



Survey Release – Fraud Highlights: National and BC Investor Research

The British Columbia Securities Commission

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BC SECURITIES
COMMISSION



Survey Methodology



Overview:

Innovative Research Group (INNOVATIVE) was commissioned by the British Columbia Securities Commission (BCSC) to conduct a national survey about investing among adults 18+.

Methodology:

These are the findings of an INNOVATIVE online survey. The survey consisted of a sample of 2,915 Canadians aged 18+. This included an oversample of 1,407 British Columbians.

Respondents to this online survey come from INNOVATIVE's Canada 20/20 Online panel, with additional sample from Lucid and Leger, leading providers of online sample.

The results are weighted to a representative sample of 1,500 at the national level, and the BC oversample is weighted to a representative sample of 1,000 based on age, gender, and region using the latest available Census data to reflect actual demographic composition of the population.

Field Dates:

December 7th to December 28th, 2018

Margin of Error:

This is a representative sample. Since the online survey was not a random probability based sample, a margin of error can not be calculated. Statements about margins of sampling error or population estimates do not apply to most online panels.

Note: *Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers. Use caution when interpreting results with small n-sizes.*

Survey Disclosure

The results in this report come from a national study conducted by INNOVATIVE for the BCSC in December 2018. This release highlights some of the findings regarding investment fraud from the survey among British Columbians and Canadians overall.

The BCSC will be releasing complete results from this national study at a later date. The full survey questionnaire is available on request. The table below outlines the sections included in the full questionnaire.

Survey Section	Description
Financial Segmentation	Investing and financial segmentation questions
Goals and Priorities	Respondents' goals and priorities when saving and investing
Benchmarks	Key attitudes that reflect views about the importance of investing, and investors' views on their investing outcomes
Investing Attitudes	Attitudinal statements about investing and saving
Investment Literacy	Questions measuring general understanding of investment concepts
Investment Fraud	Questions related to awareness and prevalence of investment fraud
Investment Statements	Whether and how often respondents read investment statements
Investment Information	Questions on how respondents would seek investing information
Demographics and Psychographics	Additional demographics and psychographics for segmentation analysis

Sample Validation (National)

The survey consisted of a sample of 2,915 Canadians aged 18+. The results are weighted to a representative sample of 1,500 based on age, gender, and region using the latest available Census data to reflect actual demographic composition of the population. The table below shows the weighted and unweighted samples based on age, gender, and region.

		Weighted		Unweighted	
		n	% of the national sample*	n	% of the national sample**
Age	18-34	411	27.4%	615	21.1%
	35-54	511	34.1%	829	28.4%
	55+	578	38.5%	1,471	50.5%
Gender	Male	729	48.6%	1,465	50.3%
	Female	771	51.4%	1,450	49.7%
Region†	BC	204	13.6%	1,412	48.4%
	Alberta	170	11.3%	225	7.7%
	Prairies	100	6.7%	171	5.9%
	Ontario	573	38.2%	613	21.0%
	Quebec	350	23.4%	370	12.7%
	Atlantic	102	6.8%	124	4.3%

* The percentage of the weighted sample reflects the population distribution.

** The percentage of the unweighted sample reflects the distribution of respondents before weighting



Regional Segmentation (National)

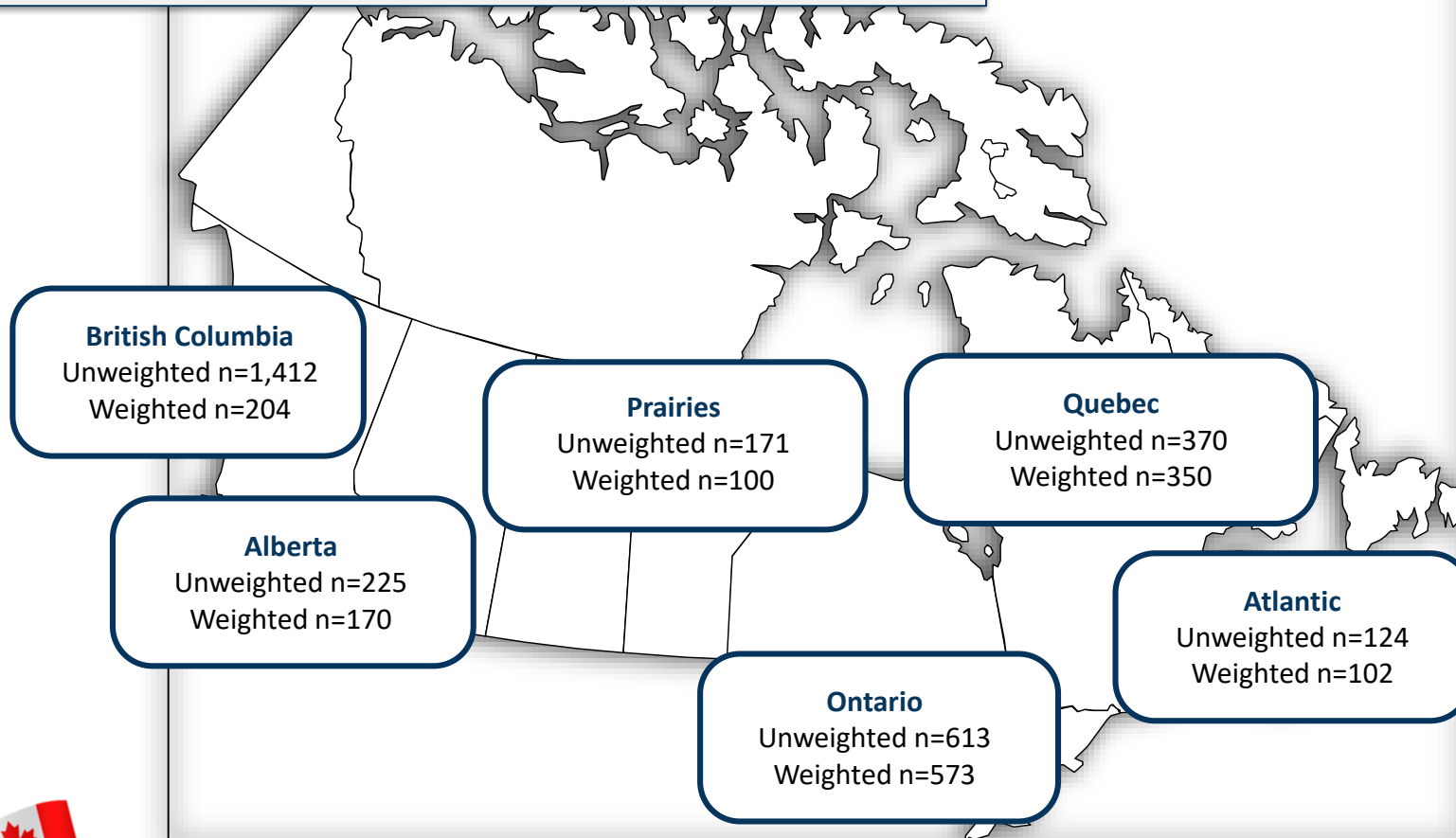
Regional groupings include:

- British Columbia (Yukon)*
- Alberta (Northwest Territories)
- Prairie Region (Manitoba, Saskatchewan and Nunavut)
- Ontario
- Quebec
- Atlantic (PEI, New Brunswick, Nova Scotia and Newfoundland & Labrador)

National

Unweighted n=2,915

Weighted n=1,500



*In this report BC results are displayed for BC respondents *only* based on the oversample described in the following slides

Sample Validation (BC)

The national sample included an oversample of 1,407 BC respondents. There are oversamples in the regions outside of the Lower Mainland to increase the sample size for these results. This BC sample is weighted to a representative sample of 1,000 based on age, gender, and region using the latest available Census data to reflect actual demographic composition of the population.

The table below shows the weighted and unweighted samples based on age, gender, and region.

