

Investment Education for **SENIORS**



IFIE/JSDA JOINT SEMINARS ON INVESTOR EDUCATION | 22nd OCTOBER 2009
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Hong Kong Stockbrokers Associations

Outline of Presentations

1. Hongkong Country Overview
2. Senior Population Profiles Overview
3. Senior Investor Education
4. Lehman's Lessons
5. Moving Ahead



Hong
Kong

Country Overview

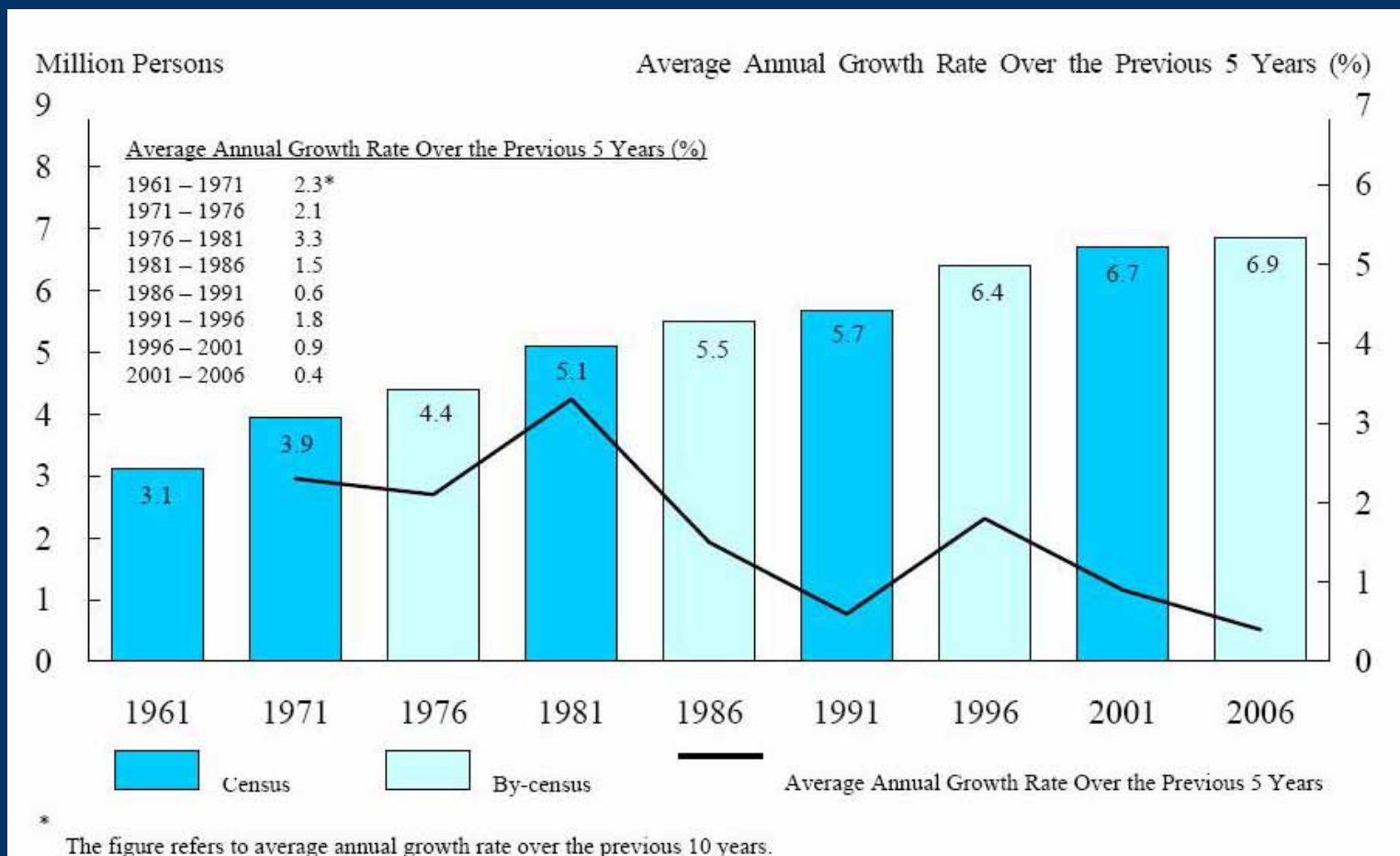


Hong Kong Country Scorecard

	As of 2009 July	Country Comparison to the world
Area	1,104 sq km	190
Population	7,055,071	101
Population Growth	0.504%	155
Life Expectancy	81.86 years	6

	As of 2008	Country Comparison to the world
GDP	US306.6 billion	40
GDP Growth	2.4%	148
GDP Per Capita	US43,700	14
Deposit Rate (p.a)	0.001%	n/a

