

2021 Australia Investor Confidence Survey



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Foreword

As our nation grapples with the shifting impacts of the pandemic, one of the key indicators of economic recovery and the effectiveness of our markets is the confidence of retail investors.

It is vital that we understand what drives retail investors when it comes to trust, confidence, and their concerns about the economy and capital markets, so that the profession and companies can continually shape the information they are providing in both financial and other forms of reporting.

This is the third year Chartered Accountants Australia and New Zealand has undertaken this investor survey, with the help of the Center for Audit Quality in the United States, to capture the views of over one thousand Australian retail investors.

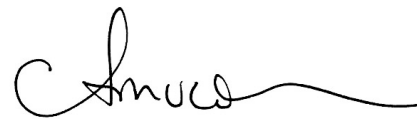
It's pleasing to see that when the survey was in market, confidence in the Australian and global economies were recovering after the dips experienced in 2020. However, while their short-term confidence has been rebuilt, investors have their eye on the horizon when it comes to the longer, ongoing impacts of the pandemic as well as evolving issues such as cyber-crime and climate change.

Confidence in audited financial reports produced by public companies is strong with investors still expecting companies to keep them informed them about the ongoing impacts of the pandemic in their disclosures. Independent auditors retain their position as the most trusted group, for the third year in a row, when it comes to investor protection and market integrity, followed closely by analysts, regulators and the ASX.

This comes during a period in which there is a critical shortage of talent in the audit profession in Australia and New Zealand. Following our advocacy, the Australian Government placed accounting and audit professionals on the Priority Migration Skilled Occupation List in June 2021.

Retail investors see climate information as critically important to their decisions as they believe climate change is a key business risk and that companies have a responsibility to address its impacts. Investors also interested in broader sustainability reporting about ethics, culture and social responsibilities and their confidence in this kind of reporting would be increased by agreed standards and independent assurance.

It's clear that auditors, as well as those who prepare financial statements and regulate the market, make a real difference to how we maintain investor confidence and ensure integrity in our markets. This role as guardian of ethics and integrity will only strengthen as the world navigates its recovery from the pandemic and addresses the other big challenges we face.



Ainslie van Onselen
Chief Executive Officer

Executive summary



Auditors remain number 1
as the most trusted group when it comes to investor protection and market integrity, followed closely by analysts, regulators and the ASX



Confidence in the global economy has recovered, growing from 2020's **64%** to **75%**



54% of retail investors see **climate information** as quite or very important to their **investment decisions**



Confidence in Australian capital markets has bounced back to **87%** (2020 79%)



Investors with at least some **confidence in audited financial statements** has increased from **89%** to **91%**

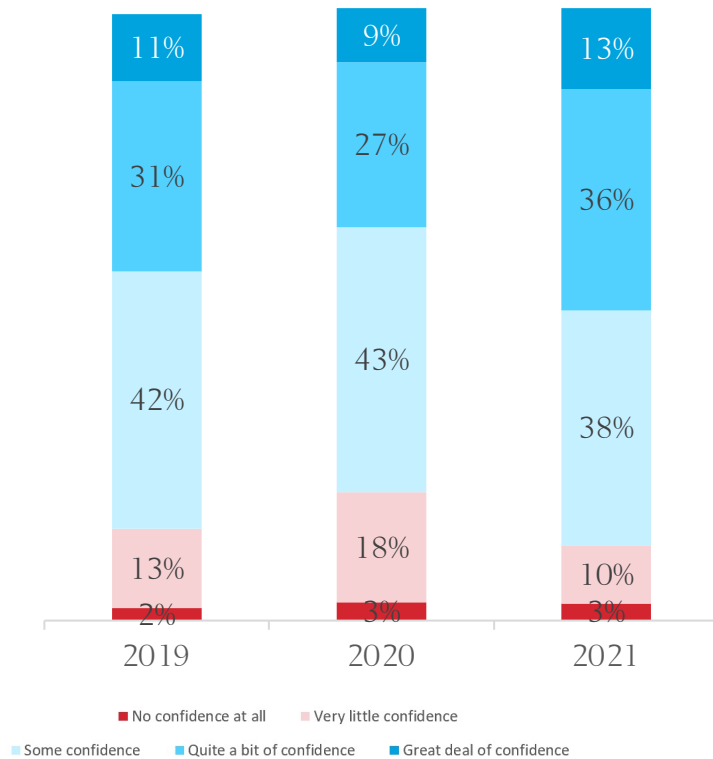


85% of retail investors say their confidence in **sustainability information** would increase if it was subject to **independent assurance**

Confidence in Australian Capital Markets

Confidence in AU capital markets has bounced back beyond pre-COVID-19 levels, with 49% now at least quite confident in AU capital markets, up from 36% in 2020. Most of the fears driving a lack of confidence in AU capital markets have declined from 2020, though there has been a notable increase in the proportion saying they lack confidence due to their personal financial situation.

At the current time, how much confidence would you say you have in Australian capital markets (i.e. the ASX)?



Base: Total AU Sample: 2021 n=1024, 2020 n=1077; 2019 n=1044

Reasons for confidence



Base: At least some confidence n=898

Reasons for lack of confidence



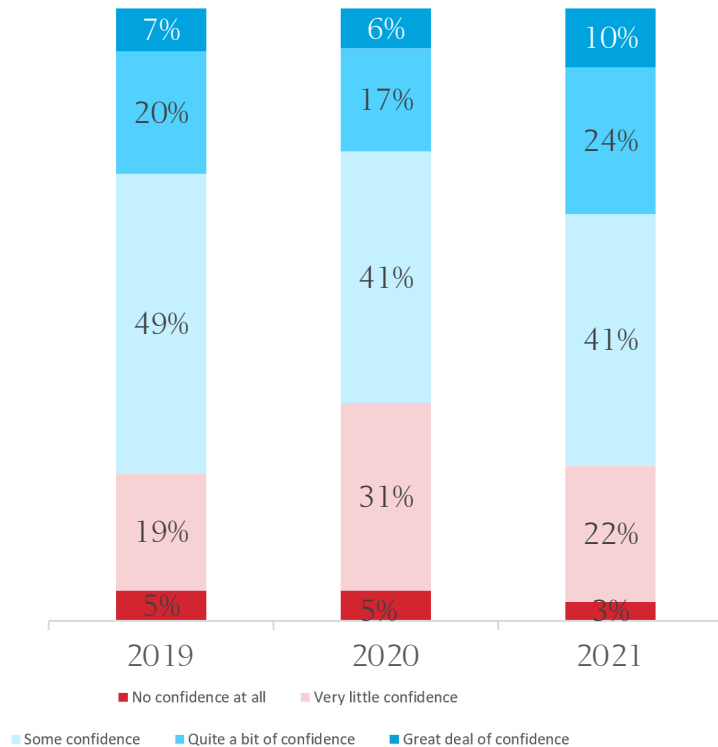
Base: Little/no confidence n=126



Confidence in Offshore Capital Markets

Confidence in offshore markets has also bounced back to above pre-COVID levels, with 34% at least quite confident (compared to 27% in 2019 and 23% in 2020). There has been a significant increase in the proportion of investors who believe capital markets outside of Australia are doing well.

At the current time, how much confidence would you say you have in capital markets outside of Australia?



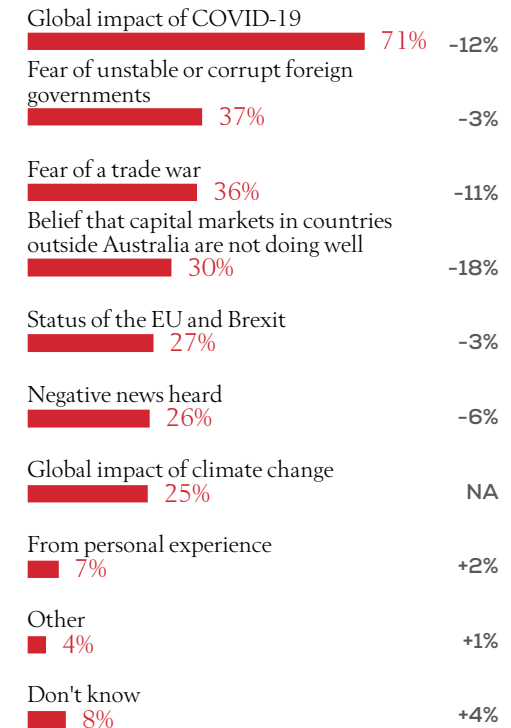
Base: Total AU Sample: 2021 n=1024, 2020 n=1077; 2019 n=1044

Reasons for confidence



Base: At least some confidence n=764

Reasons for lack of confidence



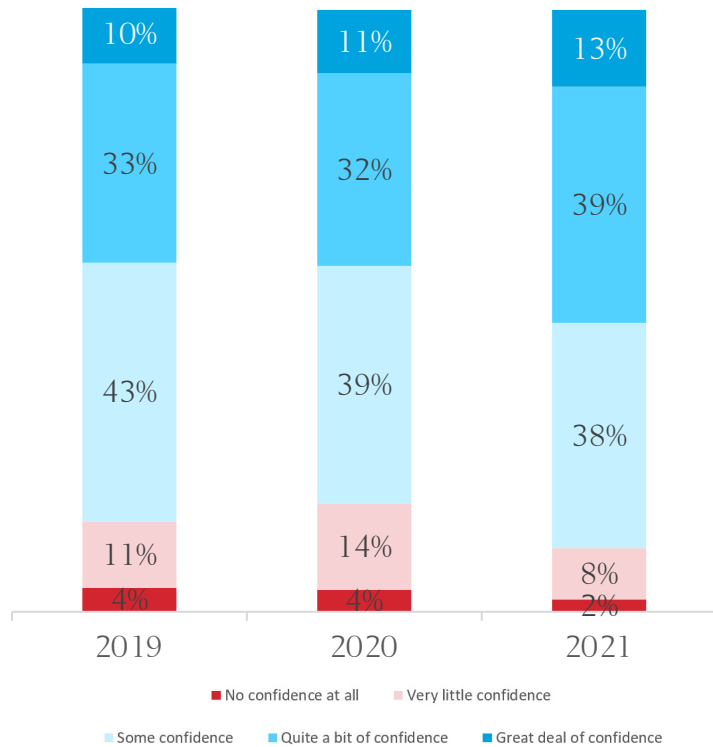
Base: Little/no confidence n=260



Confidence in Publicly Listed Australian Companies

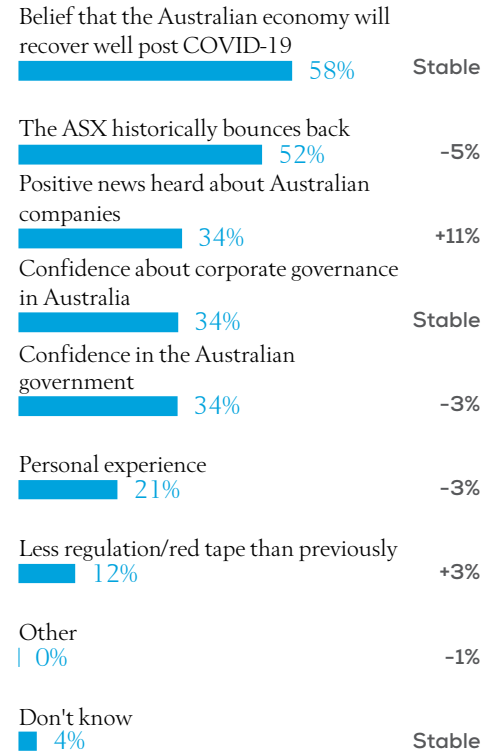
The proportion saying they're at least quite confident has improved significantly from 2020 – going from 43% in 2020 to 52% in 2021. There has been strong improvement in positive news about Australian companies, and a decline in the proportion saying the economy is not doing well.

