



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Consumer Research Bulletin

## Marketing and Advertising of Investment Products

October 2024

# Foreword



Under the Central Bank of Ireland (Central Bank) integrated mandate, our core objectives include the stability of the financial system and the proper and effective regulation of financial service providers and markets, while ensuring that the best interests of consumers of financial services are protected. In exercising our powers we are required to do so in a way that is consistent with, among other things, the orderly and proper functioning of financial markets, the public interest, and the interest of consumers.

Financial markets retain a central role in the economy, providing critical funding to businesses and opportunities for consumers to invest in service of their long term well-being. The ways in which markets and products are accessed by consumers is changing. Digitalisation has changed how we all engage with financial services, and it has reshaped the market for retail investments. How retail investments are marketed, how information is disclosed and how products are being sold has been transformed through digitalisation, with more access available for consumers through modern technologies. This has made the retail investment

market more accessible for retail investors, bringing benefits for firms and investors, but it also presents risks.

One such risk is that of poor or misleading marketing and advertising. How products are marketed attracts or deters investors. Poor information presentation can distort consumers' ability to assess the benefits and risks of financial products, and can undermine trust and confidence in capital markets.

Investment firms are required to ensure that all marketing communications, including advertising materials, are fair, clear and not misleading and are presented in a way that is likely to be understood by a retail investor.

We have published our findings from new consumer research which examines the experience of retail investors regarding investment firms' marketing and advertising materials, their views of the sector and the issues they face. We undertook this research to inform our supervisory work on the use of marketing and advertising by investment firms. This research will also inform our broader supervisory strategy for the investment sector.

The insights from this research are of real value. Investors are telling us that they still find engaging with the investment sector challenging. They highlight the information in marketing and advertising materials as a challenge for them. They report that while benefits about products are often explained by investment firms in plain language and illustrated using graphs and visuals, in providing important disclosure or regulatory information (including risks, warnings and fees), firms tend to use language that is presented less attractively, and is worded too technically. These findings align with previous supervisory work by the Central Bank which looked at fees and charges in investment firms<sup>1</sup>, finding that there is more that could be done by firms in providing clarity and detail on the fees charged to retail investors.

On 7 March 2024, we published a consultation paper on the Consumer Protection Code which set out our proposed enhancements to update the protections under the Code so that it continues to protect consumers against the challenges facing them today. At the heart of consumer protection is the obligation of financial firms to act in the best interests of

---

<sup>1</sup> <https://www.centralbank.ie/docs/default-source/regulation/industry-market-sectors/investment-firms/mifid-firms/regulatory-requirements-and-guidance/common-supervisory-action-on-mifid-ii-costs-and-charges-requirements.pdf?sfvrsn=349a9d1d>

consumers. Included in our package of updated protections for the Code is a requirement to secure customers' interests which articulates how firms can meet their existing best interests obligation. This requirement is complemented by detailed guidance for firms. The guidance sets out our expectations on how we expect all firms including those selling investment products to act in the best interests of their customers.

The findings from the research outlined in this Report will help inform our considerations, alongside our stakeholder feedback as we work to finalise the enhancements to the Code and guidance for firms including the Guidance for Securing Customers Interests.

# Executive Summary

Marketing communications and advertisements can play a key role in determining investor behaviour and influencing investment decisions.

Where an investment firm presents information poorly, does not explain information properly, or misleads, in its marketing and advertising channels, it can be difficult for investors to assess the benefits and risks of the options available. This is particularly the case where the information is complex and not easy to understand.

In order to assess whether investment firms ensure their marketing communications are fair, clear and not misleading, the Central Bank undertook a thematic review to assess whether the marketing communications (including advertisements) comply with regulatory standards, particularly those contained in the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375/2017) (**MiFID Regulations**).

Separately, investor research (as presented in this Report) in the form of a mystery shopping exercise, was also conducted to enhance our understanding of how investors engaged with advertising and marketing materials of investment firms.