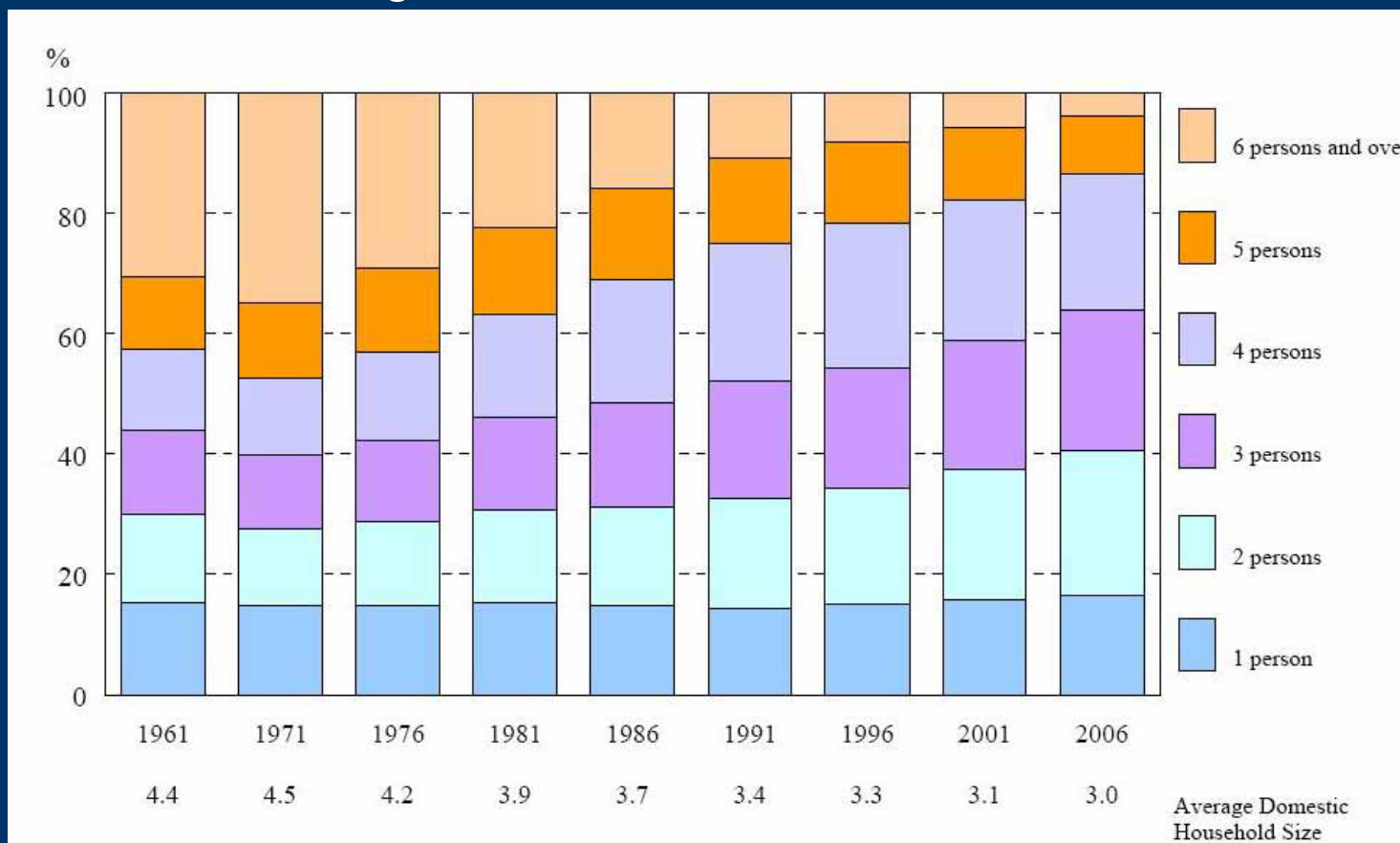
Population Trend



Source: Latest Formal Census Data, Population By-census Office, Census and Statistics Department of HKSAR

