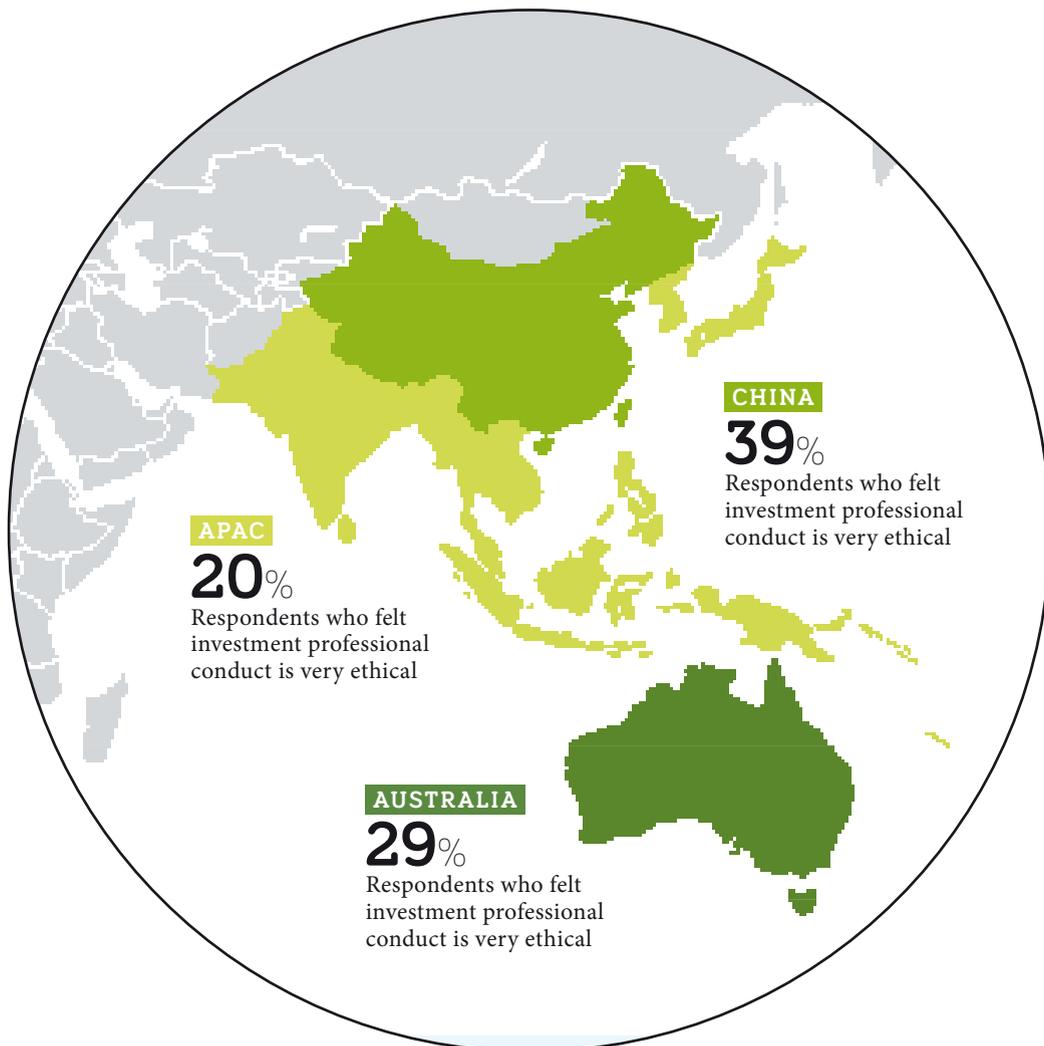


# UNCOVERING ETHICS ISSUES

*A new study by CFA Societies in Asia Pacific focused on the ethical issues that were perceived to be the greatest in Asia's investment industry*

AS ASIA'S INVESTMENT industry continues to grow, more attention is gradually being paid to the inevitable ethical issues that arise as companies ask people to hand over large sums of money, and the manner in which they then use it. CFA Societies in Asia Pacific collaborated with the CFA Institute to conduct a survey that looked at what were the most common ethical issues seen in the industry.



IT'S ALL RELATIVE

ACROSS ASIA PACIFIC, just 20% of respondents said they felt the current level of ethical and professional conduct among investment professionals was very ethical. While this was a low ranking, some geographies offered a higher level of confidence than the average. In China, this stood at 39%, and it was 29% for Australia.

**CLIENT CONFLICTS**

**RESPONDENTS WERE ALSO** asked the top ethical challenges were for investment managers dealing with their clients. Unlike the question about the most common unethical conducts witnessed today, there was less agreement of the key ethical challenge that should be focused on. Around one in four (26%) respondents prioritised the need to manage conflicts of interest, one quarter focused on product suitability and a further 25% pointed to the need to offer independence and objectivity.



**26%**  
Managing conflicts of interest



**26%**  
Product suitability



**25%**  
Independence and objectivity

**LEARNING VALUES**

**AN IMPORTANT PART** of ensuring high ethical values is teaching employees how to best embody them and consider how they impact their daily job functions. The good news is the majority of investment managers offer some ethical training; 59% said they received such training one to three times a year.

**59%**



Receive training one to three times a year

**37%**



In smaller firms don't receive ethics training

**27%**



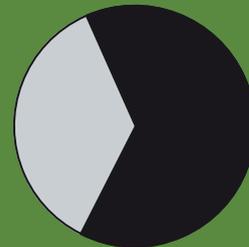
Have never received ethics training

**INSTITUTIONAL TRUST**

**INSTITUTIONAL INVESTORS WERE** seen as being more supportive of ethical standards in the investment management industry. Sixty-one percent of respondents said institutional investors would rate the trustworthiness of the profession as very high, while on 34% said retail investors would do the same.

**34%**

Respondents who felt retail investors would consider investment professionals as very trustworthy

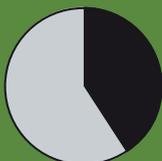


**61%**

Respondents who felt institutional investors would say investment professionals are very trustworthy

**INVESTMENT MANAGERS' TOP VICES**

**WHILE MOST INVESTMENT** managers gained good marks, respondents were pretty clear about what the chief ethical failing was among those that didn't hit the mark. In all, 59% said the top unethical conduct seen in the industry was a lack of consideration about the most suitable products for their clients' needs. One-third felt a lack of disclosure over conflicts of interest was the most common concern, while 31% felt some investment managers didn't use reasonable care or prudent judgement to achieve independence and objective advice.



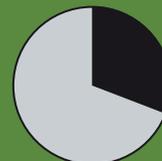
**41%**

Not considering product suitability



**33%**

Not disclosing conflicts of interest



**31%**

Not maintaining independence or objectivity

All charts and figures are sourced from the CFA Societies Ethics Survey 2018, which was open from March 12 to 27, and received 861 responses. Of these, 95% were CFA charterholders.