## Why we undertook this research

Periodically, the European Securities and Markets Authority (ESMA) requires securities market regulators across the EU to undertake Common Supervisory Actions<sup>2</sup> (known as CSAs). In 2023, the topic of marketing communications, including advertisements, was selected by ESMA as a CSA involving a related mystery shopping exercise.

ESMA identified aggressive marketing practices as an investor protection related risk in the ESMA Strategy 2023-2028<sup>3</sup>. This risk is characterised by the risk of inappropriate products being purchased by new, young and/or first-time investors, who do not understand the characteristics and risks of the products in which they are investing.

---

<sup>2</sup> The CSA was undertaken simultaneously by National Competent Authorities (NCAs) throughout the EEA. Central to the exercise was the formulation of a common methodology and framework, alongside clear supervisory expectations, which allowed NCAs to assess firms' compliance with the relevant requirements in a consistent manner.

<sup>3</sup> [https://www.esma.europa.eu/sites/default/files/library/esma\\_strategy\\_2023-2028.pdf](https://www.esma.europa.eu/sites/default/files/library/esma_strategy_2023-2028.pdf)

The 2023 CSA involved an assessment of investment firms' and credit institutions' compliance with the marketing and advertising requirements in the context of the provision of investment services to retail clients.

A number of National Competent Authorities, including the Central Bank, also conducted a mystery shopping exercise which complemented the CSA by providing an investor perspective on firms' marketing and advertising activities.

The findings of this Research Report is the outcome from the mystery shopping exercise conducted by the Central Bank among Irish investors.

The ESMA report with the aggregated findings across all participating EEA National Competent Authorities is located [here](#).

## Who we talked to in our research

Potential investors and investors with relatively limited experience in investment were recruited as mystery shoppers for our research. The mystery shoppers were also interviewed for in-depth interviews following their mystery shopping assessments.

More details on the profile of mystery shoppers and our research methodology is located in the Appendix of this paper.

## What our research found<sup>4</sup>:

---

<sup>4</sup> The results and findings described in this research report are based on the recall of the respondents who participated in our mystery shopping survey and in-depth interviews. The attitudes and opinions reported in this report describe the respondents' views on their experience of marketing and advertising material presented. Respondents were not conducting an exercise in regulatory compliance. Respondents were assessing and evaluating what they understood was communicated and understood from marketing and advertising materials of investment firms.

- **Information sources and expectations**

Starting to invest can be challenging. Products, concepts and information sources can prove complex, particularly for the inexperienced investor. Information sources vary, with many investors believing expert advice is necessary before starting to invest. Sources of information vary, from self-sought and friends/family through to financial advisors. Social media is playing an ever-increasing role in this area.

- **Investors' information needs**

The inexperienced investor is typically conservative and realistic in their expectations and risk appetite. These investors want the basics associated with an investment product – its risk profile, how trustworthy the provider is and the performance potential of the investment product.

Our research identified that firms, in general, were good at presenting warnings and risks in a prominent way. A number of good practices were observed in this regard. Warnings and risks are key information touchpoints for investors and these need to be prominent across marketing and advertising materials.

- **Appropriate use of language**

Language used can be a major inhibitor to inexperienced investors. It is important that the language is clear, balanced and where abbreviations must be used, a glossary is provided for clarification.

Our research identified that inconsistencies in the use of language and tone across and within digital channels (including website materials and social media) can lead to less engagement with important investor information. Investors highlighted that the benefits of products are best explained in plain language and illustrated using graphs and visuals. However, important disclosure or regulatory information (including risks, warnings and fees) tends to use language that is more technical, and text-based.

- **Availability of product information**

Product information, and the ability to make comparisons between investment products, is an important component of the investor journey. Investors often rely upon key information documents to provide them with vital information.

Where product information is available, it can still be hard to digest and draw conclusions from, as the information on each product is often dispersed and presented separately. Our research identified that investors are often challenged with the inability to effectively compare products. This can be due to a lack of product related information in the marketing or advertising materials, or that this information is restricted and investors need to download apps or contact the firms directly for this information.