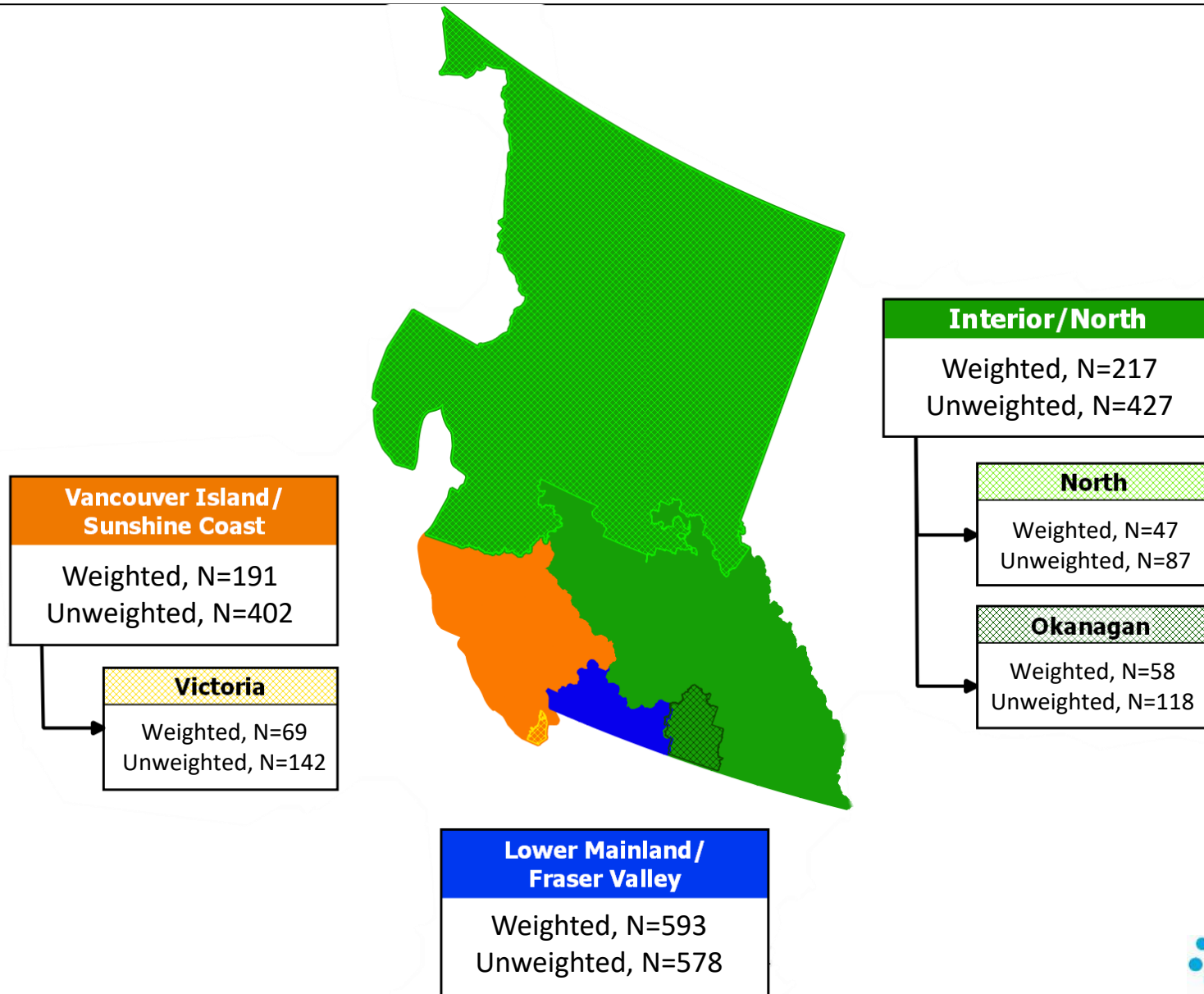
		Weighted		Unweighted	
		n	% of the BC sample*	n	% of the BC sample**
Age	18-34	266	26.6%	326	23.2%
	35-54	333	33.3%	411	29.2%
	55+	402	40.2%	670	47.6%
Gender	Male	485	48.5%	662	47.1%
	Female	515	51.5%	745	52.9%
Region	Lower Mainland/Fraser Valley	593	59.3%	578	41.1%
	Vancouver Island	191	19.1%	402	28.6%
	Interior/North	217	21.7%	427	30.3%

* The percentage of the weighted sample reflects the population distribution

** The percentage of the unweighted sample reflects the distribution of respondents before weighting



Regional Segmentation (BC)



Investing Segmentation

Savings or Investments Set Aside for the Future: 65% of BC respondents and 68% nationally are investors



Do you personally have any savings or investments set aside for the future in any of the following types of account? Please select all that apply.

[asked of all respondents (multiple mention); BC n=1,000; Canada n=1,500]

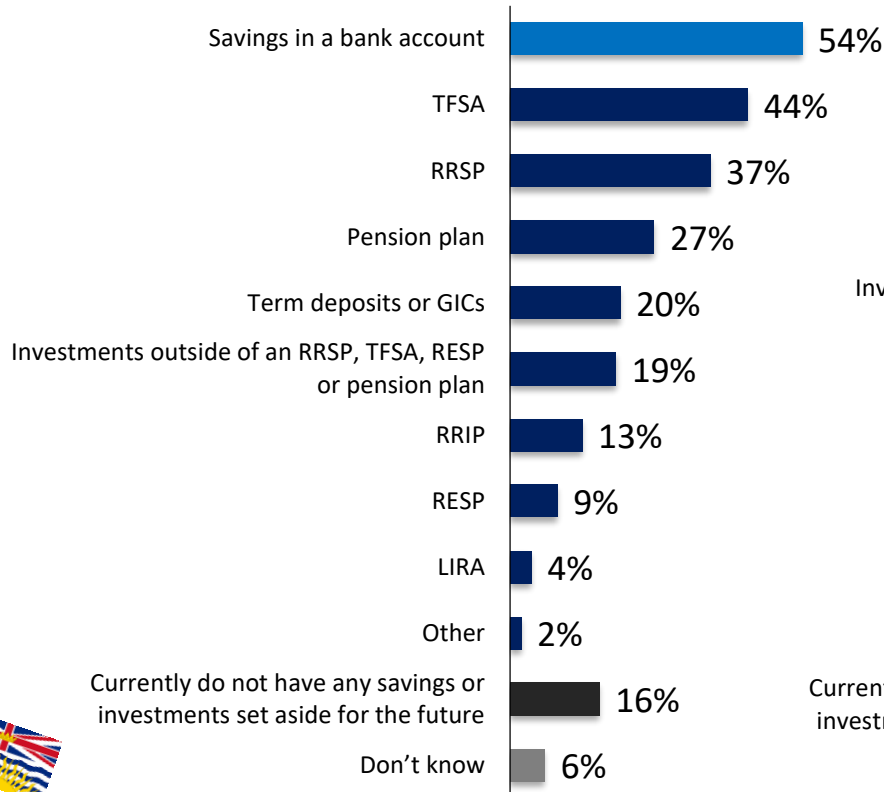
Among all respondents

65% (BC) and 68% (Canada)

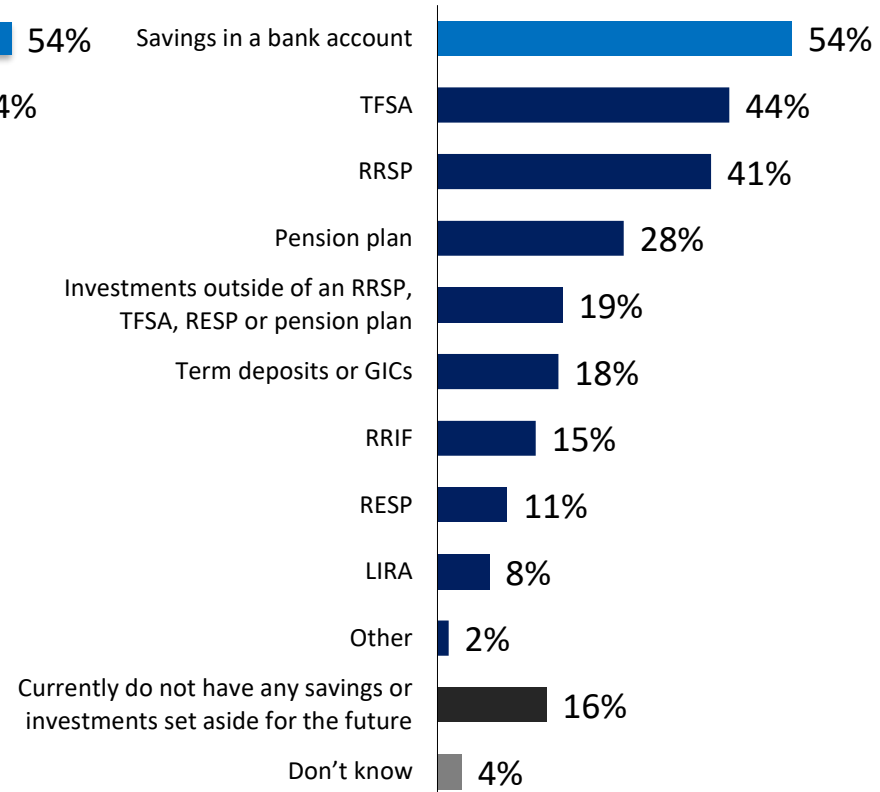
of respondents are investors in a broad sense of the term.

