

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Consumers in the financial market

Financial Services Consumer Panel annual survey of consumers 2000

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Fieldwork

BMRB International carried out the fieldwork for the survey and provided the data analysis. In total 1,122 interviews were carried out between 18th September and 15 October 2000 with financial decision makers aged over 21 in the United Kingdom.

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Notes to the tables and figures

As data presented in tables are rounded to the nearest percentage unit, column percentages may not add to exactly 100 per cent. As some questions allowed multiple responses some columns may total considerably more than 100 per cent.

As not all questions were asked of all respondents (and not all people who were asked them gave an answer), bases in the tables vary. Unless otherwise stated, people who were not asked the relevant questions and those who refused to answer are excluded from the calculation of percentages in a given table. All tables are to be found in Annex A.

The following conventions have been used within tables:

- no observations
- * less than 0.5 per cent.

The graphical presentation in the figures have usually been taken from the tables in Annex A. For some figures, because of rounding, the percentages stated on the bars do not always sum to 100% although the base of the figures show a scale to 100%.

Some of the data from this data from this survey has previously been published in the Panel's Annual Report 2000, together with changes in key data over the five years the survey has run. When using data from the two reports, please note that data has sometimes been reported in different ways. In particular, in this report, data from the 1999 and 2000 surveys has in some cases been merged in order to allow more detailed analysis.

This is the report of a survey of financial decision makers in households in the UK, the latest in a series of annual consumer surveys conducted by the Financial Services Consumer Panel and, before it, by the Personal Investment Authority Consumer Panel.

The Financial Services Consumer Panel was set up by the FSA in December 1998 and it will be placed on a statutory footing during 2001 by the Financial Services and Markets Act. The Act requires the FSA to maintain a panel of people to represent the consumer interest. We do this by:

- advising the FSA on its existing and evolving policy;
- monitoring the effectiveness of the FSA in pursuing its statutory objectives;
- keeping under review developments in financial services in so far as they have an impact on consumers;
- being accountable by reporting our findings and recommendations publicly.

During its first two and a half years the Panel has emphasised the value of research among the public. The new approach to financial regulation offers a prospect of greater consumer protection than in the past, but that will become a reality only if policy development is based firmly on understanding ordinary people's experiences, knowledge, beliefs and attitudes. This general survey has been one of the sources of research data used by the Panel in making its recommendations. In particular, the Panel has used it to draw attention to the wide diversity of needs and resources among customers of financial services. We hope that others will also find the survey data useful.

More information, including our Annual Reports, public statements and other research reports, can be found on our website www.fs-cp.org.uk.

Colin Brown
Chairman
Financial Services Consumer Panel

- 1 Approaches to financial decision-making are determined by a variety of factors, including the extent to which people are 'financially literate', how confident they feel about making their own financial decisions, and whether or not they have a clear idea of the types of financial products and services they need. The degree to which people are 'risk averse' also has an impact on their financial decision-making. Finally, their ability to save will be central to their capacity to buy financial products and services.
- 2 On the whole, the wealthier people in the sample and those in social grade AB were also the more financially literate. Equipped with money and knowledge, they had a clear idea of the types of financial products they needed and were fairly confident about making the right decisions. At the other end of the spectrum, there was a wholly rational relationship between people finding saving difficult and being risk averse. With far fewer financial resources to draw on, these people were less able to save, and more likely to safeguard what little money they had. As a result, they were less willing to take risks financially, nor were they able to do so.
- 3 Conducting regular financial reviews was also clearly linked to economic well-being, increasing steadily with income and financial wealth, and the number of savings and investment products held. Regular reviewers tended to be financially literate, and were among the more experienced investors, who had been buying products for five years or more. They were likely to own the types of products that were more prone to market fluctuation, such as stocks and shares, and therefore require closer monitoring. In contrast, people who never reviewed their finances were overwhelmingly concentrated in the lowest income group. Most of them had financial wealth of less than £2,500 and found it difficult to save.
- 4 People generally considered savings and investment products straightforward to take out. Savings accounts, particularly cash ISAs, were regarded as the most straightforward products to take out. Mortgages were considered the least straightforward product to take out – 36 per cent of people who had ever been mortgage-holders agreed that home loans were difficult to take out.
- 5 Seeking pre-purchase advice was considered important for all savings and investment products, but especially for pensions and mortgages. In addition, the great majority of people who had ever taken out a life assurance savings product, a life assurance product, or a personal pension agreed that it was vital to consider the expected returns on these products before purchasing.
- 6 In terms of understanding charges, around half of respondents who had ever taken out investment products, life assurance products and pensions said they found it difficult to understand the charges levied on them. The majority (62 per cent) of people who had ever taken out a mortgage agreed that it was difficult to compare the costs of different types of mortgages.

- 7 Looking at the factors that may influence people's decision to buy savings and investment products, reliance on 'big name' companies and past performance was most common among people who were on lower incomes, had few financial products, found saving difficult, and were risk averse. In contrast, people with higher incomes, considerable financial wealth, more products, and the financially literate tended to place greater reliance on the comparative costs and charges of products.
- 8 The great majority of people (81 per cent) disagreed with the statement that *'The best time to invest in a pension is in your 40s'*. Those most likely to disagree were aged between 25 and 54. Levels of disagreement rose with income and the number of products currently held, so that the vast majority of people with more than four products did not agree that the best time to invest in a pension was in your 40s. The fact that people on lower incomes were most likely to agree that the best time to invest in a pension was in your 40s may have important implications for stakeholder pensions.
- 9 In general, people demonstrated fairly low levels of knowledge about the official bodies that regulate financial services. Around a third (31 per cent) of people said they knew of any financial regulatory bodies, although only 25 per cent could actually name one without prompting. The Financial Services Authority (FSA) was the best known of the financial regulators. Moreover, awareness of the FSA appears to have increased since the last survey: unprompted recognition of the FSA as a financial regulator doubled between 1999 and 2000 (from 6 per cent in 1999 to 12 per cent in 2000), while remaining about the same for other regulators. When asked directly whether they had heard of the FSA, 34 per cent of people said they had compared with 12 per cent in 1999.
- 10 Around half of people (49 per cent) had three or fewer products at the time of the survey, including 8 per cent who had none at all. At the other end of the scale, just under one-fifth of people (18 per cent) had seven or more savings and investments products. Those with higher levels of product ownership were the older, better-off respondents, and those categorised as financially literate. They tended to be more experienced investors and to have added to their investments within the past year. In contrast, people with no financial products were largely not working, and a high proportion of them were unemployed and receiving either Jobseeker's Allowance (13 per cent) or Income Support (23 per cent). Most had incomes of less than £6,500 per year, and social tenants were greatly over-represented.
- 11 In terms of the types of products owned, the majority of people (79 per cent) currently had a savings account with a bank or building society, and around 20 per cent of people had a cash ISA. Although 25 per cent of cash ISAs were owned by people with household incomes of less than £13,500 per year, they were predominantly held by people on higher incomes and with greater financial wealth. Almost half of cash ISAs were held by people with annual incomes of £25,000 or more (46 per cent), and financial wealth of £20,000 or more (48 per cent). These patterns were magnified in relation to equity ISAs – 60 per cent of equity ISAs were held by people with annual incomes of £25,000 or more; and 66 per cent of equity ISA holders had financial wealth of £20,000 or more.
- 12 Within the previous year, a third of people had bought a savings or investment product. The greatest proportion (19 per cent of all respondents) had taken out a savings account, of which cash ISAs were by

far the most popular. As a whole, recent purchasers were just as likely to be women as men. Most recent purchasers were aged between 25 and 44, lived with their partners and children, and owned their own home with a mortgage. The majority were working full-time. High earners were significantly over-represented among recent purchasers, comprising 36 per cent of the total sample, but 53 per cent of recent purchasers. Similarly, financially literate consumers predominated among the recent purchasers, whereas the risk averse and those who found saving difficult were significantly under-represented. Finally, recent purchasers were much more likely to belong to social grades AB and C1.

- 13 There was little evidence of people 'shopping around' for savings and investment products. Purchases of these products in the previous 12 months were typically made using one source of information (usually a financial adviser) and after contact with just one financial services company. It seems, then, that people do not do what they say they do – 78 per cent of respondents agreed that they tended to shop around to get the best deal, and 84 per cent agreed that it was best to speak to several people before buying financial products and services. Even so, consumer confidence was generally very high – 88 per cent of recent purchases were made by people who felt confident that they had sufficient information to make the right decision.
- 14 The majority (85 per cent) of people had bought at least one product through an adviser at some time in the past. Within the previous 12 months, 36 per cent of people had sought financial advice, of whom half (18 per cent) had gone on to buy a product while the other half (18 per cent) had not. People who had bought a financial product through an adviser in the past year were generally satisfied with the explanations given by advisers across the range of features. Similarly, the great majority of people felt that advisers had shown a good understanding of their existing financial circumstances.
- 15 Overall, people in the survey held fairly favourable impressions of financial advisers, whether they had ever used one or not. The charges levied for financial advice prompted greatest dissatisfaction. In particular, people tended to think that the levels of commission charged by advisers were too high. They were also concerned about hidden charges, and advisers selling for commission rather than selling the best product for the consumer.
- 16 People who had sought advice held more positive views about financial advisers than those who had never done so, who had presumably formed their opinions from second-hand information and adverse media reports rather than personal experience.
- 17 Among those who had sought advice, the most positive opinions about financial advisers were expressed by people who had done so in the last 12 months. In particular, they were more likely to think that advisers explained things clearly; did not exert undue pressure on the consumer to buy products; and sold products that were good value for money. This may be explained in two ways. First, consumers who already have a favourable impression of financial advisers are more likely to seek advice, and to seek it more regularly. Second, although receiving advice may improve people's impressions of financial advisers, this may fade over time.

- 18 Of the people in the survey, 14 per cent had bought a financial product in the last five years that they later regretted. Endowment mortgages were by far the most common product that people regretted, both in absolute terms and relative to levels of product-holding.¹ So, although more people currently had a personal pension than an endowment mortgage, a much higher proportion of regrets related to endowment mortgages (19 per cent compared with 9 per cent for personal pensions). People generally regretted taking out endowment mortgages either because they felt they had received poor financial advice or because of poor performance. Regrets about personal pensions overwhelmingly centred on poor financial advice. In addition, 13 per cent of people in the survey had complained about a financial product or service in the past five years. Complaints largely centred on personal pensions, endowment mortgages and investment products.
- 19 One in five people (21 per cent) had let a financial product lapse or cashed it in. Endowment mortgages accounted for the largest proportion of lapsed products, followed by 'whole of life' life assurance, personal pensions, ten-year savings plans and investment/insurance bonds. On the whole, people stopped paying into products because of a change in their personal or financial situation, or because they needed the money.
- 20 Overall, endowment mortgages stood out as the product that was generally most problematic. They accounted for the largest proportion of regrets (19 per cent) and lapsed products (32 per cent). They also accounted for the second highest proportion of complaints (16 per cent). Not too far behind were personal pensions – they accounted for the highest proportion of complaints, the second highest level of regrets, and the third highest proportion of lapsed products. These findings are particular cause for concern since, not only are endowment mortgages and personal pensions widely held, but they also represent two of the major investments people are likely to make.

1 It should be noted that the survey was conducted around the time that endowment mortgages were attracting considerable criticism and media coverage was high about their likely inability to repay the capital on mortgage loans.

Section 1: Approaches to financial decision-making

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1.1 Approaches to financial decision-making are determined by a variety of factors, including the extent to which people are 'financially literate' – defined in this report as whether people enjoy finding out about new savings and investment products, their understanding of financial leaflets and materials, and how often they read the personal finance pages of a newspaper. People's attitudes to financial decision-making may differ depending on how confident they feel about making their own financial decisions, and whether or not they have a clear idea of the types of financial products and services they need. The degree to which people are risk averse also has an impact on their financial decision-making. Finally, their ability to save will be central to their capacity to buy financial products and services. Figures 1.1 and 1.2 summarise the response to people's level of agreements with statements on investments and savings. These provided the basis for categorising the approaches to financial decision-making.

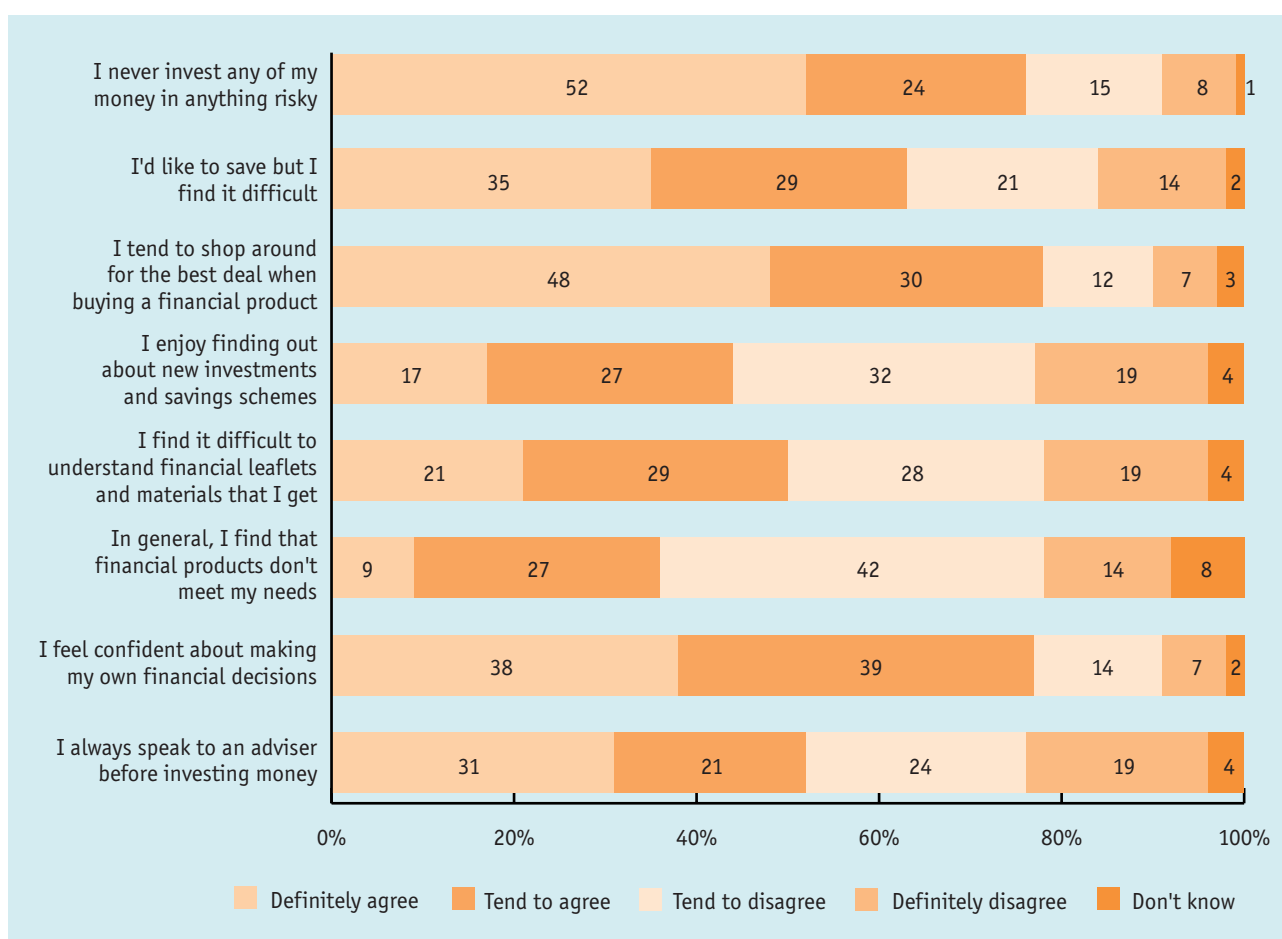


Figure 1.1: Level of agreement with statements on investments and savings – 1

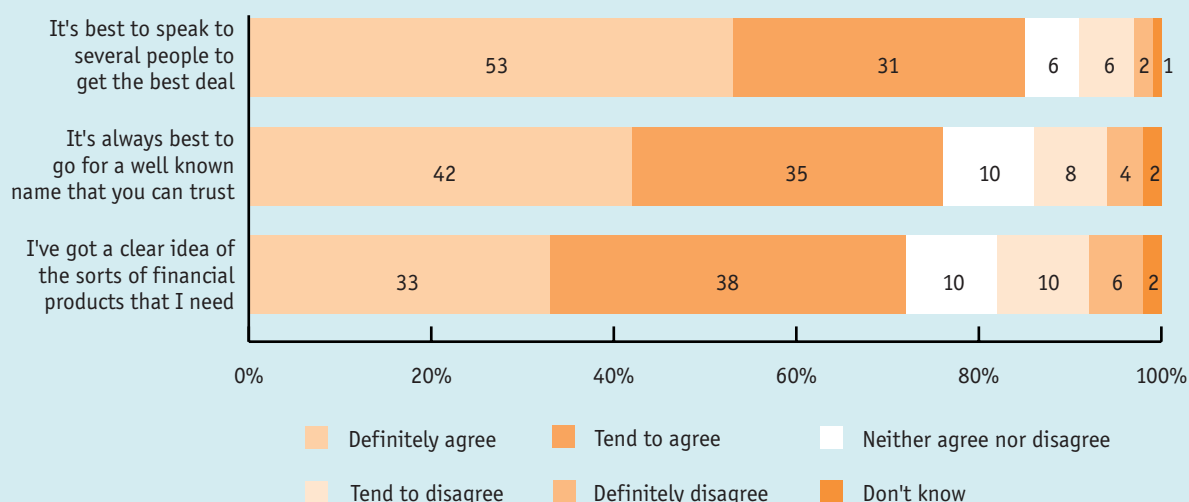


Figure 1.2: Level of agreement with statements on investments and savings – 2

Financial literacy

- 1.2 As in the 1999 Consumer Panel Annual Survey Report, the concept of financial literacy was captured using the three statements shown in Box 1. Just under half the people (45 per cent) in this year's survey were categorised as financially literate¹ (see Table 1). People in this group were typically aged between 35 and 64 and, although financial literacy tended to increase with age, it tailed off among the over-65s. Men were much more likely than women to be financially literate (51 per cent compared with 38 per cent respectively).

Box 1: Financially literate people

For the purpose of this report, people were categorised as 'financially literate' if they definitely agreed with the statement *'I enjoy finding out about new investments and savings schemes'*, or definitely disagreed with the statement *'I find it difficult to understand financial leaflets and materials'*, or said that they read the personal finance pages of the newspaper at least once a week.

- 1.3 Financial literacy was closely related to people's economic circumstances, rising sharply among those with annual incomes of £25,000 or more. At the other extreme, fewer than one-third of people in the lowest income band were financially literate. Similarly, financial literacy increased steadily with financial

¹ There have been a number of attempts to develop a definition of financial literacy, including that adopted for this survey (see Box 1); notable is the work published by the National Foundation for Educational Research: *Financial literacy in adult life*, (1996) by Schagen and Lines.

wealth, so that almost three-quarters of people with financial wealth² of £40,000 or more were financially literate. On the whole, financially literate people were 'on the up', that is, they were more likely to have seen their financial situation improve over the past 12 months and expected it to get better over the coming year.

- 1.4 Levels of financial literacy increased steeply with the number of financial products held. Nearly three-quarters of people with seven or more financial products were categorised as financially literate. Moreover, people classified as financially literate tended to own the types of products usually associated with greater financial wealth and sophistication, such as investments and stocks and shares. Financially literate people were mostly longer term investors, along with a smaller proportion who had started investing in the last couple of years. They were much more likely to have purchased a financial product of some kind in the last year, and were fairly confident about making their own financial decisions. This picture of financial literacy is built on in the following four sections and the information is drawn together at the end of section 5 to provide an overall impression of a financially literate person.
- 1.5 Turning now to the individual components of financial literacy, it was found that the people surveyed were fairly evenly divided between those who enjoyed finding out about new investments and savings schemes (44 per cent) and those who did not (51 per cent). Opinion was similarly split in relation to understanding financial leaflets and materials – 50 per cent of people agreed that they found financial leaflets and materials difficult to understand, while 47 per cent disagreed (see Table 2). Table 3 shows that the majority of people (55 per cent) hardly ever or never read the personal finance pages of a newspaper. At the other end of the scale, just over a quarter (28 per cent) read the personal finance pages every week or almost every week.
- 1.6 It was clear that very similar types of people said they enjoyed finding out about new financial products, found it easy to understand financial leaflets and materials, and read the personal finance pages of the newspapers at least weekly. Further analysis indicated a strong correlation between the three statements. So, an interest in finding out about new products, combined with a good grasp of financial leaflets and materials, tended to manifest itself in the regular reading of personal finance pages.
- 1.7 Consequently, 35 per cent of people who read the personal finance pages in the newspaper every week definitely agreed that they enjoyed finding out about new financial products, compared with only 8 per cent of people who hardly ever or never read those sections of the newspaper. In addition, regular readers of personal finance pages were nearly twice as likely to find financial leaflets and materials easy to understand than those who hardly ever read them. Even so, 31 per cent of people who read the personal finance pages every week also agreed that they had difficulty understanding this type of literature (see Table 4). This suggests that financial leaflets and materials may not be as accessible to people as they could be.

2 Financial wealth in this report is defined as the estimated total amount held in savings and/or investments at the household level, excluding property investments, investments made solely for paying off a mortgage (e.g. PEPs and endowments) and personal pensions.

- 1.8 Two other points are worth noting. First, 32 per cent of people who read the personal finance pages in the newspaper every week stated that they did not enjoy finding out about new financial products (Table 4). One explanation could be that this group read the personal finance pages to track their existing investments. Alternatively, they might feel they should read these sections of the newspaper, but find it more onerous than enjoyable.

Looked at another way, 38 per cent of people who definitely enjoyed finding out about new savings and investments at most only looked occasionally at the personal finance pages of the newspaper. These people might be passive recipients, rather than active seekers, of information. They could also, of course, be getting information from other sources such as specialist magazines or financial services providers.

Confidence

- 1.9 The degree of confidence consumers had, in relation to financial decision-making, was gauged using the responses to the two statements shown in Box 2.

Box 2: Confident consumers

People were categorised as confident if they definitely agreed with the statement 'I feel confident about making my own financial decisions', or with the statement 'I've got a clear idea of the sorts of financial products that I need'.

Overall, 38 per cent of people definitely agreed that they felt confident about making their own financial decisions. Slightly fewer (33 per cent) definitely agreed that they had a clear idea of the types of financial products they needed. However, it was notable that the two groups comprised quite different types of people (see Table 1).

- 1.10 People who felt confident about being able to make their own financial decisions were more likely to be men than women (42 per cent compared with 34 per cent). They also tended to be in social grade DE. The most striking feature about this group, however, was that people with no financial products were much more confident than product-holders about making their own financial decisions. One explanation for this could be that people with no products are in a state of happy ignorance – with no experience to guide them, they simply assume that they will be able to make their own decisions. Another explanation might be that, with relatively few options open to them, their financial decision-making is fairly straightforward and therefore they feel confident about taking these decisions.
- 1.11 In contrast to those who were confident, people who definitely agreed with the statement 'I've got a clear idea of the sorts of financial products I need' were more likely to belong to social grade AB. They tended to be better-off, to have more financial products, and to have been making investments for five or more years (Table 1).

- 1.12 As with financial literacy, there was a clear relationship between the two statements – 85 per cent of people who felt they had a clear idea of the types of products they needed were also confident financial decision-makers. Even so, 57 per cent of people who said they did *not* have a clear idea about the sorts of products they needed nonetheless stated that they felt confident about making their own decisions.

Risk aversion

- 1.13 About half of people (52 per cent) were risk averse, that is, around the same proportion as last year. In keeping with earlier work, the under-25s appeared to be the least risk averse, as defined in Box 3. Everyone older than that was a good deal more cautious, with the over-65s being the most cautious of all. Women were more risk averse than men (57 per cent compared with 46 per cent respectively) (see Table 1).

Box 3: Risk averse people

People categorised as risk averse definitely agreed with the statement ‘I never invest any of my money in something risky’.

- 1.14 High earners and people with the greatest financial wealth tended to be the least risk averse with regard to financial matters. In sharp contrast, those who were most risk averse painted a gloomy picture about their financial situation. Not only did they feel they were worse off than 12 months ago, they also expected things to deteriorate in the coming year (Table 1).
- 1.15 The vast majority of people who were risk averse had between one and six financial products. As might be expected, they were least likely to have the types of products commonly associated with higher risk, namely investments and stocks and shares. Even though they were product-holders, risk averse people said they currently had no money to add to their investments. In fact, most of them had not purchased any financial products in the past five years (Table 1).

Difficulty saving

- 1.16 Just over one-third of people (35 per cent) in this year’s survey said that they found it difficult to save money (see Box 4). The characteristics of this group were broadly what we would have expected to find.

Box 4: People who find saving difficult

People categorised as finding saving difficult definitely agreed with the statement ‘I’d like to save but I find it difficult’.

- 1.17 Younger people found it most difficult to save, with nearly half of the under-25s falling into this group. Across the age ranges, gender seemed to make little difference to people’s ability to save. There was, however, a close correlation between household type and the ability to save: most notably, half of lone

parents found it difficult to save. In contrast, couples with no children had least difficulty saving, regardless of age (see Table 1).

- 1.18 As we could have predicted, people who found it difficult to save had the lowest levels of financial resources, with relatively low incomes and little financial wealth. And, not only had their financial situation deteriorated in the last 12 months, they believed that it was also likely to get worse (Table 1). On the whole, then, this group seemed to be struggling to get by.
- 1.19 For the most part, this group's product-holding reflected their economic circumstances. People who found saving difficult tended to have up to three financial products at most, after which point ownership tailed off sharply. Although product-holding was fairly evenly spread across the range of products, they were least likely to have investments and stocks and shares. In fact, the majority of them had no money to invest, and few had bought any financial products in the past five years (Table 1). In other words, their difficulty saving was, for the most part, long-standing.

How these categories relate to one another

- 1.20 Drawing on the information outlined in the previous sections, some clear patterns emerge. First, the wealthier people were also the more financially literate. Equipped with money and knowledge, they had a clear idea of the types of financial products they needed and were fairly confident about making the right decisions.
- 1.21 At the other end of the spectrum, there was a wholly rational relationship between finding saving difficult and being risk averse. With far fewer financial resources to draw on, these people were unable to save, and wanted to safeguard what little money they had. As a result, they were not willing to take risks financially, nor were they able to do so.

Section 2: Financial planning

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- 2.1 Respondents were asked the series of questions about financial planning shown in Box 5. Although the majority of people (87 per cent) said that they had at some time reviewed their financial situation, only a minority did so regularly¹ (see Figure 2.1). The majority of people (57 per cent) who did review their finances kept a written record or documentation of reviews. Most people (68 per cent) conducted their financial reviews themselves, without professional advice or guidance.

