



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Industry Participants Survey 2009/10 Key Findings

June 2010

Fieldwork conducted by The Nielsen Company



Table of Contents

Acknowledgements	1
Executive Summary	2
Background	3
Objectives	3
Target Groups	3
Research Design	5
Key Findings	8
Appendix: Research Methodology	20



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- respondents whose input to an in-depth interview helped structure the framework for the questionnaire;
- respondents who participated in a workshop to test the questionnaire;
- respondents who took the time to complete the questionnaire either on line or by phone; and
- The Nielsen Company for conducting all stages of the fieldwork and for processing the data to arrive at the findings.

This report is based on the report of findings compiled by Nielsen.



Executive Summary

In a continual attempt to understand the needs of the industry, the Securities and Futures Commission (SFC) engaged the Hong Kong arm of The Nielsen Company, a global market research consultancy, to conduct a survey to assess the “level of satisfaction” of industry participants and related parties based on their expectations versus their experience in their working relationship with the SFC. Work on the survey began in the third quarter of 2009 and was completed in March 2010. Another survey to gauge perception of the SFC and its role among the public and other stakeholders will be conducted at a later stage.

Two similar surveys of stakeholders were conducted in 2001 and 2006 respectively. This survey, however, was structured to focus only on those who had working relations or dealings with the SFC. In that sense, its findings should not be compared directly with those of the previous surveys to track changes in views about the SFC’s work.

To meet the stated objective of gauging how industry participants and related parties viewed the SFC’s work, Nielsen adopted a framework whereby respondents were asked to rate their satisfaction in terms of their experience based on specific attributes to the three major performance indicators (or aspects) of efficiency, staff quality and clarity of communication. A question on overall satisfaction was the frame of reference or the dependent variable. Respondents were asked to *qualify* their viewpoints by addressing in some details their interaction points with the SFC (independent variables). While 2009 was the period of the survey, respondents also were asked to compare the SFC’s performance with that of 2008.

In terms of overall satisfaction, 76% of the 586 randomly sampled respondents said they were either “satisfied” or “very satisfied” with the performance of the SFC. A clear majority of respondents (73%) were satisfied with the efficiency of the SFC, an aspect deemed to be the primary driver of satisfaction. In addition, 42% of respondents were more satisfied with the SFC’s performance in 2009 versus a year ago.

The survey also took into account the relative perceived importance of various attributes of the SFC’s work, thus allowing the responses to be viewed in the proper light. Going forward, the SFC shall use the findings to prioritise and allocate resources to seek ways to fine-tune its work on a continual basis.



Background

Following a review of past market research efforts, the SFC decided to revamp its programme of inter-related surveys so that insight could be derived to help with corporate planning. The revised model calls for conducting a series of three surveys in a staggered manner, with the first asking licensed corporations, industry-related professionals and listed companies to rate their satisfaction in terms of their interactions with the SFC and the second gauging the public's perception of the SFC. The third survey will assess retail investors' investment knowledge, specifically to facilitate planning of the SFC's investor education work. The Industry Participants Survey 2009/10 was the first to kick off the revised cohesive programme.

To ensure clear-cut, actionable findings, this survey zeroed in on a singular scope and targeted only those who deal regularly with the SFC in their normal course of business. More specifically, these include SFC licensees, professionals who facilitate their work in the legal and accounting domains, and listed companies.

Whereas similar surveys conducted in 2001 and in 2006 had broached respondents about their understanding of the SFC's role and their awareness of the regulator, the 2009 version was restricted to gauging just the respondents' "level of satisfaction" with the SFC's work, as reflected in their actual experience versus their expectations. Whereas the previous surveys included opinion makers (eg, journalists) and a wide range of stakeholders (eg, the police), this survey polled only those who interacted with the SFC regularly in one routine function or another. In other words, to preclude as much as possible factors that might influence perception, only interactions and experience pertaining to the key functions of the SFC were the basis for their ratings with this latest survey.

Objectives

The findings of the survey are meant to provide insights for the SFC to:

- Identify gaps between the experience and expectations of industry participants and related parties;
- Enhance communication with industry participants and related parties to address the gaps; and
- Prioritise its work and allocate resources efficiently to fine-tune its work.

Target Groups

The survey targeted representatives in the three groups:

- Licensed corporations regulated by the SFC for various regulated activities prescribed by the Securities and Futures Ordinance, eg, brokerages, fund houses
- Professional bodies that had working relations with the securities and futures industry as well as the SFC, eg, law firms and accounting firms



- Listed companies, who may deal with the SFC in takeover matters or under the Dual Filing¹ regime

We targeted mostly licensed corporations to complete the survey.

Based on random sampling, a total of 586 interviews were conducted with senior executives and workers at relevant functional posts of the above-mentioned groups, using an online questionnaire or a telephone interview, subject to the preference of the respondents (see Appendix: Research Methodology for details).

¹ The Dual Filing regime is a regulatory framework whereby certain listing matters and activities of listed corporations are filed for vetting not just with the Stock Exchange of Hong Kong Ltd but also the SFC.



Research Design

Development of survey format

Nielsen sought input from the SFC's senior management, representatives of different operational units, industry participants and related parties to gain in-depth understanding of the nature of dealings between the SFC and the industry. Information thus gathered was used to establish the satisfaction framework. In-depth interviews and pilot workshops were conducted with select individuals from licensed corporations and related professional firms to further verify the relevance of the assessment criteria, the questionnaire wordings, and the logic of the flow.

Respondent profile

The majority of respondents were decision makers (252) who formulated business directions and policies in the company, or functional heads (280) of sales, corporate finance, or compliance who had direct dealings with the SFC. In addition, 54 lawyers and chartered accountants who had dealt with the SFC in the 12 months of the survey period also participated.

