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FINRA Investor Education FOUNDATION

Investors in the United States

A Report of the National Financial Capability Study



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Introduction

This report outlines findings from the Investor Survey component of the FINRA Investor Education Foundation's 2024 National Financial Capability Study (NFCS). As in 2021, 2018 and 2015, we conducted a separate follow-up survey of investors as part of the 2024 NFCS to provide an in-depth exploration of investing-related topics. In addition to core measures, such as investment ownership, attitudes towards investing and investor knowledge, the 2024 Investor Survey includes new or expanded topics, such as attitudes towards risk, reliance on finfluencers and knowledge of investment fraud.

HIGHLIGHTS

- The tide of new investors entering the market around the time of the pandemic has ebbed. Eight percent of investors began investing within the two years prior to the 2024 NFCS, far fewer than the 21 percent who began within the two years leading up to the 2021 NFCS.
- The proportion of young adults (under 35 years old) investing has declined from 32 percent in 2021 to 26 percent in 2024, erasing the gains made in the prior wave. Similarly, the proportions of people of color and men investing also show small declines.
- Comfort with high levels of investment risk appears to have declined slightly overall (from 12 percent in 2021 to 8 percent of investors in 2024 who are willing to take substantial risks), and more notably among investors under 35 (from 24 percent to 15 percent). However, over a third of investors (34 percent) feel they need to take big risks to reach their financial goals. Among investors under 35, this percentage rises to 62 percent.
- Consistent with previous waves, younger investors are more likely to engage in investment behaviors that can carry greater risk. Forty-three percent of investors under 35 report trading options, compared to 24 percent of those ages 35 to 54, and 10 percent of those 55 and older. Twenty-two percent of investors under 35 report making purchases on margin, compared to 11 percent of those 35 to 54, and 4 percent of those 55 and older.
- Although the percentage investing in cryptocurrency has not changed (27 percent), the percentage who are considering cryptocurrencies (either purchasing more or for the first time) has decreased from 33 percent in 2021 to 26 percent in 2024. In addition, investors are more likely to view cryptocurrencies as an extremely or very risky investment than they were in 2021 (66 percent vs. 58 percent).
- Thirteen percent of investors report buying meme stocks or other viral investments. Among investors under 35, 29 percent say they have purchased meme stocks or other viral investments, compared to 18 percent of those ages 35 to 54, and a negligible proportion (2 percent) of those 55 and older.
- The most commonly used sources of investment information are research and tools provided by brokerage firms, recommendations from financial professionals, business and finance articles, and word of mouth from friends/family/colleagues. Among investors under 35, word of mouth is the most frequently mentioned source (85 percent).
- YouTube continues to be the most popular social media channel for investment information, with 30 percent of respondents reporting using it. Use of YouTube for investment information has increased across all age groups by four to six percentage points. Twenty-six percent of investors say they use recommendations from social media finfluencers. Among investors under 35, 61 percent make investment decisions based on finfluencer recommendations.

- Concern over investment fraud has increased somewhat. Thirty-seven percent of investors are worried about losing money due to investment fraud, up from 31 percent in 2021. That said, the vast majority (89 percent) do not believe they have been targeted in an investment fraud or scam, a perception that seems difficult to reconcile with the prevalence of fraudulent investing-related pitches across various digital platforms.
- On average, respondents are able to answer slightly less than half of the investing quiz questions correctly (5.3 out of 11 questions). Responses to a separate fraud awareness question reveal that half of investors do not appear to recognize warning signs of fraudulent investments, such as language promising a "guaranteed, risk-free 25 percent annual return."

Similar to previous waves, the 2024 Investor Survey consists of 2,861 respondents[1] who completed the 2024 State-by-State Survey and indicated that they have investments outside of retirement accounts, such as 401(k)s and IRAs.[2] Percentages shown in this report may not always add up to 100 percent due to rounding and/or "Don't know" and "Prefer not to say" responses.

[1] Selected findings are also presented for sub-samples (such as by age and portfolio value). In all such cases, each sub-sample consists of at least 100 respondents.

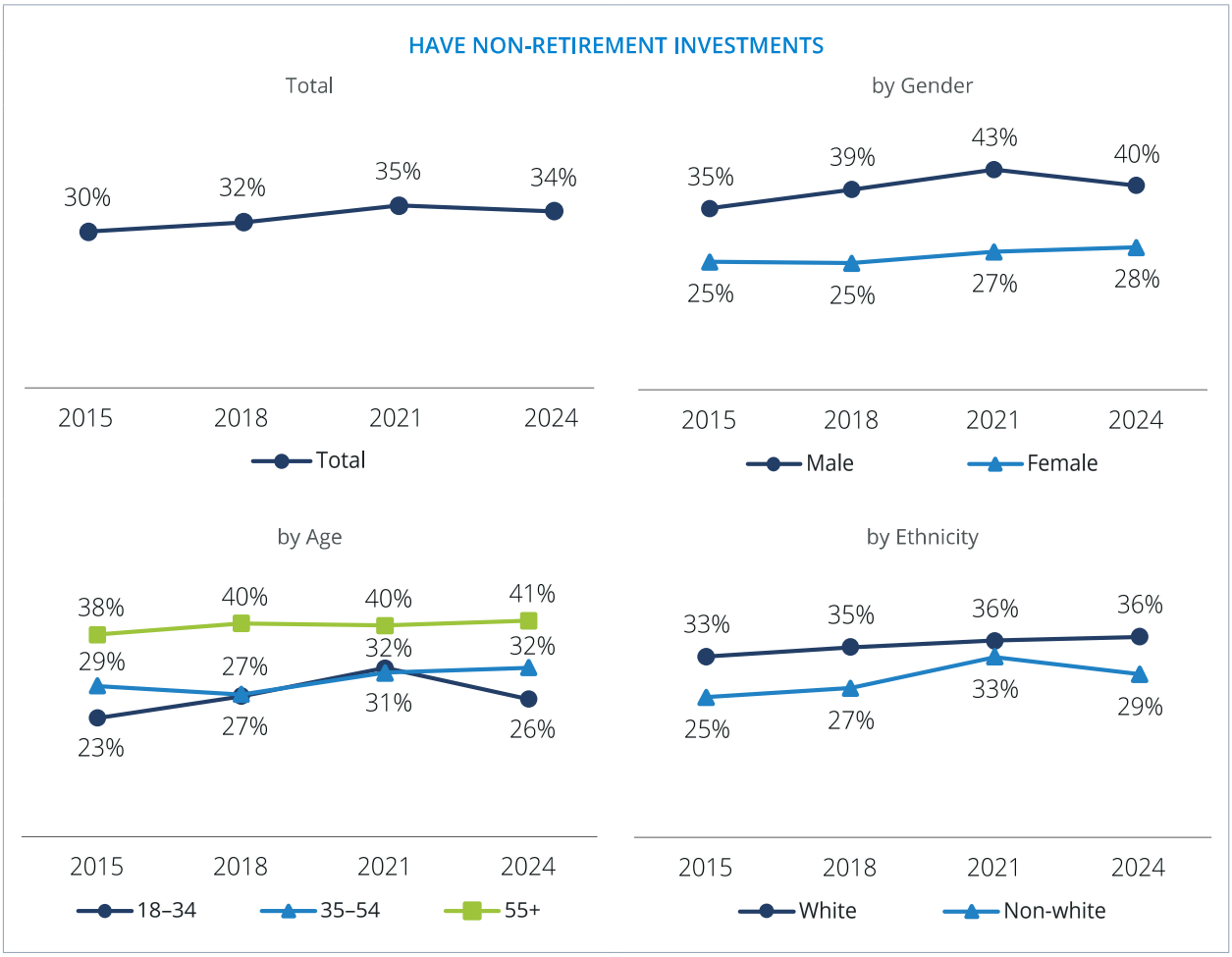
[2] A large majority of these respondents (87 percent) also have investments in retirement accounts, though retirement investments are not specifically addressed in the 2024 Investor Survey.

Survey Findings

INVESTOR CHARACTERISTICS

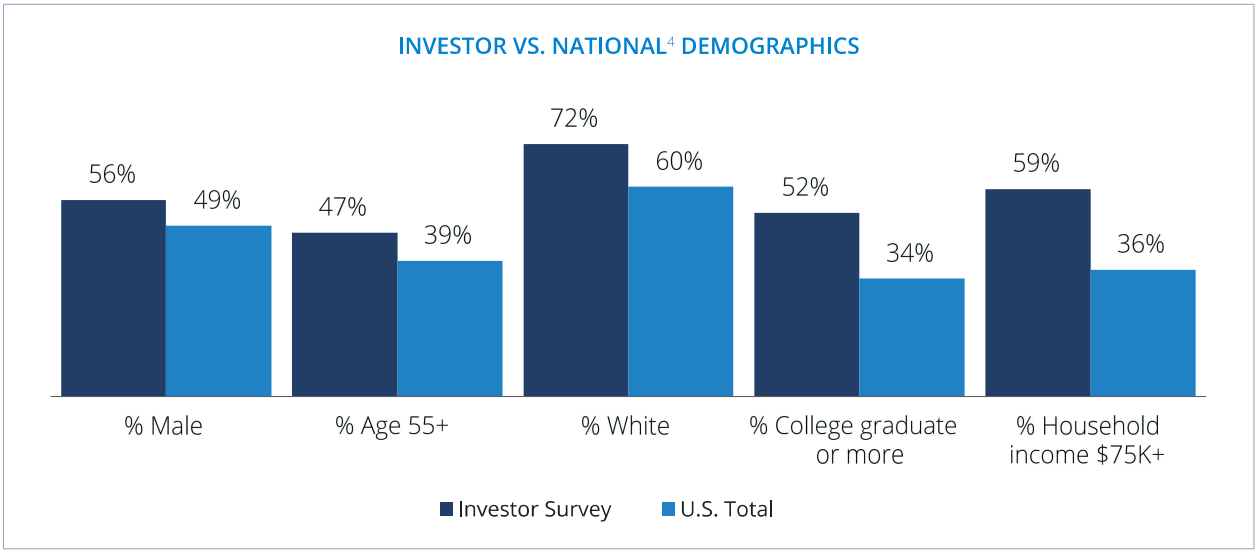
Just over a third (34 percent) of the U.S. adult population have investments in stocks, bonds, mutual funds or other securities outside of retirement accounts.[3] This percentage has not substantially changed relative to 2021, ending the slight upward trend seen from 2015 to 2021.

- Though there is little movement in the overall percentage, the data reveal decreases in the prevalence of non-retirement investments among younger adults, people of color and men, reversing the increases seen for these groups in 2021. Among those under 35 years of age, the percentage who have investments in non-retirement accounts has declined by six points relative to 2021, while percentages among those in older age groups have not declined. Similarly, the proportion of investors has decreased by a few percentage points among U.S. adults of color and men, while remaining steady among white adults and women.

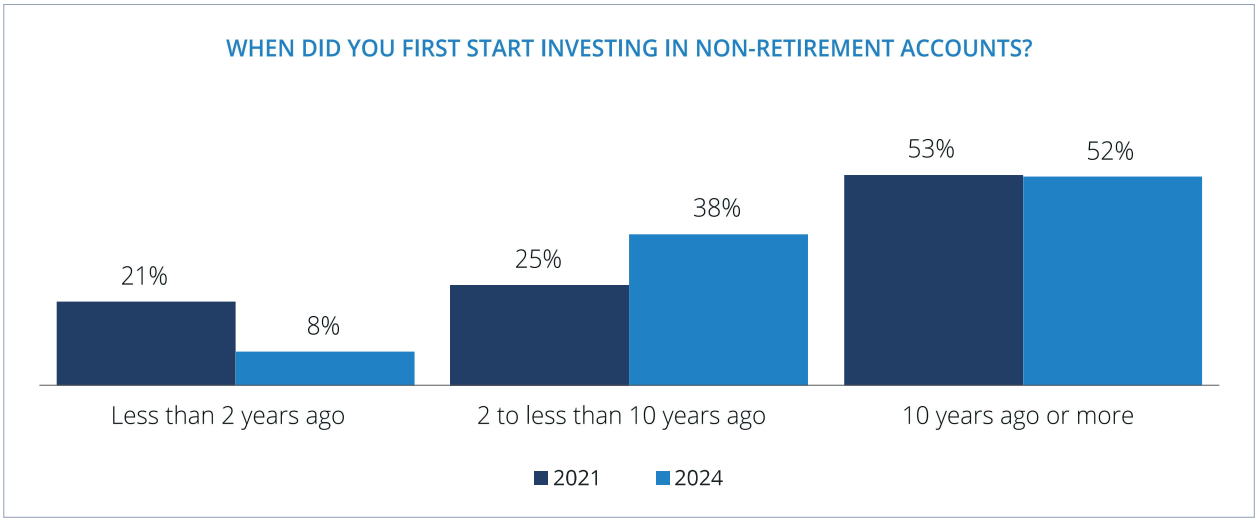


[3] The percentage of individuals with non-retirement investments is based on data from the FINRA Foundation's 2024 NFCS State-by-State Survey.

Consistent with previous waves, respondents in the Investor Survey are more likely to be male, older, white, have college degrees and have higher household incomes than the population at large.



The majority (52 percent) of respondents in the Investor Survey have been investing for over 10 years. New investors appear to be entering the market at a much slower rate compared to 2021, when over one in five respondents had less than two years of experience. This percentage has dropped sharply to 8 percent.

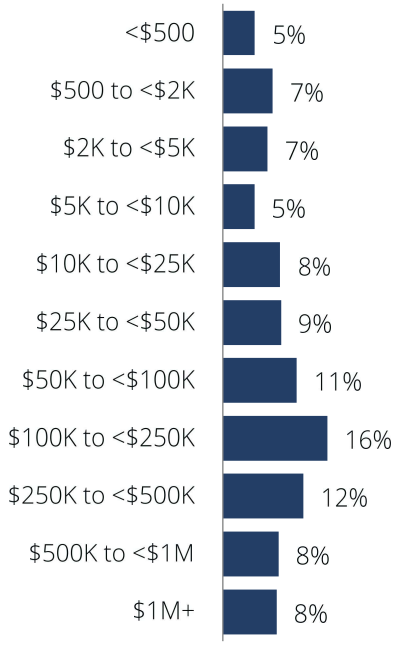


- Comparing investors with less than two years of experience in 2021 to those with three to five years of experience in 2024 allows us to examine changes in the cohort of investors who entered the market roughly between 2019 and 2021, around the time of the COVID-19 pandemic. The median age of this "COVID cohort" has increased from 31 in 2021 to 38 in 2024, which is more than would be expected with the passage of three years. This suggests that some proportion of younger adults who began investing around the pandemic have left the market, thereby increasing the median age. Note that the NFCS is not a longitudinal study that follows the same individuals over time, therefore these findings are not conclusive. However, the findings are consistent with the overall drop in the prevalence of investing seen among respondents under 35.

[4] Source: 2024 NFCS State-by-State Survey.

The value of assets held in non-retirement accounts varies widely. Forty-one percent of investors have less than $50,000 in non-retirement investments, 27 percent have between $50,000 and $250,000, and 28 percent have more than $250,000.

VALUE OF NON-RETIREMENT INVESTMENTS



- Five percent of respondents have less than $500 in their portfolios. Younger respondents and newer investors are more likely to have less than $500 in investments.

