

Overview of Financial Futures Attitude Survey of Individual Investors

April 2017

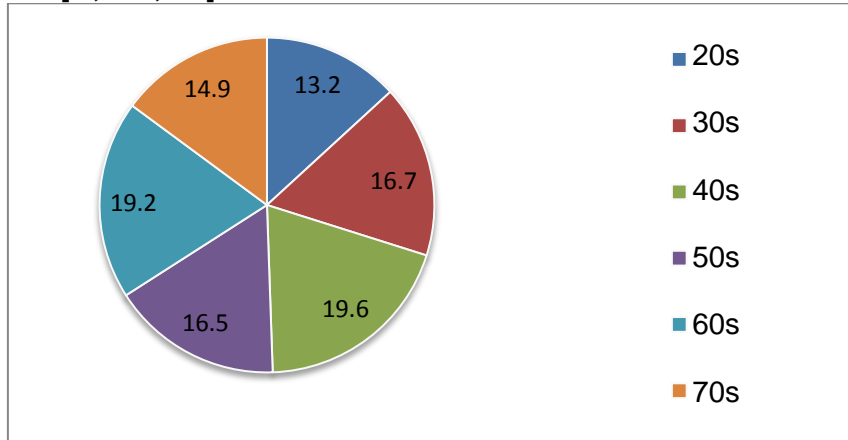


Survey outline

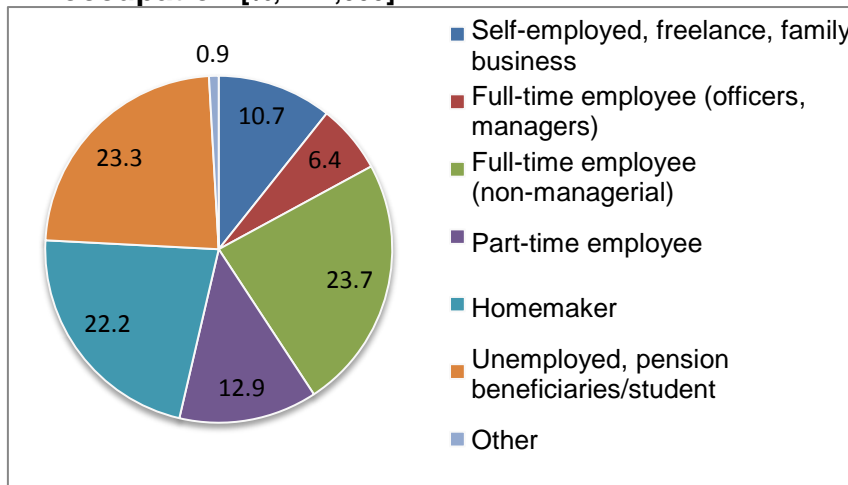
Subjects	A total of 2000 individual members of the general public (male and female) from across Japan, aged in their 20s-70s (selected from the Nippon Research Center Ltd. Web panel)
Subjects	Regional categories: The nation was divided into three regions (greater Tokyo, greater Kinki, and other) and the subjects were distributed among these according to the results of the 2015 national census. * Greater Tokyo: Tokyo, Saitama, Kanagawa, and Chiba prefectures Greater Kinki: Osaka, Kyoto, Hyogo, and Nara prefectures Other: All prefectures other than the above
Method	Internet survey
Period	Friday, February 17 – Thursday, February 23, 2017

1. Attributes of survey subjects (respondents)

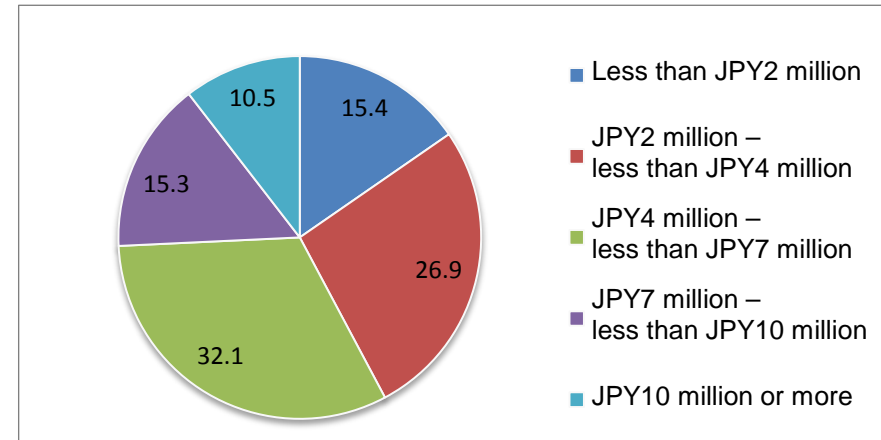
(1) Distribution of survey subjects (respondents) by age [% , n=2,000]



(2) Distribution of survey subjects (respondents) by occupation [% , n=2,000]



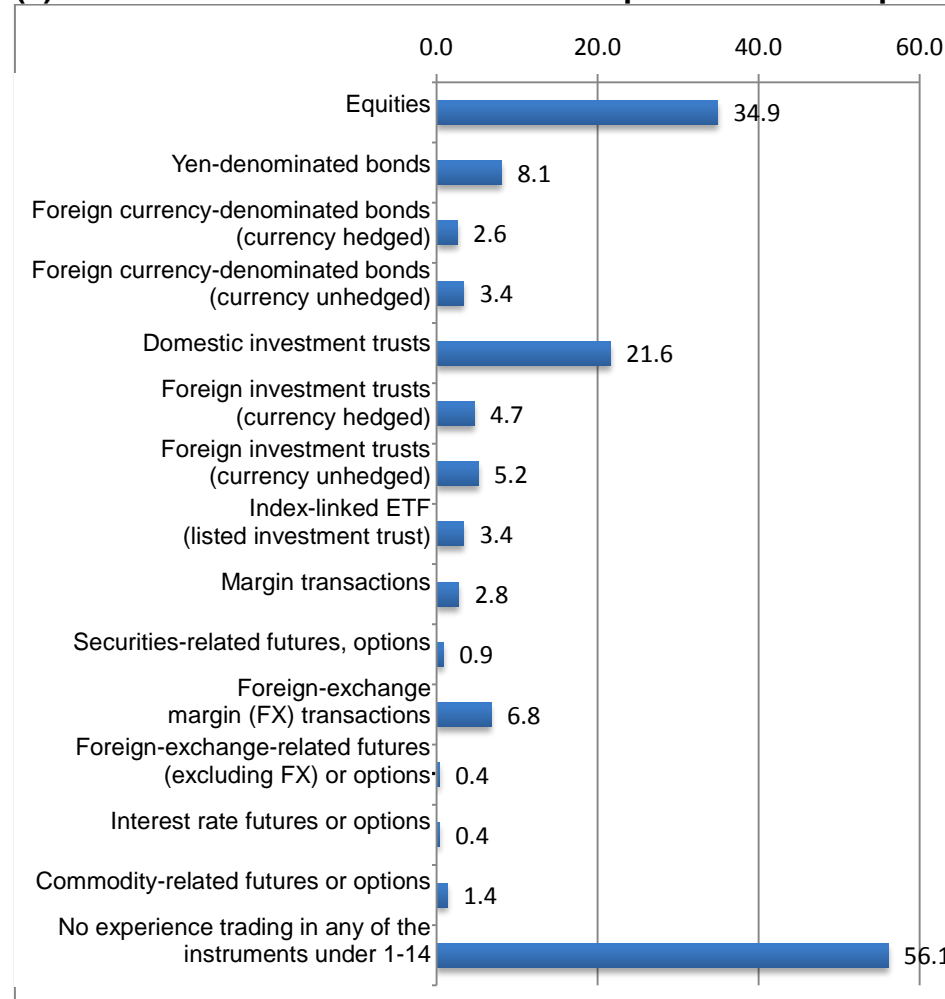
(3) Distribution of survey subjects (respondents) by annual income [% , n=2,000]



