

Selection of Financial Products

1. Criteria for the Selection of Financial Products

- The most important criterion in the selection of financial products is still “whether or not the principal is guaranteed,” with the percentage of households selecting this criterion reaching a record high since the question was first incorporated into the survey in 1977. Also, the percentage of households citing “the financial institution handling the product is safe and trustworthy” as well as “can make deposits or withdrawals without difficulty” and “can be cashed without difficulty” has increased compared with last year, whereas that of “can expect high yield” has decreased [Figure 5].
- When these individual criteria are interpreted according to the three criteria of safety, liquidity, and profitability², safety still garners the most responses and has even increased compared with last year. Liquidity has also increased in importance, whereas profitability has decreased.

² Individual criteria are interpreted in terms of safety, liquidity, or profitability as follows:

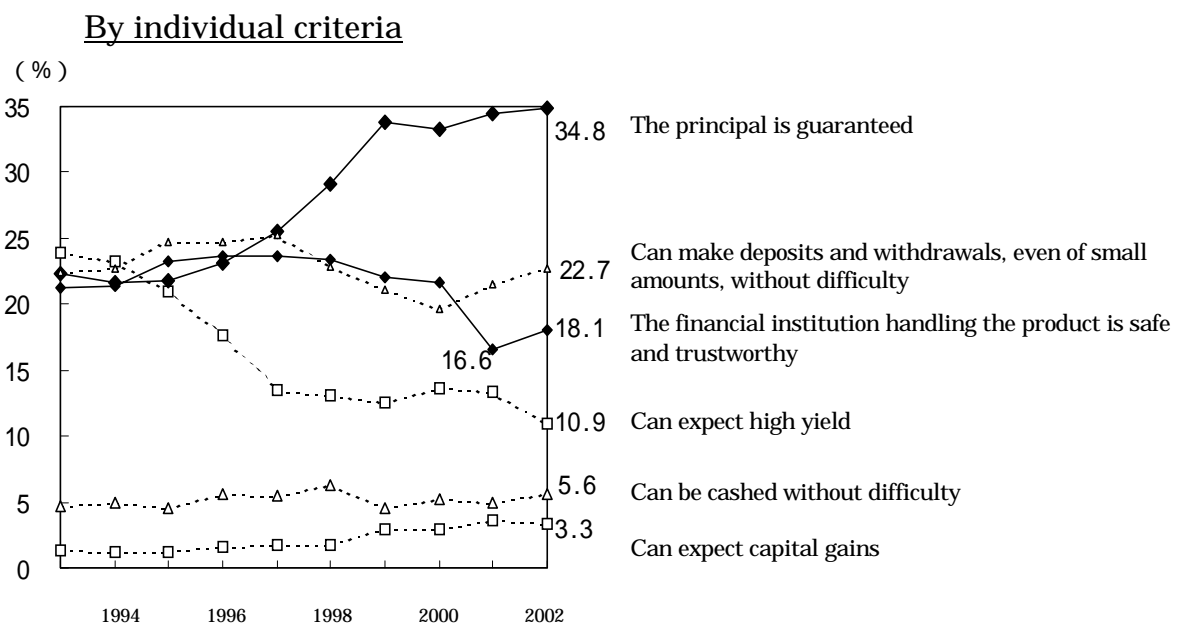
Safety: “The principal is guaranteed.” “The financial institution handling the product is safe and trustworthy.”

Profitability: “Can expect high yield.” “Can expect capital gains.”

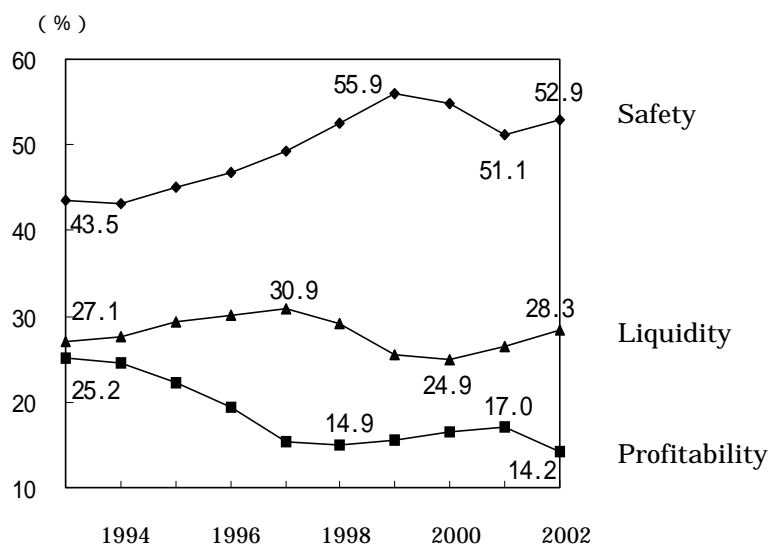
Liquidity: “Can make deposits or withdrawals, even of small amounts, without difficulty.” “Can be cashed without difficulty.”

