

# Infographics and Financial Decisions: An Eye-Tracking Experiment

“Salient infographics help index mutual fund investors to minimise costs”

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Consumers who save for their pension in a DC pension scheme and the self-employed often invest in index mutual funds. They tend to invest in expensive funds because they fail to take fund fees sufficiently into account. A Key Investor Information Document (KIID) is mandatory for many investment and insurance products in the EU. The KIID should make a fund’s costs and benefits clear. We used eye-tracking equipment to investigate how the saliency of infographics and tables in a KIID enables investors to make optimal investment decisions and minimise avoidable costs.

## Principal Findings

- Net expected return graphs visualising charges and risks reduce the amount of avoidable costs.
- Avoidable costs are lower if respondents make more comparisons between net expected return infographics or charges tables between different funds.
- The same holds when respondents focus more on infographics and tables.
- Moreover, the infographics and tables demand no extra mental efforts from investors.

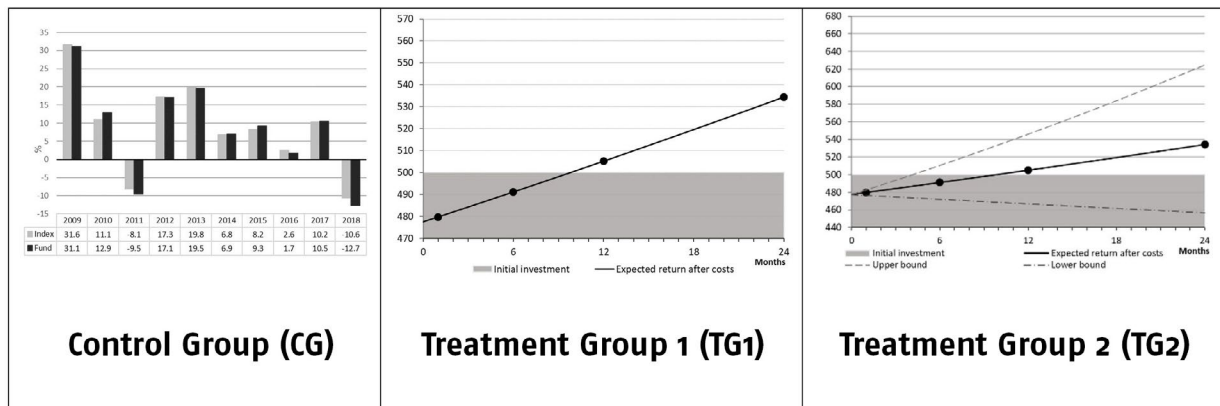


Figure: Example of differences of information treatments

## Key Takeaways for the Industry

- Replace the past return graph in the mandatory KIID with a net expected return graph.
- Easier graphical comparison of financial products enables untrained or inexperienced investors, in particular, to reduce avoidable costs.



Want to know more? Read the paper

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