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Thank you for the kind introduction, Nick. And thank you for all the hard work and dedication you bring to the cause of investor education.

I'm also very grateful to IOSCO Secretary General Philippe Richard and Technical Committee Chairman Michel Prada for inviting me to speak here today. It's truly an honor to be here.

Before I begin, I'd like to also thank the International Forum for Investor Education and IOSCO for their leadership and perseverance in fostering investor education around the globe.

This joint conference will serve as a critical catalyst for change as we all learn from one another's experiences and share new, innovative ideas.

But, most importantly, I must thank each of you for taking the time to travel from your home countries — from five continents across the globe — to hear first-hand about the latest approaches to investor education.

This is my first speaking engagement abroad since the creation of FINRA in July and I can't think of a more important topic to address.

Today, the world's capital markets have become linked like never before in the history of finance.

Technology and communications have created global financial firms that operate across the world and across borders.

At the same time, national economic identities are being shattered by the merger of exchanges and other institutions.

One needs to look no further than NYSE Euronext and numerous other efforts aimed at cross-border consolidation of trading facilities to understand that we're living in a new era of financial globalization — and it's here to stay.

No corner of the market is immune from these changes, and no investor can hide from these realities. And, as a result, every investor's financial literacy becomes more important than ever.

Increased knowledge among the world's investors will give them the confidence to invest and the understanding they need to thrive financially.

But one consequence of globalization is the fact that a lack of confidence or financial understanding in one country can now cause a ripple effect across the entire marketplace.

That's the new challenge today. And that's why this conference is so important.

We can't afford to view investor education simply as a national responsibility. That's where it begins, but we need to think globally, linking arms and working together.

Empowering investors to make informed choices is both a personal passion of mine and a key priority for the Financial Industry Regulatory Authority — or FINRA.

Like IOSCO and IFIE, FINRA firmly believes that investor education plays an indispensable role when it comes to protecting investors. I would argue that investor protection *begins* with investor education.

But despite its importance, the proliferation of financial literacy education — and investor education in particular — is a relatively new phenomenon.

While some initiatives, such as stock trading simulations, have been around for decades, about three-quarters of existing financial education programs in the United States were started in the late 1990s or earlier this decade.

While many regulators around the globe have had consumer-focused departments for a decade or more, it is only recently that we have become more proactive in our outreach to investors.

To be sure, this is an extraordinarily exciting time for investor education.

In the past few years, several countries have developed their own national strategies for improving financial understanding.

And leading organizations across the globe — from IOSCO, to the G-8, to the Organization of Economic Cooperation and Development in Europe — have convened major conferences bringing together the best and brightest minds to explore how best to improve investor competency world-wide.

We at FINRA are proud to be one of the founding members of IFIE. We truly believe in its mission and support its efforts to create a kind of global financial classroom for all investors no matter what country they live in.

And today's technological and communications advancements make it possible to reach each other, and investors, faster than ever before.

IFIE's clearinghouse on its web site is a treasure trove of resources for investor education. You'll find an extensive catalog of investor education programs and relevant research, as well as trends and developments in the field.

When FINRA first became involved in IFIE — back in 2005 — we were still known as NASD. But, about two months ago we made a few changes. I'd like to take a moment to talk about those changes.

At the end of July, NASD and the member regulation operations of the New York Stock Exchange consolidated to form the largest non-governmental regulator for all securities firms doing business in the United States — FINRA.

Although we have a new name, our mission remains the same: FINRA is dedicated to investor protection and market integrity.

As the single, largest non-governmental regulator of the US securities industry, FINRA works to keep America's capital markets fair.

FINRA licenses and regulates all 5,100 brokerage firms and nearly 700,000 brokers that sell stocks, mutual funds, bonds and other securities to the public. We write the rules that govern their behavior, examine or audit them for compliance with those rules and discipline firms and brokers who violate investors' trust.

FINRA issues fines, suspends or expels individuals and firms from the industry, and can compel them to pay restitution to investors who have been harmed by rogue brokers.

We also regulate trading on the Nasdaq Stock Market, American Stock Exchange, International Securities Exchange and the Chicago Climate Exchange. – and operate major industry utilities such as TRACE, the corporate bond transaction reporting system.

We also continue to devote significant resources toward investor education programs. And each year that I've been with FINRA, we've increased our focus on investor education.