- **Investor trust in information and content**

Firms can display or communicate website content (images and text) that are unrelated to their products or services or inaccessible when clicked upon. This can cause confusion to investors, or undermine trust in the firms or investing more broadly.

Our research identified a small number of firms where the websites and social media posts contained links which do not function or links to unverifiable sources. This can cause investor unease about the trustworthiness of a firm's materials. Awards and testimonials can prompt engagement and interest, but some awards were identified as arbitrary or lacking credibility.

Some investment firms use global statistics or currencies other than euro amounts in their marketing materials. Some firms reference well-known brands or include specific imagery unrelated to their offering on their website, social media or marketing materials. The use of information about awards and accreditations on websites was not always presented in a verifiable manner.



## Securing Customers' Interests

On 7 March 2024, the Central Bank published a Consultation Paper on a review of the Consumer Protection Code which set out our proposed enhancements to the protections under the Code so that it continues to protect consumers against the challenges facing them today. Included in the Consultation Paper, is an obligation on firms to secure their customers' interests. The [Securing Customers' Interests](#) obligation is complemented by Guidance on Securing Customers' Interests. The Guidance on securing customers' interests seeks to provide a clear articulation of how firms, including MiFID firms, should approach meeting their obligations to act in the best interests of their customers, and potential customers.

In pursuing their own commercial objectives, firms make their own decisions. In doing so, however, it is necessary that they effectively incorporate the interests of customers into their strategy, business model and decision-making process, reflecting their overall obligation to act in the best interests of their customers. The Central Bank's guidance is designed to support firms in the effective implementation of all their consumer protection obligations. It does this on a non-exhaustive basis, by describing what firms need to consider, the actions they need to take, and the mind-set they should have, towards their customers. This includes when firms are targeting, marketing and advertising investment products to their customers. The guidance uses case studies and examples to set out clearly how we expect firms to act in the best interests' of their customers.

In our Code Consultation Paper, we set out our expectation that firms providing MiFID investment services would consider and apply the [Guidance on Securing Customers' Interests](#) in the context of their obligation to 'act honestly, fairly and professionally in accordance with the best interests of its clients' under Regulation 31 of the MiFID Regulations.

Consumer protection obligations include, on a basic level, ensuring that marketing and advertising materials are compliant with regulatory obligations and are, at a minimum, clear, accurate and not misleading. As articulated in our consultation on the Guidance on Securing Customers' Interests, fulfilling the duty to act in customers' best interests' means something more. Firms should design and draft their marketing and advertising materials with an investor-focus; with a view to properly and responsibly introducing investors into the capital markets. They should be taking the responsibility for assisting investors to understand and use

a valuable opportunity that allows investors to strengthen their own long term financial well-being.

The findings from our research show important considerations for firms when they are developing and designing communications for customers throughout their investor journey. This includes consideration of customer profile, content, language, display, delivery channel, timing and the use of review, all of which are explored in the Guidance. The findings from the research outlined in this report will help inform our considerations as we work to finalise the Guidance on Securing Customers' Interests.

### **Supervisory Outcomes**

The Central Bank issued a [Dear CEO Letter](#) to firms which provides further detail on the Central Bank's expectations regarding the review and the findings identified in this report. These include:

- Expectations that firms must ensure that marketing and advertising content is as fair, clear and not misleading on digital platforms, as on more traditional communication channels.
- The use of complex language, 'financial jargon' and/or abbreviations should be avoided. If any such language is included, a glossary should be available to investors providing a clear, 'plain English' explanation as to what it means.
- Firms must ensure that all content included in a post is related to that post, unrelated content should not be included in an attempt to influence investor behaviour.

Following this research and the findings of the review, the Central Bank expects all firms to adopt a more proactive approach to the continuous evaluation of the effectiveness of all of their arrangements and practices, including those relating to marketing and advertising, to ensure that they are meeting the highest standards of investor protection and securing customers' interests by communicating properly and effectively to them.

# Research Findings

# What are investors' information sources and expectations?

Starting to invest can be challenging. Products, concepts and information sources can prove complex, particularly for the inexperienced investor. Information sources vary, with many investors believing expert advice is necessary before starting to invest.

