

# Guide for mystery shoppers

*The campaign is to assess financial advisor behaviour in the context of recent regulatory changes to the financial advice process.*

***The purpose of this guide is to provide mystery shoppers with:***

- 1. guiding principles to ensure appointments with financial advisors are effective;*
- 2. background information to understand the financial advice process;*
- 3. details of the mystery shopper profiles to be used and the topics which each mystery shopper profile should address; and*
- 4. advice in relation to making appointments with financial advisors.*

## 1. Guiding principles

NOTE: As explained during the training, we have constructed a general mystery shopper profile to be used during appointments, which is the same for all mystery shoppers. Only the risk preferences, investment amounts and sustainability preferences you will state during the appointments are customized. Annex 1 sets out details on each mystery shopper profile and the specific questions that mystery shopper profile should address. Following each appointment with an advisor, mystery shoppers should complete the questions in the online Feedback Form: [Link](#) to survey monkey survey

### Do not forget in a nutshell

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- 1 Familiarize yourself with this Guide, the mystery shopper profiles and the Feedback Form before the appointment.
  - 2 Create a persona which matches the mystery shopper profile and memorise what the mystery shopper profile should address and ask during the appointment.
  - 3 Complete the Feedback Form immediately after the appointment.
  - 4 Be prepared for the advisor not to bring up sustainability preferences without prompting. Do not intervene if the advisor does not ask about your sustainability preference.
  - 5 Do not intervene if the advisor does not ask about your sustainability preference until he will begin a recommendation.
  - 6 Be prepared that the advisor does not follow a clear process for assessing sustainability preferences.
  - 7 If the advisor recommends a financial product, record the ISIN number.
  - 8 Now, intervene if the advisor is at the product recommendation stage and does not ask about your sustainability preference.
  - 7 Consider the relevant themes during the appointment and when recording the audio file and completing the Feedback Form.
  - 8 Ask the advisor for the suitability declaration if he has not handed it to you.
  - 9 Remember to get a business card or proof (e.g., suitability declarations) from the advisor that the consultation really took place.
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**Further information on each of these guiding principles is below:**

**Familiarize yourself with this Guide, the mystery shopper profiles, and the Feedback Form questions before the appointment!**

It is imperative that you familiarise yourself with both this Guide and the Feedback Form before any appointment to you know what to expect and know what to look out for in terms of advisor behaviour.

- **Section 2:** (*Background on financial advice process*) sets out information on what to expect during the appointment with the financial advisor.
- **Section 3:** (*What we want to assess through mystery shopping visits*) details what we want to assess in terms of advisor behaviour and the Feedback Form questions which relate to what we are assessing.

### Create a persona which matches the mystery shopper profile and memorise what the mystery shopper profile should address during the appointment

Mystery shoppers must create a persona that closely matches one of the mystery shopper profiles included in Annex 1. The mystery shopper profiles articulate a series of questions and pieces of information which we would like mystery shoppers to address during the appointment (Annex 2).

**Before you complete the Feedback Form, please record a short audio file (e.g., voice message max. 3 minutes) on your mobile phone.**

### Afterward, please start to complete the Feedback Form immediately after the appointment

Please fill in the Feedback Form immediately after your appointment with an advisor. This is so that you can remember the course of the appointment and the phrases used by the advisor.

### Be prepared for the advisor not to bring up sustainability preferences without prompting

Mystery shopper are **not** aware of the regulatory changes to the suitability assessment (as discussed in Section 2 (*Background on financial advice process*)) but **are** aware of more sustainable investment opportunities becoming available and some would like to invest in a sustainable manner themselves.

As explained in Section 2 (*Background on financial advice process*), the regulatory changes mean that it is now mandatory for advisors to assess client sustainability preferences during the suitability assessment. However, many advisors might miss this out and present/recommend a financial product without having asked about your sustainability preferences.

Please ensure that you allow enough time to form a view as to whether the advisor would have brought up sustainability preferences without any prompting by you and record that this has happened in the Feedback Form. **However, if it is *absolutely clear* the advisor will not bring up the subject of your sustainability preferences, you should raise the issue yourself.** You can simply say that you would like to invest in a sustainable manner, and you have heard something about sustainability considerations now being assessed in financial advice.

### Be prepared that the advisor does not follow a clear process for assessing sustainability preferences

We would ordinarily expect assessment of sustainability preferences to follow three steps:

Step 1	Explanation of sustainability preferences (see What are sustainability preferences? In Section 2 ( <i>Background on financial advice process</i> )).
Step 2	Identification of client sustainability preferences (i.e. asking questions to the client to find out the client's own sustainability preferences).
Step 3	Financial product presentation/recommendation

However, you should be prepared for the advisor to assess sustainability preferences in a different format and different advisors will adopt varying approaches.

