Trust is essential in the world of finance, where well-functioning markets are necessary to create value, and in investment services, where experts work to safeguard and grow the financial wealth of their clients. In this, the third CFA Institute investor trust study, we look at the trends in investor trust and provide recommendations for investment practitioners on how to improve trust with clients. We find that the nature of trust is changing because of a new generation of investors and a new generation of investing tools. This report outlines how individual investors in Singapore compare to those globally.

Singapore Investors Have Slightly Higher Trust in Financial Services but Doubts Remain

47% of investors in Singapore "completely trust or trust" the financial services sector.

Investors in Singapore tend to be younger than those in many other markets. This may partially explain higher trust levels, as younger investors globally are also more trusting of financial services.

Singapore investors are skeptical about market fairness though. Only 54% believe they have a fair opportunity to profit in capital markets, compared to 69% globally. No other market was more pessimistic.

Investors in Singapore Value Professional Advice

Only 18% of investors in Singapore are very confident in their ability to make good investment decisions, which may indicate why many prefer to invest with the help of financial advisers.

61% of investors from Singapore work with a financial adviser, compared with 54% of investors globally.

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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. The margin is slightly narrower in Singapore however.

MOST IMPORTANT ATTRIBUTE FOR INVESTORS FROM SINGAPORE WHEN HIRING AN INVESTMENT FIRM
Trusted to act in my best interest 37%
Ability to achieve high returns 22%
Recommended by someone I trust 14%
Commitment to ethical conduct 13%

Why investors switch firms
For investors in Singapore, the top reason they would switch firms is due to a lack of communication, though performance is a close second.

REASONS INVESTORS FROM SINGAPORE LEAVE THEIR INVESTMENT FIRM
Lack of communication 59%
Underperformance 56%
Data/Confidentiality breach 36%
Increase in fees 34%

Given the importance of communication, it is notable that only 49% of investors in Singapore said their adviser is very accessible for questions or concerns, versus 75% globally.

Investors in Singapore rate financial advisers poorly in terms of transparency overall, with only 26% saying they are very transparent versus 59% of global investors.

Many investors in Singapore are the most likely globally to fear a crisis caused by a cryptocurrency bubble—only 12% of investors globally cite this concern.
Technology Increases Trust

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. Tech may have an even greater impact on trust in markets where investors place a much higher value on a firm's technology solutions than investors do globally. For investors in Singapore with a financial adviser, 39% say increased use of technology has made them trust their adviser more, while 52% say it has had no impact. In addition, 63% say they are pleased with amount of technology tools currently provided.

Consistent with their strong interest in technology solutions, Singapore investors are less skeptical about robo-advisers than investors globally.

19% of investors in Singapore “distrust or completely distrust” the robo-adviser industry, as compared to 40% globally.

THE BUILDING BLOCKS OF TRUST

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**: Investors that believe it is important for investment professionals to have credentials from respected industry organizations
  - SINGAPORE 66%
  - GLOBAL 73%

- **PROFESSIONALISM**: Investors that believe it is important that investment professionals generate returns similar to or better than a target benchmark
  - SINGAPORE 72%
  - GLOBAL 74%

- **VALUE**: Investors who prefer a “Brand I Can Trust” over “People I Can Count On”
  - SINGAPORE 49%
  - GLOBAL 46%

- **BRAND**: Investors who would trust an adviser more if his or her firm adhered to a voluntary code of conduct
  - SINGAPORE 56%
  - GLOBAL 64%

- **COMPETENCY**: Investors that would be more trusting of investment firms that promote continuing professional development
  - SINGAPORE 74%
  - GLOBAL 79%

- **VALUES**: Investors that believe that their adviser always puts its clients' interests first. The only market where this was lower was in Hong Kong (7%).
  - SINGAPORE 37%

- **VOLUNTARY CODE OF CONDUCT**: Investors who would trust an adviser more if his or her firm adhered to a voluntary code of conduct
  - SINGAPORE 56%
  - GLOBAL 64%
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

METHODOLOGY 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 from Singapore. 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.