## Investor expectations and needs when starting an investment information journey

Potential investors acknowledge that seeking information on investment products can be a daunting task. An online search tends to be the initial step, with a simple Google search approach adopted by many inexperienced investors. Many investors acknowledge that their initial motivation to invest makes them eager to understand and inform themselves about the various dimensions of investing and investment products.

There are a number of preconceptions on investing for those with relatively limited experience here. These include:

- A sense that getting involved with investments is for those **who have high level of knowledge and information** and are keeping abreast of the market on a regular basis.
- It is a **relatively unknown sector**, and they rely heavily on advice to secure the key elements that make them comfortable deciding.
- An **expectation that there is a need to engage a financial advisor** to get personalised guidance based on their financial circumstances.

On the other hand, investors also acknowledged that currently investing is more accessible and open to people of all backgrounds:

- Potential investors are aware of firms or digital online providers who provide readily accessible investment products (for example crypto-currency products are frequently referenced).
- Many are exposed to international social media influencers (more commonly known as 'finfluencers') who position investment as **something anyone can do, and everyone should do**, in order to '*grow their wealth*'.

A dominant theme arising in our research is that investors perceive the level of detail and content available on investments to be **overwhelming and confusing**.

Therefore, embarking on an information journey on investments is seen as self-education - something that would empower the investor as they seek to make an investment decision or choice relating to investing.

### Sources of information used by investors:

Investment is acknowledged to be a complex area, and seeking professional or informal advice is essential before making a decision. Sources of information and advice vary widely, ranging from trusted friends to social media influencers to professional advisors and financial planners. The key sources of information identified by investors include:

- **Friends and family**

Many potential or inexperienced investors start to hear of investment opportunities through successes or failures of friends. A knowledgeable or experienced friend is also seen as an invaluable source of trusted advice and guidance.

- **Media/ social media**

High profile investments (particularly crypto-currency) are featured on social media and capture the attention of younger investors.

- **Financial Advisors**

Advisors may be face-to-face although most investors acknowledge an associated fee for engaging their services.

- **Self-sought**

If motivated, some will seek information through financial journals/newspapers or elsewhere and begin to inform themselves.

Few investors, however, will decide to invest without engaging with one or more of the above sources.

## Expectation of different channels of communications vary

**Websites** are viewed as the primary source of information about an investment firm, its expertise and the products it offers. Investors, in our research, view websites as the source of the most reliable information relating to an investment firm and investments.

Investors noted the following in their engagement with firms' websites through the mystery shopping exercise:

- Language is expected to be formal and reliable;
- Most anticipate a portfolio of available products to review and assess;
- Content on the firm profile and staff, expertise outlined and contact details should be available;
- Provision of a glossary is widely appreciated as a tool to support investors' learning and to empower them to engage with advisors; and
- Language on websites is expected to be generally formal, reassuring and informative.

**Advertising (publicly available online advertisements and marketing materials)** is primarily seen as the public face of the company, and investors noted the following:

- Advertisements are expected to be largely reassuring, formal and traditional in style;
- They are expected to present the best brand or company image and the information provided is to attract attention;
- While investors understand advertisements are meant to entice the viewers, most do not expect to find anything outlandish, or for advertisements to have overly exaggerated claims; and
- They are not expecting to find product details here – in many instances, this is selling the firm and its services.

**Social media** plays an important role in prompting consumers of financial services into considering product and services. The ubiquity of this communication channel and reach across all age groups means its role in investment communication and investor behaviour is becoming increasingly important.

Our research found that social media posts and content act as a prompt or trigger to seek further information rather than directly influencing choice of investment decisions. Investors claim not to look to social media channels for serious advice or guidance, however it does contribute to their overall perceptions.

