

Consumers and Investing: Inc Impact of COVID-19 - UK - October 2020

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“Despite the continued uncertainty caused by the COVID-19 outbreak, the prospects for the retail investment market are positive. Net sales have increased as people have looked to take advantage of increased volatility in the market, whilst falling savings rates will act as further motivation for those contemplating opening an investment account for the first time.”

- Douglas Kitchen, Financial Services Analyst

This report looks at the following areas:

- The impact of COVID-19 on the retail investment market and the outlook for the market.
- Investment products ownership and level of investable assets held.
- Attitudes towards taking financial risks, and how this has been altered by COVID-19.
- Important considerations when opening an investment product or choosing an investment provider.

While most investors have remained cautious in the wake of the COVID-19 crisis, Mintel’s research reveals that 9% of those with savings and investments say the crisis has made them more willing to take risks with their money. Of this group, 73% expect to open a new investment product within the next year.

COVID-19 looks set to increase the sale of retail investments. Although total funds under management increased significantly in the immediate aftermath of the outbreak, net retail sales significantly increased in April and May as investors sought to respond to the rapidly changing conditions and opportunities. As the market has stabilised, monthly sales have returned to more normal levels; however, it is expected that gross retail sales will increase by 15% in 2020.

The economy looks set to return to growth in 2021, although there is much uncertainty about the trajectory and pace of the recovery. An extended recession and subsequent slower recovery will harm the investment market. Even affluent older investors who are less likely to have been directly financially affected by the outbreak will take a more cautious approach if uncertainty persists.

Savings activity peaked during April and May as the lockdown period limited the opportunities to spend money, while people also took a more cautious approach to their finances. This could open up opportunities to engage with new investors who had previously been tempted but may not previously have had the funds to invest to enter the market.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Issues and Insights

- COVID-19 turmoil will provide opportunities to attract new investors
- Convenience is increasingly important but means different things to different investor groups
- ESG education could provide a useful point of engagement

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Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Qualitative research

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