Satisfaction framework

Nielsen had modified the research framework commonly used for measuring satisfaction with service to address the circumstances specific to the SFC, a financial regulator. The survey examined the work of the SFC across three major aspects:

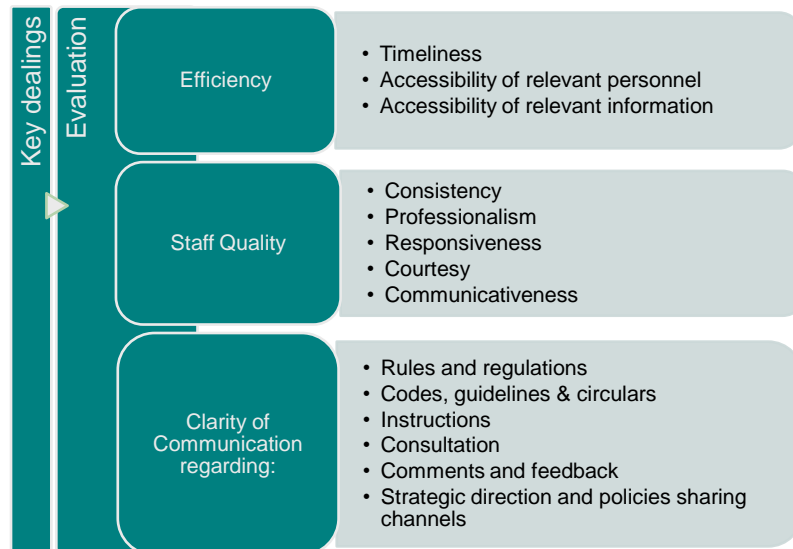
- Efficiency
- Staff Quality
- Clarity of Communication

Each aspect was defined by sub-factors and attributes. Respondents were asked to rate their level of satisfaction in terms of their experience with the SFC for each attribute based on a five-point scale ranging from "1 = very dissatisfied/very poor" to "5 = very satisfied/very good".

To ensure the quality and relevance of feedback, respondents were asked to base their assessment on their key dealings with the SFC.



Figure 1.1: The Satisfaction Framework



Systematic approach to analysis

Regression analysis was the basis used in the satisfaction framework. It outlines the relationship between overall satisfaction of the SFC and the various measurable elements, namely, key performance factors, sub-factors and attributes. A higher correlation of the specific factor indicates the greater influence of the variable on a respondent's overall perception of the SFC's work.

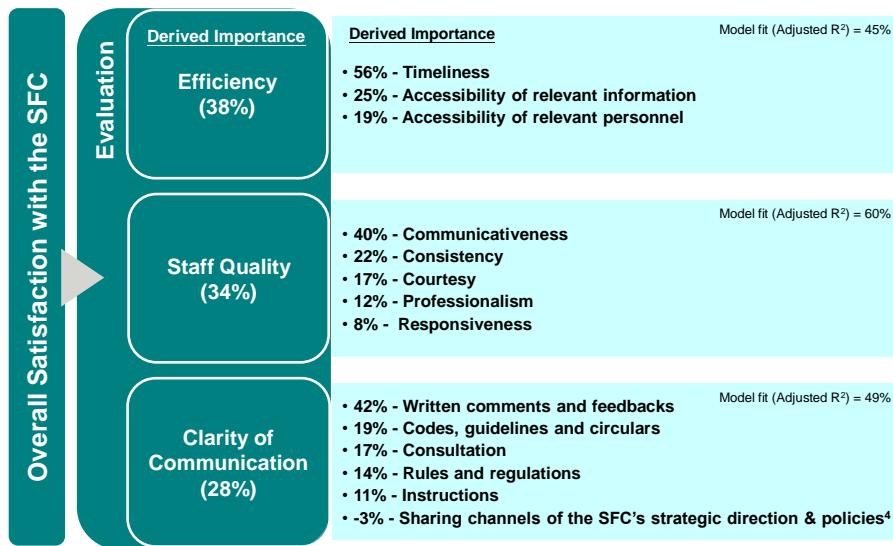
The satisfaction framework shows a model fit² (Adjusted R²)³ of 0.52. A model fit of 0.52 on the satisfaction framework indicates that the SFC's key performance indicators of efficiency, staff quality and clarity of communication (independent variables) explained a 52% variance of respondents' satisfaction level. That is a reasonably good fit, which suggests that a number of external factors such as influences from peers or colleagues and non-interaction based perception that might influence the respondents' evaluation of the SFC were not included as variables in the satisfaction framework.

² In a regression analysis, the Adjusted R² lies between 0 and 1 where 0 indicates no relationship and 1 indicates perfect relationship between the dependent variable and independent variables.

³ This is a modified measure of the coefficient of determination (R²) that takes into account the number of independent variables included in the regression equation and the sample size. A co-efficient of determination, which can vary between 0 and 1, measures the variance of the dependent variable above or below its mean that is explained by the independent variables.



Figure 1.2: Relationship of Overall Satisfaction and Aspects of Performance



Note: Overall Model Fit (Adjust R2) = 52%

Respondents were asked about various attributes to get a better understanding of how they rated the importance of the three performance indicators. Satisfaction of respondents was driven mostly by the SFC's efficiency (derived importance: 38%), less so by staff quality (34%) and least by the clarity of communication (28%).

Timeliness (56%) was the most important driver behind efficiency, followed by accessibility of relevant information and relevant personnel.

Staff quality was mainly driven by the quality of interaction and communication. Respondents found communicativeness of the SFC staff the most important factor (40%), followed by consistency in adopting policies and applying codes, guidelines and rules. Respondents seemed to regard as fundamental excellence standards such factors as courtesy, professionalism and responsiveness.

Written comments and feedback (42%) explaining decisions were deemed essential in influencing respondents' satisfaction rating of the clarity of the SFC staff's communication. Respondents also viewed as fundamental the provision of clear guidance on codes, guidelines and circulars, guidance on rules and regulations, instructions on applications and procedures, as well as the consultation process.

⁴The correlation between this attribute and "overall satisfaction with the clarity of communication" is low. Meanwhile, the multicollinearity level between this and other attributes is high. As a result, the relative importance of this attribute is reduced, rendering it negative. This means that this attribute is of the least importance in driving satisfaction in terms of communication.