We now offer multiple tools on our Web site that can help investors manage their money with confidence.

BrokerCheck and our professional designations database help investors find out more about the investment professionals with whom they do business. And our Mutual Fund Expense Analyzer and new Market Data Center help investors better understand their investments.

In addition to the Internet, we use public forums and the media to help investors build their financial knowledge and provide them with essential information to better understand the markets and basic principles of saving and investing.

We also publish investor alerts to warn investors about fraud and to demystify complicated products or emerging trends in investing.

Because we view investor education as such an important part of our mission, we established the FINRA Investor Education Foundation in 2003.

Currently funded with more than \$82 million, it is the largest foundation in the U.S. dedicated to investor education.

The Foundation funds grants to universities and non-profits for research and programs that help individual investors understand the complexities of investing and the markets.

We recognize, as the IOSCO Technical Committee's Discussion Paper on Investor Education so rightly points out, that a "one-size-fits-all" approach to investor education simply can't work.

But figuring out what *does* work can be difficult — especially when you're dealing with diverse audiences with different needs and different levels of literacy.

That's why we place such a high priority on research — and on developing programs that are firmly grounded in research.

We post the findings of all of our funded research on the Foundation's Web site at www.finrafoundation.org.

In this way, everyone who engages in financial and investor education can benefit from the research and learn more about our grantees' initiatives.

So, aside from the joy of spending time in Madrid and a shared belief in the importance of building financial understanding, what brings all of us here to this conference?

For me, it's the young couple just beginning to plan their financial future, but who don't know if they are making the right long-term decisions.

It's also the young employee starting her first full-time job after graduation. She has the advantage of time and the opportunity to put herself on a strong financial footing for the rest of her life if she makes the right choices now.

And it's the widower who worries whether he'll have enough money to live out his remaining years comfortably. He's the one who answers a call from a stranger promising to sell him financial security, but finds out too late that the stranger is a con artist, eager to steal his life savings.

No matter which country you come from, you know real people who face similar challenges — and who need help handling their money.

I'm talking about our parents and grandparents, our neighbors and our friends. They work hard and try to save.

But when it comes to making sound, informed decisions about their financial futures, they don't always have all the answers — and many times don't take the time to learn. Or don't know where to turn for help.

Now, to be frank, our task of educating investors is not always an easy one. That's why we're here today.

Even when you have a talented and enthusiastic team to build and sustain your program — and the financial resources to distribute your materials and tools — the truth is our ultimate audiences, real-life retail investors, aren't always as receptive to our messages as we'd like them to be.

Why is this? I can think of several possible answers — including apathy, avoidance, ignorance and fear. All of these barriers can be formidable foes.

That's why all of us — regulators, exchanges and all market participants — must take on the challenge of making financial education more interesting, more accessible and more effective, particularly as our markets and the financial products available to investors become increasingly complex.

So where do we begin?

I believe it helps to begin by understanding why investors make some of the choices they make — and why they engage in behaviors that seem risky or unwise.

Behavioral psychology can help open a window of understanding and explain how human nature — traits that many of us share — can lead investors to make bad choices.

With a grant from the FINRA Foundation, researchers from Princeton University recently concluded a study that identified and examined three types of biases that play a role in poor investment decisions. I'd like to share with you some of their findings.

First, and not surprisingly, people tend to be blind to their own biases.

They simply don't see their own tendency to be unrealistically optimistic about their financial futures.

And they fail to recognize as a bias their tendency to trust a well-dressed broker with a degree from a top-ranked university over a casually-dressed broker with a degree from a local college.

Second, in situations where people are forced to absorb a great deal of information in a short period of time — while surfing the Internet, for example, or attending a seminar with a slick, fast-talking salesperson — they tend to fall into a state of euphoria and begin to feel invincible.

All too often, the excitement of getting caught up in the moment leads people to make disastrous choices.

And third, people tend to see their future selves as completely different people from their current selves. As a result, many people prefer to live for today and reap the instant gratification of spending and consuming *now* instead of saving for a far-off and difficult-to-imagine future reward.

All of this research information is quite valuable and interesting, but how can knowing about investor biases help us to improve the messages we deliver? Perhaps by challenging us to rethink how we communicate with investors — and which messages we emphasize.

