

press release

Singapore investors more likely to stay calm and make reasonable decisions in a market crisis compared with those in Hong Kong

9 April 2020, Singapore – In times of market turbulence, such as the current impact of COVID-19, investors and their wealth advisors need to make challenging decisions and/or avoid bad ones. Standard Chartered's new Investor Personality Study 2020 reveals the individual personality traits that have a major impact on the way investors react when faced with difficult investment decisions.

The study, which was carried out in partnership with behavioural finance experts, Oxford Risk, surveyed 1,200 emerging affluent, affluent and high net worth investors across Singapore, Hong Kong and Taiwan and revealed nine personality traits that best describe each investor's financial personality: Risk tolerance; Speculation; Composure; Confidence; Financial Comfort; Desire for Guidance; Impulsivity; Desire for Legacy; and Internal Locus of Control.

Investor Archetypes

Based on these personality traits, the research revealed three main investor archetypes:

- The *Comfortable* Investor: Ranks high on Composure, Confidence, Internal Locus of Control and Financial Comfort, but low on Impulsivity and Speculation. Likely to stay relatively calm and make relatively more reasonable decisions in turbulent times.
- The *Conservative* Investor: Ranks high on Financial Comfort and Internal Locus of Control. They rank low on Speculation and Impulsivity. However, unlike Comfortable investors, they rank lower on Confidence and Composure and have the lowest Desire for Guidance of all the groups. They are less likely to invest in volatile portfolios and prefer clear investing and decision-making principles.
- The *Enthusiastic* Investor: Ranks high on Speculation, Impulsivity and Desire for Guidance with moderate Composure. They have the lowest Internal Locus of Control (they are less likely to believe they control their own destiny and luck). They prefer to set aside a portion of their wealth to satisfy their impulse for speculative investments without jeopardising their entire wealth.

By understanding investor behaviour in its entirety, wealth advisors can personalise investment experiences and, with a deeper understanding of the traits that make up their personalities, investors themselves can watch out for their weaknesses and play to their strengths for the long term. This can be accomplished through customised sharing of market information, tailored assistance with decision-making and more personalised investment solutions, using recent progress in technology to make the approach achievable at scale.

Investor Behaviour in Markets

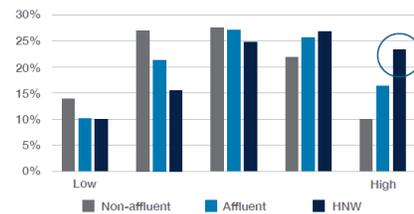
The report highlights cultural and geographical differences in the prevalence of each investor archetype across the three markets: Singapore-based investors tend to be *Comfortable* investors (47 per cent of the market total) who have more investing experience, a high desire to leave a positive legacy and are more likely to be male; Hong Kong has the highest concentration of *Enthusiastic* investors (40 per cent of the market total, versus 30 per cent in Singapore) who are relatively impulsive, speculative and believe in luck; while Taiwan has the largest group of *Conservative* investors (44 per cent of the market total, versus 27 per cent in Singapore) who are more likely to be affluent investors rather than high net worth investors with relatively lower risk tolerance.

In particular, Singapore-based investors are found to value confidence, financial comfort and risk tolerance more than investors in the other two markets and are least likely to be impulsive with their investments (see chart below).



High-scorers for the “confidence” and “financial comfort” traits tend to be wealthier individuals who have higher Composure scores compared to affluent investors and have a higher ability to withstand volatility over their investment journey. This may be because affluent investors have relatively fewer assets to rely on when markets get choppy.

Distribution of Composure Scores:



Overall, investors in Asia stand out in their appetite for speculative investments, where some enjoy investment risk for its own sake rather than future returns. This is in stark contrast to Europe¹, where investors exhibit consistently low speculation.

Sumeet Bhambri, Head of Wealth Management, ASEAN and South Asia, Standard Chartered Private Bank, said:

“Our clients in Singapore have been measured in their investment approach especially during these volatile times. While some have expressed concern about their investments, we have also seen a steady increase in investment activity with the valuations of several risk assets turning more attractive. Active awareness of investment personalities helps our wealth advisors to better understand our clients’ inclinations and risk appetite and provide a balanced view of risks and opportunities to help them ride out short-term fluctuations.”

Alexis Calla, Chief Investment Officer, Standard Chartered Private Bank, said:

“Our investment approach, based on beating cognitive biases, helps clients recognise what can compromise their ability to make objective decisions, especially during periods of extreme market volatility such as the current COVID-19 scenario. We are combining behavioural insights with emerging technologies to build innovative tools to deliver a more personalised investment experience to our clients, from the choice of investment products, to how and when they receive information on their portfolio performance.”

To view the full report, please visit www.sc.com/en/banking/banking-for-individuals/uncover-your-biases/the-standard-chartered-investor-personality-study-2020/.

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¹ Based on previous research conducted by Oxford Risk Research & Analysis Ltd in Europe

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About Standard Chartered

Standard Chartered Bank in Singapore is part of an international banking group, with more than 150 years of history in some of the world's most dynamic markets. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

The Bank has a history of 160 years in Singapore, where we opened our first branch in 1859. In October 1999, we were among the first international banks to receive a Qualifying Full Bank (QFB) licence, an endorsement of the Group's long-standing commitment to our business in the country.

Singapore is home to the majority of our global business leadership, our technology operations, as well as SC Ventures, our innovation hub. In 2013, the Bank transferred our Singapore Retail and SME businesses to a locally-incorporated subsidiary, Standard Chartered Bank (Singapore) Limited ("SCBSL"). And in May 2019, we fully consolidated our business operations in Singapore through the transfer of our Commercial Banking, Corporate & Institutional Banking and Private Banking businesses to SCBSL. SCBSL is one of the highest-rated banks globally: A1/Stable by Moody's Investor Services, A/Stable by Standard & Poor's and A/Stable by Fitch Ratings.

In Singapore, we support both individual and corporate needs to build wealth and drive commerce at every step of their journey. We do this by offering an entire range of financial services across personal, priority and private banking as well as our business, commercial and corporate banking teams. The Bank has a network of 16 branches, 6 Priority Banking centres and 27 ATMs.

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