Figure 5. Important Criteria in the Selection of Financial Products

<Question 5>



By the three criteria



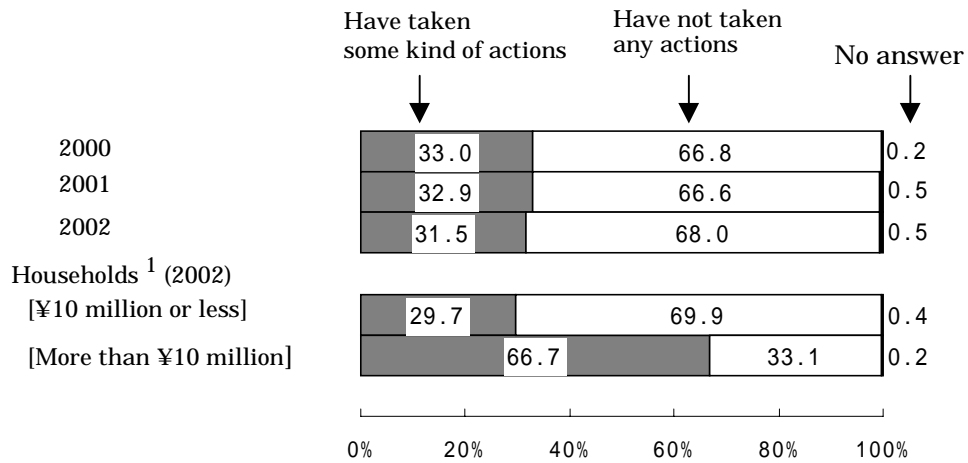
2. Actions Relating to the Selection of Financial Products

(a) Actions to Secure the Safety of Financial Assets and Future Intentions

- More than 30% of households indicated that they had taken “some kind of actions” to enhance the safety of financial assets [Figure 6].
- When focusing on households having more than ¥10 million³ of deposits and savings (excluding postal savings), two thirds had taken “some kind of actions.” Actions taken were as follows: “spread deposits among multiple financial institutions so that deposits at any one institution do not exceed ¥10 million” (more than 60% of households), “switched the portion exceeding ¥10 million to payment and settlement account deposits” (more than 20% of households), and “invested the portion exceeding ¥10 million in other types of assets (Japanese government bonds, gold, etc.)” (10% of households) [Figure 6].
- With regard to future intentions, slightly less than 60% of households responded that they “want to take some kind of actions,” with this percentage being somewhat lower than last year. However, in those households having more than ¥10 million of deposits and savings (excluding postal savings), 80% responded that they “want to take some kind of actions” [Figure 7].

³ ¥10 million is used here as a benchmark of the amount of financial assets for the analysis in this survey, due to the fact that in Japan the deposit insurance system protects the principals of most deposits and savings up to ¥10 million.

