

North American Securities Administrators Association (NASAA)

FEBRUARY 2018 PULSE POLL:
Fintech

Methodology

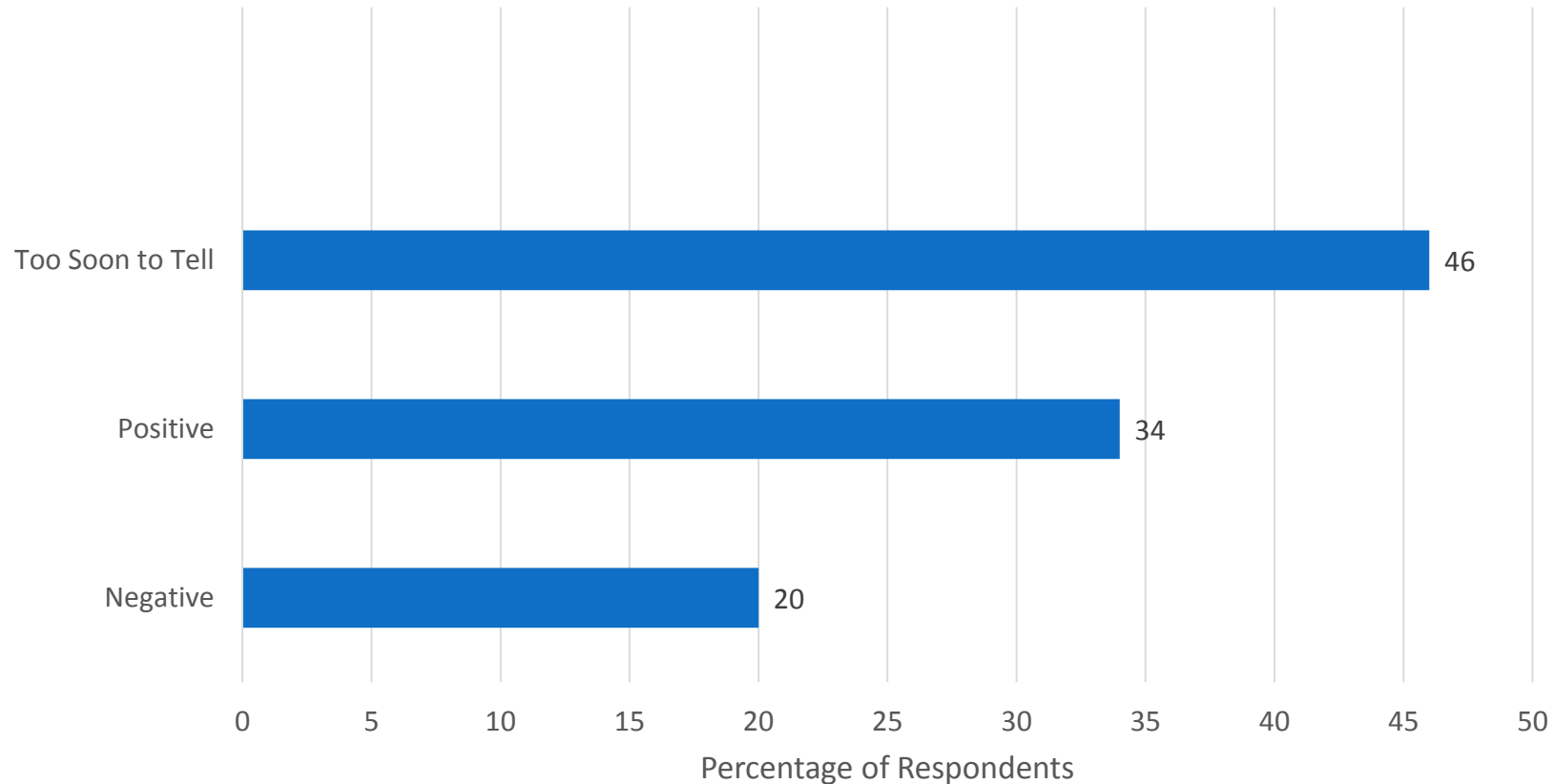
- Survey timeframe
 - *November 14, 2017 – December 14, 2017*
- Audience
 - *Survey was conducted internally among NASAA's membership of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.*
- Respondents
 - *35 regulators from NASAA member organizations.*
- Focus
 - *NASAA administered the Pulse Poll to members to highlight members' views on emerging issues in financial technology (fintech).*