**If the advisor recommends a financial product, record the ISIN number. If the advisor does not want to recommend a product, please ask!**

*If the advisor recommends a financial product during the appointment, please record the ISIN number. This is a 12-digit code which is a unique identification for a financial product and is normally in the financial product documentation. If the advisor does not recommend a financial product you cannot record an ISIN number.*

**Some advisors may not be willing to recommend any products to you.** This is where you need to be a good mystery shopper. For example, tell the advisor that a product recommendation is really important to you before you decide to become a customer of this bank or this independent advisor.

**We will reward you financially for your efforts to receive product recommendations:**

- If you conduct more than 6 visits with **product recommendations**, you will receive 50€
- If you conduct more than 8 visits with **product recommendations**, you will receive 100€

**The same problem can occur with the suitability declarations.** However, many advisors will not provide you with a declaration of suitability, even if they are legally obliged to do so. In this case, please wait until the end of the interview and then ask the advisor, for example, if he can also give you a kind of protocol of the interview. A few days ago, you went to Bank XY and received such a record.

**We will reward you financially for your efforts to receive suitability declarations:**

- If you conduct more than 6 visits with a **suitability declaration**, you will receive 50€
- If you conduct more than 8 visits with a **suitability declaration**, you will receive 100€

**Consider the relevant themes during the appointment and when completing the Feedback Form**

1. Whether the advisor brings up the assessment of sustainability preferences without any prompting by you and whether this focus comes after the assessment of financial/investment objectives.
2. The quality of the explanation of sustainability preferences in terms of whether it is understandable, whether it appears to be biased etc. **(Step 1)**
3. Whether the identification of your sustainability preferences is done through reference to the financial products which the advisor can recommend or through reference to all financial products available on market. **(Step 2)**
4. The advisor's knowledge and expertise on sustainable finance. **(Step 1, 2 and 3)**
5. How the recommendation is made and if the advisor cannot match the sustainability preferences as originally expressed, whether the advisor is transparent that these products may be available elsewhere on the market. **(Step 3)**
6. How the advisor records information throughout the appointment **(Step 2 and 3)**

## 2. Background on financial advice process

### Financial advice

When an individual client visits a financial advisor to invest money, the advisor must ask questions to get information about the client's financial position, investment objectives, risk appetite etc. This is to enable the advisor to give proper advice about how the client should invest. This process is called the *suitability assessment*.

### Financial advice must now cover *sustainability preferences*

New regulation which came into force in August 2022 now requires advisors to get information on client *sustainability preferences* as well as financial/investment objectives. Advisors should take these sustainability preferences into account when presenting/recommending financial products to clients. The new requirements on *sustainability preferences* aim to: (1) enhance client awareness of sustainable financial products and (2) ensure that advisors meet the expectations of clients who want to invest sustainably.

### What are *sustainability preferences*?

Client *sustainability preferences* are defined in regulation:

*'sustainability preferences' means a client's or potential client's choice as to whether and, if so, to what extent, one or more of the following financial instruments shall be integrated into his or her investment:*

- (a) a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in environmentally sustainable investments as defined [the Taxonomy Regulation];*
- (b) a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in sustainable investments as defined in [the Sustainable Finance Disclosure Regulation];*
- (c) a financial instrument that considers principal adverse impacts on sustainability factors where qualitative or quantitative elements demonstrating that consideration are determined by the client or potential client;*

Therefore, *sustainability preferences* can be understood in terms of three categories of financial product as shown in the table below.

<b>Category A (Taxonomie de l'UE)</b>	Financial instruments which invest in economic activities providing a substantial contribution to one or more of the following environmental objectives: <ol style="list-style-type: none"> <li>1. climate change mitigation;</li> <li>2. climate change adaptation;</li> <li>3. sustainable use and protection of water and marine resources;</li> <li>4. transition to a circular economy;</li> <li>5. pollution prevention and control;</li> <li>6. protection and restoration of biodiversity and ecosystems.</li> </ol>
<b>Category B (SFDR)</b>	Financial instruments which pursue sustainable investments more broadly. This is a wider category of financial instruments because it includes economic activities that contribute to other environmental objectives and/or to social objectives.
<b>Category C (PAIs)</b>	Financial instruments that consider negative externalities of investments on the environment or society in terms of principal adverse impacts on sustainability. Principal adverse impacts on sustainability are impacts of investment decisions and advice that result in negative effects on environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.  Contrary to category A and B, here the financial instrument does not aim at any positive contribution but merely consider negative impacts of the investment on sustainability.