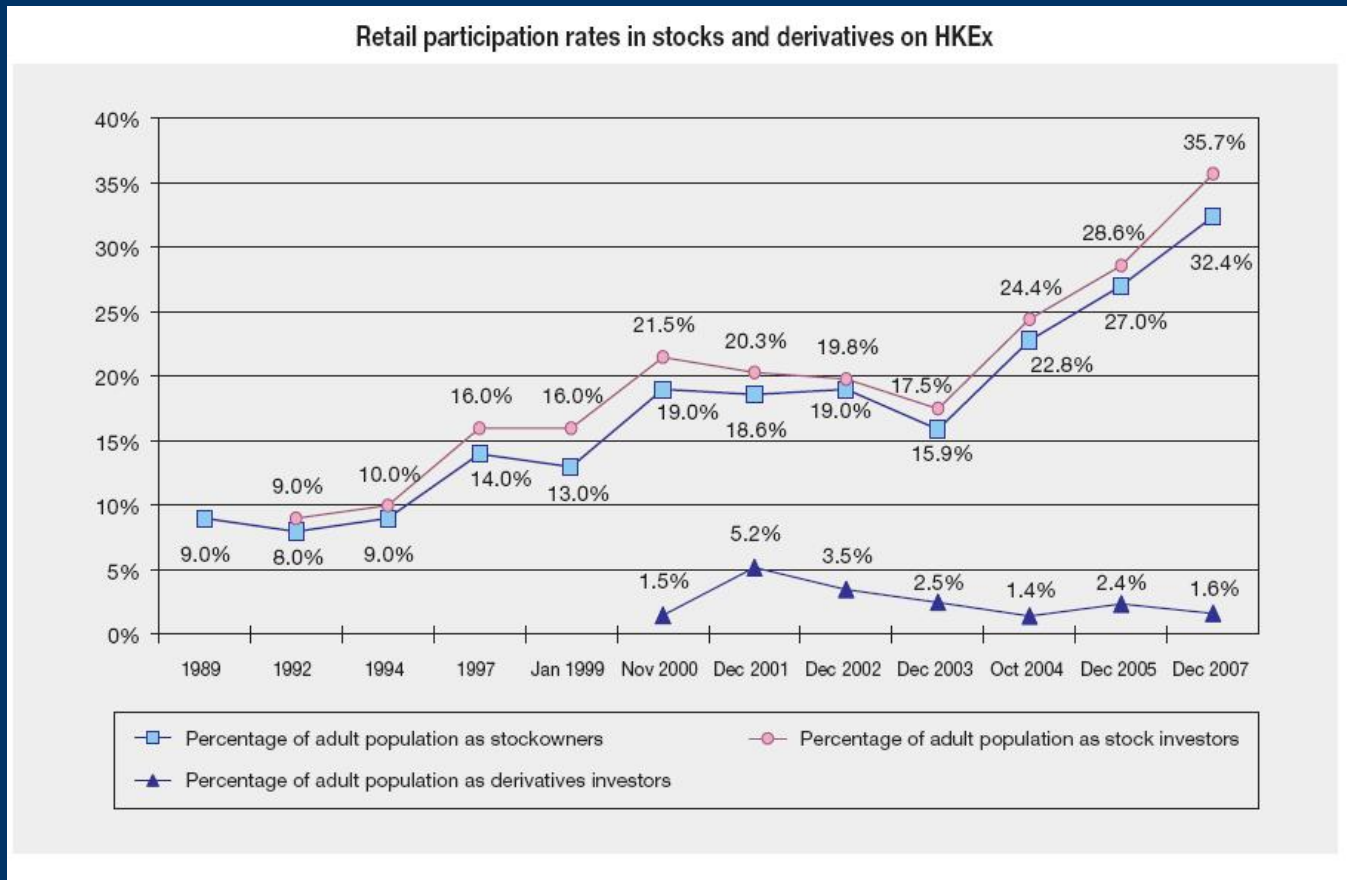
Domestic Household Size

Average Domestic Household Size Trend



Source: Latest Formal Census Data, Population By-census Office, Census and Statistics Department of HKSAR

Investors Profile



► The typical Hong Kong retail stock investor is a 42 year-old person with upper secondary or above education and annual personal income of about US\$33, 846.

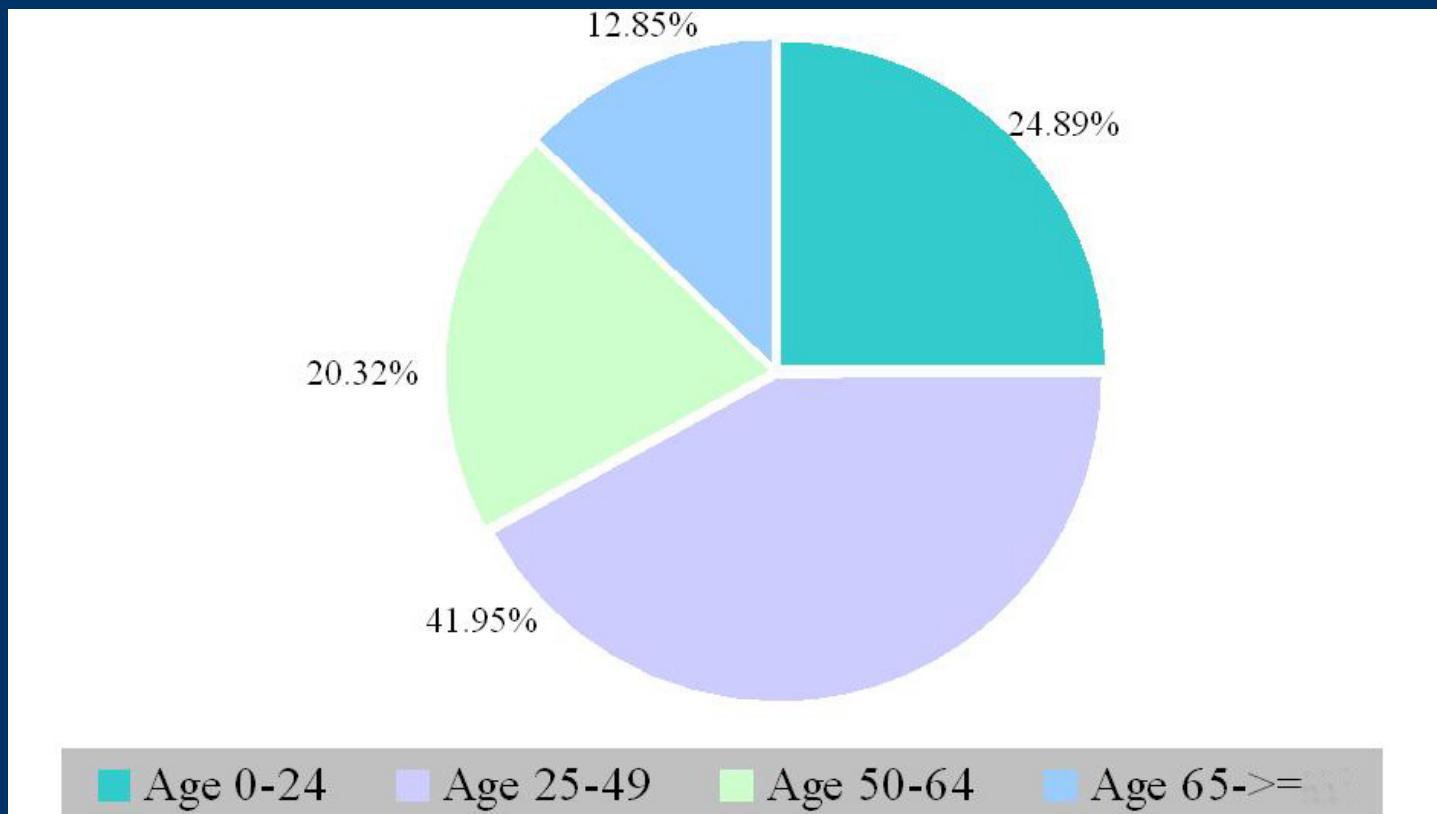
► The typical Hong Kong retail derivatives investor is a 42 year-old person with matriculation or above education and annual personal income of about US\$53,846.