Key Findings

- **Millennials most at risk for fraud:** Regulators viewed Millennials as both most likely to use fintech products (84 percent) and also as most at risk of fraud from fintech products (41 percent). While Baby Boomers were viewed as least likely to use fintech, they were still viewed as the second most likely demographic group to be at risk of fintech fraud (37 percent).
- **Not all risks are created equal:** While all regulators viewed fintech at large as having a high (28 percent) or moderate (72 percent) chance of fraud, the risk varied widely by specific products with ICOs and cryptocurrencies being most commonly identified as high risk (94 percent) and robo-advising being least commonly identified as high risk (3 percent).
- **Fraudsters most knowledgeable:** More than half of regulators (56 percent) said they viewed fraudsters as the most knowledgeable about the risks of fintech, nearly all respondents felt that investors were the least knowledgeable about these risks (94 percent).
- **Fighting fintech fraud is getting harder:** Three-fourths of respondents (75 percent) felt that preventing fintech fraud is getting more difficult.

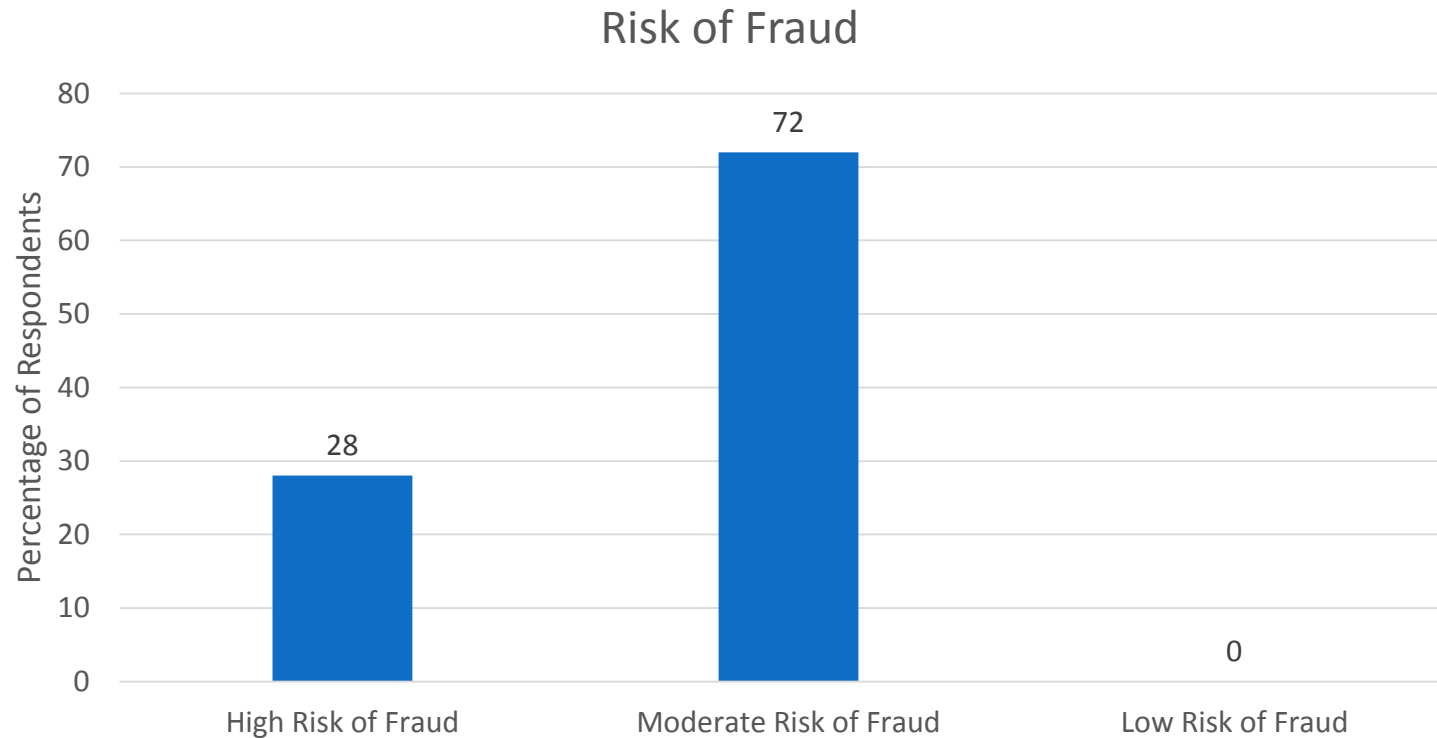
Fintech's Impact on Investors

In your opinion, is the rapid evolution of fintech products and services a positive or negative development for investors?