Key Findings

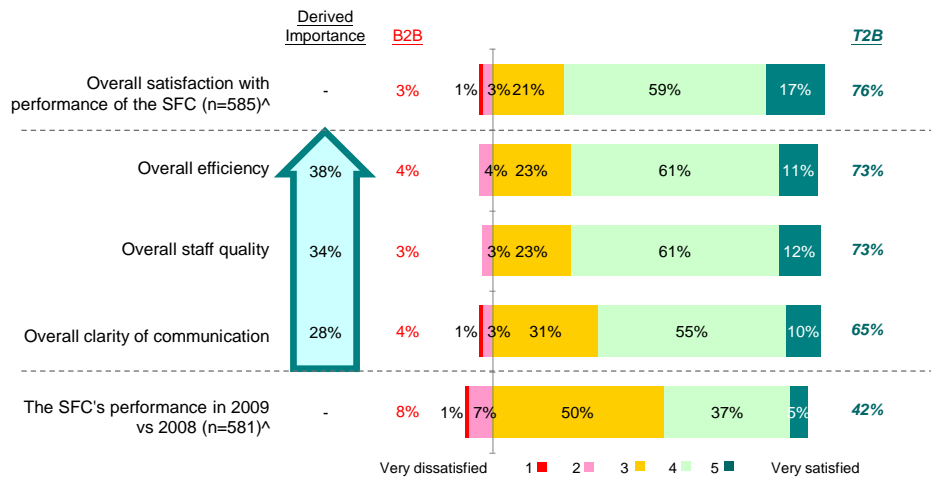
The bar charts with a range of responses show the findings of the survey at a glance. For a high-level indication of respondents' satisfaction level, the analysis is centred on the sum of the top two boxes (i.e. very satisfied/satisfied) and bottom two boxes (i.e. very dissatisfied/dissatisfied). These two ends of the spectrum provide a more sensitive and reliable basis than the mean score in performance measurement.

The following charts summarise the key findings derived from ratings given to various questions or statements in the questionnaire, as specified in "reference" or "source". These questions or statements correspond to measurable attributes.

Overall rating

The majority of respondents (76%) expressed satisfaction with the overall work of the SFC. In addition, 42% found the performance of the SFC better than it was in 2008. The general view among respondents was that the SFC performed well in terms of efficiency (73%) and staff quality (73%).

Figure 2: Overall Rating of the SFC



Base: All respondents (n=586)

Ref: Q7, Q15, Q20, Q26 & Q28

Remark: Q7, 15, 20, 26: 5-point scale (Very satisfied/Satisfied/Average/Dissatisfied/Very Dissatisfied)

: Q28: 5-point scale (A lot better than/ Somewhat better than/ Same as/ Somewhat worse than/ A lot worse than 2008)

[^]: Exclude respondents who answered "Not applicable/No comment"

Note: Overall model fit (Adjusted R²) = 52%



Satisfaction with efficiency

A clear majority of respondents (73%) were very satisfied or satisfied with the efficiency of the SFC, especially in terms of timeliness of processes (67%).

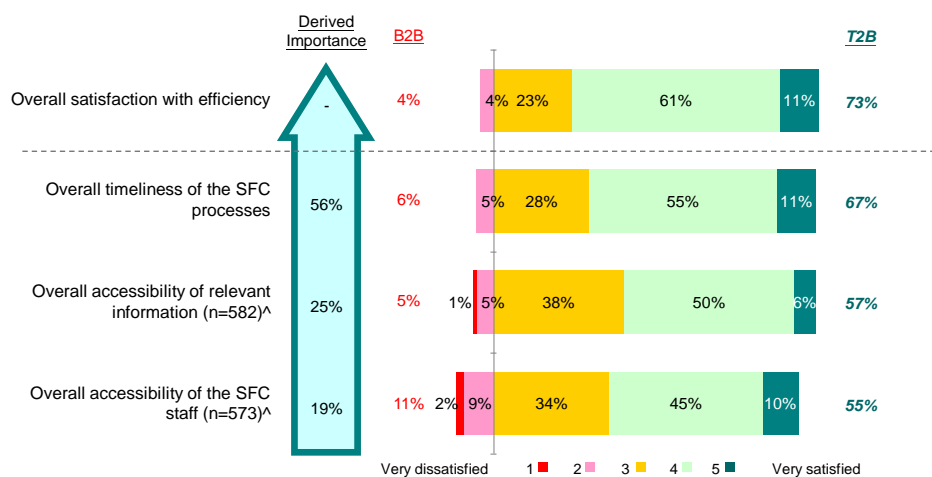
Regarding timeliness, respondents generally had a positive impression of the SFC in all key attributes:

- Having a process that meets the agreed timeline (67%)
- Providing support and assistance you requested within a reasonable time frame (65%)
- Processing applications and authorisations within an appropriate time (63%)
- Using technology to facilitate the process (64%)

On the other hand, respondents were somewhat diverse in their views about accessibility of relevant information (57%) and the accessibility of the SFC staff (55%). They were generally satisfied with the ease of looking up information from the SFC website (66%) and of SFC providing the right information that they needed (57%). However, they called for improvement on the dedicated interactive phone system for intermediaries (35%).

Similarly, respondents asked for better access to the personnel that they need (53%), especially whom to talk to at the SFC when they need help (58%).