**WARNING:** The definition of sustainability preferences is complicated and involves several concepts (taxonomy, principal adverse impacts etc.) which will be new to many clients. We consider that this complexity is very difficult for clients to understand and articulate their own sustainability preferences. In addition, for clients to articulate their own sustainability preferences, they must identify the minimum proportion they want to be invested in accordance with the sustainability preference. (see Glossary for further Informations)

### Process to assess sustainability preferences

Assessing client *sustainability preferences* should come after the assessment of financial/investment objectives and is through following these three steps:

1. **Step 1: Explanation of sustainability preferences** The advisor should explain the different categories of sustainability preference and other sustainable finance concepts so that the client has sufficient information to make an informed decision about his/her sustainability preferences.
2. **Step 2: Identification of client sustainability preferences** The advisor should ask questions to assess the client's personal sustainability preferences.
3. **Step 3: Financial product presentation/recommendation** The advisor must use the information revealed by the client to make a financial product recommendation.

**WARNING:** The three steps articulated above are a logical way of assessing sustainability preferences and are indicated by the regulation and guidance. However, assessing sustainability preferences can be in a different format and different advisors will adopt varying approaches.

# Mystery shopper profiles

## Financial/investment objectives

All profiles have the same financial/investment objectives. You have received a lump sum in inheritance and would like to invest the entirety for the long term (i.e., at least 10 years). You have no need to access any of this money in the short term. You want to make an One-time investment! You are not interested in a savings plan.

Age	State your true age
Marital status	State your true material status
Monthly income	State your true monthly income
Partner income	€1800 net per month
Financial situation	Apartment fully paid/no credit.
Investment objectives	Long-term, saving for retirement, and wealth accumulation
Ability to bear losses	<p>You have a balanced approach to risk. You would like to have good returns over the long term and are prepared to invest capital in financial markets and to tolerate that a small part of invested capital might fall due to the evolution of the equity markets.</p> <p>You are prepared to bear a possible loss of up to 15% of the invested capital.</p>
Investment amount	See your individual profile (next page)
Risk preferences	
Sustainability preferences <sup>1</sup>	
Knowledge of financial markets	<p>You have an average knowledge of financial markets. You know how traditional financial savings work: shares, bonds and funds in general.</p> <p>And please add your true knowledge of financial markets, if you have more knowledge.</p>
Experience of financial markets	<p>State your true experience of financial markets</p> <p>If you have no experience of financial markets, please state:</p> <p>You have limited experience of financial investments (sold shares 3 years ago). Checking account and an ETF savings plan (MSCI World). There you save 50€ (MSCI World) monthly.</p>

Investment amount			Risk preferences		
Low	Medium (Med)	High	Low	Medium (Med)	High
2.000,00 €	20.000,00 €	100.000,00 €	1,2	3,4,5	6,7

**Note:** If the advisor does not ask about risk preference, your experience and knowledge or the investment amount, please only intervene when the advisor starts to recommend products. Please refer to a previous consultation where the advisor asked you about these points. Please make a corresponding declaration in the online feedback form.

<sup>1</sup> See p. 5 for further explanations.

## Mystery Shopper Profiles

MS ID	Categories	Visit number														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
AnnPes1986	Sustainability Preference	EU Taxonomy (Environmental Sustainability)														
	Investment Amount	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
	Risk Preference	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low
VirM'F1972	Sustainability Preference	EU Taxonomy (Environmental Sustainability)														
	Investment Amount	High	Low	Med	High	High	Low	Med	High	High	Low	High	Low	Med	High	Low
	Risk Preference	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
ThoBro1994	Sustainability Preference	SFDR (Sustainable Investment)														
	Investment Amount	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low
	Risk Preference	High	Low	Med	High	High	Low	Med	High	High	Low	High	Low	Med	High	Low
ValAsc1999	Sustainability Preference	PAIs														
	Investment Amount	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
	Risk Preference	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low
SopGue1996	Sustainability Preference	SFDR (Sustainable Investment)														
	Investment Amount	High	Low	Med	High	High	Low	Med	High	High	Low	High	Low	Med	High	Low
	Risk Preference	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
PatHau1968	Sustainability Preference	No Sustainability Preference														
	Investment Amount	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low
	Risk Preference	High	Low	Med	High	High	Low	Med	High	High	Low	High	Low	Med	High	Low
NaiAmi1982	Sustainability Preference	PAIs														
	Investment Amount	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
	Risk Preference	High	Low	Med	High	High	Low	Med	High	High	Low	High	Low	Med	High	Low



## Points to raise during the appointment

*During the part of the suitability assessment when an explanation of sustainability preferences should be provided*

1. There are feedback form questions about whether the advisor brings up the subject of sustainability preferences without any prompting. Please ensure that you allow enough time to form a view as to whether the advisor would have brought up sustainability preferences without any prompting by you.
2. **However, if it is *absolutely clear* the advisor will not bring up the subject of your sustainability preferences, you should raise the issue yourself at the product offering stage.** You can simply say that you would like to invest in a sustainable manner, and you have heard something about sustainable financial products from a friend of you.

