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GFC causes distrust of financial services

Major participants affected

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New Investment Trends research has shown investors have lost trust in a significant portion of the financial services sector, including fund managers, superannuation funds and financial planners, as a result of the global market downturn.

The 2009 Investor Sentiment and Communications Report found fund managers suffered the biggest erosion in trust from investors, with 54 per cent of active investors responding positively to the statement "I no longer trust fund managers and will invest directly in the future".

The finding represents an increase of 6 per cent of respondents reacting this way when compared to eight months ago.

The survey revealed trust in superannuation funds had also dropped, although the result was slightly more encouraging.

"Only 19 per cent of active super fund members said they no longer trusted their superannuation provider, compared to 54 per cent expressing distrust for fund managers generally. While that's clearly a better outcome, it still shows the industry has an enormous amount of work left to do to regain the trust of those one in five clients," Investment Trends principal Mark Johnston said.

More worrying for the super funds was the apparent link between the lack of trust in them and members wanting to switch to another fund that the research found.

"About 40 per cent of those who said they did not trust their super fund were either considering switching funds or had already decided to switch," Johnston said.

The study also revealed financial planners were having less influence on investment decisions. Twenty per cent of respondents said they were speaking to a planner about the global financial crisis, down from 24 per cent in November last year.

Furthermore, only 6 per cent of participants said the financial planner is the main influence on their investment decisions, compared to 9 per cent in November 2008.

The 2009 Investor Sentiment and Communications Report was conducted in July and involved a sample size of 5600 investors.

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