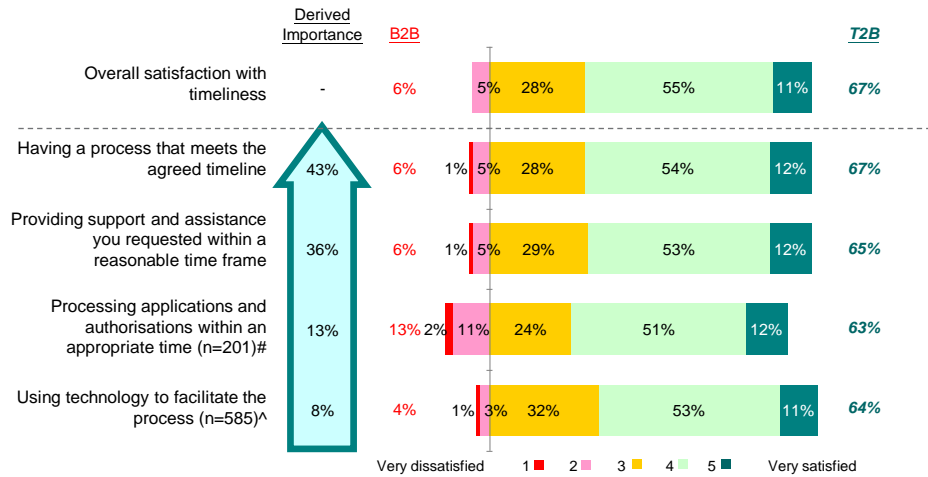
Figure 3.1: Overview of Satisfaction with Efficiency



Base: All respondents (n=586)
 Ref: Q16, Q18 - 20
 Remark: ^: Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 45%

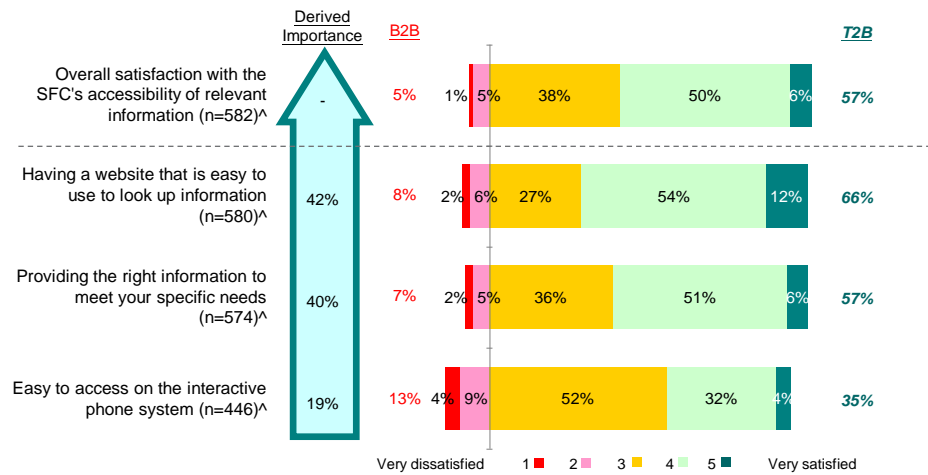


Figure 3.2: Satisfaction with Timeliness



Base: All respondents (n=586)
 Source: Q16 How satisfied are you with the timeliness of the SFC processes in terms of.....
 Remark: ^: Exclude respondents who answered "Not applicable/No comment"
 #: Base: Those whose main activity with the SFC is "Licensing/Product authorisation/Prospectus related matters" (n=201)
 Note: Overall model fit (Adjusted R²) = 78%

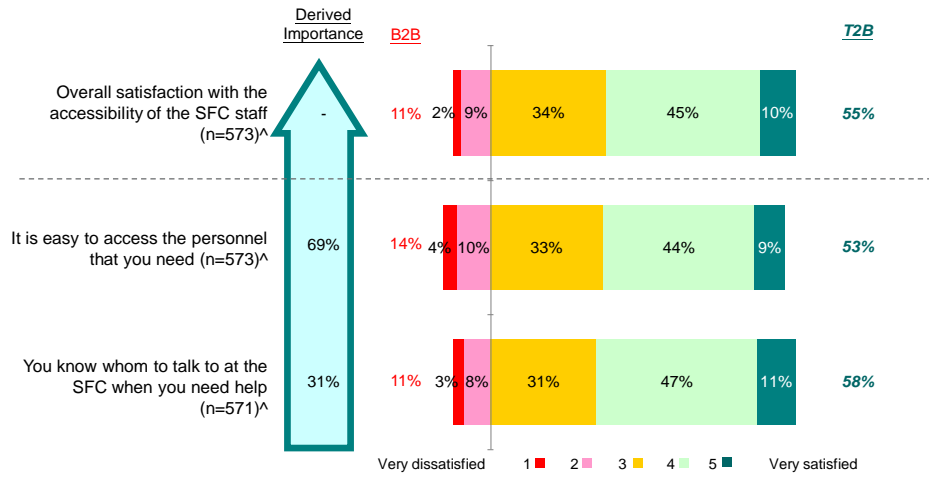
Figure 3.3: Satisfaction with the Accessibility of Relevant Information



Base: All respondents (n=586)
 Source: Q19 How satisfied are you with the SFC's accessibility of relevant information.....
 Remark: ^: Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 71%



Figure 3.4: Satisfaction with the Accessibility of Relevant Personnel



Base: All respondents (n=586)
 Source: Q18 How satisfied are you with the accessibility of the SFC's various personnel.....
 Remark: [^] : Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 85%

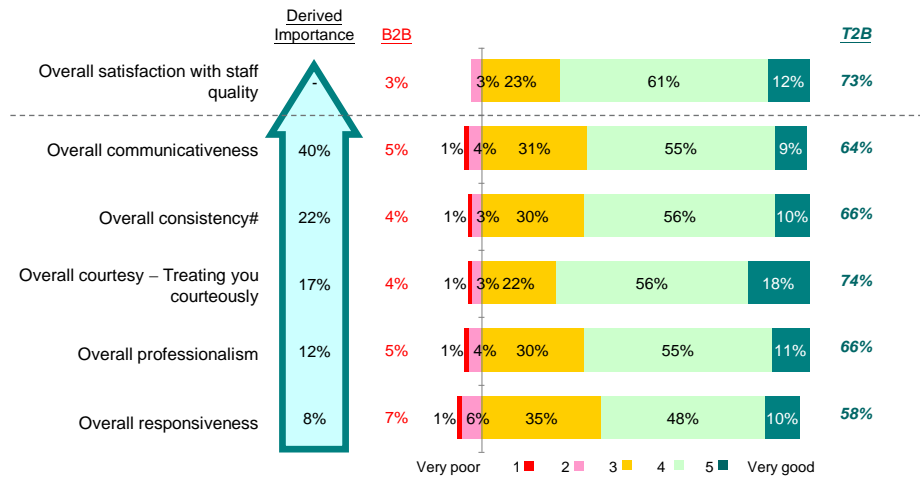


Satisfaction with staff quality

Respondents who said they were very satisfied or satisfied with the staff quality of the SFC also totalled 73%. The general view among respondents was that the SFC staff knew their job. They were courteous (74%), professional (66%), and acting consistently (66%).