**NOTE:** *You need to be prepared for the advisor not to have provided a good explanation of sustainability preferences which explains the different categories of sustainability preference. You also need to be prepared for the advisor not asking about your sustainability preferences at all.*

### Questions you should ask during the sustainability preference query

As a general rule: No matter what the advisor does, pretend to be an uninformed client and ask questions!

You will assess the advisor's answers to your questions in the online feedback form!

- What does it even mean to invest "sustainably"? Can you explain this to me or the idea behind it, please?
- What is your opinion about sustainable investments?
- Are you invested in such products?
- Are sustainable investments riskier than conventional investments?
- Do I have to forego returns if I invest sustainably?
- Sustainable investments are certainly more expensive than conventional investments, like in everyday life (e.g. organic meat). Do I have to pay higher fees?
- Is not greenwashing being practiced with sustainable investments?
- Can you provide me with further documentation on sustainable investments so I can read through this again?

Please ask the following questions **only** if the advisor speaks about this topics:

- What are the differences between the three sustainability standards (EU Taxonomy, SFDR and PAIs)?
- Can you recommend one of these sustainability standards?
- What are these PAIs? Can you please explain this to me?
- Can you explain to me what a sustainable investment (SFDR) is?
- What is the EU taxonomy?

**If it is *absolutely clear* the advisor will not bring up the subject of sustainability preferences, you should raise the issue yourself at the product offering stage!**

**NOTE:** *We expect that many advisors will not be able to recommend a suitable sustainable financial according to your stated sustainability preferences.*

If the advisor recommends a financial product during the appointment, please record the ISIN number. This is a 12-digit code which is a unique identification for a financial product and is normally in the financial product documentation. If the advisor does not recommend a financial product you cannot record an ISIN number.

**Some advisors may not be willing to recommend any products to you.** This is where you need to be a good mystery shopper. For example, tell the advisor that a product recommendation is really important to you before you decide to become a customer of this bank or this independent advisor.

### Questions you should ask at the product offering stage

As a general rule, no matter what the advisor does, pretend you are an uninformed customer and ask questions about the products.

If it is *absolutely clear* the advisor will not bring up the subject of sustainability preferences, you should raise the issue yourself at the product offering stage.

You will then assess the advisor's answers to your questions in the online feedback form!

- Can you briefly introduce and explain the products to me?
- What is the difference between the products?
- Why do the products fit my idea of sustainability?
- What sustainability standard does the product meet (e.g., EU taxonomy, SFDR or PAIs) ?
- In what kind of companies does the sustainable financial product invest?
- Do sustainable funds exclusively invest in sustainable companies?
- I really want to make an impact with my investment. What do I actually do for sustainability when I invest in the product(s)?
- Would you really recommend me to invest sustainably?

### At the end of the appointment

1. If the advisor does not provide a suitability declaration, please request one and record the outcome in the Feedback Form.
2. If the advisor recommends a financial product, please record the ISIN number. This is a 12-digit code which provides a unique identification for a financial product and will be in the financial product documentation (see Glossary for further explanation)
3. *Ask the advisor how long he or she has been working in investment advisory services.*
4. *Please collect all the documents that the advisor gives you!*

### Questions you should ask at the end of the appointment

- How long have you actually been working as a financial advisor?
- In my last consultation, I was given a protocol or explanation why the product suits me best. Do you have something like this for me as well? Can you briefly explain it?
- I also received an information sheet that summarizes the key points of the recommended product. Do you have something like this for me as well? Can you explain it to me briefly?

## Administrative advice for mystery shoppers

### Making appointments with an advisor

Each mystery-shopper profile has a description of their financial/investment objectives and their sustainability preferences

Both profiles have received a lump sum in inheritance and would like to invest the entirety of this money for the long term (e.g. saving for retirement).