Many investor education programs emphasize the basics of investing — the difference between a stock and a bond, the power of compound interest, and so on. And it's absolutely critical that these programs continue to teach these fundamental concepts.

But, as regulators know, investors tend to run into problems when they choose to buy an investment from the wrong person — or without fully thinking through the consequences of their action.

The Princeton researchers tested different interventions to see which could potentially mitigate investor biases.

They found that simply warning people about their tendency to have certain biases can go a long way toward reducing or eliminating their impact.

They also found that asking investors to engage in a series of mental exercises to slow down their decision-making can reverse the “fast thinking” euphoria that arises in high-pressure sales pitches.

This type of psychological and behavioral research — when carried out by respected and trustworthy experts — provides rich soil for developing educational messages that potentially go far beyond the basics of investing or the mechanics of marketplaces.

At FINRA, we make every attempt to ground our efforts in research and to use insights gleaned from that research to inform how we craft our messages. Let me share an example of how we're doing this.

A couple of years ago, the Foundation funded a research project that examined why certain elderly investors are more susceptible to fraud than others — and compared the personality traits of known fraud victims with non-victims.

The findings, released last year, shattered the stereotype of investment fraud victims as isolated, frail and gullible.

We learned that older victims of investment fraud often score *higher* on financial literacy tests than non-victims. Most are well-educated and have above-average income. They tend to be more likely to listen to sales pitches — and more likely to rely on their own experience and knowledge when making investment decisions.

And they are more optimistic about the future than non-victims, which suggests a “wishful thinking” mentality that can be easily manipulated.

Researchers also analyzed undercover tape recordings of fraud pitches to see how con artists influence their victims.

We learned that investment fraud victims are bombarded with a higher number and wide assortment of influence or high pressure tactics.

FINRA has been relying heavily on this research as we prepare to launch a pilot investor protection program aimed at older investors. We realize that it's not enough to teach only the nuts and bolts of investing — or to simply describe different types of scams.

Instead, we must also expand financial literacy and fraud prevention programs to include information about how persuasion works.

I applaud The Australian Competition and Consumer Commission for taking this approach when they published *The Little Black Book of Scams* nearly two years ago.

It not only raises awareness about different types of common scams, but it also tells the reader in plain language exactly how the scammers use influence and persuasion to carry out their scams.

In developing our program, we've been inspired by what others around the globe are doing. For further guidance, we're also looking carefully at a report by the Organization for Economic Cooperation and Development—or OECD—on consumer information campaigns related to scams.

The OECD examined a wide variety of anti-fraud campaigns to develop best practices. Its report emphasizes that the most successful consumer campaigns focus on behavior change. In other words, they not only describe the elements of a problem, but they also identify specific actions the consumer should take to avoid the problem.

These practices and the emphasis on behavior change are at the heart of social marketing.

During the closing session of the conference tomorrow afternoon, you'll learn much more about social marketing from the person who literally wrote the book in this field — Professor Alan Andreasen of Georgetown University's McDonough School of Business — and you'll learn how you can use social marketing to enhance investor education in your country.

In the meantime, let me spend a moment on marketing in general.

Today, I've been underscoring the importance of learning more about how investors think and behave so we can develop meaningful investor education programs.

Making our financial education programs more appealing and more effective requires all of us to be part-time teachers and part-time psychologists.

But I also believe that reaching investors in a meaningful way — and making our messages stick — requires us to be full-time marketers.

Conducting a successful investor education campaign requires sustained, strategic outreach. Marketers talk about the Rule of Repetition.

It really comes down to this—people don't take action the first time they hear something. They need to hear it over and over.

It takes five exposures to a message for someone to take action with even a well-known product, service or cause.

Imagine how diligent we need to be with concepts such as taking charge of one's financial future, understanding complex investments or avoiding investment fraud.

This requires ever-increasing exposure directed at those who are not otherwise focused on these issues.

The ironic part of this task is that we most need to help those who don't think they need help.

So how can we do that? We can start by making information relevant, easy to obtain and easy to understand.

While there's no single way to do this, creativity is key.

It's imperative that we craft messages and identify strategies that will engage people and show them that investor education is relevant and important no matter what stage of life they're in — or what level of experience they have.

And we must be very proactive in our marketing efforts. Simply building a web site, for example, and expecting visitors to appear won't achieve the goal.