Box 5: Financial planning

'When you review your financial situation, do you usually review it yourself or do you usually seek the advice of a professional?'

Which of the following best describes how often you review your finances?

- *I review them regularly as a matter of course to make sure my savings and investments are meeting my needs.*
- *I review them occasionally.*
- *I only ever review them when I really have to because of a change in my financial or personal situation.*
- *I never review them.*

Do you keep a written record or documentation of the review or not?'

Frequency of reviewing

- 2.2 On the whole, people's tendency to review their financial situation was related to their personal economic circumstances, the number of products they held, and the length of time they had been investing (see Table 5 and Figure 2.1).

1 Box 5 shows the wording of the questions on financial planning. The survey did not attempt to define 'review your financial situation'.

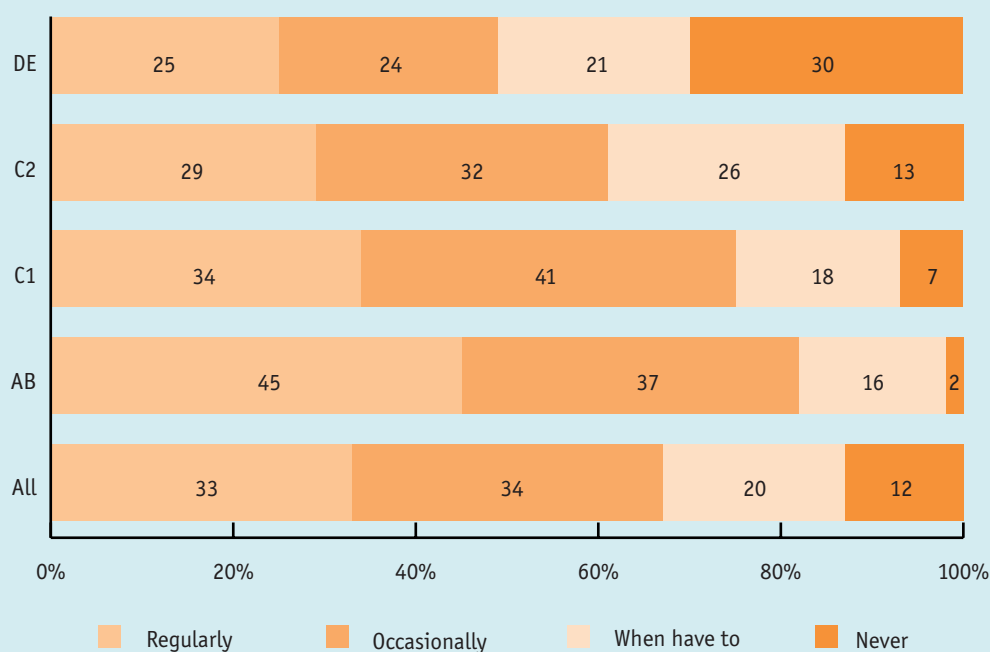


Figure 2.1: Financial planning – the frequency with which respondents say they review their financial situation, by social grade

People who review their financial situation regularly

- 2.3 A third of people (33 per cent) said they reviewed their financial situation regularly, and as a matter of course, to ensure that their savings and investments were meeting their needs. Regular financial reviewing was more common among some age groups than others. People aged between 25 and 34 were much more likely to be regular reviewers than the under-25s. The greatest proportion of regular reviewers was made up of people aged 55 to 64 (41 per cent); this contrasted sharply with much lower levels among those aged 21 to 24 and 35 to 44 (23 per cent and 29 per cent respectively) (Table 5).
- 2.4 One possible explanation for this variation may be that changes in financial planning behaviour correspond to life cycle changes. Between the ages of 25 and 34, for example, people start to set up their own homes, and so acquire mortgages and mortgage-related insurance policies. House purchase is also often a trigger for people to take out personal loans or buy goods on hire purchase for household items. As their use of financial services grows, people may be prompted to review and reappraise their financial situation on a regular basis.
- 2.5 At the other end of the life cycle, impending retirement might stimulate those aged between 55 and 64 to keep a much closer eye on their financial situation. This was borne out to some extent by the survey where older couples with no dependent children were much more likely than other types of household to be regular reviewers.

- 2.6 Regular reviewing was most clearly linked to economic well-being, increasing steadily with income and financial wealth. In addition, regular reviewers had typically seen their situation improve over the past year, and expected this good fortune to continue (Table 5).
- 2.7 Regular reviewing, as might be expected, was especially associated with people who had more products. So, while less than a quarter of people with between one and three products reviewed their financial situation regularly, over 50 per cent of those with seven or more products did so. Regular reviewers were also most common among experienced investors, who had been buying products for five years or more. On the whole, these people had bought a fairly broad range of products and were more likely than others to have investments and stocks and shares (Table 5). In other words, they tended to own the types of products that were more prone to market fluctuation, and therefore require closer monitoring.
- 2.8 Given what we already know, it is not surprising that regular reviewers were largely the most financially literate people, who had a clear idea of the types of products they needed, read the personal financial pages of the newspaper regularly, and were fairly confident about making their own financial decisions (Table 5).

People who review their finances occasionally

- 2.9 About a third of people (34 per cent) said they conducted occasional financial reviews. While occasional reviewing did not vary greatly with age, those most likely to be doing so were young couples with no children. It did, however, rise steadily with income, so that 41 per cent of the highest earners reviewed their financial situation occasionally, compared with 23 per cent of people in the lowest income group. In addition, occasional reviewers typically had financial wealth totalling between £5,000 and £10,000 (Table 5).
- 2.10 Occasional reviewers tended to own between one and six financial products. They were predominantly people who had only started investing relatively recently; 52 per cent of them had just started looking into investing (Table 5).
- 2.11 Taken together, this suggests that occasional reviewers are typically young dual income professional couples, who have started to build up their investments and to accumulate a financial asset base, in order to lay the foundations for future financial prosperity.

People who review only when prompted by a change in circumstance

- 2.12 A fifth of people (20 per cent) said they only reviewed their financial situation when they really had to, because of a change in their personal or economic circumstances. There was very little to distinguish this group from the general population, except that they tended to be risk averse and found saving difficult (Table 5). As noted earlier, these people were generally less well-off than others; with little money to invest, they probably considered more regular reviewing of their finances to be unnecessary.

People who never review their financial situation

- 2.13 One in eight people (12 per cent) stated that they never reviewed their finances, and they were overwhelmingly concentrated in the lowest income group. Most of this group had financial wealth of less than £2,500 and found it difficult to save. On the whole, the non-reviewers considered that their financial situation had deteriorated over the previous 12 months, and expected it to get worse over the coming 12 months.
- 2.14 Reviewing was also closely linked to the number of products held. So, half of people without any products never reviewed their financial situation, while those with more than four products were very unlikely not to review their financial situation. Only 1 per cent of people with seven or more products said they did not undertake such reviews (Table 5).

Keeping a record of financial reviews

- 2.15 Of the people who reviewed their financial situation (either regularly, occasionally or when driven to do so by a change in their circumstances), those most likely to keep a written record of their reviews were older couples with no dependent children, people with financial wealth of £40,000 or more, longer term investors, and people in social grade AB (see Table 6). Recording financial reviews was associated with the number of products held: 75 per cent of people with seven or more products kept written records of their financial reviews compared with 48 per cent of people with between one and three products. In addition, the majority of people who reviewed their financial situation regularly with professional help kept written records of these reviews (82 per cent) (Figure 2.2 and Table 6).

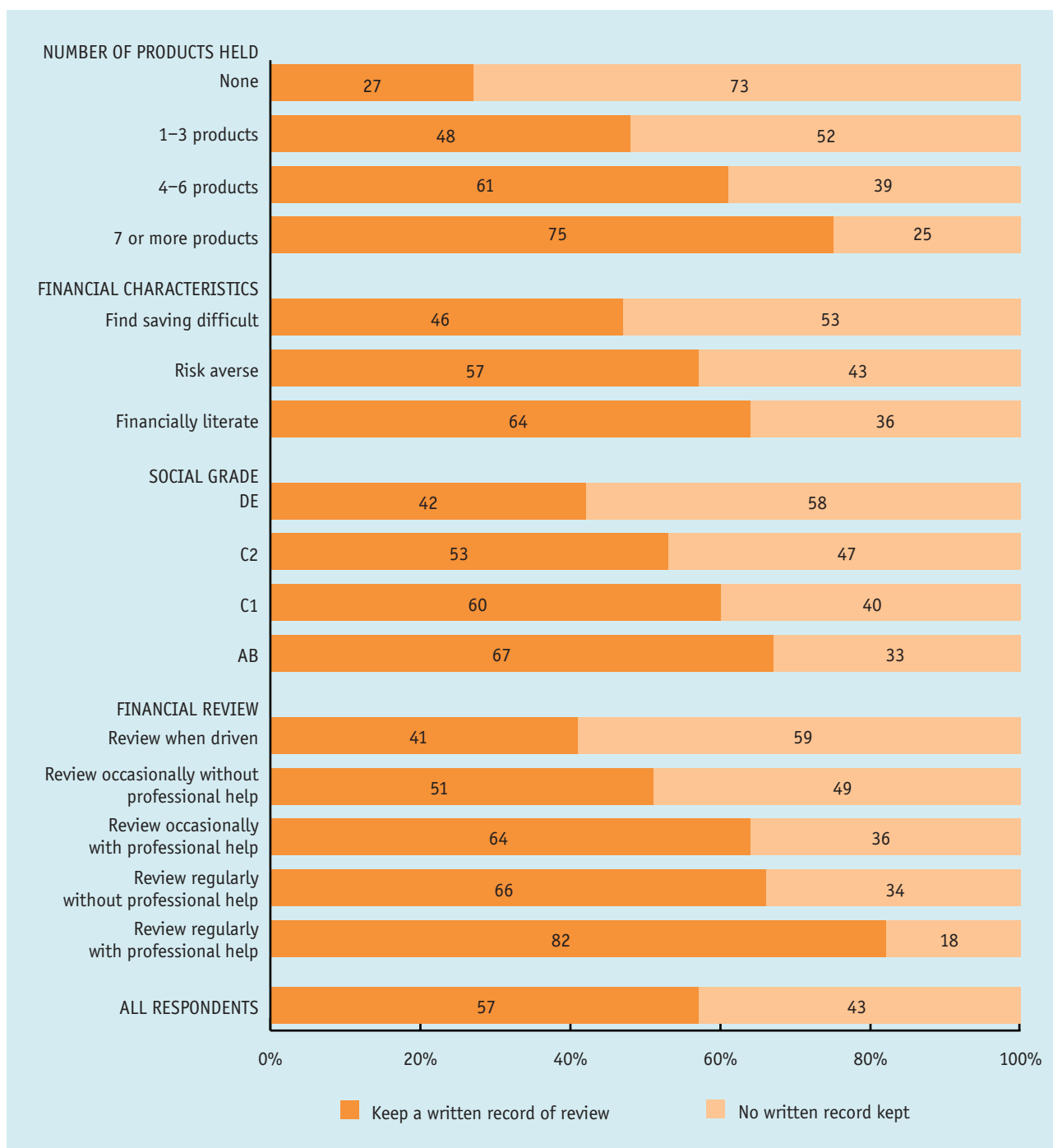


Figure 2.2: Keeping a written record or documentation of financial reviews, by selected respondent characteristics

How finances are reviewed

2.16 As already mentioned, 68 per cent of people reviewed their financial situation without professional advice or assistance. Only a fifth of people (22 per cent) reviewed their finances with the help of a professional adviser. For the most part, a review with a professional adviser was prompted by the consumer rather than the adviser. The people who most used financial advisers were financially literate consumers aged between 45 and 64 and couples with no children. Distinguished by high incomes, these people were also optimistic about their financial situation (see Table 7).

- 2.17 Using an adviser was clearly linked to product-holding – the greater the number of products they had, the more likely they were to have sought help in reviewing their finances. A quarter of people with between four and six products fell into this group, rising to around one-third of those with seven or more products (Table 7). The correlation between advice-seeking and purchasing is discussed further in section 8.
- 2.18 In contrast to the self-reviewers, people who reviewed their finances with the help of a professional adviser lacked financial confidence to a surprising extent (Table 7). There are two plausible explanations for this finding: they may seek assistance because they do not feel confident enough to make their own decisions, particularly if buying more complex investment products; or they may lack confidence because they have come to rely entirely on the advice and guidance of someone else.

Section 3: Perceptions of specific products

Are products considered straightforward to take out? 24

Is it essential to seek advice? 25

Is it easy to understand the charges? 25

Is it essential to look at expected returns? 26

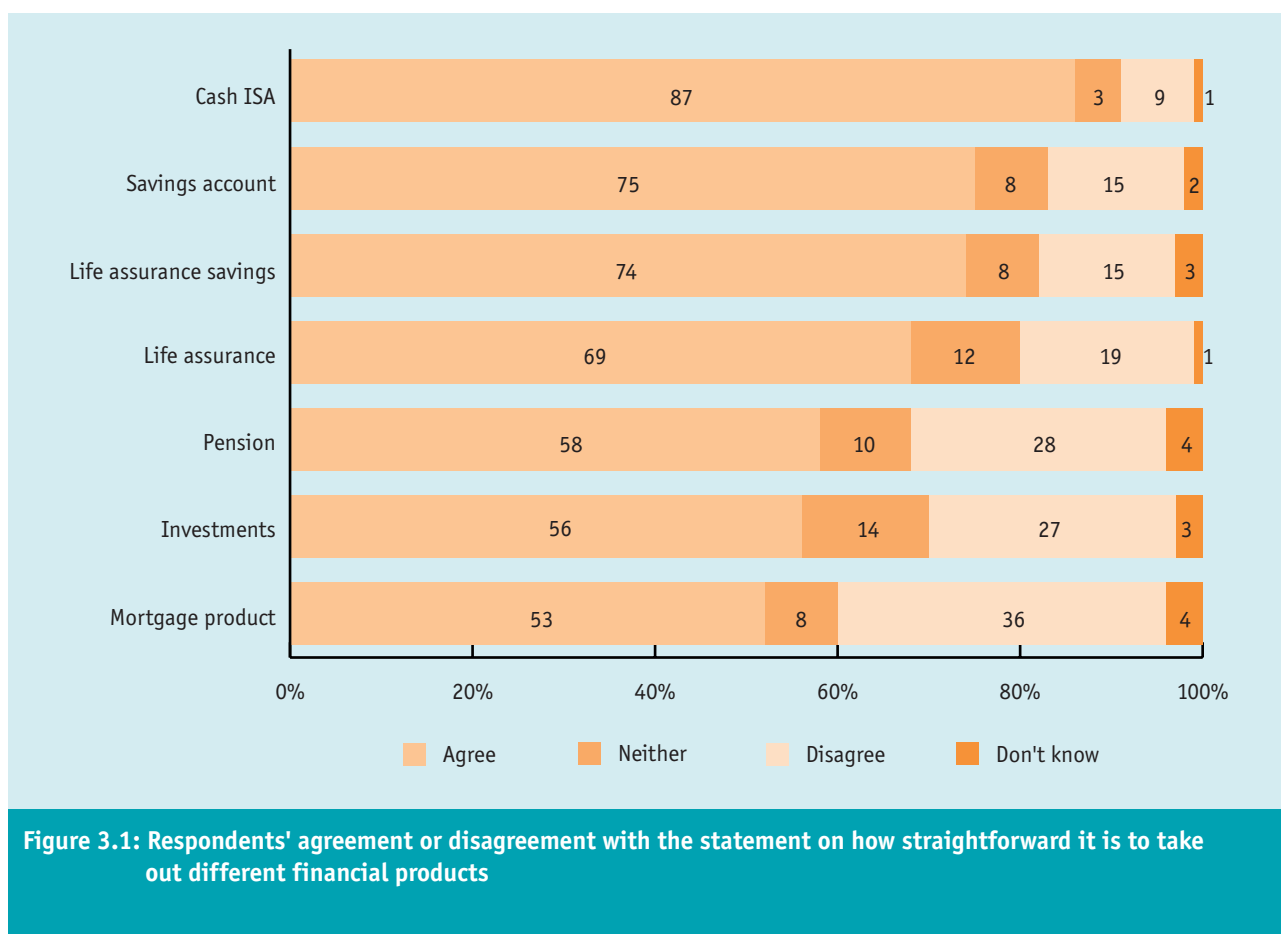
- 3.1 For each product they had ever had, people were asked a series of questions about how straightforward it was to take out the product, whether they thought it was essential to seek advice before taking it out, and how easy it was to understand charges. Savings account were the most widely held form of product (85 per cent), followed by pensions (62 per cent), life assurance (51 per cent) and mortgages (47 per cent). People who had had life assurance savings products, life assurance products or personal pensions were also asked about the importance of looking at the expected returns before taking these products out. Table 8 summarises the responses to these statements, and definitions of product types are given in Box 6.

Box 6: Types of financial products

<i>Savings account</i>	ordinary savings account with a bank or building society, cash Individual Savings Account (ISA), Tax Exempt Special Savings Account (TESSA)
<i>Investment product</i>	Personal Equity Plan (PEP), equity ISA, unit trust, investment trust, investment bond, Open-Ended Investment Companies (OEICs), privatisation/windfall shares, other shares
<i>Life assurance savings product</i>	ten-year savings plan, endowment policy not linked to a mortgage
<i>Life assurance product</i>	'whole of life' life assurance, term life assurance
<i>Mortgage product</i>	endowment policy for a mortgage, other interest-only mortgage, repayment mortgage
<i>Pension product</i>	personal pensions, Free-Standing Additional Voluntary Contributions (FSAVCs)

Are products considered straightforward to take out?

- 3.2 Figure 3.1 shows that the responses to this question across the range of products were largely positive, and closely mirrored the findings of last year's survey. By definition, this question excludes people who were put off taking out the product because they thought it would be difficult. Savings accounts were regarded, by those who had opened one, as the most straightforward products to take out. In particular, the majority of people (87 per cent) who had a cash ISA agreed that they were easy to take out (Table 8).



Is it essential to seek advice?

- 3.3 Seeking pre-purchase advice was considered important for all products¹ and, again, the findings were very similar to last year's survey. It was, however, considered especially important for pensions and mortgages (Table 8).
- 3.4 The majority of people (76 per cent) who had ever had a personal pension thought that it was essential to seek advice before taking one out, with most agreeing strongly. Similarly, 70 per cent of people who had ever had a mortgage considered it essential to seek advice before taking out a home loan and, again, most agreed strongly. Across the range of products, the people most likely to consider advice essential belonged to social grade C2, found saving difficult, and generally lacked confidence about decision-making.

Is it easy to understand the charges?

- 3.5 Around half of respondents who had ever taken out investment products, life assurance products and pensions said they found it difficult to understand the charges levied on them. For the most part, these people were in their mid-20s to mid-50s and lacked the confidence to make financial decisions themselves. They were also more likely to belong to social grade C2.

¹ The question was not asked of savings accounts or cash ISAs.

- 3.6 The majority (62 per cent) of people who had ever taken out a mortgage agreed that it was difficult to compare the costs of different types of mortgages. These people tended to be aged between 35 and 64, to lack confidence about making financial decisions, and to be on lower incomes.

Is it essential to look at expected returns?

- 3.7 The great majority of people who had ever taken out a life assurance savings product, a life assurance product, or a personal pension agreed that it was vital to consider the expected returns on these products before purchasing, and most agreed strongly (89 per cent, 88 per cent and 81 per cent respectively). No particular types of people seemed more likely to agree than others.
- 3.8 In addition, all respondents were asked how strongly they agreed or disagreed with the statement '*An endowment mortgage is guaranteed to pay off your mortgage*'. Three-quarters of people (75 per cent) disagreed with the statement. Those most inclined to disagree were aged between 45 and 64, financially literate, and among the higher earners.

Section 4: Factors that influence purchase decisions

'Big name' companies 28

Past performance 29

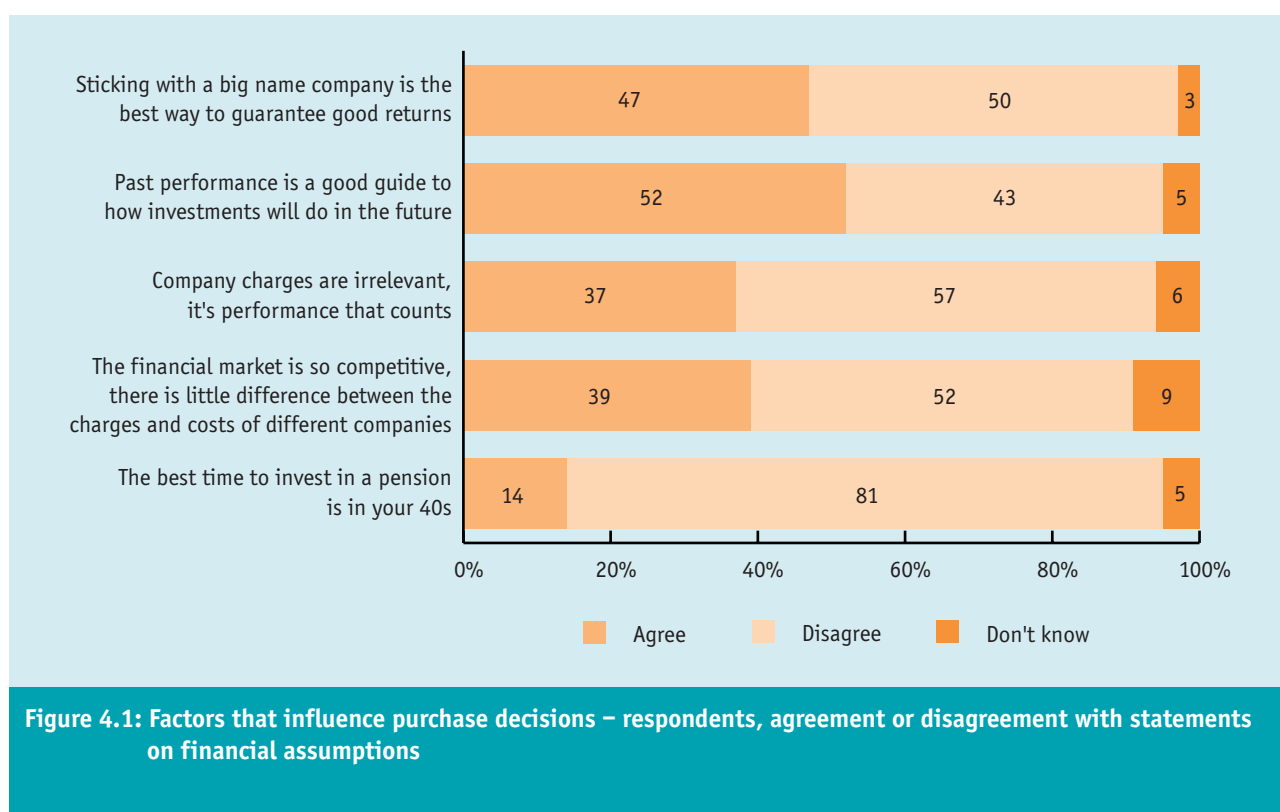
Charges vs performance 29

Costs and charges 29

Taking out a pension 29

4.1 Figure 4.1 shows the overall response when respondents were asked how strongly they agreed or disagreed with the following statements about the characteristics and performance of different investment products:

- sticking with a 'big name' company is the best way to guarantee that you are going to get a good return on your money;
- the past performance of a financial investment is a good guide to how well the investment will do in the future;
- company charges are irrelevant, it is the performance of the investment that counts;
- the financial market is so competitive that there is little difference between the costs and charges made by different companies;
- the best time to invest in a pension is in your 40s.



'Big name' companies

4.2 On the whole, people were fairly evenly divided about whether or not sticking with 'big name' companies ensured the best returns on their investment. The types of people who favoured 'big name' companies tended to be either very young (that is, under 24) or aged over 45, on low incomes, and with few financial products. In addition, reliance on 'big name' providers was common among people who found

saving difficult, and among the more risk averse consumers. Higher income earners and those with multiple products, on the other hand, were least likely to think that these companies offered the best returns (see Table 9).

Past performance

- 4.3 Opinion was similarly split about whether past performance of a product was a good guide to how it would do in the future. Higher earners were more likely than lower income groups to think that past performance was an unreliable indicator, as were people with seven or more products compared with those with a smaller number (Table 9).

Charges vs performance

- 4.4 People were far less ambivalent when it came to the charges levied by financial services providers. The majority (57 per cent) of people were not convinced that company charges were less important than investment performance. People aged between 25 and 34 were most likely to think that charges *were* a relevant consideration; this view also increased steadily with income (Table 9).

Costs and charges

- 4.5 Just over half of people disagreed that there was little difference between the costs and charges levied by different financial services companies. Those who felt most strongly that costs and charges *did* vary between different companies were aged between 45 and 54, were among the highest earners, had considerable financial wealth, and tended to be the more financially literate people in the sample. Strength of opinion also rose with the number of products owned (Table 9).
- 4.6 Overall, these findings suggest that the less sophisticated consumers were, the more likely they were to rely on 'big name' companies and past performance. In contrast, sophisticated consumers tended to place greater reliance on the costs and charges of savings and investment products.

Taking out a pension

- 4.7 The issue of personal pensions prompted the most unanimous response from consumers since 81 per cent of them disagreed with the statement that *'The best time to invest in a pension is in your 40s'*. Those most likely to disagree were aged between 25 and 54. Levels of disagreement also rose with income and the number of products currently held, so that the vast majority of people with more than four products disagreed that the best time to take out a pension was in your 40s. The fact that people on lower incomes were more likely to agree that the best time to take out a pension was in your 40s (Table 9) may have important implications for the take-up of stakeholder pensions.