- From their own personal experience with social media, investors feel they have become sceptical when it comes to social media marketing and will always look at promotional posts with a critical eye.
- Few would look here as their first port of call, or for any advice for serious decisions. However, many investors reported to have noticed the prevalence of investment and financial information given out on this channel, and depending on the source, it can be seen as a very accessible approach to gaining basic knowledge and training – mainly among younger investors.
- Information channels on YouTube can be viewed as more serious, trustworthy and informative than TikTok or Instagram.
- Social media content on investing is largely opinion content rather than product focused.

It was noted by investors that firms' websites generally contain more detailed company and regulatory information and FAQs. Investors found that this type of content is not replicated on their social media channels. Instead, the firms' social media channels generally focus on:

- Thought leadership / opinion pieces;
- Market news and updates;
- Trend reports; and
- Sponsorship properties / community activities.

# What are investors' information needs?

Investors' information needs are often determined by their investment goals. The inexperienced investor is typically conservative and realistic in their expectations and risk appetite. These investors want *the basics* associated with an investment product – its risk profile, how trustworthy the provider is and the performance potential of the investment product.

## Investors' motivations for investing influence their information needs

While motivations to start an investment journey can vary for investors, many are conservative in their expectations and risk appetite. Few investors have unrealistic expectations for their investment choices and decisions and want to make reasonable and safe choices. These expectations are reflected in their information needs when seeking an investment.

**Risk levels, performance and returns** and reassurance on the **trustworthiness** of the investment firm, are identified as key information needs for investors.

## Key information needs for inexperienced investors

**Communication of risks and warnings:** risks and warning are critical aspect of the information architecture that can be presented to investors in marketing and advertising materials. All investors look to protect their capital, and they appreciate and seek out clear warnings in this regard. Clarity here helps to build trust, and most firms in our research are seen to present warnings and risks in a clear manner.



Clearly located risk warnings are appreciated by investors: this helps build trust in the financial services provider and the investment product. Nearly all firms reviewed in our research show warnings and risks in a prominent and specific manner on their websites. These are typically boxed-off in bold, static/non-collapsible text boxes on top of a webpage, presented against a different colour background etc. all in an effort to make sure this information stands out and is not ignored.

**Consumer quote:**

*“The risk involved is clearly stated at the top of the website and is as prominent as possible. The warning also states the risk of losing more money that originally invested, this is a key piece of information and is necessary to highlight it to the consumer.”*

## Product performance and risk statements

Many investors are eager to protect their capital and make reasonable gains from their investment decisions. Most investors realise that risk equates with potential for higher returns. As such, risk statements are very important to balance their enthusiasm. Past performance indicators are a key information point that many investors recall spontaneously when discussing their experience with advertising and marketing materials.

This information on product performance was seen as an indicator only and not a guarantee, and this point was also brought to the investor’s attention by the advertising. However, some investors did acknowledge that despite this knowledge, the communication and implied suggestion of high returns can capture their attention and entice their appetite to invest.

The majority of investors in our research indicated that they were happy that important information such as risks and warnings were prominently displayed across most digital channels and marketing materials. Our research also found that the marketing materials and advertising did contain prominent warnings that future forecasts are not a reliable indicator of future performance.

**Consumer quote:**

*"The specific risk around past performance was highlighted in bold in the factsheet's pdf of each fund, which is good. The other risk factors are listed in half a page, in normal font with no specific highlighting to draw a reader's attention to them."*

**Information on the regulatory status of the investment provider**

Investors typically seek out the regulatory status of an investment provider spontaneously in their review of marketing and advertising materials. Investors see the regulatory status as a mark of trust and that there will be some recourse should problems arise. Our research found that all websites under review referenced the Central Bank as the regulatory authority who authorise services of the firm - this is viewed as offering reassurance to the investor, especially if the company is not Irish in origin.

However, investors observed that in some instances, it is not always easy to find this information. Investors reported a preference for a predictable and consistent presentation of the regulatory status on each company website would help to establish the security of the provider and instil confidence.

# Challenges for investors: use of complex language

**Language used can be a major inhibitor to inexperienced investors. It is important that the language is clear, balanced and where abbreviations must be used, a glossary is provided for clarification.**

## Key Findings

Our research identified inconsistencies in how firms use language in their advertising and marketing materials, which leads to a lack of understanding of key features and concepts of investment products and among investors.