On the other hand, respondents indicated they expected the SFC staff to do well not just in operational excellence but to be more proactive, more responsive (to enquiries), to provide constructive and helpful information, and to have a better understanding of the industry.

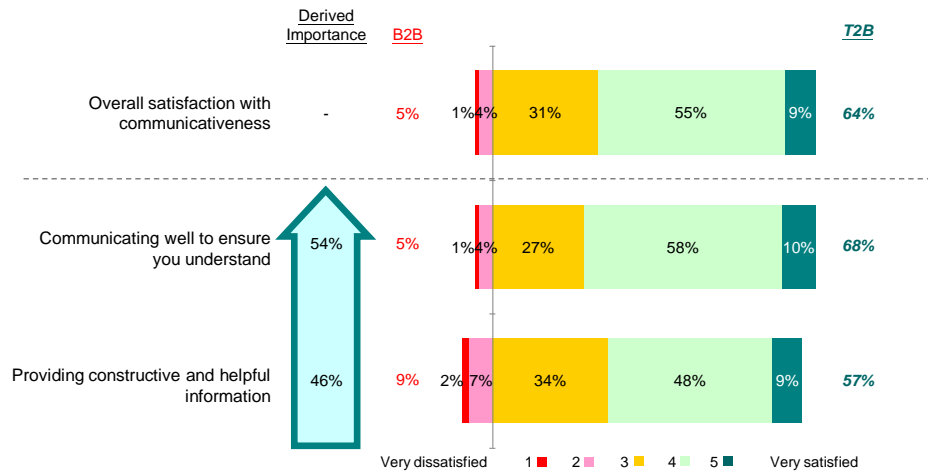
Figure 4.1: Overview of Satisfaction with Staff Quality



Base: All respondents (n=586)
 Ref: Q9, Q11 - 15
 Remark: # : The overall satisfaction with consistency is obtained by averaging the scores of the two attributes under the category.
 Q13 -15: 5-point scale (Very satisfied/Satisfied/Average/Dissatisfied/Very Dissatisfied)
 Q9,11-12: 5-point scale (Very good/ Good/ Average/ Poor/ Very Poor)
 Note: Overall model fit (Adjusted R²) = 60%

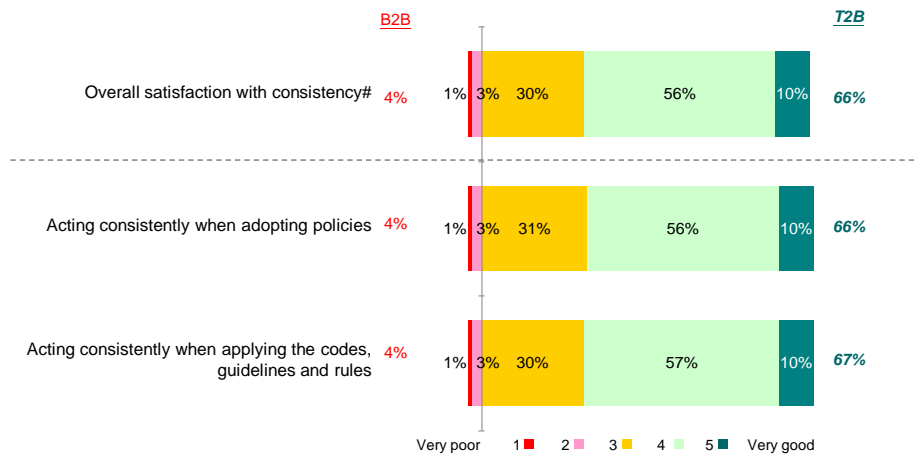


Figure 4.2: Satisfaction with Communicativeness



Base: All respondents (n=586)
 Source: Q14 How satisfied are you with the communication ability of the SFC staff.....
 Note: Overall model fit (Adjusted R²) = 82%

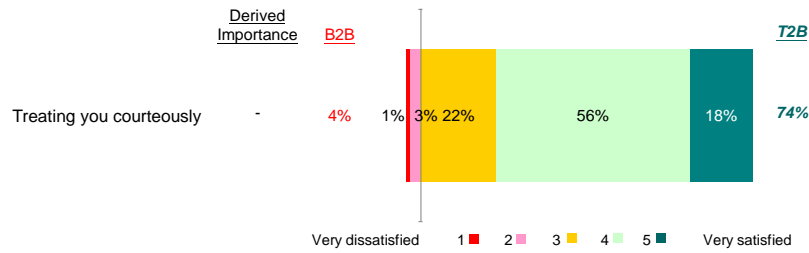
Figure 4.3: Satisfaction with Consistency



Base: All respondents (n=586)
 Source: Q9 How would you describe the performance of the SFC staff in terms of...
 Remark: #: The overall satisfaction with consistency is obtained by averaging the scores of the two attributes under the category.