Figure 6. Actions to Enhance the Safety of Financial Assets <Question 15(a)>

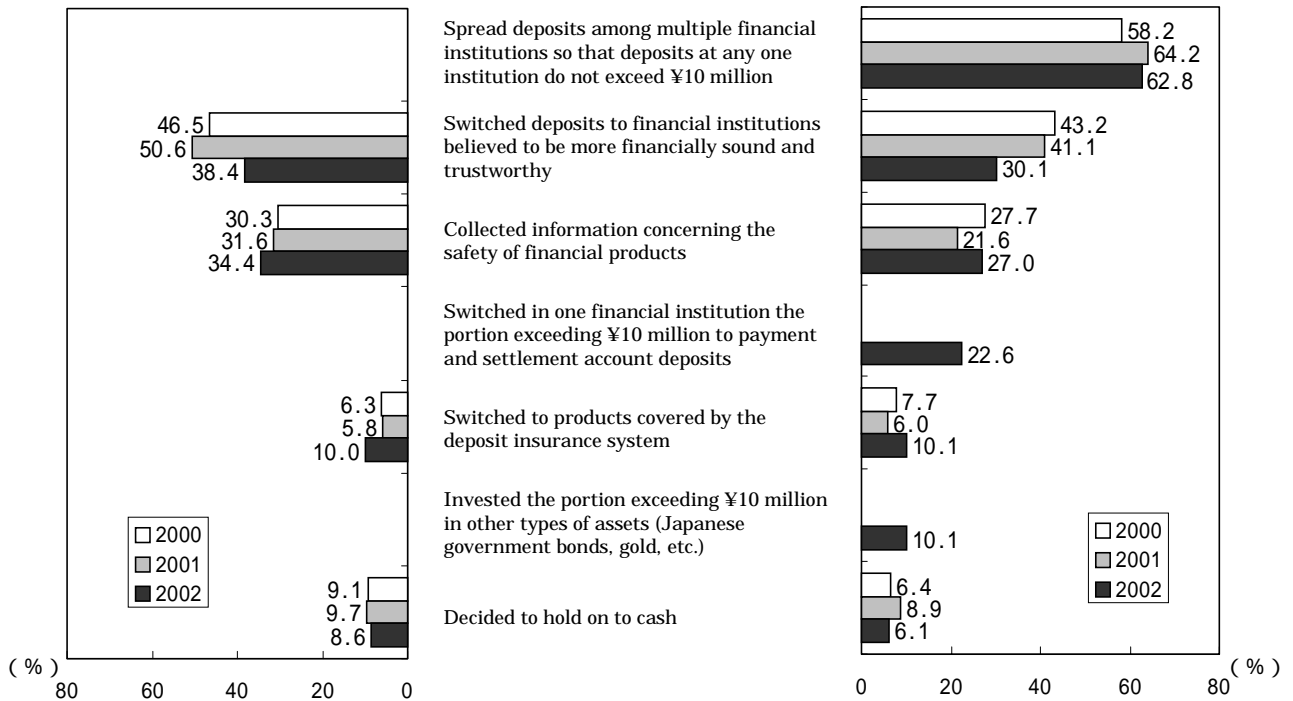


¹ Households having deposits and savings (excluding postal savings).

Specific Actions Already Taken (Respondents were allowed to choose multiple answers.)

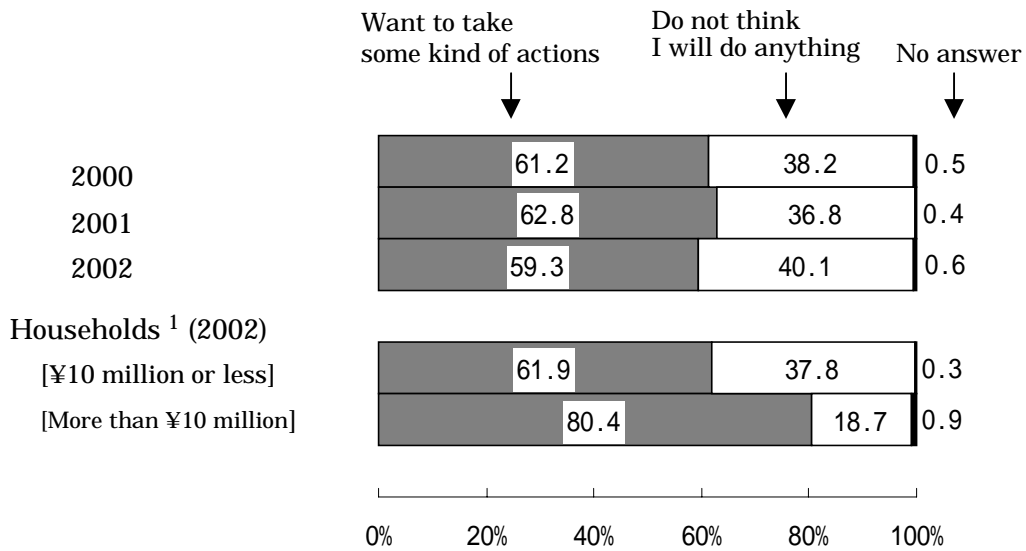
Households with ¥10 million or less of deposits and savings (excluding postal savings)

