

WHAT'S YOUR INVESTING PERSONALITY?

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Investor Office



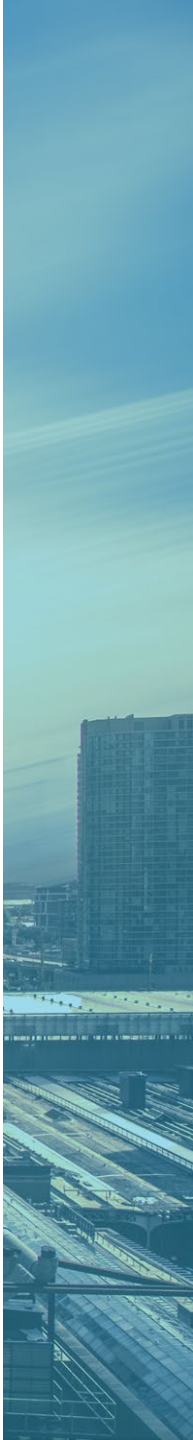
ONTARIO
SECURITIES
COMMISSION

INVESTOR OFFICE

Note: Slides incomplete without accompanying oral commentary.

ABOUT US

- The Ontario Securities Commission (OSC) regulates the securities industry in Ontario—aims to:
 - protect investors from unfair, improper or fraudulent practices,
 - foster fair and efficient capital markets and confidence in capital markets, and
 - contribute to the stability of the financial system and the reduction of systemic risk.
- The Investor Office leads the OSC's efforts in investor engagement, education, outreach and research. It also provides leadership in the area of behavioral insights at the OSC.



GETSMARTERABOUTMONEY.CA (GSAM)

The screenshot shows the homepage of the Get Smarter About Money (GSAM) website. At the top left is the OSC (Ontario Securities Commission) logo. To its right is the 'Get Smarter About Money.ca' logo featuring a stylized owl. Further right are social media icons for Facebook and Twitter, and a utility menu with 'A A', 'Contrast', and 'Français'. Below this is a navigation bar with links for 'Invest', 'Plan & manage', 'Life events', 'Protect your money', 'Calculators & tools', and 'Resources'. The main heading is 'Get smarter about money'. Below the heading is a search bar with the placeholder text 'I am looking for...' and a magnifying glass icon. Underneath the search bar are three featured content cards: 'Investing basics' with a photo of a man looking at a laptop, 'Planning your future' with a photo of an older man's face, and 'Research and Reports' with a photo of hands assembling puzzle pieces.

- One of Canada's most visited financial literacy websites.
- Together with related investor resources, received over 5 million visits in the 12-month period ending October 31.

WHAT WE'VE LEARNED

- We're continually focused on improving and expanding GSAM, using both what we learn from our web traffic data, and findings from behavioural insights research.
- Research we published in July 2018 suggests personalization can help further increase engagement.
- Literature suggests gamification can be an effective tactic as well.
- Our web traffic data supports these insights—our tools and calculators are among our most popular resources.



OUR CHALLENGE

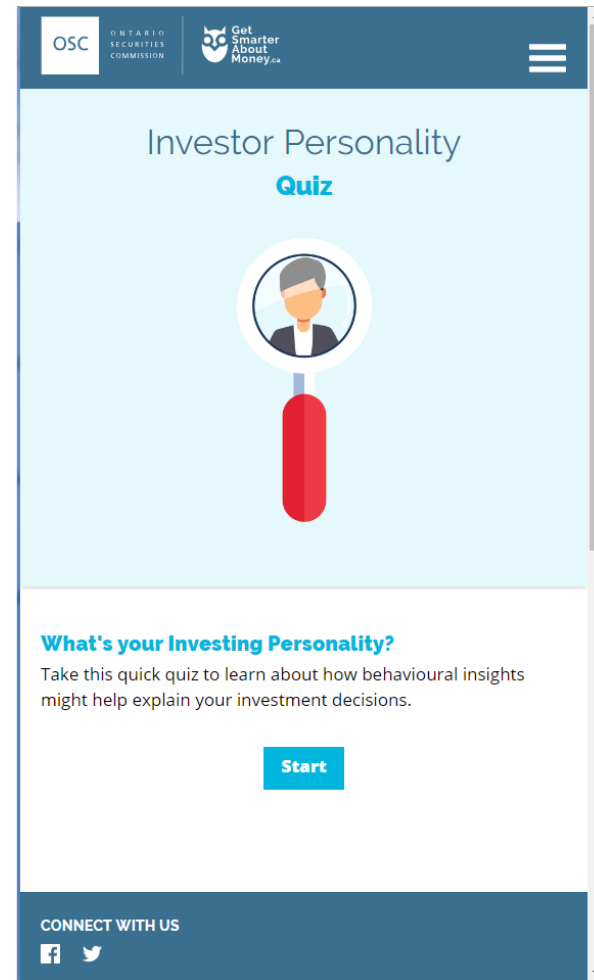
- Increasing engagement with our resources on behavioural insights.
- Resources focus on explaining the biases and heuristics that help explain retail investor behaviour.
- But it's tough for the user to identify which biases and heuristics are most relevant for them. The experience doesn't feel personalized.
- Behavioural biases and heuristics can also be complicated to explain, such that users might not feel inclined to learn more about them.



OUR RESPONSE

- Developed an “investor personality quiz” that helps people identify which biases and heuristics might have the heaviest influence on their investing behaviour.
- The quiz draws from academic literature (Pompian, 2008), but we aimed to keep the quiz short and simple—we make clear that the point of the quiz is to get people thinking, not to reach a scientific diagnosis.