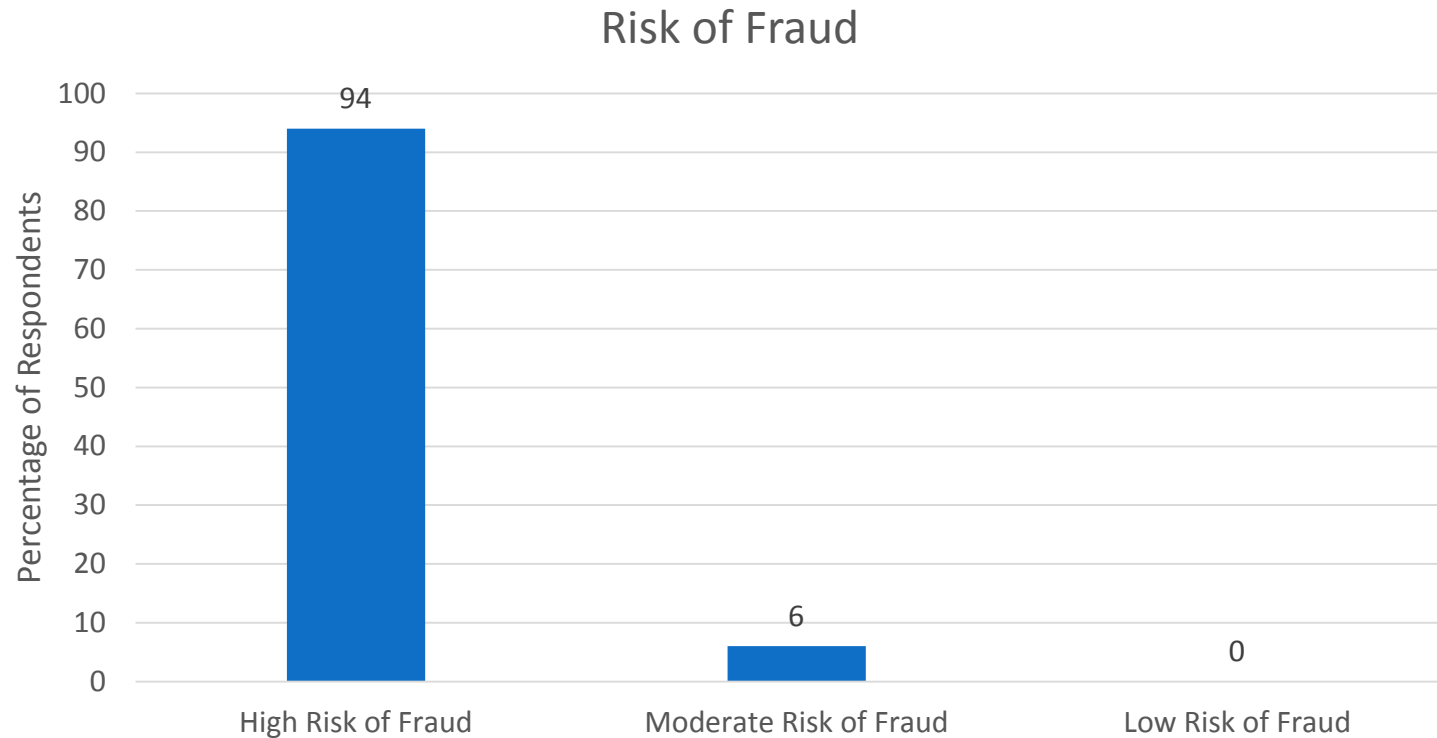
Not all Risks are Created Equal

Fintech in General



