

PRESS RELEASE

**ABI: BANKS: THE INVESTOR MAY BE
AN EXPLORER, A MANAGER OR AN EMOTION-BASED INVESTOR**

Initial results of the ABI - GfK Eurisko study on types of investors. Three clear investor types and risk profiles emerge. Analysis focused on affluent customers with net wealth between Euro 50 and 300 thousand.

The explorer, the manager, and the emotion-based investor. Investor phenomenology can add 3 new types as well as new elements. Three classes of investors, clearly identifiable in terms of personal characteristics and risk profiles, can be identified from the initial qualitative results of the ABI – GfK Eurisko study, presented during the ABI **2010 Customer Dimension** conference. The analysis focused on affluent customers, representing 20% of the total, defined as those with a net wealth between Euro 50 and 300 thousand, and a diversified portfolio of managed assets and assets under administration.

The three fundamental paradigms of investor relations are the explorer, to which a part of his/her wealth may be invested based on emotions. In this case, the customer does not ignore responsibility, but is constantly searching for the highest possible return. The explorer investor avoids taking chances with his/her wealth and expects responsible management, but also accepts a greater risk level to achieve higher returns. Hence, while allocating the greatest part of his/her net wealth prudently, the explorer invests a small part, generally between 10% and 15%, for higher returns. This investor type has a good understanding of finance, following the markets and securities on a nearly daily basis. Not only does he/she decide independently when to purchase through the bank, but also purchases through online trading. The explorer has a medium to high risk level and is generally a male.

The second investor type is the manager, for whom the securities portfolio requires the same level of management and maintenance as the real estate portfolio. Managing his/her wealth is seen as a responsibility to be undertaken, or a role that must be performed. In other words, his/her net wealth is handled with prudence, is controlled and requires “maintenance” so that it is not squandered. The manager feels that he/she needs to be prepared, needs to have skills and information. Therefore, he/she has a good understanding of finance, follows the news and keeps him/herself informed, has a certain independence in decision making, though the bank or financial advisor continues to be an important reference. The objective is to not to risk his/her wealth, rather to manage it prudently. As a result, he/she has a generally low to medium risk level.

The central characteristic of the emotion-based investor is sharing. This customer is seeking guidance in managing his/her wealth and tends to have an emotional relationship with the advisor/manager, who is an important figure. The relationship has a strong element of trust developed over time. The emotion-based investor alternates between decisions made independently and those delegated to the reference person, whose opinion is highly valued. This

investor has a more basic level of understanding of finance, but has a few clear guiding criteria to direct him/her, even if he/she does not stay updated with issues in finance. The emotion-based investor has a low to medium risk level and is characterised by a high percentage of females.

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