Investment professionals worldwide are more optimistic than last year about global economic growth heading into the new year, according to the CFA Institute 2013 Global Market Sentiment Survey (PDF). A greater number of those surveyed (40%) believe the global economy will expand in 2013, a six point increase from last year’s poll. However, CFA Institute members believe there is much work to be done to restore financial market integrity. Citing an overwhelming lack of trust in finance, members think the primary fix is to encourage a culture of ethics and integrity inside financial firms. The annual survey measured the opinion of 6,783 CFA charterholders and members; to review the complete report and survey results, visit www.cfainstitute.org/gmss.

“There is mounting optimism around global economic growth from both investors and the financial industry, despite ongoing issues like the European sovereign debt crisis and significantly greater concern about mis-selling,” said Kurt Schacht, CFA, managing director of Standards and Financial Market Integrity at CFA Institute. “We’ve seen the industry become more vocal about the behavior that led to the global financial crisis, and survey respondents are emphatic about the need for stronger ethical culture at financial firms. Our members are convinced that to build a more trustworthy industry, change must start with top management to develop a culture where ethical practice is just as important as investment performance.”

Significant highlights of the global survey include:

- **Global economy expected to improve.** While 40% expect the global economy to expand, only 20% believe it will contract, down from 29% a year ago. Those in advanced economies (42%) are more optimistic than members in developing economies (35%).

- **Optimism for local economies, except in Europe.** Almost half (45%) of investment professionals think the economies of their own countries will expand in 2013, up slightly from 42% last year. By stark contrast, only 28% of those in Europe expect their economies to expand in the new year. Also, those in developing economies (56%) are markedly more optimistic than members in advanced economies (43%).

- **Equities expected to outperform all asset classes.** Half of respondents globally think equities will provide the highest expected total return in 2013, up from 41% a year ago – when compared to bonds, cash, commodities and precious metals. Only 4% expect cash to outperform, down sharply from 2012.

- **Ethical cultures and behavior within financial firms must change.** More than half of respondents (56%) cite a lack of ethical culture within financial firms as the primary contributor to the low level of industry trust.
Respondents think the most effective remedy is improved ethical culture from top management, selected by 40% of members as the action that is most needed. Another 26% of members identified the most needed action as increased adherence to ethical codes and standards.

- **Better enforcement favored over new laws.** The most important industry/regulatory action for improving market trust and confidence in 2013 is not new regulations, but improved enforcement of existing laws (24%).
- **Mis-selling of financial products top ethical concern locally.** Mis-selling — or the pushing of unsuitable products to obtain a commission, or failure to provide advice tailored to the client’s needs — will be the most serious ethical issue in the coming year, according to 29% of members (up significantly from 13% last year).
- **Top risks to economic growth.** Survey respondents consider the two biggest risks to global market growth to be the European sovereign debt crisis (37%) and weak economic conditions (31%).
- **United States considered the best investment opportunity.** When asked to rank the three equity markets that will provide the best investment opportunities in 2013, the United States (32%), China (17%), and Brazil (10%) emerged as the top three markets.
- **Outlook is bleak for the European sovereign debt crisis.** Most respondents (77%) believe that the European sovereign debt crisis will get worse or stay the same. Furthermore, 37% of members worldwide are concerned about the threat of the European debt crisis on the global economy.
- **Employment hopes for investment professionals remain stable.** Forty-nine percent of members expect employment opportunities for investment professionals to stay about the same in the coming year, similar to last year’s finding. Only 17% believe opportunities will increase and 33% think they will decrease.

The annual CFA Institute Global Market Sentiment Survey seeks input from CFA Institute members to gather data on key market and economic issues in the coming year. The survey was conducted online from 30 October to 13 November.

**About CFA Institute**

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors’ interests come first, markets function at their best, and economies grow. CFA Institute has more than 111,875 members in 137 countries and territories, including 104,043 CFA charterholders, and 138 member societies. For more information, visit [www.cfainstitute.org](http://www.cfainstitute.org).

---

**In The News**

**Financial industry needs to repair its image, says CFA Institute**

FinanceAsia

Excerpt: “Is this the last gasp of disgust over the global financial crisis of 2008-09, or is it ...”