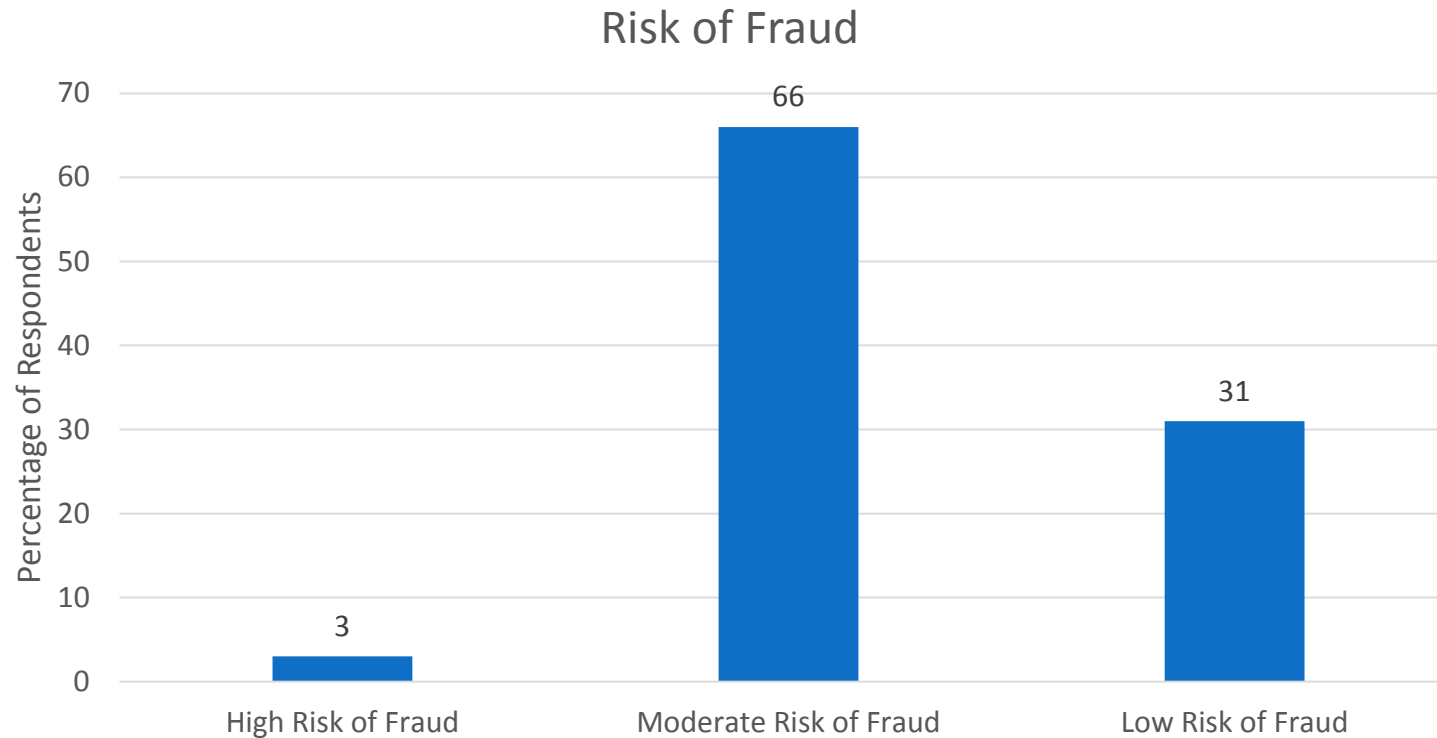
Not all Risks are Created Equal

Cryptocurrencies/Initial Coin Offerings (ICOs)