- Among survey subjects (respondents) (this descriptor is omitted hereinafter), the average annual income was JPY5.535 million (average calculated using a measure of central tendency), and about 74% of all subjects had annual income of less than JPY7 million.
- Self-employed etc. and full-time employees etc. accounted for about 41% of the total, while unemployed, pension beneficiaries etc. accounted for about 23%.

2. Trading experience, recognition of financial instruments, motivation to understand instruments, etc.

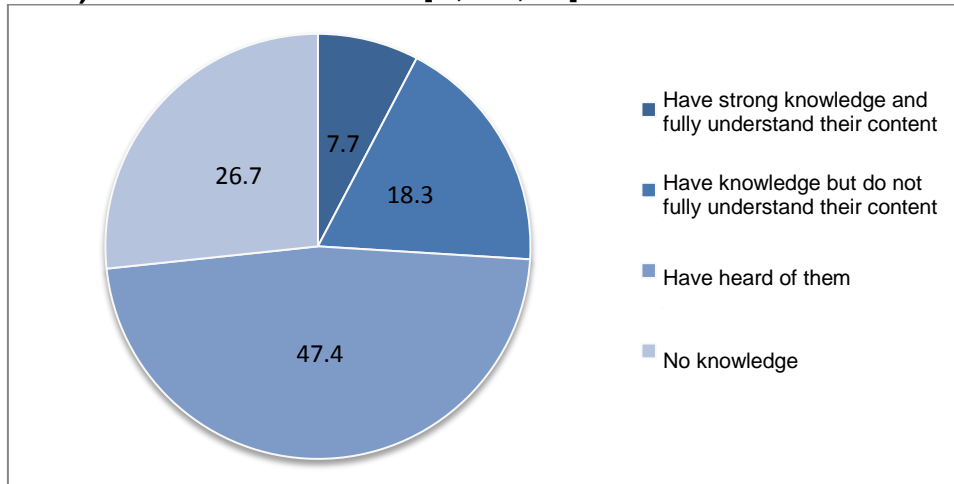
(1) Financial instruments with which respondents had experience (Multiple answers) [% , n=2,000]



- The largest percentage of respondents had experience with trading in equities, at 34.9%, followed by domestic investment trusts at 21.6% and yen-denominated bonds at 8.1%.
- At 6.8%, foreign-exchange margin (FX) transactions were the directly traded margin transactions with which the largest percentage of individual investors had trading experience.
- More than one-half of subjects (56.1%) had no experience with any of the financial instruments at left.

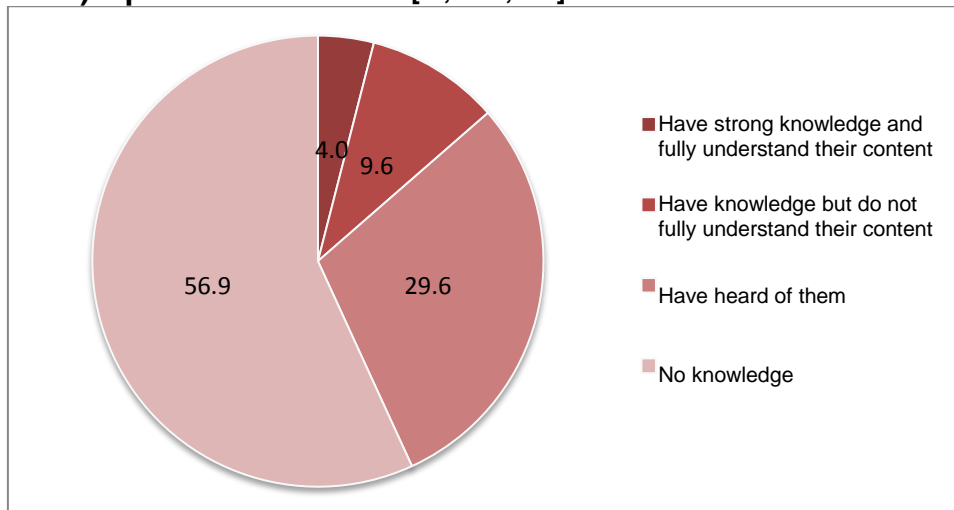
(2) Recognition/understanding of financial-instrument transactions:

a) Futures transactions [%, n=2,000]



(2) Recognition/understanding of financial-instrument transactions:

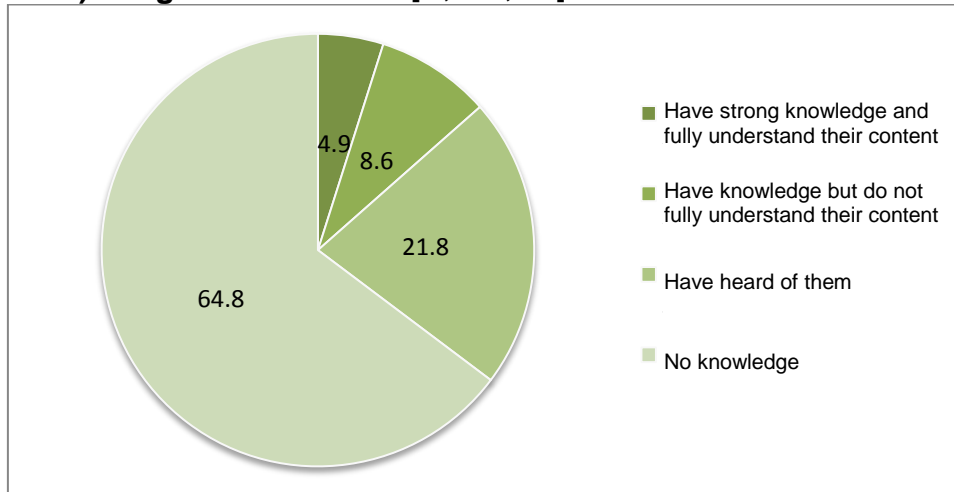
b) Option transactions [%, n=2,000]



- On the subject of recognition and understanding of futures and options, the sum of the percentages of total subjects reporting that they at least “have knowledge” of such transactions (i.e., those reporting that they “have strong knowledge and fully understand their content” or “have knowledge but do not fully understand their content”) was 26.0% for futures and 13.6% for options.
- The percentage of respondents who said that they had “no knowledge” of futures or options (i.e., were not aware of them) was 26.7% for futures and 56.9% for options.

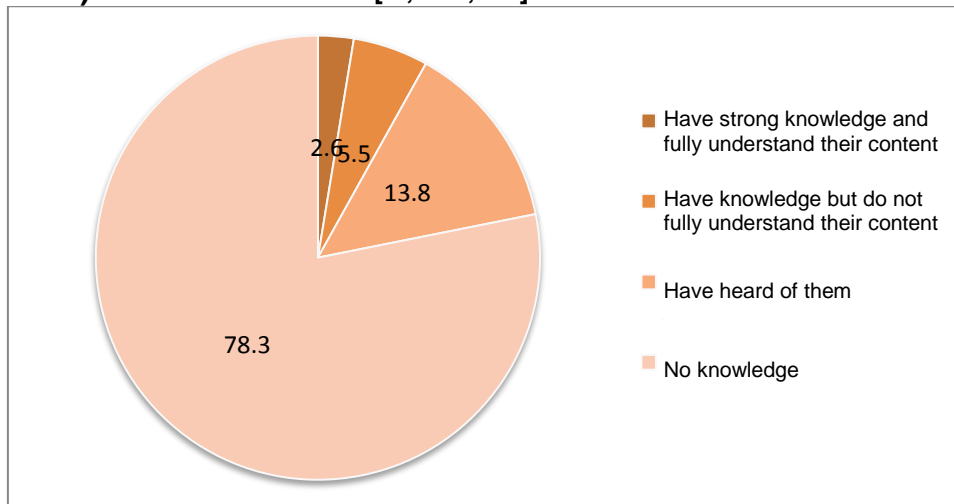
(2) Recognition/understanding of financial-instrument transactions:

c) Margin transactions [%, n=2,000]



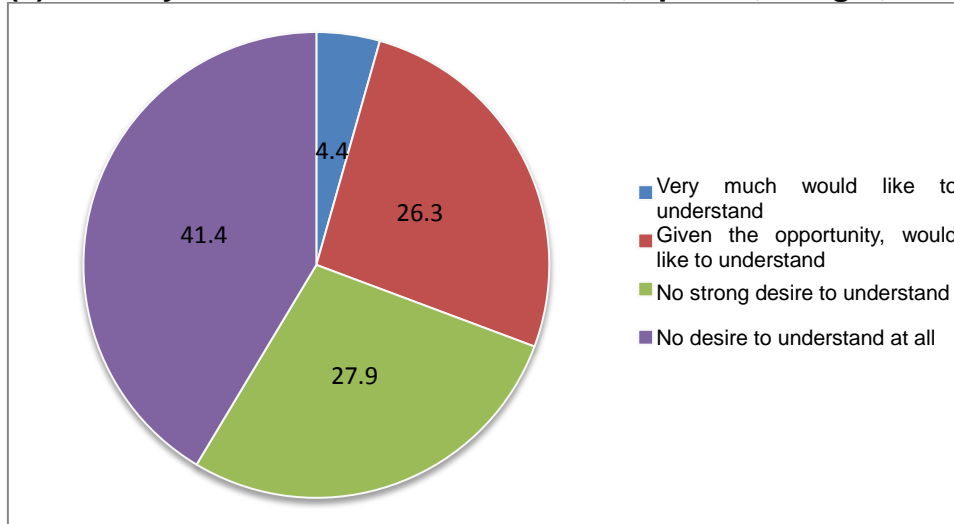
(2) Recognition/understanding of financial-instrument transactions:

d) CFD transactions [%, n=2,000]



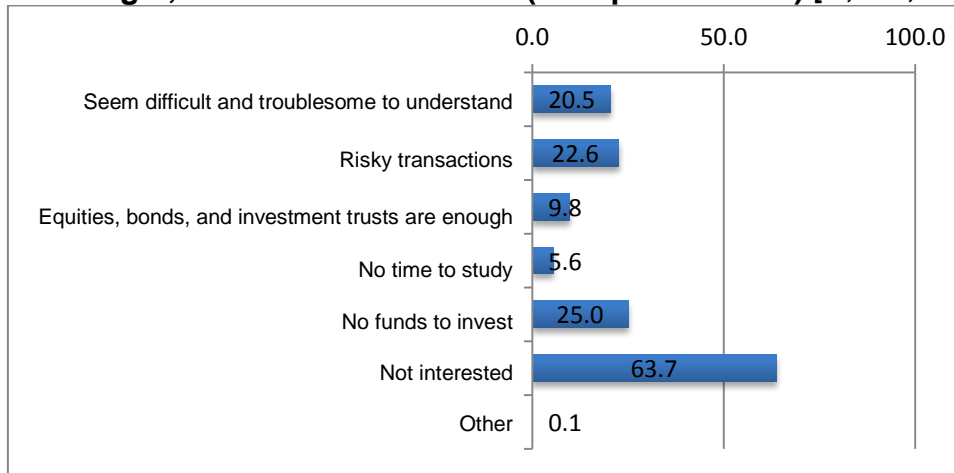
- On the subject of recognition and understanding of margin and CFD transactions, the sum of the percentages of total subjects reporting that they at least “have knowledge” of such transactions (i.e., those reporting that they “have strong knowledge and fully understand their content” or “have knowledge but do not fully understand their content”) was 13.5% for margin transactions and 8.0% for CFD transactions.
- The percentage of respondents who said that they had “no knowledge” of margin or CFD transactions (i.e., were not aware of them) was 64.8% for margin transactions and 78.3% for CFD transactions.