Section 5: Knowledge of regulatory bodies

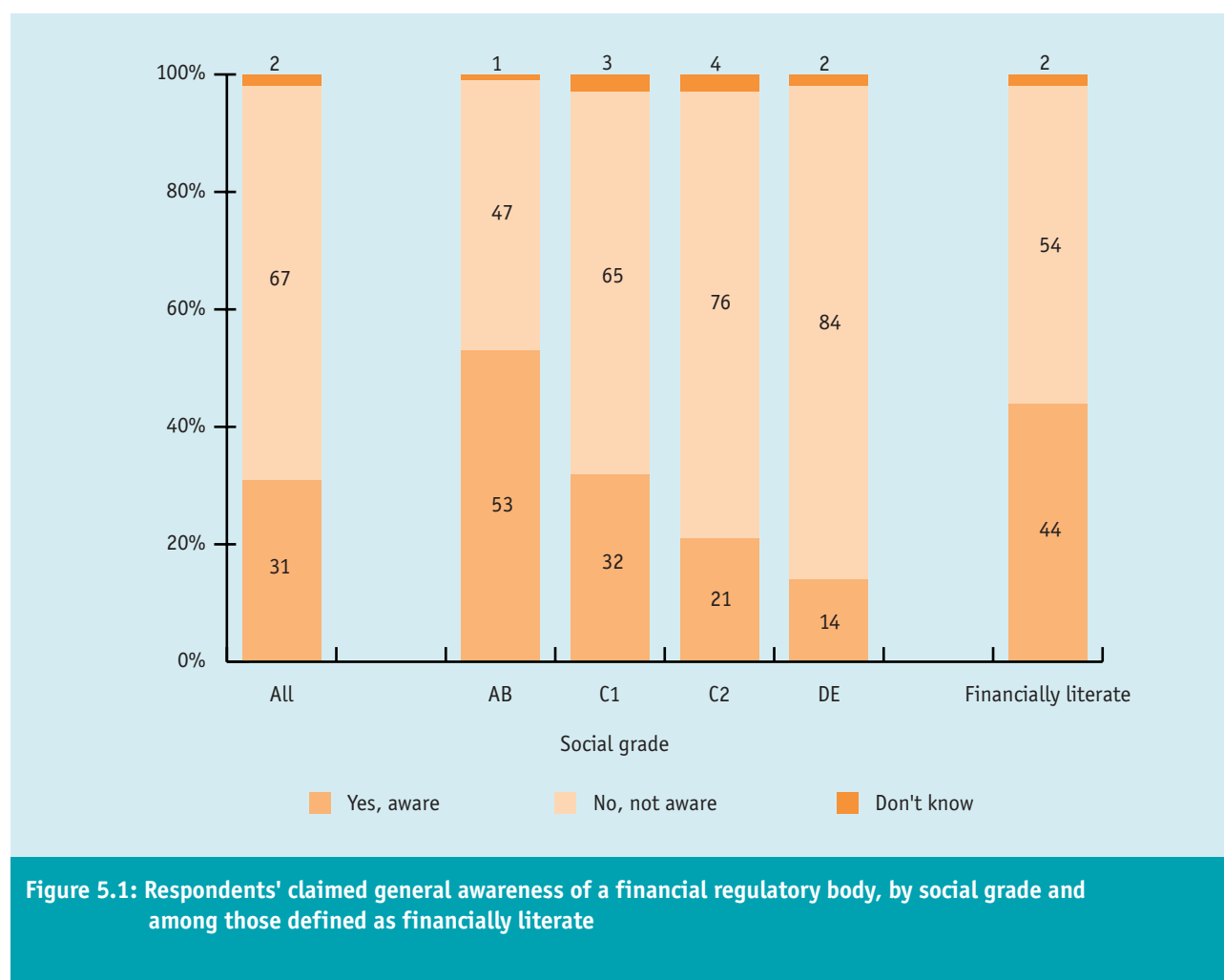
<i>Knowledge of any financial regulatory bodies</i>	<i>31</i>
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Knowledge of any financial regulatory bodies

- 5.1 Figure 5.1 shows that, in general, people demonstrated fairly low levels of awareness of official bodies that regulate financial services. Around a third (31 per cent) of people said they knew at least one financial regulatory body, although only 25 per cent could actually name one without being prompted. Men were more likely than women to say they knew of regulatory bodies, and awareness was lowest among people aged 21 to 24 (see Table 10).



- 5.2 There were clear links between knowledge of regulators, financial well-being and social grade. The highest earners (£25,000 or more) were more likely to say they were aware of financial regulators than other income groups, as were people with financial wealth of £10,000 or more, and those categorised as financially literate. Awareness also increased sharply with the number of financial products owned. People in social grade AB were almost four times as likely to say they had heard of regulatory bodies than those in social grade DE (53 per cent compared with 14 per cent respectively) (Table 10).

Knowledge of the Financial Services Authority (FSA)

- 5.3 Everyone who claimed to have heard of one or more financial regulators was asked to name the organisation. Best known was the FSA. Overall 12 per cent of the people surveyed were able to name the FSA without prompting. Financial ombudsmen were mentioned unprompted by 8 per cent of people, while other regulators were each mentioned by fewer than 5 per cent of people (see Figure 5.2).

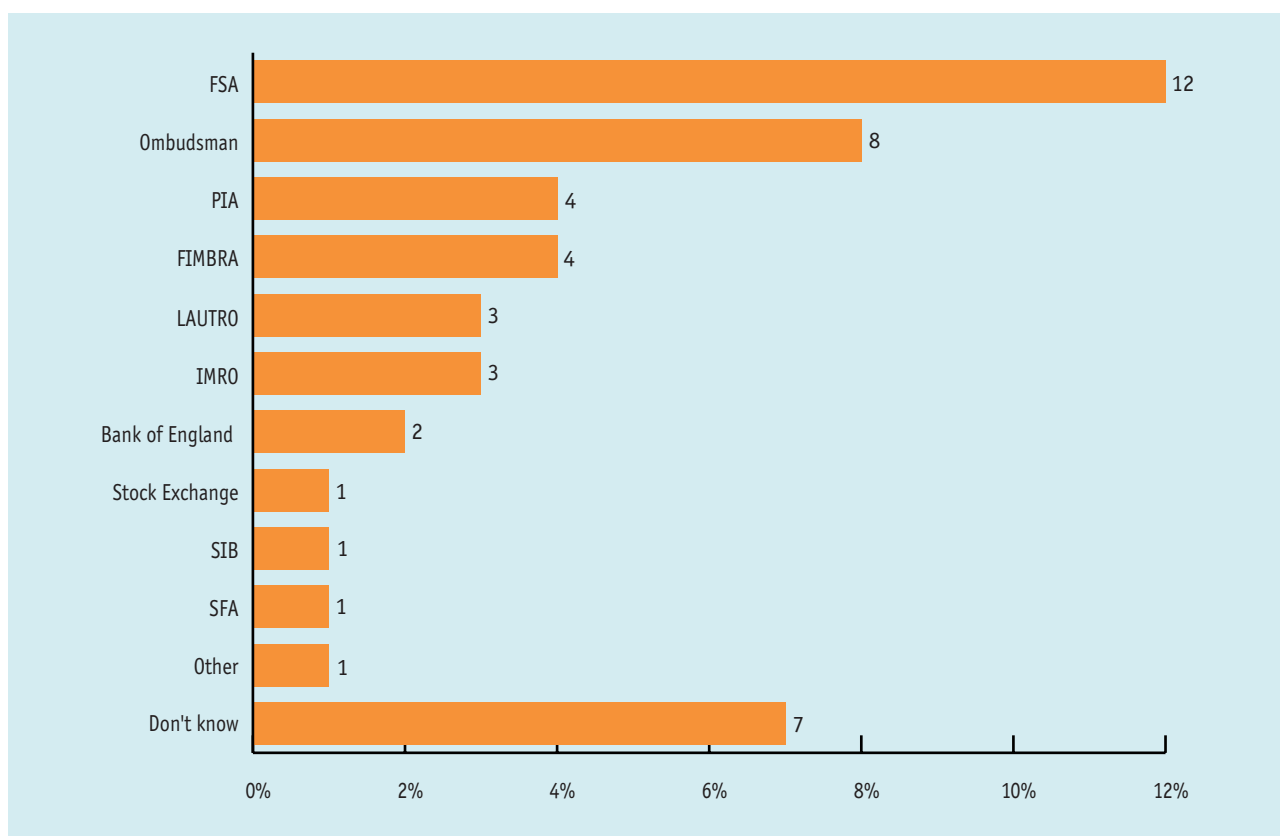


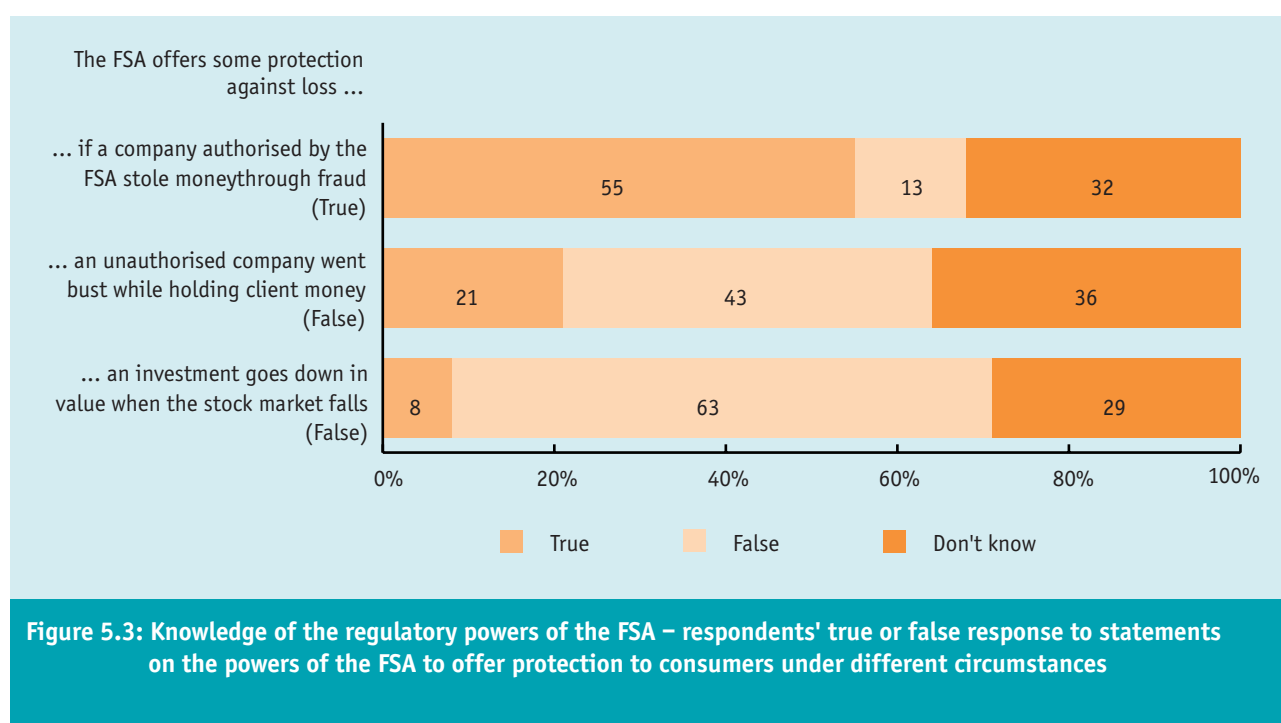
Figure 5.2: Regulatory bodies that could be named over the total sample

Moreover, unprompted recognition of the FSA as a financial regulator doubled between 1999 and 2000, while remaining about the same for other regulators.

- 5.4 People aged between 35 and 54, in higher income groups, and in social grade AB were the groups most likely to identify the FSA as a financial regulator. In fact, a quarter of people in social grade AB were able to identify the FSA's regulatory role, compared with 5 per cent of people in social grade DE. Men were more likely to do so than women (16 per cent compared with 9 per cent respectively).
- 5.5 People who were not able to name the FSA unprompted were then asked whether they were aware of the FSA prior to the interview. Combining these two measures, overall 34 per cent of people, in 2000, said that they had heard of the FSA, compared with 12 per cent in 1999. The people most likely to say they had heard of the FSA when prompted again tended to be men, in higher income groups, in social grade AB, and financially literate. Furthermore, the more financial products people had, the more likely they were to say they had heard of the FSA.

Knowledge of the regulatory powers of the FSA

5.6 Finally, all respondents were asked a series of true or false questions about the regulatory powers of the FSA. Figure 5.3 shows, that for the most part, people answered the questions correctly (see Table 11). Financially literate consumers were consistently more likely to get the answers correct than anyone else. In all cases, however, the proportion of people who answered correctly was greater than the proportion who said they had heard of the FSA when asked directly. In other words, the answers people gave probably reflected their expectations of a financial regulator rather than knowledge of the FSA. In addition, there was considerable uncertainty about what the FSA can and cannot do – for each question, around a third of people did not know the answer (Table 11).



Overview of financial literacy

5.7 The information on knowledge of regulatory bodies allows us to complete the picture of the type of person who is financially literate, as defined in section 1. Drawing this information together, the financially literate consumer is typically male, and aged between 35 and 64. He is affluent, with a high income and considerable financial wealth. Financially, he is 'on the up' and optimistic about continuing prosperity. He owns a wide range of financial products which he reviews regularly, more often than not with the help of a financial adviser.

The financially literate consumer is unlikely to rely solely on past performance as a guide when buying investment products. Instead, he shops around carefully before buying, taking into account the costs and charges levied by different companies. On the whole, he is confident about making his own financial decisions. Finally, the financially literate consumer is better informed about financial regulation in general, and about the FSA in particular.

Section 6: Product-holding and purchasing

Numbers of products currently held 36

Financially excluded consumers 38

Types of products currently held 38

Recent purchasing 39

- 6.1 Figure 6.1 shows the overall proportion of respondents that had held each of the products covered in the survey. A savings account with a bank or building society was by far the most common product that people had ever held. It was also the product that most people had retained over time (see Table 12). In contrast, just over three in ten people had ever taken out a life assurance savings product, and far fewer of them (62 per cent) still had the product at the time of the survey. This is largely consistent with what we already know about life assurance savings products – they have traditionally been the cornerstone of the home service market in financial products, popular among lower income households at whom they are particularly targeted. Although intended to be medium- to long-term savings products, many policies lapse in the first few years. There are a number of possible reasons for this: people can no longer afford to keep up the payments; they may become dissatisfied with the performance of products; they may let policies lapse because of changes in their personal circumstances.¹
- 6.2 With regard to other types of products, the picture is much as we would expect. There was evidence of a certain degree of fluctuation in the ownership of stocks and shares and investment products over time, as people liquidised their assets.

1 *'Persisting: why consumers stop paying into policies'*, a report on persistence levels carried out by DVL Smith Ltd, FSA Consumer Research 6, 2000.

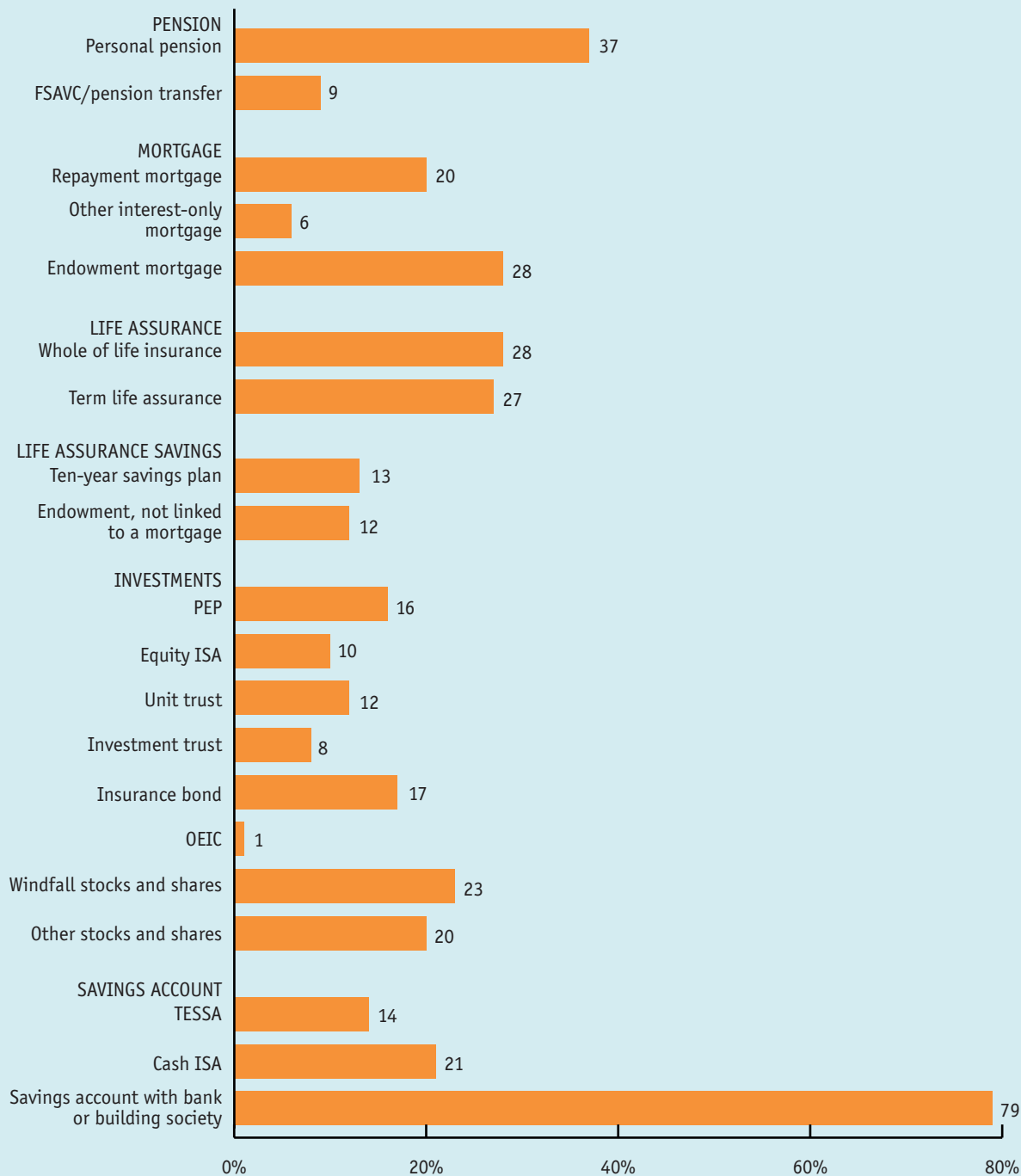
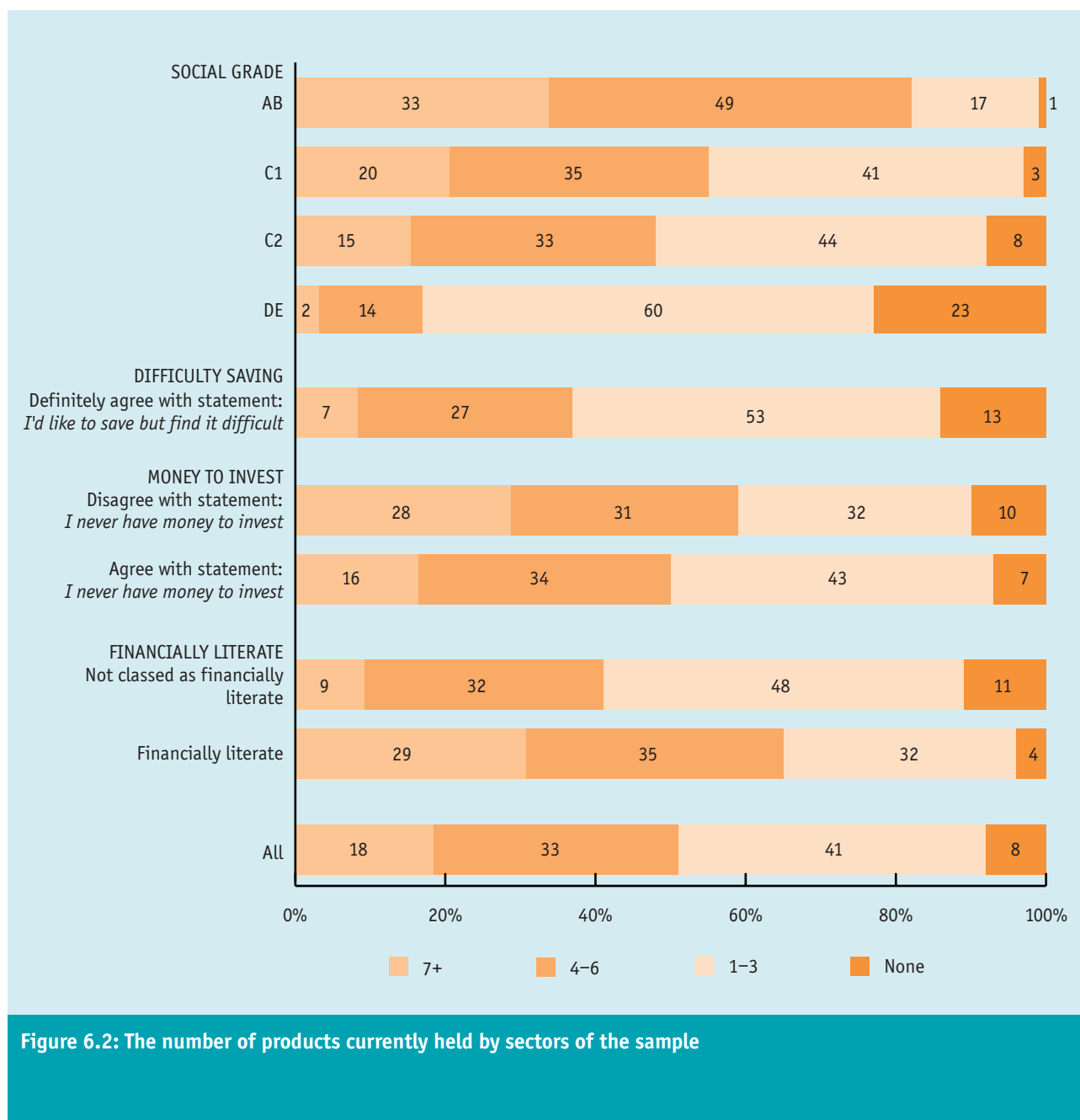


Figure 6.1: Financial products people currently held, grouped by product type

Numbers of products currently held

6.3 Around half of people (49 per cent) had three or fewer products at the time of the survey, including 8 per cent who had none at all. At the other end of the scale, just under one-fifth of people (18 per cent) had seven or more savings and investments products; very few people had more than ten (see Table 13 and Figure 6.2).



6.4 Levels of product-holding were clearly associated with age, family type, economic circumstances, length of time investing, and purchasing behaviour (Table 13). As would be anticipated, those with higher levels of product ownership were the older, better-off respondents who had seen their financial situation improve over the past 12 months. In addition, they tended to be more experienced investors and to have added to their investments within the past year. And, as mentioned in section 1, financially literate consumers tended to have more products than other consumers. Nearly one-third of people categorised as financially literate had seven or more products, compared to less than one in ten people who found saving difficult (Table 13).

6.5 People with between one and three products appeared to fall into two groups. The first group largely comprised people under 25 (most of whom only had one product), and those who had just started to

look into making investments. It seems likely that these people will become more engaged with financial services in the future, as they grow older and start to build up their investments.

- 6.6 The second group was made up predominantly of single parents and older single people. These people were among the least well-off among the sample, with incomes typically below £6,499, and low levels of financial wealth. On the whole, their financial situation had worsened in the past year. It is not surprising, then, that they found saving difficult and consequently had no money to invest. In fact, they were unlikely to have bought any products in the last five years (Table 13). The picture that emerges is one of static product-holding: people in this group have a few basic financial products (many have only one), probably a savings account and some form of life assurance, that were taken out some time ago. Nor are they likely to purchase any financial products in the near future, given their constrained financial situation.

Financially excluded consumers

- 6.7 As we mentioned earlier, one in 12 people currently had no savings or investment products and most of these had never bought any products at all. A good deal is already known about the types of people who are on the margins of financial services (see, for example, Kempson *et al.*, 2000)², and this was largely reaffirmed by this survey.
- 6.8 A number of groups were over-represented among those people who had never bought any savings or investment products, including the under-25s, along with a similar proportion of people over 65. In addition, they were generally single with no children, or lone parents (see Table 14). As mentioned above, it is likely that younger single people with no children have not yet had any dealings with the financial services sector, but may well do so in the future. In contrast, if lone parents do go on to buy financial products in the future, they will probably limit themselves to ordinary savings accounts and/or life assurance products.
- 6.9 Having no financial products was closely associated with constrained economic circumstances. People in this group, then, were largely not working. A high proportion of them were unemployed and receiving either Jobseeker's Allowance (13 per cent) or Income Support (23 per cent). Most had incomes of less than £6,499 per year, and social tenants were greatly over-represented (Table 14).

Types of products currently held

- 6.10 The majority of people (79 per cent) currently had a savings account with a bank or building society. Just under a quarter of people had windfall or privatisation stocks and shares, often as a result of building society demutualisations (Table 15). When asked about credit unions, only 2 per cent of people said that they personally belonged to one. This figure is commensurate with the slow development of credit unions in Britain so far (HM Treasury, 1999).³

2 'In or out? Financial exclusion: a literature and research review', *FSA Consumer Research Report 3*, July 2000.

3 *Credit unions of the future*, HM Treasury, 1999.

Patterns of current ownership reiterate much of what we already know. So, for example, levels of ownership were consistently lower across the range of products among people who had difficulty saving.

- 6.11 In addition, a very clear picture emerged from the survey about the types of people who currently had investment products and stocks and shares: they tended to be older, financially literate, men, on higher incomes, with considerable financial wealth, and had generally experienced an upturn in their financial situation over the preceding 12 months. With at least seven financial products in their portfolio, they were typically longer term proactive investors (Table 16).
- 6.12 Moreover, levels of financial wealth had a noticeable impact on the types of products people owned. Ownership of both investments and all stocks and shares increased steeply with financial wealth, but the likelihood of having a savings account dropped markedly among those people with the greatest financial wealth. This indicates that, as people's financial wealth grows, they look to spread their money across a wider range of potentially more profitable financial products. In addition, the levels of mortgage and pension holding fell among the most affluent consumers, suggesting that they had bought their homes outright, and were drawing on their pensions rather than paying into them (Table 16).
- 6.13 Around 20 per cent of people currently had a cash ISA (Table 15). Intended primarily as a savings vehicle for people on lower incomes, this year's survey indicates that 25 per cent of cash ISAs were owned by people with household incomes of less than £13,500 per year; this is broadly consistent with recent figures published by the Treasury.⁴

Nonetheless, despite attracting some lower income consumers, cash ISAs were predominantly held by people on higher incomes and with greater financial wealth. Almost half of cash ISAs were held by people with annual incomes of £25,000 or more (46 per cent), and financial wealth of £20,000 or more (48 per cent). These patterns were magnified in relation to equity ISAs – 60 per cent of equity ISAs were held by people with annual incomes of £25,000 or more; and 66 per cent of equity ISA holders had financial wealth of £20,000 or more.

- 6.14 Given their somewhat limited impact among lower income consumers, close monitoring of future take-up of ISAs is clearly warranted. These concerns should also be borne in mind when stakeholder pensions are introduced in 2001.

