
Public doesn't trust Wall Street, Prudential survey shows

By Editor Test *Wed, Jun 1, 2011*

People need financial help, but avoid financial services providers. Is it possible that they blame the industry itself for their financial woes?

One week after launching its "Challenges" advertising campaign, Prudential has followed up with a thought-leadership/survey called: *The Next Chapter: Meeting Investment and Retirement Challenges (2011 Study of American's Current Financial Perspectives)*.

The survey revealed a significant level of financial gloom among its subjects, who represented a broad swatch of middle- and upper-income America. The respondents ranged from 35 to 70 years old and earned \$50,000 or more (\$35,000 or more if retired), with investments of at least \$50,000 (\$100,000 or more if retired). About 44% had incomes over \$100,000 and 47% had investable assets over \$250,000, indicating a higher-than-random representation of high net worth individuals.

Although a headline in the report said that "Americans are optimistic about overcoming their financial challenges," there was little evidence of that. About 60% of those polled were "enthusiastic" about facing financial challenges, 70% "really want to focus on the road to recovery," and almost 60% believe "it's the American way to face challenges like these head-on." Yet those responses did not seem to add up to anything close to optimism.

The survey, like many other surveys of this type, found that most people do not trust the financial services industry: "Nearly seven in 10 believe there are few financial services firms that are trustworthy" and "53% don't believe that an advisor is helpful even in extreme market conditions."

Even though more "than half (54%) do not feel well prepared to take on the task of rebuilding their portfolios, and three-quarters (73%) point to challenges that span from deciphering confusing product information to navigating an overwhelming amount of options to overcoming distrust of advisors and firms," most won't visit an advisor.

Among the somewhat grim findings:

- 69% believe few firms are trustworthy.
- 62% cannot even think of any firms in the financial services industry that they would trust.
- 12% believe that financial services firms are abiding by good fundamentals.
- 53% are not using an advisor at all—with 40% going it alone, and 13% using only the advice of family and friends.
- 57% feel that so many "talking heads" providing conflicting opinions makes it harder for them to make good financial decisions.
- 54% of consumers are suspicious of the word "guarantee" with respect to financial products and investments.
- 58% have lost faith in the markets.

- 44% will never put money in the stock market again.

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