Inexperienced investors may find the language and, in particular, abbreviations very challenging to understand.

For some investors, the complexity of the language used, coupled with the presentation of information in some instances, was reported as intimidating and hard to decipher or digest. While investors reported understanding the basic information to look out for when looking to make an investment, few were capable of interrogating all the information presented in marketing materials and advertising without expert advice or guidance.

## Use of complex language, jargon and abbreviations

Investors identified the use of complex language throughout many of the marketing and advertising materials reviewed in our research. Many examples were identified by investors including terminology such as: 'hedging', 'derivatives', 'liquidity risk'; jargon such as 'efficient portfolio', 'market maker', 'liquidity provider', and numerous abbreviations such as 'ADRs' and 'ETFs'.

While many investors note that such complex language is not unexpected for financial products such as investments, the absence of clear explanations or guides for such language was notably absent.

Investors highlighted a preference for firms to include and clearly signpost access to glossaries and information pages throughout their marketing material.

## Inconsistent use of language/tone

Investors reported on how products' benefits are often explained in **plain language and illustrated using graphs and visuals**. However, when it comes to risks and warnings, the language tends to become much **more technical, and text based**. This inconsistency can potentially lead to less engagement with the risks and warnings content.

### **Consumer quote:**

*"The language and tone of voice used on the site when describing the benefits is layman's language, which is good. However, the language and tone used in the risks requires some financial literacy as it uses terms specific to finance e.g. hedging, derivatives, liquidity risk and the tone becomes more corporate and serious here."*

Investors find that the content that is shared on social media is generally **short, concise and uses informal conversational language**, while websites contain significantly more detailed and formal information. Our mystery shopping exercise identified a small number of cases where investors noted that information contained within social media posts were very positively skewed and did not include any information regarding risks to be aware of. Some investors reported instances in social media posts where firms used 'buzzword' terminology in posts that can easily engage and distract an investor.

Investors did not note any discrepancies between messages and claims in the social media posts of firms and those on their website as the two channels are used for different purposes and share different content within each one. Investors recognise that the thought leadership

articles shared via social media are subjective and would not base their decision to invest in a company based on this type of information alone.

## Presentation of information

Investors also identified that firms often presented important information such as terms and conditions and risk information in **dense and small text**. When combined with inaccessible language this caused disengagement and confusion.

**Figure 1: Good and poor practices observed in relation to the use of language in marketing and advertising materials.**

<u>Good Practices</u>	<u>Poor Practices</u>
<ul style="list-style-type: none"> <li>• Provision of a glossary is widely appreciated as a tool to support investors' learning and empower them to engage with advisors.</li> <li>• Defines risks and other key information in simple terms.</li> <li>• Use of risk warnings displayed prominently and explained clearly.</li> </ul>	<ul style="list-style-type: none"> <li>• Use of abbreviations, undefined acronyms, jargon and difficult to understand language can cause confusion.</li> <li>• Descriptions of investments terms and concepts that uses terms and language specific to finance.</li> <li>• Use of claims or terms such as "unrivalled expertise" and "access risk tolerance scientifically" felt unsubstantiated or unreliable to investors.</li> <li>• Lengthy and extensive Terms and Conditions sheets/attachments,</li> </ul>

# Challenges for investors: availability of product information

**Product information and the ability to make comparisons between investment products is an important component of the investor journey. Investors often rely upon key information documents to provide them with vital information.**

**Where product information is available, it can still be hard to digest and draw conclusions from it, as the information on each product is often dispersed and presented separately.**

## Key Findings

Our research identified that the approach to product comparisons can differ between firms. Investors highlight the important role of key information documents<sup>5</sup> in providing essential information on the investment product, however this document is not always easily located in firms' digital channels. Less experienced investors report they often rely on the signposting of important information on such documents to help them compare and make judgments. The different approaches taken by different firms in how such information is presented, and which pieces of information are called out can make this comparison challenging.

