

Media Release

FAIR Canada Research Shows an Uneasy Investor-Advisor Relationship

TORONTO, January 24, 2023 (Globe Newswire) – FAIR Canada released the results of its first investor survey today, designed to better understand the perspectives and concerns of Canadian retail investors.

The survey solicited feedback from 1,000 individual investors on a range of issues, including: the types of investments they buy, the type of advice and information they rely on, why they invest, the level of engagement in tracking their investment performance, their level of confidence when it comes to investing, and the degree of reliance and trust they place on advisors when making investment decisions.

The research findings indicate that governments and regulators need to pay close attention to the investor-advisor relationship. “Retail investors with limited investment knowledge rely extensively on their advisor—this places investors in a vulnerable position,” said Jean-Paul Bureaud, Executive Director, FAIR Canada. “When it comes to trusting their advisor, the findings reveal an uneasy relationship. Too many investors are concerned about paying too much in fees and more than half are concerned they will be put into an unsuitable product. The findings underscore the importance of establishing high regulatory, ethical, and proficiency standards for advisors to support this degree of reliance and to build trust.”

Key Findings

- The results show that almost 80% of investors use an advisor and most rely heavily on their advisor’s advice. The degree of reliance on advisors may stem from the fact that most investors have low levels of confidence when it comes to investing.
- While a majority agree they trust in the integrity of their investment advisor or firm, they also agree they must look after themselves when it comes to investing.
- More than 40% had concerns their advisor may behave unethically or improperly, and nearly 60% worried they may be sold an unsuitable product. More than 60% reported not understanding the fees they pay, and almost 80% are concerned they are paying too much in fees.
- Trust is strongly linked to the advice channel, with investors in the bank channel having lower levels of trust.
- Interestingly, the survey finds that advisors tend to overwhelmingly place their clients in mutual funds, which tend to have higher fees than comparable products such as exchange-traded funds (ETFs). Do-it-yourself investors, on the other hand, tend to hold far fewer mutual funds, and a more balanced proportion of ETFs relative to mutual funds.

- The survey also found low levels of awareness of regulatory agencies and advocacy groups generally, and investors had the least amount of confidence that regulators, firms or governments would speak up for investors.
- Despite limited awareness of FAIR Canada, an overwhelming majority (90%) believe that it is important to have an organization such as FAIR Canada that speaks out on behalf of investors.

“This research represents FAIR Canada’s ongoing commitment to be a trusted, independent voice on issues that affect individual investors,” said Mr. Bureaud. “It is important for us to hear directly from investors about their experiences and concerns. This is the first of many research projects by FAIR Canada, which will support our continued efforts to advocate for and help empower investors.”

To learn more key findings in the full survey, read FAIR Canada’s new [Investor Survey Report](#).

About FAIR Canada

FAIR Canada champions the rights of individual investors in Canada through advocacy, education, and regulatory advancements. We are the trusted, independent voice on significant issues that affect individual investors. As Canada’s only non-profit, investor-focused organization, we provide informed, objective comment on regulatory issues that have an impact on investor fairness and protection. Learn more about investor rights at FAIRCanada.ca and connect with us on [Twitter](#) and [LinkedIn](#).

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