Michael Pompian, “Using Behavioral Investor Types to Build Better Relationships with Your Clients,” *Journal of Financial Planning* (October 2008).



OUR RESPONSE

- The quiz tests for whether the respondent takes an active or passive approach to investing, and how open they are to taking risks with their investments.

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You are at 0% complete

1 2 3 4 5 6 7

1

Which of the following best reflects your wealth goals?

Continuing my current lifestyle

Building wealth at the expense of my current lifestyle

Restart

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You are at 14% complete

1 2 3 4 5 6 7

2

Would you prefer to maintain control over your own investments? Or would you rather delegate that responsibility to someone else?

Maintain control

Delegate

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You are at 57% complete

1 2 3 4 5 6 7

5

Job A would guarantee your current family income for life. Job B offers a 50/50 chance of doubling your total lifetime family income and a 50/50 chance that it would be cut by a third. Which job would you take?

Job A

Job B

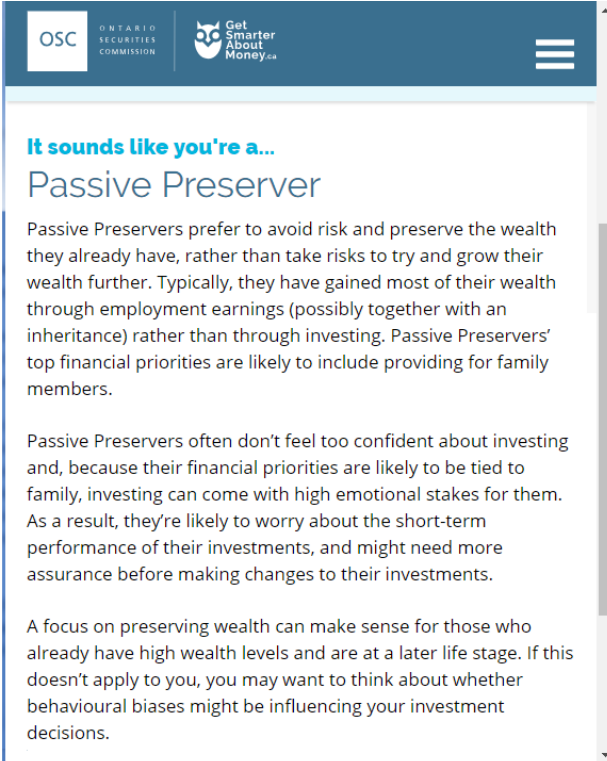
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OUR RESPONSE

- Based on the responses, it assigns people to one of four personality types:
 - **Passive Preserver** (conservative, focused on avoiding loss)
 - **Friendly Follower** (likely to be interested in trendy investments)
 - **Independent Individualist** (self-assured investors who may resist following a financial plan)
 - **Active Accumulator** (confident, likely to trade frequently, may be resistant to accepting professional advice)



The screenshot shows the OSC Investor Office website interface. At the top, there are logos for the OSC (Ontario Securities Commission) and 'Get Smarter About Money.ca'. The main content area displays the result of a personality assessment: 'It sounds like you're a... Passive Preserver'. Below this, there are three paragraphs of text describing the characteristics and financial priorities of Passive Preservers, such as their preference for avoiding risk and their focus on family members.

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It sounds like you're a...
Passive Preserver

Passive Preservers prefer to avoid risk and preserve the wealth they already have, rather than take risks to try and grow their wealth further. Typically, they have gained most of their wealth through employment earnings (possibly together with an inheritance) rather than through investing. Passive Preservers' top financial priorities are likely to include providing for family members.

Passive Preservers often don't feel too confident about investing and, because their financial priorities are likely to be tied to family, investing can come with high emotional stakes for them. As a result, they're likely to worry about the short-term performance of their investments, and might need more assurance before making changes to their investments.

A focus on preserving wealth can make sense for those who already have high wealth levels and are at a later life stage. If this doesn't apply to you, you may want to think about whether behavioural biases might be influencing your investment decisions.

OUR RESPONSE

- Based on quiz results, we link to specific behavioural biases that might be most relevant to the user's personality type.

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Consider the following questions, which look at key biases Active Accumulators might hold—click anywhere in the question to reveal the bias that question is meant to test for:

1. Suppose you make a winning investment. How do you generally attribute the success of your decision?

a. Skill

b. Luck

Answer A reflects **overconfidence bias**—our tendency to be overly optimistic about our abilities and about future outcomes. Learn more about overconfidence bias [here](#).

2. Do you consider yourself more of a spender than a saver?

a. Yes

b. No

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Overconfidence

Do you frequently make trades in your investments based on financial news headlines? Many investors overestimate their ability to “beat the market” by trading frequently, leaving them with lower returns than they would get by just buying and holding a broad set of investments. Consider whether overconfidence might be affecting your [portfolio](#).

Overcome behavioural biases to reach your investing goals.

Research shows that many people are overconfident in their own investing abilities, and this leads them to [trade in](#) and out of different investments frequently, based on headlines from the financial press or their own ideas about the market. We might

LOOKING FORWARD


- We will be tracking web traffic to the quiz and related resources over the coming weeks.
- If the quiz appears to be a success in attracting attention to our resources on behavioural biases, it could point the direction towards additional personalized, interactive quizzes that guide users to content relevant to their needs.



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