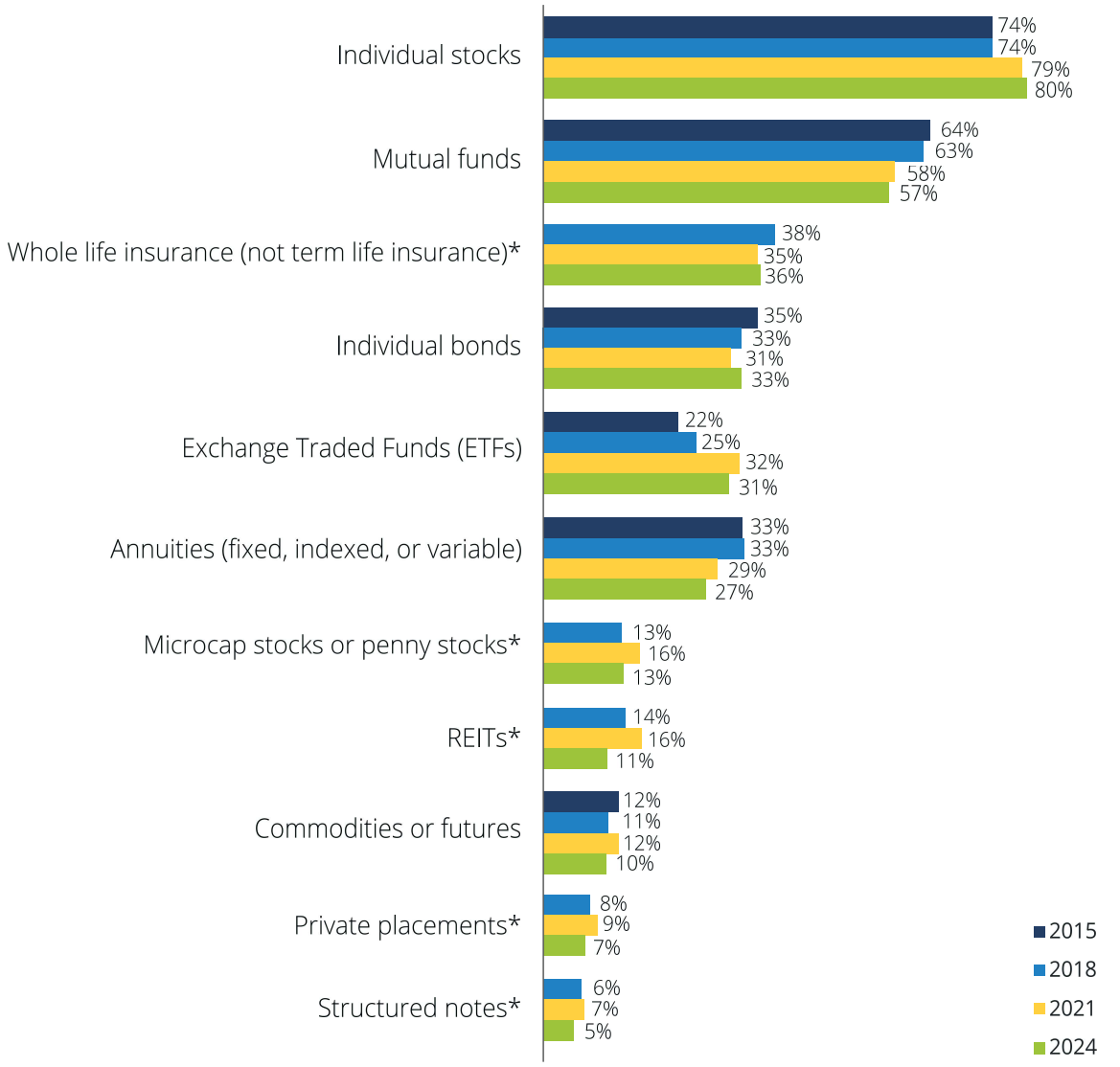
	AGE			INVESTING EXPERIENCE		
	18–34	35–54	55+	<2 YEARS	2 TO <10 YEARS	10+ YEARS
Have less than $500 in non-retirement investments	11%	4%	2%	18%	6%	1%

INVESTMENT VEHICLES

Individual stocks continue to be the most commonly held investments in non-retirement accounts by a wide margin, followed by mutual funds. These percentages have not shifted appreciably relative to 2021.

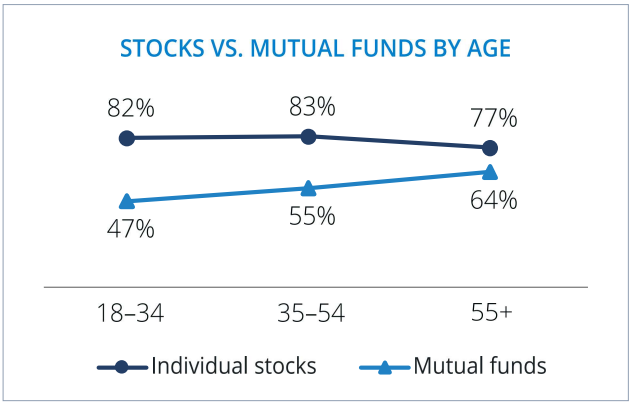
- The upward trend in prevalence of ETF ownership appears to have stalled, after an increase of ten percentage points from 2015 to 2021.
- The percentages of investors owning penny stocks, REITs, private placements or structured notes have declined slightly, returning approximately to 2018 levels.

PERCENT OF INVESTORS OWNING EACH TYPE OF ASSET IN NON-RETIREMENT ACCOUNTS



*Item introduced in the 2018 survey. Data for 2015 not available.

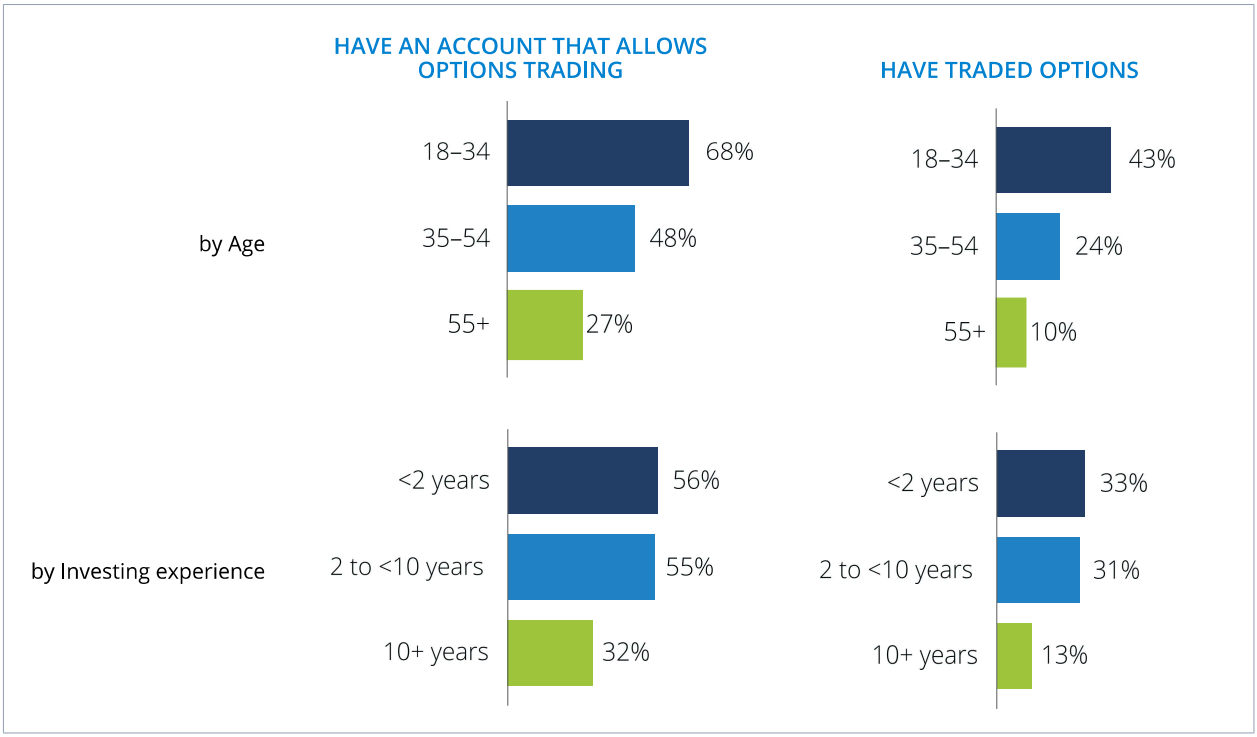
- Younger investors (under 35) are much more likely to own individual stocks than to own mutual funds (82 percent vs. 47 percent, respectively). This gap closes considerably as age increases.
- New investors (those with less than two years of experience) are somewhat less likely to own individual stocks than new investors were in 2021 (77 percent vs. 82 percent, respectively).



Forty-three percent of investors report having an account that allows options trading, but 33 percent are unsure. Just over one in five investors (21 percent) have purchased or sold options. These percentages have not changed substantially relative to 2021.

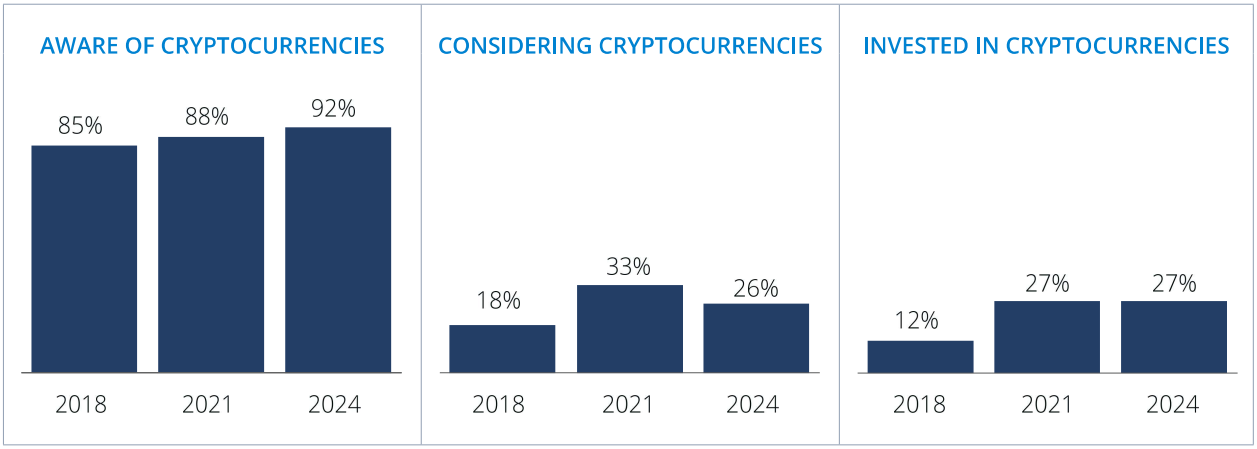
	2021	2024
Have an account that allows options trading	40%	43%
Have traded options	19%	21%

- Younger investors are much more likely than older investors to have an options account and to have traded options, as are those with less than 10 years of investing experience.

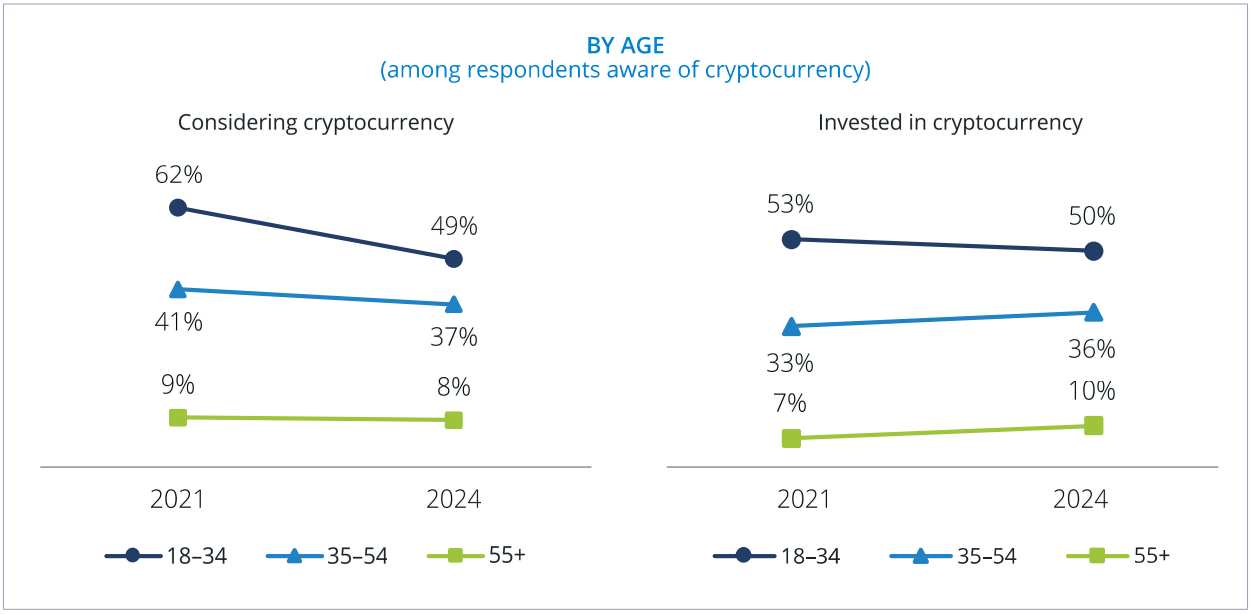


- Men are more likely than women to have an options account (48 percent vs. 36 percent) and to have traded options (24 percent vs. 17 percent).

The vast majority of investors (92 percent) have heard of cryptocurrencies. However, despite the continuing upward trend in awareness, the percentage of those considering cryptocurrencies has declined, and the percentage who have invested has not changed relative to 2021.[5]



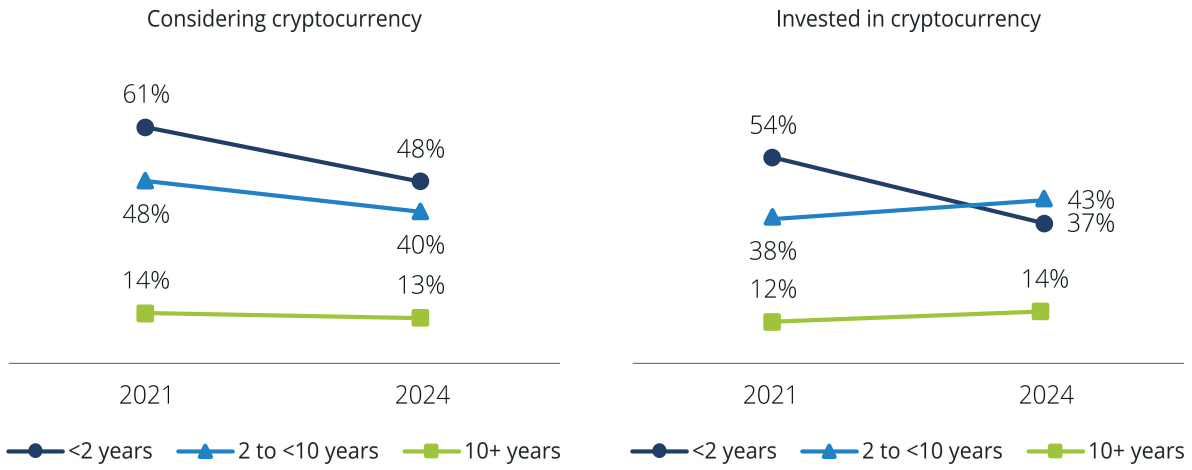
- Consistent with previous waves, likelihood to consider or invest in cryptocurrencies shows a strong inverse correlation with age. Nearly half (49 percent) of investors under 35 years old are considering cryptocurrency investments, and half have already invested, compared to 8 percent and 10 percent respectively among investors 55 and older. However, the proportion of investors under 35 who are considering cryptocurrencies has declined by 13 percentage points relative to 2021, compared to smaller declines among investors 35 and older. The percentage of those with cryptocurrency investments has decreased by three points among those under 35, but increased by three points among investors 35 and older.



[5] Only respondents who reported awareness of cryptocurrencies were asked other cryptocurrency-related questions. Investors considering cryptocurrencies include those who have purchased cryptocurrencies and are considering additional purchases as well those considering investing in cryptocurrencies for the first time.

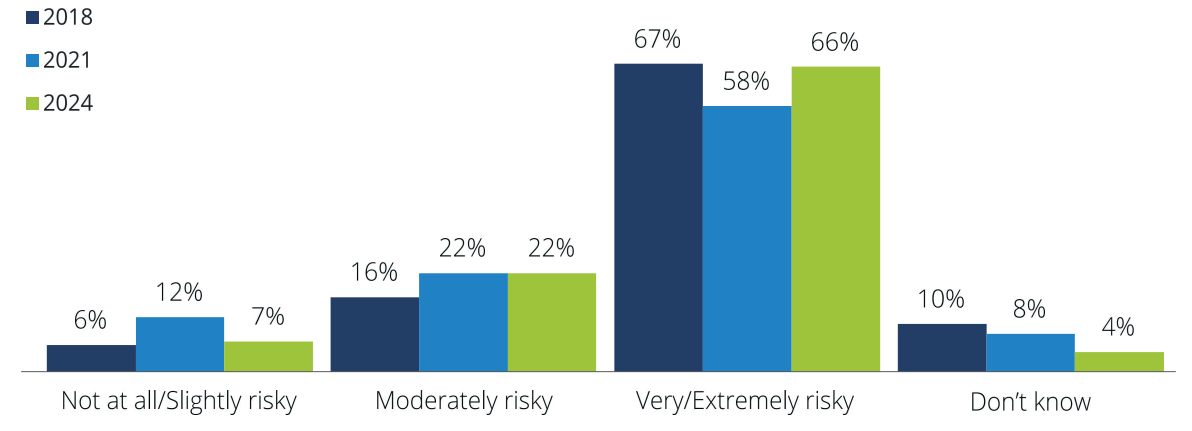
Similarly, likelihood to consider or invest in cryptocurrencies has decreased sharply among new investors (those with less than two years' experience). Among more experienced investors, consideration has decreased by a smaller amount, and investment has increased slightly.