Seniors PROFILES Overview



Population by Age Group

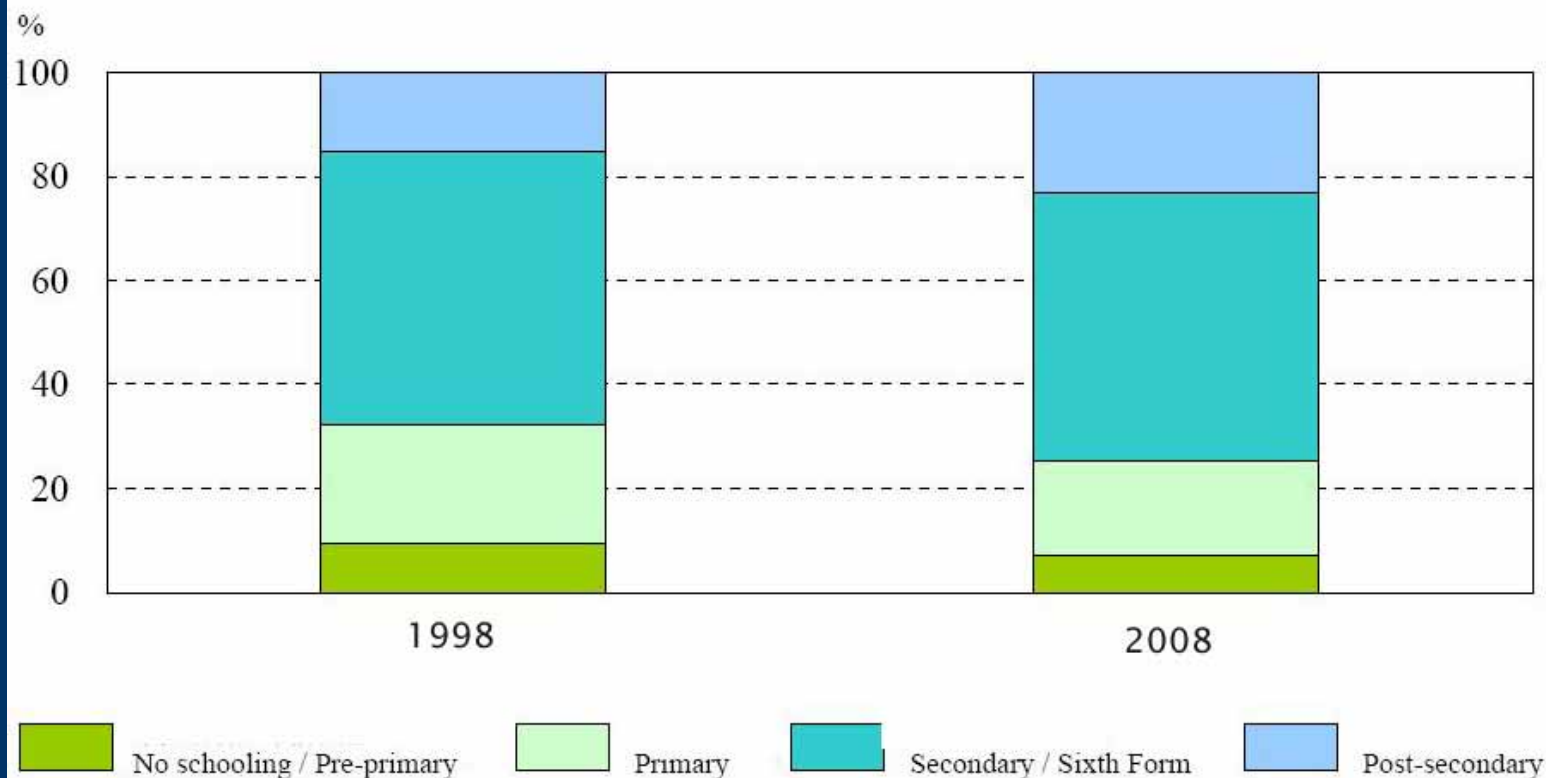
Age Group Distribution As of 2009 July



Source: Census and Statistics Department of HKSAR