(3) Would you like to understand futures, options, margin, and CFD transactions? [%, n=1,960]

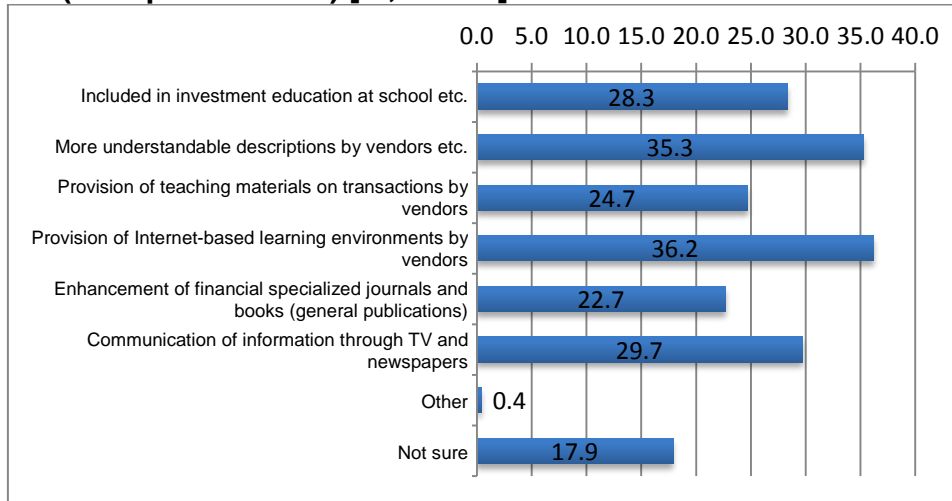


- On the subject of desire to understand futures, options, margin, and CFD transactions, the sum of the percentages of total subjects reporting that they at least “would like to understand” such transactions (i.e., those reporting that they “very much would like to understand” or “given the opportunity, would like to understand” them) was 30.7%.
- The most common reason for not wanting to understand futures, options, margin, and CFD transactions was “not interest,” given by 63.7% of respondents.

(4) Reasons for not wanting to understand futures, options, margin, and CFD transactions (Multiple answers) [%, n=1,358]

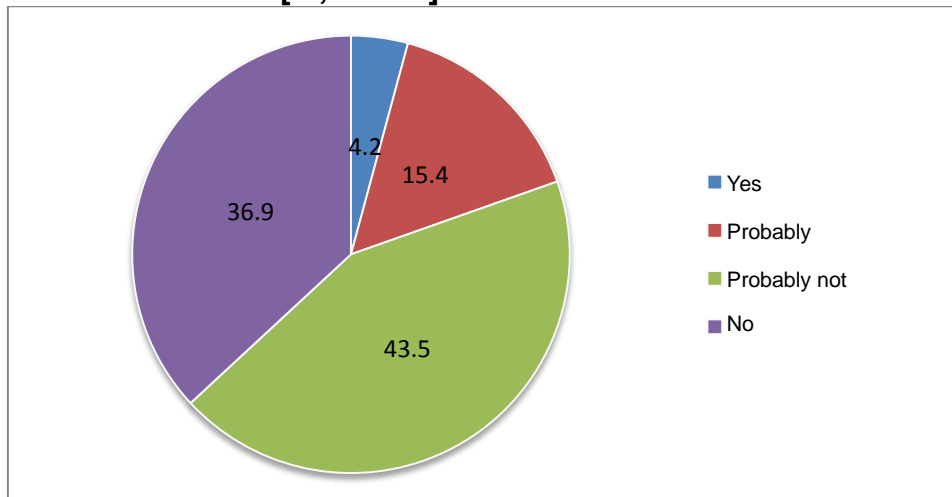


**(5) Desired methods of understanding futures, options, margin, and CFD transactions
(Multiple answers) [%, n=697]**

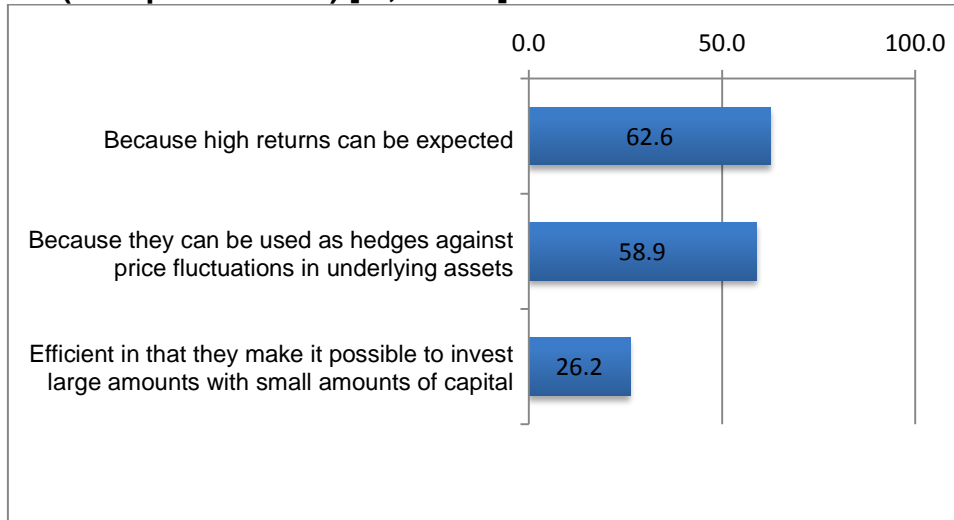


- On the subject of desired methods of understanding futures, options, margin and CFD transactions, the top responses concerned efforts by vendors: 36.2% said they desired “provision of Internet-based learning environments” and 35.3% said they desired “more understandable descriptions by vendors etc.”
- When asked if they would recommend futures, options, margin, and CFD transactions to people they knew, 19.6% of respondents said that they would (the sum of those answering “yes” and “probably”) while 80.4% said they would not (the sum of those answering “no” and “probably not”).

