Within financial services, those in Hong Kong are more trusting of consumer credit providers (credit cards, mortgages) than wealth managers.

Just over half of Hong Kong investors (58%) believe they have a fair opportunity to profit in capital markets. The only market that was more pessimistic was Singapore (54%), but globally 69% agree the system is fair.

Of investors surveyed, 48% in Hong Kong have a financial adviser, slightly less than those globally (54%). Investors in Hong Kong are constantly evaluating their adviser relationship, and may question adviser competence. Their primary investment concerns are related to fees as well as poor recommendations and ethics.
Trust and the Client Life Cycle

Trust continues to be an important factor throughout the client life cycle

In the five years we have been conducting this study, trust has consistently been the greatest determinant in selecting a financial adviser by an almost 2:1 margin over investment performance. In Hong Kong, trust and performance are equally important factors.

MOST IMPORTANT ATTRIBUTE FOR INVESTORS IN HONG KONG WHEN HIRING AN INVESTMENT FIRM

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Hong Kong</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to achieve high returns</td>
<td>31%</td>
<td>29%</td>
</tr>
<tr>
<td>Trusted to act in my best interest</td>
<td>29%</td>
<td>33%</td>
</tr>
<tr>
<td>Recommended by someone I trust</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Compliance with industry best practices</td>
<td>11%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Why investors switch firms

Hong Kong investors are most likely to switch firms due to underperformance, similar to investors globally. 63% of investors in Hong Kong are much more likely to leave a firm because of underperformance, compared to 47% globally.

REASONS INVESTORS IN HONG KONG LEAVE THEIR INVESTMENT FIRM

<table>
<thead>
<tr>
<th>Reason</th>
<th>Hong Kong</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underperformance</td>
<td>63%</td>
<td>60%</td>
</tr>
<tr>
<td>Lack of communication</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Insufficient technology for my needs</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>Fee increases</td>
<td>23%</td>
<td>12%</td>
</tr>
</tbody>
</table>

While performance is most important, only 31% of investors in Hong Kong said their adviser is very accessible for questions or concerns, versus 75% globally.
CREDIBILITY

+ PROFESSIONALISM

= TRUST

AND VALUE

The CFA Institute Trust Equation outlines the building blocks of trust. Trust is tied to value and together they are a function of credibility and professionalism.

Credibility, which provides confidence that the investment professional or organization is qualified to provide the required service, encompasses experience, reputation, and credentials, and is closely linked to brand. Trust in the industry requires that regulators and the public view it as bringing value to society.

Professionalism is harder to quantify, but includes the trust-building elements of competency and values such as empathy, transparency, honesty, and alignment of interests.

Technology is a game changer for financial services firms, and the best firms differentiate themselves through effective use of technology.

Investors that say in three years it will be more important to have technology tools to execute their own strategy rather than human advice

While this may seem to devalue the need for a human adviser, use of technology by investment firms can increase trust. For investors in Hong Kong with a financial adviser, 29% say increased use of technology has made them trust their adviser more, but only 46% say they are pleased with amount of technology tools currently provided, compared with 74% globally.

Hong Kong investors generally like technology and are less skeptical about robo-advisers.

28% of investors in Hong Kong "distrust or completely distrust" the robo-adviser industry, compared to 40% globally.
In 2017, CFA Institute and Greenwich Associates conducted a global survey of 3,127 retail investors and 829 institutional investors, including 100 retail investors and 25 institutional investors in Hong Kong. The study focused on retail investors who were 25 years or older with investible assets of at least US$100,000 and institutional investors with at least US$50 million in assets under management, from public and private pension funds, endowments and foundations, insurance companies, and sovereign wealth funds. This summary only includes views from retail investors.

8 Steps to Increasing Credibility and Professionalism

Credibility
1. Maintain strong brand identity and follow through on brand promises
2. Employ professionals with credentials from respected industry organizations
3. Stay focused on building a long-term track record to demonstrate competence and deliver value for money
4. Adopt a code of conduct to reinforce your firm’s commitment to ethics

Professionalism
5. Improve transparency and clarity regarding fees, security, and conflicts of interest
6. Use clear language to demonstrate that client concerns come first
7. Showcase your ongoing professional development to improve investment knowledge
8. Demonstrate your dedication to the values that clients hold dear

To learn more, visit nextgentrust.cfainstitute.org