BY INVESTING EXPERIENCE
(among respondents aware of cryptocurrency)

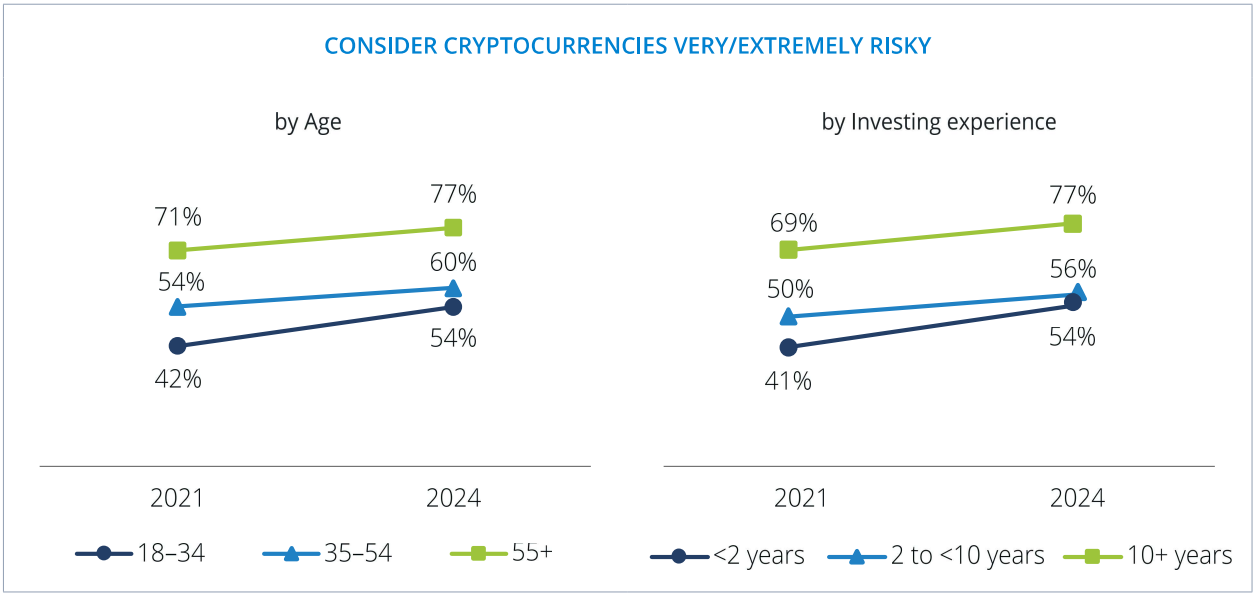


Among those aware of cryptocurrency, two-thirds view it as an extremely or very risky investment. This perception has increased substantially relative to 2021, jumping back to 2018 levels. It is possible that the crash of the cryptocurrency market during 2022 is partly responsible for this reversal.

IN YOUR OPINION, HOW RISKY ARE CRYPTOCURRENCIES AS AN INVESTMENT?
(among respondents aware of cryptocurrency)

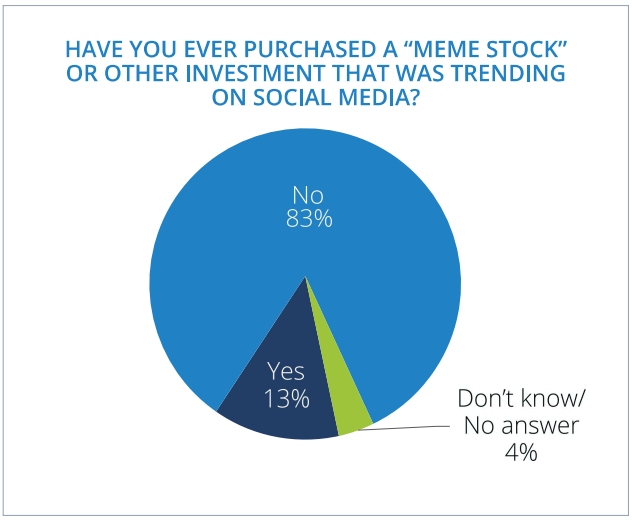


- Interestingly, the increase in perceived risk of cryptocurrencies is much larger among investors under 35 (12 percentage points) and those with less than two years' experience (13 points) than among older investors (six points) or those with more experience (six to eight points).



The 2024 Investor Survey includes a new question on meme stocks or other viral investments. Data from this question show that 13 percent of respondents have purchased a meme stock or other investment trending on social media, while the vast majority (83 percent) have not.

- Not surprisingly, meme stock activity correlates inversely with age, such that 29 percent of investors under 35 have purchased meme stocks, compared to very few among those 55 and older (2 percent). Investors of color and men are also more likely than white investors and women to engage with meme stocks.



	GENDER		AGE			ETHNICITY[6]			
	MALE	FEMALE	18–34	35–54	55+	WHITE	BLACK	HISP.	AAPI
Have purchased meme stocks or other viral investments	16%	9%	29%	18%	2%	9%	30%	27%	22%

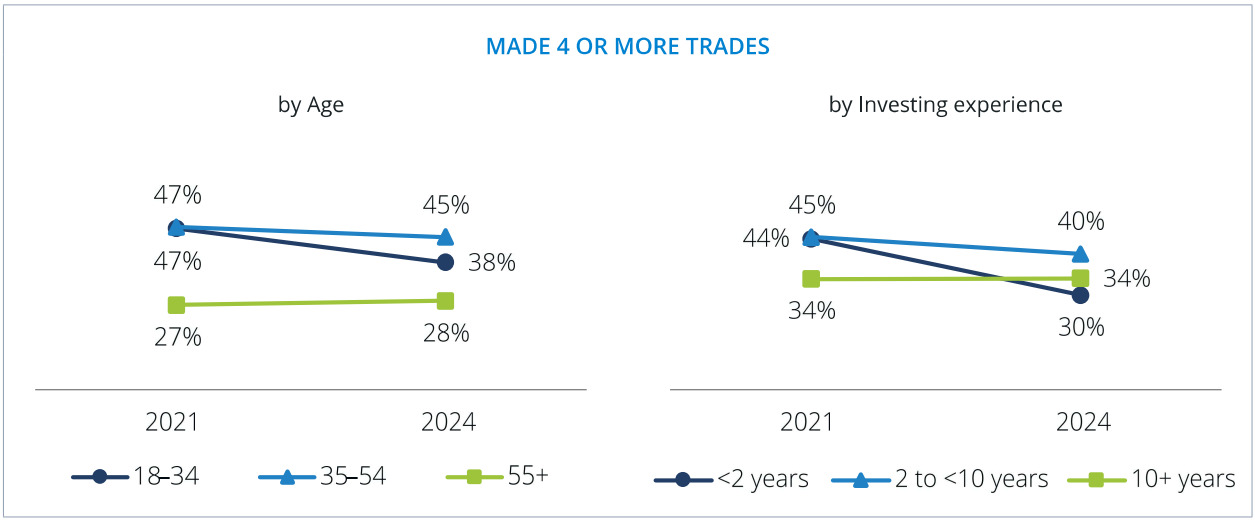
[6] White = White (non-Hispanic); Black = Black/African American (non-Hispanic); Hisp. = Hispanic/Latino (alone or in combination with other ethnicities); AAPI = Asian American/Pacific Islander (non-Hispanic).

INVESTING PRACTICES

Trading frequency varies considerably among investors. Thirty-six percent of respondents report making four or more trades in the past year, 31 percent traded one to three times, and 25 percent did not make any trades. Overall, trading frequencies have not changed substantially compared to 2021.

IN THE PAST 12 MONTHS, HOW MANY TIMES HAVE YOU BOUGHT OR SOLD INVESTMENTS IN NON-RETIREMENT ACCOUNTS?	2015	2018	2021	2024
None	29%	30%	24%	25%
1 to 3 times	30%	31%	30%	31%
4 or more times	35%	33%	38%	36%

- Consistent with previous waves, men tend to trade more frequently than women. Forty-three percent of men say they have traded four or more times in the past year, compared to 26 percent of women.
- The percent of investors who traded four or more times has decreased substantially among younger investors (nine points) and new investors (14 points), compared to smaller changes among older and more experienced investors.

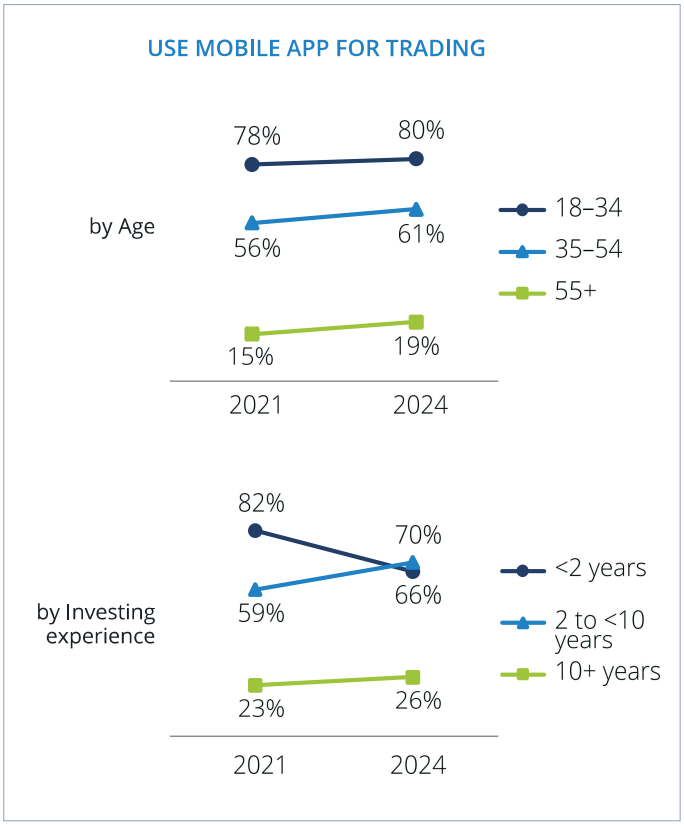


Investors use multiple methods to execute trades. Online trading through a website continues to be the most commonly cited method (62 percent), followed by using a mobile app (46 percent) and contacting a financial professional (45 percent). These percentages have not shifted relative to 2021.

METHODS FOR EXECUTING TRADES	2018	2021	2024
Website	55%	62%	62%
Mobile app	30%	44%	46%
Financial professional (specific person)	53%	44%	45%
Financial professional (any available representative at financial firm)	43%	38%	39%

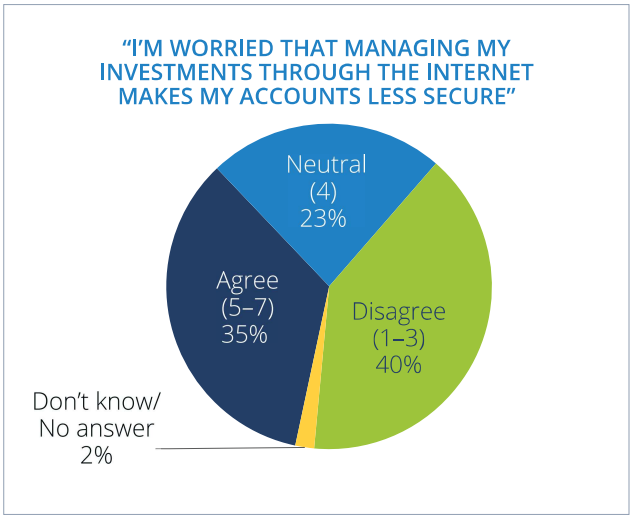
- There is considerable overlap in trading methods. For example, among those who trade through a financial professional (specific person), 56 percent also trade on a website.

- Younger respondents are much more likely than older respondents to trade on a mobile app (80 percent among investors under 35, compared to 61 percent among those ages 35 to 54, and 19 percent among those 55 and older). However, mobile app usage has increased slightly more for older age groups (four to five percentage points) than for those under 35 (two points).
- Respondents with less than 10 years of investing experience are more likely than those who have been investing for longer than 10 years to use mobile trading apps. It is interesting to note that the current crop of new investors (those with less than two years' experience) is markedly less likely to use mobile apps than new investors were in 2021.



Opinions regarding the security of investing over the internet are divided. Thirty-five percent of respondents worry about the security of their investments on the internet, while 40 percent are not worried.

- Younger investors are somewhat more likely than older investors to worry about internet security (40 percent among investors under 35, compared to around a third among investors in the two older age groups). Investors without college degrees are also more likely to be concerned than those with higher education levels.



	AGE			EDUCATION		
	18–34	35–54	55+	HS OR LESS	SOME COLLEGE	COLLEGE OR MORE
"I'm worried that managing my investments through the Internet makes my accounts less secure" (5 to 7 on 7-point scale)	40%	32%	34%	42%	37%	31%

Roughly three in ten investors say they have accounts that permit purchasing on margin, and one in ten have made a margin purchase. The prevalence of margin accounts and margin purchases has not changed relative to 2021.

	2015	2018	2021	2024
Have investment account that allows margin purchases	33%	30%	29%	29%
Have made margin purchases	17%	14%	11%	10%

- Consistent with previous waves, younger respondents and newer investors are much more likely to have made purchases on margin. Investors with between $50,000 and $250,000 in their portfolios are more likely than both those with lower and higher portfolio values to have made margin purchases.

	AGE			PORTFOLIO VALUE			INVESTING EXPERIENCE		
	18–34	35–54	55+	<$50K	$50K–$250K	$250K+	<2 YEARS	2 TO <10 YEARS	10+ YEARS
Have made margin purchases	22%	11%	4%	10%	15%	8%	18%	16%	5%

INVESTMENT FEES

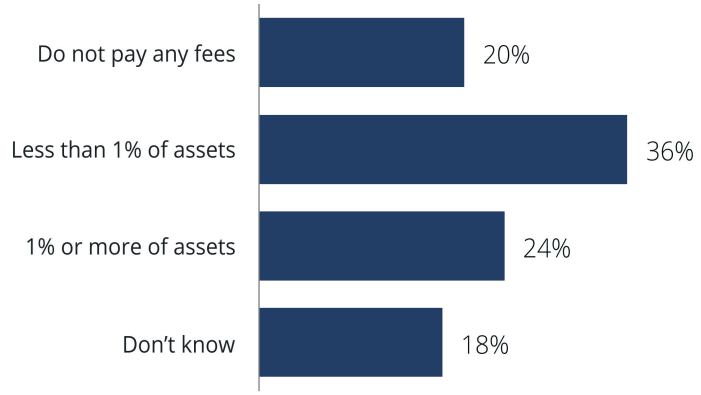
When asked what types of investment fees they think they pay, respondents most frequently mention account service fees (44 percent) and fees or commissions on trades (41 percent), though fewer than half report that they pay either of these types of fees. These perceptions are nearly identical to 2021.

TYPES OF FEES PAID	2018	2021	2024
Account service fees	47%	42%	44%
Fees or commissions for trades	56%	41%	41%
Mutual fund/ETF fees or expenses	42%	33%	33%
Fees for investment advice	20%	23%	23%

- Additional analyses suggest that it is unclear to investors what types of fees they pay for their non-retirement accounts. For example, fewer than half of mutual fund or ETF owners (45 percent) report paying mutual fund/ETF fees or expenses, while 41 percent claim that they do not pay these fees, and 13 percent do not know.

Furthermore, 20 percent of respondents do not think that they pay fees of any kind, and 18 percent do not know how much they pay in fees. A plurality of respondents (36 percent) believe they pay less than 1 percent annually in fees for their non-retirement investments.