This includes anyone with savings in any type of account/product beyond a savings account (registered accounts, non-registered accounts, pensions, GICs, and so forth). This excludes those who have no savings, save only in a bank savings account and nowhere else, or say 'Don't Know'.

BC Results



National Results



Investments Products: 84% of BC and 77% of Canadian investors have securities products



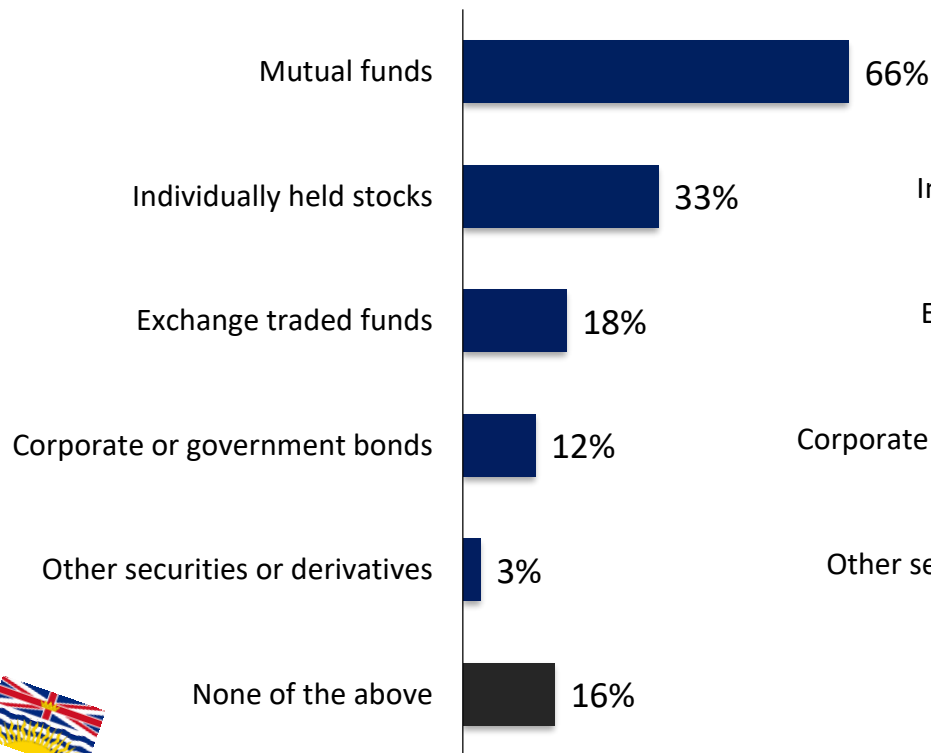
You indicated that you have at least one type of account that could hold investment products. Which of the following kinds of investment products do you hold? Please select all that apply.

[asked only of investors with an account type that could hold securities (multiple mention); BC n=607; Canada n=958]

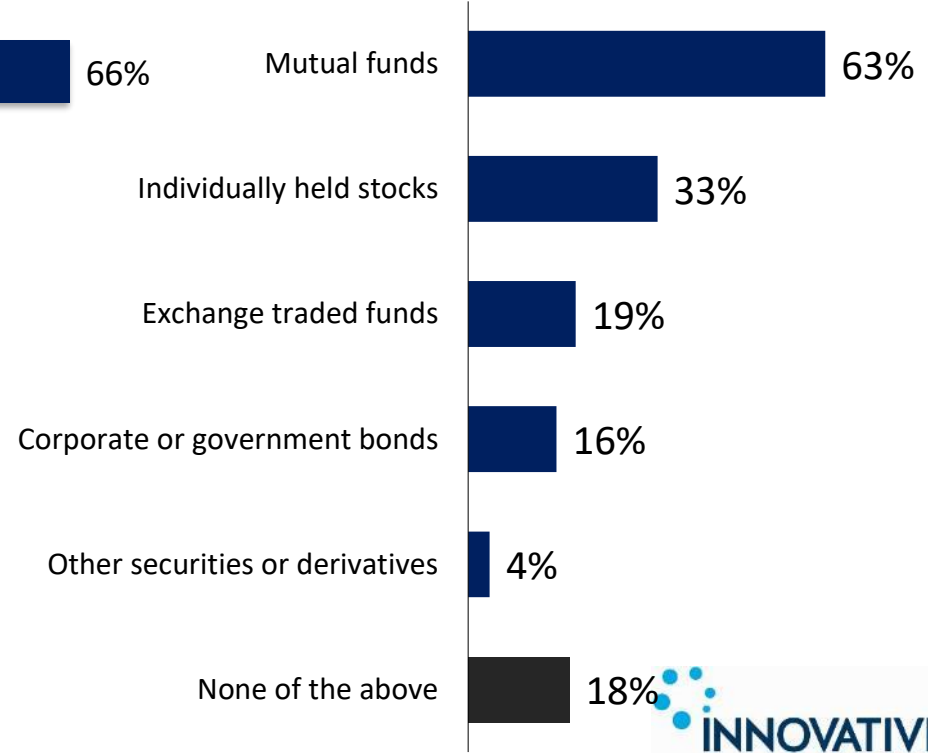
Among investors

84% (BC) and 77% (Canada)
of investors hold securities products

BC Results

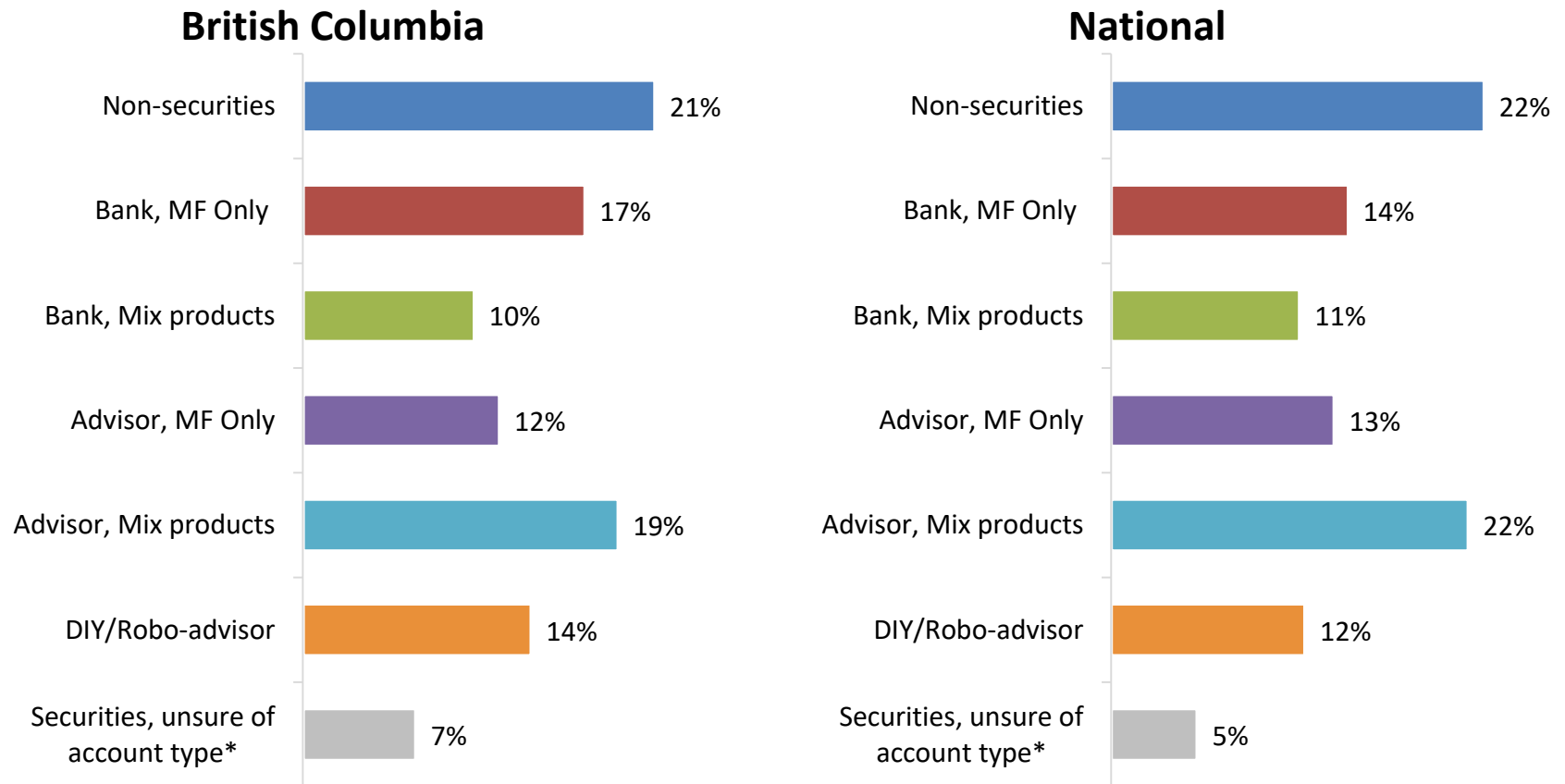


National Results



Investor Type Segmentation: 1-in-5 investors have mix of products and work with an advisor

Based on differences in product type and account type (whether or not an investor is working with an advisor), we created an **investor type segmentation** to better understand how different experiences and approaches to investing relate to other outcomes in the survey. The chart below shows the distribution of this segmentation.



