

## *JamaPunji.PK*- SECP's investor education initiative

Keeping in view the financial turmoil experienced by the world's capital markets in 2008, and the subsequent unavoidable capital infusion by the developing world's central banks, regulators around the world have recognized the need for investor education in enabling the investor to understand various investment products and evaluate associated risk.

The financial market place consists of supply and demand sides, wholesale, retail and intermediaries. In this mix the retail i.e. ordinary investor is at a considerable disadvantage in comparison to the better trained and incentivized supply side. In Pakistan's case, a majority of the potential investors have very little or no knowledge of alternative investment opportunities and insurance products that may be available to them. Most people do not even have a bank account, and, those that do, end up leaving their savings in accounts that earn very low profits.

Unknowingly, because of negative perception based on hearsay, the general public views our stock market as gambling and has kept away from investment opportunities that may be available to them such as mutual funds. Mutual funds pool the savings of a large group of investors that is held in trust by a reputable trustee, and offer the investor professional management, diversification, affordability, and liquidity. Because of limited investor knowledge about our mutual fund industry, opportunities for supplying much needed new capital to our economy through mutual fund investment have been missed.

Pakistan has a large middle class estimated at between 35-40 million people, yet the total number of retail portfolio investors is estimated to be around 325,000, which is indeed very low when compared to regional players such as India and Malaysia. It may be noted that Pakistan's non-banking financial sector, excluding insurance is only 4.9% of the total financial sector, which is very low. Ideally our mutual funds, pension funds and insurance sectors should be booming, keeping in view Pakistan's growing middle class, and the potential savings that could be invested. However, this is not possible without informing and educating our general public.

In view of the serious gaps in knowledge about the investment process and related investment products, and in line with best international practice, the SECP as the apex regulator of non-banking financial sector, capital markets and insurance has established a dedicated department, the Investor Education and International Relations Department to oversee and lead investor education initiatives across the sectors regulated by SECP.

The official launch of the SECP investor education web portal under the brand name *JamaPunji* on June 8, 2015 is an important first step in this direction. This will help protect existing and future investors by teaching them about investment basics and making them aware of their rights as investors. Investors cannot be expected to make sound financial decisions or evaluate information being presented to them, unless they have an understanding of what they are investing in, and its implication on their financial well-being. Investor education is the key to achieving these objectives, and for protecting investors from falling prey to fraud by market manipulators. The SECP investor education initiative encompasses the financial products and services, ranging from non-banking and insurance products to money management, financial planning as well as retirement planning. The key components of investor education plan include:

- Offering a dedicated web portal which provides comprehensive, credible and impartial financial information, tools and educational resources;
- Regular investor education seminars at area universities to educate our future work force the basics about managing personal finance without having to learn it the hard way;
- Reaching out to the general public with financial education messages through mass media campaigns;
- Building sustainable and tailored outreach programs for different target groups;
- Collaboration with stakeholders; and

- Engaging with international counterparts and networks to share and develop best practices

It is important to note that the *JamaPunji* investor education web portal is Pakistan's new gateway for both domestic and international investors who wish to learn about investing in Pakistan's financial markets. At par with investor education portals of the world's most developed capital markets, the portal serves as a pivotal point for holistic financial education, to better equip the potential and existing investor with skills and knowledge needed to make informed financial decisions.

Whether you are a prospective investor considering taking out an insurance policy, an investment professional, or a student at a university, the portal offers a complete and comprehensive guide to various investment products sold in Pakistan. Supported by state of the art high speed internet access, the portal has access to real-time information on incorporated companies and licensed entities regulated by SECP. This information is useful for identifying genuine sellers of investment products, and will help deter fraud by non-registered entities and unscrupulous persons.

Information is presented in a methodical and organized manner about topics such as: capital market; mutual funds; insurance products; retirement planning; Islamic financing; leasing companies and investment banks. A members' area has been developed with the aim of developing a data base of members with interest in investing and for sharing market related information in the future. This area offers additional features to encourage visitors to sign up by completing a member's profile. Members can opt for receiving alerts form SECP via email or SMS. In addition, members can access a stock trading simulator with real-time access to live KSE price quotes, risk profiler, scam meter, mutual fund and insurance demonstrator, quizzes, calculators, games, polls and surveys. Our confidence increases with knowledge and understanding, and it is hoped that as more and more people learn about the various investment opportunities available to them in Pakistan, they will put their money to work in Pakistan's capital market and help build our economy.

To facilitate Pakistan's large mobile phone users, *JamaPunji* may also be downloaded on smart phones, and is available on Facebook and Twitter at the following links:

Facebook: <https://www.facebook.com/jamapunji.pk>

Twitter: [https://twitter.com/jamapunji\\_pk](https://twitter.com/jamapunji_pk)

Through the launch of *JamaPunji* investor education web portal, SECP has established a strong foundation, and a resource for improving the financial literacy and capability of both international and Pakistani investors. It is important to note that the task of investor education cannot be achieved by the SECP alone. It must be based on a collaborative effort, supported by the enthusiasm, goodwill and strengths of stakeholders from many different sectors including the government, the financial sector, the education sector, the community as well as the media. We must work together closely to help achieve our shared goal of raising investor education and awareness and developing Pakistan's economy by putting to work billions of rupees in savings that are currently unemployed into profit making investment opportunities. By investing in Pakistan's capital market we are not only building and securing our own financial future, but also ensuring a happy and promising economic future for our children and grandchildren. We invite you to take the first step by simply typing: *Jamapunji.pk* on your web browser and start learning about Pakistan's capital markets and the investment opportunities that await you. ***Written by: Mr. Shaukat Mahmood Malik CPA, Advisor Investor Education and International Relations Department***