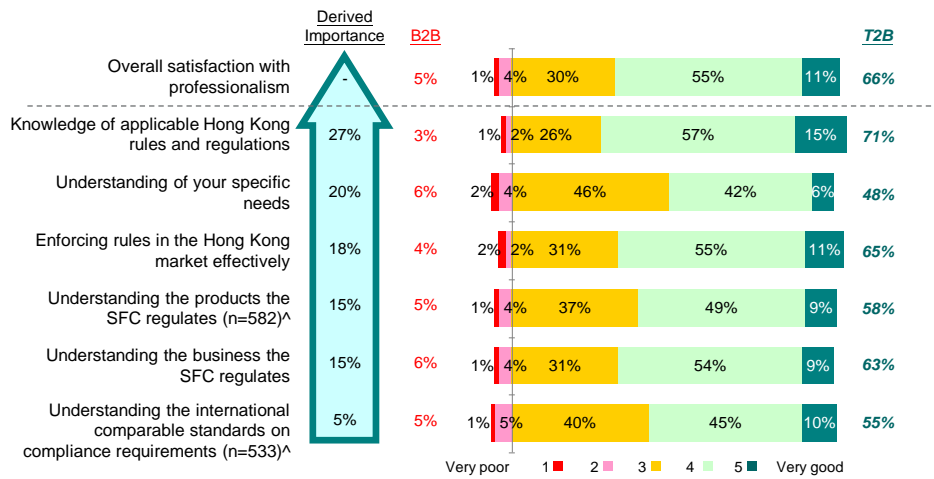


Figure 4.4: Satisfaction with Courtesy



Base: All respondents (n=586)
 Source: Q13 How satisfied are you with the courtesy of the SFC staff.....

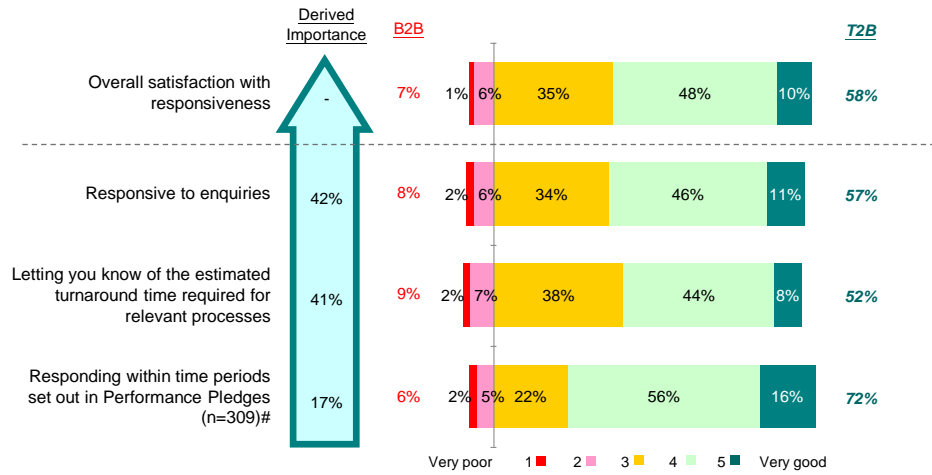
Figure 4.5: Satisfaction with Professionalism



Base: All respondents (n=586)
 Source: Q12 How would you describe the performance of the SFC staff in terms of...
 Remark: ^ : Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 78%



Figure 4.6: Satisfaction with Responsiveness



Base: All respondents (n=586)
 Source: Q11 How would you describe the performance of the SFC staff in terms of...
 Remark: #: Base: Those who have heard of the SFC's Performance Pledges (n=309)
 Note: Overall model fit (Adjusted R²) = 79%



Satisfaction with clarity of communication

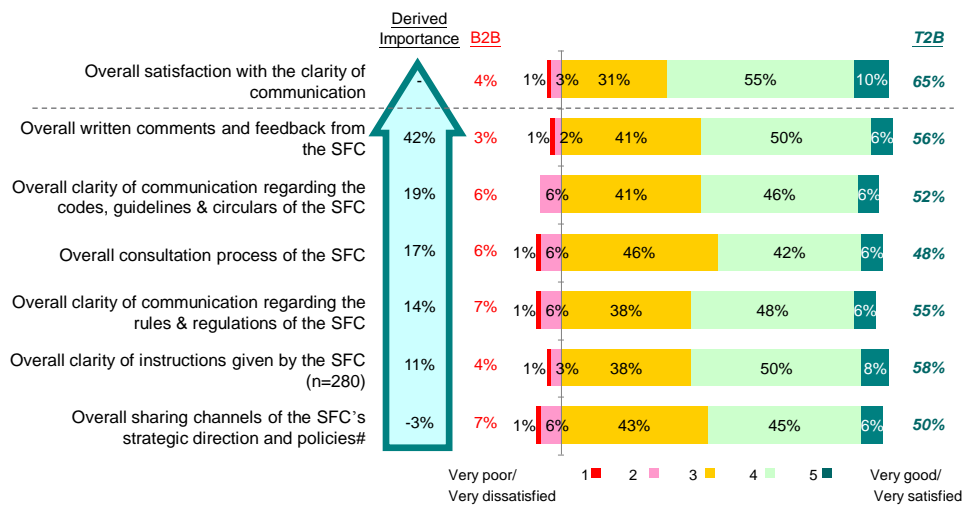
About two-thirds (65%) of respondents were satisfied with the clarity of communication from the SFC. In terms of instructions on applications and procedures, 58% of respondents expressed satisfaction while 56% said they were satisfied with written comments and feedback from the SFC.

On the other hand, respondents asked for more clarity of communication regarding the SFC's codes, guidelines and circulars, more diversity in communication channels (48%) and more sharing with the industry (45%).

Similarly, respondents called for more sharing of the SFC's strategic direction and policies via public forums and media, as well as informal sharing with the industry.

Regarding the consultation process, respondents also indicated a need for more communication channels, greater representation of the industry in the consultation process, and for the SFC to listen more closely to the industry.

Figure 5.1: Overview of Satisfaction with Clarity of Communication



Base: All respondents (n=586)

Ref: Q21 - Q27

Remark: # : The overall satisfaction with the sharing channels is obtained by averaging the scores of the three attributes under the category.