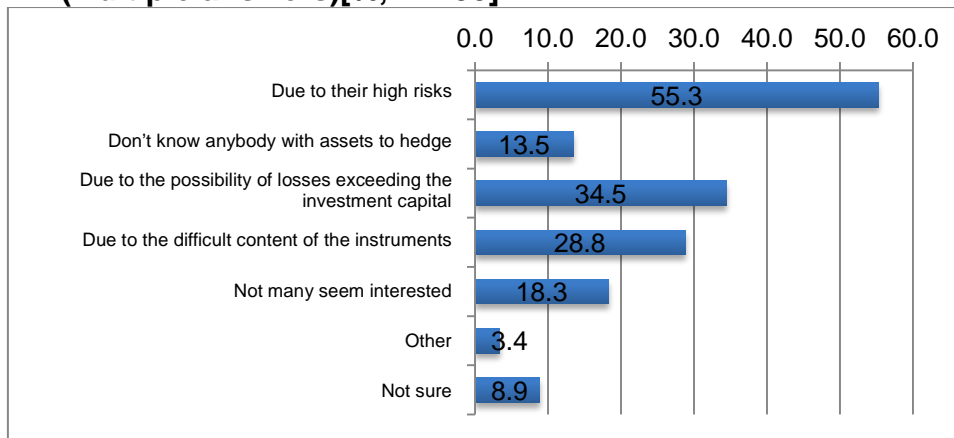
(6) Would you recommend futures, options, margin, and CFD transactions? [%, n=545]



**(7) Reasons for recommending futures, options, margin, and CFD transactions
(Multiple answers) [%, n=107]**

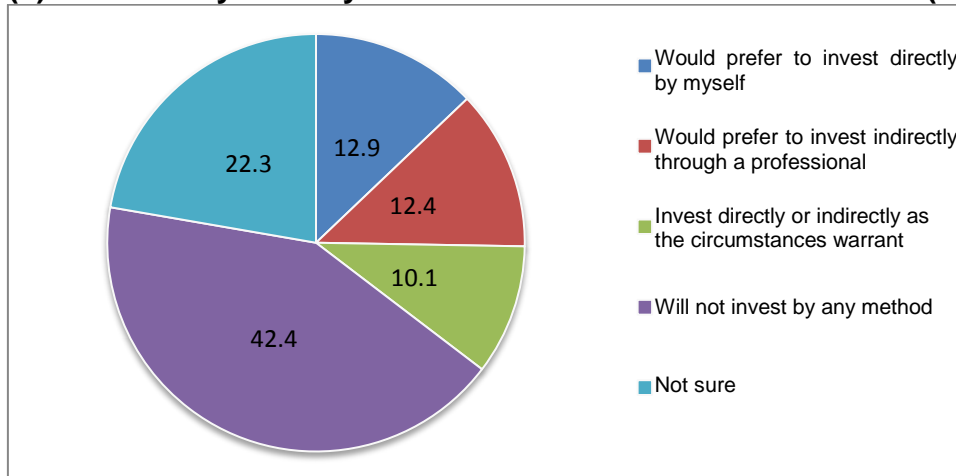


**(8) Reasons for not recommending futures, options, margin, and CFD transactions
(Multiple answers)[%, n=438]**

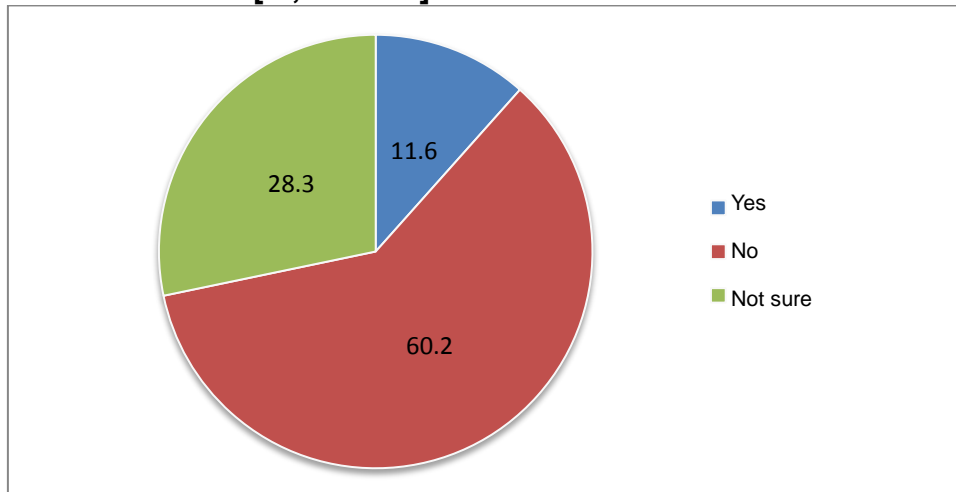


- When asked for the reasons why they would recommend futures, options, margin, and CFD transactions, 62.6% cited “because high returns can be expected,” while 58.9% cited “because they can be used as hedges against price fluctuations in underlying assets such as spot-trading stocks and foreign currencies.”
- When asked for the reasons why they would not recommend futures, options, margin, and CFD transactions, 55.3% of respondents cited “due to high risks,” 34.5% cited “due to the possibility of losses exceeding the investment capital,” and 28.8% cited “due to the difficult content of the instruments.”

(9) Methods by which you would like to invest in derivatives (direct/indirect) [% , n=2000]



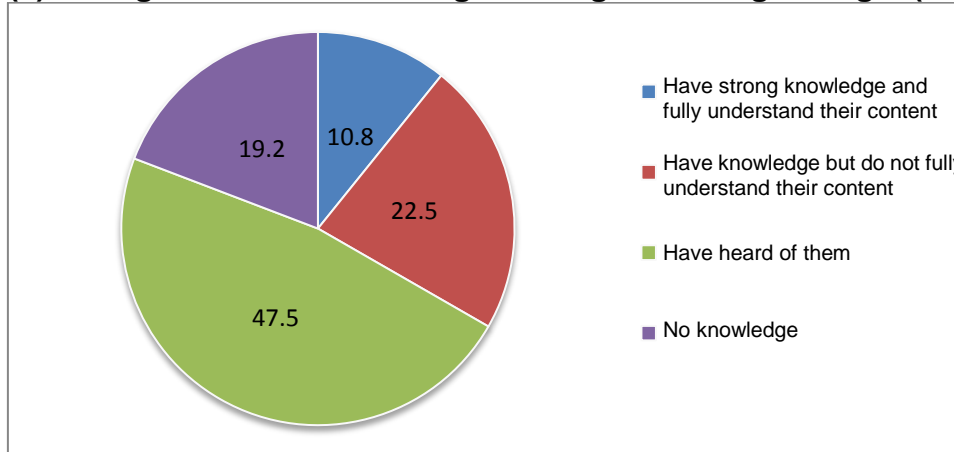
(10) Intent to use automated trading (when trading in financial instruments) [% , n=2000]