Recent purchasing

- 6.15 Seven in ten people surveyed had bought a savings or investment product of some kind within the past five years, and a third of people had bought within the past year. The most recent purchase for almost four in ten people was a savings account; this was fairly evenly divided between savings accounts with a bank or building society and cash ISAs. For a further 15 per cent, their most recent purchase was a mortgage (Table 12).

⁴ These figures indicate that a quarter of mini-cash ISAs are held by people with household incomes of less than £11,500 per year (www.hm-treasury.gov.uk/pbr2000/news/press_all.htm dated 8 November 2000).

People who had bought a financial product within the last year

- 6.16 From both Table 17 and Figure 6.3 it can be seen that the greatest proportion of people (19 per cent of all respondents) had taken out a savings account in the last 12 months, of which cash ISAs were by far the most popular. A further 14 per cent of people had bought an investment product, including 6 per cent who had bought stocks and shares and 4 per cent who had bought an equity ISA. Only 3 per cent of people had received windfall/privatisation stocks or shares in the past year, suggesting that the rapid increase in this type of share-holding during the 1990s (particularly windfalls from building society demutualisations) has now tailed off.

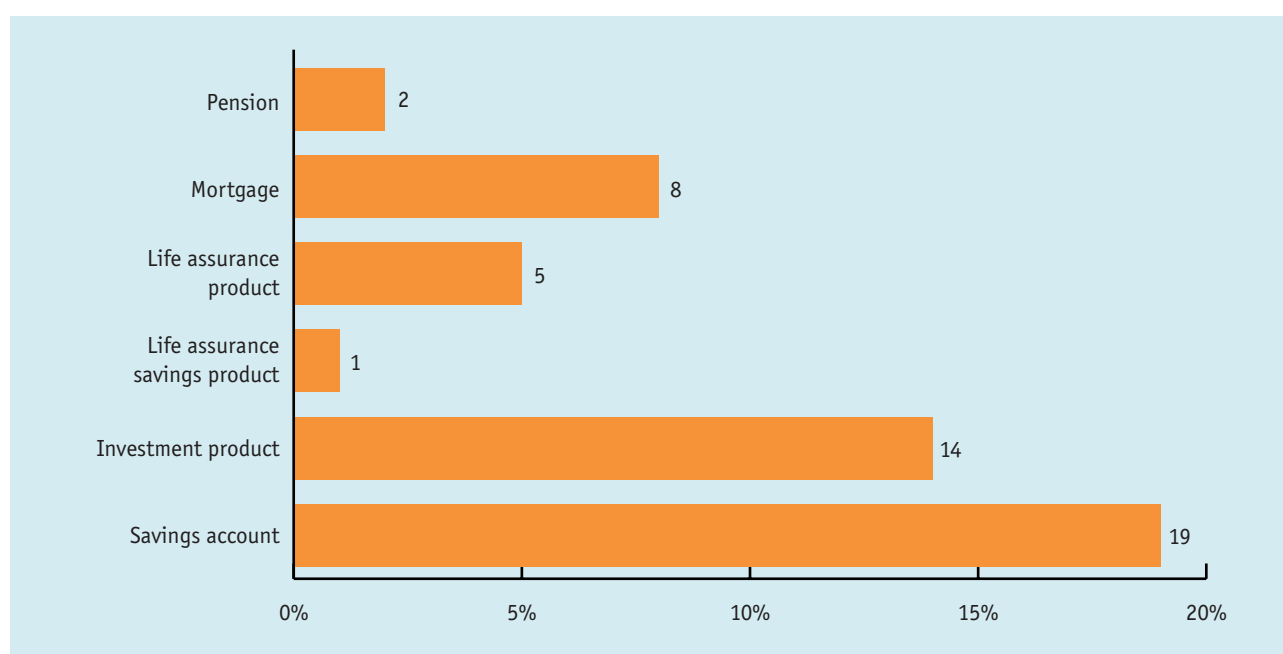


Figure 6.3: Products bought in the last 12 months (2000 survey)

- 6.17 New mortgages had been taken out by 8 per cent of all people within the past year, of which repayment mortgages accounted for 4 per cent, endowment mortgages 2 per cent, and other interest-only mortgages 2 per cent. This provides further evidence that people are continuing to move away from buying endowments, due to concerns about their market performance and allegations of mis-selling which received wide media coverage. In less than ten years, in fact, there has been a dramatic turnaround in the types of mortgages purchased. In the second quarter of 1992, 72 per cent of mortgages bought were linked to endowment policies, with repayment mortgages accounting for only 16 per cent. In the same period of 2000, repayment mortgages comprised 57 per cent of the market, and endowment mortgages 13 per cent (information from the Council of Mortgage Lenders).
- 6.18 Recent purchasers as a whole were just as likely to be women as men. Most were aged between 25 and 44, lived with their partners and children, and owned their own home with a mortgage. The majority were in employment, and most in fact were working full-time. High earners were significantly over-represented among recent purchasers, comprising 36 per cent of the total sample, but 53 per cent of

recent purchasers. Similarly, financially literate consumers predominated among the recent purchasers, whereas the risk averse and those who found saving difficult were significantly under-represented. Finally, recent purchasers were much more likely to belong to social grades AB and C1 (Table 14).

Changes over time

- 6.19 Compared to last year's survey, the level of recent purchasing appears to have increased overall. In particular, 12 per cent of people had bought a cash ISA in the 12 months up to October 2000, compared to 4 per cent in the 12 months to October 1999 (Table 17). This is probably attributable to greater consumer awareness resulting from the advertising campaigns of financial service providers.

Section 7: Decision-making and purchase

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7.1 Earlier sections of this report have looked at the characteristics of **respondents**. This section focuses predominantly on savings and investment **products** bought in the last two years.¹ Around four in ten of the purchases made during this time were of products not currently regulated by the FSA for conduct of business (that is, either savings accounts, cash ISAs, TESSAs, repayment mortgages or interest-only mortgages).

The remaining six in ten purchases involved a product regulated by the FSA (that is, either other investment products, life assurance savings products, other life assurance products, endowment mortgages or pensions). It is the purchase of these particular types of products that is examined below.²

Types of information used in decision-making

7.2 The majority (70 per cent) of recent financial purchases were made using just one source of information. This was the case across the range of products, although a higher proportion of investments than other products (19 per cent) tended to be purchased after consulting more than two sources of information. It was very rare for financial purchases to be made without any information at all (see Table 18).

7.3 Financial advisers were by far the most common source of information used. In fact, a financial adviser was consulted in almost half (48 per cent) of the recent purchases made (Table 18). Financial advisers were also the single most influential source of information for almost all types of products (see Table 19).

7.4 The next most common sources of information used were:

- product information requested and sent through the post, used in 15 per cent of recent purchases;
- product information picked up at a branch, cited in 14 per cent of recent purchases; and
- advice of friends/relatives, also used in 14 per cent of recent purchases.

Newspaper articles and best-buy tables were both used in 11 per cent of recent financial purchases. Unsolicited product information received through the post was cited as a source of information in less than 10 per cent of purchases. Information from the Internet was used in 7 per cent of purchases. This figure is likely to increase over time, as more households become connected to or familiar with the world wide web. Radio and television were the least popular sources of financial information.

7.5 Best-buy tables, specialist magazines and newspaper articles were used much more commonly in the purchase of investment products than other types of products. In addition, information picked up at a branch and the advice of friends/relatives were mentioned more often in relation to endowment

1 In order to obtain sufficient data about recent purchases for analysis, the data from the 1999 and 2000 surveys has been combined. As a result, we are unable to compare recent purchases made in 2000 with those made in 1999.

2 As a boost sample was used to obtain these data, we have a natural sample of recent purchases of FSA-regulated products, but not of non-FSA regulated products. This precludes any comparison of FSA-regulated and non-FSA regulated products.

mortgages than other product groups. Even so, a financial adviser was still the main source of information for nearly seven out of ten endowment mortgages bought in the last two years.

Contact with companies

- 7.6 On the whole, recent purchases were made after contact with very few companies. Figure 7.1 shows that the largest proportion of recent purchases (38 per cent) involved contact with only one company and a further 11 per cent with two companies. In contrast, only 10 per cent of recent purchases were made after five or more companies had been contacted (Table 18). So, combined with the fact that recent purchases were typically made using one source of information, there appears to be little evidence of people ‘shopping around’ for financial products and services. It seems, then, that people do not practise what they preach – 78 per cent of respondents agreed that they tended to shop around to get the best deal, and 84 per cent agreed that it was best to speak to several people before buying financial products and services.
- 7.7 In a small proportion of purchases (13 per cent), a financial adviser had collected all the information and quotes from companies on behalf of the consumer (Table 18). This was more common for endowment mortgages and pensions than other products, and also in relation to products bought by women. In contrast, recent purchases using information collected from five or more companies were much more likely to have been made by men.

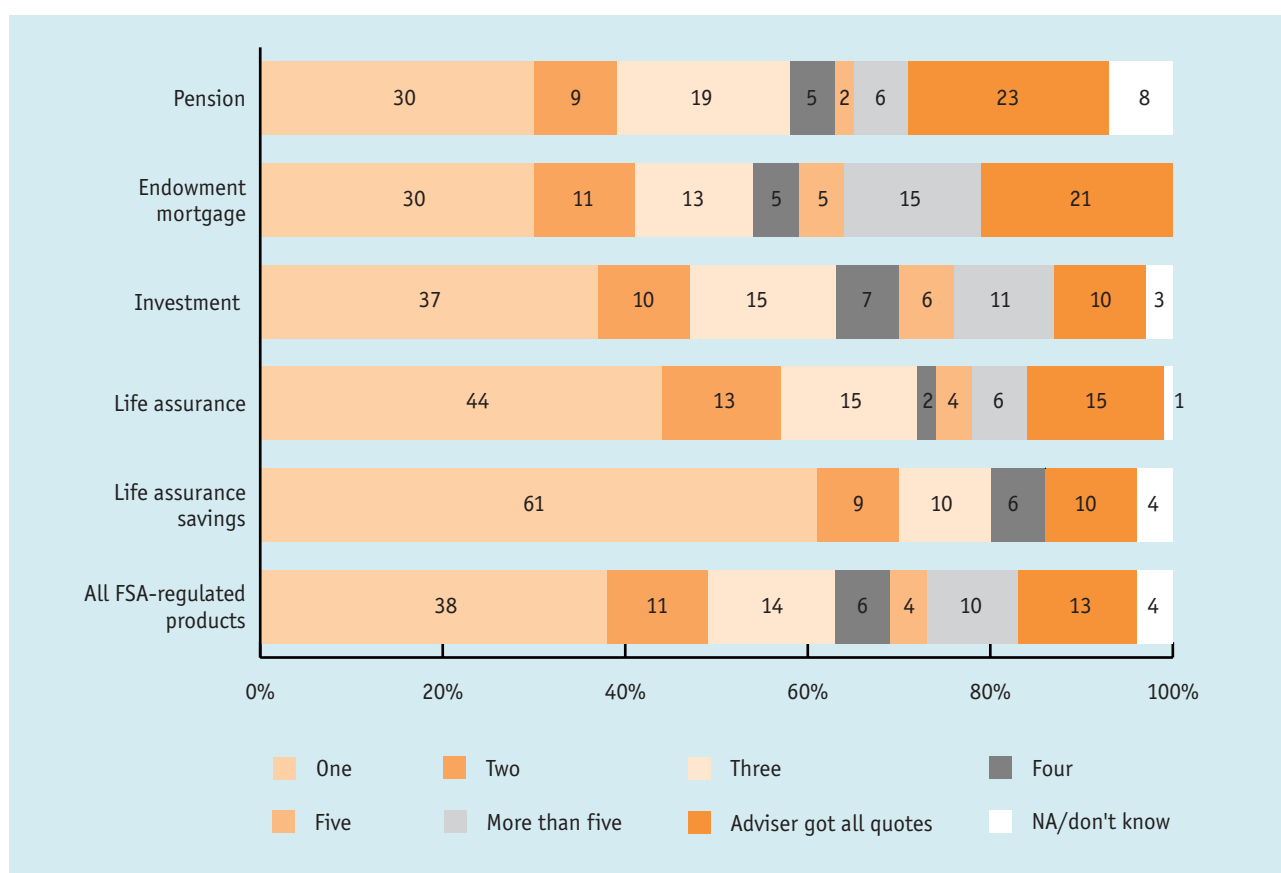


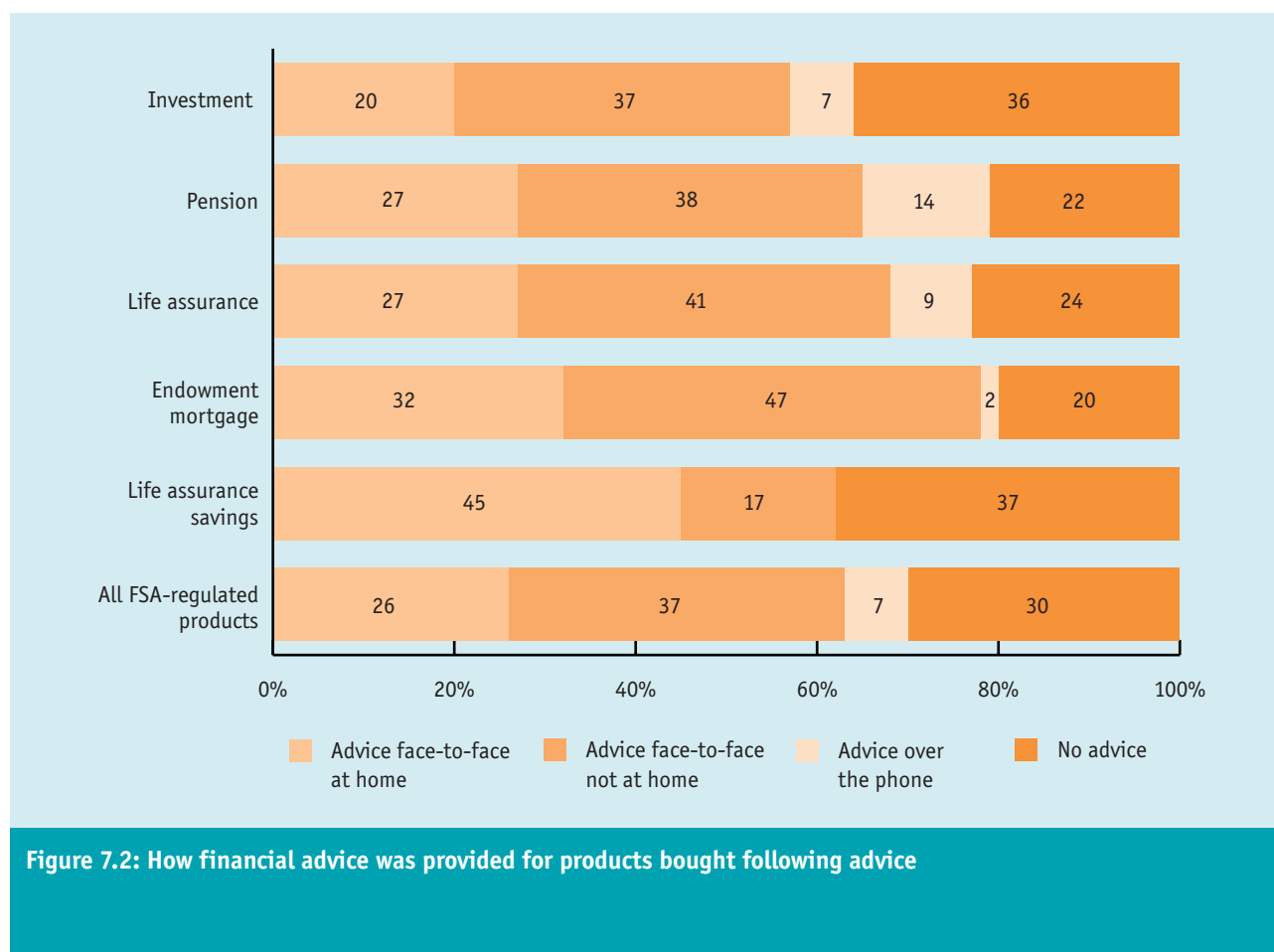
Figure 7.1: The number of companies from which the respondents obtained information, by type of product

Consumer confidence

- 7.8 Recent purchasers were asked whether they thought they had all the necessary information to make the right decision when it came to buying specific financial products. Consumer confidence in this respect was generally very high, with 88 per cent of recent purchases being made by people who felt confident that they had sufficient information to make the right decision. There was, however, some variation between product groups, with confidence highest in relation to life assurance savings products and lowest for endowment mortgages (Table 18).
- 7.9 These findings should, however, be treated with some caution. People might, for example, be more likely to state that they had adequate information, believing this to be the 'correct' response to the question. They might also be reluctant to admit a lack of confidence in their own financial decision-making capabilities.

Seeking financial advice

- 7.10 Figure 7.2 shows that most recent purchases (70 per cent) were made after receiving some form of financial advice (Table 20). In half the cases, advice was given by a tied adviser and, in the other half, by an independent financial adviser.



7.11 There was a clear relationship between *not* receiving advice and consumer confidence. Nearly four in ten life assurance savings products were purchased without prior financial advice; as mentioned above, people were more confident about having sufficient information to make the right decision about life assurance savings products than other types of products. In contrast, only two in ten endowment mortgages were purchased without prior financial advice, and this was the product people were least confident about buying.

7.12 There were also some notable differences between types of products in the way that the advice was delivered (see Table 20):

- face-to-face advice in the home was most commonly provided in relation to life assurance savings products, and least commonly in relation to investment products;
- almost half the recent purchases of endowment mortgages were made following advice received outside the home;
- telephone advice was most common in relation to the purchase of pensions.

We return to the subject of advice-seeking in section 8, from the respondent's point of view.

How products were taken out

7.13 Figure 7.3 shows that of all FSA-regulated products bought in the past two years, 60 per cent were taken out face-to-face through an adviser, either at a branch or office (34 per cent) or in the home (26 per cent). Endowment mortgages were the most common product to be taken out at a branch or office and, in fact, over half of new endowment mortgages had been taken out in this way. In contrast, life assurance savings products were typically taken out in the home (Table 18).

7.14 A relatively small proportion (18 per cent) of recent purchases was taken out through the post or in response to a mailshot, typically investment products and life assurance savings products. Even fewer (11 per cent) were taken out by telephone, with life assurance products being the most common type of product to be taken out in this way. Only 2 per cent of recent purchases were made via the Internet, spread across the range of products (Table 18). So, although people use a fairly broad range of information sources, they have not yet moved away from the conventional method of *buying* financial products, namely face-to-face with an adviser or salesperson.

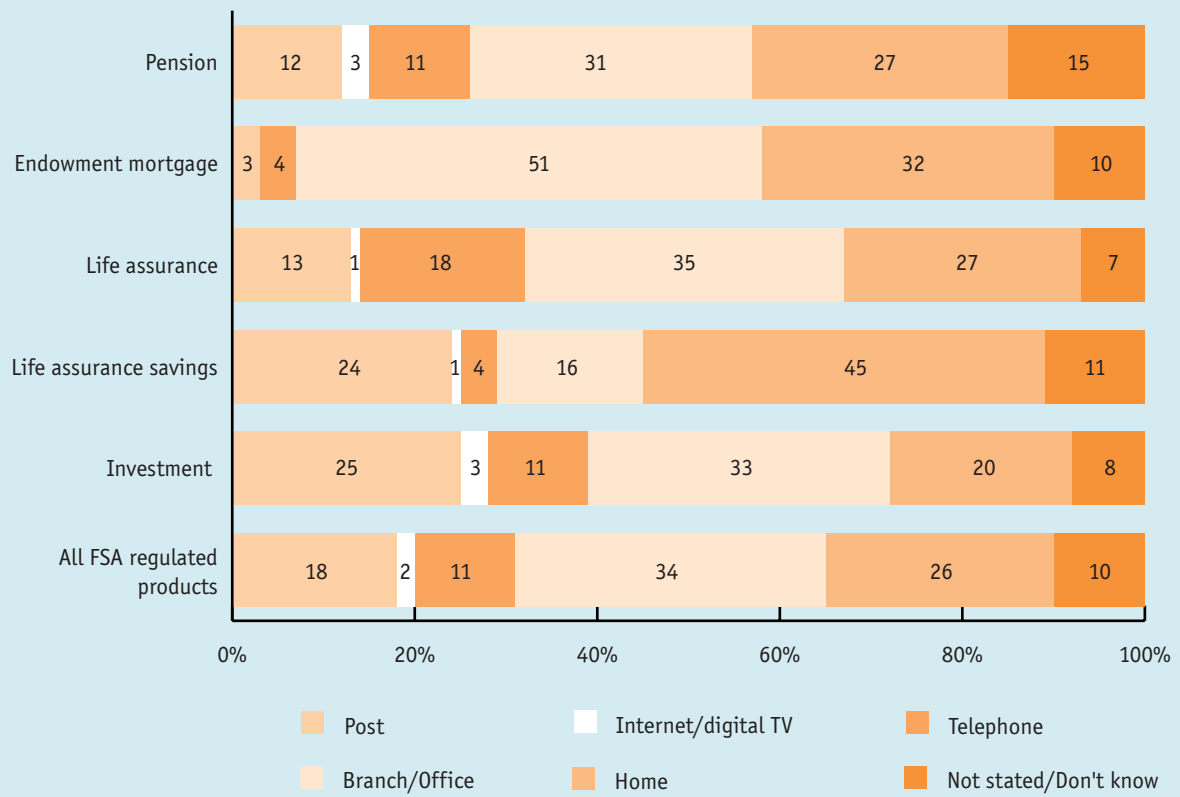


Figure 7.3: Main channel of purchase for the most recent FSA - regulated product taken out in the last 12 months

Section 8: Seeking advice and views of advisers

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8.1 As mentioned in section 3, most people thought that it was essential to obtain advice before buying financial products. The majority of respondents (84 per cent) also agreed that it was best to speak to several people to get the best deal when buying financial products and services. And, as we saw in section 7, advice was sought more often for the recent purchases of some products (such as endowment mortgages) than others (such as life assurance). This section examines people's experiences of seeking advice and their general views of advisers.

Sources of advice

8.2 People were asked how they had acquired every savings and investment product they had ever bought. The majority (85 per cent) of people had bought at least one product through an adviser at some time in the past, and some had bought more than one. Moreover, there was a clear association between advice-seeking and purchasing, so that the majority of people who had consulted an adviser in the past went on to buy a product.

8.3 The most commonly used sources of advice were:

- an adviser at a bank (38 per cent of the 3,600 products ever held and bought through an adviser were bought in this way);
- an independent financial adviser (24 per cent of the 3,600 products ever held and bought through an adviser were bought in this way);
- a salesperson in the home (21 per cent of the 3,600 products ever held and bought through an adviser were bought in this way).

The types of adviser least commonly used were estate agents (2 per cent), accountants/solicitors (3 per cent), brokers (5 per cent), and a salesperson in the branch (7 per cent).

8.4 On the whole, people were using advisers they had used on a previous occasion. Six out of ten (59 per cent) purchases bought through an adviser were bought through someone the consumer had dealt with previously. The types of advisers that attracted the highest levels of repeat use were accountants/solicitors, brokers, salespeople in the home, and independent financial advisers (Table 21). It is important to note, however, that accountants/solicitors and brokers were among the least commonly used advisers, while salespeople in the home and independent financial advisers were consulted far more frequently by consumers.

The advisers with the lowest levels of repeat use were, not surprisingly, salespeople at a branch, advisers in a bank and estate agents (Table 21). There were also some interesting differences by product – the products bought most often from an adviser the consumer was using for the first time were repayment mortgages (61 per cent) and endowment mortgages (58 per cent).

Advice-seeking in the last year

- 8.5 Although nine out of ten people had ever bought a product through a financial adviser, far fewer had done so in the previous year; 64 per cent of people had *not* consulted a financial adviser within the last 12 months. Of the 36 per cent who had sought advice during that time, half (18 per cent) had gone on to buy a product while the other half (18 per cent) had not (Table 22).
- 8.6 People who had not sought advice in the past year were similar in several respects to those people who had never bought any financial products (see section 6). Indeed, 6 per cent of people who had not sought advice in the past year had never bought any financial products. So, social tenants and people with annual incomes of less than £6,499 were over-represented among those who had not sought advice in the past year. In addition, women were more likely than men not to have spoken to a financial adviser during that time (Table 22).
- 8.7 Financial advice-seekers, on the other hand, were mostly financially literate people; men; aged between 25 and 54; working full-time; and buying their home with a mortgage. They were also among the more affluent people in the sample: almost half of people who had consulted a financial adviser in the past year were earning £25,000 or more a year (Table 22).
- 8.8 There was little to distinguish those who had consulted a financial adviser and then bought a product ('sought and bought') from those who had sought advice and not made a purchase ('sought and not bought'), except that the latter tended to be slightly older. As noted, higher earners accounted for around half the people in each of these two categories, suggesting that older, more affluent consumers are just as likely to seek advice about their existing financial commitments as they are to consult an adviser about buying new products (Table 22).
- 8.9 Most advice-seekers had only talked to one financial adviser in the past 12 months. However, those who had actually bought a product in that time were more likely to have consulted two or three financial advisers (Table 23).

Explanations of financial products

- 8.10 People who had bought a financial product (other than savings accounts or shares) through an adviser in the past year were asked to assess how well the adviser had explained various aspects of the product to them (see Box 7).

Box 7: How well did the financial adviser explain:

- the purpose of the product?
- charges and commission?
- the consequences of early mortgage repayment?
- the length of time necessary to get a decent return?
- the consequences of cashing-in investments early?
- the expected return on the investment?
- that returns are not guaranteed?

Encouragingly, consumers were generally satisfied with the explanations given by advisers across the range of features. Similarly, the great majority of people felt that advisers had shown a good understanding of their existing financial circumstances.

- 8.11 One finding did, however, raise concern. While most people considered the charges and commission levied on products to have been explained well, 12 per cent of consumers stated that this information had not been covered by the adviser at all. The omission of such vital facts could have grave consequences for the consumers involved. Future surveys should, therefore, pay close attention to this issue.

Provision of documents

- 8.12 Most advisers had supplied their clients with documents explaining the key features of the product to be purchased. In seven out of ten cases, the adviser had recommended that their client read all the literature. And, on the whole, people did seem to be fairly diligent. Most said they had read some or all of the documents provided, and over half said they had read them all thoroughly. Financially literate shoppers in particular were likely to have read written materials in detail; as we know from previous sections, this group tends to comprise higher earners with considerable financial wealth, and the more experienced investors.
- 8.13 However, recent research published by the FSA¹ indicates that consumers do not, in fact, pay a great deal of attention to key features documents. The findings from this year's survey should, therefore, be treated with a degree of caution as respondents may have tended to give what they thought was the 'correct answer' rather than answering completely frankly.
- 8.14 Furthermore, reading the materials provided is no guarantee that the consumer understands the information contained in them. Indeed, as seen in section 1, half of people in the survey said they found it difficult to understand financial leaflets and materials.