Seniors Education Overview

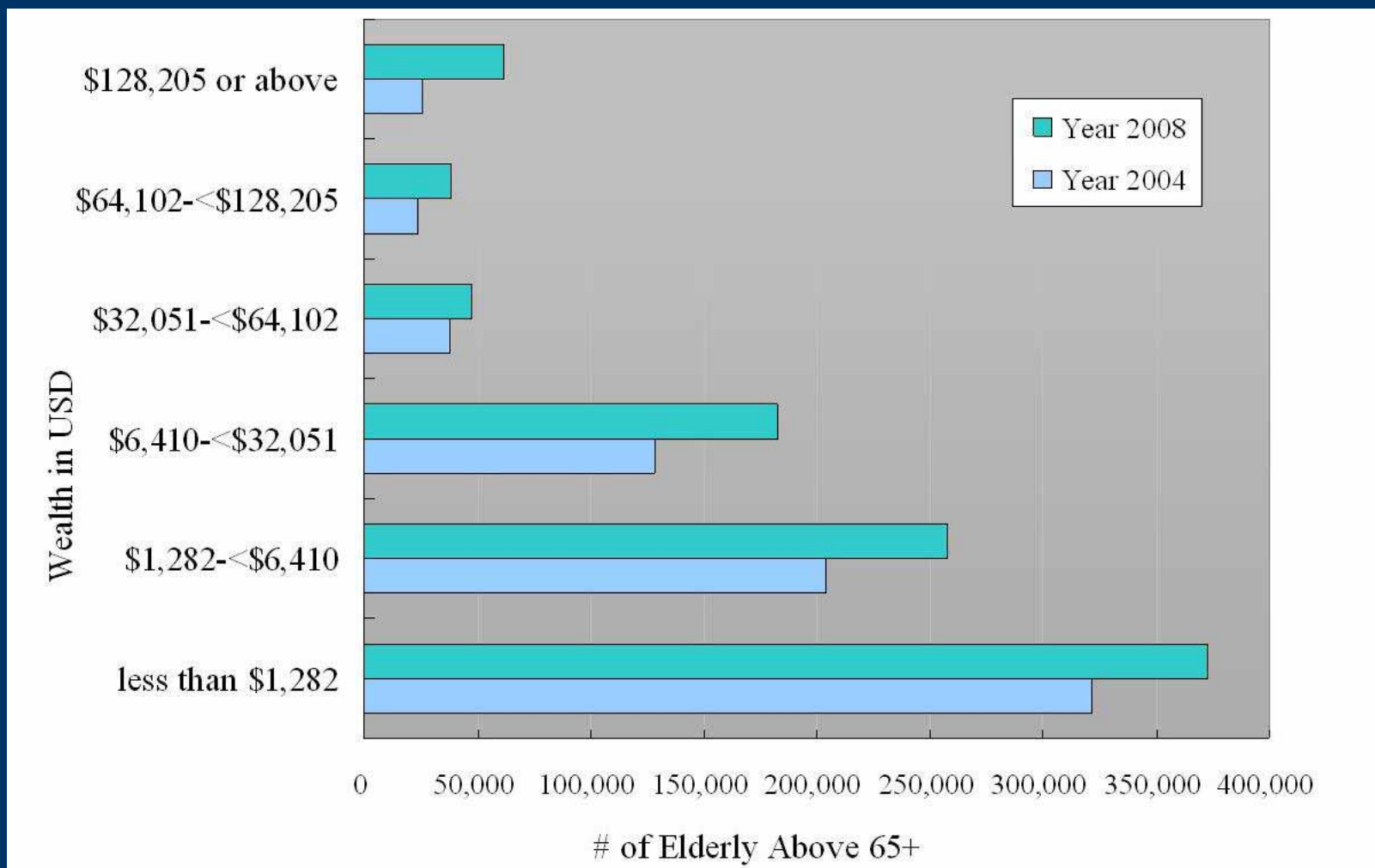
Age 65+ Group Education Level



Source: Census and Statistics Department of HKSAR

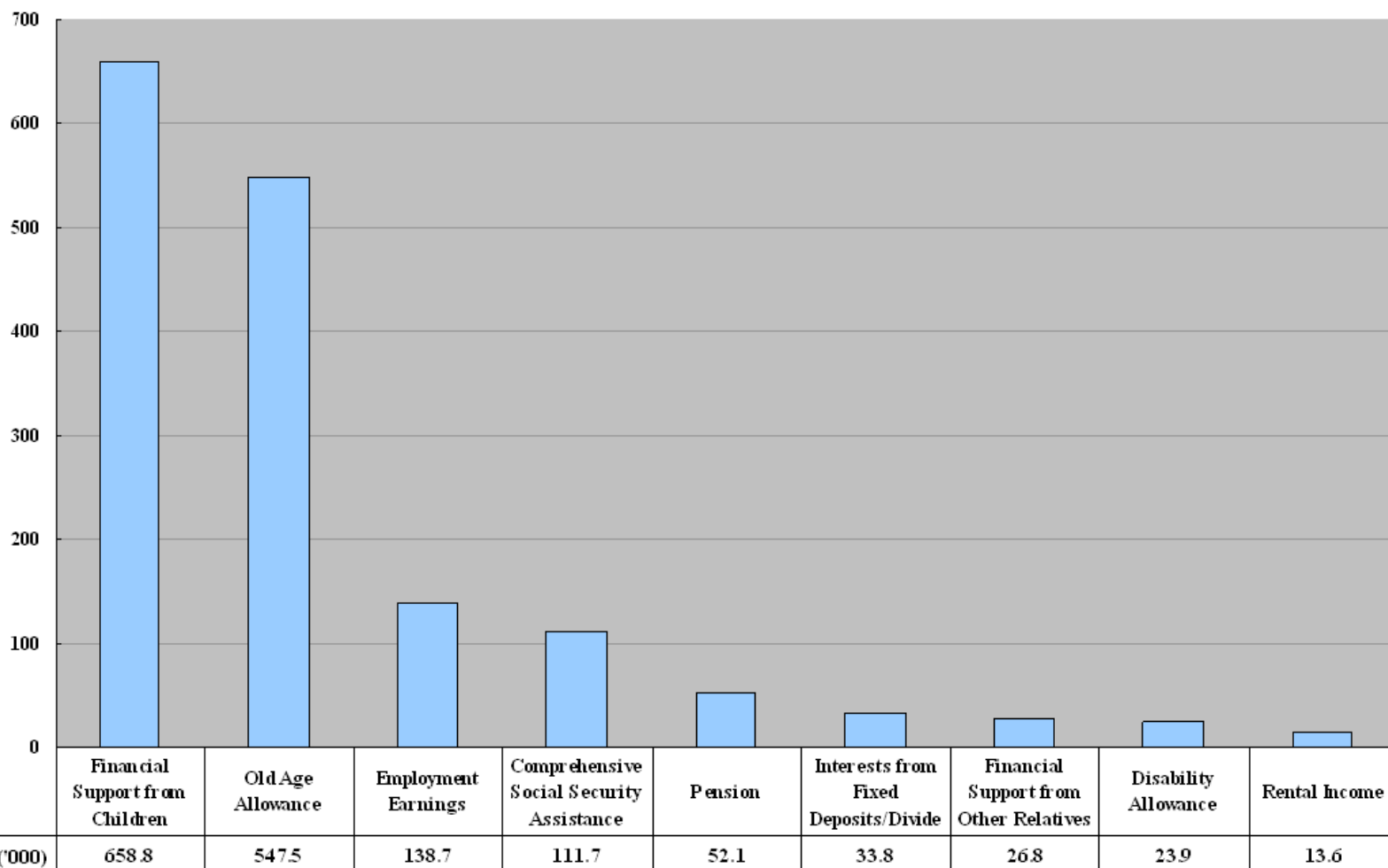