How much confidence would you say you have today investing in Australian companies that are publicly listed (e.g. on the ASX)?



Base: Total AU Sample: 2021 n=1024; 2020 n=1077; 2019 n=1044

Reasons for confidence



Base: At least some confidence n=916

Reasons for lack of confidence



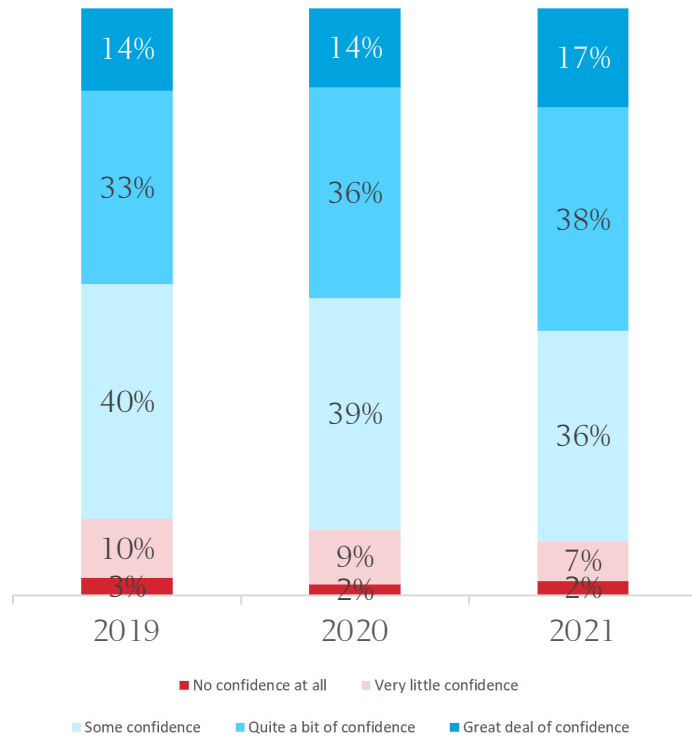
Base: Little/no confidence n=108



Confidence in Financial Information Released by Publicly Listed Australian Companies

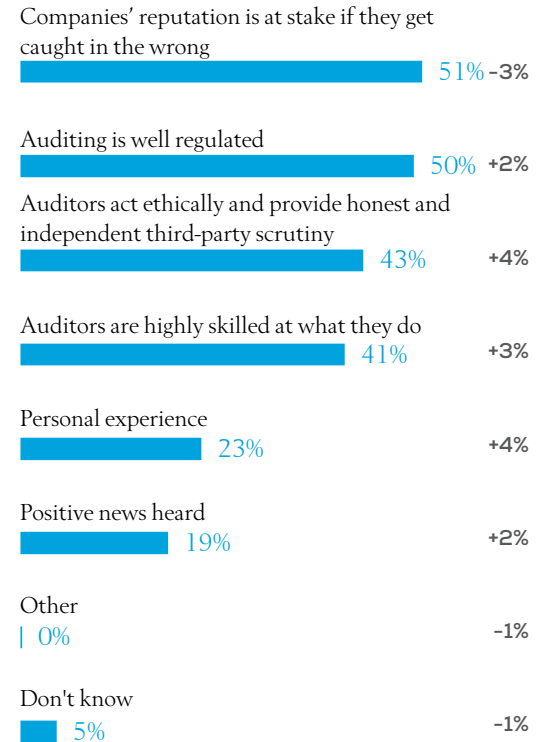
Confidence in financial information has increased in 2021 (55% at least quite confident, compared to 50% in 2020). Company risk to reputation and the belief that auditing is well regulated are key contributing factors to this confidence.

How much confidence do you personally have in audited financial information released by publicly listed Australian companies?



Base: Total AU Sample: 2021 n=1024; 2020 n=1077; 2019 n=1044

Reasons for confidence



Base: At least some confidence n=929

Reasons for lack of confidence

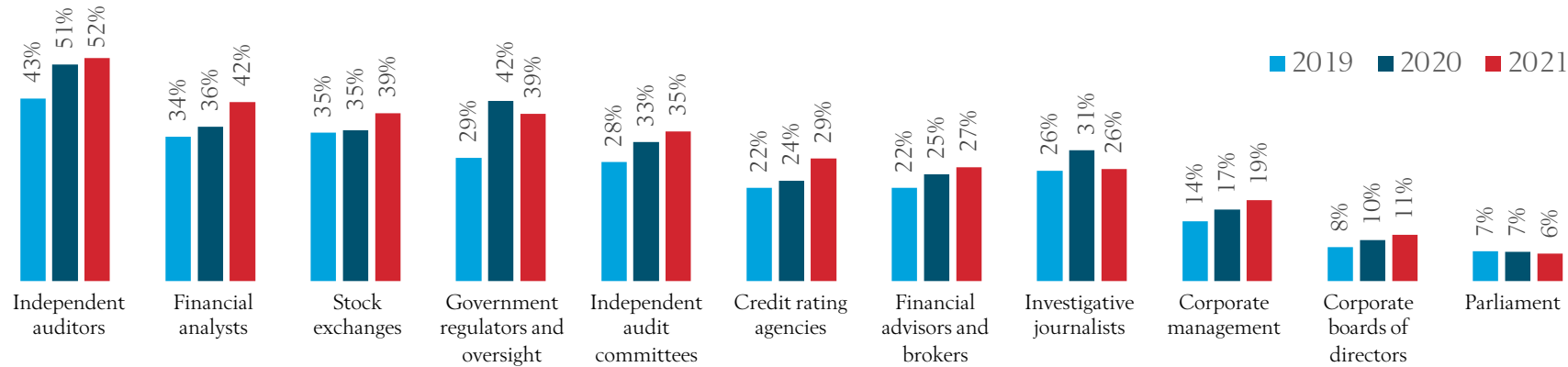


Base: Little/no confidence n=95



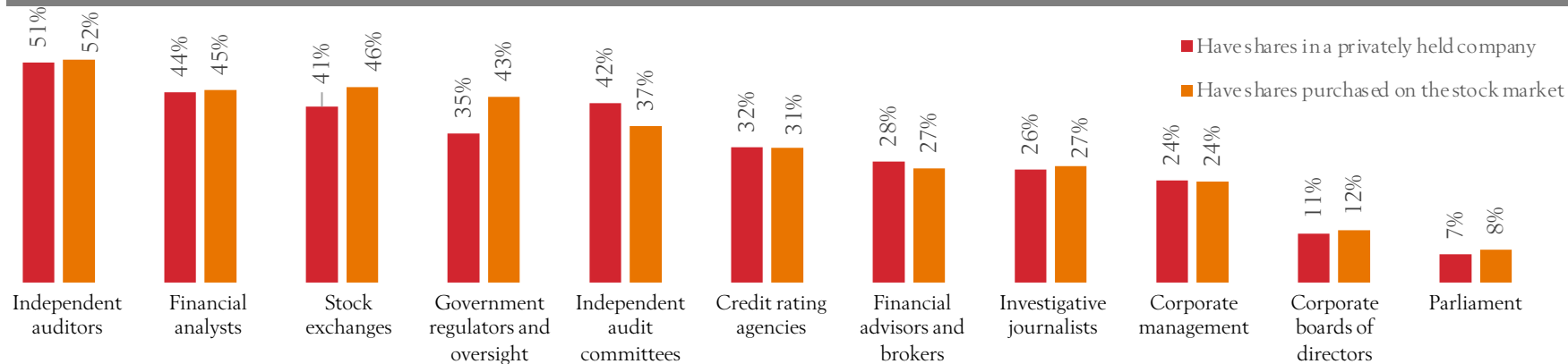
Confidence in the roles helping to advance investor protection

TOTAL AU: There are several different players that have roles in helping to advance investor protection. Which of the following are you confident is/are effective in their respective roles?



Investors were asked how confident they are in the roles charged with advancing investor protection. Auditors remain the most trusted group. In addition 2021 shows increased confidence in financial analysts, stock exchanges, and credit rating agencies.

Shares invested: Publicly listed vs. privately owned (2021 only)



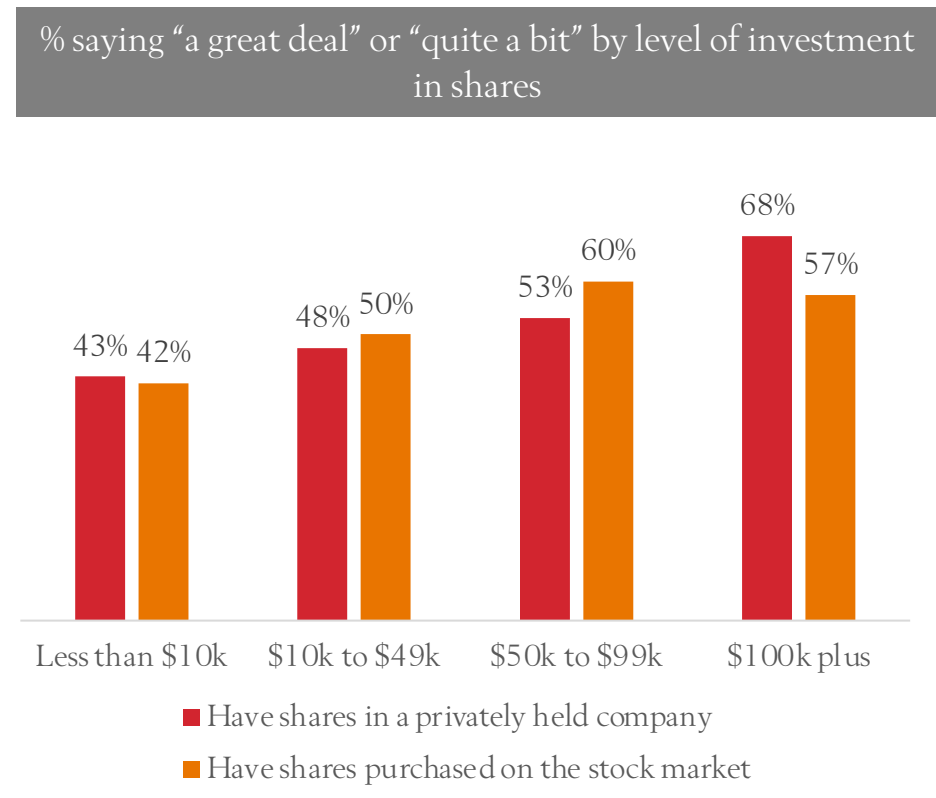
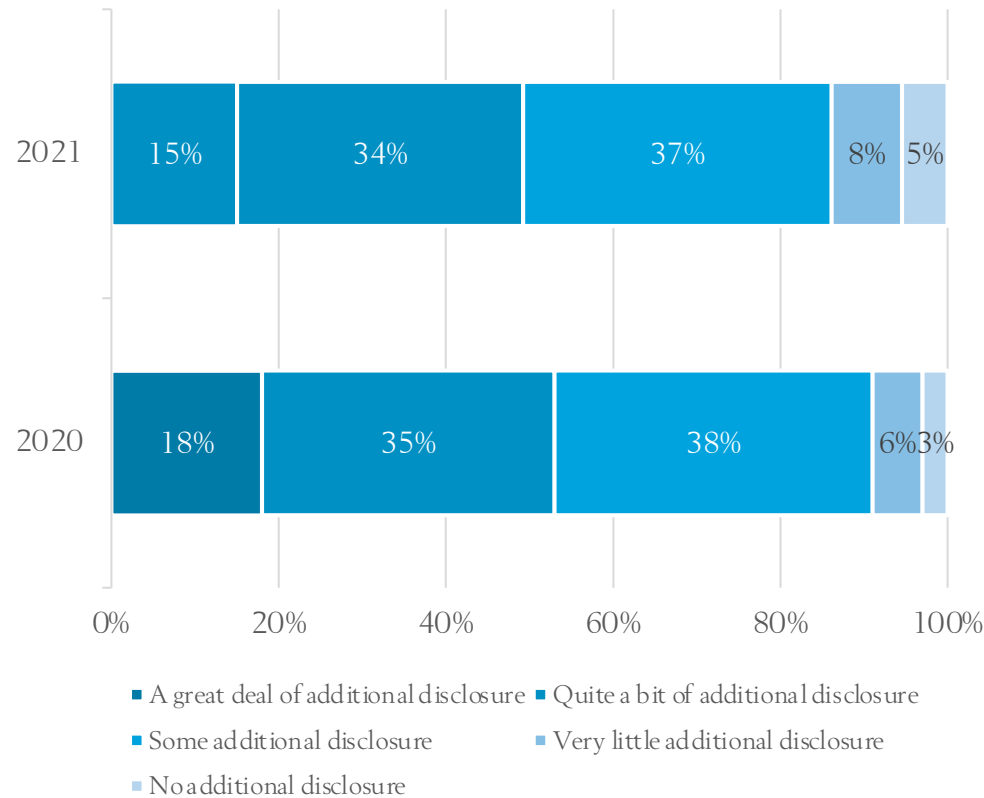
Base: Total AU Sample: 2021 n=1024, 2020 n=1077, 2019 n=1044

