

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

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IOSCO report on behavioural insights seeks to enhance retail investor protection

The Board of the International Organization of Securities Commissions today published a report on behavioural insights that seeks to help its members improve the effectiveness of retail investor protection.

The report, [*The Application of Behavioural Insights to Retail Investor Protection*](#), provides guidance to help regulators better understand the behaviour of retail investors in making financial investment decisions.

The report describes behavioural biases and how they affect retail financial markets. The examples given in the report show how emotions and psychological experiences can influence investment decisions; how a *rule of thumb* can lead to incorrect beliefs; and how a partial assessment of information can lead to a different decision than a complete assessment.

The report finds that individuals tend to make different decisions when interacting with an online interface as opposed to interacting with a human or relying on print materials.

The report also refers to quantitative and qualitative testing methodologies that regulators use to gather information about the ways in which retail investors may suffer harm. These same methodologies can be used to design and measure the effectiveness of the regulatory response to protect investors and to assess the effectiveness of existing disclosure and other measures.

The report acknowledges that while measures using behavioural insights have the potential to promote informed decision-making, they may not be sufficient to protect retail investors adequately. Accordingly, it is important that regulators continue to impose standards of conduct on investment professionals and regulate the sale of investment products to promote retail investor protection further.

NOTES TO THE EDITORS

About IOSCO

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, the Netherlands (observer), Ontario, Pakistan, Panama, Portugal, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority (ESMA) and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Dr. Obaid Al Zaabi, Chief Executive Officer, Securities and Commodities Authority, United Arab Emirates, is the Chair of the GEM Committee. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
4. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and

enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;

- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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