Households with more than ¥10 million of deposits and savings (excluding postal savings)



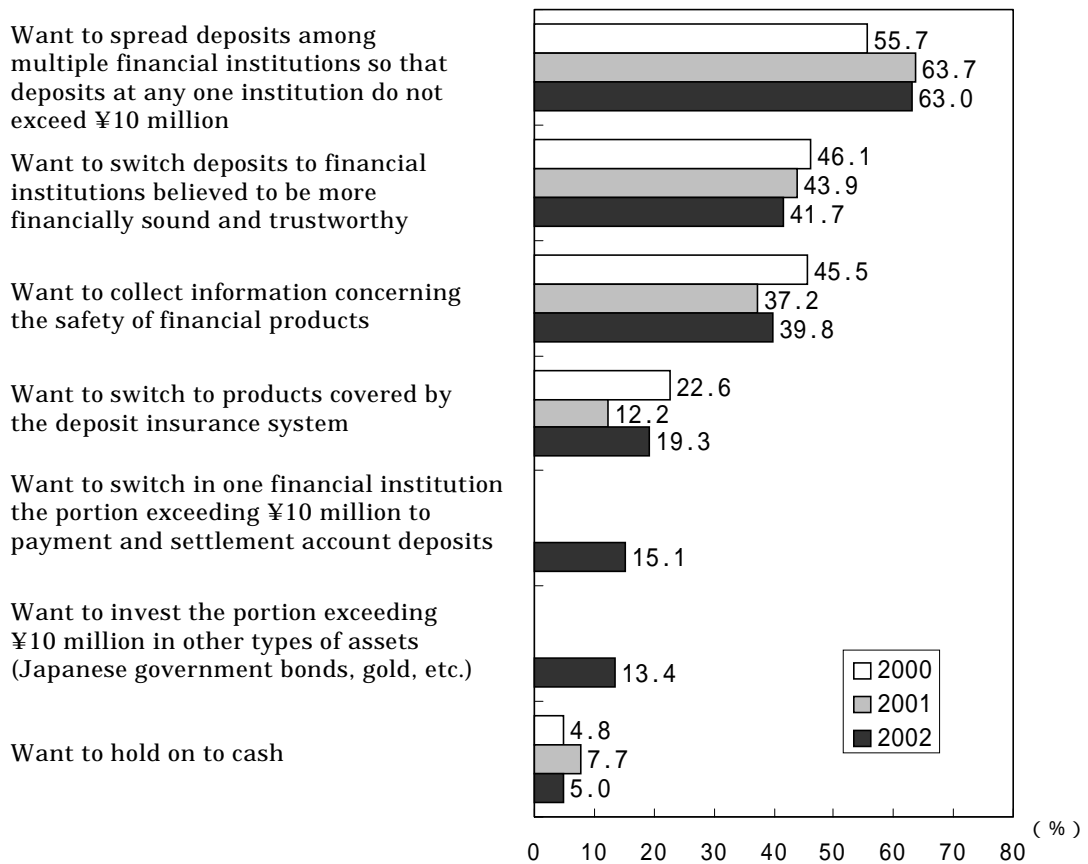
Note: Households that have taken some kind of actions = 100%.

Figure 7. Future Intentions <Question 15(b)>



¹ Households having deposits and savings (excluding postal savings).

Specific Actions That Households with More Than ¥10 Million of Deposits and Savings (Excluding Postal Savings) Want to Take (Respondents were allowed to choose multiple answers.)



Note: Households that want to take some kind of actions = 100%.

(b) Perception of “Self-Responsibility” in the Selection of Financial Products

- As far as deposits (excluding foreign currency deposits) and insurance are concerned, more than 40% of households chose “do not know what to do if told to take responsibility for my selection.” For stocks, foreign currency deposits, and high-tech or derivative products, approximately 10% of households answered similarly [Figure 8].
- Also as far as deposits (excluding foreign currency deposits) are concerned, a little less than 40% of households having more than ¥10 million of deposits and savings (excluding postal savings) selected the same answer: “do not know what to do if told to take responsibility for my selection.”

Figure 8. Perception of “Self-Responsibility” <Question 16>