Shares in privately held company 2021 only n=272; shares purchased on the stock market 2020 only n=562



How much additional disclosure is expected in relation to COVID-19?

In 2020 a question was added around the expectation of additional disclosure in relation to COVID. In 2021, just under half (49%) of investors want to see at least quite a bit more disclosure in relation to COVID. Unsurprisingly, the higher the investment, the higher the expectation of disclosure. This is even more the case when shares are in a privately held company than in the stock market.

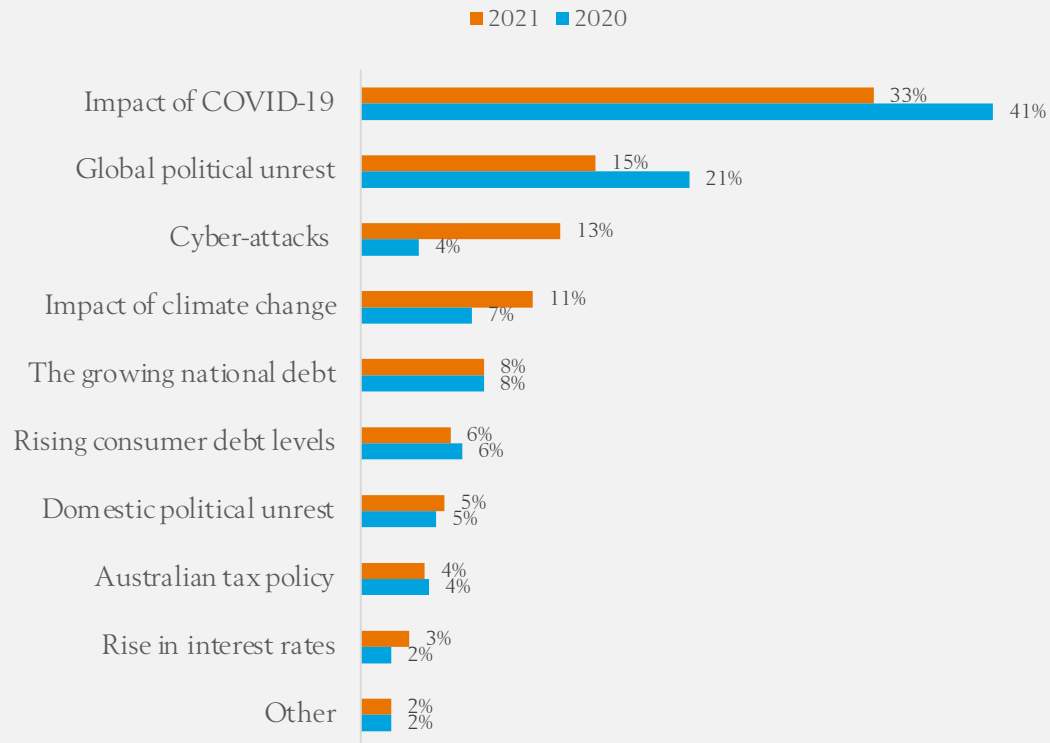


Base: Total AU Sample: 2021 n=1024, 2020 n=1077, 2019 n=1044
 Shares in privately held company 2021 only n=272; shares purchased on the stock market 2020 only n=562



The future of the AU economy

In your opinion, what poses the greatest risk to the Australian economy?



The belief that COVID-19 is the greatest risk to the economy remains strong, but has dropped back significantly from 2020. However, the perceived impact of cyber attacks has increased significantly, along with the impact of climate change.

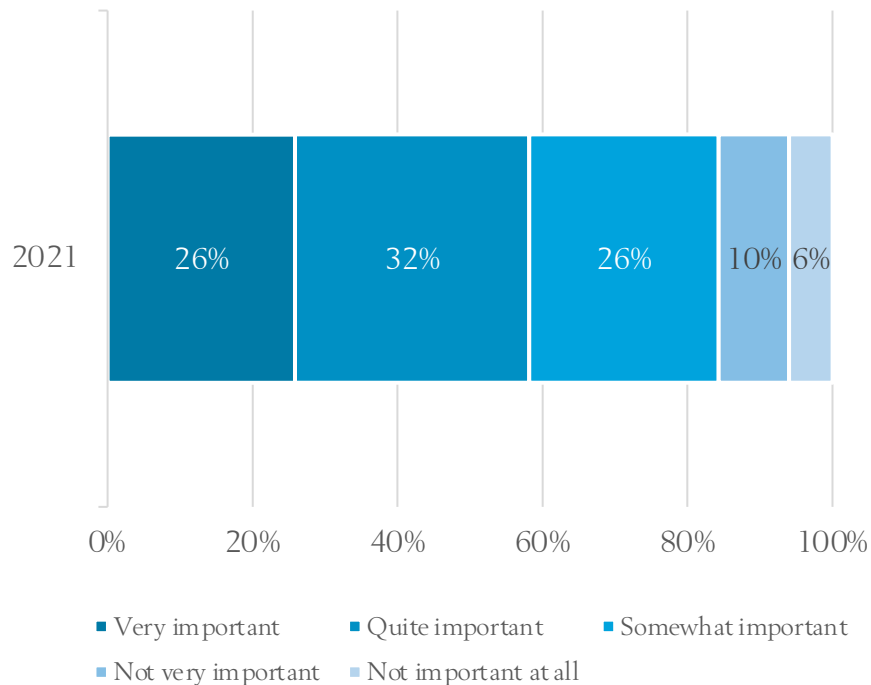
Base: Total AU Sample, 2021 n=1024; 2020 n=1077



Importance of climate change information in decision making

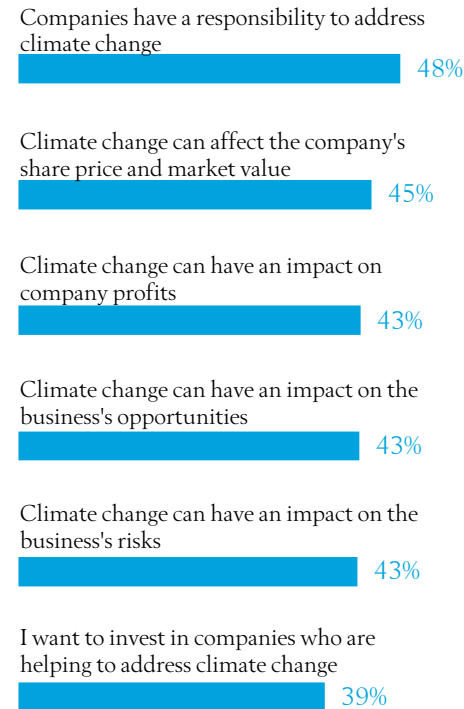
In 2021, a new section of questions was added looking specifically at the importance of climate change, and sources of climate change information. Climate change information is at least quite important to almost three in five investors, largely because companies are seen as having a responsibility to address climate change, and climate change can materially affect share price.

Companies are required to, and also voluntarily, disclose a range of information about climate change. How important is this climate change information in your investment decision making?