1 'Informed decisions? How consumers use key features: a synthesis of research on the use of product information at the point of sale', *FSA Consumer Research Report 5*, November 2000.

Checking advisers

- 8.15 We know that most people had sought financial advice at some time in the past, but did they know how to check that the adviser was properly qualified or registered? The findings suggest that, on the whole, they did not.

Among the sample as a whole, most people (41 per cent) did not know how to verify the credentials of a financial adviser. Only one-third stated that they would contact an independent body;² these were predominantly older people, financially literate consumers, and much more likely to be men than women. One in five respondents would simply go to the company that the adviser worked for. Moreover, those people who had consulted a financial adviser in the past year were generally no better informed than other consumers.

Impressions of advisers

- 8.16 All respondents who had ever taken out a savings or investment product (other than a savings account or shares) were asked to give their impressions of financial advisers. They were shown the series of paired statements given in Box 8, and asked to provide a score for each ranging from 1 (lowest) to 7 (highest).

Box 8: Impressions of advisers

Level of commission

They take too much in commission.

They take about the right amount in commission.

Clear explanation

They explain things clearly.

They do not explain things clearly.

Hard sell

They do not put any undue pressure on you to buy.

They put you under a lot of pressure to buy.

Sell for commission

They sell the best product for you, not the one that pays the most commission.

They sell you the product that pays the most commission, not the one that is best for you.

Trust

You can trust them completely.

You cannot trust them an inch.

contd.

2 Defined here as the FSA or other regulatory body, Citizens Advice Bureau or other advice agency, industry trade bodies such as the Association of British Insurers or, some other association for financial advisers.

Charges

There are always open and honest about the charges on the products they are selling.

There are always hidden charges

Value for money

The products they sell are good value for money.

The products they sell are poor value for money.

8.17 For the most part, consumers held fairly favourable impressions of financial advisers, although they did feel under some pressure to buy. The charges levied for financial advice prompted greatest dissatisfaction. In particular, people tended to think that the levels of commission charged by advisers were too high. They were also concerned about hidden charges, and advisers selling for commission rather than selling the best product for the consumer (Table 24).

8.18 As we might expect, people's opinions were strongly linked to their own experience of using financial advisers and this, in turn, was related to their level of engagement with the financial services market.

Accordingly, consumers who had ever consulted a financial adviser, whether to purchase a product or to review their financial situation, held more favourable views than those who had never done so. The most positive opinions, however, were expressed by people who had sought financial advice in the last 12 months and subsequently made a purchase. In particular, they were more likely to think that advisers explained things clearly, did not exert undue pressure on the consumer to buy products, and sold products that were good value for money (Table 24).

8.19 Put another way, people with the most favourable impressions of advisers were likely to have received advice fairly recently. This may be explained in a number of ways. First, consumers who already have a favourable impression of financial advisers are more likely to seek advice, and to seek it more regularly. Second, receiving advice may improve people's impressions of financial advisers. Finally, there may be a 'warm glow' after receiving advice that fades over time, as satisfaction with the product or service diminishes.

In contrast, those with the least favourable views tended to have never sought financial advice. This suggests that negative impressions are not grounded in personal experience, but rather constructed from second-hand information and adverse reports in the media.

8.20 In terms of engagement with the financial services market, people who regarded advisers favourably tended to be the more active investors – they had usually bought a financial product within the last 12 months (regardless of whether or not an adviser had been consulted), and owned a greater number of products. Moreover, their financial situation had generally improved over the past year, and they expected this to continue in the coming year (Table 24). It seems reasonable to assume, then, that these consumers would seek professional advice in order to build up a portfolio of savings and investments.

Section 9: Post-purchase experiences

<i>Regrets</i>	<i>55</i>
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<i>Complaints</i>	<i>56</i>
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<i>Lapsed products</i>	<i>56</i>
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<i>Overview of problematic products</i>	<i>57</i>
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9.1 Respondents were asked about financial decisions that had not worked out as planned, specifically:

- which products they had regretted taking out;
- which products they had complained about; and
- which products they had stopped paying into or had cashed in.

Regrets

9.2 Of the people in the survey, 14 per cent had bought a financial product in the last five years that they later regretted.

9.3 For the most part, the consumers who expressed the greatest regrets were those with the most financial products, namely higher earning, financially literate people in social grades AB and C1 who had typically been investing for five or more years. Levels of regret also increased with financial wealth, though not as steeply as we might have expected (Table 25). As mentioned in previous sections, product-holding tended to increase with financial wealth, and we could reasonably expect the level of regrets to rise as product-holding rises. This did not seem to be the case and may suggest that wealthier consumers are more astute, and so are less likely to buy financial products they later come to regret.

9.4 There were, however, two notable exceptions to this overall pattern. First, the level of regret expressed by people aged between 25 and 34 (20 per cent) was high, relative to their fairly low levels of product ownership (an average of three products per person) (Table 25). Lack of experience seems the most likely reason for this difference.

Second, one in five lone parents expressed regret about a financial product they had bought in the past five years, despite the fact that they generally made very little use of financial products and services. In contrast, fewer than one in ten of people in the lowest income range had any regrets, even though they had similar levels of ownership to lone parents (Table 25). In other words, lone parents seem to regret taking out financial products much more than people living on low incomes generally.

9.5 Table 26 ranks the products that people most regretted taking out. Endowment mortgages were by far the most common product that people regretted, both in absolute terms and relative to levels of product-holding. So, although more people currently had a personal pension than an endowment mortgage, a much higher proportion of regrets related to endowment mortgages (19 per cent compared with 9 per cent for personal pensions). On the whole, people regretted taking out endowment mortgages either because they felt they had received poor financial advice or because of poor performance. Overwhelmingly, regrets about personal pensions centred on poor financial advice.

Complaints

- 9.6 Thirteen per cent of people in the survey had complained about a financial product or service in the past five years. Complainants tended to be aged 25 to 44; on higher incomes; with more financial products; and in social grade AB. Although they expressed considerable regrets about the products they had taken out, lone parents were no more likely to complain than other consumers. Those least likely to have complained about a financial product in the past five years were aged under 25, on incomes of less than £6,499 a year, and in social grade DE (Table 25).
- 9.7 Complaints largely centred on personal pensions, endowment mortgages and investment products, which together accounted for half of complaints made (Table 26). A further one in five people had complained about something other than the financial products listed in the survey, such as current accounts, consumer credit or insurance products.
- 9.8 In addition to the 13 per cent of consumers who had made a complaint about a financial product in the past five years, a further 7 per cent had thought about complaining but had not done so. Typically, they had not complained because it seemed pointless or because they did not know to whom to complain, a clear reflection of the poor knowledge of regulatory bodies outlined in section 5. The relationship between regrets and complaints is also interesting. In fact, three-quarters of people who had regretted a purchase had not gone on to complain about it.

Lapsed products

- 9.9 One in five of people (21 per cent) had let a financial product lapse or cashed it in, usually either in the past one to five years, or more than five years ago. Endowment mortgages accounted for the largest proportion of lapsed products (32 per cent), followed by 'whole of life' life assurance (25 per cent), personal pensions (20 per cent), ten-year savings plans (16 per cent) and investment/insurance bonds (10 per cent). On the whole, people stopped paying into products because of a change in their personal or financial situation, or because they needed the money.
- 9.10 The numbers of individual types of product that had lapsed were small, and any detailed analysis needs to be used with caution. There were, however, some notable deviations from the general picture of reasons for letting products lapse:
- ten-year savings plans were disproportionately cashed in because people needed the money (36 per cent), and because the performance did not live up to expectations (14 per cent);
 - endowment policies not linked to mortgages were disproportionately cashed in because the cover was not needed (20 per cent);
 - endowment mortgages were disproportionately cashed in because people needed the cash (37 per cent), but also because people realised it was not the right product for them (16 per cent), or the performance did not live up to their expectations (15 per cent);

- personal pensions were disproportionately cashed in because people could not afford to keep up the payments (27 per cent). Moreover, 18 per cent of people had switched to an employer's scheme;
- insurance/investment bonds were by far the most likely to have been cashed in because people needed the cash (41 per cent) and because their circumstances had changed (36 per cent).

9.11 Just over one-fifth (21 per cent) of products had been bought through a company representative or salesman in the consumer's home. But twice the proportion of lapsed products (41 per cent) were taken out in this way, suggesting that people might have been pressured into buying products they later could not afford to keep up.

A further third (28 per cent) of lapsed products had been taken out at the branch; notably, endowment mortgages accounted for over half of the lapsed products taken out in this way.

Finally, although only 10 per cent of lapsed products were bought through an independent financial adviser, endowment mortgages and personal pensions accounted for most of these.

Overview of problematic products

9.12 The endowment mortgage stood out as the product that was generally the most problematic, accounting for the largest proportion of regrets (19 per cent) and lapsed products (32 per cent). It also accounted for the second highest proportion of complaints (16 per cent). Not too far behind were personal pensions which accounted for the highest proportion of complaints, the second highest level of regrets, and the third highest proportion of lapsed products. These findings are particular cause for concern – not only are endowment mortgages and personal pensions widely held, they also represent two of the major investments people are likely to make.

Annex A: Tables 2000

	Financially literate	Confidence - Proportion of people who definitely agreed that:		Risk averse	Find saving difficult	Base
		<i>I feel confident about making my own financial decisions</i>	<i>I've got a clear idea of the sorts of financial products I need</i>			
cell percentages ¹						
All	% 45	% 38	% 33	% 52	% 35	1,122
Age of respondent						
21-24	35	36	9	39	47	67
25-34	36	40	27	55	33	247
35-44	44	38	34	52	38	258
45-54	49	36	37	50	33	224
55-64	51	39	39	48	28	146
65+	49	40	43	57	35	179
Gender						
Male	51	42	36	46	34	561
Female	38	34	31	57	32	561
Family type						
Single, no children	35	43	29	58	39	75
Single, dependent children	30	50	27	55	50	85
Young couple, no children	46	35	34	46	25	203
Couple, dependent children	45	38	31	55	38	383
Older couple, no children	53	37	42	55	25	209
Older single	42	43	40	47	42	92
Other ¹	42	29	28	40	44	75
Income						
£6,499 or less	27	41	28	54	53	137
£6,500 – £13,499	45	41	31	54	46	168
£13,500 – £24,999	47	38	32	56	28	202
£25,000 or more	57	36	34	43	20	289
Financial wealth						
Up to £2,499	33	41	29	58	51	429
£2,500 – £4,999	41	37	33	58	35	70
£5,000 – £9,999	48	35	24	55	20	100
£10,000 – £19,999	57	49	41	50	21	66
£20,000 – £39,999	65	25	34	39	18	92
£40,000 or more	74	38	49	37	11	114
Social grade						
AB	61	32	42	44	15	269
C1	44	38	32	49	35	370
C2	43	38	31	61	39	213
DE	30	46	30	56	51	269

Table 1: Behavioural categories

contd.

	Financially literate	Confidence - Proportion of people who definitely agreed that:		Risk averse	Find saving difficult	Base
		<i>I feel confident about making my own financial decisions</i>	<i>I've got a clear idea of the sorts of financial products I need</i>			
cell percentages ¹						
All	% 45	% 38	% 33	% 52	% 35	1,122
Financial situation						
Better off than 12 months ago	52	41	33	49	26	367
Worse off than 12 months ago	43	36	36	52	45	311
Better off in 12 months time	49	40	32	45	30	391
Worse off in 12 months time	40	41	35	49	47	172
Number of products currently held						
None	24	47	25	46	55	92
1-3 products	35	39	29	58	45	456
4-6 products	46	35	36	54	28	370
7 or more products	73	38	43	37	14	204
Length of time investing						
No money to invest	28	43	30	60	60	345
Just started to look	33	34	28	47	32	80
Started in last year or two	51	34	26	45	30	142
Around 5 years	40	34	26	45	17	131
5 or more years	60	38	42	49	21	378
Purchasing behaviour						
Never purchased	29	48	29	43	56	71
Purchased any product in last year	57	37	35	40	25	363
Purchased most recent product 1-5 yrs ago	47	35	33	58	31	423
Purchased most recent product 5+ yrs ago	28	43	34	61	47	265
Products ever taken out						
Savings account	47	38	34	52	32	964
Investment product	59	39	38	43	22	483
Stocks and shares	60	35	38	46	21	501
Life assurance savings product	52	35	35	51	28	379
Life assurance product	48	39	35	53	32	573
Mortgage product	49	37	34	52	27	696
Pension product	52	39	38	48	29	526
Confidence about making own financial decisions						
Confident	47	49	37	52	33	870
Not confident	36	0	22	49	39	234

Base: all respondents

¹ i.e. 36 per cent of people aged 21-24 were confident about making their own decisions, compared with 40 per cent of those over 65.

Table 1: Behavioural categories

	How much do you agree or disagree with the following statements?	
	I enjoy finding out about new investments and savings schemes	I find it difficult to understand financial leaflets and materials that I get
	%	%
Definitely agree	17	21
Tend to agree	27	29
Tend to disagree	32	28
Definitely disagree	19	19
Don't know	4	4
Total who agree	44	50
Total who disagree	51	47
Base	1,122	1,122
Base: all respondents		

Table 2: Component questions of the financial literacy variable (1)

<i>About how often do you read the personal finance pages of the newspaper?</i>	%
Every week, or almost every week	28
Quite often, at least once a month	6
Sometimes, but not every month	12
Hardly ever or never	55
Don't know	*
Base	1,122
Base: all respondents	

Table 3: Component questions of the financial literacy variable (2)

	About how often do you read the personal finance pages of the newspaper?			
	Every week, or almost every week %	Quite often, at least once a month %	Sometimes, but not every month %	Hardly ever or never %
How much do you agree or disagree with the following statements?				
I enjoy finding out about new investments and savings schemes				
Definitely agree	35	20	17	8
Tend to agree	33	44	23	24
Tend to disagree	22	23	35	38
Definitely disagree	10	11	19	25
Don't know	1	3	7	5
Total who agree	68	64	40	32
Total who disagree	32	34	54	63
<i>Base</i>	<i>310</i>	<i>62</i>	<i>135</i>	<i>612</i>
I find it difficult to understand financial leaflets and materials that I get				
Definitely agree	12	8	21	27
Tend to agree	19	34	30	33
Tend to disagree	38	37	29	22
Definitely disagree	29	16	14	15
Don't know	2	5	7	4
Total who agree	31	42	51	60
Total who disagree	67	53	43	37
<i>Base</i>	<i>310</i>	<i>62</i>	<i>135</i>	<i>612</i>
Base: all respondents				

Table 4: How the component statements comprising 'financial literacy' relate to one another

	Review regularly %	Review occasionally %	Review only when have to %	Never review %	Base
All	33	34	20	12	1,116
Age of respondent					
21–24	23	41	24	12	65
25–34	37	32	19	12	247
35–44	29	39	21	11	257
45–54	32	34	25	9	223
55–64	41	33	16	11	146
65+	35	32	14	19	179
Gender					
Male	34	36	19	12	561
Female	33	33	21	13	561
Family type					
Single, no children	35	28	22	16	75
Single, dependent children	30	25	17	28	85
Young couple, no children	32	42	22	4	201
Couple, dependent children	34	35	23	9	381
Older couple, no children	42	33	15	10	209
Older single	27	31	14	28	91
Other	26	33	24	18	75
Income					
£6,499 or less	27	23	20	30	137
£6,500 – £13,499	32	28	23	17	168
£13,500 – £24,999	37	35	23	5	202
£25,000 or more	39	41	19	2	287
Financial wealth					
Up to £2,499	26	31	23	19	426
£2,500 – £4,999	35	37	22	7	69
£5,000 – £9,999	25	47	24	4	100
£10,000 – £19,999	46	26	28	-	66
£20,000 – £39,999	47	30	19	4	92
£40,000 or more	54	38	7	-	114
Social grade					
AB	45	37	16	2	269
C1	34	41	18	7	370
C2	29	32	26	13	212
DE	25	24	21	30	266
Financial situation					
Better off than 12 months ago	38	34	19	9	364
Worse off than 12 months ago	34	33	17	15	311
Better off in 12 months time	41	32	17	9	388
Worse off in 12 months time	37	32	16	14	172
Behavioural categories					
Financially literate	40	36	16	7	497
Risk averse	30	33	23	14	576
Find saving difficult	23	33	25	19	384

Table 5: Frequency of financial reviews

contd.

	Review regularly %	Review occasionally %	Review only when have to %	Never review %	Base
All	33	34	20	12	1,116
Number of products currently held					
None	21	14	14	50	91
1–3 products	24	37	22	16	456
4–6 products	38	36	22	4	369
7 or more products	52	34	14	1	204
Length of time investing					
No money to invest	22	26	24	28	342
Just started to look	29	52	12	7	80
Started in last year or two	37	38	19	6	142
Around 5 years	37	33	25	4	130
5 or more years	44	36	17	3	377
Purchasing behaviour					
Never purchased	23	11	11	54	70
Purchased any product in last year	45	34	17	4	361
Purchased most recent product 1–5 years ago	31	38	24	7	422
Purchased most recent product 5+ years ago	25	34	20	21	264
Products ever taken out					
Savings account	35	36	20	8	960
Investment product	43	36	17	3	481
Stocks and shares	42	35	19	4	500
Life assurance savings product	39	37	19	4	378
Life assurance product	33	37	23	6	569
Mortgage product	36	35	22	6	693
Pension product	39	36	20	5	525
Confidence about making own financial decisions					
Confident	35	34	20	12	866
Not confident	29	36	20	14	232
Base: all respondents					
*Numbers small					

Table 5: Frequency of financial reviews

	Keep a written record %	Do not keep a written record %	Base
All	57	43	977
Age of respondent			
21-24	35	65	57
25-34	57	43	214
35-44	55	45	230
45-54	60	40	201
55-64	64	36	129
65+	61	39	144
Gender			
Male	57	43	494
Female	57	43	483
Family type			
Single, no children	56	44	63
Single, dependent children	46	54	62
Young couple, no children	54	45	189
Couple, dependent children	59	41	347
Older couple, no children	65	35	189
Older single	58	41	65
Other	41	59	61
Income			
£6,499 or less	41	59	95
£6,500 – £13,499	52	48	139
£13,500 – £24,999	60	40	191
£25,000 or more	59	41	281
Financial wealth			
Up to £2,499	47	53	343
£2,500 – £4,999	58	42	64
£5,000 – £9,999	50	50	96
£10,000 – £19,999	52	48	65
£20,000 – £39,999	64	36	92
£40,000 or more	74	26	114
Social grade			
AB	67	33	263
C1	60	40	343
C2	53	47	184
DE	42	58	187
Behavioural categories			
Financially literate	64	36	462
Risk averse	57	43	498
Find saving difficult	46	53	311
Number of products currently held			
None*	27	73	44
1-3 products	48	52	379
4-6 products	61	39	351
7 or more products	75	25	201

Table 6: Keeping a written record or documentation of financial reviews

contd.

	Keep a written record %	Do not keep a written record %	Base
All	57	43	977
Length of time investing			
No money to invest	42	58	245
Just started to look	50	50	74
Started in last year or two	61	39	132
Around 5 years	55	45	121
5 or more years	68	32	366
Financial planning			
Review regularly with professional help	82	18	82
Review regularly without professional help	66	34	286
Review occasionally with professional help	64	36	98
Review occasionally without professional help	51	49	276
Review when driven	41	59	221
Base: respondents who reviewed their financial situation regularly, occasionally or when driven (see Table 5)			
* Number small			

Table 6: Keeping a written record or documentation of financial reviews

	Review without professional advice	Review with professional advice	Does not review ¹	Base
	%	%	%	
All	68	22	10	1,114
Age of respondent				
21-24	74	21	5	66
25-34	73	16	11	247
35-44	68	21	11	255
45-54	63	26	10	221
55-64	67	25	8	146
65+	62	22	16	178
Gender				
Male	68	22	10	558
Female	67	21	11	556
Family type				
Single, no children	67	17	17	72
Single, dependent children	69	14	17	85
Young couple, no children	65	29	6	202
Couple, dependent children	72	20	8	380
Older couple, no children	65	26	9	208
Older single	65	14	20	92
Other	63	23	14	75
Income				
£6,499 or less	60	16	24	134
£6,500 – £13,499	66	21	13	167
£13,500 – £24,999	69	24	6	201
£25,000 or more	72	25	3	288
Financial wealth				
Up to £2,499	68	18	14	425
£2,500 – £4,999	65	26	10	69
£5,000 – £9,999	66	29	5	100
£10,000 – £19,999	79	19	3	66
£20,000 – £39,999	72	22	6	91
£40,000 or more	71	28	-	114
Social grade				
AB	71	27	2	269
C1	68	23	9	367
C2	69	22	9	212
DE	63	14	23	265
Financial situation				
Better off than 12 months ago	68	24	8	365
Worse off than 12 months ago	67	20	13	309
Better off in 12 months time	68	25	7	387
Worse off in 12 months time	65	18	18	171

1 A smaller proportion of people stated that they did not review their financial situation than stated that they had never reviewed their financial situation (Table 5). This difference has arisen because the questions were asked differently. People were asked only whether they usually reviewed their financial situation themselves or with the advice of a professional; 'does not review' was only coded if the respondent volunteered that information. People were then asked about the frequency of financial reviewing and were given a number of options (see Box 5) including 'I never review my financial situation'.

Table 7: How people review their financial situation

contd.

	Review without professional advice %	Review with professional advice %	Does not review %	Base
All	68	22	10	1,114
Behavioural categories				
Financially literate	68	26	6	497
Risk averse	66	21	13	576
Find saving difficult	66	18	17	384
Number of products currently held				
None	56	14	30	91
1–3 products	69	16	15	452
4–6 products	68	25	7	367
7 or more products	67	31	1	204
Length of time investing				
No money to invest	64	14	23	342
Just started to look	61	29	10	79
Started in last year or two	73	20	8	102
Around 5 years	73	23	4	130
5 or more years	68	28	4	377
Purchasing behaviour				
Never purchased	56	12	33	70
Purchased any product in last year	70	24	6	361
Purchased most recent product 1–5 years ago	66	25	8	419
Purchased most recent product 5+ years ago	69	15	16	264
Products ever taken out				
Savings account	68	22	10	958
Investment product	67	28	4	481
Stocks and shares	70	25	5	500
Life assurance savings product	66	27	7	376
Life assurance product	64	26	10	568
Mortgage product	66	26	8	691
Pension product	67	25	8	525
Confidence about making own financial decisions				
Confident	71	18	10	866
Not confident	54	34	12	230
Base: all respondents				

Table 7: How people review their financial situation

		Savings account	Cash ISA	Investment product	Life assurance savings product	Life assurance	Mortgage product	Pension product
		%	%	%	%	%	%	%
Straightforward to open								
	Definitely agree	44	57	23	34	37	24	28
	Tend to agree	31	30	33	40	32	29	30
	Neither	8	3	14	8	12	8	10
	Tend to disagree	10	6	21	11	13	20	15
	Definitely disagree	5	3	6	4	6	16	13
	Don't know	2	1	3	3	1	4	4
	Total agree	75	87	56	74	69	53	58
	Total disagree	15	9	27	15	19	36	28
Essential to seek guidance								
	Definitely agree			41	36	36	48	50
	Tend to agree			25	28	30	22	26
	Neither			8	10	11	6	8
	Tend to disagree			17	19	17	13	9
	Definitely disagree			8	7	7	8	6
	Don't know			1	1	*	2	1
	Total agree			66	64	66	70	76
	Total disagree			25	26	24	21	15
Understanding charges difficult								
	Definitely agree			21	21	23		22
	Tend to agree			32	30	28		25
	Neither			11	13	16		12
	Tend to disagree			19	20	20		22
	Definitely disagree			15	11	12		12
	Don't know			2	6	1		5
	Total agree			53	51	51		47
	Total disagree			34	31	32		34
Always look at expected return								
	Definitely agree				67	65		61
	Tend to agree				22	23		20
	Neither				4	7		8
	Tend to disagree				4	4		8
	Definitely disagree				2	1		2
	Don't know				1	1		1
	Total agree				89	88		81
	Total disagree				6	5		10
Essential to seek guidance								
	Definitely agree						21	
	Tend to agree						26	
	Neither						10	
	Tend to disagree						20	
	Definitely disagree						19	
	Don't know						4	
	Total agree						47	
	Total disagree						39	
Understanding charges difficult								
	Definitely agree						35	
	Tend to agree						27	
	Neither						8	
	Tend to disagree						16	
	Definitely disagree						9	
	Don't know						5	
	Total agree						62	
	Total disagree						25	
Base		954	273	483	379	573	696	526

Base: respondents who have ever held the product

1 Shaded areas indicate that these questions were not asked of particular products

Table 8: Perceptions of specific products¹

	Sticking with a 'big name' company is the best way to guarantee good returns			Past performance is a good guide to how well investments will do in the future			Company charges are irrelevant, it's performance that counts			Base
	Agree	Disagree	Don't know	Agree	Disagree	Don't know	Agree	Disagree	Don't know	
	%	%	%	%	%	%	%	%	%	
All	47	50	3	52	43	5	37	57	6	1,122
Age of respondent										
21-24	50	45	5	52	39	8	31	58	12	67
25-34	39	60	2	46	48	6	30	65	5	247
35-44	38	58	4	54	43	3	36	59	5	258
45-54	50	47	3	53	43	4	37	59	4	224
55-64	51	47	3	52	43	5	49	47	5	146
65+	60	35	4	58	32	10	43	43	14	179
Income										
£6,499 or less	53	40	7	53	36	13	31	52	17	137
£6,500 – £13,499	48	48	3	58	37	4	41	53	5	168
£13,500 – £24,999	46	51	2	54	44	3	37	60	3	202
£25,000 or more	38	60	2	49	49	1	35	62	3	289
Financial wealth										
Up to £2,499	43	53	4	52	41	6	34	59	7	429
£2,500 – £4,999	61	34	5	56	37	7	38	53	9	70
£5,000 – £9,999	47	51	2	53	44	3	37	59	4	100
£10,000 – £19,999	37	59	3	61	39	-	44	56	*	66
£20,000 – £39,999	42	57	2	52	45	2	29	67	4	92
£40,000 or more	44	54	2	52	47	1	56	42	3	114
Number of products currently held										
None	44	46	10	43	41	16	26	53	20	92
1-3 products	50	45	5	52	39	8	35	55	9	456
4-6 products	47	51	1	58	40	2	39	58	3	370
7 or more products	38	61	1	48	52	1	44	54	2	204
Behavioural categories										
Financially literate	44	54	3	55	41	4	40	55	4	499
Risk averse	51	46	3	55	40	5	39	55	6	580
Find saving difficult	50	44	6	54	40	6	36	55	9	388

Table 9: Factors that influence purchase decisions

contd.