* Those who are unsure of their account type are excluded in the rest of the analysis.

Investment Fraud

Warning Signs: “Guaranteed high returns” most widely recognized; affinity fraud is the least well recognized



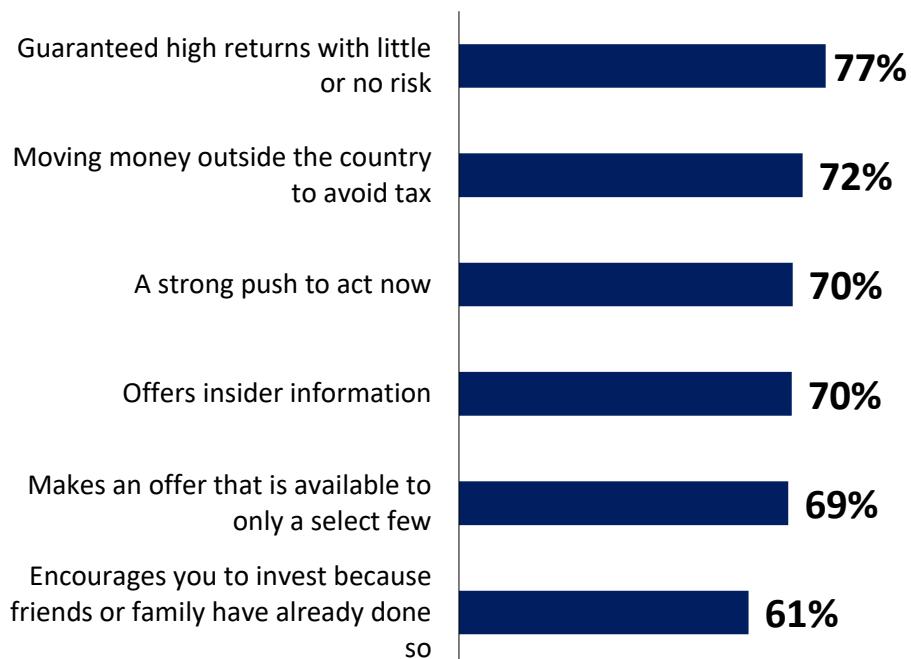
So far we have focused on investments. Now we would like to turn to fraud. As you know, not every investment makes money. Some investments lose money even if everyone means well and is entirely honest in their dealings.

However, there are some cases where people propose an investment to you based on false information. So, in this case, we mean a fraud occurs when someone intentionally gives you false information to get money from you.

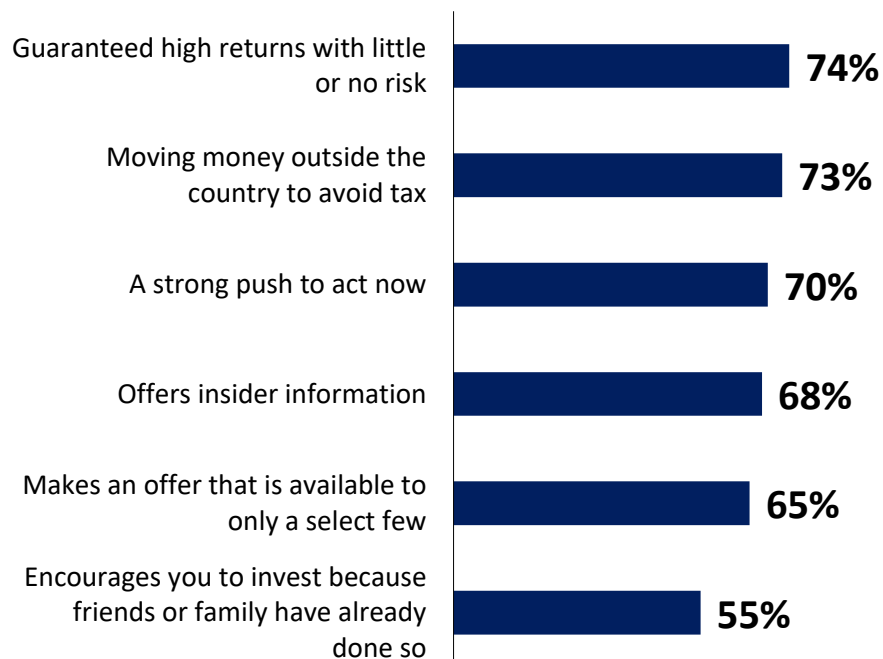
From what you have read, seen or heard, which of the following do you think are indicators of a possible fraudulent investment? (Check all that apply)

[asked of all respondents (multiple mention); BC n=1,000; National n=1,500]

BC Results



National Results



Warning Signs, BC by Demo: More than half of millennials don't recognize the warning sign of affinity fraud

Fraud Warning Signs BY Age and Gender and Subregion

[asked of all BC respondents; n=1,000]

BC Results

Percentage	Age			Gender		Region			Subregion		
	18-34	35-54	55+	Male	Female	LMFV	Van. Island	Int./ North	Victoria	North	Okanag.
Guaranteed high returns with little or no risk	59%	73%	92%	77%	77%	75%	85%	77%	87%	70%	75%
Moving money outside the country to avoid tax	60%	68%	84%	69%	75%	69%	81%	75%	81%	71%	74%
A strong push to act now	54%	66%	85%	70%	71%	67%	79%	71%	81%	66%	76%
Offers insider information	51%	68%	84%	70%	70%	66%	82%	70%	84%	74%	60%
Makes an offer that is available to only a select	48%	65%	87%	67%	71%	66%	79%	70%	82%	66%	75%
Encourages you to invest because friends or family	45%	54%	77%	61%	61%	59%	68%	60%	71%	59%	56%



Warning Signs, BC by Investments: 20+ point difference between investors and non-investors on each warning sign

Fraud Warnings Signs in BC BY Investor/Non-investor and Investor Type

[asked of all BC respondents; n=1,000]

BC results

Percentage	Investor		Investor Type					
	Investor	Non-investor	Non-securities	Bank, MF Only	Bank, Mix products	Advisor, MF Only	Advisor, Mix products	DIY/Robo-advisor
Guaranteed high returns with little or no risk	87%	59%	80%	89%	82%	94%	89%	96%
Moving money outside the country to avoid tax	78%	62%	79%	79%	74%	81%	77%	80%
A strong push to act now	77%	58%	75%	76%	66%	75%	80%	88%
Offers insider information	78%	55%	77%	78%	73%	79%	77%	87%
Makes an offer that is available to only a select	77%	55%	72%	81%	65%	78%	80%	86%
Encourages you to invest because friends or family	67%	49%	63%	70%	55%	68%	67%	79%