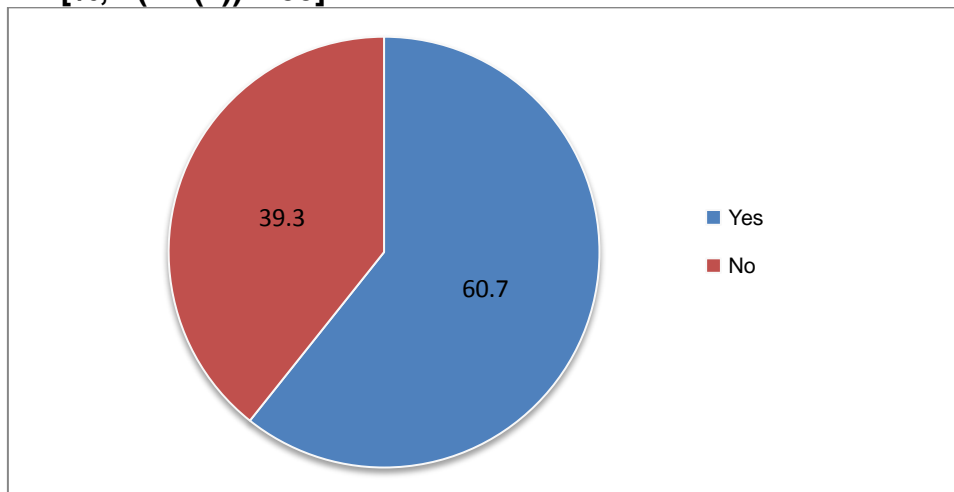
- When asked about the methods by which they would like to invest in derivatives, 12.9% of respondents said they “would prefer to invest directly by myself,” while 12.4% said they “would prefer to invest indirectly through a professional” and 10.1% said they would prefer to “invest directly or indirectly as the circumstances warrant.” Thus, respondents were divided fairly evenly among these three responses. The highest percentage (42.4%) answered that they “will not invest by any method.”
- When asked whether they would like to use automated trading (a method of buying and selling automatically using a specific computer program) when trading in financial instruments, 11.6% answered “yes” and 60.2% answered “no.”

3. Awareness of foreign-exchange margin (FX) transactions

(1) Recognition/understanding of foreign-exchange margin (FX) transactions [%, n=2000]

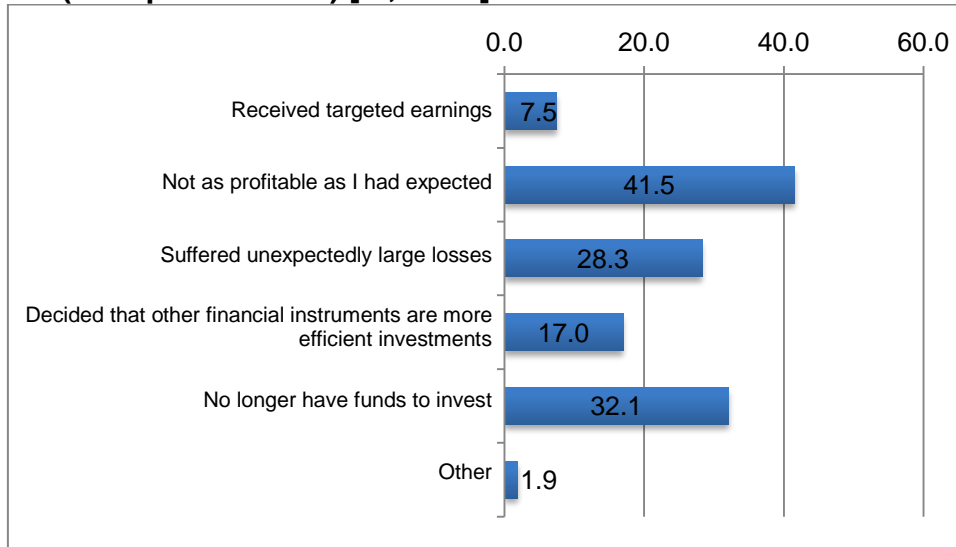


(2) State of trading in foreign-exchange margin (FX) transactions [%, n(=2.(1))=135]

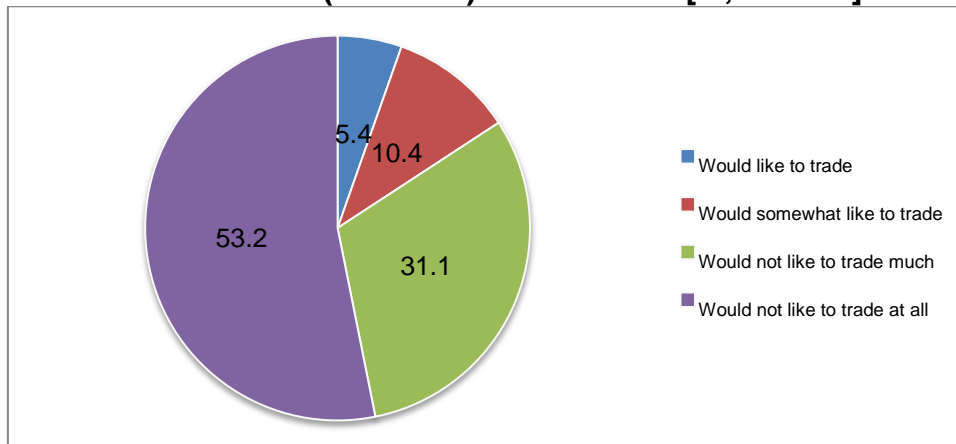


- On the subject of recognition and understanding of foreign exchange margin (FX) transactions, the sum of the percentages of total subjects reporting that they at least “have knowledge” of such transactions (i.e., those reporting that they “have strong knowledge and fully understand their content” [10.8%] or “have knowledge but do not fully understand their content” [22.5%]) was 33.3%.
- Among those having experience with foreign exchange margin (FX) transactions, the percentage of respondents who said that they still engaged in such transactions currently (hereinafter, this refers to the time of the survey) was 60.7%. (For reference only, this accounted for 4.1% of all subjects.)