Getting people to save smart, and invest in ways that create wealth, requires a commitment on many fronts, including listening very carefully to our audiences, understanding investor behavior and building stronger partnerships.

And that brings me to a point I cannot emphasize enough — partnerships.

Personally, I believe our collective goal should be nothing less than to provide the citizens of every country represented here today with the best messages, the best tools and the best tactics to help them build and maintain a secure financial future for themselves and their families.

But that's not a task that can be completed in short order. And it's not a task that can be accomplished alone.

Those of you here today who are regulators have an especially daunting task. In addition to the day-to-day challenges of overseeing rapidly changing securities markets, you're expected to reach and educate all audiences in equal measure.

You have the enormous challenge of marketing and distributing investor education to all interested citizens — and even to those citizens who aren't so interested.

But the fact is, government regulators have a unique capacity to raise awareness about an issue and attract public attention through the media — and that ability needs to be exploited fully.

Regardless of whether your program is fully-funded and well-established — or brand new with few resources — every regulator in this room can leverage their impact by initiating strategic partnerships with other government agencies, the media or non-profit organizations involved in financial education.

An excellent example of how this can work comes from a recent initiative by IOSCO's SRO Consultative Committee. This committee worked together to create a model investor alert on market risk. The topic has universal appeal — and the model alert can easily be adapted for use in any country.

While it's critical that you remain neutral and not appear to endorse particular products or firms, you can even find ways to involve industry participants and the companies you regulate.

In the United States, government regulators — such as the Securities and Exchange Commission and the Federal Reserve — encourage everyone to use their financial literacy materials and to provide valuable links to the tools they offer on their web sites.

At FINRA, we embrace a similar strategy.

We encourage brokerage firms to disseminate our investor education materials by including links to our online tools and learning centers on their own web sites. And we use press releases and media outreach to ensure that the public becomes aware of our latest investor alerts and tools.

At the Foundation, we're in the process of creating a library of investor education content that will be made available to our grantees at no cost.

That way they won't have to take on the burden of reinventing the wheel when they expand their programs to include investor education concepts.

Another way regulators can serve as leaders is to bring together diverse groups to see whether and how we can work together to increase investor awareness of their rights and responsibilities, expand investor education initiatives and increase confidence in the markets.

Earlier this year, the FINRA Foundation hosted a symposium at Dartmouth University for more than 50 grantees and leaders in the field of investor education.

We explored ways to improve how we market and distribute our materials. And as part of the process, we learned how to foster better partnerships with one another.

And earlier this month, we participated in the Securities and Exchange Commission's Senior Summit.

The event brought together officials from across the industry to heighten cooperation among regulators and law enforcement in identifying and preventing investment scams that target the elderly.

From early retirement scams to the use of meaningless professional designations by advisors in the United States, senior citizens are in danger of being scammed by con artists at an alarming rate.

In a recent survey, of the 55 percent of respondents who said they lost money on an investment, 19 percent—almost one in five—attribute that loss to being misled or defrauded.

In particular, FINRA is heavily focused on educating seniors about the proliferation of professional designations that give the false impression that an investment advisor is a "retirement expert."

The unfortunate fact is that some of these inflated designations can be obtained simply by paying membership dues to an organization with an impressive sounding name.

Too many times they mean absolutely nothing. Seniors put their trust in these individuals and are led down a path of financial ruin. The best weapon investors have to stop these scams is their own knowledge.

The Senior Summit was an excellent example of bringing together all interested parties to educate vulnerable investors and address a growing problem on multiple fronts – together.

And that's what it really boils down to – how all of us can work together. That's why this conference is so important.

Advancing the cause of investor education in a global financial environment is a daunting task and it's a never-ending struggle. But it's one we simply can't afford to ignore – or take on alone.

I can assure you that no single country or organization holds the key to creating successful investor education programs. But we all have ideas. And we all have success stories and lessons-learned that we can share.

When you return to your respective countries, I urge each of you to share with your colleagues the best practices and innovative strategies you learn here over the next two days.

Albert Einstein said he never thought much about the future because it came soon enough. Today, unfortunately, too many people across the world share that view when it comes to their own finances.

Einstein was right about the future – it certainly will come. The only question is, “How prepared will the world’s investors be?”

This conference is the first step to answering that question.

Thank you.