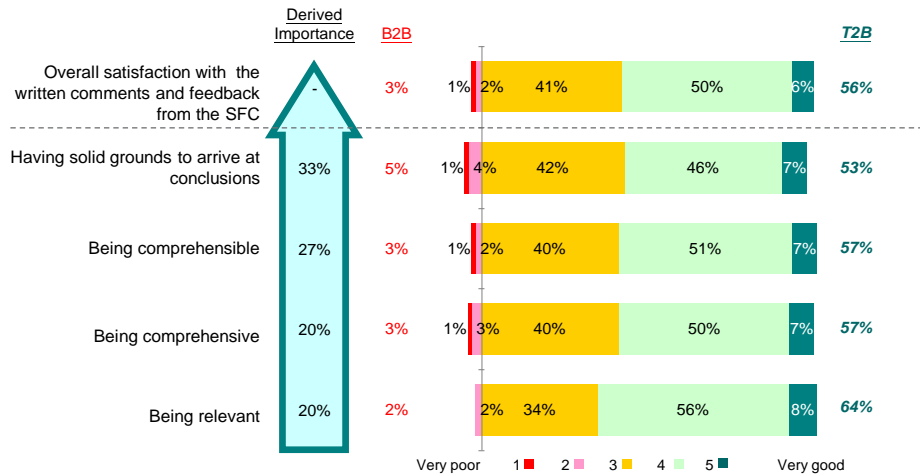
Q27: 5-point scale (Very satisfied/Satisfied/Average/Dissatisfied/Very Dissatisfied)

Q21-26: 5-point scale (Very good/ Good/ Average/ Poor/ Very Poor)

Note: Overall model fit (Adjusted R²) = 49%

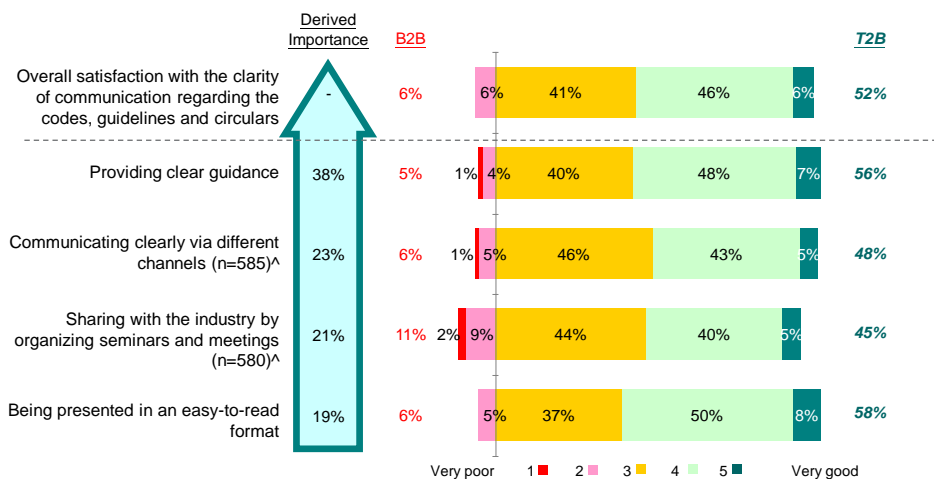


Figure 5.2: Satisfaction with Comments and Feedback



Base: All respondents (n=584)
 Source: Q25 How would you describe the comments and feedback in written form from the SFC in terms of.....
 Remark: ^ : Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 88%

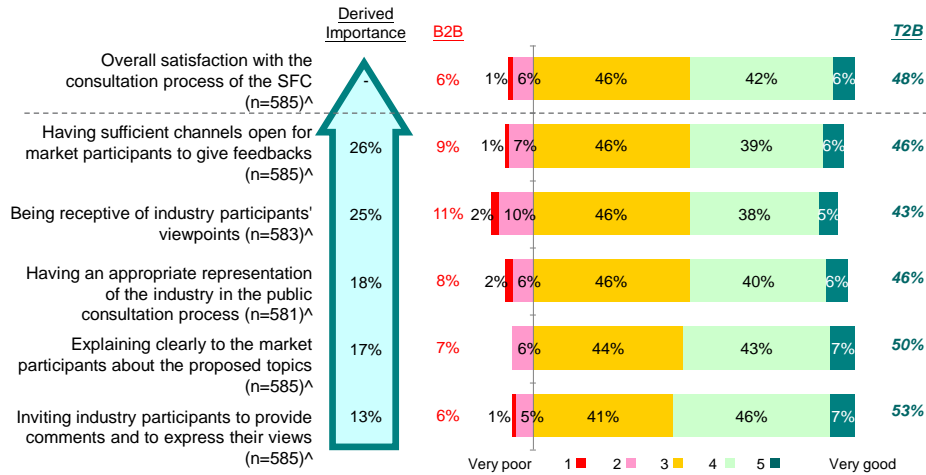
Figure 5.3: Satisfaction with Clarity of Codes, Guidelines and Circulars



Base: All respondents (n=586)
 Source: Q22 How would you describe the codes, guidelines and circulars of the SFC in terms of.....
 Remark: ^ : Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 78%

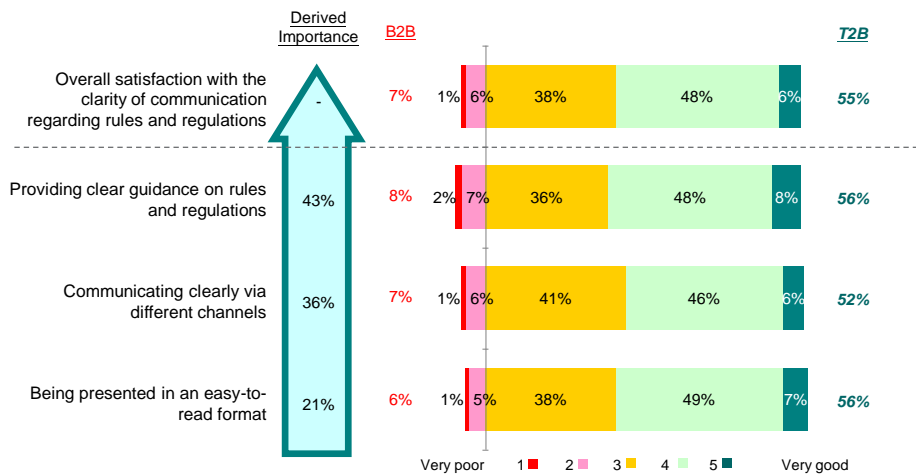


Figure 5.4: Satisfaction with the Consultation Process



Base: All respondents (n=586)
 Source: Q24 How would you describe the consultation process of the SFC in terms of.....
 Remark: [^] : Exclude respondents who answered "Not applicable/No comment"
 Note: Overall model fit (Adjusted R²) = 83%