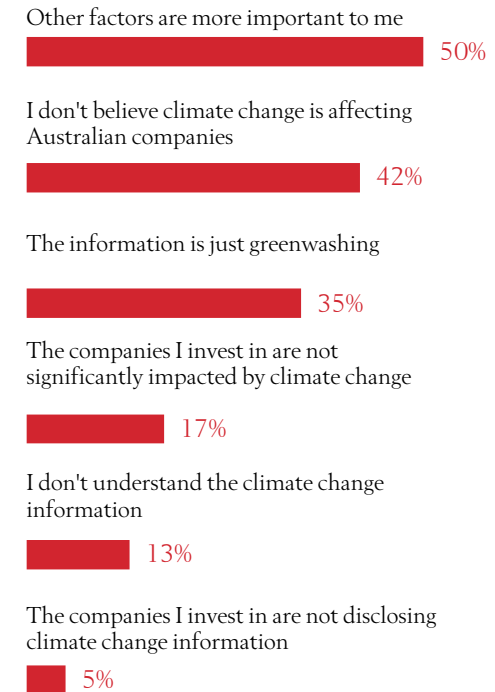
Base: Total AU Sample: 2021 n=1024

Reasons for importance



Base: At least Somewhat Important n=860

Reasons for lack of importance

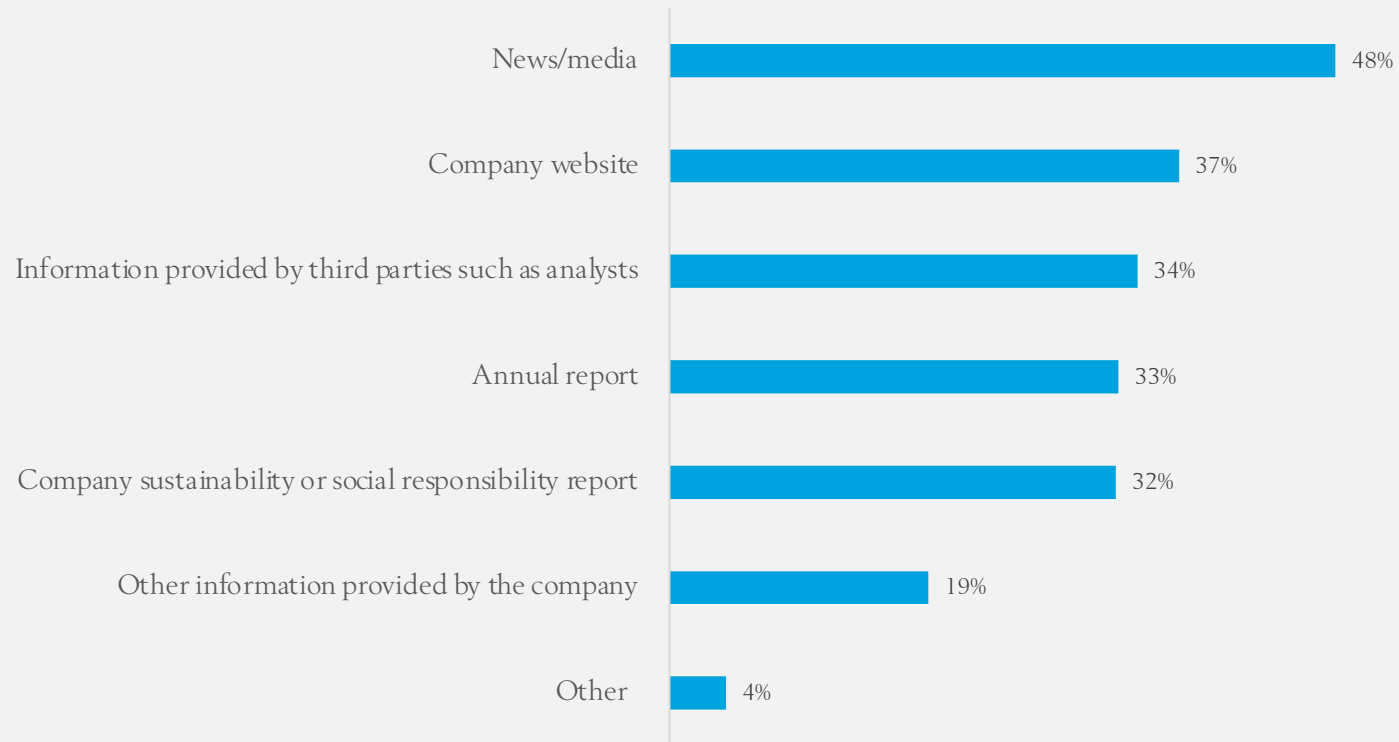


Base: Not important n=164



Sources of climate change information

Where do you obtain climate change information about publicly listed companies?



Looking at the sources people use for climate change information, news media is the number one source of information about climate change related to publicly listed companies – even more so than company websites, annual reports, or sustainability reports.

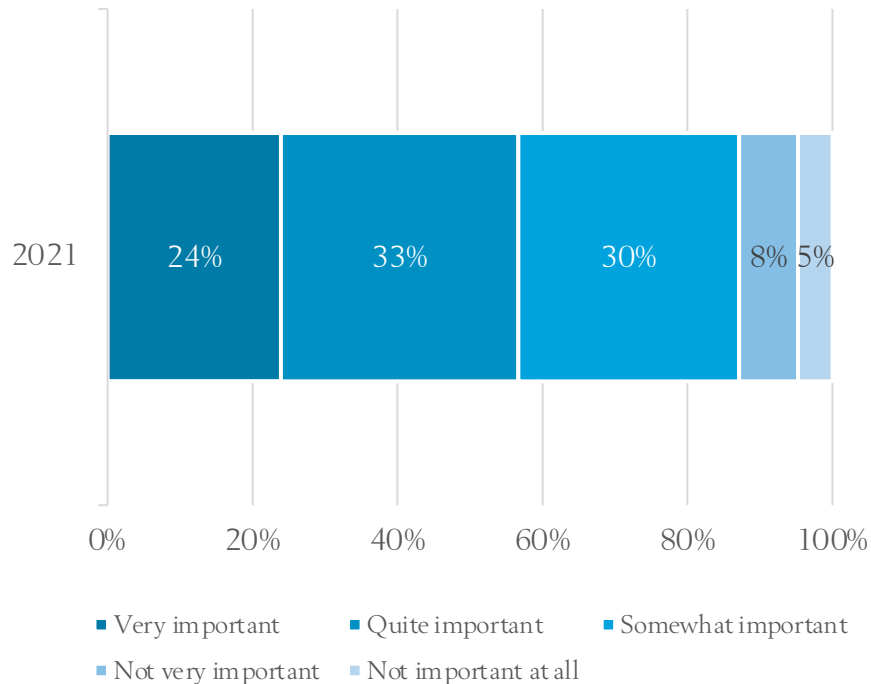
Base: Total AU Sample, 2021 n=1024



Importance of sustainability information in decision making

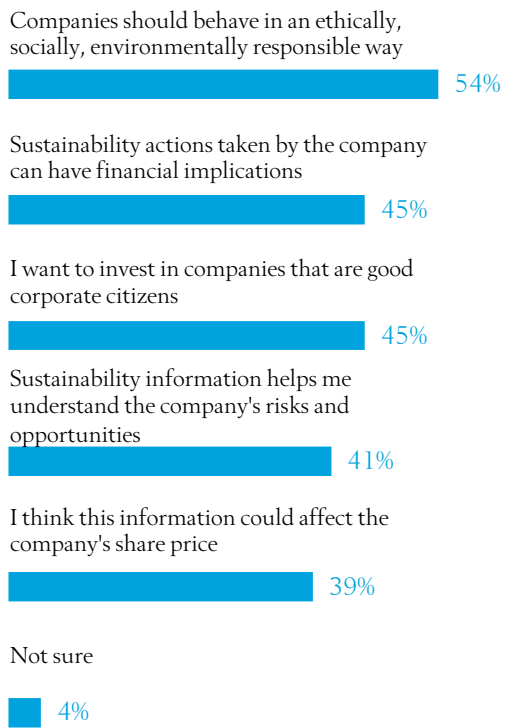
In 2021, a new section of questions was added looking specifically at the importance of sustainability information and what might increase confidence in this information. Sustainability information is also at least quite important to almost three in five investors. Over half who say it is important believe that companies should behave in a responsible way, and 45% say that this behaviour has financial implications.

Companies often voluntarily disclose a range of non-financial information about sustainability, social responsibility, ethics and culture relevant to their operations and impact. How important is this information in your investment decision making?



Base: Total AU Sample: 2021 n=1024

Reasons for importance



Base: At least Somewhat Important n=891

Reasons for lack of importance



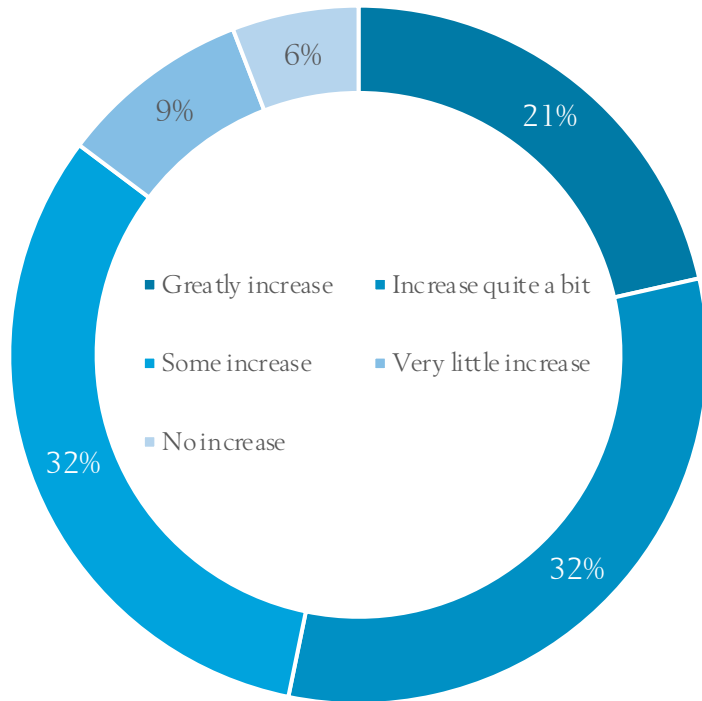
Base: Not important n=133



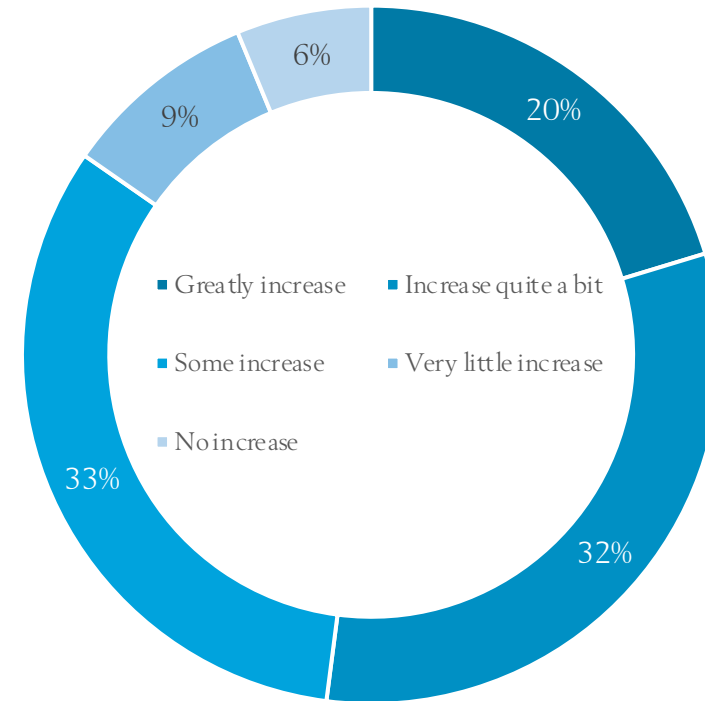
Increasing confidence in sustainability information

Respondents were asked whether independent assurance or mandatory reporting would increase their confidence in sustainability information. Both independent assurance and mandatory reporting agreed standards would increase the confidence in sustainability information for at least half of all investors.

Currently sustainability information is provided voluntarily and is not always subject to independent assurance by an external audit firm. To what extent would independent assurance increase your confidence in sustainability information published by Australian listed companies?



The sustainability information provided is voluntary. To what extent would it increase your confidence in sustainability information if it was mandatory and required to be prepared based on agreed standards?



Base: Total AU Sample: 2021 n=1024



Australian analysis

Demographics and breakdowns

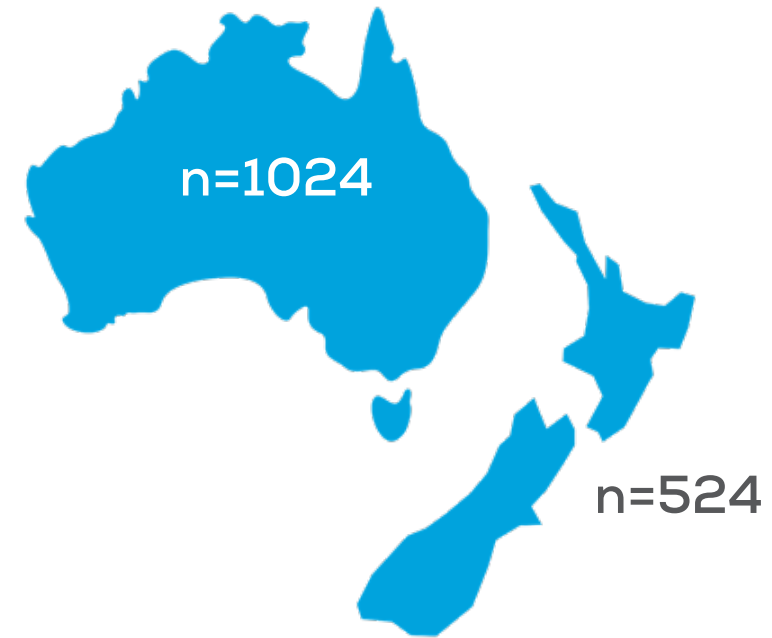
About the survey

This is the third survey Chartered Accountants Australia and New Zealand (CA ANZ) has done to measure retail investor confidence in Australia. We commissioned Dynata to measure retail investor confidence in Australian capital markets, global capital markets, Australian public companies and audited financial statements.