	The financial market is so competitive, there is little difference between the charges and costs of different companies			The best time to invest in a pension is your 40s			
	Agree %	Disagree %	Don't know %	Agree %	Disagree %	Don't know %	Base
All	39	52	9	14	81	5	1,122
Age of respondent							
21-24	35	48	17	15	75	10	67
25-34	39	55	6	9	88	3	247
35-44	44	49	7	13	84	3	258
45-54	29	61	10	8	90	3	224
55-64	45	47	7	15	78	7	146
65+	39	46	16	28	59	12	179
Income							
£6,499 or less	40	39	20	30	62	8	137
£6,500 – £13,499	38	50	12	12	83	6	168
£13,500 – £24,999	50	46	4	9	89	2	202
£25,000 or more	30	64	6	7	92	1	289
Financial wealth							
Up to £2,499	41	49	10	14	81	4	429
£2,500 – £4,999	43	45	12	9	84	8	70
£5,000 – £9,999	43	49	7	17	82	1	100
£10,000 – £19,999	41	54	4	18	81	-	66
£20,000 – £39,999	29	66	5	5	91	5	92
£40,000 or more	30	60	10	5	91	3	114
Number of products currently held							
None	37	41	22	28	59	14	92
1-3 products	42	45	12	18	73	8	456
4-6 products	38	57	5	9	90	1	370
7 or more products	32	64	4	7	92	1	204
Behavioural categories							
Financially literate	36	59	6	13	83	4	499
Risk averse	42	48	10	16	80	5	580
Find saving difficult	42	47	11	17	77	6	388
Base: all respondents							

Table 9: Factors that influence purchase decisions

	Do you know of any official bodies or watchdogs that regulate the activities of people and companies which sell financial products?			
	Yes %	No %	Don't know %	Base
All	31	67	2	1,122
Age of respondent				
21-24	9	90	1	67
25-34	30	68	2	247
35-44	34	61	4	258
45-54	38	61	1	224
55-64	30	69	2	146
65+	27	72	1	179
Gender				
Male	37	61	2	561
Female	24	73	2	561
Income				
£6,499 or less	13	86	1	137
£6,500 – £13,499	24	73	3	168
£13,500 – £24,999	28	70	2	202
£25,000 or more	51	47	2	289
Financial wealth				
Up to £2,499	21	76	3	429
£2,500 – £4,999	34	63	3	70
£5,000 – £9,999	29	69	2	100
£10,000 – £19,999	53	47	*	60
£20,000 – £39,999	48	50	2	92
£40,000 or more	52	46	2	114
Social grade				
AB	53	47	1	269
C1	32	65	3	370
C2	21	76	4	213
DE	14	84	2	269
Number of products currently held				
None	12	86	2	92
1-3 products	22	75	3	456
4-6 products	34	64	2	370
7 or more products	53	45	2	204
Behavioural categories				
Financially literate	44	54	2	499
Risk averse	25	73	2	580
Find saving difficult	19	79	2	388
Base: all respondents				

Table 10: Knowledge of regulatory bodies

	The FSA offers the investor some protection against loss if ...		
	... the investment goes down in value when the stock market falls (Correct answer: False)	... a company that was not authorised to operate went bust while holding your money (Correct answer: False)	... a company authorised by the FSA stole your money through fraud (Correct answer: True)
	%	%	%
True	8	21	55
False	63	43	13
Don't know	29	36	32
Base	1,122	1,122	1,122

Base: all respondents

Table 11: Knowledge of the regulatory powers of the FSA

	Ever held	Currently hold	What proportion of those who have ever had this type of product still have it now?	Most recently purchased type of product
cell percentages ¹	%	%	%	%
Savings account¹	86	81	94	36
Investment product	43	34	79	13
Stocks and shares	45	32	71	9
Life assurance savings product	34	21	62	4
Life assurance product	51	42	82	7
Mortgage product	62	45	73	15
Pension product	47	40	85	7

Base: all respondents (1,122)

¹ i.e. 86% of people had ever had a savings account, compared with 34% who had a life assurance savings product

Table 12: Product-holding past and present

Number of products	None %	1-3 %	4-6 %	7 or more %	Base
All	8	41	33	18	1,122
Age of respondent					
21-24	31	49	16	3	67
25-34	9	44	33	15	247
35-44	7	39	34	19	258
45-54	3	33	42	22	224
55-64	3	34	34	29	146
65+	9	50	26	15	179
Gender					
Male	9	39	32	20	561
Female	7	43	34	16	561
Family type					
Single, no children	13	45	31	11	75
Single, dependent children	19	62	18	1	85
Young couple, no children	2	35	43	19	203
Couple, dependent children	7	34	37	22	383
Older couple, no children	4	37	36	23	209
Older single	13	54	18	14	92
Income					
£6,499 or less	26	57	15	2	137
£6,500 – £13,499	13	51	27	10	168
£13,500 – £24,999	3	35	45	17	202
£25,000 or more	1	24	42	34	289
Financial wealth					
Up to £2,499	14	58	23	5	429
£2,500 – £4,999	3	40	46	11	70
£5,000 – £9,999	1	28	48	23	100
£10,000 – £19,999	0	30	35	35	66
£20,000 – £39,999	0	13	50	37	92
£40,000 or more	0	14	42	44	114
Social grade					
AB	0	17	49	33	269
C1	3	41	35	20	370
C2	8	44	33	15	213
DE	23	60	14	2	269
Financial situation					
Better off than 12 months ago	7	38	33	23	367
Worse off than 12 months ago	8	45	33	14	311
Better off in 12 months time	7	42	29	22	391
Worse off in 12 months time	9	40	30	22	172
Behavioural categories					
Financially literate	4	32	35	29	499
Risk averse	7	45	34	13	580
Find saving difficult	13	53	27	7	388

Table 13: Numbers of products currently held

contd.

Number of products	None %	1-3 %	4-6 %	7 or more %	Base
All	8	41	33	18	1,122
Length of time investing					
No money to invest	21	61	16	2	345
Just started to look	9	69	20	3	80
Started in last year or two	4	38	42	15	142
Around 5 years	0	31	45	24	131
5 or more years	1	20	43	37	378
Purchasing behaviour					
Purchased any product in last year	1	23	42	34	363
Purchased most recent product 1-5 years ago	2	39	42	17	423
Purchased most recent product 5+ years ago	6	75	14	4	265
Confidence about making own financial decisions					
Confident	8	40	33	19	870
Not confident	10	41	32	17	234
Base: all respondents					

Table 13: Numbers pf products currently held

	Total sample %	Purchased in last year %	Never purchased %
Age of respondent			
21-24	6	16	20
25-34	22	27	22
35-44	23	26	23
45-54	20	17	10
55-64	12	13	4
65+	16	12	22
Family type			
Single, no children	7	6	11
Single, dependent children	8	7	13
Young couple, no children	18	22	8
Couple, dependent children	34	38	29
Older couple, no children	19	16	13
Older single	8	6	10
Tenure			
Own home outright	26	26	17
Own home with a mortgage	46	57	4
Rent from private landlord	6	5	12
Rent from registered social landlord	19	10	60
Live with parents	1	1	5
Some other arrangement	1	1	3
Income			
£6,499 or less	17	5	60
£6,500 – £13,499	21	15	28
£13,500 – £24,999	25	25	6
£25,000 or more	36	53	4
Employment status			
Full-time work (more than 30 hours/week)	40	48	18
Part-time work	14	13	11
Self-employed	5	7	2
Unemployed	6	2	31
Looking after home	8	6	7
Fully retired	21	21	24
Full-time student	2	1	0
Other	4	3	7
Social grade			
AB	24	39	3
C1	33	37	11
C2	19	15	19
DE	24	8	67
Behavioural categories*			
Financially literate	45	57	29
Risk averse	52	40	43
Find saving difficult	35	25	56
Base	1,122	363	71
Base: all respondents			
*Cell percentages			

Table 14: Characteristics of recent purchasers and non-purchasers

Savings account	%
Savings account with bank or building society	79
Cash ISA	21
TESSA	14
Investment product	
PEP	16
Equity ISA	10
Unit trust	12
Investment trust	8
Insurance/investment bond	17
OEIC	1
Stocks and shares from windfalls or privatisations	23
Other stocks and shares	20
Life assurance savings product	
Ten-year savings plan	13
Endowment policy not linked to a mortgage	12
Life assurance product	
'Whole of life' life assurance	28
Term life assurance	27
Mortgage product	
Endowment mortgage	28
Other interest-only mortgage	6
Repayment mortgage	20
Pension product	
Personal pension	37
FSAVC/pension transfer plan	9
Base: all respondents (1,122)	

Table 15: Types of products currently held

	Savings account	Investment product	Stocks and shares	Life assurance savings product	Life assurance product	Mortgage product	Pension product	Base
cell percentages ¹	%	%	%	%	%	%	%	
All	82	35	32	21	42	45	40	1,122
Age of respondent								
21–24	62	13	12	1	11	20	5	67
25–34	84	29	26	18	44	51	43	247
35–44	80	26	30	26	53	68	45	258
45–54	85	39	37	24	49	55	49	224
55–64	86	53	40	29	43	33	44	146
65+	78	40	38	15	27	8	25	179
Gender								
Male	78	37	35	19	41	43	43	561
Female	85	31	29	23	44	46	36	561
Family type								
Single, no children	80	25	30	8	34	44	35	75
Single, dependent children	73	17	8	12	34	22	15	85
Young couple, no children	89	35	37	22	47	61	47	203
Couple, dependent children	82	32	31	27	53	65	49	383
Older couple, no children	84	53	44	22	36	22	36	209
Older single	77	33	27	16	30	10	30	92
Income								
£6,499 or less	65	13	11	11	26	20	18	137
£6,500 – £13,499	75	29	26	10	34	28	31	168
£13,500 – £24,999	86	38	37	25	48	58	41	202
£25,000 or more	91	47	49	31	58	66	53	289
Financial wealth								
Up to £2,499	71	13	13	11	36	40	30	429
£2,500 – £4,999	84	30	19	23	56	58	49	70
£5,000 – £9,999	98	39	43	32	53	58	46	100
£10,000 – £19,999	92	46	45	35	61	60	55	66
£20,000 – £39,999	97	67	71	28	50	51	54	92
£40,000 or more	89	78	71	36	38	41	41	114
Social grade								
AB	93	51	58	29	48	60	52	269
C1	88	40	30	23	45	49	45	370
C2	80	30	32	20	46	45	43	213
DE	62	13	8	11	30	22	18	269
Financial situation								
Better off than 12 months ago	84	38	36	19	44	45	44	367
Worse off than 12 months ago	77	29	27	19	40	46	39	311
Better off in 12 months time	83	36	34	18	44	45	44	391
Worse off in 12 months time	79	35	32	27	39	43	42	172

Table 16: Types of products currently held, by respondent characteristics

contd.

	Savings account	Investment product	Stocks and shares	Life assurance savings product	Life assurance product	Mortgage product	Pension product	Base
cell percentages ¹	%	%	%	%	%	%	%	
All	82	35	32	21	42	45	40	1,122
Behavioural categories								
Financially literate	89	48	46	24	45	46	46	499
Risk averse	81	28	27	21	44	47	37	580
Find saving difficult	73	19	16	17	39	38	34	388
Number of products currently held								
1–3 products	79	11	10	7	24	32	21	456
4–6 products	95	45	40	25	61	62	53	370
7 or more products	99	84	81	55	69	62	77	204
Length of time investing								
No money to invest	62	6	9	8	30	33	25	345
Just started to look	82	16	15	6	38	42	26	80
Started in last year or two	87	27	26	23	50	55	44	142
Around 5 years	95	49	41	28	53	58	56	131
5 or more years	94	64	57	34	49	47	53	378
Purchasing behaviour								
Purchased any product in last year	94	50	49	30	56	57	52	363
Purchased most recent product 1–5 years ago	90	40	33	24	45	52	43	423
Purchased most recent product 5+ years ago	73	14	16	10	30	28	28	265
Confidence about making own financial decisions								
Confident	82	35	33	20	42	45	41	870
Not confident	80	32	28	24	43	45	34	234
Base: all respondents								
1 i.e. 62% of people aged 21–24 currently had a savings account compared with 86% of people aged 55–64								

Table 16: Types of products currently held, by respondent characteristics

	2000 %	1999 %
Savings account	19	8
Savings account with bank/building society	7	3
Cash ISA	12	4
Investment product	14	6
Equity ISA	4	2
Unit trust	1	*
Investment trust	*	*
Insurance/investment bond	*	1
OEIC	*	*
Stocks and shares from windfalls or privatisations	3	1
Other stocks and shares	6	1
Life assurance savings product	1	1
Ten-year savings plan	1	1
Endowment policy not linked to a mortgage	*	*
Life assurance product	5	2
'Whole of life' assurance	2	1
Term life assurance	3	1
Mortgage product	8	4
Endowment mortgage	2	2
Other interest-only mortgage	2	*
Repayment mortgage	4	2
Pension product	2	2
Personal pension	2	1
FSAVC/pension transfer plan	*	*
Base	1,122	1,252
Base: all respondents		
*Less than 1%		
e.g. 12% of people in the 2000 survey had bought a cash ISA in the past 12 months, compared with 4% in the 1999 survey		

Table 17: Products bought in the last 12 months

	All FSA-regulated products %	Investment product %	Life assurance savings product* %	Life assurance product %	Endowment mortgages* %	Pension product* %
Type of information						
Information sent, unrequested	9	9	13	6	9	10
Information sent, requested	15	17	10	11	13	16
Information picked up in branch	14	14	14	11	25	12
Best-buy tables	11	18	3	4	7	6
Specialist magazines	9	15	3	4	5	8
Financial adviser	48	40	46	58	67	43
Advice of friends/relatives	14	12	16	13	22	15
Newspaper articles	11	19	4	3	6	6
Newspaper adverts	6	8	5	4	5	2
Television adverts	2	1	3	2	2	4
Television programmes	2	3	6	1	2	0
The Internet	7	8	3	7	6	5
Radio programmes	1	1	0	0	0	1
Radio adverts	*	*	0	0	0	0
Other	5	3	3	8	2	16
Not stated/don't know	3	1	4	0	1	6
Number of sources used						
None	1	0	6	2	0	2
One	70	66	68	72	69	79
Two	15	14	16	16	18	8
Three	7	8	5	9	5	6
Four	4	7	5	1	2	0
Five	1	1	0	0	1	0
Six or more	2	3	0	0	5	5
How many companies did you get information from?						
One	38	37	61	44	30	30
Two	11	10	9	13	11	9
Three	14	15	10	15	13	19
Four	6	7	6	2	5	5
Five	4	6	0	4	5	2
More than five	10	11	2	6	15	6
My adviser got all the quotes for me	13	10	10	15	21	23
Not applicable/don't know	4	3	4	1	0	8
How took out product?						
Through the post/response to mailshot	18	25	24	13	3	12
Via Internet/digital TV	2	3	1	1	0	3
By telephone	11	11	4	18	4	11
At branch or office of provider/adviser/salesperson	34	33	16	35	51	31
Face-to-face with salesman at home	26	20	45	27	32	27
Not stated/Don't know	10	8	11	7	10	15
Base	367	165	35	85	45	37
Base: individual products taken out within last 12 months						
*Numbers small						

Table 18: Sources of information used, by product (merged 1999/2000 data)

Product group	Most common source	Second most common source	Most influential source
All FSA-regulated products	Financial adviser	Information picked up at branch	Financial adviser
Investment products	Financial adviser	Newspaper articles	Financial adviser
Life assurance savings products	Financial adviser	Friends/relatives	Friends/relatives
Other life assurance products	Financial adviser	Friends/relatives	Financial adviser
Endowment mortgages	Financial adviser	Information picked up at branch	Financial adviser
Pensions	Financial adviser	Information sent, requested	Friends/relatives

Table 19: Most influential source of information used, by product group (merged 1999/2000 data)

	All FSA-regulated products %	Investment product %	Life assurance savings product* %	Life assurance product %	Endowment mortgages* %	Pension product* %
Received advice face-to-face at home	26	20	45	27	32	27
Received advice face-to-face not at home	37	37	17	41	47	38
Received advice over the phone	7	7	0	9	2	14
No advice received	30	36	37	24	20	22
Base	367	165	35	85	45	37
Base: all products bought following advice						
*Numbers small						

Table 20: How financial advice was provided prior to purchasing (merged 1999/2000 data)

	Salesperson in the home %	Salesperson at a branch %	Adviser at a bank/building society %	Independent financial adviser %	Broker %	Estate agent %	Accountant/solicitor %
Used for the first time	35	44	46	36	37	85	31
Used before	65	56	54	64	63	15	69
Base	765	264	1,375	847	195	55	99
Base: all purchases ever made through an adviser							

Table 21: Source of advice used, by whether that source had been used previously

	Total sample	Contact with adviser in last 12 months		
		Sought and bought	Sought advice but not bought	None
	%	%	%	%
All	100	18	18	64
Age of respondent				
21–24	6	7	3	6
25–34	22	30	21	20
35–44	23	23	25	23
45–54	20	14	27	20
55–64	13	15	16	11
65+	16	11	7	20
Gender				
Male	50	53	60	47
Female	50	47	40	53
Family type				
Single, no children	7	8	6	6
Single, dependent children	8	7	7	8
Young couple, no children	18	21	24	16
Couple, dependent children	34	35	35	34
Older couple, no children	19	16	17	20
Older single	8	6	5	10
Other	7	6	6	7
Tenure				
Own home outright	26	25	28	26
Own home with a mortgage	46	60	51	41
Rent from private landlord	6	4	9	6
Rent from registered social landlord	19	9	12	24
Live with parents	1	1	*	1
Some other arrangement	1	1	0	1
Income				
£6,499 or less	17	5	8	23
£6,500 – £13,499	21	17	18	23
£13,500 – £24,999	25	30	28	23
£25,000 or more	36	49	46	30
Employment status				
Full-time work (more than 30 hours/week)	40	52	54	33
Part-time work	14	9	13	16
Self-employed	5	7	5	5
Unemployed	6	3	3	8
Looking after home	8	6	5	9
Fully retired	21	17	17	24
Full-time student	2	2	1	2
Other	4	3	2	4
Social grade				
AB	24	35	30	19
C1	33	42	36	30
C2	19	16	21	19
DE	24	9	13	31
Behavioural categories				
Financially literate	45	53	54	40
Risk averse	52	45	45	55
Find saving difficult	35	29	26	39
Base	1,122	199	202	721
Base: all respondents				

Table 22: Characteristics of advice-seekers and non advice-seekers

No. of advisers consulted	Sought advice in last 12 months and bought product %	Sought advice in last 12 months but did not buy %
One	64	72
Two	23	21
Three	10	7
Four or more	3	1
Base	182	180
Base: respondents who had sought advice in the last year		

Table 23: How many advisers did financial consumers consult in the last 12 months?

	Level of commission	Explanation	Pressure to buy	Commission/ best for you	Trust	Hidden charges	Value for money
All product-holders	4.0	5.0	5.0	4.5	4.6	4.6	4.9
Advice-seeking behaviour							
Bought product through adviser in past 12 months	4.6	5.6	5.6	5.2	5.3	5.2	5.4
Experience of talking to advisers	4.1	5.0	5.1	4.5	4.7	4.6	5.0
No experience of talking to advisers	3.3	4.2	4.0	3.5	3.6	3.9	4.1
Age of respondent							
21–24	3.7	5.4	5.0	4.6	5.0	4.6	5.2
25–34	4.3	5.0	4.9	4.5	4.6	4.6	4.9
35–44	3.7	4.7	4.6	4.3	4.4	4.2	4.7
45–54	4.2	5.2	5.2	4.5	4.6	4.8	5.0
55–64	4.0	5.0	5.5	4.6	4.9	4.7	5.0
65+	4.1	5.0	5.1	4.5	4.8	4.7	5.0
Gender							
Male	4.0	4.9	5.0	4.3	4.5	4.5	4.9
Female	4.1	5.1	5.0	4.7	4.7	4.7	5.0
Family type							
Single, no children	3.8	4.9	4.7	4.4	4.6	4.9	5.1
Single, dependent children	3.8	4.8	4.8	4.5	4.7	4.6	4.8
Young couple, no children	4.3	5.2	5.1	4.6	4.7	4.7	4.9
Couple, dependent children	3.9	4.9	4.8	4.4	4.4	4.4	4.9
Older couple, no children	4.1	5.0	5.3	4.6	4.9	4.7	5.1
Older single	3.9	4.9	5.4	4.5	4.5	4.6	4.6
Income							
£6,499 or less	3.9	4.9	4.8	4.4	4.7	4.6	4.9
£6,500 – £13,499	4.3	5.1	5.1	4.6	4.6	4.7	4.9
£13,500 – £24,999	4.1	5.1	5.0	4.5	4.8	4.6	5.0
£25,000 or more	4.1	5.1	5.0	4.5	4.6	4.8	4.9
Financial wealth							
Up to £2,499	4.0	4.8	4.6	4.2	4.4	4.3	4.8
£2,500 – £4,999	3.8	4.8	4.9	4.4	4.9	4.8	5.0
£5,000 – £9,999	3.9	4.9	4.7	4.4	4.3	4.5	4.6
£10,000 – £19,999	4.1	5.1	5.3	4.2	4.7	4.6	5.0
£20,000 – £39,999	4.0	5.3	5.3	4.9	5.0	5.2	5.1
£40,000 or more	4.5	5.6	5.9	5.1	5.1	4.9	5.4
Social grade							
AB	4.2	5.1	5.2	4.7	4.7	4.8	5.1
C1	4.1	5.1	5.1	4.5	4.7	4.7	4.9
C2	3.8	4.7	4.7	4.1	4.2	4.2	4.8
DE	3.9	4.8	4.9	4.4	4.8	4.5	4.9
Financial situation							
Better off than 12 months ago	4.1	5.1	5.1	4.6	4.8	4.7	5.0
Worse off than 12 months ago	3.8	4.7	4.9	4.2	4.3	4.5	4.8
Better off in 12 months time	4.3	5.2	5.1	4.6	4.8	4.7	5.0
Worse off in 12 months time	3.8	4.8	4.9	4.3	4.3	4.4	4.8

Table 24: Impressions of advisers – mean scores

contd.

	Level of commission	Explanation	Pressure to buy	Commission/ best for you	Trust	Hidden charges	Value for money
All product-holders	4.0	5.0	5.0	4.5	4.6	4.6	4.9
Behavioural categories							
Financially literate	4.1	5.1	5.1	4.5	4.6	4.8	5.0
Risk averse	4.0	5.0	4.9	4.5	4.6	4.5	4.9
Find saving difficult	4.0	4.7	4.8	4.3	4.5	4.5	4.8
Number of products held							
1–3	3.9	4.7	4.7	4.2	4.5	4.3	4.7
4–6	4.0	5.1	5.1	4.6	4.6	4.7	5.0
7 or more	4.3	5.3	5.4	4.8	4.8	5.0	5.2
Length of time investing							
No money to invest	3.8	4.5	4.6	4.2	4.2	4.3	4.5
Just started to look	4.2	5.2	4.9	4.5	4.8	4.8	4.9
Started in last year or two	4.2	5.2	4.9	4.6	4.7	4.6	4.9
Around 5 years	4.0	5.0	5.1	4.5	4.5	4.5	4.9
5 or more years	4.2	5.2	5.3	4.7	4.8	4.8	5.2
Purchasing behaviour							
Purchased any product in last year	4.3	5.2	5.2	4.8	4.8	4.9	5.0
Purchased most recent product 1–5 years ago	3.9	5.0	5.0	4.4	4.6	4.6	5.0
Purchased most recent product 5+ years ago	3.9	4.7	4.7	4.2	4.3	4.1	4.6
Reviewing financial situation							
Regularly with professional help	4.9	6.1	6.0	5.4	5.5	5.8	5.6
Regularly by self	3.9	4.8	4.8	4.2	4.5	4.6	4.9
Occasionally with professional help	4.9	5.5	5.5	4.9	5.1	5.1	5.5
Occasionally by self	3.8	4.8	4.8	4.4	4.4	4.4	4.7
Only when driven	4.1	5.0	5.1	4.5	4.5	4.3	4.9
Never	3.7	4.5	4.8	4.3	4.4	4.2	4.6
Base: all product-holders except those with savings accounts and shares Respondents were shown a series of paired statements (see Box 8) and asked to provide a score for each, ranging from 1 (lowest) to 7 (highest). The figures in this table represent the mean score for each pair of statements							

Table 24: Impressions of advisers-mean scores

	Regretted in past 5 years		Complained in past 5 years		Base
	Yes %	No %	Yes %	No %	
All	14	86	13	87	1,122
Age of respondent					
21–24	16	84	4	96	67
25–34	20	80	15	85	247
35–44	14	87	20	80	258
45–54	17	83	12	88	224
55–64	11	89	10	90	146
65+	9	91	9	91	179
Gender					
Male	16	83	14	86	561
Female	13	85	12	88	561
Family type					
Single, no children	15	85	15	85	75
Single, dependent children	21	78	13	87	85
Young couple, no children	18	81	11	89	203
Couple, dependent children	16	81	18	82	383
Older couple, no children	11	88	10	89	209
Older single	8	89	6	94	92
Other	7	93	10	90	75
Income					
£6,499 or less	9	91	1	99	137
£6,500 – £13,499	13	86	13	87	168
£13,500 – £24,999	13	86	14	86	202
£25,000 or more	20	78	21	79	289
Financial wealth					
Up to £2,499	11	88	12	88	429
£2,500 – 4,999	17	79	15	85	70
£5,000 – £9,999	15	85	17	83	100
£10,000 – £19,999	20	80	14	86	66
£20,000 – £39,999	20	77	15	85	92
£40,000 or more	21	79	15	85	114
Social grade					
AB	17	83	20	80	269
C1	16	84	14	86	370
C2	14	87	13	87	213
DE	12	88	6	94	269
Number of products currently held					
1–3 products	11	88	12	88	456
4–6 products	19	79	15	85	370
7 or more products	19	79	18	82	204
Length of time investing					
No money to invest	9	89	8	92	345
Just started to look	14	83	17	82	80
Started in last year or two	14	86	15	85	142
Around 5 years	18	81	13	87	131
5 or more years	18	79	18	82	378
Purchasing behaviour					
Purchased any product in last year	19	79	17	83	363
Purchased most recent product 1–5 years ago	18	80	14	86	423
Purchased most recent product 5+ years ago	5	94	10	90	265
Base: all respondents					

Table 25: Characteristics of people with regrets and complaints

	Regretted taking out the product %	Complained about the product %	Let the products lapse %
Endowment mortgage	19	16	32
Personal pension	9	18	20
Other stocks and shares	9	4	na
Repayment mortgage	8	2	na
TESSA	7	2	na
Ten-year savings plan	7	4	16
Insurance/investment bond	7	4	10
Equity ISA	6	5	na
'Whole of life' assurance	5	*	25
PEP	5	3	na
Savings account	5	13	na
Term life assurance	3	2	na
Cash ISA	2	*	na
Base	162	149	231

Table 26: Regrets, complaints and lapses, by product

Annex B: The 2000 questionnaire

Financial Services Consumer Panel Research Questionnaire 2713 264	2000 version 8
<p>INTRODUCTION (doorstep)</p> <p>Good morning/afternoon/evening. My name is [] and I am from the British Market Research Bureau. We are conducting a survey finding out individual's thoughts on the decision making process for financial services and products. It is a market research interview and no attempt will be made to sell you anything. And you will not be sent any mailings about financial products as a result of this interview.</p> <p>IF NECESSARY ADD: The survey is being carried out on behalf of the Financial Services Consumer Panel, a protection body which has been set-up to represent the interest of consumers when buying financial products.</p> <p>Please be assured that in accordance with the Market Research Society Code of Conduct, all your answers would be treated in the strictest of confidence.</p> <p>The interview will take in the region of 30 minutes.</p>	
<p>ELIGIBILITY QUESTIONS (doorstep)</p> <p>YELLOW SHOWCARD E1</p> <p><E1> Can I just check, have you or anyone else in your household worked in any of these industries in the last year?</p> <ol style="list-style-type: none"> 1. Advertising 2. Public relations 3. Medicine (eg doctor, nurse, hospital administrator etc.) 4. Financial services (eg bank, building society, accountancy, financial adviser etc.) 5. Catering (eg in a hotel, restaurant, café etc.) 6. None of these 	
<p><E2> Are you aged 21 or over?</p> <ol style="list-style-type: none"> 1. Yes 2. No 	
<p><E3> Are you responsible for taking financial decisions in your household, either solely or jointly?</p> <ol style="list-style-type: none"> 1. Yes 2. No <p>IF E1 = 4, E2 = 2 OR E3 = 2 DO NOT PROCEED WITH INTERVIEW</p>	
Page 1	

Financial Services Consumer Panel Research Questionnaire 2713 264	2000 version 8
<p>IF BOOST INTERVIEW ASK: YELLOW SHOWCARD E4</p> <p><E4> Have you bought or arranged ANY of the following financial products in the last 12 months?</p> <ol style="list-style-type: none"> 1. Personal Pension/FSAVC (Free Standing Additional Voluntary Contribution to a pension) 2. Ten year Savings Plan 3. Endowment Mortgage 4. Endowment policy not linked to a mortgage 5. Equity ISA 6. Unit Trust/ Investment Trust 7. Long-term Insurance or Investment Bond (ie a lump sum investment, the return of which is payable after a predefined term and the performance of which is usually linked to the stockmarket) 8. OEICs (Open Ended Investment Companies) 9. "Whole of Life" Life Assurance (ie pays out on death with no fixed time period) 10. "Term" Life Assurance (ie pays out if you die within a predefined term) 11. None of these 	
<p>IF RESPONDENT HAS BOUGHT ANY PRODUCT (CODE 1 – 10) IN LAST 12 MONTHS PROCEED WITH BOOST INTERVIEW</p>	
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Financial Services Consumer Panel Research Questionnaire 2713 264

2000 version 8

PART 1: QUESTIONS ON FINANCIAL OUTLOOK

<Q1> Do you think you (and your family) are better or worse off financially than you were 12 months ago? Are you...