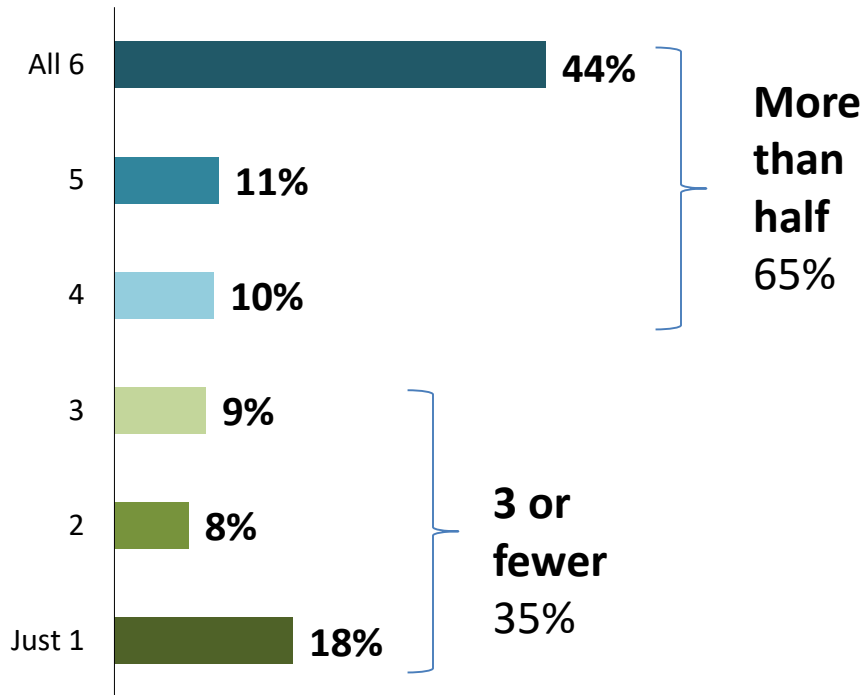


Number of Warning Signs Recognized: more than 1-in-3 recognize just 3 or fewer warning signs

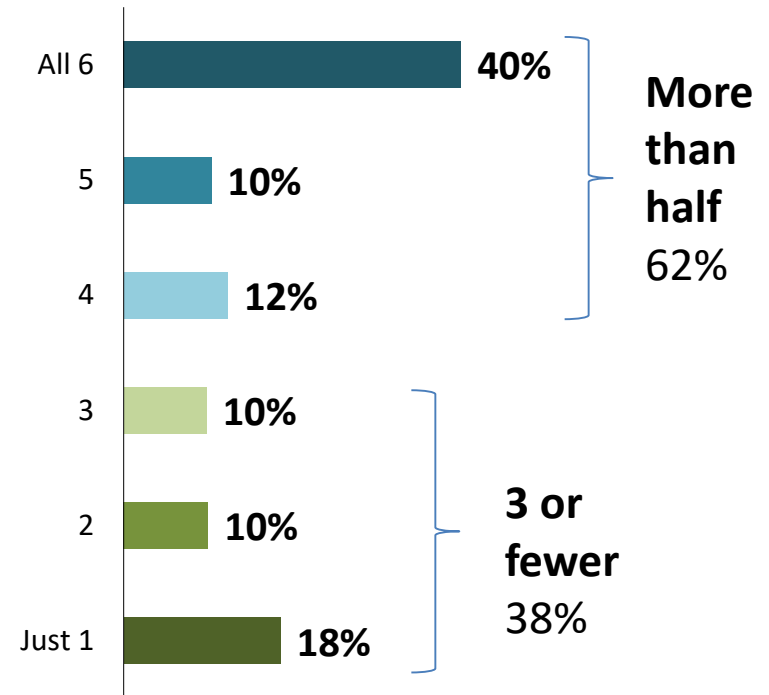
The chart below shows the count of number of warning signs respondents recognized.

[asked of all respondents (multiple mention); BC n=1,000; National n=1,500]

BC Results



National Results

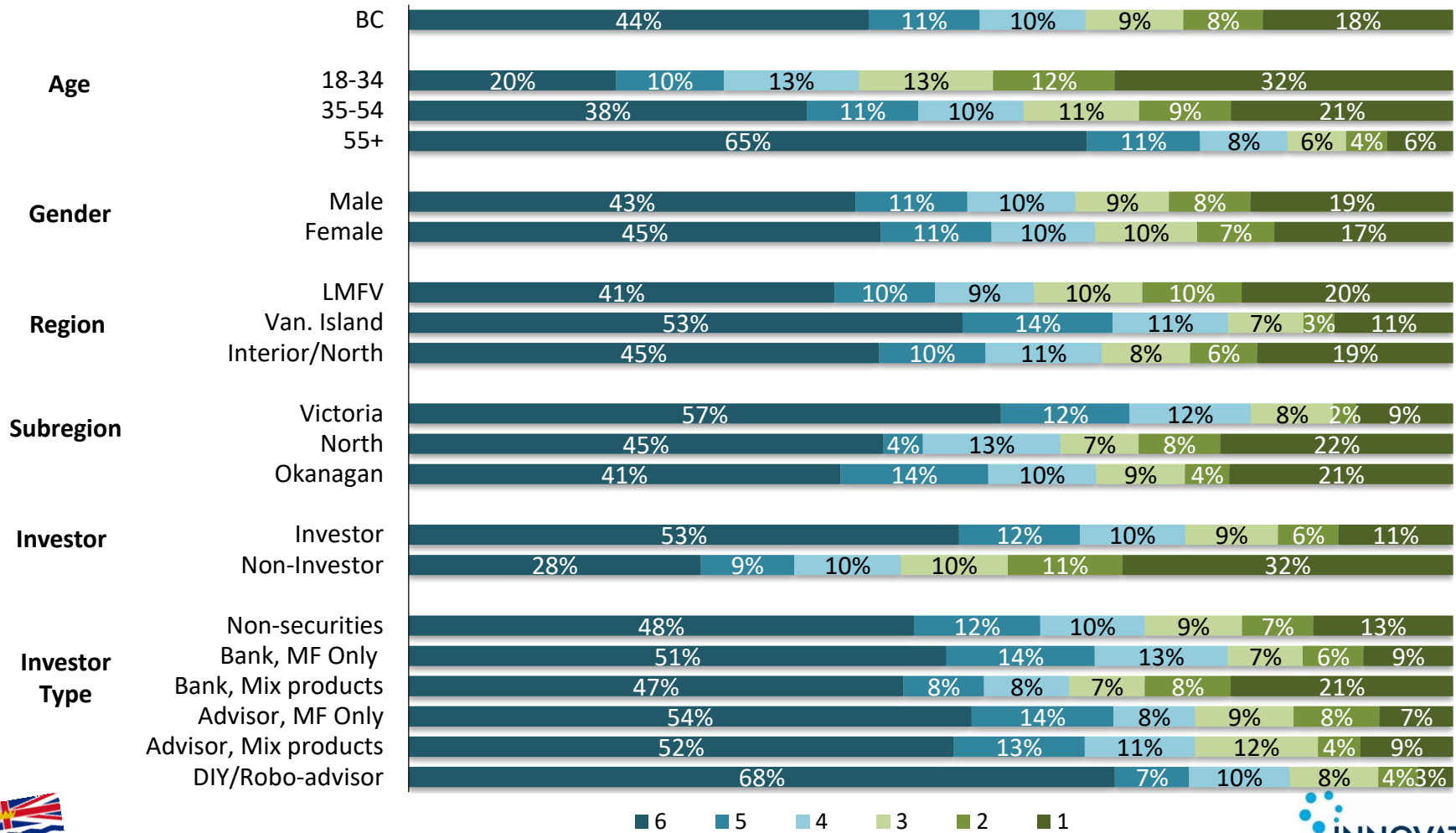


Warnings Signs by Demographics: those 55+, residents of Vancouver Island, and DIY investors most likely to know all 6



Number of warning signs recognized
 BC BY Gender, Age, Region, Investor, Investor Type
 [asked of all BC respondents (multiple mention); n=1,000]

BC results



Fraud Victimization: 1-in-10 (10%) Canadians, 12% of BC residents report they have been victims of fraud

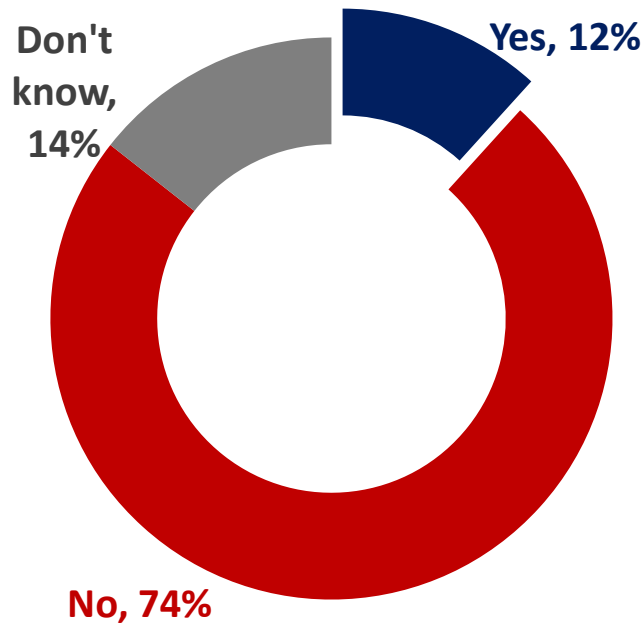


In fact, all of the above are red flags that may indicate an attempted fraud. To remind you, these are [SHOW LIST OF WARNING SIGNS]. Securities regulators work hard to prevent fraud. The next few questions are intended to help them better understand the nature of investment fraud in Canada. As with all of our questions your answers will remain confidential and will be combined with others to protect your anonymity.