## Access to Product information

One of the first challenges investors can encounter is **access to product information**. Many firms in our research required potential investors to contact them directly or to download mobile apps. Where this information is available, it can still be hard to digest and draw

---

<sup>5</sup> A Key Information Document (KID) is a pre-contractual generic disclosure document to provide retail investors with clear, concise and standardised information to help them understand and compare the key features, the risks, and the costs of an investment product.

conclusions from, as each product's information is often presented separately and laid out differently compared to another firm's product information.

**Consumer quote:**

*"I struggled to find a comparison feature across all platforms, website and social media. When you click into various sections of the website, it gives you features of investment types but does not have a clear comparison of them."*

## Presentation of product information

Investors reported that product comparison is one area where marketing and advertising materials across all channels fell short of expectations and needs. Investors reported that easy to digest and well-presented comparisons are difficult for investors to find.

Investors reported that while product comparison within a firm can be challenging, comparing products from different firms against each other was even more difficult.

In addition, while assessing firms' social media channels, **investors noted that they were noticeably light on product or service** specific promotional content and instead focus their efforts on thought leadership content, opinion pieces and community-based content.

## Key information documents are a key product comparison source for many investors

**Key information documents (KID)** were available on most firms' websites, but not all investors knew to look for these as a tool to aid comparison, and not all firms had these readily identifiable on their websites. While KIDs are not marketing or advertising materials, they play an important role for investors in understanding the product in which they may be considering to invest.

The marketing and advertising materials that were reviewed in the mystery shopping exercise typically had a link or reference to the KID and other important documents. However, there was no consistency on where these could be located. Investors who understand the role of the

KID expect that this information would be prominent on the website as this is the main source of information for investors.

**Figure 2: Good and poor practices observed in relation to product information in marketing and advertising materials.**

<u>Good Practices</u>	<u>Poor Practices</u>
<ul style="list-style-type: none"> <li>• Comparisons between products are presented in a very balanced way including factsheets laid out and presented in a similar manner.</li> <li>• Same formats, text sizes, use of images, use of tables, graphs used in a consistent way to provide product information.</li> </ul>	<ul style="list-style-type: none"> <li>• Product information presented but without full explanation of terminology, type of investment product, or risks or performance related indicators.</li> <li>• Requirement to contact firms for more detailed information.</li> <li>• Inconsistent or elusive location of KID documents.</li> </ul>



# Challenges for investors: trust in information and content

**Unrelated or inconsistent display of text and images can cause confusion and poor engagement by investors. Websites and social media posts that contain links which do not function or links to unverifiable sources, can cause investor unease about the trustworthiness of a firm and its materials. Awards and testimonials can prompt engagement and interest, but some awards were identified as arbitrary or lacking credibility.**

## Key Findings

Our research identified that some firms engaged in the practice of displaying content that was either unrelated to the firm or their product offering, or displaying information or statistics that were inconsistent with the product offering. The use of awards and additional credentials can attract investor interest, however the research identified that the use of awards and credentials were often out of date or did not have accessible links to the awards.

## Presentation of irrelevant information/content

Association with high profile successful brands can be attractive but potentially misleading to investors. Our research identified firms who referenced well-known brands or include specific imagery relating to brands whose stocks can be traded. It was found that the use of these brands was unrelated to the offering on the website, social media or marketing materials. This caused confusion to investors but also misled some investors into thinking such brands are associated with the product offering.

## Presentation of incorrect labelling and statistics

Our mystery shopping research identified the use of global statistics or non-Euro currencies across some firms under review. Some investment firms use global statistics or currencies other than euro amounts<sup>6</sup> in their marketing materials. This can cause confusion as to how these relate to the products available to investors in Ireland.

## Promotion of the brand or service through the use of awards, accreditations and testimonials

The use of awards was commonplace among firms' marketing and advertising materials across offline and online channels. While investors were quick to question the importance of some of the awards they saw on different firms' websites, they acknowledged that the presence of awards or accreditations can positively influence their opinion. Featuring awards which were achieved by the firm can help to foster a sense of trust and credibility among investors.

