotiate permission for a group of advisors to distribute, but it is easier to do so if you don't insist on branding your material. Let the FI put it under their name with a small acknowledgement of source. If it has the FI brand and not yours, there is no reason for the public to feel you favour one market participant over another. If you have concerns, you can certainly offer the same material to other firms and leave it to them to decide whether they wish to do the same.

The third situation is more tricky. In this scenario a vendor asks you to create material for them in return for sponsorship or support of some kind. They want your brand to appear on the material. Even if you offer the same opportunity to other firms, this can be readily seen as 'compromised material'. Let me take a page from my own practice and suggest a similar strategy. You first seek agreement from the party who wants the work that you will create fair and balanced content, but if they want to use your name in conjunction with the material, they cannot censor it in any way. When the material is used, you need a legible footnote that explains the conditions of your work as part of the document. Is this strategy always effective in stemming a suspicion of bias? No, in my experience it isn't always effective, but it works more often than not. The other two situations are much more predictable.

Please see my IFIE presentation on "Working with the Private Sector" for additional comment.