Seniors Wealth Overview

2008 Senior Person Age 65+ Financial Status



Seniors Income Overview

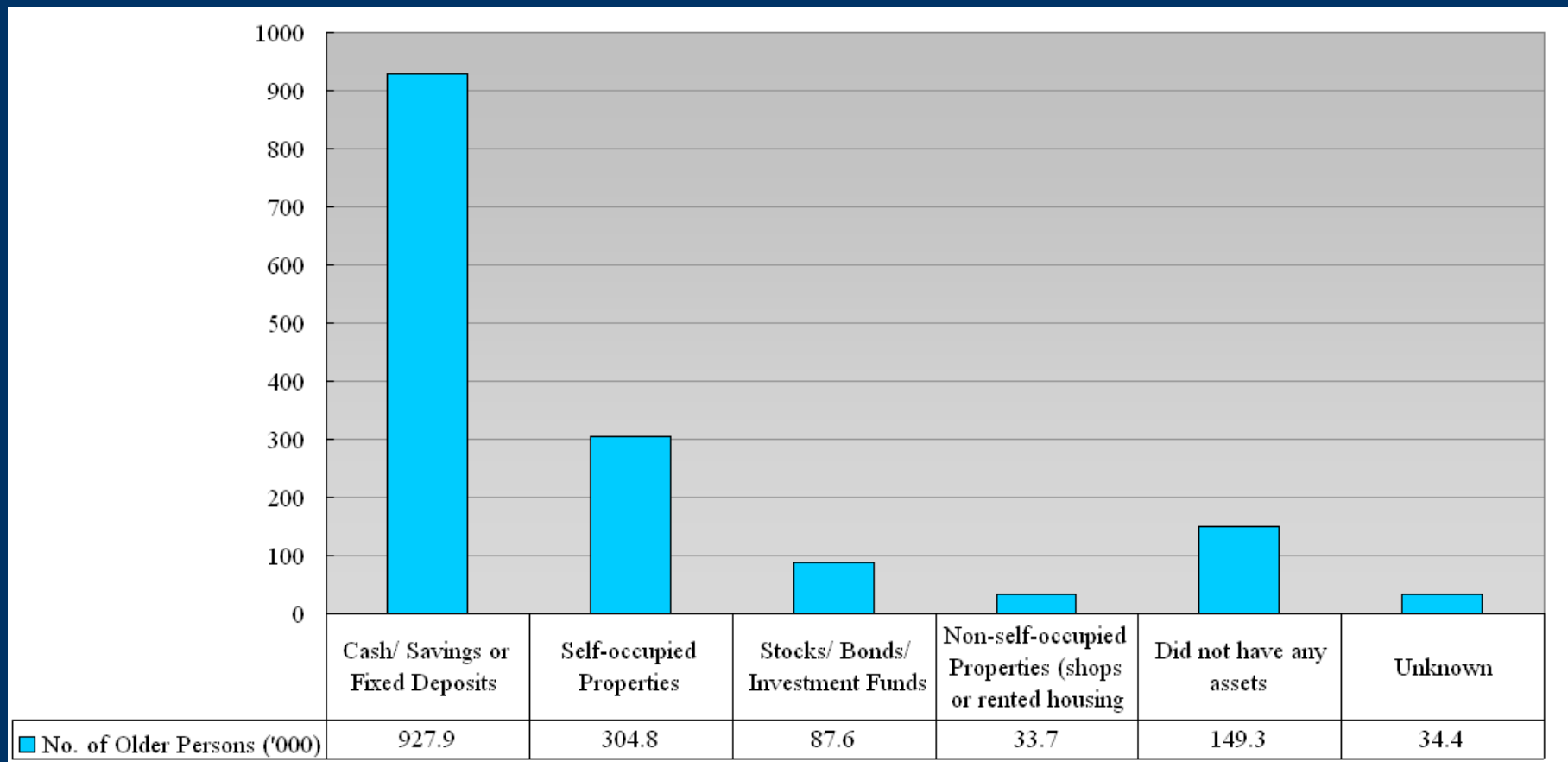
2008 Senior Persons Age 65+ by Elected Source of Income