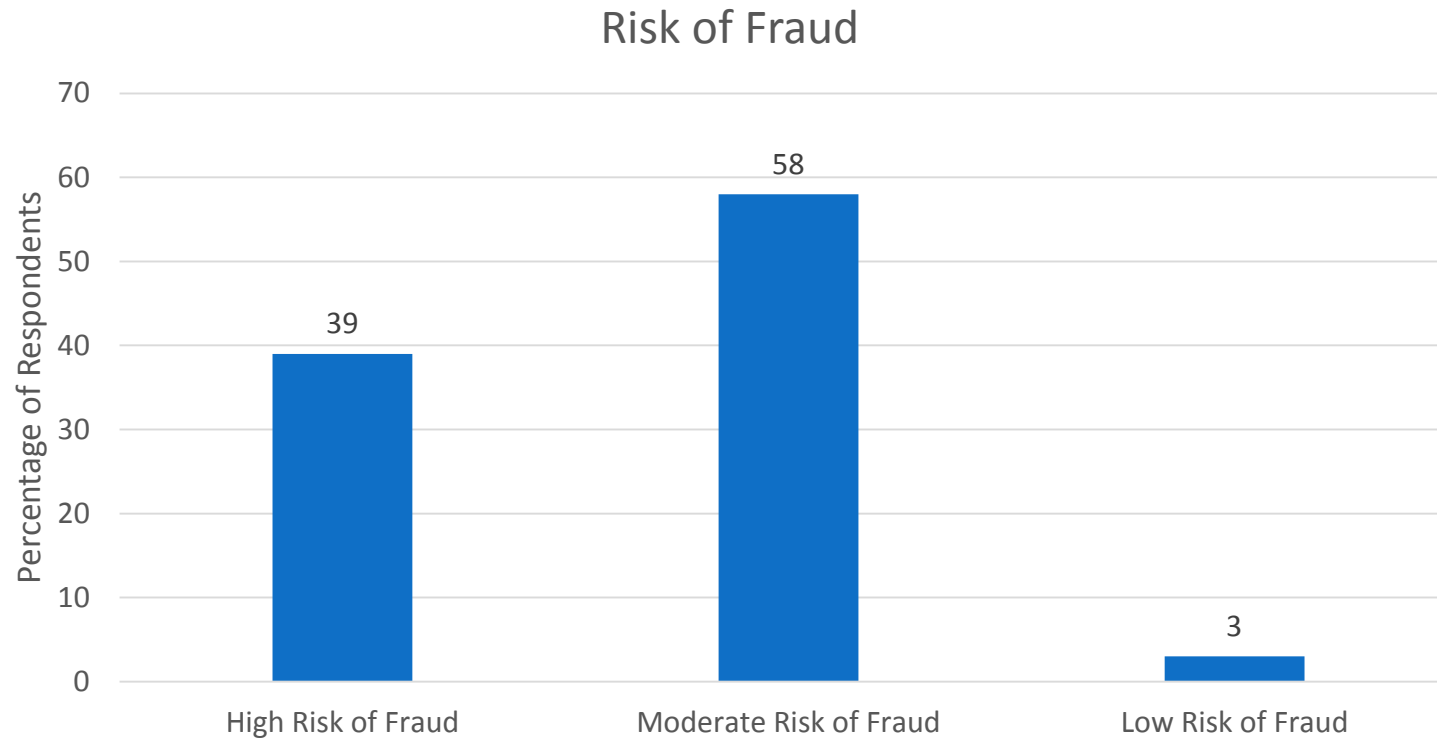
Not all Risks are Created Equal

Robo-Advising



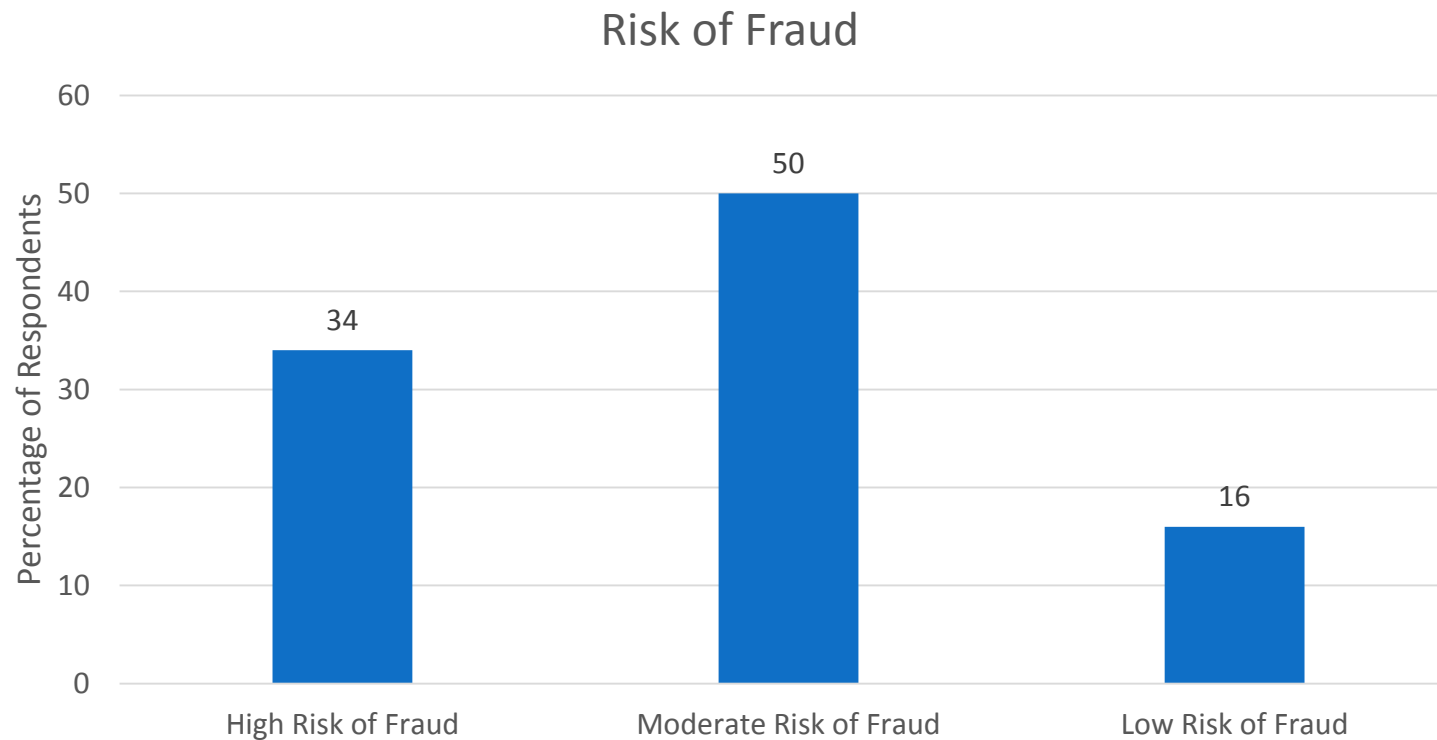
Not all Risks are Created Equal

Blockchain



Not all Risks are Created Equal

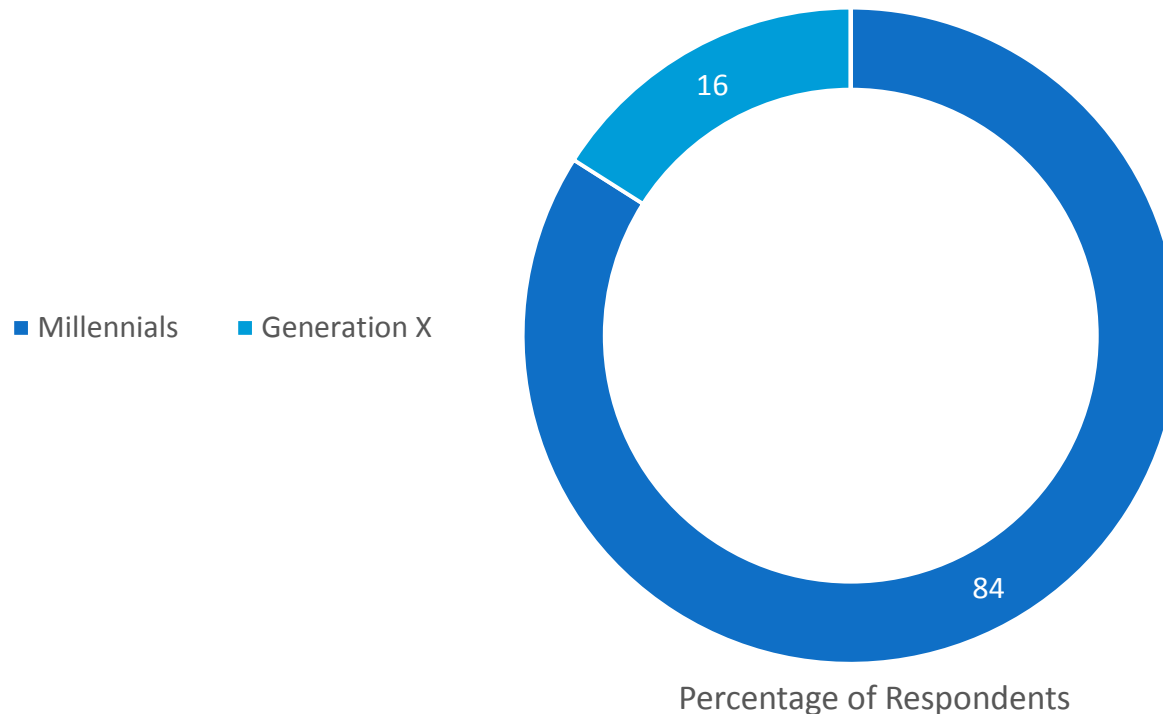
Crowdfunding



Demographics