PERCEIVED AMOUNT OF FEES FOR INVESTING IN NON RETIREMENT ACCOUNTS

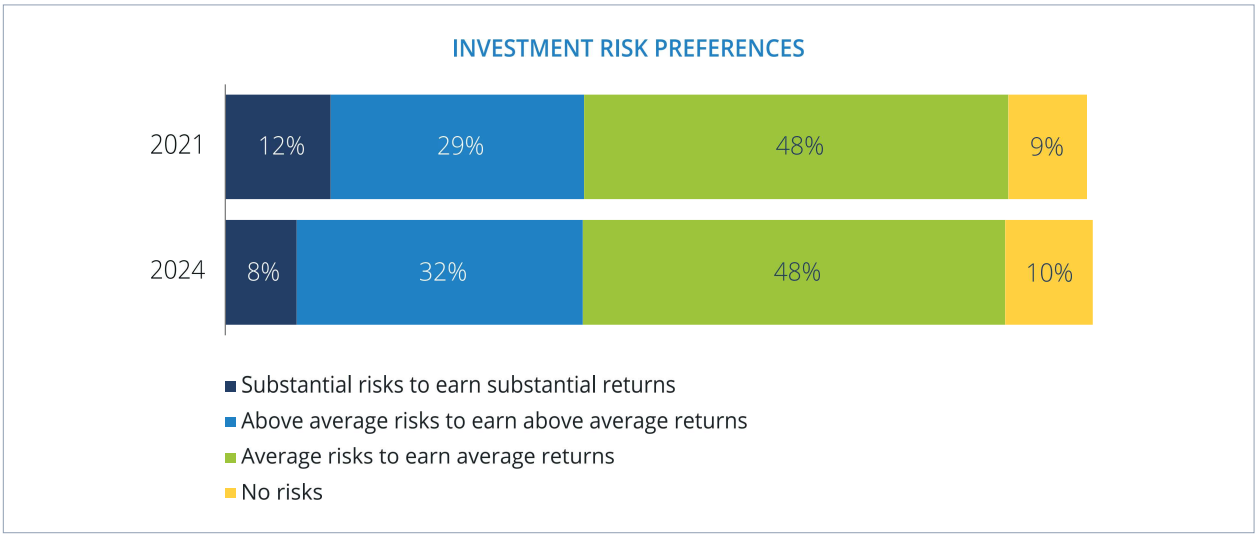


- Investors under 35 and those with portfolio values of less than $50,000 are more likely than older investors and those with higher portfolio values to think they do not pay any fees.

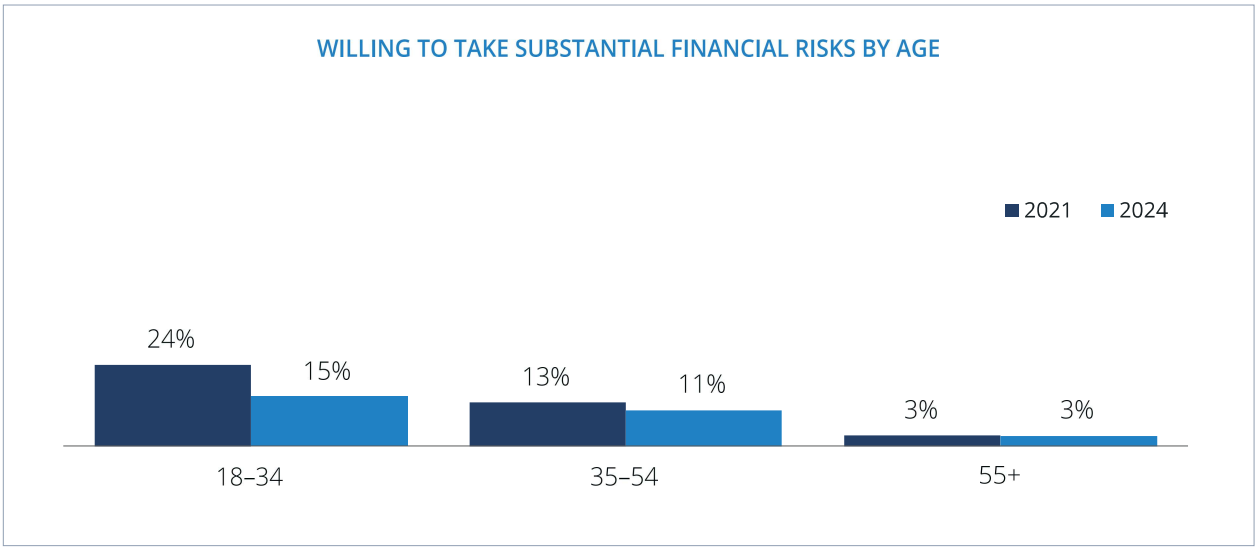
	AGE			PORTFOLIO VALUE		
	18–34	35–54	55+	<$50K	$50K–$250K	$250K+
Do not pay any fees	25%	18%	19%	29%	15%	13%

INVESTING ATTITUDES

When asked what level of financial risk they are comfortable taking, nearly half of investors (48 percent) say they are willing to take average risks in exchange for average returns, unchanged from 2021. However, investors appear to have pulled back slightly from the riskiest end of the spectrum, with a four-point decrease in the percentage of respondents willing to take substantial financial risks, and a three-point increase in those willing to take above average risks.

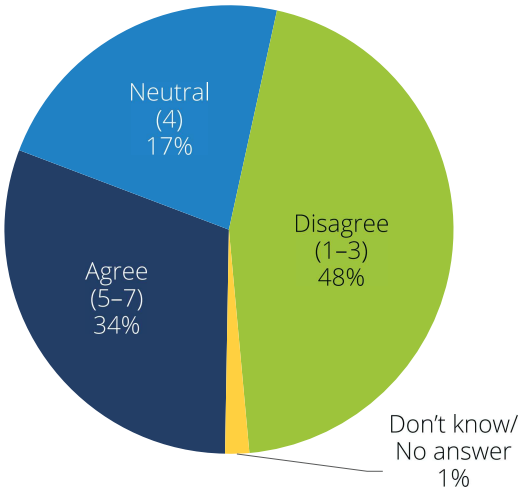


- Investors under 35 and those ages 35 to 54 are more willing to take substantial risks than those 55 and older (15 percent, 11 percent and 3 percent, respectively). The decline in risk-taking is most notable among investors under 35, with a decrease of nine percentage points in their willingness to take substantial risks, compared to little or no change among older investor groups.



To further explore attitudes towards risk, the 2024 Investor Survey includes a new question that asks whether investors feel that a high level of risk is necessary to achieve their financial goals. Slightly more than a third of investors (34 percent) say they need to take big risks with their investments, though a plurality (48 percent) disagree.

"I NEED TO TAKE BIG RISKS WITH MY INVESTMENTS IN ORDER TO REACH MY FINANCIAL GOALS"



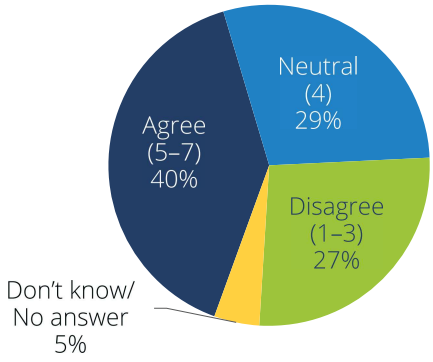
- The need to take risks shows a strong negative correlation with age. While a majority of investors under 35 feel taking big risks is a necessity (62 percent), only 16 percent of those 55 and older feel the same way. Investors of color and those with lower portfolio values are more likely than white investors and those with higher portfolio values to feel that big risks are necessary to meet their financial goals.

	AGE			PORTFOLIO VALUE			ETHNICITY			
	18–34	35–54	55+	<$50K	$50K–$250K	$250K+	WHITE	BLACK	HISP.	AAPI
"I need to take big risks with my investments in order to reach my financial goals" (5 to 7 on 7-point scale)	62%	42%	16%	46%	35%	20%	27%	61%	57%	44%

Investor opinions on the fairness of financial markets are mixed. A plurality (40 percent) agree that U.S. markets are fair to all investors, while 27 percent disagree, and 29 percent are neutral.

- Investors under 35 are more likely to believe in the fairness of financial markets than older investors. Men are more likely to think that financial markets are fair, as are those with portfolios of $50,000 or more.

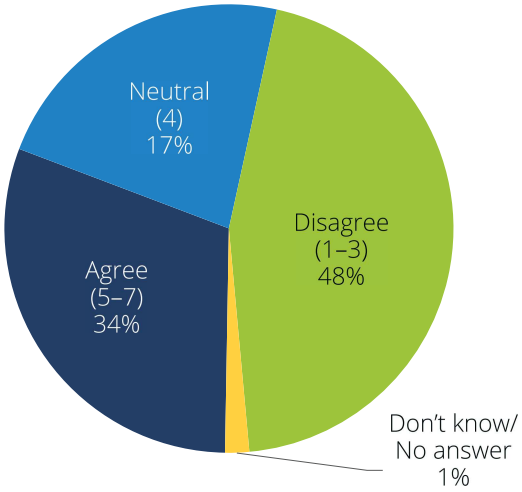
"U.S. FINANCIAL MARKETS ARE FAIR TO ALL INVESTORS"



	GENDER		AGE			PORTFOLIO VALUE		
	MALE	FEMALE	18–34	35–54	55+	<$50K	$50K–$250K	$250K+
"U.S. financial markets are fair to all investors" (5 to 7 on 7-point scale)	47%	31%	50%	40%	35%	37%	45%	43%

The 2024 Investor Survey includes a new question on self-identification as an investor. Thirty percent of respondents agree with the statement, "People like me aren't usually investors." The plurality (45 percent) disagree, and 23 percent are neutral.

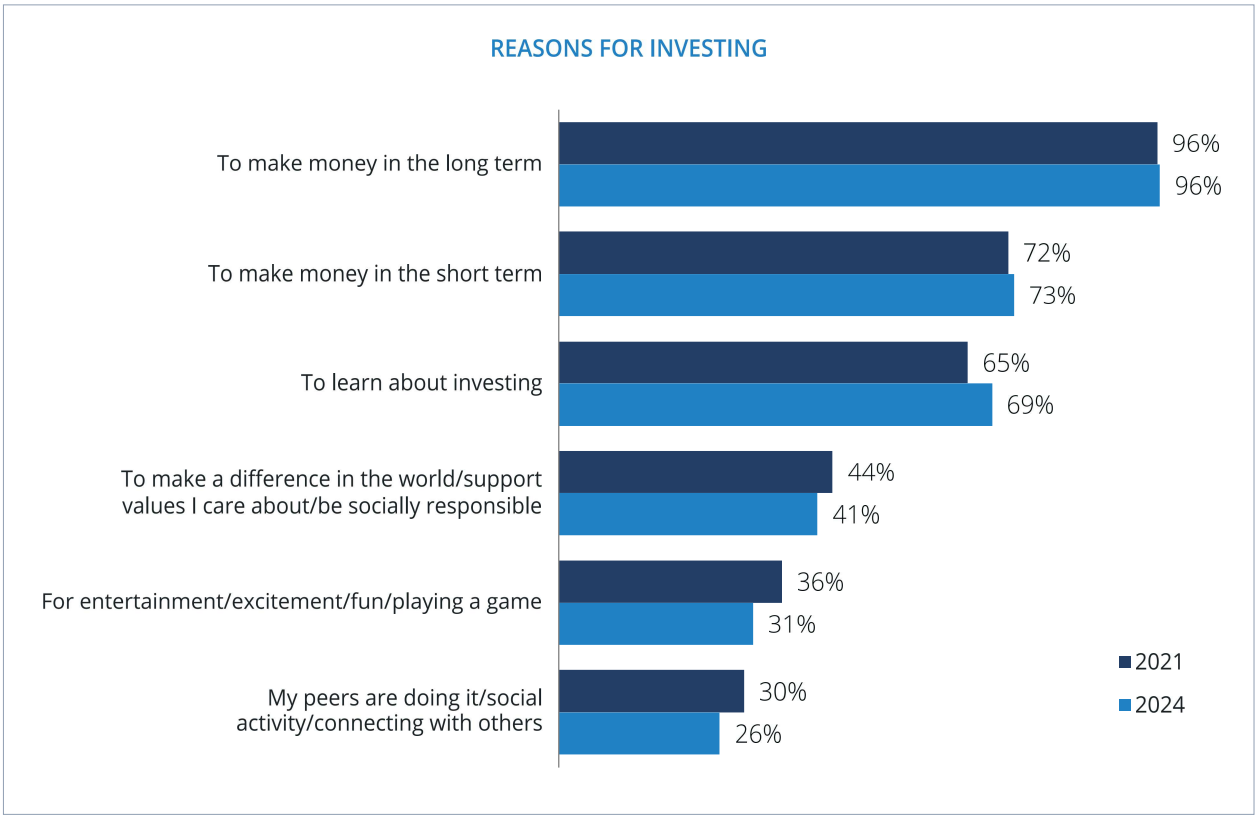
"PEOPLE LIKE ME AREN'T USUALLY INVESTORS"



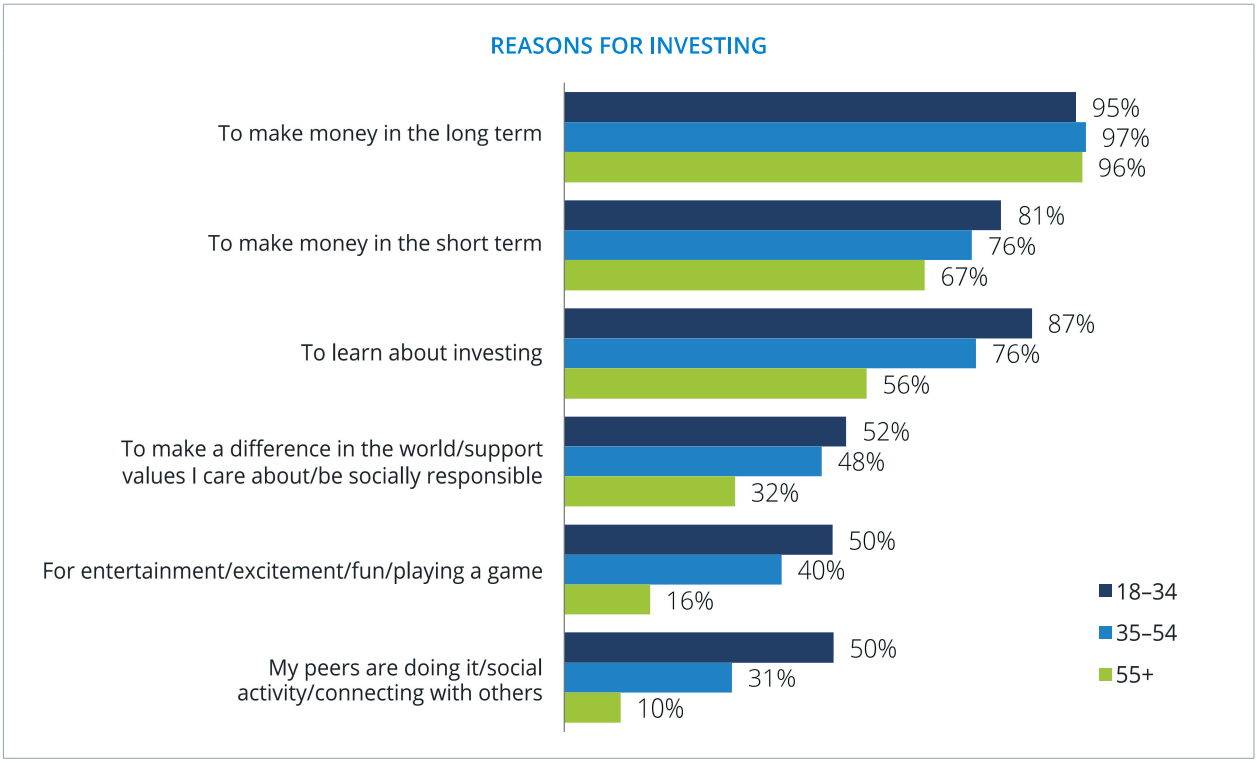
- Younger respondents and those with less investing experience are more likely to feel that they are not the typical investor. Black/African American and Hispanic/Latino respondents are also more likely to feel that individuals like themselves are not usually investors.

