

IMAS Survey Knowledge of Securities: Austrians Give Themselves a 'Satisfactory' Mark

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- one in two cannot classify the term 'securities'
- low interest rates: 60 billion euro waiting to be better invested
- private investors: wealth management on the increase

Due to low interest rates on savings, investment in securities once again becomes a topic for Austrians. Ownership of securities in Austria has thus risen nearly to pre-crisis levels of 18%. Erste Bank und Sparkassen has looked at what the possible reasons for this are and what the state of knowledge about securities more generally among Austrians is, with the help of a representative IMAS survey in Austria.

Austrians' Knowledge of Securities

Spontaneous knowledge about what a security is stands at an extraordinarily low level in this part of the world. "Austria is the country of savings book savers, that is well known. However, that every other Austrian cannot name a single example for a security is nonetheless astonishing", says Peter Bosek, member of the management board at Erste Bank. Even so, 48% were thinking about stocks in the context of securities, bonds crossed the minds of 20%, and 18% thought of investment funds. All other types of securities are barely recalled spontaneously. However, if one mentions different types of securities, then almost all Austrians have heard about stocks (97%), and most also about bonds (82%) - even if they cannot explain the terms.

Explanation of Terms Proves Difficult

What is behind the term? Stocks are shares in an enterprise – that was at least known to 44%. It's quite different with bonds: these are – if anything – only associated with government bonds (13%), almost 6 in 10 have however no idea what a bond is. 30% have never heard the term investment fund in their lives. 45% have no idea what saving through investment might be. "It is our task to close this knowledge gap – namely with the best possible advice and competent imparting of knowledge", declares Bosek, After all, the bank advisor is with 78% the top source of information about the topic of securities. Relatives, neighbors or acquaintances, who always range in the top 3 in surveys on other topics, are in this case only of minor importance at 28%. Along with ongoing workshops for securities novices, Erste Bank also offers webinars on special topics related to the subject of investment. At present there is also the series "A cup of coffee with Rainer Münz", which can be accessed at <http://www.sparkasse.at/erstebank-en/About/Financial-Literacy>, where fundamental concepts of economics are explained in a simple and vivid manner.

Image of Securities

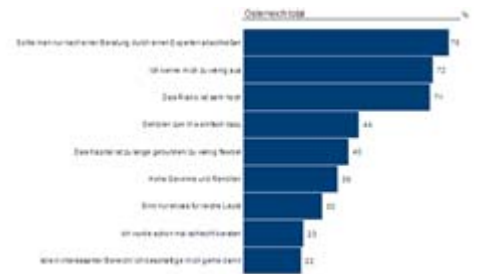
Regarding their own assessment of the topic of securities, Austrians are evidently in a quandary. 72% after all admit that they don't understand the topic well enough, 44% however are the same time aware that it ultimately belongs with well-balanced investment mix. "There is therefore no aversion to securities in principle, it is rather the knowledge gaps that make people insecure", says Bosek further. In spite of that, 20% have a positive attitude toward investment in securities, 35% a negative one. The majority of 45% has neither a negative nor an especially positive opinion regarding the topic. The main objection voiced with respect to securities is higher risk (40%), the proponents however mention by a large margin higher returns (42%) as their motivation for this type of saving.



Grafik: Bekanntheit von Wertpapieren [png; 436.0 KB]

Low Interest Rates Necessitate “A New Definition of the Term Saving”

Central bank base rates are going to remain low in coming years – most experts are in agreement on that point. “No amount of complaining is going to help. The most important thing is that one thinks long and hard about how to best preserve the value of one's savings and what one is prepared to do for that”, says Thomas Schaufler, member of the management board at Erste Group Asset Management. “The topic of savings is going to be redefined. Investment is more than just a savings book.” Currently Austrians park around € 60 billion in overnight deposits. Anyone who has money in addition to sufficient liquid funds in a savings book should consider securities in his own interest. In the first months of this year alone, the volume of wealth management solutions has increased by 20% compared to last year.



Grafik: Image von Wertpapieren [png; 72.5 KB]

Riding Out Crises

Whether the oil crisis of 1973 or the last financial crisis of 2008 – investors who had their wealth broadly diversified were able to achieve the best performance. Individual diversification of wealth minimizes the overall risk of an investment, reduces volatility and increases the long term potential of success. Just as any individual's personal needs (rent, transportation costs, groceries and so forth), investments should also be broadly diversified. The topic of risk always plays a role that needs to be weighed. 8 of 10 Austrians state that they are rather safety oriented in their investments, only 13% view themselves as risk-conscious. “It is therefore especially important to think one's investment strategy through with professionals in order not to be at the mercy of global low interest rate policies”, says Schaufler.

Grafik: Einschätzung über eigenes Wissen



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Grafik: Wissen über Wertpapiere



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