

Infographics and Financial Decisions

“Infographics can help potentially vulnerable investors make better decisions.”

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European investment funds have been including infographics in their mandatory information documents since 2012. Research shows that such visual depictions of the differences between major investment funds can help consumers with low financial literacy and little investment experience to significantly reduce avoidable fees. This effect is absent among retail investors with investment experience, although the infographics do not harm their decision-making process either.

Principal Findings

- In order to exclude the effect of financial literacy on decisions, the study was conducted among students (representative of consumers with limited or no experience in individual financial decision-making) and experienced retail investors.
- Infographics help students make better decisions and avoid unnecessary fees, while this effect is absent among experienced retail investors.
- The inexperienced (vulnerable) group had 20% less avoidable fees on average when they consulted the infographics in the mandatory information documents provided by investment funds.

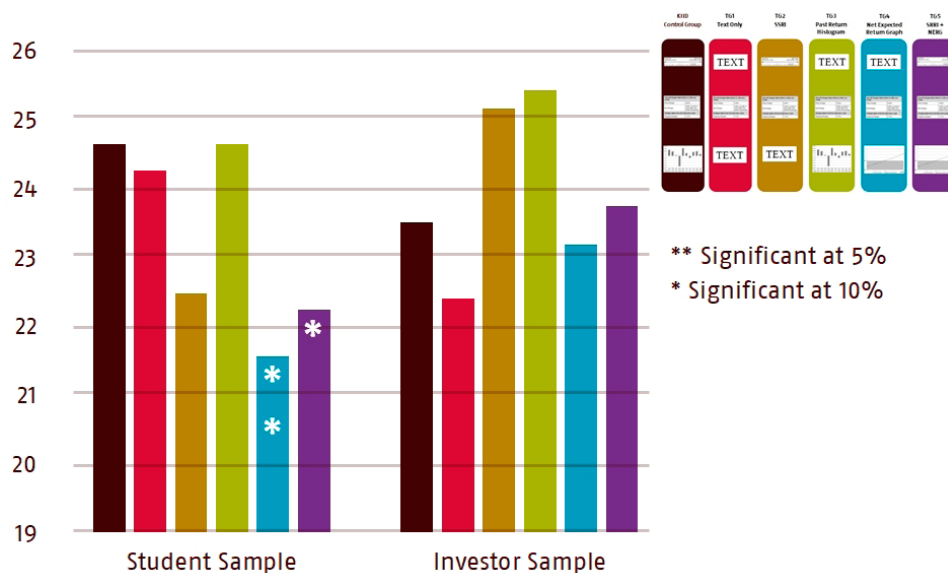


Figure: Avoidable fees in euros and types of infographics. Choosing an optimal strategy results in no fees.

Key Takeaways for the Industry

- These results may be relevant for those who have to make financial decisions independently such as self-employed individuals or temporary workers.
- In addition, the findings suggest that pension providers could improve the comprehensibility of their information documents by including thoughtfully developed infographics.



Want to know more? Read the paper
'Infographics and Financial Decisions'