READ OUT...

SINGLE CODE

1. Much better off than 12 months ago

2. Slightly better off than 12 months ago

3. About the same

4. Slightly worse off than 12 months ago

5. Much worse off than 12 months ago

6. Don't know

<Q2> And do you think you (and your family) will be better or worse off in 12 months' time?

READ OUT..

SINGLE CODE

1. Much better off in 12 months' time

2. Slightly better off in 12 months' time

3. About the same

4. Slightly worse off in 12 months' time

5. Much worse off in 12 months' time

6. Don't know

<Q4> ESTABLISH CHIEF INCOME EARNER

Which member of your household would you say is the Chief Income Earner, that is the person with the largest income whether from employment, pensions, state benefits, investments or other incomes?

NB. IF EQUAL INCOME IS CLAIMED FOR 2 PERSONS, YOU SHOULD CLASSIFY THE ELDER AS THE CHIEF INCOME EARNER

1. Respondent

2. Someone else

<Q5> Do you/Does the chief income earner have a paid job, either full or part time?

1. Yes

2. No

3. Don't know

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Financial Services Consumer Panel Research Questionnaire 2713 264

2000 version 8

IF CIE HAS A JOB

<Q6> How secure would you say your/the chief income earner's job is at the moment?

1. Very secure

2. Quite secure

3. Not very secure

4. Not at all secure

5. Don't know

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PART 2: ATTITUDES/MOTIVATIONS**PINK SHUFFLE PACK AND PINK SORTING BOARD**

<Q7> On these cards are some statements that describe some things people have said about their approach to handling their finances. Please sort them on this board to show how much you agree or disagree with each statement.

1. Definitely agree
 2. Tend to agree
 3. Tend to disagree
 4. Definitely disagree
 5. Don't know
- a) I enjoy finding out about new investments and savings schemes
 - b) I tend to shop around for the best deal when buying a financial product
 - c) I'd like to save, but I find it difficult
 - d) I never invest any of my money in something risky
 - e) I always speak to an adviser before investing money
 - f) I feel confident about making my own financial decisions
 - g) In general, I find that financial products don't meet my needs
 - h) I find it difficult to understand financial leaflets and materials that I get

<Q8> About how often do you read the personal finance pages in the newspaper?

**READ OUT
SINGLE CODE**

1. Every week, or almost every week
2. Quite often - at least once a month
3. Sometimes, but not every month
4. Hardly ever, or never
5. Don't know

SHOWCARD A

<Q8> Which of the statements on this card best describes you?

SINGLE CODE ONLY.

1. I have been making regular savings and investments for 5 or more years and have a wide range of savings and investment products in my portfolio
2. I have started saving and investing in the last five years, but have built up a range of savings and investment products in this time
3. I have only started making investments and savings in the last year or two
4. I am just beginning to look at savings and investment products, but have not yet invested
5. I don't have any money to save or invest
6. None of these

PART 3: PRODUCT HOLDINGS**Savings products**

1. Savings account (eg bank or building society account)
2. Cash ISA
3. TESSA

Other savings and investment products

4. PEPs
5. Equity ISA
6. Unit Trusts
7. Investment Trusts
8. Insurance/investment bond (ie a lump sum investment, the return of which is payable after a predefined term and the performance of which is usually linked to the stockmarket)
9. OEICs (Open Ended Investment Companies)
10. Stocks and shares from windfalls (eg Halifax/Woolwich shares) or privatisations (eg British Gas or British Airways)
11. Other stocks and shares (bought through a stockbroker service/on-line/bank or building society or equivalent)

Life assurance savings products

12. 10 Year Savings Plan
13. Endowment policy NOT linked to a mortgage
14. "Whole of Life" Life Assurance (ie pays out on death with no fixed time period)
15. Term life assurance (ie pays out if you die within a predefined term)

Life assurance products**Mortgage products**

16. Endowment policy for a mortgage/ endowment mortgage
17. Other interest only mortgage
18. Repayment mortgage

Pension products

19. Personal pension
20. Free-Standing Additional Voluntary Contribution to a Pension (FSAVC)/Pension transfer plan

21. None of these
22. Don't know

GREEN SHUFFLE PACK AND GREEN SORTING BOARD

On these cards are the descriptions of various long-term savings and investments. I'd like you to read each one carefully. I am going to ask you to identify those you have bought or invested in, but please exclude those products that your employer provides for you.

<Q10a So, to begin, please could you sort them into two piles on this board. Place in one pile those you have ever bought or invested in and in the other pile those you have never bought or invested in.

ALLOW TIME FOR SORTING

Please tell me the products that you have EVER bought or invested in. Just read out the numbers by the products.

MULTICODE

GREEN SHUFFLE PACK (products selected as ever had at Q10a) AND WHITE SORTING BOARD

CAPJJUST SHOW PRODUCTS SELECTED

<Q10b And now from the products you have ever bought, please place them in two piles on this board. In one pile those products you currently have and another pile of those you no longer have.

ALLOW TIME FOR SORTING

Please just read out the numbers of the products you still currently have.

MULTICODE

CAPJ SHOW EVERBOUGHT PRODUCTS AGAIN

<Q10c And which one of these products did you take out most recently?

READ OUT LIST IF NECESSARY

SINGLE CODE

<Q10d> Do you personally belong to a credit union?

INTERVIEWER: IF NECESSARY PROMPT – A MUTUAL SAVINGS AND LOANS ORGANISATION WHERE MEMBERS FORM A POOL OF SAVINGS IN ORDER TO BE ABLE TO BORROW AT A CHEAP RATE - MAY BE RUN THROUGH A LOCAL COMMUNITY GROUP OR BY YOUR EMPLOYER.

1. Yes
2. No
3. Don't know

< Q11 I'm now going to read out a number of statements which people have said about their decision making process when taking out financial products. Please tell me whether you definitely agree, tend to agree, neither agree nor disagree, tend to disagree or definitely disagree

SINGLE CODE

1. Definitely agree
2. Tend to agree
3. Neither/nor
4. Tend to disagree
5. Definitely disagree
6. Don't know/DNA (not shown on screen -)

INTERVIEWER: IF NECESSARY, SPECIFY THAT WE ARE TALKING ABOUT THE MOST RECENT PRODUCT TAKEN OUT/BOUGHT IN EACH GROUP

(FOR EACH GROUP OF STATEMENTS THE TYPES OF PRODUCTS WE ARE REFERRING TO WILL BE SHOWN AT THE TOP OF THE SCREEN)

ASK ALL – rotate statements

- a. I've got a clear idea of the sorts of financial products that I need
- b. It's always best to go for a well known name you can trust
- c. It's best to speak to several people to get the best deal

IF EVER HAD A SAVINGS ACCOUNT, OR TESSA (Q10A CODE 1, OR 3)

- d. It is straightforward opening a savings product

IF EVER HAD A CASH ISA (Q10 CODE 2)

- x. it is straightforward opening a cash ISA

IF EVER HAD A PEP, EQUITY ISA, UNIT TRUST, INVESTMENT TRUST, OEIC OR INSURANCE INVESTMENT

BOND - rotate statements

- e. It is straightforward taking out an investment product (for example an Equity ISA or Unit Trust)
- f. It's essential to seek guidance from a financial adviser before taking out an investment product (for example an Equity ISA or Unit Trust)
- g. Understanding the charges I pay on my investment product is difficult (for example an Equity ISA or Unit Trust)

IF EVER HAD A 10 YEAR SAVINGS PLAN OR ENDOWMENT (NOT LINKED TO A MORTGAGE): - rotate statements

- h. It's essential to seek guidance from a financial adviser before taking out a life assurance savings policy
- i. It is straightforward taking out a life assurance savings policy
- j. Understanding the charges I pay on my life assurance savings policy is difficult
- k. I would always look at the amount I expect to receive before I take out a life assurance savings policy

IF EVER HAD A WHOLE OF LIFE ASSURANCE POLICY OR TERM LIFE ASSURANCE POLICY - rotate statements

- l. It's essential to seek guidance from a financial adviser before taking out a life protection insurance
- m. It is straightforward taking out a life protection insurance
- n. Understanding the charges I pay on my life protection insurance is difficult
- o. I would always look at the amount I expect to receive before I take out a life protection insurance

IF EVER HAD A PERSONAL PENSION OR FSAVC/PENSION TRANSFER PLAN: - rotate statements

- p. It's essential to seek guidance from a financial adviser before taking out a pension
- q. It is straightforward taking out a pension
- r. understanding the charges I pay on my pension is difficult
- s. I would always look at the amount I expect to receive before I take out a pension

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IF EVER HAD AN ENDOWMENT OR REPAYMENT MORTGAGE OR OTHER INTEREST MORTGAGE ASK - rotate statements

t. It is straightforward taking out a mortgage

u. It's essential to seek guidance from a financial adviser before taking out a mortgage

v. I find it easy to understand the different types of mortgage repayment products that are on offer

w. Comparing the cost of different mortgages is difficult

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PART 4: DISTRIBUTION AND ADVICE

FOR EACH PRODUCT EVER BOUGHT AT Q10A ASK:

<Q11E>How long ago did you take out/invest in a (PRODUCT)?

INTERVIEWER NOTE: IF MORE THAN ONE OF ANY PRODUCT TAKEN OUT/INVESTED IN, RESPONDENT IS TO ANSWER FOR THE MOST RECENT ONE TAKEN OUT ONLY

1. Within the last 12 months

2. Over a year ago but less than 5 years ago

3. 5 or more years ago

4. Don't know

IF PRODUCT OVER A YEAR (CODE 2-4 AT Q11E) ASK Q13C

IF PRODUCT WITHIN THE LAST 12 MONTHS (CODE 1 AT Q11E) ASK Q12-13G

THIS IS A CHANGE FROM 1999 WHEN THESE QUESTIONS WERE ONLY ASKED OF INVESTMENT PRODUCTS NOT SAVINGS PRODUCTS

< text > You mentioned that you have taken out a (product) in the last year. Thinking about the last time that you took out the (product)...

SHOWCARD B

<12 a>Which of the following sources of information did you use?

MULTICODE

1. Product information sent to me in the post that I didn't ask for

2. Product information that I asked to be sent to me in the post

3. Product information picked up in the branch

4. Best-buy tables in financial pages of newspapers/magazines

5. Specialist magazines/publications

6. Recommendation of financial adviser

7. Advice of friends/relatives

8. Newspaper articles

9. Newspaper adverts

10. Television adverts

11. Television programmes

12. The internet

13. Radio programmes

14. Radio adverts

15. Other (specify)

16. Don't Know

12b) And which ONE of these sources did you feel most influenced your decision about what to buy?

READ OUT LIST IF NECESSARY

SINGLE CODE

(TO BE COMBINED IN ANALYSIS WITH SINGLE ANSWERS FROM 12A)

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<p><Q12E>How confident would you say you were that you had all the information and advice you needed to make the right choice about the (PRODUCT)? Would you say you were...? READ OUT</p> <p>SINGLE CODE</p> <ol style="list-style-type: none"> 1. Very confident 2. Fairly confident 3. Neither confident nor unconfident 4. Not very confident 5. Not at all confident 6. Don't know 	
<p>< Q12G >And how many different financial companies did you get information from before taking out your (product)?</p> <p>DO NOT READ OUT.</p> <p>SINGLE CODE.</p> <ol style="list-style-type: none"> 1. One 2. Two 3. Three 4. Four 5. Five 6. More than five 7. My adviser got all the quotes for me 8. Don't know <p><i>(Respondents being asked these questions about windfall shares will not be asked this question and automatically coded as "not applicable")</i></p>	
<p>< Q13A > Which of the following best describes how you took out/invested in the (product)?</p> <p>READOUT</p> <p>SINGLE CODE</p> <ol style="list-style-type: none"> 1. through the post/response to a mail shot 2. via the internet/ digital TV 3. via the telephone 4. at a branch or office of the provider/ adviser/ salesperson 5. face-to-face with a salesman at my home 6. Don't know 	

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<p>IF CODES 1-4 AT 13A ASK Q13B. OTHERS GO TO Q13C</p> <p>< Q13B >Before you took out this (product), did you get financial advice? By this I mean that someone came to see you or you went to see someone to find out how suitable that product was for you?</p> <ol style="list-style-type: none"> 1. Yes 2. No 3. Don't Know 	
<p>IF CODE 2 OR 3 AT Q13B ASK Q13Bi. OTHERS GO TO Q13C</p> <p>< Q13Bi >Can I just check, did you get any advice or information about how suitable the (product) was for you over the phone before you took out the (product)?</p> <ol style="list-style-type: none"> 1. Yes 2. No 3. Don't Know 	
<p>IF CODE 5 AT Q13A OR CODE 1 AT Q13B OR CODE 1 AT Q13Bi OR THOSE WHO HAVE BEEN ROUTED FROM Q11E (THOSE WHO HAD OTHER PRODUCTS OVER A YEAR) ASK Q13C:</p> <p>SHOWCARD. C</p> <p>Q13C. Which of the following best describes the person who gave you advice about the (product)?</p> <p>SINGLE CODE</p> <ol style="list-style-type: none"> 1. An insurance company rep. or salesman that came to my home/work 2. An insurance company rep. or salesman in branch 3. A manager/adviser at a bank/building society 4. An independent financial adviser (IFA) 5. A broker 6. An estate agent 7. An accountant/solicitor 8. My employer 9. Direct from the company over the phone 10. None of the above 11. Other (please specify) 12. Don't know 	

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PART 5 – REGRETS/COMPLAINTS

ASK ALL
(In 1999 everyone was asked this although the tables based only on those taken products out in last 5 years)
Q14A Would you say that you have bought a financial product or service, in the last five years, that you later regretted taking out?

1. Yes
2. no
3. Don't Know

IF YES (CODE 1 AT Q14A) ASK:
SHOWCARD D
Q14B. Which, if any, of the following products did you regret taking out?
MULTICODE

1. Savings account (eg bank or building society account)
2. Cash ISA
3. TESSA
4. PEPs
5. Equity ISA
6. Unit Trusts
7. Investment Trusts
8. Insurance/investment bond (ie a lump sum investment, the return of which is payable after a predefined term and the performance of which is usually linked to the stockmarket)
9. OEICs (Open Ended Investment Companies)
10. Stocks and shares from windfalls (eg Halifax/Woolwich shares) or privatisations (eg British Gas or British Airways)
11. Other stocks and shares (bought through a stockbroker service/on-line/bank or building society or equivalent)
12. 10 Year Savings Plan
13. Endowment policy NOT linked to a mortgage
14. "Whole of Life" Life Assurance (ie pays out on death with no fixed time period)
15. Term life assurance (ie pays out if you die within a predefined term)
16. Endowment policy for a mortgage
17. Other interest only mortgage
18. Repayment mortgage
19. Personal pension
20. Free-Standing Additional Voluntary Contribution to a Pension (FSAVC)/Pension transfer plan
21. Credit Union account/membership
22. None of these
23. Don't know

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FOR EACH PRODUCT BOUGHT VIA ADVISER/IFABROKER AT (CODES 1-7 AT Q13C) ASK Q13D ONWARDS EXCEPT THOSE ROUTED FROM Q11E (+1 YEAR)
< Q13D > How was that person paid for their services. Did they receive commission from the (product) they sold you, or did you pay a fee for their advice?
SINGLE CODE

1. commission
2. fee
3. both (commission and fee)
4. didn't buy through the adviser/company that gave the advice
5. can't remember
6. No commission or fee payable
7. don't know

<Q13F> Thinking about the overall process when you took out this (PRODUCT), how satisfied would you say you were with the efficiency with which your application was handled? Were you.....
READ OUT
SINGLE CODE.

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied
6. Don't know

<Q13CC> Had you used this person for advice before or was this the first time?

1. Had used before
2. First time
3. Don't know

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<p>IF REGRETTED TAKING OUT ANY PRODUCT (CODES 1 TO 20 AT Q14B) ASK FOR EACH PRODUCT:</p> <p>Q14C. Why did you regret taking out your (product)? OPENEND</p> <p>PROBE: GENERALLY AND ABOUT ROLE OF ADVISER</p> <p>ASK ALL: <Q15> And in the last five years, have you complained about <u>any</u> financial product or service (not just those products we have already talked about)?</p> <p>1. Yes 2. No 3. Don't know</p> <p>IF YES (CODE 1 AT Q15) ASK: SHOWCARD D <Q.16A> Which, if any, of the following products did your complaint relate to? MULTICODE</p> <p>1. Savings account (eg bank or building society account) 2. Cash ISA 3. TESSA 4. PEPs 5. Equity ISA 6. Unit Trusts 7. Investment Trusts 8. Insurance/investment bond (ie a lump sum investment, the return of which is payable after a predefined term and the performance of which is usually linked to the stockmarket) 9. OEICs (Open Ended Investment Companies) 10. Stocks and shares from windfalls (eg Halifax/Woolwich shares) or privatisations (eg British Gas or British Airways) 11. Other stocks and shares (bought through a stockbroker service/on-line or equivalent) 12. 10 Year Savings Plan 13. Endowment policy NOT linked to a mortgage 14. "Whole of Life" Life Assurance (ie pays out on death with no fixed time period) 15. Term life assurance (ie pays out if you die within a predefined term) 16. Endowment policy for a mortgage 17. Other interest only mortgage 18. Repayment mortgage 19. Personal pension 20. Free-Standing Additional Voluntary Contribution to a Pension (FSAVC)/Pension transfer plan 21. Credit Union account/membership 22. None of these 23. Don't know</p> <p><Q16B> And what was your complaint about the (product) about? OPENENDED</p>	
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<p>IF HAVE NOT COMPLAINED IN LAST FIVE YEARS (CODE 2 AT Q15) ASK: Q17A. In the last 5 years have you ever <u>thought</u> about complaining about a financial product or service?</p> <p>1. Yes 2. No 3. Don't know</p> <p>IF YES (CODE 1 AT Q17A) ASK Q17B: INTERVIEWER: TURN SCREEN AWAY FROM RESPONDENT</p> <p><Q17 B> And can you tell me why didn't you didn't make a complaint? (OPEN ENDED IN 1999, IN 2000 WILL USE PRECODES FROM LAST YEAR, ALONG WITH AN OTHER SPECIFY CATEGORY)</p> <p>1. Not worth it/ didn't bother 2. Wouldn't have done any good /made any difference 3. I will 4. Didn't need to/ sorted it out myself 5. Time/ would take to long 6. Didn't receive the right advice 7. Changed the product 8. Didn't feel confident enough 9. Didn't know who to complain to 10. Other specify</p> <p>INTERVIEWER: TURN SCREEN BACK TO FACE RESPONDENT</p> <p>ASK ALL: SHOWCARD E Q18A. Have you stopped paying into or cashed in any of the following financial products early? By early I mean before the normal end date of the plan or policy. MULTICODE</p> <p>1. "Whole of Life" Life Assurance 2. 10 Year Savings Plan 3. Endowment policy for a mortgage 4. Endowment NOT linked to a mortgage 5. Regular Premium Personal Pension 6. Insurance bond/investment bond (ie a lump sum investment, the return of which is payable after a predefined term and the performance of which is usually linked to the stockmarket) 7. None of these 8. Don't know</p>	
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FOR EACH PRODUCT STOPPED MAKING PAYMENTS INTO AT Q18A ASK Q18B-Q18D
Q18B How long ago was it when you stopped making payments into the (product)?

DO NOT READ OUT

1. 12 months or less ago
2. 1-5 years ago
3. 5 years ago or more
4. Don't know

SHOWCARD F

Q18C Which, if any, of the following reasons describe why you stopped making payments into the (product)?
MULTICODE

1. I couldn't afford to keep up payments
2. My financial circumstances changed
3. My personal situation changed
4. I realised that it wasn't the right product for me
5. I took out another policy with a different provider
6. I needed the cash so I cashed it in
7. My adviser recommended that I stopped it
8. My adviser recommended that I stopped paying into it so that I could take out a different product
9. Its performance did not live up to expectations
10. I didn't need the cover from that product anymore
11. I joined my employer's scheme
12. Other (specify)
13. Don't know

SHOWCARD G

Q18D How did you initially arrange the (product) you stopped making payments into?
MULTICODE

1. An insurance company rep. or salesman that came to my home/work
2. An insurance company rep. or salesman in branch
3. A manager/adviser at a bank/building society
4. An independent financial adviser (IFA)
5. A broker
6. An estate agent
7. An accountant/solicitor
8. Through my employer
9. Direct from the company
10. None of the above
11. Other (please specify)
12. Don't know

PART 6: QUESTIONS ABOUT CONTACT WITH ANY FINANCIAL ADVISER
(AFTER DISCUSSION ABOUT JUST BEING INVESTMENT PRODUCTS, THIS SECTION INCLUDES PURCHASE OF ALL PRODUCTS, IN LINE WITH 1999)

SHOWCARD H OF ALL PRODUCTS LISTED AT Q10

FOUR GROUPS OF RESPONDENTS ARE IDENTIFIABLE FROM SECTION 3:

1. Those who have never bought any personal investment or savings product or mortgage
2. Those who have bought something, but never via an adviser
3. Those who have bought something via an adviser, but not in the last 12 months
4. Those who have bought something via an adviser in the last 12 months

THE NEXT FEW QUESTIONS ARE TO ESTABLISH:

1. Whether groups 1 & 2 have in fact ever spoken to an adviser but just not bought anything and if so, whether this was in the last 12 months
2. Whether group 3 has in fact spoken to an adviser in the last 12 months but just not bought anything

GROUP 1

IF NOT BOUGHT ANY PRODUCT AT Q10A (CODE 21 AND 22).

SHOWCARD H

< Q20A >You said earlier that you have never bought a mortgage, personal investment or savings product.

Can I just check, have you ever talked to a financial adviser, in reasonable detail, about any savings, investment or mortgage products like these shown on the card, but just never actually bought anything?

By financial adviser, I mean someone such as an IFA, a broker, an insurance company rep, a salesman or an adviser at a bank or building society who gives financial advice for a living, not just a friend or relative.

INTERVIEWER NOTE: IF FRIEND/RELATIVE ARE ADVISORS FOR A LIVING CODE AS YES

INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT IS MEANT BY "REASONABLE DETAIL", SAY: I MEAN YOU SAT DOWN TO TALK TO THEM FOR AT LEAST HALF AN HOUR

1. Yes
2. No
3. Don't know

IF Q20A IS YES ASK Q20B

< Q20B >Was this in the last 12 months or longer ago?