CA ANZ is also grateful to the Center for Audit Quality for their support and assistance in developing this study.

A total of n=1024 Australians were interviewed. To ensure a robust sample across Australia, quotas were placed on age, gender and region within Australia to ensure a representative view of the population.

Target respondents were adults aged 18+ who had a minimum of \$10,000.00 invested in Managed Funds, Shares in a Private Company, Shares Purchased on the Stock Market, or Term Deposits.



Australia in summary



■ Great deal of confidence
 ■ Quite a bit of confidence
 ■ Some confidence
■ Very little confidence
 ■ No confidence at all

Base: Total AU Sample, 2020 n=1077, 2021 n=1024

Confidence has bounced back across both Australian and offshore markets from the drop seen in 2020 in the midst of the COVID crisis.

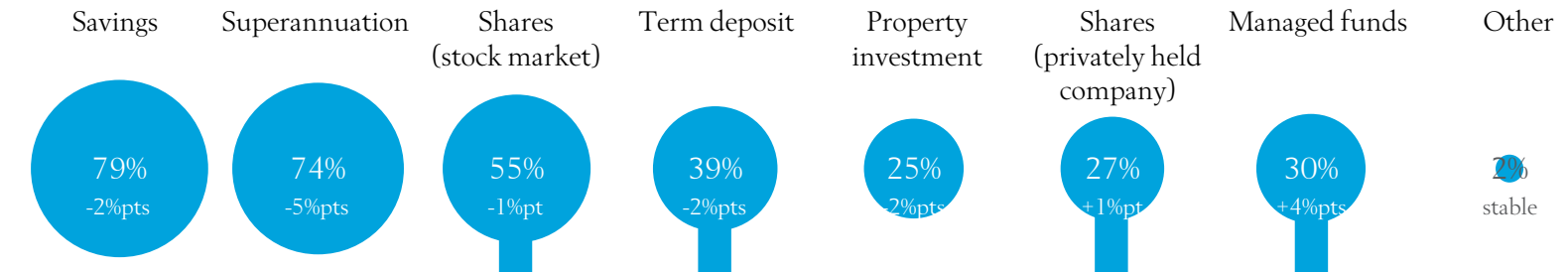
Confidence in Australian markets continues to outpace that of offshore markets, with a greater lift in confidence in 2021 as the world still grapples with COVID while Australia is in a better position.

The perceived impact of COVID has declined across most measures, and there is more positivity that Australian and international markets are performing well post-COVID.

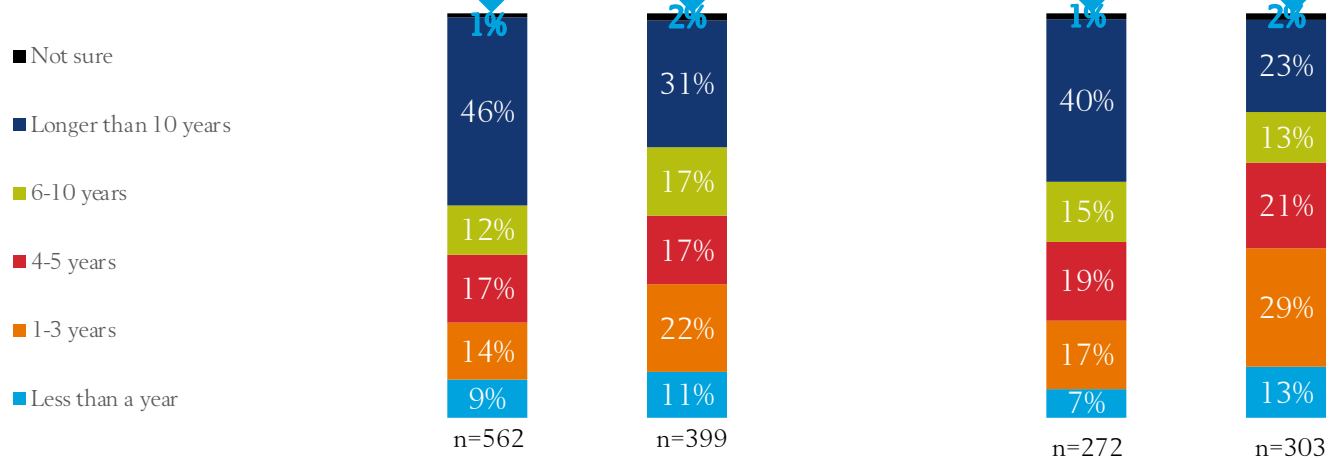


Current investments held and length of investment

Current investments held (Percentage point change vs. 2020 shown below each)



Level of investments held



In 2020, 11% of participants had held term deposits for less than a year. This has dropped to just 6% in 2021, suggesting fewer people entering into a term deposit over COVID and the subsequent low interest rates to be had for term deposits.

Managed funds show a 4% increase in reach this year, with the proportion who have held them for less than a year increasing from 8% to 13% in the last year.

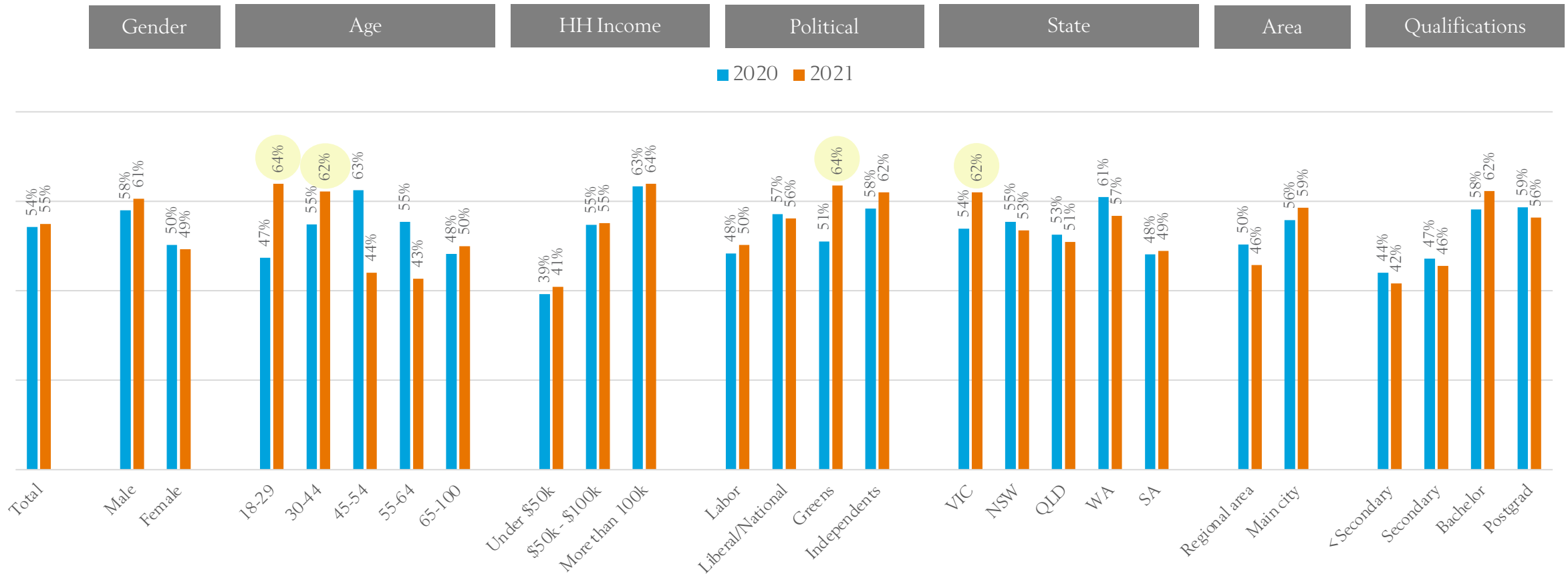
Base: Total AU Sample, 2021 n=1024, individual investment type bases below each column



Stock market shares: A profile of investors

In 2021, a higher proportion of younger investors are investing in the stock market – over three in ten of those aged below 45 years. In particular, those aged 18-29 investing in the stock market has increased from 47% in 2020 to 64% in 2021.

In addition, those politically supporting Greens are more likely to be investing in the stock market – 64% in 2021, up from 51% in 2020.