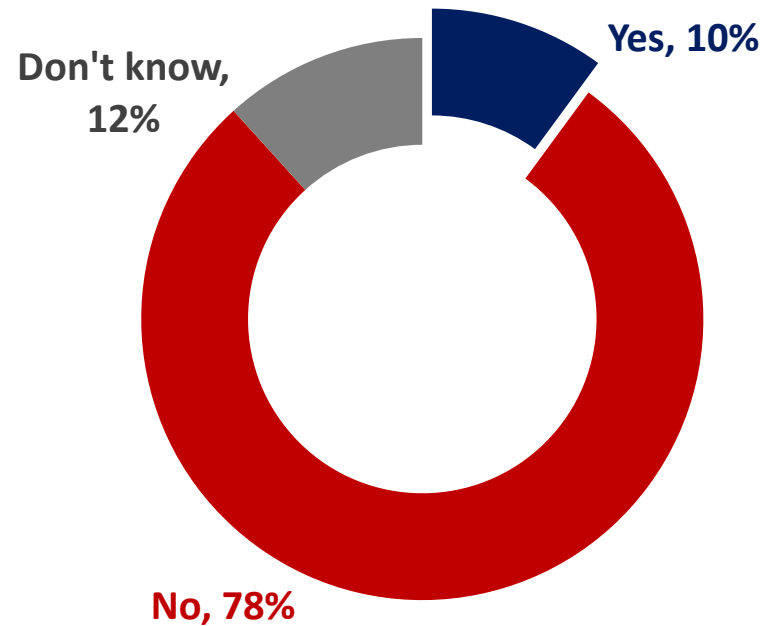
Based on what you have read so far and what you already know, do you think you have ever invested money in a fraudulent investment?

[asked of all respondents; n=1,500]

BC Results



National Results

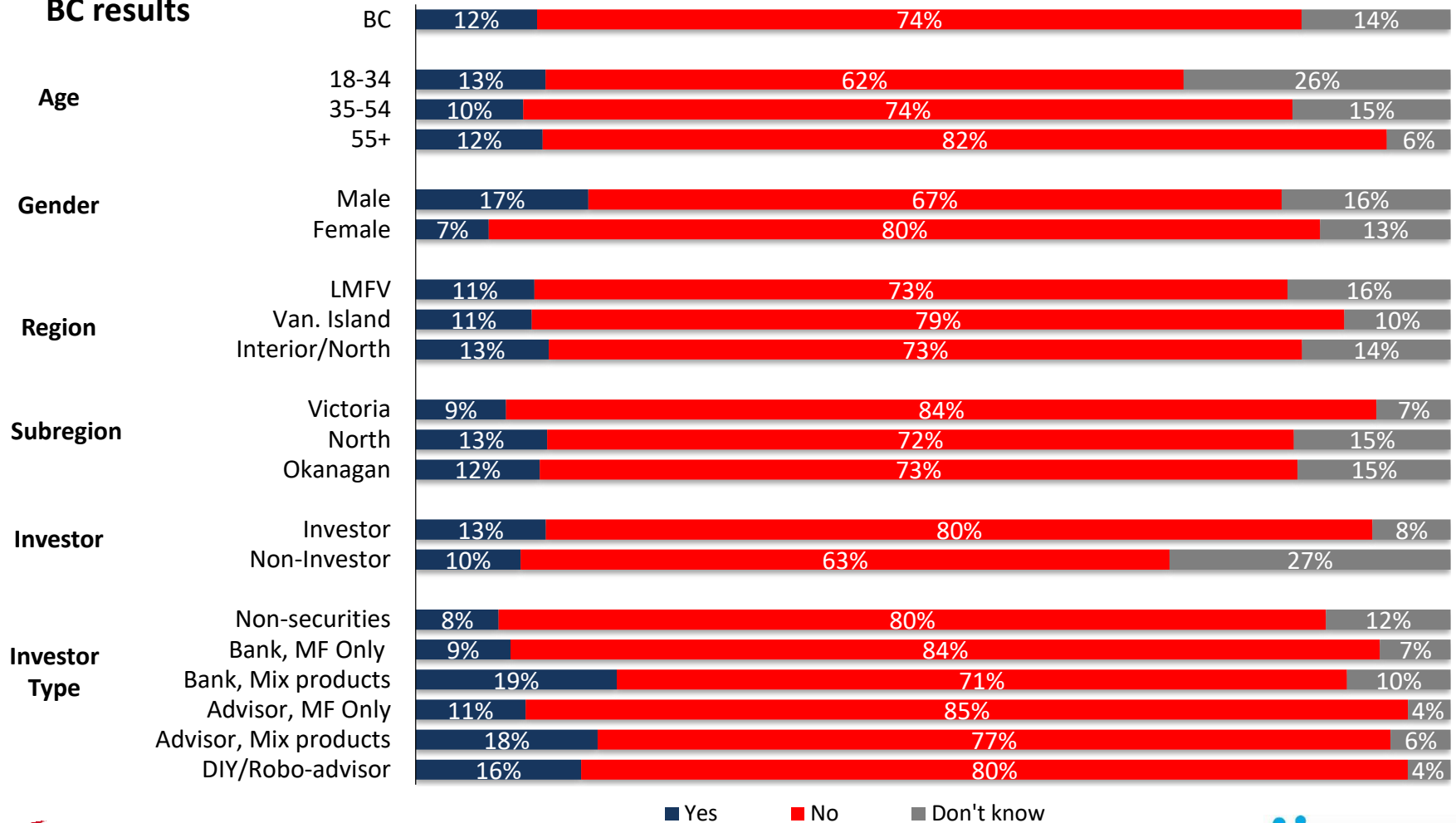


Victimization by Demographics: those who don't purchase securities, or only purchase Mutual Funds less likely



...Based on what you have read so far and what you already know, do you think you have ever invested money in a fraudulent investment? BC Results BY Gender, Age, Region, Investor, Investor Type
 [asked of all BC respondents (multiple mention); n=1,000]