(3) Foreign exchange margin (FX) transactions: Reasons for not engaging in transactions (Multiple answers) [%, n=53]

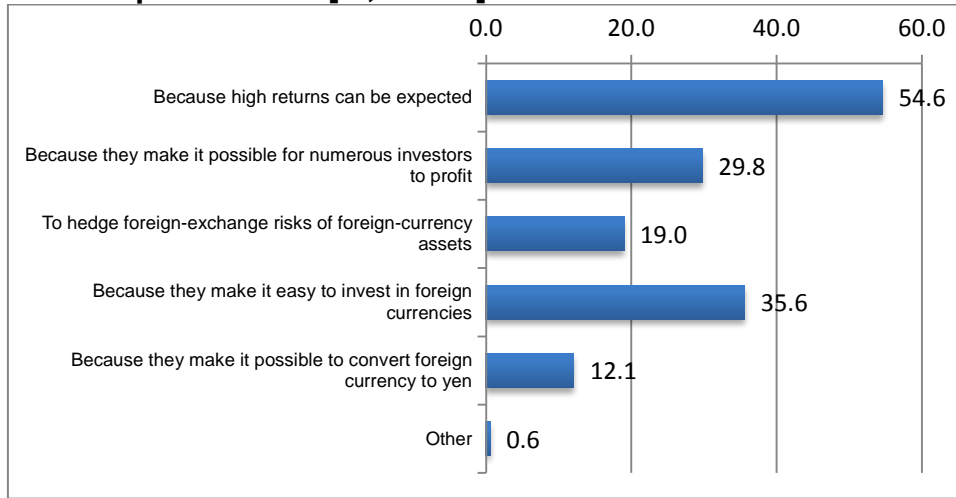


(4) Foreign exchange margin (FX) transactions: Intention to start (continue) transactions [%, n=2000]

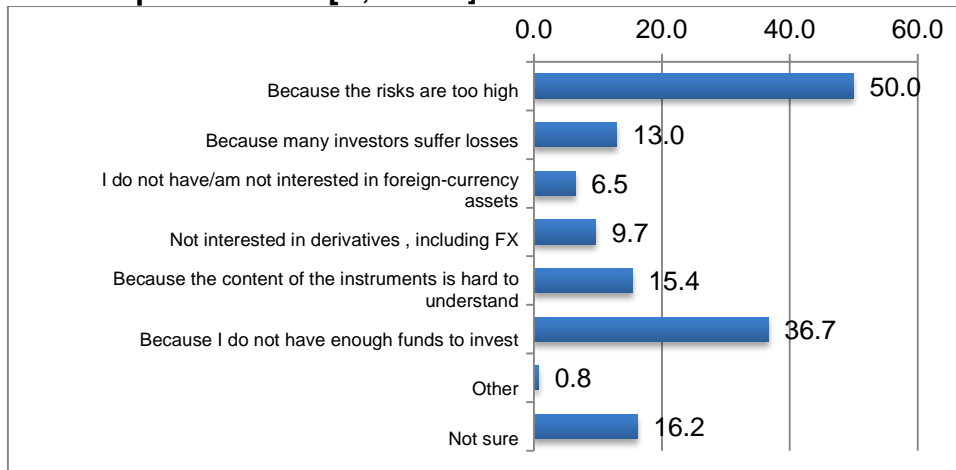


- Among those having experience with foreign exchange margin (FX) transactions who did not still engage in such transactions currently, the most commonly cited reason for not engaging in such transactions was “not as profitable as I had expected,” given by 41.5% of respondents. Next came “no longer have funds to invest,” given by 32.1%, and “suffered unexpectedly large losses due to sudden changes in market prices,” cited by 28.3% of respondents.
- A look at intention to start (continue) foreign exchange margin (FX) transactions in the future (intentions to start trading in the future and to continue trading) shows that the sum of respondents who said they would like to conduct such transactions in the future (the sum of those citing “would like to trade” [5.4%] and “would somewhat like to trade” [10.4%]) was 15.8%, while the sum of respondents who said they would not like to conduct such transactions in the future (the sum of those citing “would not like to trade much” and “would not like to trade at all”) was 84.3%.

(5) Foreign exchange margin (FX) transactions: Reasons for wanting to engage in transactions
Multiple answers [% , n=315]

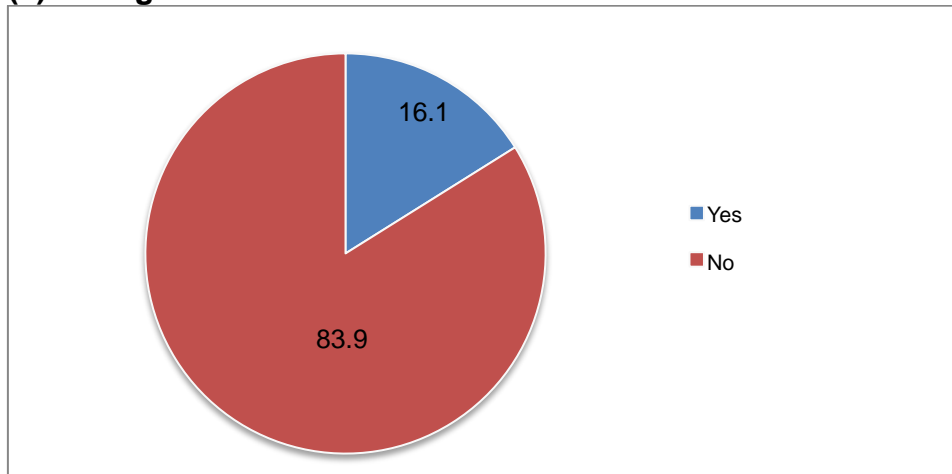


(6) Foreign exchange margin (FX) transactions: Reasons for not wanting to engage in transactions
Multiple answers [% , n=1685]