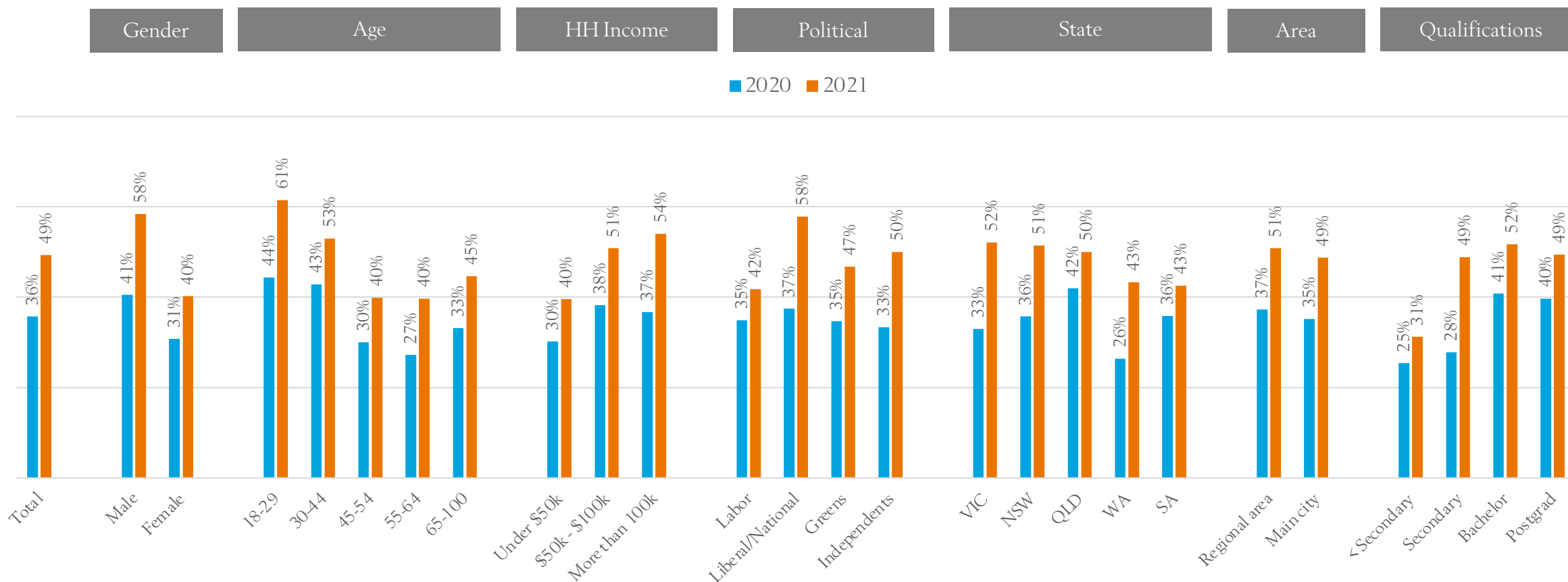


Base: Total AU Sample, 2020 n=1077, 2021 n=1024



Profile of those at least quite confident in Australian Capital Markets

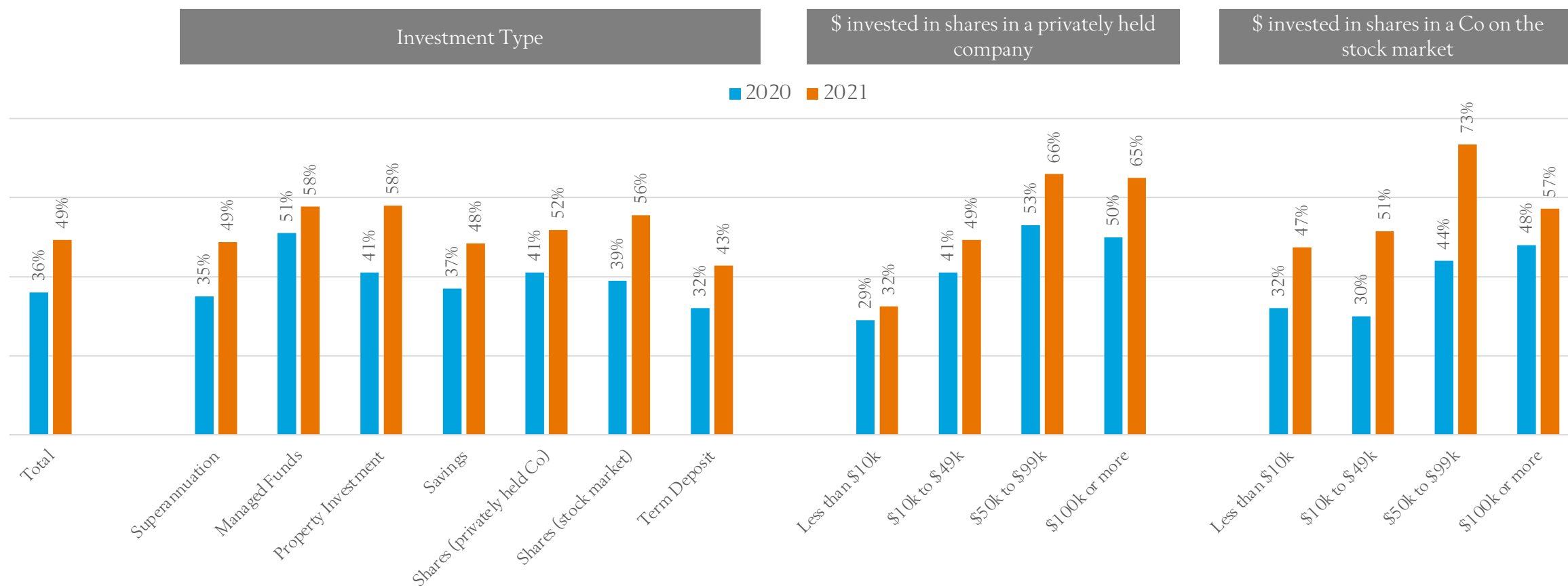
Below and overleaf shows that there are differences in confidence by demographic and investor variables. Male investors are more confident than female investors, and their confidence has increased more over the last 12 months. Similarly, younger investors are more confident, and show a larger increase in confidence from 2020 than older investors.



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



Profile of those at least quite confident in Australian Capital Markets

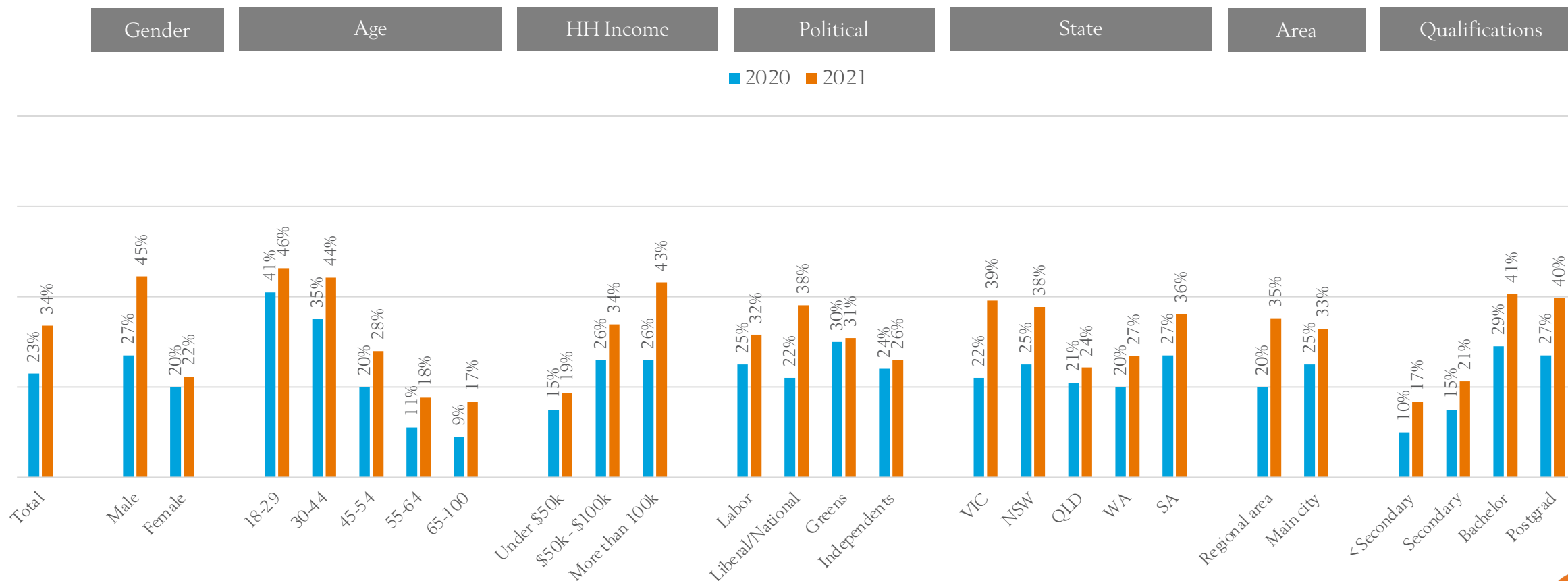


Base: Total AU Sample, 2020 n=1077, 2021 n=1024



A profile of those at least quite confident in Offshore Capital Markets

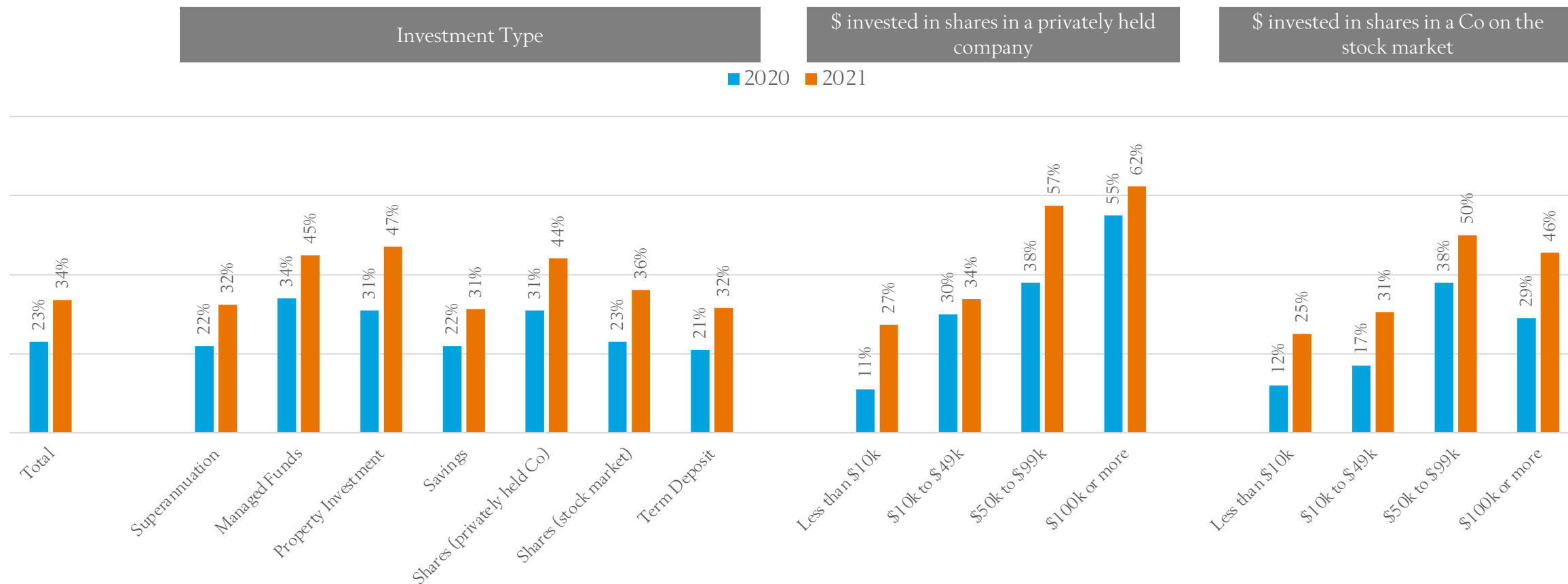
Below and overleaf shows that there are differences in confidence by demographic and investor variables. Once again, male investors are more confident than female investors, and their confidence has increased more over the last 12 months. In addition we see higher confidence among younger investors, and among those who are investing more in either privately held companies or stock market shares.