BC results



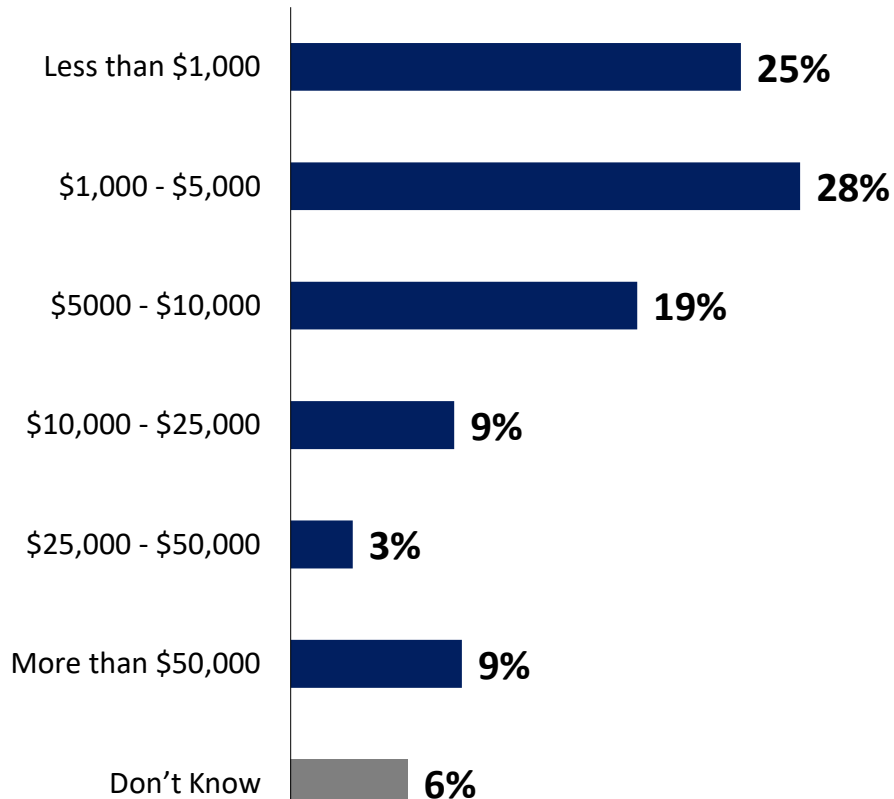
■ Yes ■ No ■ Don't know



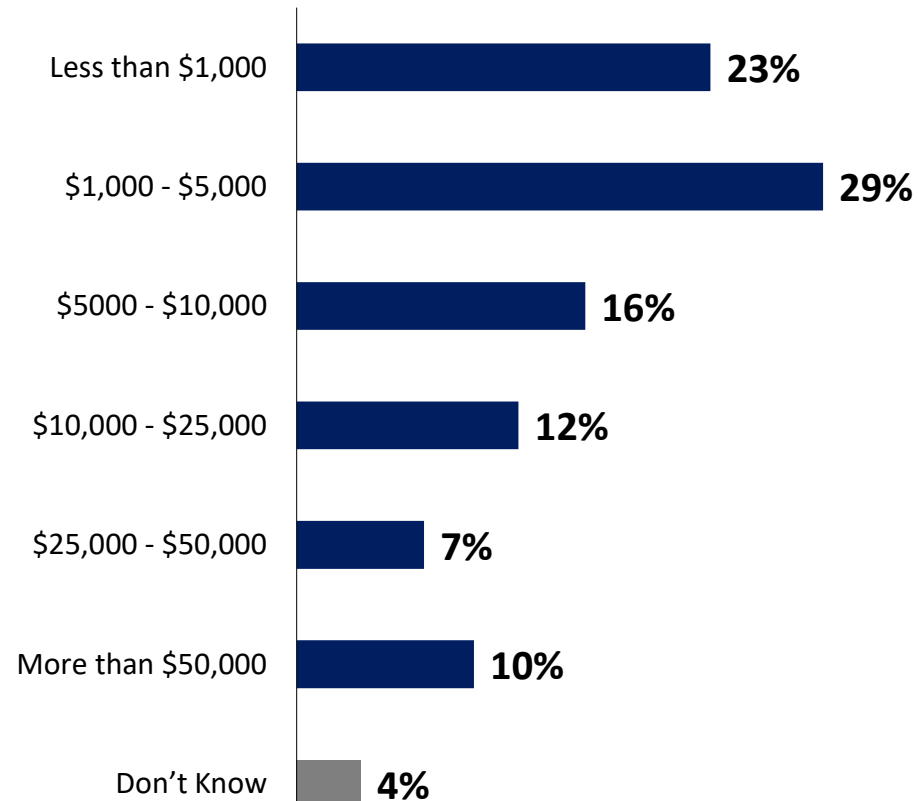
Fraud Victimization: The majority of fraudulent investments are less than \$5,000

Q How much money did you invest in this investment fraud?
[asked only of those who say they have invested in a fraudulent investment; national, n=151]

BC Results



National Results



More Trouble than it's Worth: only 16% agree that reporting fraud is "more trouble than it's worth"

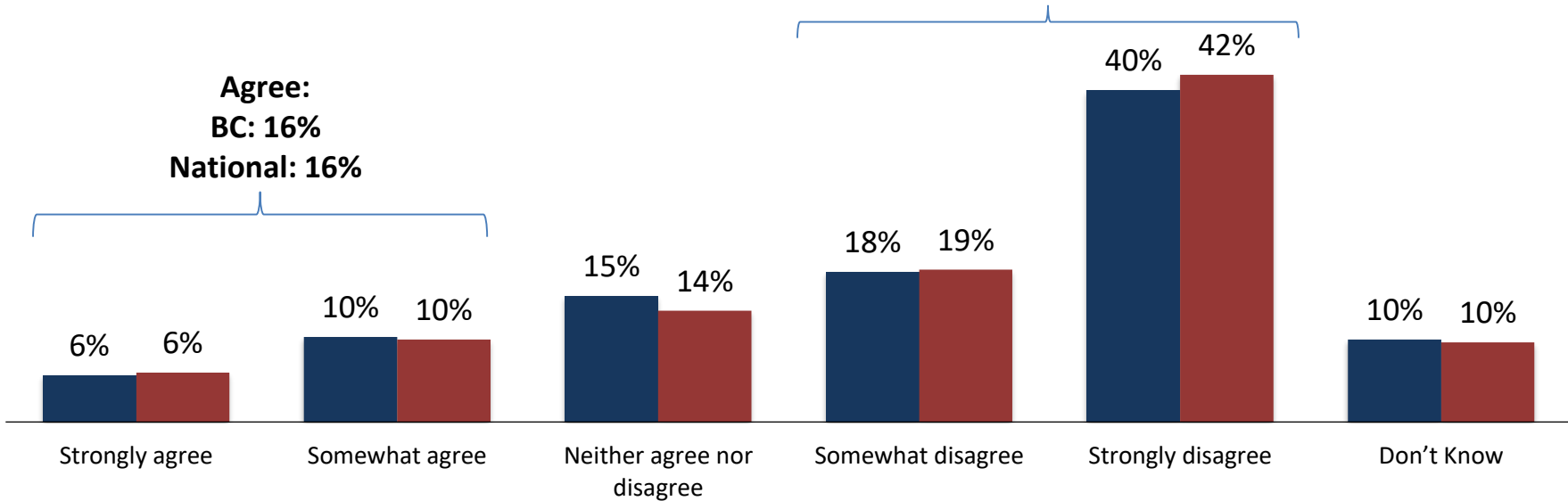
Q Do you agree or disagree with the following statements?
 [asked of all respondents; n=1,500]

Reporting a fraudulent investment is more trouble than it's worth.

59% (BC) and 61% (National)
 Disagree that reporting fraud is more trouble than it's worth.

Disagree:
 BC: 59%
 National: 61%

Agree:
 BC: 16%
 National: 16%



■ BC ■ National



BC Breakdown: millennials, men and non-investors more likely to say reporting fraud is more trouble than it's worth

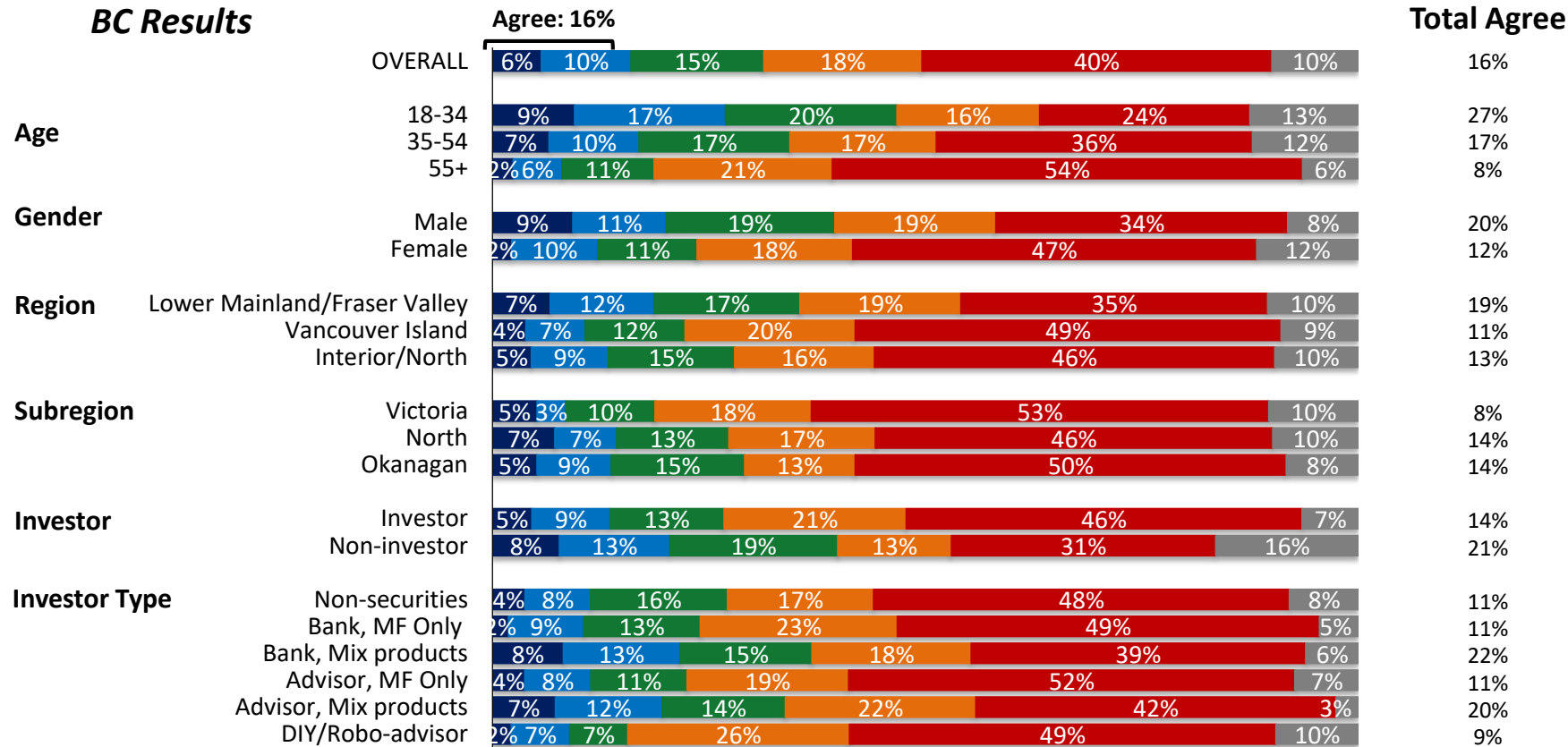


Do you agree or disagree with the following statements?