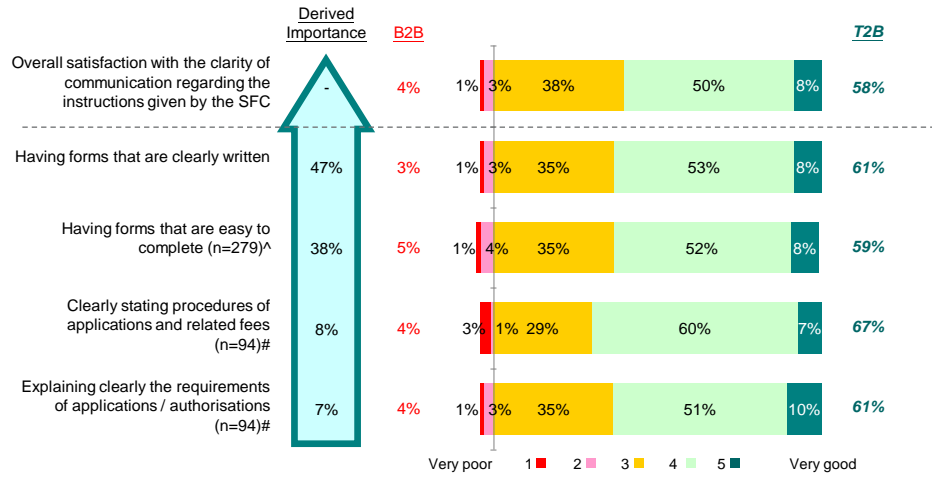
Figure 5.5: Satisfaction with Clarity of Rules and Regulations



Base: All respondents (n=586)
 Source: Q21 How would you describe the rules and regulations of the SFC in terms of.....
 Note: Overall model fit (Adjusted R²) = 84%

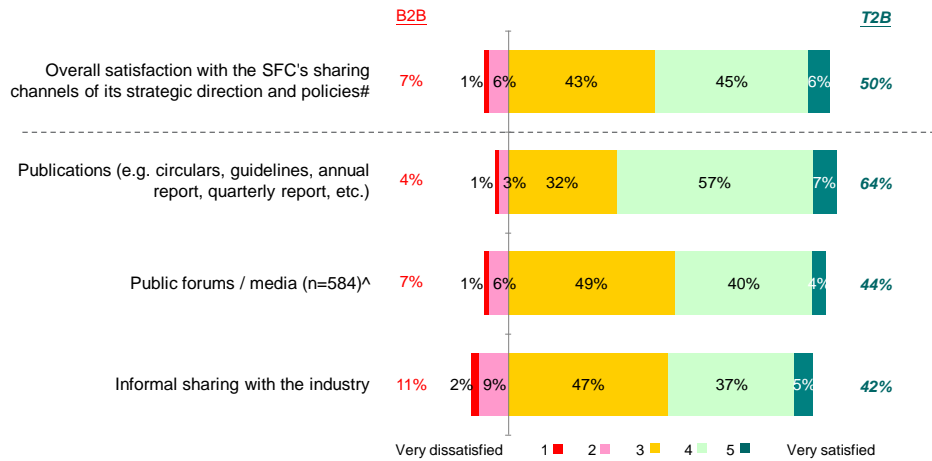


Figure 5.6: Satisfaction with Clarity of Instructions



Base: Respondents at working level from licensed corporations (n=280)
 Source: Q23 How would you describe the instructions given by the SFC in terms of.....
 Remark: ^: Exclude respondents who answered "Not applicable/No comment"
 #: Base: Respondents at working level from licensed corporations whose main activity with the SFC is "Licensing/Product authorisation/ Prospectus related matters" (n=94)
 Note: Overall model fit (Adjusted R²) = 76%

Figure 5.7: Satisfaction with the SFC's Channels to Share Strategic Direction and Policies



Base: All respondents (n=586)
 Source: Q27 Overall, how satisfied are you with the SFC's sharing with the industry of its strategic direction and policies in terms of the following channels?
 Remark: ^: Exclude respondents who answered "Not applicable/No comment"
 #: The overall satisfaction with the sharing channels is obtained by averaging the scores of the three attributes under the category.



Research Methodology

A number of select individuals from licensed corporations and related professional firms were consulted in the development phase of the survey to gain insights into key dealings between the industry and the SFC and to verify the validity of the conceptual framework and assessment criteria.

Specifically, input was provided through the following:

- Meetings with SFC representatives of all operational units to establish the overall framework of assessment;
- 17 in-depth interviews with select individuals from licensed corporations and related professional firms to understand the nature of interactions with the SFC and the relevance of the assessment framework;
- Two workshops with eight select individuals from licensed corporations and related professional firms to collect their feedback on the relevance of the assessment criteria, the ease of understanding and filling in the questionnaire, and the logical flow of the questions.

The survey fieldwork was conducted from 19 January to 27 February 2010. From a list of 4,746 persons that the SFC operating units provided, 2,581 were randomly drawn as the target sample. They received an invitation letter from the SFC, explaining the purpose of the survey. They had the option to complete the survey online or by phone.

Reminder calls were made to those who did not complete the survey on line three days after fieldwork began. Nielsen interviewers then checked those recipients' preference of the interview approach.

To avoid over-representing any company in the sample structure, a maximum quota of 10 respondents was allowed for each entity. Hence, no single company could represent over 2% of responses in the survey.