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



A profile of those at least quite confident in Offshore Capital Markets

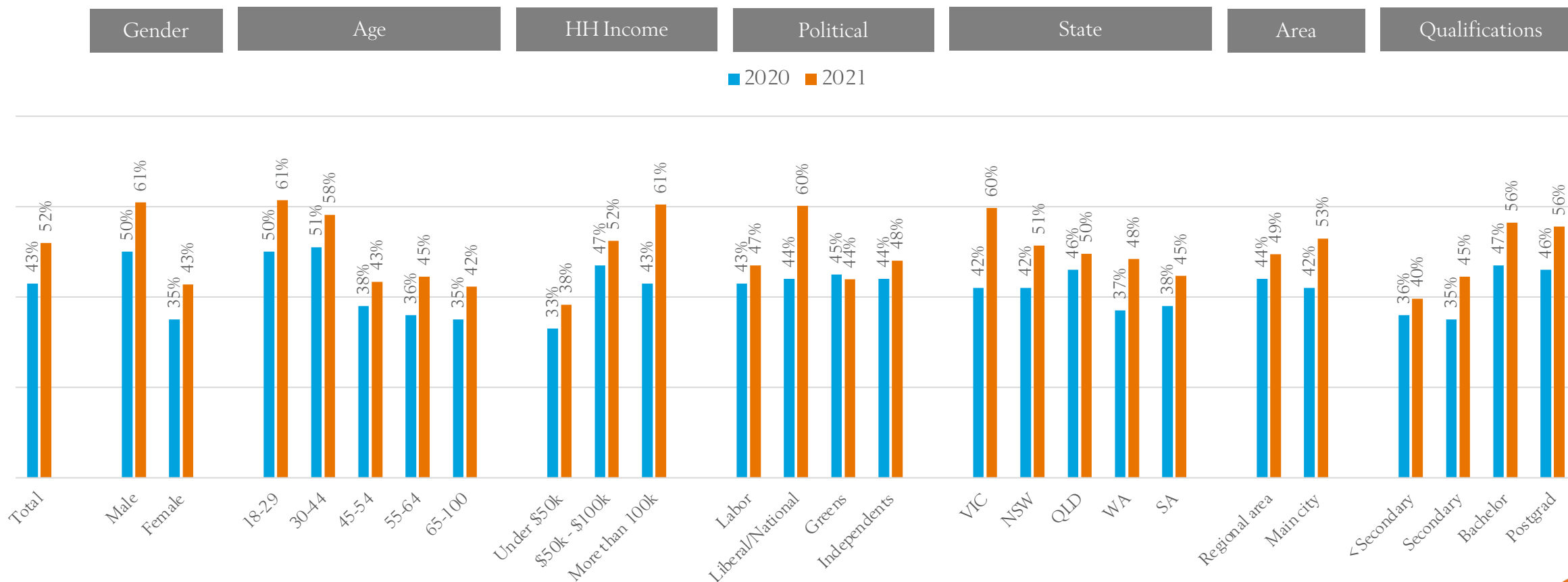


Base: Total AU Sample, 2020 n=1077, 2021 n=1024



A profile of those at least quite confident in Publicly Listed Australian Companies

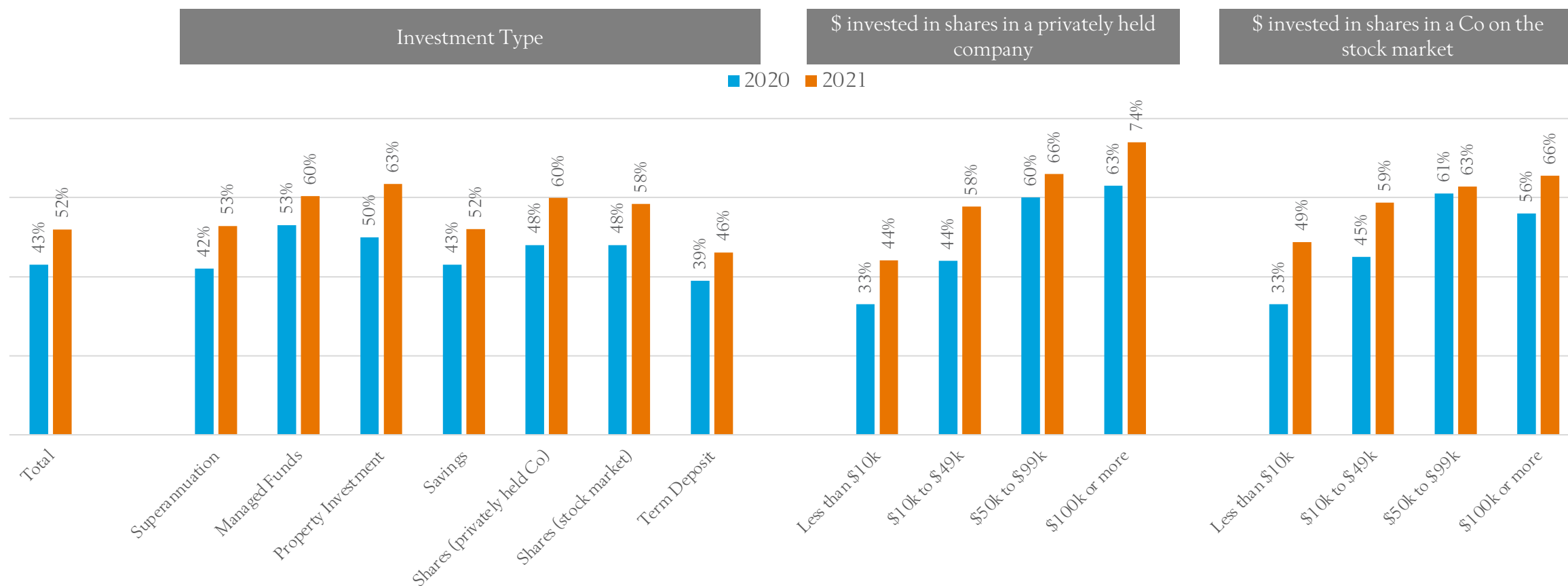
Below and overleaf show that there are differences in confidence by demographic and investor variables. Younger investors are more confident than older investors and their confidence has increased from 2020. Male investors are still more confident than female investors.



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



A profile of those at least quite confident in Publicly Listed Australian Companies



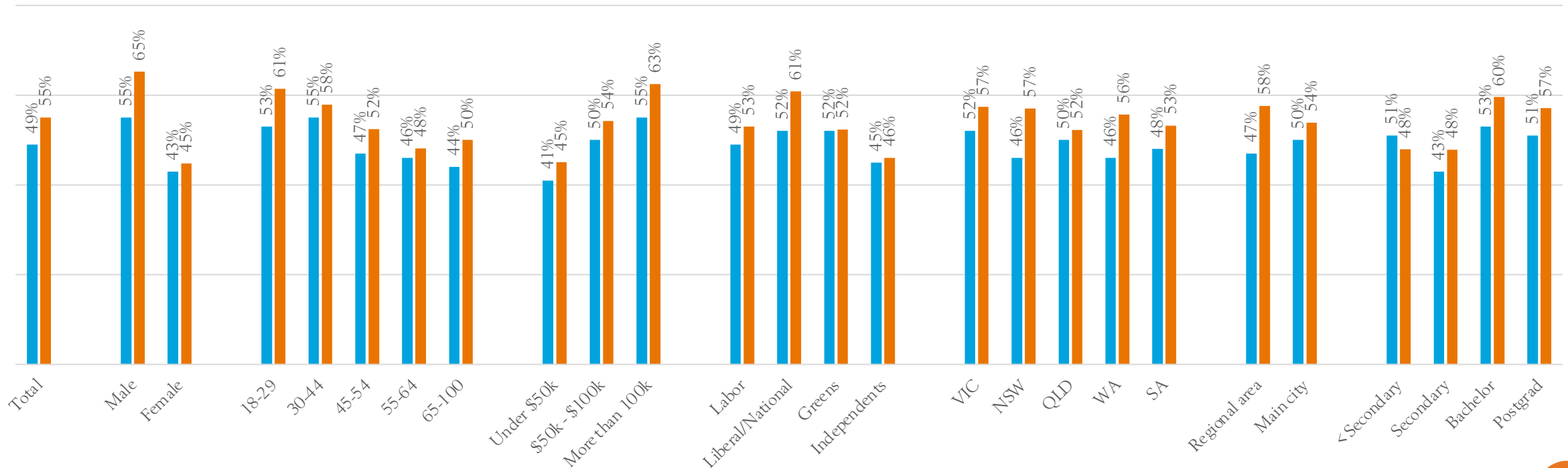
Base: Total AU Sample, 2020 n=1077, 2021 n=1024



A profile of those at least quite confident in Financial Information Released by Publicly Listed Australian Companies