	AGE			ETHNICITY				INVESTING EXPERIENCE		
	18–34	35–54	55+	WHITE	BLACK	HISP.	AAPI	<2 YEARS	2 TO <10 YEARS	10+ YEARS
"People like me aren't usually investors" (5 to 7 on 7-point scale)	47%	34%	20%	25%	56%	48%	29%	55%	41%	19%

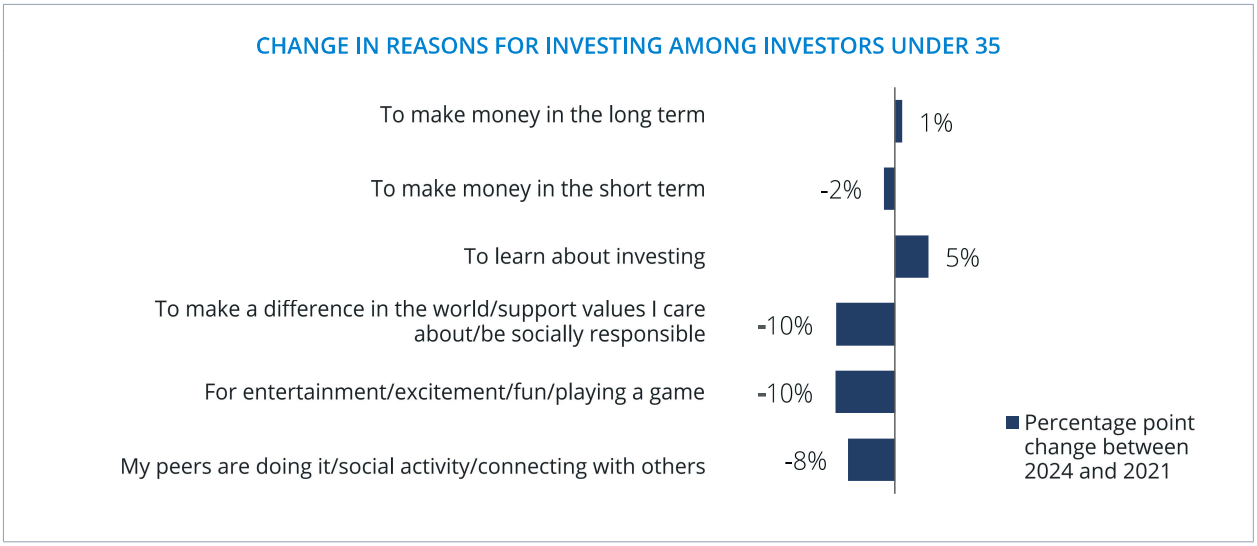
Individuals may choose to invest for a variety of reasons. Making money over the long term appears to be a nearly universal goal, cited by 96 percent of investors. However, nearly three-quarters of investors (73 percent) also want to make money in the short term, and over two-thirds (69 percent) mention learning about investing as a motivation. Relative to 2021, there are small declines in the proportions of those investing for social responsibility, entertainment or social activity reasons, and a small increase in the percent who want to learn about investing.



- Consistent with 2021, younger respondents are much more likely than older respondents to invest for reasons other than long-term profits. Half or more of those under 35 say they invest for social responsibility, entertainment and social activity reasons.



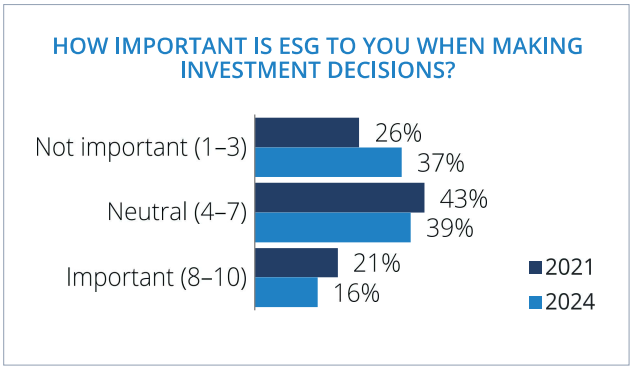
- However, younger investors' enthusiasm for social responsibility, entertainment and social activity reasons has declined noticeably relative to 2021.

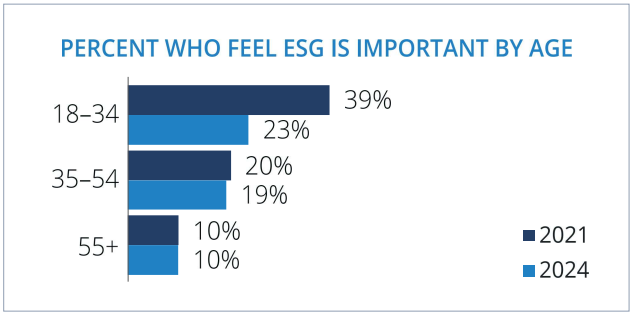


- Among those who have purchased meme stocks or other viral investments, 66 percent cite entertainment and 65 percent social activity as reasons for investing.

The importance of ESG (environmental, social and corporate governance issues) in investment decisions appears to be declining. Compared to 2021, the percentage of investors who consider ESG important has decreased by five percentage points, while the percentage who feel it is unimportant has increased by 11 points.

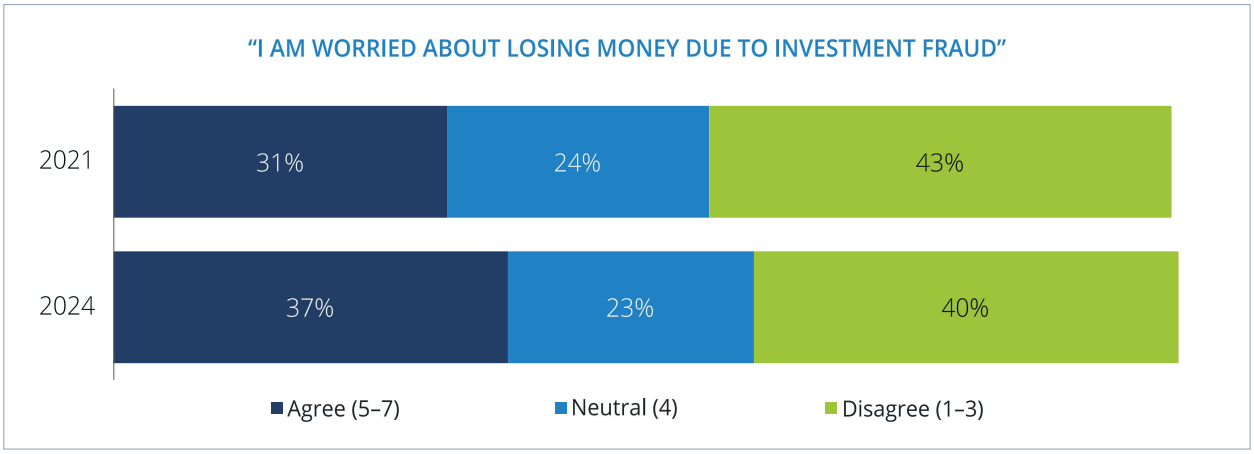
- The decrease in importance of ESG is concentrated among investors under 35, of whom 23 percent feel it is important, down from 39 percent in 2021. Despite this, younger investors are still more likely than investors 55 and older to feel ESG is important.





FRAUD AND REGULATION

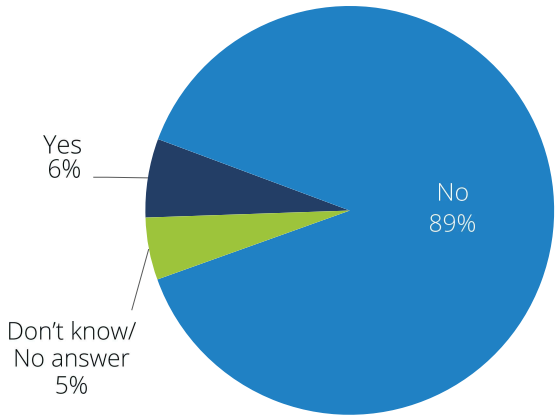
Concerns regarding investment fraud appear to be increasing somewhat. While the plurality of investors (40 percent) are not concerned, nearly as many say they are worried about losing money due to investment fraud (37 percent, up from 31 percent in 2021).



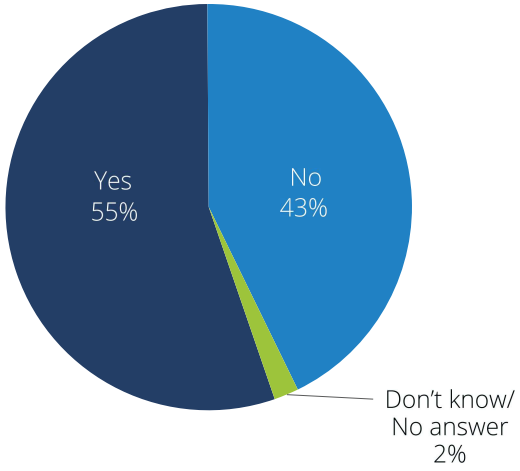
The 2024 Investor Survey includes two new questions on investment fraud. Capturing the many possible types of fraudulent activities requires multiple, detailed questions, which would not be feasible for a study such as the NFCS. Instead, the survey simply asks respondents whether they believe they have been targeted in an investment fraud or scam, and if so, whether they lost any money. These are subjective measures and are not intended to estimate the actual prevalence of investment fraud in the population.

Findings show that, despite growing concerns about investment fraud, very few investors (6 percent) believe that they themselves have been targeted, while the vast majority (89 percent) think they have not. Among the few who believe they were targeted, 55 percent say they lost money as a result of the investment scam.

DO YOU BELIEVE YOU WERE TARGETED IN AN INVESTMENT FRAUD OR SCAM IN THE PAST YEAR?



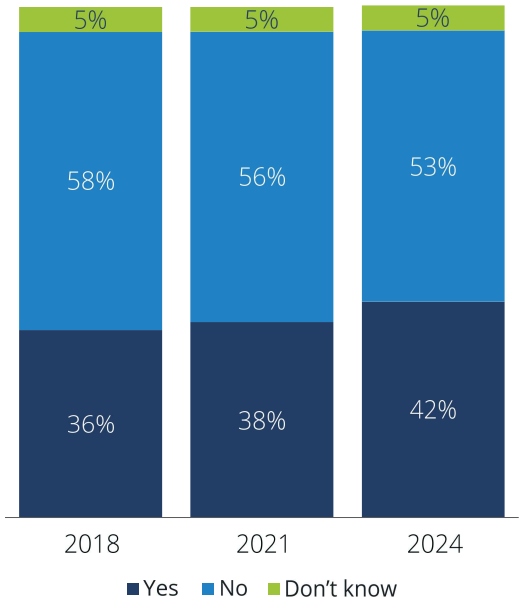
DID YOU LOSE ANY MONEY AS A RESULT OF THE FRAUD OR SCAM?
(among those who believe they were targeted)



Forty-two percent of respondents say they have authorized a trusted contact for their investment accounts, up from 38 percent in 2021, while over half (53 percent) say they have not.

- Respondents who frequently make trades through a person (by contacting their advisor or someone at their firm) are more likely than those who frequently trade on a digital platform (via website or mobile app) to report having a trusted contact (70 percent vs. 39 percent, respectively; note that these groups are not mutually exclusive).
- Among respondents who have designated a trusted contact, the majority (65 percent) report doing so during the process of opening a new account.

HAVE YOU AUTHORIZED A TRUSTED CONTACT FOR ANY OF YOUR INVESTMENT ACCOUNTS?



- Among those who do not have a trusted contact, there does not appear to be strong opposition to the idea. A large majority of those without a trusted contact (81 percent) simply do not recall being asked to name one, and nearly half (49 percent) say they would be willing to do so.

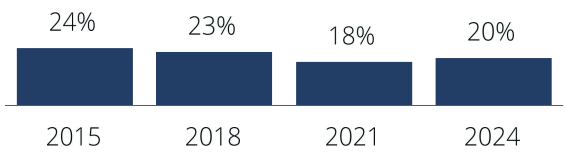
DO YOU RECALL BEING ASKED TO NAME A TRUSTED CONTACT FOR YOUR INVESTMENT ACCOUNTS?	TOTAL
Yes	10%
No	81%
Don't know	9%

WOULD YOU BE WILLING TO NAME A TRUSTED CONTACT FOR YOUR INVESTMENT ACCOUNTS?	TOTAL
Yes	49%
No	28%
Don't know	22%

One in five investors say they have checked with a regulator regarding the background of a financial professional, little changed from 2021.

- Respondents who frequently make trades through their financial professional or someone at their firm are more likely than those who frequently trade via website or mobile app to have checked the background of a financial professional (45 percent vs. 25 percent, respectively; note that these groups are not mutually exclusive).

HAVE CHECKED WITH A STATE OR FEDERAL REGULATOR REGARDING THE BACKGROUND, REGISTRATION, OR LICENSE OF A FINANCIAL PROFESSIONAL

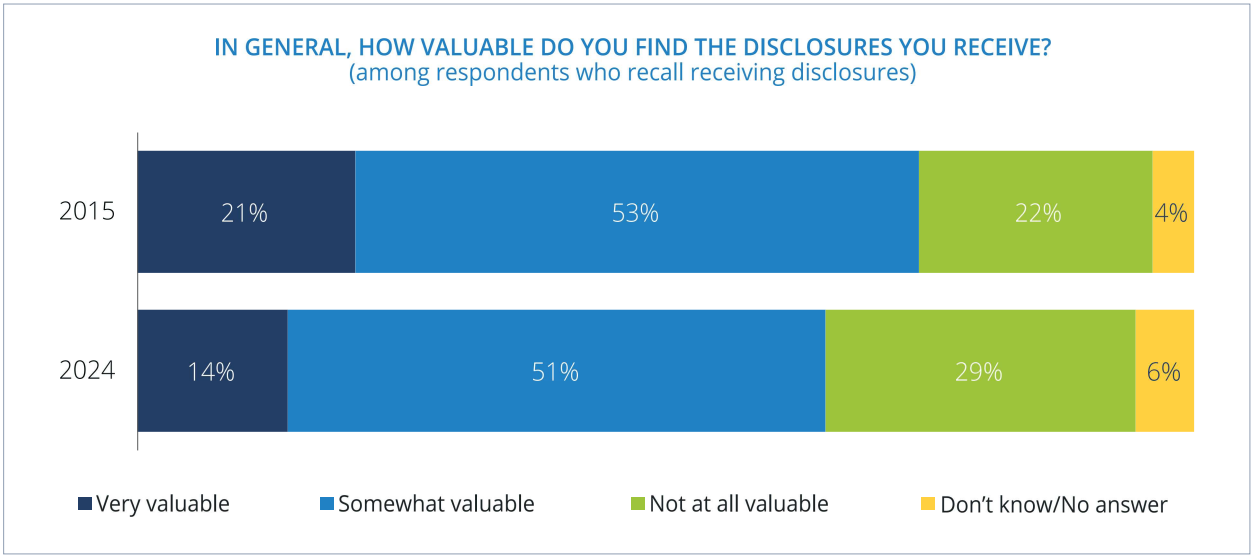


DISCLOSURES

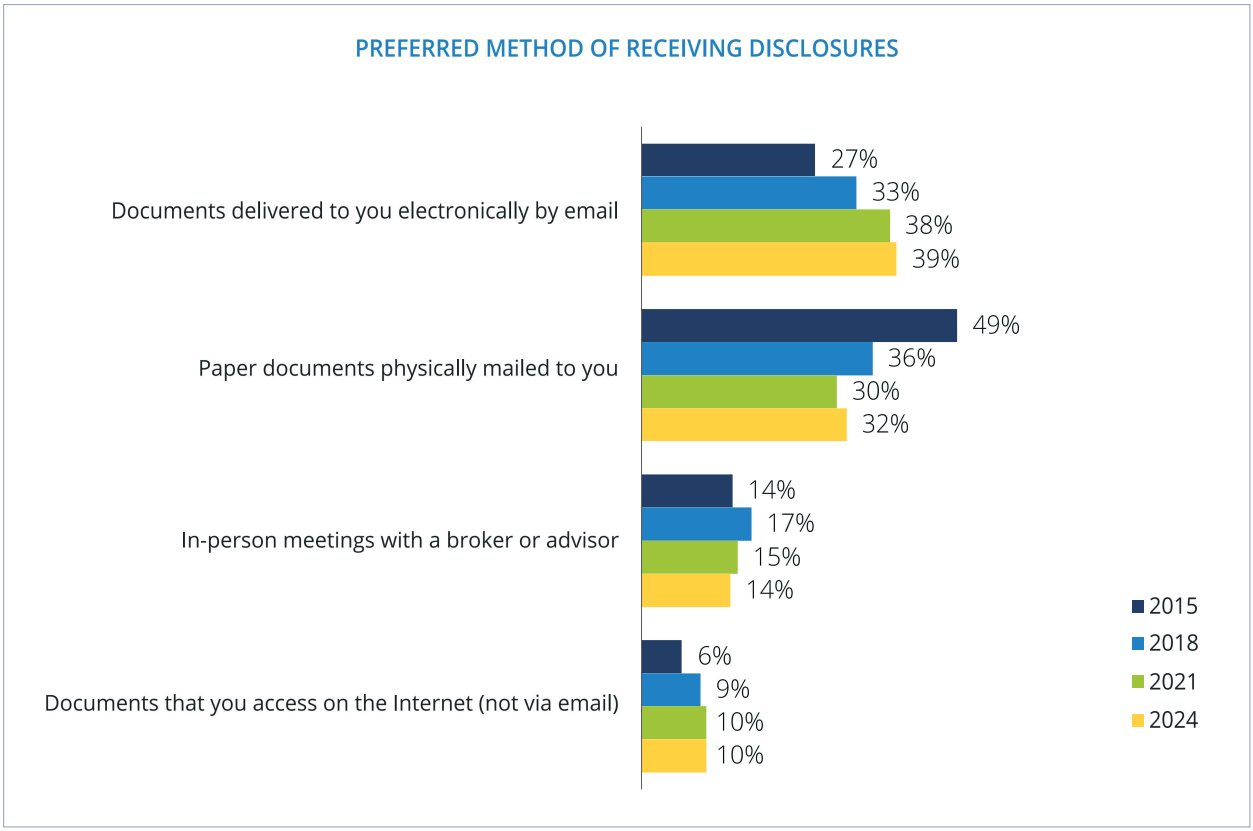
About half of respondents (51 percent) recall receiving disclosures regarding their investments (such as mutual fund summary prospectuses, potential conflict of interest disclosures, disclosures of risks of specific financial products), and 42 percent say they at least skim the disclosure. Compared to 2015, when these questions were previously asked, the proportion of respondents who recall receiving disclosures is down eight percentage points, and the proportion who at least skim the disclosure is down nine points.