1. Last 12 months
2. Longer ago
3. Don't know

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<p>GROUP 2 IF BOUGHT PRODUCT AT Q10A (CODES 1-20) AND NOT CONSULTED AN ADVISER (IE IF <u>NOT</u> CODES 1 TO 7 AT Q13C) THEN ASK:</p>	
<p>SHOWCARD H < Q22A > You said earlier that you have taken out (list all product(s) named at Q10A) but never through an adviser, such as an IFA, a broker, an insurance company rep, a salesman or an adviser at a bank or building society who gives financial advice for a living.</p>	
<p>Can I just check, have you EVER talked to someone like this in reasonable detail about any of the long-term savings, investment or mortgage products shown on this card, but just never bought anything from them?</p>	
<p>INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT IS MEANT BY "REASONABLE DETAIL", SAY: I MEAN YOU SAT DOWN TO TALK TO THEM FOR AT LEAST HALF AN HOUR. IF FRIEND/RELATIVE ARE ADVISORS FOR A LIVING CODE AS YES</p>	
<p>1. Yes 2. No 3. Don't know</p>	
<p>IF YES AT Q22A ASK Q22B < Q22B > And have you talked in reasonable detail to an adviser within the last 12 months?</p>	
<p>INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT IS MEANT BY REASONABLE DETAIL" SAY: I MEAN YOU SAT DOWN TO TALK TO THEM FOR AT LEAST HALF AN HOUR.</p>	
<p>1. Yes 2. No 3. Don't know</p>	
<p>IF NO AT Q22B ASK Q22C: < Q22C > And why would you say you didn't talk to an adviser in this period? OPENEND</p>	

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<p>GROUP 3: IF HAVE BOUGHT A PRODUCT VIA AN ADVISER BUT NONE IN THE LAST 12 MONTHS (PRODUCTS TAKEN OUT OVER A YEAR AGO AT 11E AND ADVISER CONSULTED - CODES 1-7 AT Q13C)</p>	
<p>SHOWCARD H < Q23 > You said earlier that you have taken out (list product(s) named at Q10A which were purchased through an adviser at 13C) through an adviser, such as an IFA, a broker, an insurance company rep, a salesman or an adviser at a bank or building society who gives financial advice for a living.</p>	
<p>But that this was not in the last not in the last 12 months.</p>	
<p>Can I just check, have you talked to someone like this in reasonable detail about any of the sorts of long-term savings, investment or mortgage products shown on this card in the last 12 months, but just never bought anything from them?</p>	
<p>INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT IS MEANT BY "REASONABLE DETAIL", SAY: I MEAN YOU SAT DOWN TO TALK TO THEM FOR AT LEAST HALF AN HOUR</p>	
<p>1. Yes 2. No 3. Don't know</p>	
<p>IF HAVE SPOKEN TO AN ADVISER (CODE 1 AT Q23) ASK < Q24 > How many advisers have you spoken to in reasonable detail in the last 12 months?</p>	
<p>INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT IS MEANT BY "REASONABLE DETAIL", SAY: I MEAN YOU SAT DOWN TO TALK TO THEM FOR AT LEAST HALF AN HOUR.</p>	
<p>1. One 2. Two 3. Three 4. Four or more 5. None 6. Don't know</p>	

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GROUP 4
IF HAVE BOUGHT A PRODUCT VIA AN ADVISER IN THE LAST 12 MONTHS (PRODUCTS TAKEN OUT IN LAST 12 MONTHS AT 11E AND ADVISER CONSULTED - CODES 1-7 AT Q13C)

SHOWCARD H
< Q26 > You said earlier that in the last 12 months you have bought,

(products taken out in last 12 months at Q10A from adviser at Q13C)

through an adviser, such as an IFA, a broker, an insurance company rep, a salesman or an adviser at a bank or building society who gives financial advice for a living.

Can I just check, how many advisers, such as just described, have you spoken to in reasonable detail in the last 12 months about any savings, investment or mortgage products such as those listed on this card?

INTERVIEWER NOTE: IF RESPONDENT ASKS WHAT IS MEANT BY "REASONABLE DETAIL", SAY: I MEAN YOU SAT DOWN TO TALK TO THEM FOR AT LEAST HALF AN HOUR.

1. One
2. Two
3. Three
4. Four or more
5. None
6. Don't know

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PART 7: QUESTIONS ABOUT IMPRESSIONS OF ADVISERS

Part 7 (Q27A, Q27, Q27B, Q27C, Q27D, Q27E and Q28) NOT TO BE ASKED OF THOSE WHO HAVE EVER JUST HELD SAVINGS ACCOUNTS, CASH ISAS, TESSAS OR SHAREHOLDERS (OR A COMBINATION OF THE FOUR) (Q10A = CODES 1,2,3, 10 AND 11) OR HELD NOTHING AT ALL. Q30 – IS ASKED OF ALL RESPONDENTS. THIS IS INLINE WITH 1999 FOR Q27A.

IF HAVE EVER HAD EXPERIENCE OF TALKING TO A FINANCIAL ADVISER (IF CODES 1-7 AT Q13C FOR ANY PRODUCT OR IF CODE 1 AT Q20A OR Q22A)
You said earlier that you have spoken in reasonable detail to a financial adviser in the past. I'd like you to think back to the last time that you did this. We are interested in hearing about your impressions of that financial adviser and the advice and service they provided.

IF HAVE NEVER HAD EXPERIENCE OF TALKING TO A FINANCIAL ADVISER AT ALL (IF CODE 2 AT Q20A OR Q22A)
We are interested in hearing about your impressions of financial advisers and the advice and service they provide. It doesn't matter if you've never personally had contact with an adviser - as I've said, it's just your impressions we're after.

ALL BEING ASKED ADVISOR QUESTIONS
I'm going to show you a series of pairs of statements describing opposing opinions that some people have expressed about financial advisers. I will ask you to select any number between 1 and 7 to show how closely you agree with one or other viewpoint.

There are no right or wrong answers, it's just your IMPRESSIONS we are interested in.

Remember, you should be thinking of an adviser as someone working for a financial institution or as an independent financial adviser.

TO BE SHOWN AT TOP OF SCREEN:

IF HAVE EVER HAD EXPERIENCE OF TALKING TO A FINANCIAL (IE IF CODES 1-7 AT Q13C, OR CODE 1 AT Q20A OR Q22A)
Please select a number from 1-7, which best describes your impressions of the last time you spoke in reasonable detail to a financial adviser.

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<p>IF HAVE NEVER HAD EXPERIENCE OF TALKING TO A FINANCIAL ADVISER (IF CODE 2 AT Q20 OR Q22A)</p> <p>Please select the number, from 1-7, which best describes your impressions of financial advisers.</p>		
<p><Q27A> ROTATE PAIRS OF STATEMENTS</p>		
1.	They take too much in commission They take about the right amount in commission	(1) (7)
2.	They do not explain things clearly They explain things clearly	(1) (7)
3.	They put you under a lot of pressure to buy They do not put any undue pressure on you to buy	(1) (7)
4. (1) (7)	They sell you the product that pays the most commission, not what is best for you They sell the best product for you, not the one that pays the most commission	
5.	You cannot trust them an inch You can trust them completely	(1) (7)
6.	There are always hidden charges They are open and honest about the charges on the products they are selling	(1) (7)
7.	The products they sell are POOR value for money The products they sell are GOOD value for money	(1) (7)
<p>(SUMMARY TABLE SHOWING ONE MEAN SCORE FOR EACH PAIR OF STATEMENT)</p>		
<p>IN 1999 IT READ THAT IF THE VISITED AN ADVISER IN SECTION 6 THEY WERE ASKED THESE QUESTIONS BUT IT WAS ONLY THOSE THAT HAD BOUGHT THEM AT Q10A/11E/13C. THIS HAS BEEN KEPT CONSISTENT IN 2000.</p>		
<p>IF BOUGHT MORE THAN ONE PRODUCT IN THE LAST 12 MONTHS FROM ADVISER, CAPI TO SHOW LIST OF PRODUCT BOUGHT IN LAST 12 MONTHS (as at 10a, 11e and 13c)</p>		
<p><Q27> Can you tell me which of these was your most recent purchase from a financial adviser?</p>		
<p>SINGLE CODE</p>		
<p>List of all products purchased from a financial adviser (products named at 10A and then codes 1 – 7 at 13C)</p>		

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<p>Text sub 1</p> <p>IF BOUGHT MORE THAN ONE PRODUCT IN THE LAST 12 MONTHS FROM ADVISER</p> <p>Thinking about when you purchased this (product(the one selected at 27I)),</p>		
<p>Text sub 2</p> <p>IF BOUGHT ONE PRODUCT ONLY FROM ADVISER IN LAST 12 MONTHS</p> <p>I'd like you to think about the most recent occasion when you took out (product bought at Q10A) from a financial adviser.</p>		
<p>IF REPAYMENT MORTGAGE (CODE 18) DO NOT ASK STATEMENTS b – e SHOWCARD!</p> <p>< Q27 > (text sub) How well did the adviser explain.... (statement)? Please take your answer from this card.</p>		
<p>1. Very well 2. Fairly well 3. Not very well 4. Not at all well 5. Don't know 6. Did not explain 7. Not applicable</p>		
<p>ROTATE STATEMENTS</p>		
a)	the purpose of the product?	
b)	how long you would need to keep the plan or policy going to see a decent return?	
c)	what would happen if you cashed in your investment earlier than planned?	
d)	what you might expect to get when the investment matures?	
e)	that what you might get back is not guaranteed?	
f)	any charges and commission payable on the product?	
<p>IF REPAYMENT MORTGAGE (CODE 18 AT 10B)</p>		
<p>g) What would happen if you wanted to repay some of the mortgage early?</p>		
<p>Q27B How well do you feel the adviser understood your existing financial circumstances?</p>		
<p>READ OUT...</p>		
<p>1. Very well 2. Fairly well 3. Not very well 4. Not at all well 5. Don't know</p>		
<p>(SUMMARY TABLE SHOWING MEAN SCORE FOR EACH ADVICE RELATED STATEMENT (Q27A-Q27B INCL))</p>		

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<Q27C>Did the adviser give you any documents explaining the key features of what you were buying?

1. Yes

2. No

3. Don't know

IF NO AT Q27C, GO TO Q30. IF YES AT Q27C ASK

< Q27D >How carefully did you read them?

READ OUT ...

SINGLE CODE

1. Read them all thoroughly

2. Skimmed through them all

3. Read parts of them

4. Did not read any of them

5. Don't know

< Q28 >Which of these statements best describes what the adviser told you to do with the documents they gave you?

READ OUT ...

SINGLE CODE

1. They said I should read all of them

2. They told me or showed me which were the important parts to read

3. They didn't say anything about reading them

4. They told me not to bother reading them

5. Don't know

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INTERVIEWER: TURN SCREEN AWAY FROM RESPONDENT

ASK ALL RESPONDENTS (EVEN THOSE WITH JUST SAVINGS PRODUCTS AND SHARES)

< Q30 > If you wanted to check that an adviser was properly qualified or registered to give you financial advice, where do you think you would go to check?

DO NOT READ OUT

MULTI PUNCH

1) The company that they work for

2) The FSA (or other regulatory body)

3) The CAB (or other advice agency/organisation)

4) ABI, AUTIF, AITC or other trade body

5) Association for financial advisers or something similar

6) I didn't know that you could check

7) Solicitor/accountant

8) Ombudsmen

9) Other (specify)

10) Don't know

(SUMMARY TABLE OF WHERE CORRECTLY IDENTIFIED FSA AND WHERE NOT)

INTERVIEWER: TURN SCREEN BACK TOWARDS RESPONDENT

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PART NEW: FINANCIAL PLANNING

ASK ALL

<Q31B> When you review your financial situation, do you usually review it yourself or do you usually seek the advice of a professional?

SINGLE CODE

1. Yourself/ family/ partner
2. Seek the advice of a professional
3. I don't review
4. Don't know

IF Q31B=SEEK THE ADVICE OF PROFESSIONAL (CODE 2) ASK Q31BB

<Q31BB> And does this person normally contact you or do you normally contact them?

SINGLE CODE

1. They contact me
2. I contact them
3. Don't know

ASK ALL

<Q31A> Which of the following best describes how often you review your finances?

READ OUT ...

SINGLE CODE

1. I review them regularly as a matter of course to make sure my savings and investments are meeting my needs
2. I review them occasionally
3. I only ever review them when I really have to because of a change in my financial or personal situation eg inheritance, redundancy, moving house, etc
4. I never review them
5. Don't know

IF Q31A = CODE 1, 2 OR 3 ASK Q31C IF CODE 4 GO TO Q32

<Q31C> Do you keep any written record or documentation of the review or not?

1. Yes - keep written record
2. No - no written record
3. Don't know

PART 8: SECURITY OF INVESTMENTS AND SAVINGS

ASK ALL

BLUE SHUFFLE PACK AND PINK SORTING BOARD

< Q32> On these cards are some more statements that describe things people have said about financial matters. Please sort them on this board to show me whether you definitely agree, tend to agree, tend to disagree or definitely disagree with each statement.

1. Definitely agree
2. Tend to agree
3. Tend to disagree
4. Definitely disagree
5. Don't know

- a) A bank is the best place to get independent financial advice
- b) An endowment policy is guaranteed to pay off your mortgage
- c) Sticking with a big name company is the best way to guarantee that you are going to get a good return on your money
- d) The past performance of a financial investment is a good guide to how well the investment will do in the future
- e) Company charges are irrelevant, it is the performance of the investment that counts
- f) The best time to invest in a pension is in your forties. Before that it won't really make any difference to what you get in the end
- g) The financial market is so competitive that there is little difference between the costs and charges made by different companies

SECTION 9: REGULATION

ASK ALL

< Q33 >Do you know of any official bodies or watchdogs regulating the activities of the people and companies which sell financial products?

1. Yes
2. No
3. Don't Know

IF YES AT Q33 ASK Q34A:

INTERVIEWER NOTE: PLEASE TURN YOUR SCREEN AWAY FROM RESPONDENT

< Q34A >Which official bodies have you heard of who regulate the people and companies which sell financial products?

DO NOT PROMPT

MULTICODE

1. Bank of England
2. FIMBRA (Financial Intermediaries.....)
3. FSA (Financial Services Authority/Association)
4. IMRO (Investment Management Regulatory Organisation)
5. LAUTRO (Life Assurance and Unit Trust Regulatory Organisation)
6. Ombudsman/PIA ombudsman/insurance ombudsman/banking ombudsman
7. PIA (Personal Investment Authority)
8. SIB (Security and Investments Board)
9. SFA (Securities and Futures Authority)
10. Stock exchange
11. Other (TYPE IN)
12. None
13. Don't know

INTERVIEWER NOTE: PLEASE TURN YOUR SCREEN BACK TOWARDS RESPONDENT

IF NOT MENTION FSA AT Q34A (CODE 3) AND THOSE SAYING NO or DK (CODE 2 or 3) AT Q33
(remember in analysis to just have yes people for comparability to previous year)

< Q34 B>The FSA, or the Financial Services Authority, is the body that regulates the financial services industry. Before this survey, had you heard of the FSA?

INTERVIEWER: IF RESPONDENT SAYS DON'T KNOW, CODE AS NO

1. Yes
2. No

ASK ALL

<Q35> The FSA regulates the financial industry and offers protection to investors. For each of the following statements, do you think it is true, or false?

The FSA offers the investor some protection against loss if:

(ROTATE STATEMENTS)

- a) the investment goes down in value when the stock market falls
- b) a company that was not authorised to operate went bust while holding your money.
- c) a company authorised by the FSA stole your money through fraud

1. TRUE
2. FALSE
3. DON'T KNOW

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PART 10: CLASSIFICATION

<Q39> Who else lives with you in your household?
READ OUT LIST...

MULTICODE

1. no-one else

2. wife, husband or partner you live with as a couple

3. children aged 15 or under

4. children aged 16-18 and still at school or college

5. other adult children (aged 16 or over and not at school)

6. other adults who share meals or a living room with you.

IF Q39 = CODE 3 ASK Q40

<Q40> Please could you tell me the number of children aged 15 or under living in this household?

1 – 20

Refused

Don't Know

(IN ANYLISIS PEOPLE NOT ANSWERING WILL BE SET AT 0 AS THEIR ANSWER FOR THIS QUESTION)

<Q41> Do you...

READ OUT

1. own your home outright

2. own your home with a mortgage

3. rent your home from a private landlord

4. rent your home from a local authority or housing association

5. live with your parents

6. have some other arrangement.

7. Refused

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SHOWCARD J

<Q42 Which of these benefits, if any, do you or anyone in your household currently receive? Please just read out the numbers.

MULTICODE

1. Child benefit

2. One parent benefit

3. Family credit / working families tax credit / disability working allowance

4. Income support

5. State retirement / old age pension

6. Sickness benefit

7. Jobseeker's Allowance

8. Widows benefits

9. Incapacity benefit

10. Disability benefits, eg. invalidity care allowance

11. Any other benefit

12. No benefits

13. (not on card) Refused

SHOWCARD K

<Q43> Thinking about your households savings products in total, how much, approximately, would you say you have saved? Please exclude any property investments you might have, and investments solely for paying off your mortgage (eg PEPs/endowments), or any pensions you might hold. Please just read out the letter from the card.

SINGLE CODE

1. I Less than £500

2. D £500-£9992

3. J £1,000-£2,499

4. C £2,500-£4,999

5. H £5,000-£9,999

6. B £10,000-£19,999

7. F £20,000-£29,999

8. A £30,000-£39,999

9. G £40,000-£49,999

10. E £50,000+

(AMOUNTS WON'T BE SHOWN ON SCREEN)

COLLECT DETAILS ABOUT NAME AND ADDRESS

<Q36 > CODE SEX OF RESPONDENT

1. Male

2. Female

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<p><Q37> Please could you tell me your age last birthday?</p> <p>21 – 99 Don't Know Refused</p>	
<p>IF REFUSED OR DON'T KNOW AT Q37 ASK Q37B</p> <p>< 37B Can you tell me in which of these age groups you are. Stop me when I mention the correct one.</p> <p>READ OUT ...</p> <ol style="list-style-type: none"> 1. 21-24 2. 25-34 3. 35-44 4. 45-54 5. 55-60 6. 61-64 7. 65-74 8. 75+ 9. Refused 10. Don't Know 	
<p>< Q38 > Which of these best describes you?</p> <p>READ OUT</p> <ol style="list-style-type: none"> 1. Single 2. Married/Living as couple 3. Widowed 4. Divorced 5. Separated 6. Refused 7. Don't Know 	
<p>SHOWCARD L</p> <p>< Q45 >Which of these best describes your employment at the moment?</p> <p>SINGLECODE</p> <ol style="list-style-type: none"> 1. Working in a paid job (30+ hours) 2. Working in a paid job (8-29 hours) 3. Working in a paid job (Less than 8 hours) 4. Self-employed 5. Not in paid employment/looking after house or home 6. Full time student at school 7. Full time student at university/college 8. Unemployed 9. Retired from paid employment 10. Other 11. Don't Know 	
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<p>COLLECT SOCIAL GRADE</p> <p>IF Q5 = CODE 2 (CIE DOES NOT HAVE FULL TIME JOB) ASK Q46 SHOWCARD M</p> <p>< Q46 >Looking at this card please tell me which of these describe (CHIEF INCOME EARNER)? Just read out the letter.</p> <ol style="list-style-type: none"> A. Retired - gets pension from previous job B. Unemployed 2 months or less C. Sick - still receiving pay or statutory pay from job D. Widow receiving pension from husband's previous job E. Divorced/separated receiving maintenance from ex-husband F. Full-time student G. Not working - with private means H. Unemployed more than 2 months I. Only receive income support J. Receiving state pension only K. Don't know/Refused 	
<p>IF CHIEF INCOME EARNER IS NOT RESPONDENT AND IS FULL-TIME STUDENT (Q46 = F AND Q4 = 2) ASK</p> <p>< Q46B >Is the Chief Income Earner studying at school, a sixth-form college or a university or college of further education?</p> <ol style="list-style-type: none"> A. School B. Sixth-form college C. University/college/higher education D. Don't know E. Refused 	
<p>THE FOLLOWING QUESTIONS ARE TO COLLECT SOCIAL GRADE OF RESPONDENTS. IF THE OE IS STILL WORKING THESE QUESTIONS ARE ASKED ABOUT THEIR CURRENT JOB. IF THE OE IS RETIRED AND RECEIVING A PENSION OR TEMPORARILY UNEMPLOYED THESE QUESTIONS ARE ASKED ABOUT THEIR LAST JOB. (Q46 CODE A-E OR Q5 = CODE 1)</p> <p>< Q47A >NOW COLLECT DETAILS OF /THE CHIEF INCOME EARNER'S JOB/THE CHIEF INCOME EARNER'S PREVIOUS JOB/THE RESPONDENT'S EX-HUSBAND'S JOB/</p> <p>What type of firm or organisation /do you/did you/does this person/did this person/ work for?</p> <p>DESCRIBE TYPE OF FIRM INCLUDING WHAT THE FIRM OR ORGANISATION MAKES OR DOES</p> <p>< Q47B >What job do you/did you/does this person/did this person/ do?</p> <p>< Q47C >Are you/Were you/Is this person/Was this person/an employee or self-employed?</p> <ol style="list-style-type: none"> 1. Self-employed 2. Employee 	
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< Q47D > Do you/Did you/Does this person/Did this person/ have any position, rank or grade in the organisation (ie responsible for the work of other people)?
 PROMPT AS APPROPRIATE : Foreman, Sergeant, Office Manager, Executive Officer etc.
 Yes - TYPE IN DETAILS

< Q48 > Roughly, how many people work at your/worked at your/work at this person's/worked at this person's/ work place, including yourself?/themselves?

< Q49 > For how many people are you/were you/is this person/was this person// responsible?

< Q50 > Do you/Did you/Does this person/Did this person/ have any qualifications?
 PROMPT AS APPROPRIATE: Apprenticeship, professional qualifications, university degrees, diplomas etc.

< Q51 > CODE SOCIAL GRADE HERE (ALL RESPONDENTS)
 1. A
 2. B
 3. C1
 4. C2
 5. D
 6. E
 7. CODE LATER

SHOWCARD
< Q44 > Would you please give me the letter from this card for the group in which you would place your total household income from all sources before tax and other deductions.
 SINGLE CODE

	Per Week	Per Month	Per Year
G.	Up to £48	Up to £208	Under £2,500
H.	£49 - £86	£209 - £374	£2,500 - £4,499
I.	£87 - £125	£375 - £541	£4,500 - £6,499
J.	£126 - £144	£542 - £624	£6,500 - £7,499
K.	£145 - £182	£625 - £791	£7,500 - £9,499
L.	£183 - £221	£792 - £958	£9,500 - £11,499
M.	£222 - £259	£959 - £1,124	£11,500 - £13,499
N.	£260 - £298	£1,125 - £1,291	£13,500 - £15,499
O.	£299 - £336	£1,292 - £1,458	£15,500 - £17,499
P.	£337 - £480	£1,459 - £2,083	£17,500 - £24,999
Q.	£481 - £576	£2,084 - £2,499	£25,000 - £29,999
R.	£577 - £769	£2,500 - £3,333	£30,000 - £39,999
S.	£770 - £961	£3,334 - £4,166	£40,000 - £49,999
T.	£962 - £1,442	£4,167 - £6,249	£50,000 - £74,999
U.	£1,443 - £1,923	£6,250 - £8,333	£75,000 - £99,999
V.	£1,924 or more	£8,334+	£100,000+

(AMOUNTS NOT SHOWN ON SCREEN)

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< Q51 > And finally, in the future BMRB might be conducting further research. If this is the case, would you be willing to be re-contacted?
 1. Yes
 2. No
 3. Don't know

THANK RESPONDENT AND CLOSE

"I would just like to confirm that my name is.... from BMRB International in London. All your replies will be treated in the strictest confidence.

INTERVIEWER : Signify that this interview is a true record and has been conducted within the Market Research Society Code of Conduct by typing in your interviewer number below

Annex C: Survey methodology

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Background and objectives

The FS Consumer Panel (the Panel) Survey 2000 was carried out by BMRB International. In 1996 the Personal Investment Authority (PIA) Consumer Panel first commissioned a consumer survey to track consumers' experiences of the financial services industry. This survey has run each year since and has developed significantly to meet changing objectives and focuses.

In the 2000 survey, the Panel wished to investigate the financial products people had taken out and who they sought advice from when they took these products out. The survey aimed to find out what the public think about the way in which these products are sold. The survey forms one means by which the Panel intends to monitor and evaluate the performance of the FSA in its regulation of the industry in terms of consumer confidence and concerns.

In total 1,122 interviews were carried between 18th September and 15th October 2000 with financial decision makers aged over 21 in the United Kingdom using Computer – Assisted Personal Interviewing (CAPI).

Sampling

The sampling method used for this study, as in previous years, was random location sampling. Two hundred and fifty-six sampling ED points were used, chosen to be representative of the whole country. Each interviewer was required to select respondents from a small set of homogeneous streets, selected with probability proportional to population after stratification by their ACORN characteristics and region.

Quotas were set on characteristics which are known to have a bearing on individuals' probability of being at home, and so available for interview. These were sex, presence of children, and working status of women. After completing an interview, interviewers left two houses before attempting the next interview.

As in previous years two samples were used for this survey. The main sample comprised anyone aged over 21 jointly or wholly responsible for their household's finances who had not worked in the financial industry in the last year. Two hundred sampling points were used for this sample.

The boost sample was comprised of 'recent purchasers' who, in addition to the eligibility criteria above, had bought one of the following products in the last year: personal pension, FSAVC; ten-year savings plan, endowment mortgage, endowment policy not linked to a mortgage, equity ISA, Unit trust, investment trust, long-term insurance or investment bond, OEIC, 'whole of life' life assurance, 'Term' life assurance. Fifty-six sampling points were used for this sample.

Fieldwork

Prior to the main fieldwork, pilot interviews were conducted in West London to test the questionnaire and interview process.

A total of 1,122 face-to-face, in-home, interviews were completed; 1,021 interviews were conducted with the main sample and a further 101 amongst the boost sample. In total 245 recent purchasers were interviewed. Table C1 below shows the number of interviews achieved and the proportion of recent purchasers within the main sample and total sample

Main sample (all adults)	1,021	
Recent purchasers*	144	14%
Non-recent purchasers	877	86%
Boost sample	101	
Recent purchasers*	101	100%
Combined main and boost sample	1,122	
Recent purchasers*	245	
Non-recent purchasers	877	
*Recent purchasers are defined above		

Table C1: Main and boost interviews achieved

Questionnaire

The questionnaire was largely based on the questionnaire used in previous years, to ensure that many of the questions could be tracked over time. Amendments were made and new questions developed by BMRB in consultation with the Panel.

CAPI technology was used. For the majority of questions the respondent read the answer list from the screen and the interviewer entered the respondent's answer using the keyboard. For unprompted questions, the interviewer turned the screen away from the respondent.

Show cards were used when a long list appeared to ensure that the respondent saw every available answer. Shuffle packs and sort boards were also used in this questionnaire.

The average length of the questionnaire was 32 minutes amongst the main sample and 35 minutes with the boost sample.

Weighting

Where the main and the boost samples have been combined, the boost sample has been down weighted in order to avoid over-representativeness among the general sample. The complete sample has then been weighted using target 'rim' weights for social grade, standard region, age and sex to be representative of the UK population aged 21 and over.

Where the recent purchasers have been analysed separately, they retain the weights as in the combined sample. This will ensure data for recent purchasers are consistent throughout the survey.

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