Source: Census and Statistics Department of HKSAR. Seniors can check more than one options.

Seniors Assets Ownership Overview

2008 Senior Persons Age 65+ by Type of Assets Owned



Source: Census and Statistics Department of HKSAR. Seniors can check more than one options.

Population Aging... 20 Years from Now...

2009 July	Items	2029 July Estimated
7.01M	Population	8.70M
42	Median Age	46
79	Male Life Expectancy	83
85	Female Life Expectancy	88
12.8 %	Age 65+ to Total	25%
38.2	Dependency*	56.2
16.2	Senior Dependency**	40.9

*All dependents per 100 person Age 15-64

** Only senior dependents Age 65 or above per 100 person Age 15-64

Aging Implications....

- ▶ Senior persons over 65 in Hong Kong has increased significantly over the decade. The population over 65 will be doubled to 25% in 20 years time.
- ▶ In conjunction with the social phenomenon that young people tend to live apart from their parents after marriage or when they become economically independent, more and more elderly people are living alone or with their elderly spouse only.
- ▶ Senior persons are more educated
- ▶ Wealth and financial status of senior persons has been increasing
- ▶ Seniors prefer more stable and low risk investment return.



Investors Education

Theme and Campaign

► “My Investment Story” Competition

- The best 10 winning stories had been adapted into Cantonese radio dramas for broadcast on the “Program for the Elderly” (香港暖流) on RTHK Radio 5



Radio Show on “Program for the Elderly”



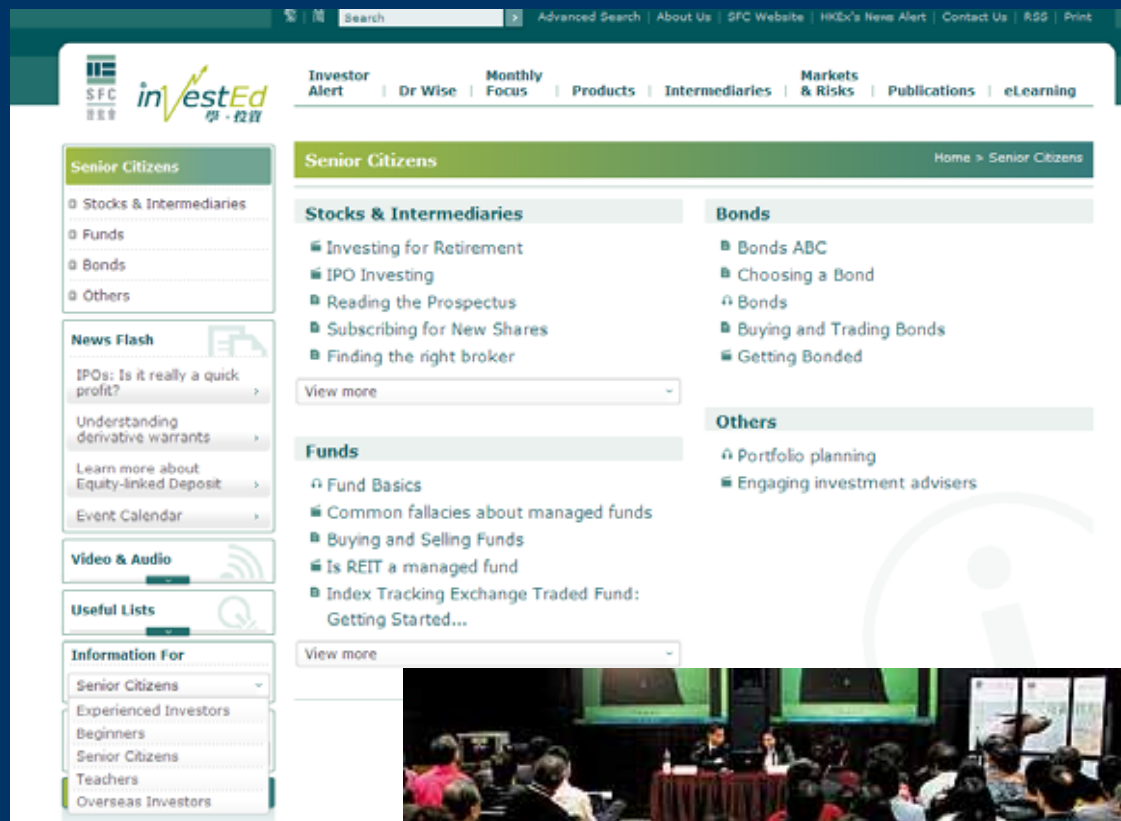
Contestants face intense competition in the ‘Investment Triathlon’