	2015	2024
Recall receiving disclosures	59%	51%
Read the entire disclosure	19%	11%
Skim the disclosure	32%	31%
Do not read the disclosure	8%	8%
Do not recall receiving disclosures	27%	38%
Don't know/No answer	13%	10%

- Among those who recall receiving disclosures, just under two-thirds (65 percent) find them to be somewhat or very valuable, down from almost three-quarters (74 percent) in 2015.

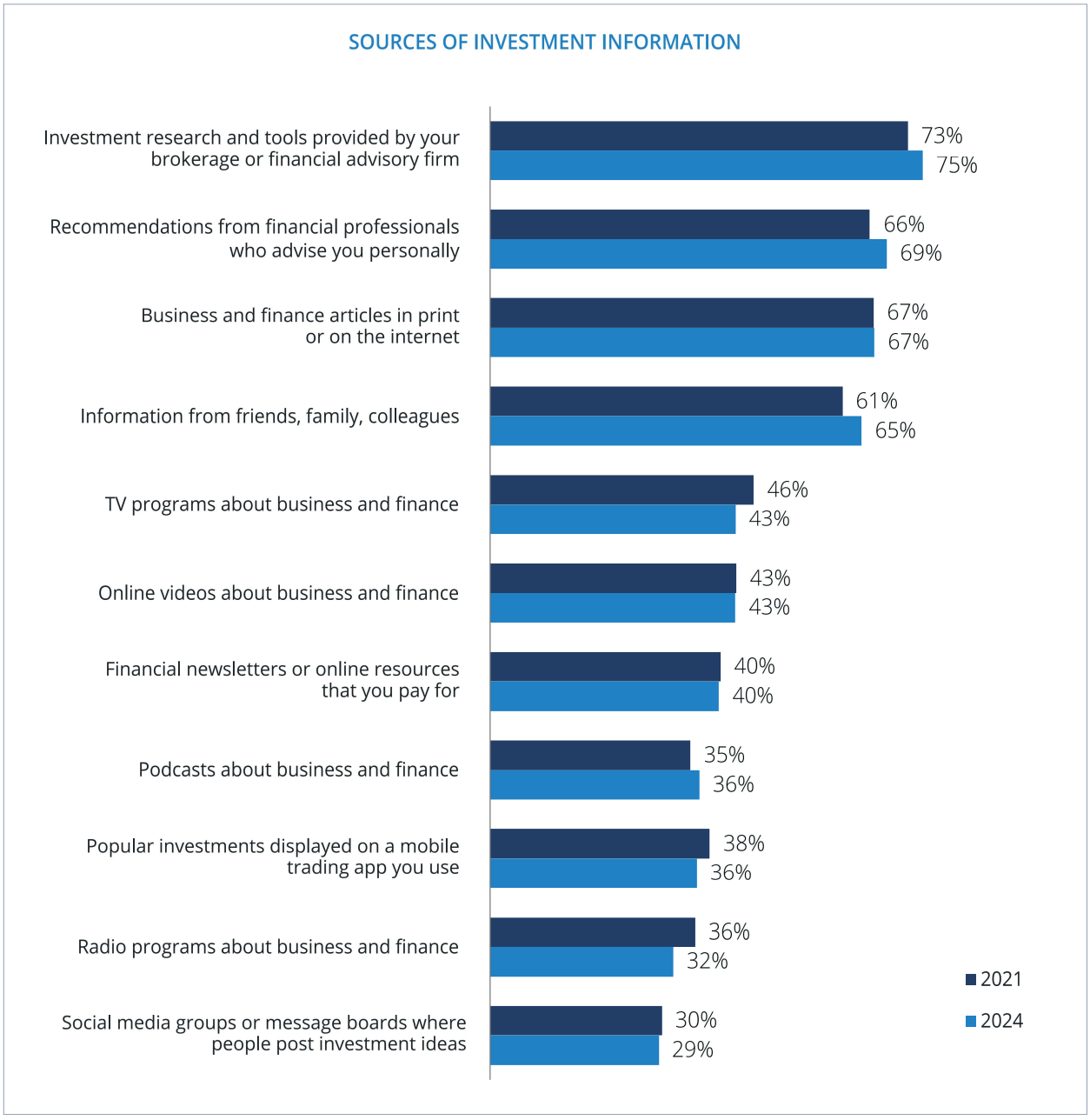


Email continues to be the most popular method for receiving disclosures (39 percent), followed by physical mail (32 percent). Trends in preference for email and physical mail from 2015 to 2021 appear to have slowed or stalled as of 2024.

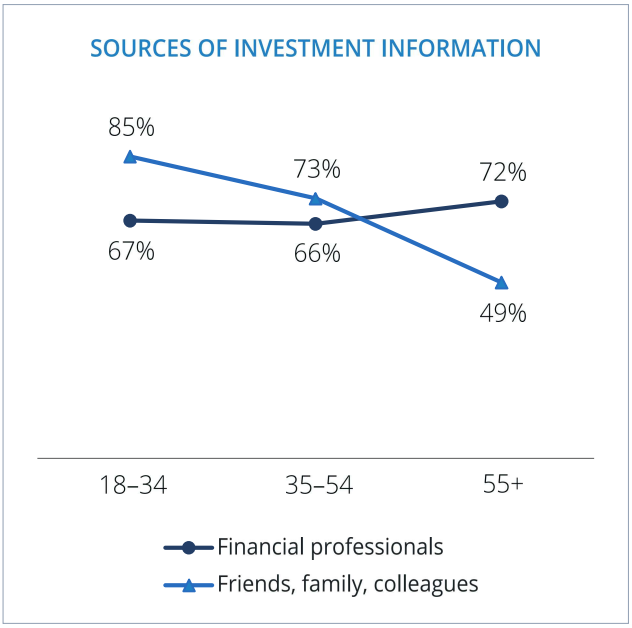


INFORMATION SOURCES

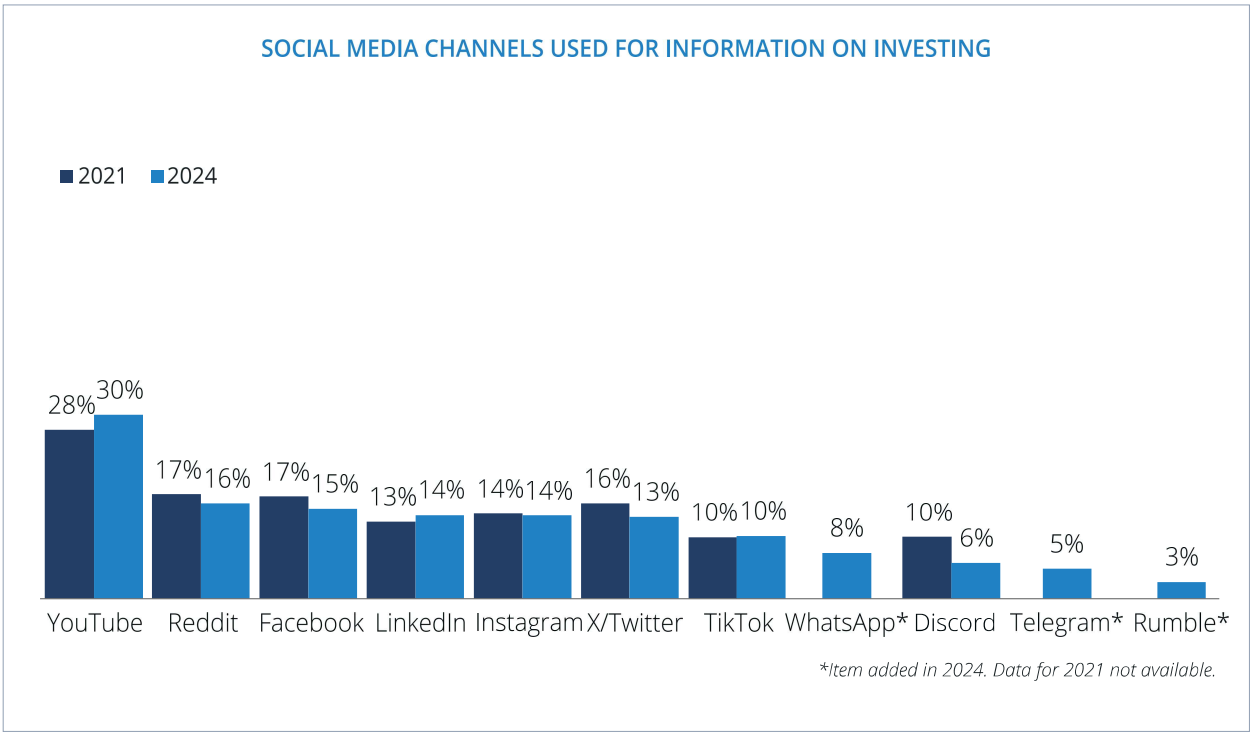
Investors rely on a wide range of information sources when making investment decisions. Research and tools provided by brokerage firms, recommendations from financial professionals, business and finance articles, and friends/family/colleagues are the most commonly used sources, each cited by majorities of investors. For the most part, use of various information sources is consistent with 2021.



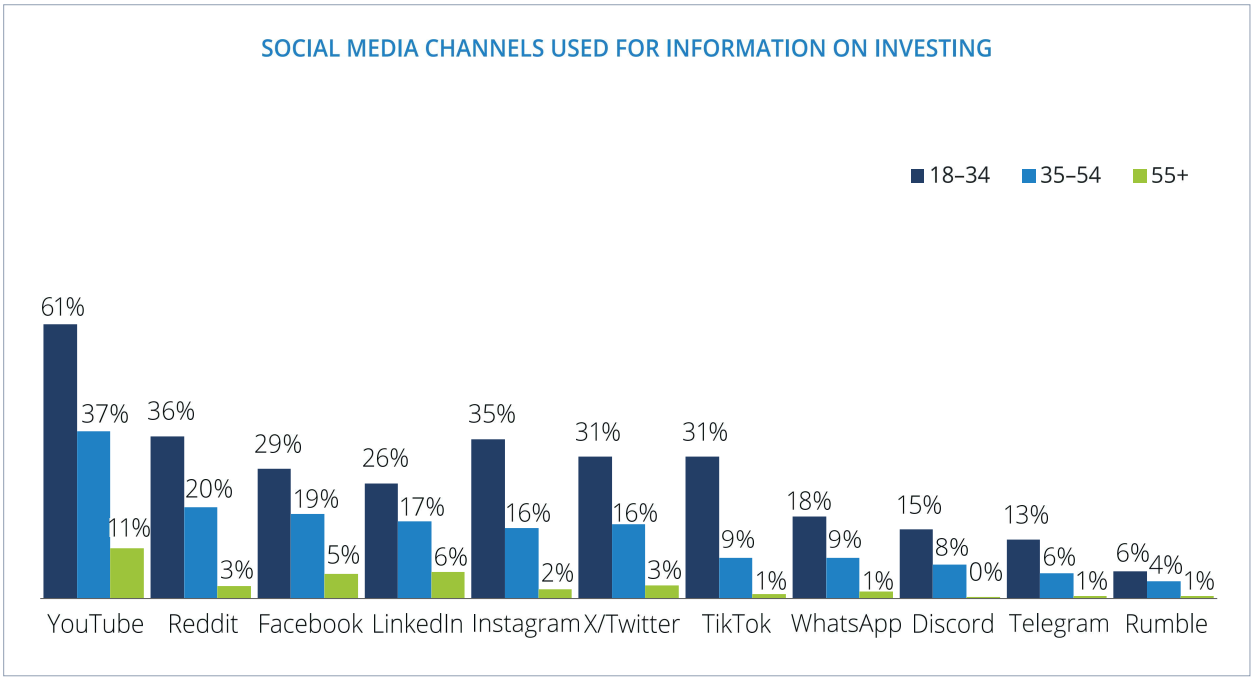
- Younger investors are somewhat less likely than older investors to rely on financial professionals, and much more likely to use information from friends, family and colleagues in making investment decisions. Among young investors, word of mouth from friends/family/colleagues is the most frequently mentioned source of investment information, used by 85 percent of investors under 35.
- Among investors who have purchased meme stocks or other viral investments, 78 percent say they rely on investments displayed on their mobile trading app, and 69 percent on social media groups.



In terms of the social media channels respondents used for investment information, YouTube continues to be the most popular. Usage levels for various social media channels are largely consistent with 2021, though YouTube's lead over the others appears to be widening slightly.

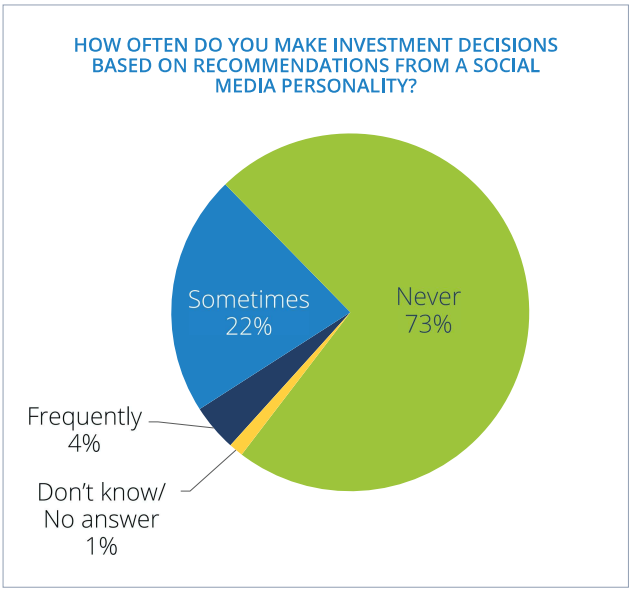


- As expected, use of all social media channels correlates inversely with age. More than three out of five investors under 35 report using YouTube, and 36 percent say they use Reddit for investment information.



- The growth in use of YouTube for investment information is not limited to younger investors (five percentage points). Similar increases can be seen among investors ages 35 to 54 and those 55 and older (six and four points respectively).

The 2024 Investor Survey includes a new question to assess reliance on social media personalities for investing decisions (so-called "finfluencers"). Just over a quarter of respondents (26 percent) say they use recommendations from social media finfluencers in making investment decisions (22 percent sometimes and 4 percent frequently), while the majority (73 percent) of investors do not.

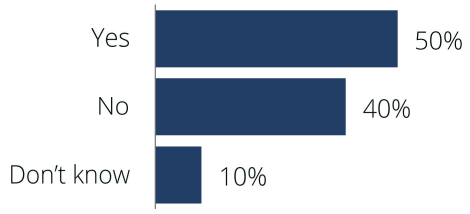


- Among respondents under 35, 61 percent say they make investment decisions based on finfluencer recommendations. Use of finfluencers declines dramatically with age. Newer investors and investors of color, particularly Black/African American and Hispanic/Latino investors, are also more likely to use finfluencers.