Which generation do you feel is **MOST LIKELY TO USE** fintech in general?

Note: No respondents indicated that Baby Boomers or members of the Silent Generation were **MOST LIKELY** to use fintech.



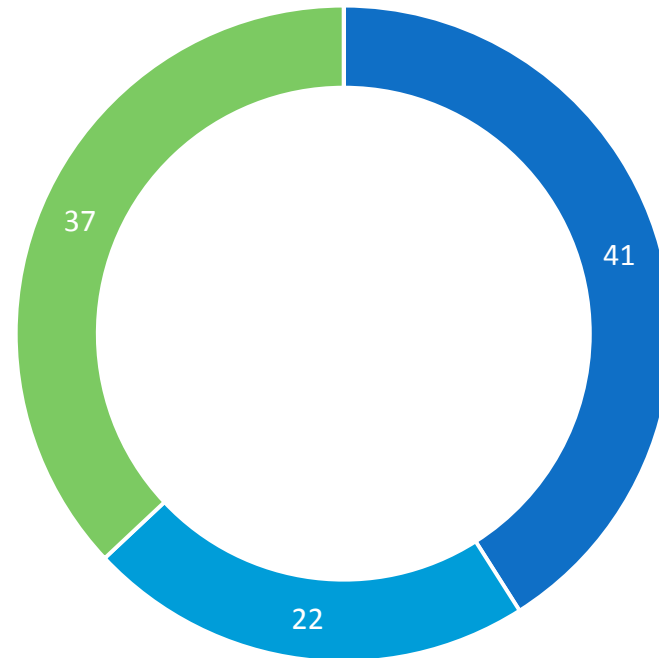
Millennials: 18-34 years
Generation X: 35-50 years
Baby Boomers: 51-69 years
Silent Generation: 70 and older

Demographics

Which generation do you feel is **MOST LIKELY TO FALL VICTIM to** fintech fraud?

Note: No respondents indicated that members of the Silent Generation were **MOST LIKELY TO FALL VICTIM** to fintech fraud.