Gender Age HH Income Political State Area Qualifications

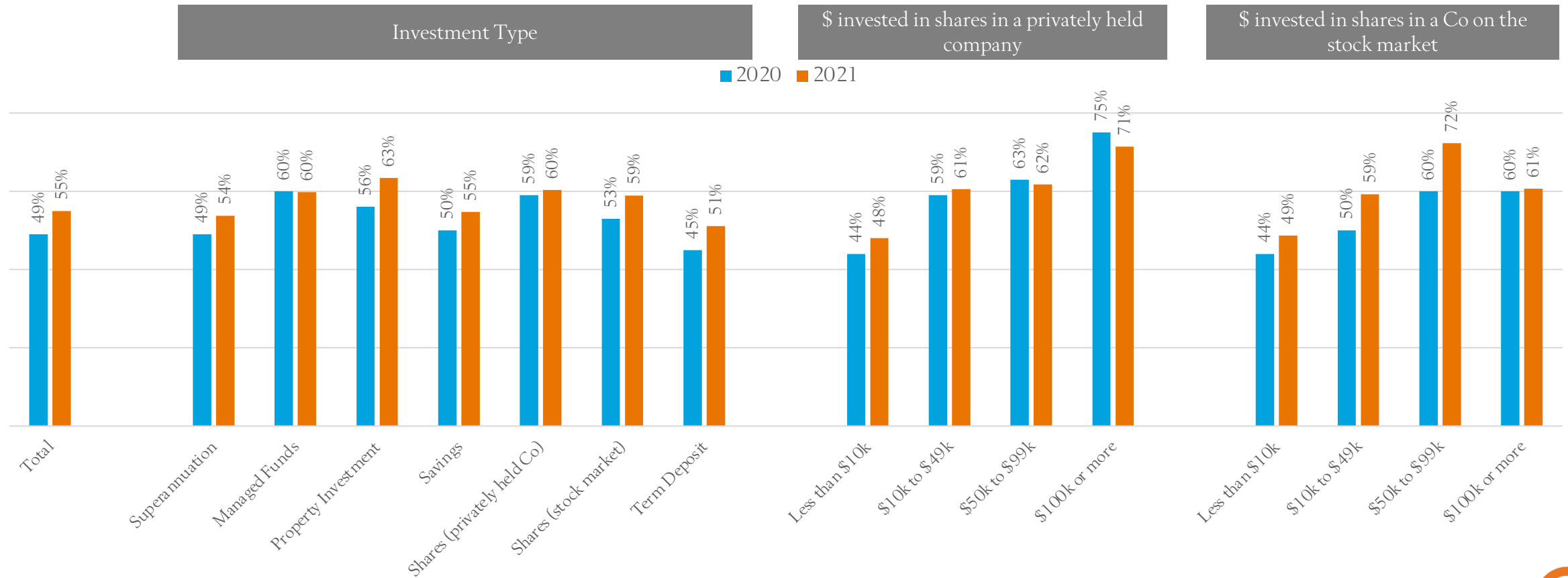
■ 2020 ■ 2021



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



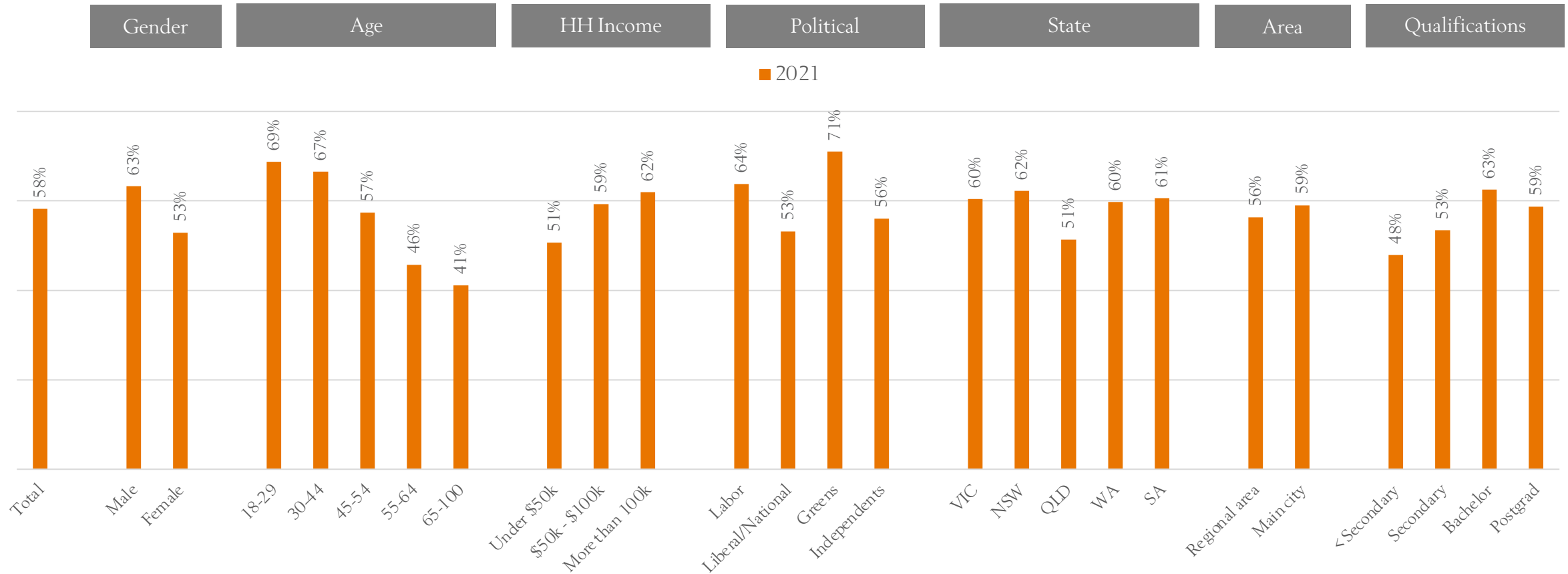
A profile of those at least quite confident in Financial Information Released by Publicly Listed Australian Companies



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



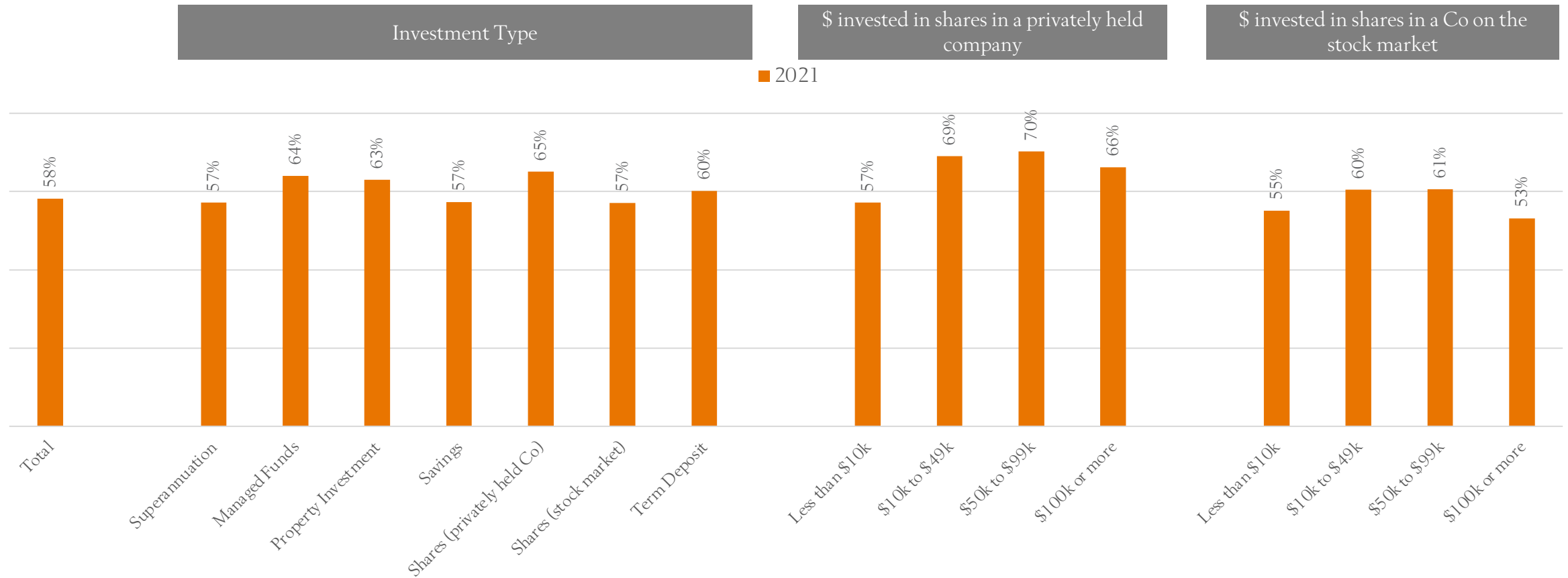
A profile of those who believe climate change is at least quite important



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



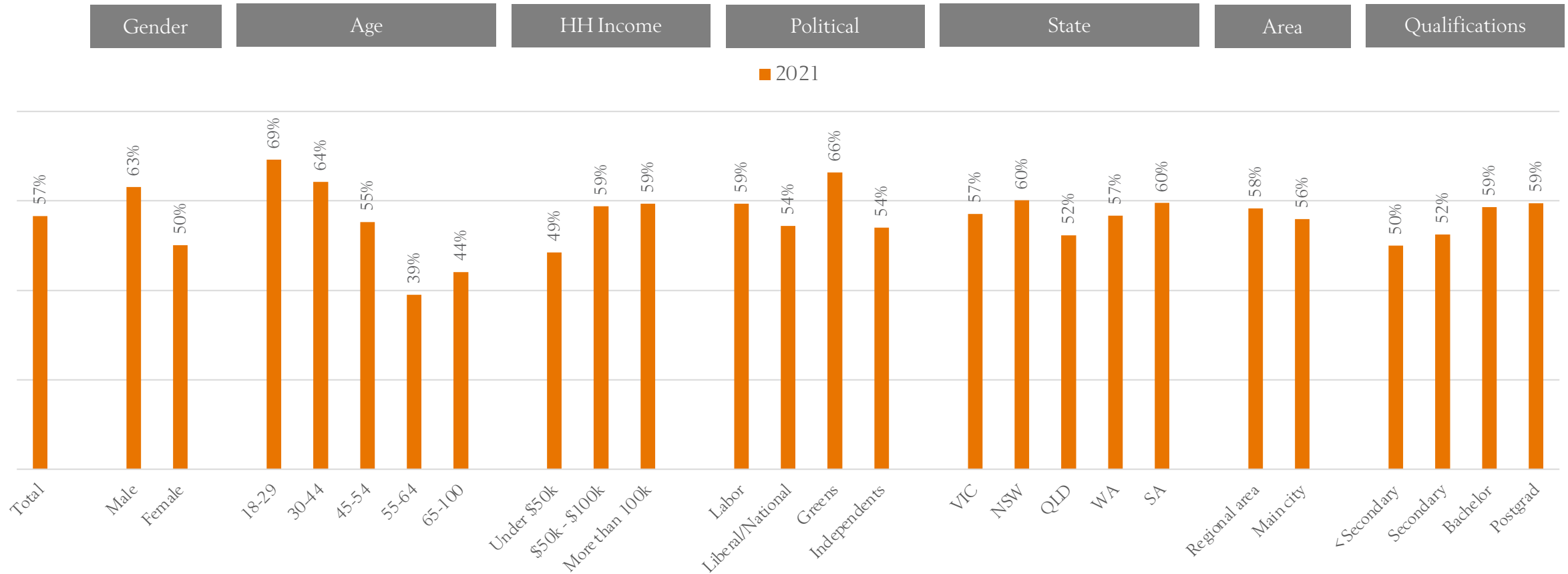
A profile of those who believe climate change is at least quite important



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



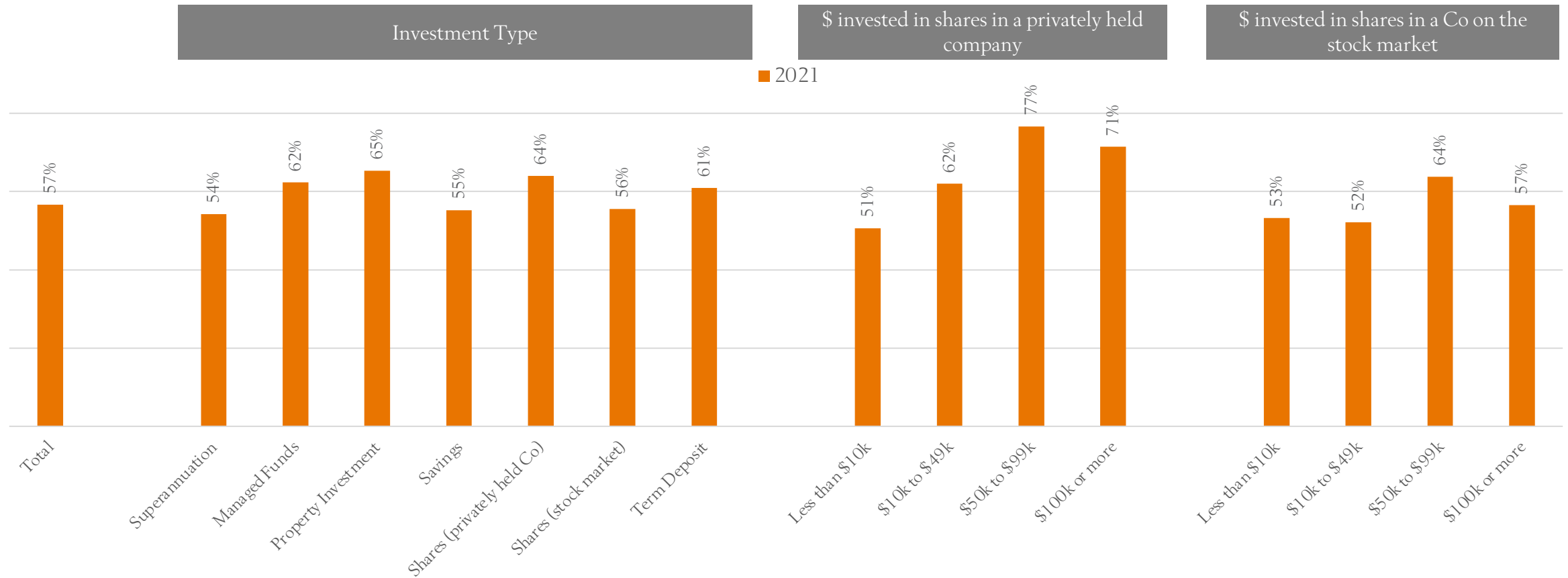
A profile of those who believe sustainability information is at least quite important



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



A profile of those who believe sustainability information is at least quite important



Base: Total AU Sample, 2020 n=1077, 2021 n=1024



About CA ANZ

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 128,000 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. Chartered Accountants are known as Difference Makers. The depth and breadth of their expertise helps them to see the big picture and chart the best course of action.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