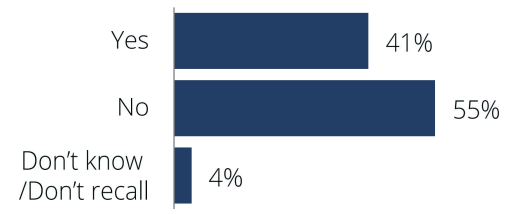
	AGE			ETHNICITY				INVESTING EXPERIENCE		
	18–34	35–54	55+	WHITE	BLACK	HISP.	AAPI	<2 YEARS	2 TO <10 YEARS	10+ YEARS
Use finfluencers (frequently or sometimes)	61%	31%	6%	16%	64%	59%	41%	57%	41%	10%

Two new questions in the 2024 Investor Survey are intended to measure socialization of investing within families. Data from these questions show that half of respondents in the survey have parents who also invest in securities, and just over two in five (41 percent) say they have talked about investing with parents or other family members.

TO THE BEST OF YOUR KNOWLEDGE, DID/DO YOUR PARENTS HAVE INVESTMENTS IN STOCKS, BONDS, MUTUAL FUNDS, OR OTHER SECURITIES?



DID/DO YOUR PARENTS OR OTHER FAMILY MEMBERS EVER TALK TO YOU ABOUT INVESTING?



- Respondents under 55 are more likely than those 55 and older to say their parents are/were also investors. White and Asian American/Pacific Islander respondents are more likely than Black/African American and Hispanic/Latino respondents to have parents who invest. Not surprisingly, the likelihood of having investor parents is highly correlated with parental education, such that nearly two-thirds of those whose parents are college graduates report that their parents also have/had investments, compared to just over one-third among those whose parents have no college experience.

	AGE			ETHNICITY				PARENTAL EDUCATION		
	18–34	35–54	55+	WHITE	BLACK	HISP.	AAPI	HS OR LESS	SOME COLLEGE	COLLEGE OR MORE
Parents are/ were investors	54%	54%	46%	53%	38%	39%	57%	34%	46%	64%

- Younger investors are more likely than older investors to have talked with their parents about investing. Asian American/Pacific Islander respondents and investors whose parents have college degrees are also more likely to talk about investing among family.

	AGE			ETHNICITY				PARENTAL EDUCATION		
	18–34	35–54	55+	WHITE	BLACK	HISP.	AAPI	HS OR LESS	SOME COLLEGE	COLLEGE OR MORE
Parents talk/talked about investing	54%	42%	34%	40%	44%	38%	53%	33%	37%	49%

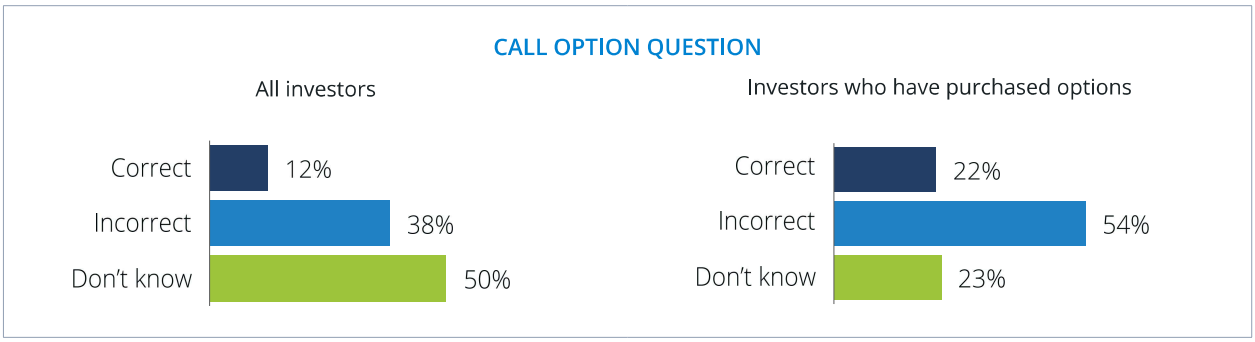
INVESTOR KNOWLEDGE

To assess their level of investment knowledge, respondents were presented with 11 multiple choice "quiz" questions[7] covering various investment-related topics and concepts, including a newly added question on inflation and investment returns.

- Correct answers to individual quiz questions range from 77 percent for the inflation question to 20 percent for the question about buying on margin. The margin and short-selling questions have the most incorrect answers, with over half of respondents answering each incorrectly (55 percent and 54 percent, respectively). Among those who make purchases on margin, 75 percent answer the margin question incorrectly.

QUIZ QUESTIONS	CORRECT	INCORRECT	DON'T KNOW
Inflation	77%	11%	12%
Risk and return	74%	14%	11%
Definition of stocks	74%	20%	5%
Definition of bonds	62%	17%	21%
Asset class with best average return	52%	23%	25%
Bankruptcy	52%	24%	24%
Past performance as an indicator	41%	47%	11%
Index funds vs. actively managed funds	30%	30%	40%
Municipal bonds vs. other government bonds	30%	37%	33%
Definition of selling short	23%	54%	22%
Buying on margin	20%	55%	25%

The survey also includes a "bonus" question on call options,[8] which is not counted as part of the main 11-question quiz. Half of respondents say they do not know the answer to the question, and only 12 percent are able to answer correctly. Among those who have traded options, the proportion answering correctly rises to 22 percent, however, more than half (54 percent) answer incorrectly.

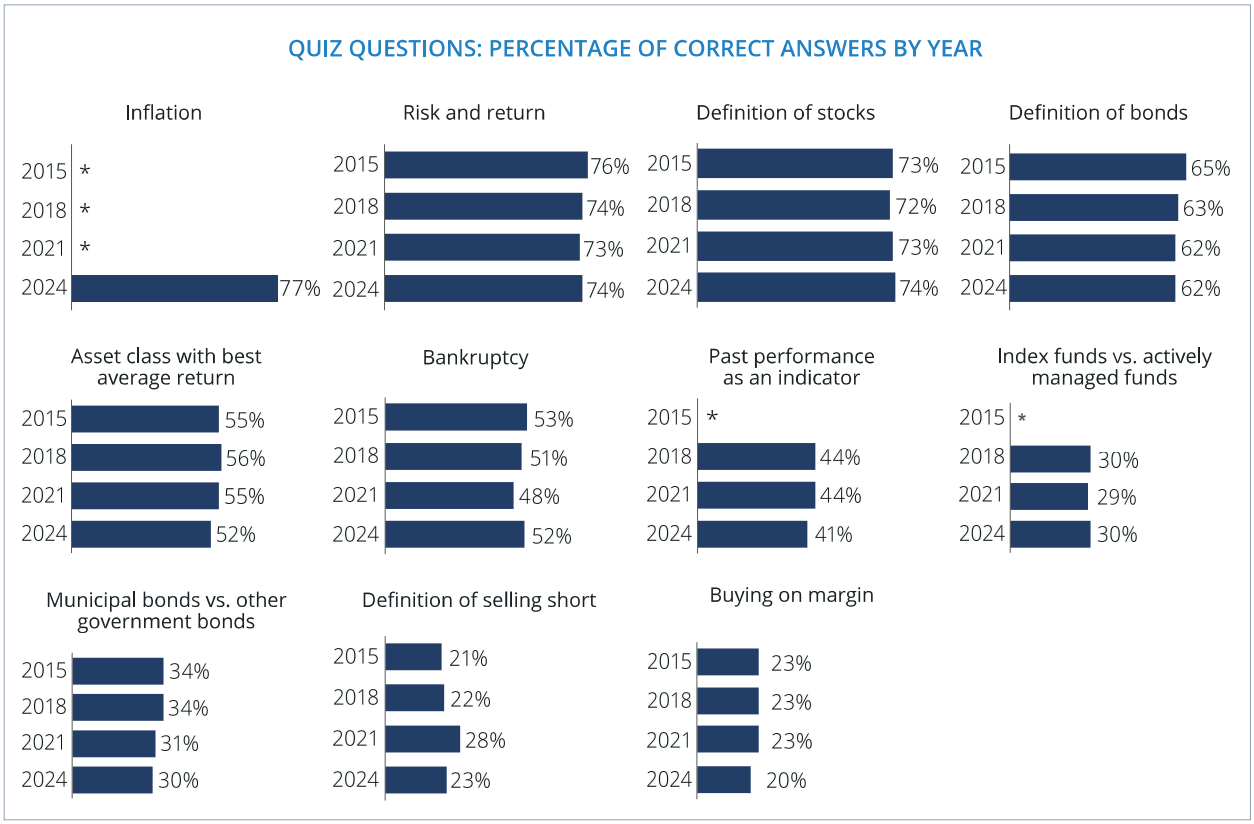


[7] See Appendix for full text of quiz questions.

[8] See Appendix for full text of question.

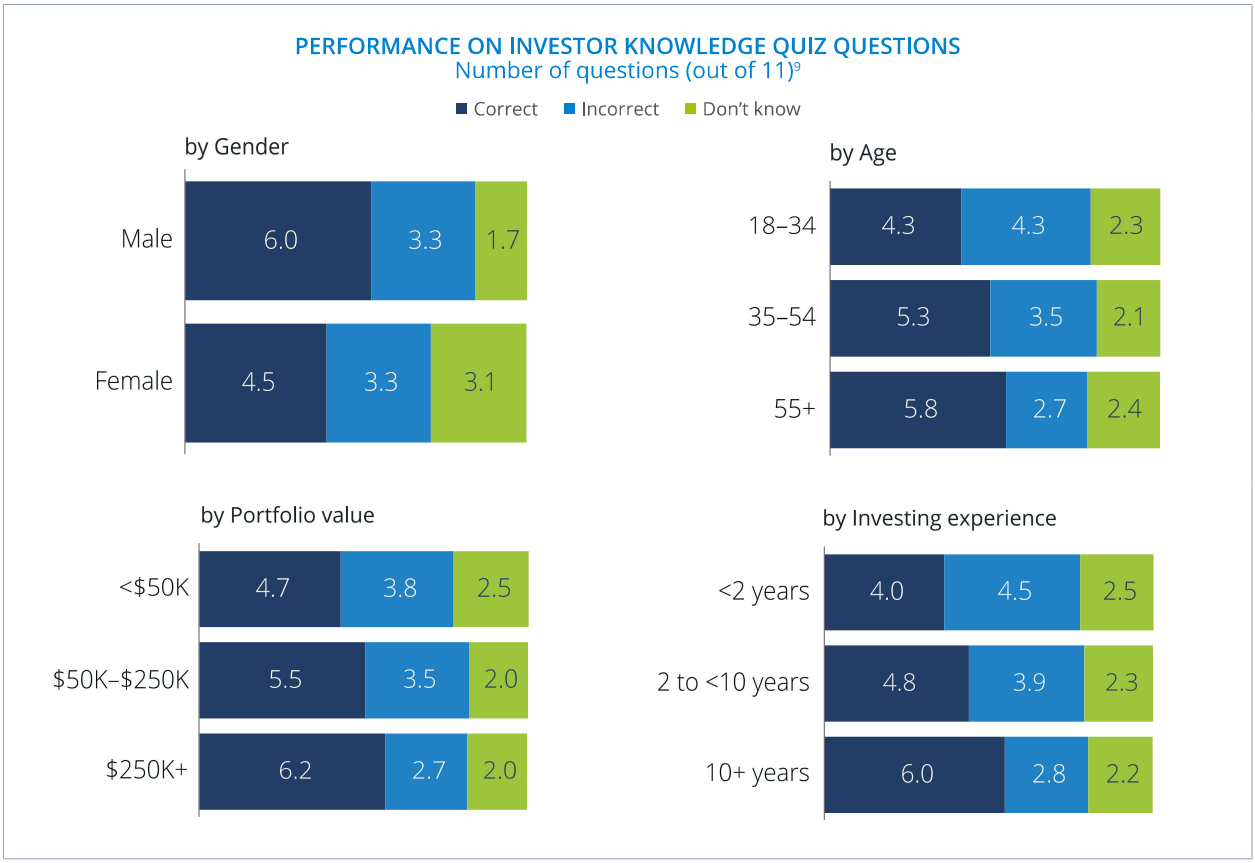
Looking at the main quiz questions over time, we see the percentage of correct answers remains largely consistent with previous waves.

- There is a small drop in the percentage of correct answers to the short-selling question, which ticked up in the previous wave (potentially due to news coverage of short squeezes in early 2021).



On average, respondents are able to answer 5.3 of the 11 questions correctly.

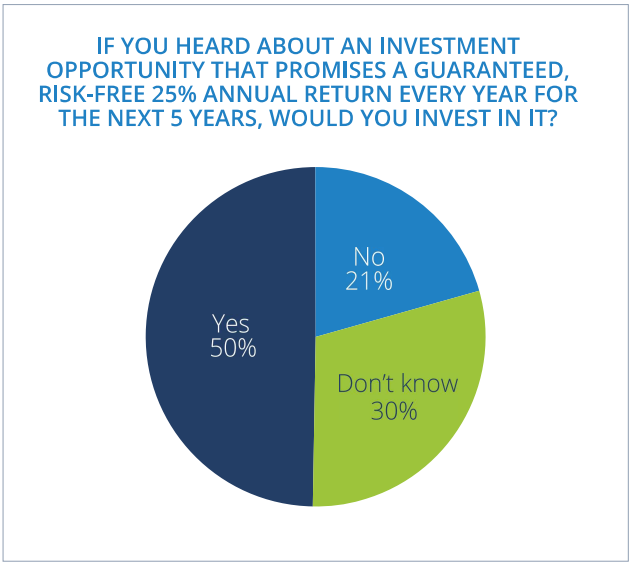
- Performance on the quiz questions is correlated with a number of demographic characteristics. Men, older respondents and those with higher portfolio values tend to do better on the quiz questions. Not surprisingly, those with more investing experience also outperform those with less experience.
- Consistent with 2021, investors under 35 and those with less than two years' experience give as many or more incorrect answers as correct answers.



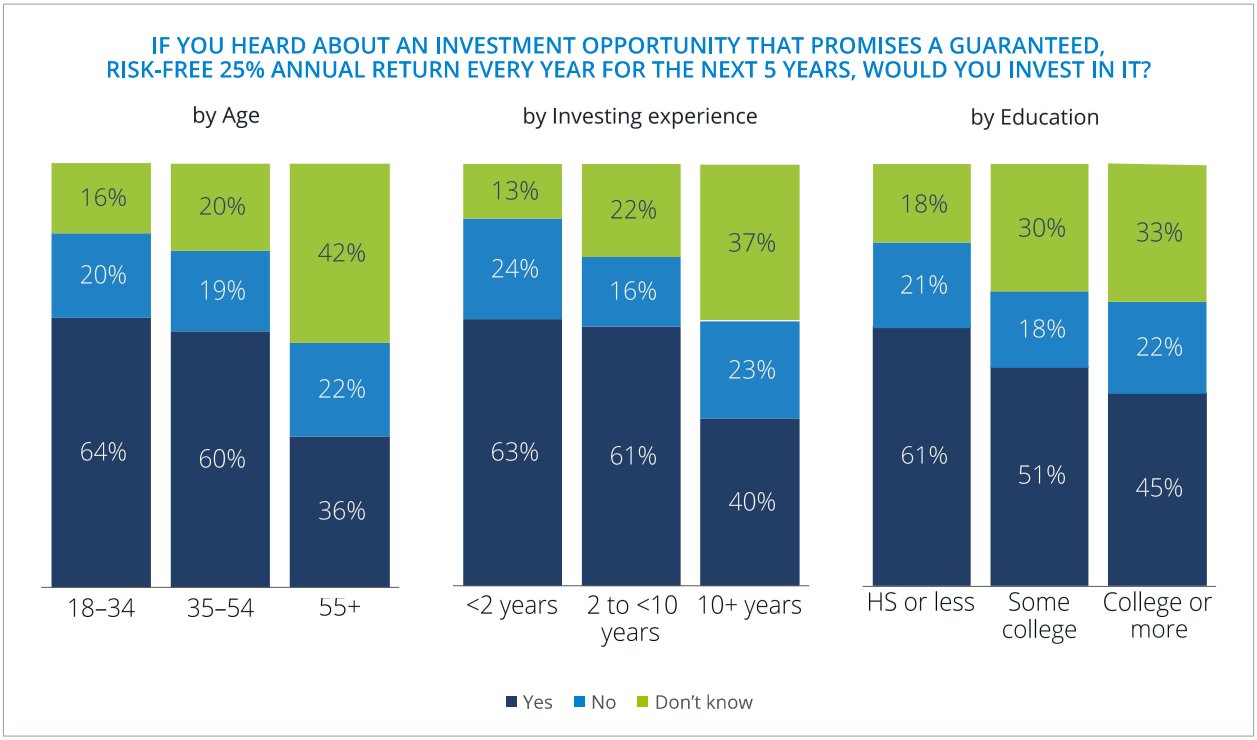
- Respondents whose parents are/were investors answer slightly more questions correctly than those whose parents are/were not investors (5.6 vs. 5.2, respectively). The average number of correct answers is higher among those who have talked with their parents about investing than among those who have not (5.5 vs. 5.3), though the number of incorrect answers is also higher among the former than the latter (3.6 vs. 3.2).