► Financial Knowledge Quiz

- ‘Investment Triathlon’
- Put the spotlight on key investment issues for senior investors and retirement planning.
- The final was broadcast on various TV channels.

Cyber Initiatives

- ▶ Sections for Senior Citizens in InvestEd
- ▶ Senior citizens focus seminars
 - Seminars had been organized by financial services providers, collage and professional institutions.
 - Video clips has been uploaded to the “Senior Citizen” section for review.



Seminar Video Clip: “Investing for Retirement”

Reaching out to the public

► Print Publications

- Periodicals
- Magazines



► Education Program in Open University of HK

- Formal finance and investment courses focus senior citizens





Lehman's

Lessons & Takeaway

Lehman's Background

- ▶ Low interest rate environment affect individuals hunger for higher yields investments.
- ▶ Greater regulatory liberalization led to a boom in cross-border selling of a variety of financial products.
- ▶ Complex financial products could be packaged and sold in other markets around in other countries through financial institutions.
- ▶ Disclosure based regulation is intended to ensure that investors have sufficient information to make an informed decision.

Lehman's Impact on Senior Investors

- ▶ The Hong Kong Monetary Authority (HKMA) has indicated that more than 40,000 investors in Hong Kong bought Lehman-related investment products (mainly through banks) with a total outstanding value estimated at US\$3.7 billion
- ▶ Lehman's minibonds had attracted a wide range of retail investors especially the seniors to throw in large chunk of life-long personal savings because the products were marketed as "low-risk" and of "low investment threshold."
- ▶ Some elderly investor even claim that they could hardly read the terms and conditions in small fronts with tones of technical terms that they do not understand
- ▶ The repurchase scheme addressed the interest of 90% of the investors in the Lehman Brothers incident mainly based on the age and professional level of the investors.

The Myth

- ▶ Purchasing financial products through banks would be safer than from brokerages. Banks in Hong Kong have misused the trust of their customers and are now under credibility crisis.
- ▶ The report of the Hong Kong Securities and Futures Commission to the Financial Secretary of Hong Kong on the Lehman minibonds crisis noted that some investors viewed the regulatory authorization as an endorsement of the merit and safety of the product.
- ▶ Senior investors are lack of understanding of
 - The capital market structure
 - The awareness of risks associated with the financial products
 - The regulatory regime –role of the Hong Kong Securities and Futures Commission (SFC) and The Hong Kong Monetary Authority HKMA



Actions

Moving
Ahead

Target Senior Investors

► Investors Educations:

- Hong Kong Stockbrokers Associations works with the SFC and exchanges to develop elderly investor education, programs that seek to clarify the working of a disclosure-based framework.
- These education programs should emphasize that senior investors are the ultimate decision makers in any financial transaction.



Target Senior Investors

► Add “Retirement Rainbow” Sections in the InvestEd Web:

- Investor Scam Game , highlight most common myths
- Smart Senior Q&A Sections
- Alert Section to warns investors of any suspected scams or suspicious activities



► Public Seminars

- Series of seniors summit or workshops to be organized by the Hong Kong Stockbrokers Associations and regulators
- Seniors training and education should be organized more frequently by financial services provider as on-going education support



Target Senior Investors

- ▶ Feature articles / specific section for senior investors and retirement issues in popular Investment Weekly magazine and newspaper to enabled targets to explore topical issues in greater depth.
- ▶ Hong Kong Stockbrokers Associations has been filing various initiatives to the SFC regulator.
- ▶ The two regulators the HKMA and the SFC will issue formal documentations to the public to address the incident which will provide further implications on the senior citizen educations for investment decisions



Target Professionals

► Enhancing Conduct Rules

- Remind brokerage firms to putting clients' interests first
- Advise the brokerage firms to re-evaluate the way they remunerate their advisers and sales personnel.

► Training and Refreshments

- A Financial Professional Guide to Working With Older Clients
- “Senior” Specialists and Advisors Training

► Enhancing Disclosures :

- Information for products are clear, concise, and comprehensible
- Key details about the nature and risk of the product should be prominently displayed and easily understood by senior investors



End of Presentations
Thank You 😊