



Mystery Shopping Survey Findings

1 Methodology

1.1 MAS commissioned an external consultant to recruit mystery shoppers for the survey. The mystery shoppers, comprising individuals from the general investing population, approached financial institutions as interested clients seeking advice. The mystery shoppers provided information during the sales and advisory process based on their own personal circumstances. The mystery shoppers were not required to commit to a purchase. They were required to complete a questionnaire at the end of the advisory and sales process.

1.2 This survey is different from the first mystery shopping survey that MAS conducted in 2005/2006 in terms of scope and the types of financial institutions surveyed. As such, the results are not comparable. The products recommended by the representatives of the financial institutions surveyed were reviewed for their suitability by a panel of industry practitioners based on the shoppers' personal profile, responses to the questionnaire and sales materials obtained from the financial institutions.

2 Detailed Survey Findings

2.1 The survey findings are set out below:

	AREAS SURVEYED	PERCENTAGE OF MYSTERY SHOPPING SURVEYS (%)
1	Fact-find	
(i)	<i>Conduct of fact-find:</i>	
(a)	Conducted fact-find	90
(b)	Only asked for personal particulars	9
(c)	Did not ask for any fact-find or personal	1

	AREAS SURVEYED	PERCENTAGE OF MYSTERY SHOPPING SURVEYS (%)
	particulars information	
(ii)	<i>Fact-find information asked:</i>	
(a)	Personal particulars	94
(b)	Employment information	71
(c)	Investment experience	60
(d)	Financial objectives	53
(e)	Risk preferences	49
(f)	Financial situation	38
(g)	Dependents' information	27
2	Disclosure	
	<i>Product information disclosed:</i>	
(a)	Nature and objective of product	93
(b)	Name of product provider	83
(c)	Target customer segment	79
(d)	Amount of investment	93
(e)	Frequency of investment	76
(f)	Length of investment period	75
(g)	Whether capital is guaranteed	84
(h)	Whether return is guaranteed	83
(i)	Risk factors	60
(j)	Amount of fees and charges	52

	AREAS SURVEYED	PERCENTAGE OF MYSTERY SHOPPING SURVEYS (%)
(k)	Frequency of fees and charges	42
(l)	Warnings, exclusions and caveats	46
(m)	Free-look period ¹	22
3	Product Suitability	
(i)	<i>Assessment of recommendations from mystery shopping surveys²:</i>	
(a)	Suitable	28
(b)	May be suitable	40
(c)	Unsuitable	30
(ii)	<i>Reasons for assessment of recommendations as unsuitable³</i>	
(a)	The recommended product is not reasonable in view of the lock-in period or time horizon	54
(b)	The recommended product is not reasonable in view of the mystery shopper's investment or savings need	46
(c)	Too little fact-find was conducted for any reasonable recommendation to be made	34
(d)	The recommended product is of a higher risk than the mystery shopper's risk profile without a reasonable basis	30

¹ For life insurance policies.

² The suitability of the remaining 2% of mystery shopping surveys was not assessed by the industry practitioners as no product was recommended.

³ More than one reason may be selected for each assessment of product suitability.

	AREAS SURVEYED	PERCENTAGE OF MYSTERY SHOPPING SURVEYS (%)
(e)	The recommended product is not reasonable in view of the mystery shopper's liquidity needs	11
(f)	The recommended product is not reasonable in view of the mystery shopper's income	7
(g)	The recommended product is not reasonable in view of the mystery shopper's age	6
(h)	The recommended product is not reasonable in view of the mystery shopper's employment status	3