[9] Figures in the charts may not appear to add up to 11 due to rounding and/or missing responses.

A new question in the 2024 Investor Survey tests respondents' ability to identify investment fraud by presenting them with an offer that exemplifies typical warning signs of fraud.[10] Half of investors appear to be unaware that the promise of a "guaranteed, risk-free 25% annual return" should be a red flag indicating fraud, and say that they would invest in such an offer. Thirty percent are unsure (suggesting that they may be at least somewhat cautious), and only 21 percent dismiss the proposition outright.

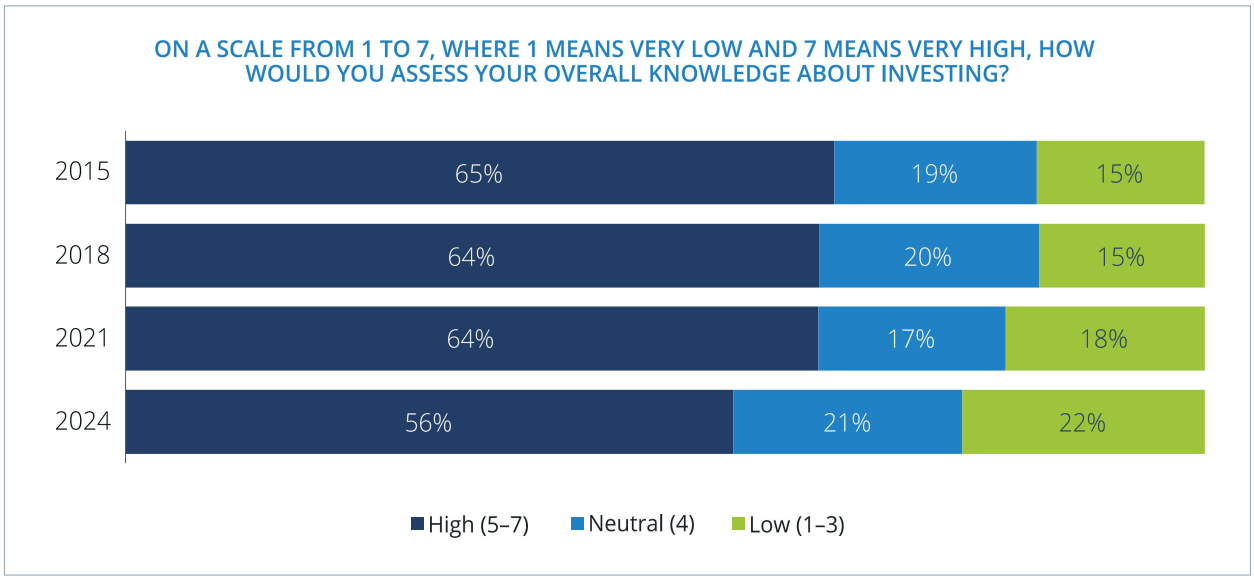


- Majorities of investors under 55, those with less than 10 years of experience, and those without a college degree do not appear to recognize the hallmarks of investment fraud. Investors 55 and older, those with at least 10 years of experience, and those with college degrees are less likely to fall for the fraudulent investment offer.

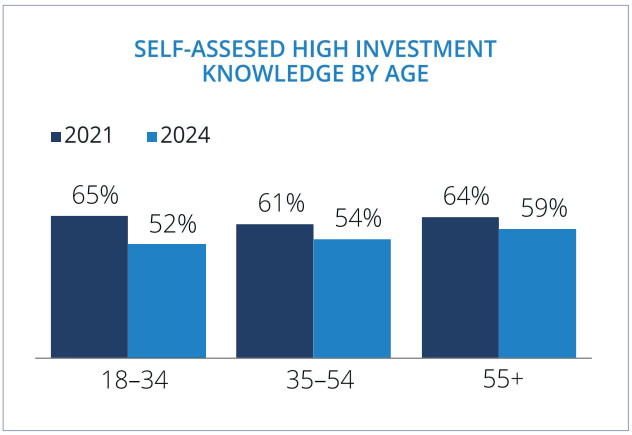


[10] Adapted from the Securities and Exchange Commission's Investor.gov Investing Quizzes.

Investors continue to have positively biased perceptions of their own knowledge, with a majority (56 percent) rating themselves highly (5 to 7 on a 7-point scale).[11] However, this percentage has dropped relative to previous waves.



- Though the decline in the number of investors who think of themselves as highly knowledgeable occurs across all age groups, it is much larger among investors under 35 (13 percentage points, vs. 5 to 7 points among older age groups). Nonetheless, majorities of each age group claim to have high levels of investor knowledge.



- Respondents' self-assessment of their investment knowledge is correlated with their performance on the quiz questions. Those who rate themselves as highly knowledgeable are able to answer 6.0 questions correctly, compared to 5.0 for those who give themselves neutral ratings and 4.1 among those who feel they have low knowledge.

NUMBER OF QUESTIONS (OUT OF 11)	SELF-ASSESSED INVESTMENT KNOWLEDGE		
	HIGH (5–7)	NEUTRAL (4)	LOW (1–3)
Correct	6.0	5.0	4.1
Incorrect	3.5	3.4	2.8
Don't know	1.4	2.6	4.1

- However, it is worth noting that investors who report high knowledge levels also tend to answer more quiz questions incorrectly than those with low knowledge. Furthermore, among investors who feel they are highly knowledgeable, a majority (51 percent) are unable to identify the warning signs of fraud, suggesting that overconfidence can put investors at risk.

[11] This question appears earlier in the survey than the investor knowledge quiz questions.

Conclusion

Findings from the 2024 National Financial Capability Study reveal that the surge of younger investors who entered the market early in the pandemic (as reported in the 2021 NFCS) reversed direction as the pandemic ended, bringing the share of U.S. adults under 35 who invest back down to the 2018 level. Young investors remain distinct from older investors in their behaviors and attitudes, but the differences have become less stark. A smaller surge in market participation by people of color and men reported in 2021 also receded somewhat in 2024.

The pace at which new investors are joining the market has slowed markedly. The proportion of investors who are new (defined as having less than 2 years of experience) shrank by more than half between 2021 and 2024.

Overall, the 2024 study shows a modest trend toward more cautious attitudes and behaviors relative to 2021. A greater share of investors consider cryptocurrencies to be highly risky, and fewer investors say they would consider cryptocurrencies in the future. The percentage who invest in penny stocks, private placements, structured notes and REITs has declined. Even so, a third of investors feel they need to take big risks to reach their financial goals. Fewer investors cite social or entertainment motivations for investing.

More investors are worried about losing money due to investment fraud than in 2021, even though very few believe that they have been targeted. Notably, when presented with an offer that typifies fraudulent investments (a "guaranteed, risk-free 25% annual return"), half of investors say they would invest in it.

These findings, coupled with a lack of overall improvement in performance on the investing knowledge quiz questions, highlight the need for investor education and protection measures for both new investors and many long-term investors.

Background & Methodology

In 2009, the FINRA Investor Education Foundation commissioned the first national study of the financial capability of U.S. adults to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal and financial literacy characteristics. Since then, the NFCS has been conducted at three-year intervals to track core measures from previous waves, while incorporating new questions to address timely and relevant topics in each wave.

The 2024 NFCS consists of two linked surveys, replicating the 2021, 2018 and 2015 studies:

- **State-by-State Survey:** A state-by-state online survey of 25,539 U.S. adults (roughly 500 per state, plus the District of Columbia)
- **Investor Survey:** An online survey of 2,861 U.S. adults who have investments outside of retirement accounts

The survey instruments were designed by a multidisciplinary team of researchers, policy makers, and practitioners in the financial capability field. All surveys were funded by the FINRA Investor Education Foundation and conducted by Meridian Research & Insights (formerly known as Applied Research & Consulting).

This report outlines the findings of the 2024 Investor Survey administered to respondents between July and December 2024. Data are weighted to be representative of investors with non-retirement investments in terms of age and education, based on the 2024 NFCS State-by-State Survey. However, breakdowns of sub-populations may not necessarily be representative.

All of the data collected in this survey are self-reported by the respondents themselves and are not independently checked or corroborated by other sources (such as account statements or follow-up interviews with third parties). Therefore, while the survey can be reasonably assumed to present an accurate reflection of investors' opinions, beliefs, knowledge, and attitudes, it does not necessarily present a precise reflection of behaviors or of the valuations of assets and liabilities.

More information about the NFCS, including survey instruments, data sets, and detailed methodological information, can be found at www.FINRAFoundation.org/NFCS.

Appendix: Investor Knowledge Quiz Questions

Correct answers are shown in bold text.

IF INFLATION IS 5% OVER A 12-MONTH PERIOD, HOW MUCH WOULD YOUR INVESTMENTS HAVE TO GROW FOR YOU TO COME OUT AHEAD OVER THAT TIME PERIOD?	
Less than 5%	4%
5%	7%
More than 5%	**77%**
Don't know	12%

IN GENERAL, INVESTMENTS THAT ARE RISKIER TEND TO PROVIDE HIGHER RETURNS OVER TIME THAN INVESTMENTS WITH LESS RISK.	
True	**74%**
False	14%
Don't know	11%

IF YOU BUY A COMPANY'S STOCK...	
You own a part of the company	**74%**
You have lent money to the company	11%
You are liable for the company's debts	3%
The company will return your original investment to you with interest	7%
Don't know	5%

IF YOU BUY A COMPANY'S BOND...	
You own a part of the company	8%
You have lent money to the company	**62%**
You are liable for the company's debts	3%
You can vote on shareholder resolutions	6%
Don't know	21%

OVER THE LAST 20 YEARS IN THE U.S., THE BEST AVERAGE RETURNS HAVE BEEN GENERATED BY:	
Stocks	**52%**
Bonds	7%
CDs	2%
Money market accounts	7%
Precious metals	7%
Don't know	25%

IF A COMPANY FILES FOR BANKRUPTCY, WHICH OF THE FOLLOWING SECURITIES IS MOST AT RISK OF BECOMING VIRTUALLY WORTHLESS?	
The company's preferred stock	11%
The company's common stock	**52%**
The company's bonds	13%
Don't know	24%

THE PAST PERFORMANCE OF AN INVESTMENT IS A GOOD INDICATOR OF FUTURE RESULTS.	
True	47%
False	**41%**
Don't know	11%

WHAT IS THE MAIN ADVANTAGE THAT INDEX FUNDS HAVE WHEN COMPARED TO ACTIVELY MANAGED FUNDS?	
Index funds are generally less risky in the short term	17%
Index funds generally have lower fees and expenses	**30%**
Index funds are generally less likely to decline in value	12%
Don't know	40%

WHICH OF THE FOLLOWING BEST EXPLAINS WHY MANY MUNICIPAL BONDS PAY LOWER YIELDS THAN OTHER GOVERNMENT BONDS?	
Municipal bonds are lower risk	27%
There is a greater demand for municipal bonds	10%
Municipal bonds can be tax-free	**30%**
Don't know	33%

WHICH IS THE BEST DEFINITION OF "SELLING SHORT"?	
Selling shares of a stock shortly after buying it	11%
Selling shares of a stock before it has reached its peak	21%
Selling shares of a stock at a loss	22%
Selling borrowed shares of a stock	**23%**
Don't know	22%

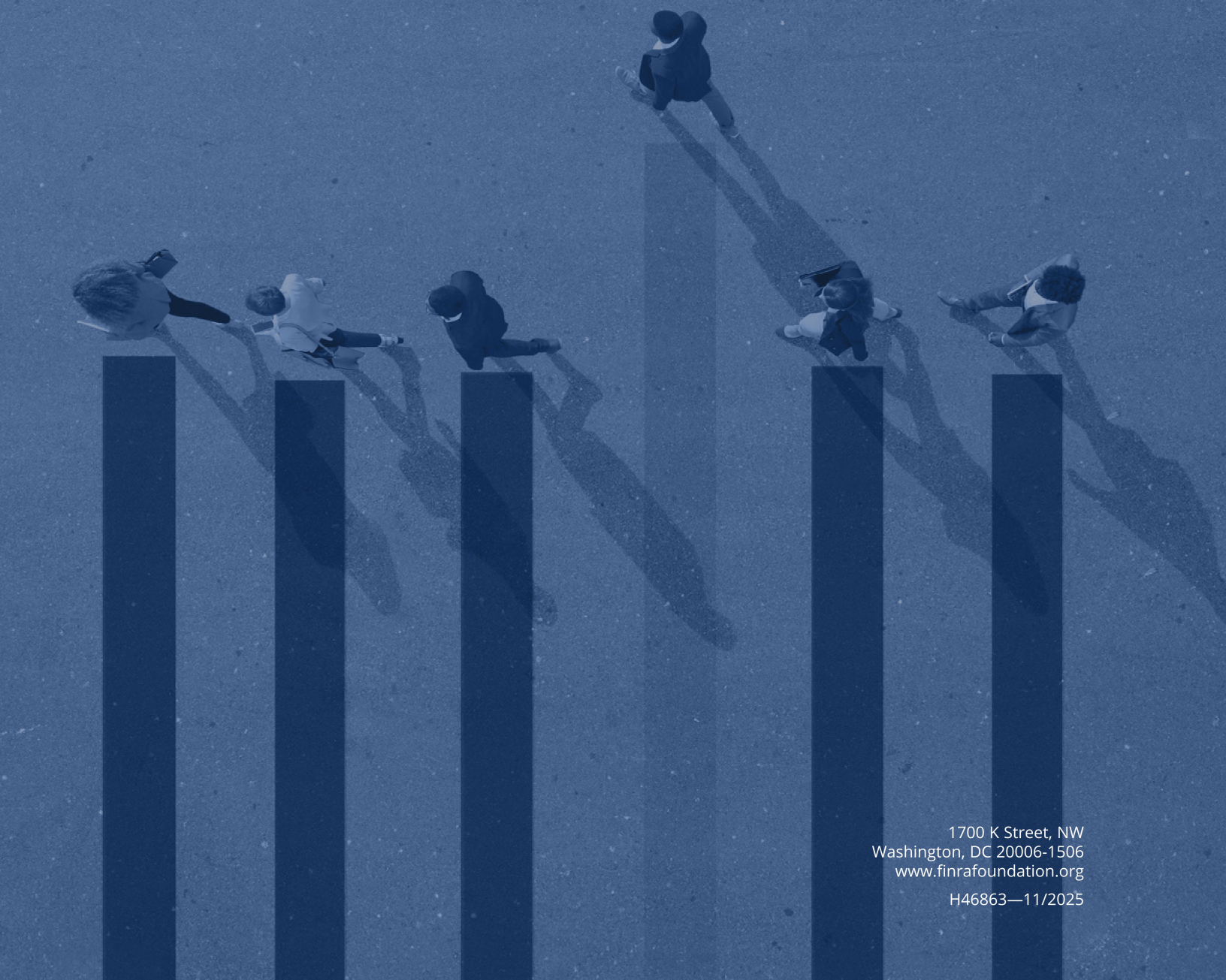
YOU INVEST $500 TO BUY $1,000 WORTH OF STOCK ON MARGIN. THE VALUE OF THE STOCK DROPS BY 50%. YOU SELL IT. APPROXIMATELY HOW MUCH OF YOUR ORIGINAL $500 INVESTMENT ARE YOU LEFT WITH IN THE END?	
$500	23%
$250	31%
$0	**20%**
Don't know	25%

Bonus question*

IF YOU OWN A CALL OPTION WITH A STRIKE PRICE OF $50 ON A SECURITY THAT IS PRICED AT $40, AND THE OPTION IS EXPIRING TODAY, WHICH OF THE FOLLOWING IS CLOSEST TO THE VALUE OF THAT OPTION?	
$10	20%
$0	**12%**
-$10	17%
Don't know	50%

**Not counted as part of 11-item quiz.*

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