Abstract

The world of investing in the various products related to the stock and bond markets is confusing for many people. This is a problem since financial investments often represent a large portion of an individual's personal assets. As regulators begin to search for answers about what caused the economic crisis of 2008-2009 and try to pass regulations that will prevent it from happening again, investors will continue to look to the products of investment firms to help accomplish their financial goals. Unfortunately for investors, many will continue to choose investments based on very limited personal knowledge. Investment firms will in turn continue to compete to attract investment dollars to increase their assets under management. Investment firms have traditionally taken two different routes to attract dollars. The first is through financial advisors that look to attract investors by offering a certain level of expertise to the process. What that expertise actually is and how it equates to better returns is open to debate and discussed here. The second option for investment firms has traditionally been to increase brand awareness and loyalty through advertising campaigns, and when favorable, through past returns. What could potentially be lost in this highly competitive market is a lack of knowledge gain by investors. Regulators can't possibly be expected to require investors to learn more, or require investment firms to teach more, before anybody is allowed to purchase an investment. So the answer must be in an area where investment firms have an incentive to have a more highly educated public. Since incentive is generally only gained by a possibility of increasing assets under management, investment firms would have to be convinced that spending dollars to increase investor knowledge would in fact

improve their bottom line. This would also help the continued problem of low savings rates among Americans.

This study looks to begin the research into if there are any potential financial benefits for investment firms in increasing investor knowledge. To do this, the study looks at how current investor knowledge is impacted by investment barriers. To provide additional guidance to investment firm marketers, age and education are also studied as they relate to investment barriers. The study is a small step in what could be a large area of study about a variety of investment related topics, preferences and intents focused on increasing investor knowledge and potential benefits. This study suggests that current investor knowledge is correlated with investor's barriers to investments. Additionally, the study suggests that age and education do not play crucial roles relative to investment barriers. Each of these areas provide an insight for investment firm marketers along with suggesting several other possible areas of study.