[results of all BC respondents; n=1,000]

Reporting a fraudulent investment is more trouble than it's worth

BC Results



■ Strongly agree
 ■ Somewhat agree
 ■ Neither agree nor disagree
■ Somewhat disagree
 ■ Strongly disagree
 ■ Don't Know



As likely as anyone: nearly half agree that they are as likely to be victims of fraud as anyone else



Do you agree or disagree with the following statements?

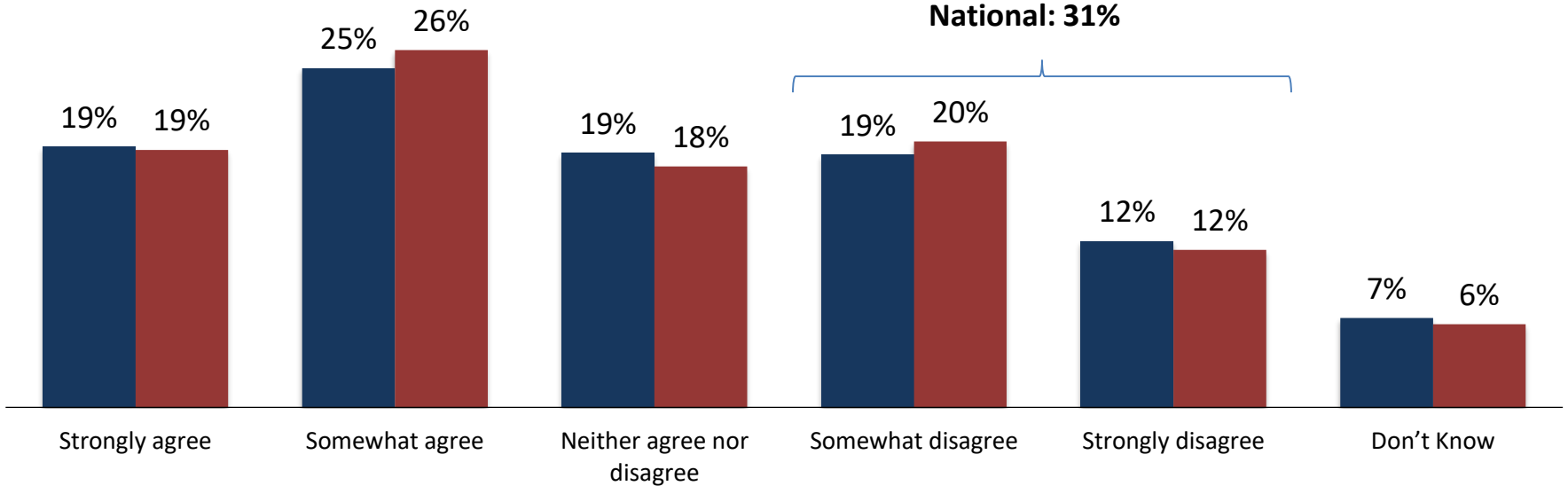
[asked of all respondents; n=1,500]

I am just as likely to be a victim of investment fraud as anyone else

44% (BC) and 45% (National)
Agree they are as likely as anyone to be a victim of fraud.

Agree:
BC: 44%
National: 45%

Disagree:
BC: 31%
National: 31%



■ BC ■ National



BC Breakdown: millennials, non-investors most likely to feel they are as likely as anyone to be a victim of fraud ²⁴



Do you agree or disagree with the following statements?

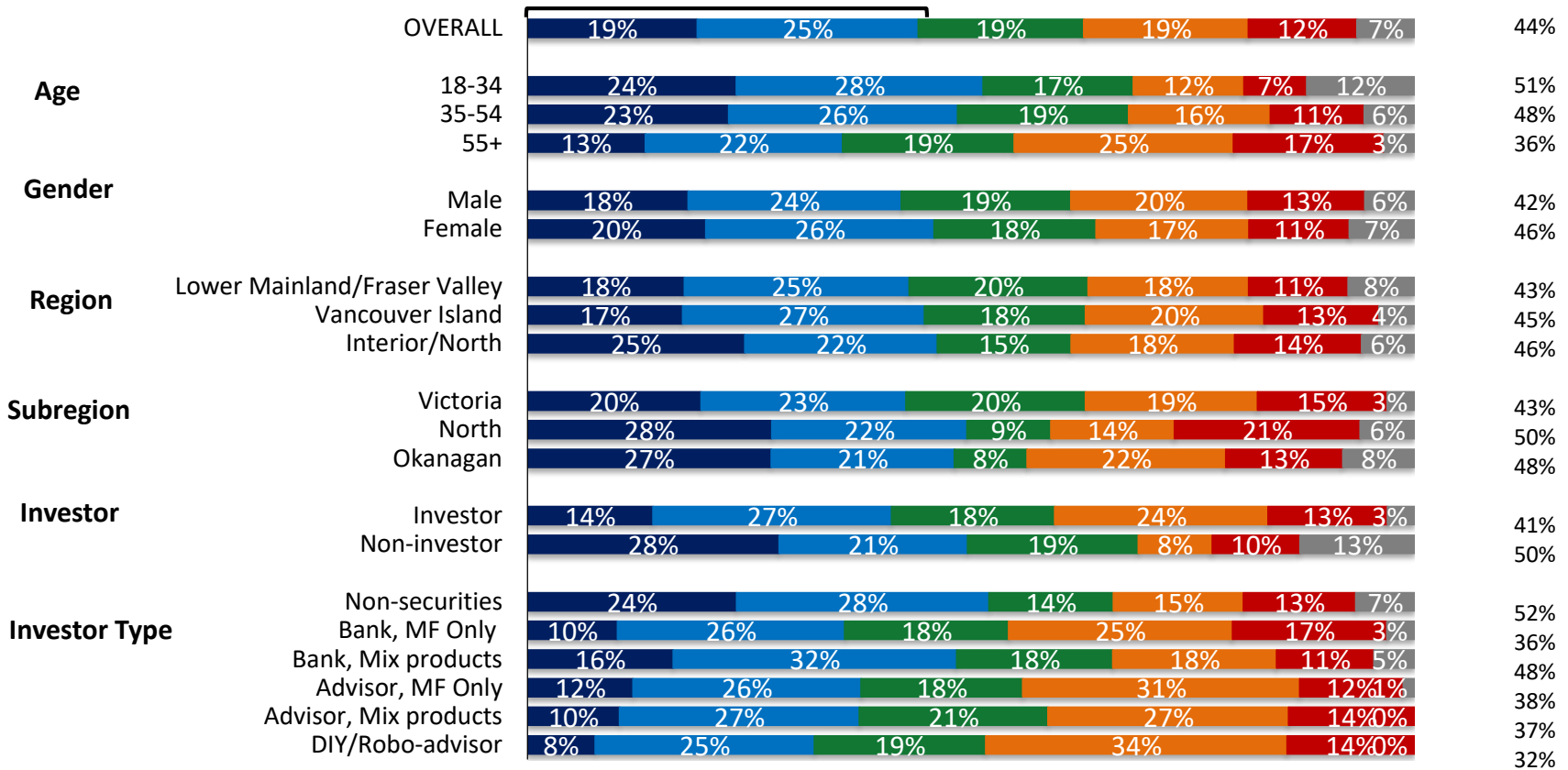
[results of all BC respondents; n=1,000]

I am just as likely to be a victim of investment fraud as anyone else

BC Results

Agree: 44%

Total Agree



■ Strongly agree
 ■ Somewhat agree
 ■ Neither agree nor disagree
■ Somewhat disagree
 ■ Strongly disagree
 ■ Don't Know





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