Our mystery shopping exercise identified that this information was not always presented in a verifiable manner, such as including a hyperlink<sup>7</sup> to the awarding body's website or additional information.

Our mystery shopping review also identified a number of firms that did not have functioning hyperlinks to the awards, accreditations or testimonials. When used effectively, hyperlinks provide an easy way to find more information or verify that information is correct. Using broken or misdirected links detracts from the trustworthiness of the company.

---

<sup>6</sup> As reported in the thematic review findings.

<sup>7</sup> In computing, a hyperlink is a digital reference to data that the user can follow or be guided to by clicking or tapping. A hyperlink points to a whole document or to a specific element within a document.

**Figure 3: Good and poor practices observed in relation to additional information and content**

<u>Good Practices</u>	<u>Poor Practices</u>
<ul style="list-style-type: none"><li>• The awards publicised are clickable to an external webpage which shows the ratings are genuine.</li><li>• Social media posts contain links to relevant and verifiable sources or articles, allowing investors to verify the statistics used.</li><li>• Providing functioning hyperlinks to source or reference material.</li></ul>	<ul style="list-style-type: none"><li>• Reference periods: while not widespread across the firms under review, some investors identified cases where the reference periods were out of date (in some cases, figures used were from almost ten years ago).</li><li>• Some websites were found to lack sources of information or up-to-date references for the content in their marketing materials.</li><li>• Website links (or hyperlinks to external websites) not directed to the relevant information. Furthermore, links directing investors to content or information not relevant to their information needs (e.g. "<b>learn more</b>" directs you to a services page; clicking on a management fee link just directs the investor to the FAQs page).</li></ul>

# Appendix

## Our research approach

### Research Methodology

A two-phased qualitative approach was employed for this research:

#### Phase 1: Mystery shopping task

During this phase, participants/mystery shoppers were asked to research and request information on investment products of relevance from a pre-determined list of firms assigned to them. This involved evaluating each firm's marketing communications across several different channels (e.g., website, social media, app, telephone, and mailing list/newsletter). Mystery shoppers were given a template to follow, which allowed them to capture their thoughts and experiences by asking them to provide screenshots and examples of what they were observing. In addition, each mystery shopper was asked to complete an online survey, for each firm, to detail their observations.

#### Phase 2: In-depth interviews

When participants had completed the initial mystery shopping task, they participated in one-on-one interviews with a moderator to review their experience and evaluate the materials they had shared (screenshots and survey responses), to gather additional context in relation to their evaluations and approach to the task.

Research fieldwork was conducted in October/ November 2023<sup>8</sup>.

## What type of investors did we talk to?

Our research explored the attitudes and behaviours of two types of investors, both can be described as having limited experience with investments. Respondents were recruited to be interested in or taking specific actions towards making a future investments.

---

<sup>8</sup> Red C Research conducted the research on behalf of the Central Bank of Ireland including the recruitment of mystery shoppers and data collection and initial analysis of mystery shopping findings and qualitative interviews.

Respondents were recruited to be **potential investors or investors with relatively limited experience in investment.**

The findings in this report are based on an aggregated view of each investor type unless specifically noted.

	Profile One	Profile Two
<b>Age</b>	35-50	20-35
<b>Education</b>	3rd level	3rd level
<b>Experience</b>	Limited to simple products/ shares	None or limited to simple products/ shares
<b>Account</b>	50% bought an investment product in the past	None have bought an investment product/ all to be intending to purchase an investment product in the next 12 months
<b>Risk profile</b>	Medium (willing to experience 10% loss)	Medium (willing to experience 10% loss)
<b>Expectations</b>	Looking for better yields than standard deposits	Looking for new investment opportunities
<b>Financial position</b>	Sufficient monthly income to cover periodic expenses/ willing to invest part of income to secure funds for retirement	Sufficient monthly income to cover periodic expenses / willing to invest in relatively small amounts to achieve high performance/return
<b>Investment horizon</b>	10 years	1-3 years