Appointments can be made by visiting a branch, online or by telephone. Here is a suggested script for a personal arranging your appointment:

*Hello, my name is XXX, I would like to have an appointment with a financial advisor because I have received a lump sum and this is an opportunity for me to look at what is being done elsewhere than in my bank.*

*or*

*Hello, my name is XXX, I am currently a customer at DKB (an online-only bank). I have received a lump sum and urgently need personal advice to invest the money, which I unfortunately do not get at my current bank.*

**Please enter your name in the Google Doc bank overview if you have made an appointment with the respective bank. Link:** [Google doc link](#)

### Advice on making an appointment

Avoid making more than two appointments at the same branch. Some banking networks have centralized telephone platforms, and you may be asked why you have made two different appointments.

Specify each time the amount of your investment) and the source. This may determine the level of the advisor you will be offered to respond to your request.

Appointments can be made visually or by video, but face-to-face appointments should be approx. 60 percent of your visits.

If the advisor asks you to produce documents for your appointment (by email for example) ignore the request and on the day of the appointment specify that you will provide these documents in due course but that for the moment you are looking for information and to be convinced that this is the right place for your investment.

When asked about the choice of bank, indicate that you live in the area or that you will be moving there. Locate a street in the neighbourhood that will make your appointment at this bank credible.

### Duration of your appointment with an advisor

Your appointment can last from 20 minutes to 1 hour according to our experience with the previous suitability assessment framework. It will depend on the advisor, their level of competence, their time, and the interest they will find in pursuing the meeting. Therefore, it is very important to specify during the telephone call to arrange the appointment that you want to invest money and that you are looking for advice on how to do so.

### **Advice for the appointment**

Locate a street name in the neighbourhood. Advisers want to know why you have chosen their branch. You must be able to prove that you are located close to the branch you are meeting at (you live in the area, you are going to move there).

Always present yourself in your real identity. You are entitled to make as many bank appointments as you wish. Providing a false identity can be problematic.

Do not leave personal documents. You don't have them on you. You came to get information. You think the request is premature.

Justify why you want to change banks. Your current bank has taken too many charges from you. You have been a customer for a long time but still feel that new customers are better looked after. You want to see what is done elsewhere. You have read an article that discredits your bank in terms of environmental involvement, and this is contrary to what you are looking for.

Do not sign any documents. This would be of no significance unless you have provided a false identity.

## Glossary

### Taxonomie de l'UE

Réglementation européenne axée sur six objectifs:

- Atténuation du changement climatique,
- Adaptation au changement climatique,
- Utilisation durable et protection des ressources aquatiques marines,
- Transition vers une économie circulaire,
- Prévention et réduction de la pollution,
- Protection et restauration de la biodiversité et des écosystèmes.

Une activité économique n'est durable au sens de la taxonomie seulement si elle promeut au moins un des objectifs sans en altérer significativement aucun autre. De plus le respect d'un minimum de droits humains et sociaux est aussi un prérequis pour qu'une activité soit qualifiée de durable. Ce règlement concerne toute sorte d'activité économique et non pas uniquement la finance.

### SFDR

Obligation de transparence concernant les critères ESG que les banques et autres gestionnaires d'actifs financiers se doivent de respecter. Les produits financiers sont ensuite classés en trois catégories :

- Les produits article 6 : placements conventionnels ne prenant pas en compte les objectifs de durabilité ni les critères ESG,
- Les produits article 8 : placements qui déclarent explicitement prendre en compte les critères ESG,
- Les produits articles 9 : placements qui déclarent explicitement être tournés vers l'investissement durable.

Le SFDR concerne exclusivement le secteur financier.

### PAIs

Les *Principal Adverse Impacts* (principales incidences négatives) ou externalités négatives sont tous les critères et les domaines d'activités qui affectent ou peuvent affecter significativement la durabilité d'un investissement selon les critères ESG (Environnement, Social et Gouvernance). Les PAIs permettent aux investisseurs de faire des choix d'exclusion ou d'évitement dans leurs décisions financières.

### Fiche d'information clés et n° ISIN

Document que le conseiller est censé remettre au prospect après la recommandation d'un produit. Cette fiche comporte les informations importantes du produit, notamment le risque, la performance et les prévisions de retours, et les coûts. Par ailleurs, ce document comporte le numéro ISIN du produit qui est sa carte d'identité et qui doit collectée dans le cadre de cette étude.

### Déclaration d'adéquation

C'est peut-être le document le plus difficile à obtenir alors même que les conseillers sont tenus légalement de le fournir au prospect. Il permet de retracer le processus et les questions posées par le conseiller lorsqu'il a établi le profil du prospect pour lui recommander un produit approprié. Il est possible qu'une demande explicite doive être formulée au conseiller pour obtenir ce document mais il est important d'obtenir le maximum de déclarations possibles pour la bonne conduite de l'étude.