- Millennials
- Generation X
- Baby Boomers
- Silent Generation

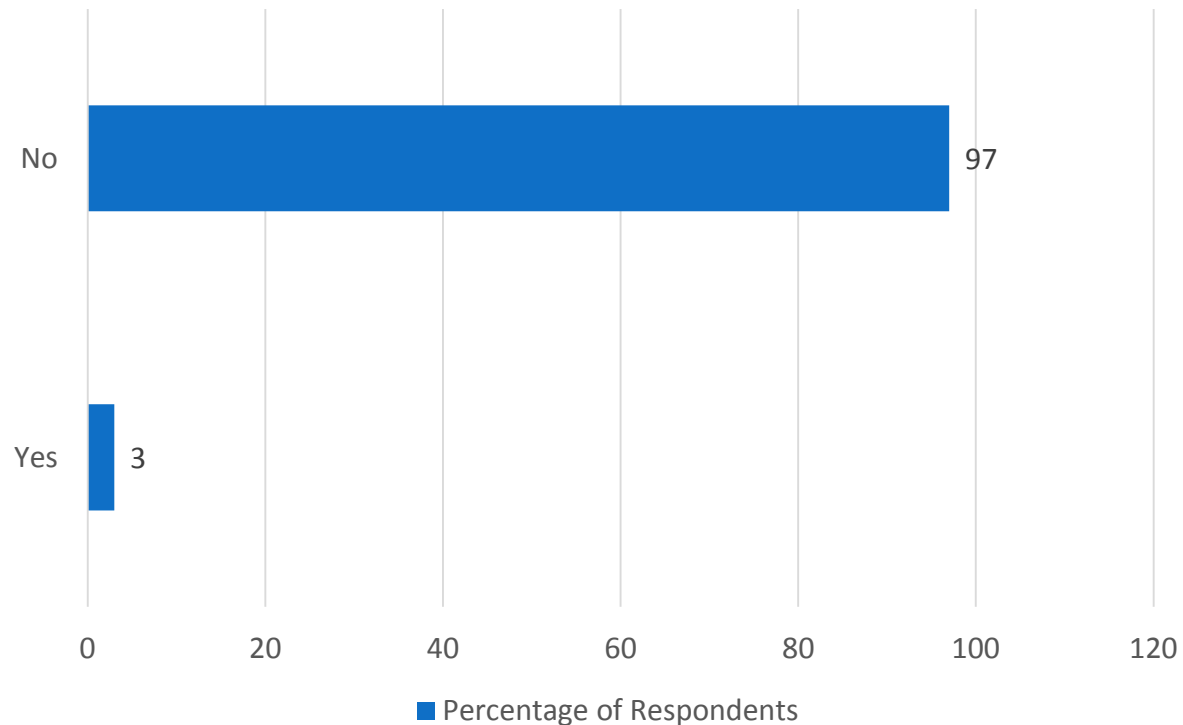


Percentage of Respondents

Millennials: 18-34 years
Generation X: 35-50 years
Baby Boomers: 51-69 years
Silent Generation: 70 and older

Industry's Role

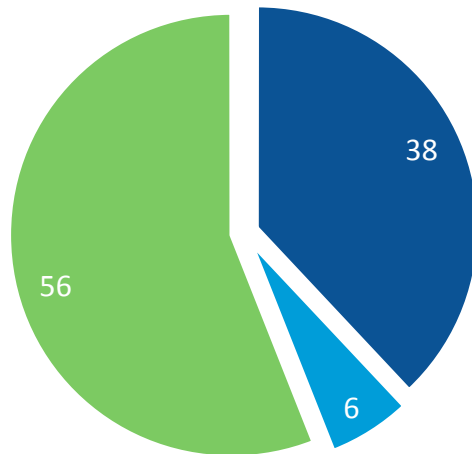
Do you think industry currently is doing enough to mitigate fintech fraud?



In the Know

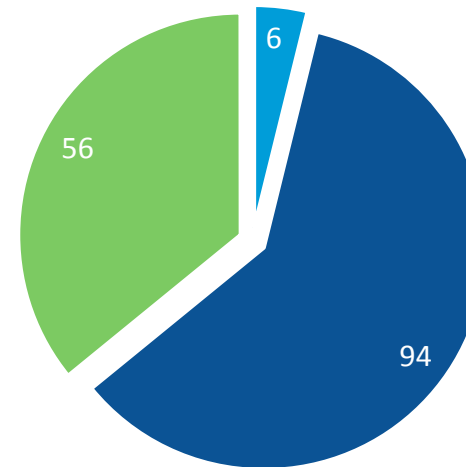
Who do you think currently is **MOST/LEAST KNOWLEDGEABLE** of the risks of fintech?

Most Knowledgeable



■ Industry ■ Regulators ■ Investors ■ Fraudsters

Least Knowledgeable



■ Industry ■ Regulators ■ Investors ■ Fraudsters

Detection and Prevention

Is it getting **EASIER/HARDER** to detect or prevent fraud in fintech?