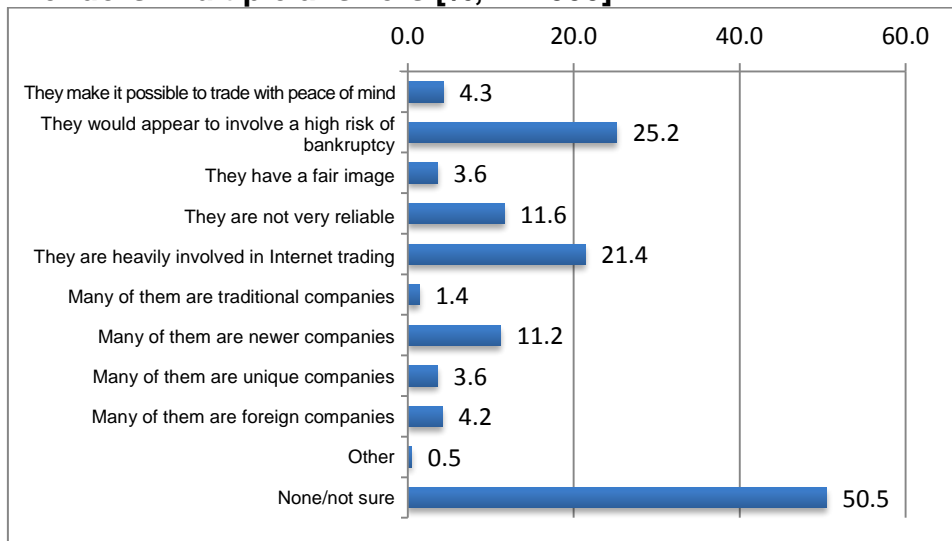
- When asked about reasons for wanting to engage in foreign exchange margin (FX) transactions in the future, the highest percentage of respondents, at 54.6%, cited “because high returns can be expected,” followed by “because they make it easy to invest in foreign currencies” at 35.6% and “because they make it possible for numerous investors to profit” at 29.8%.
- When asked about reasons for not wanting to engage in foreign exchange margin (FX) transactions in the future, the highest percentage of respondents, at 50.0%, cited “because the risks are too high,” followed by “because I do not have enough funds to invest” at 36.7%. The answer “not sure” was given by 16.2% of respondents.

(7) Recognition of listed transactions and Over-the-Counter transactions [% , n=2000]



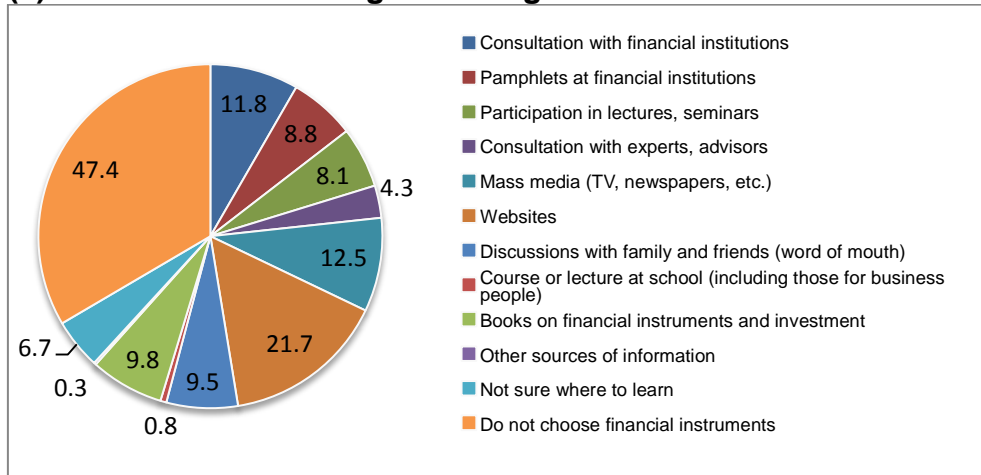
- When asked if they knew that there were two types of foreign exchange margin (FX) transactions—listed (on exchanges etc.) and OTC—the percentage that answered “yes” was 16.1%.
- On the subject of their impressions of foreign exchange margin (FX) transaction vendors, 25.2% of respondents said “they would appear to involve a high risk of bankruptcy,” 21.4% cited “they are heavily involved in Internet trading,” 11.6% said “they are not very reliable,” and 11.2% said “many of them are newer companies.” About one-half of respondents, at 50.5%, answered “none/not sure.”

(8) Impressions of foreign exchange margin (FX) transaction vendors: Multiple answers [% , n=2000]

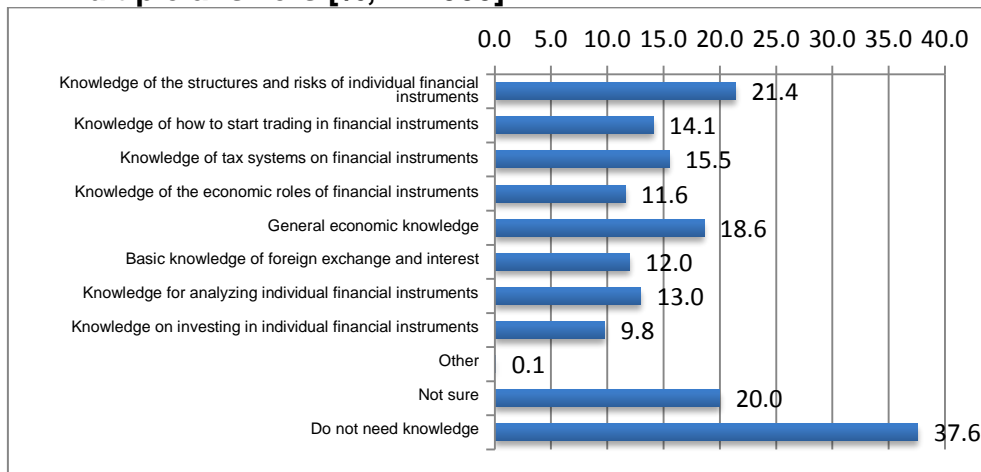


4. Knowledge of financial instruments

(1) Methods of collecting knowledge of and information on financial instruments: Up to three answers [% , n=2000]



(2) Knowledge obtained concerning financial instruments: Multiple answers [% , n=2000]



- When asked how they acquired knowledge of and information on financial instruments, 21.7% cited “websites” and 12.5% cited “mass media (TV and radio programs, newspapers and magazines, etc.), followed by “consultation with brokers and financial institutions (explanations by sales staff),” at 11.8%. The percentage who answered that they “do not choose financial instruments” to begin with was 47.4%.
- When asked what kind of information they would like to obtain about financial instruments and investing, 21.4% cited “knowledge of the structures and risks of individual financial instruments.” On the other hand, 37.6% answered that they “do not need knowledge” and 20.0% answered “not sure.”

FY2016 Overview of Financial Futures Attitude Survey of Individual Investors

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