

2018  
Main Street  
Investor  
Survey



# FROM THE EXECUTIVE DIRECTOR

Since 2007, the Center for Audit Quality (CAQ) has commissioned an annual survey of US retail investors. Each year, our Main Street Investor Survey measures confidence in US capital markets, global capital markets, audited financial information, and investing in publicly traded companies.

Through a variety of market conditions over the years, the survey has shown the solid levels of trust that Americans place in the US capital markets system. This edition of the survey is no exception. Consider:

**74%** of investors express confidence in US capital markets.

**78%** of investors have confidence in investing in US publicly traded companies.

**75%** of investors say they are confident in audited financial information released by publicly held companies.

Investors also register exceptional degrees of confidence in the ability of external auditors (81%) and independent audit committees (80%) to fulfill their investor protection roles.

In addition to these high-level confidence findings, our survey examines underlying factors that shape investor perceptions. When it comes to US markets broadly, this year's survey reveals that top drivers of investor confidence are the continued strength of the US economy and recent stock market performance. Those lacking confidence in US markets cite lack of leadership in Washington as a top area of concern, with uncertainty around free trade or trade wars emerging as a particular source of worry.

The capital markets play a crucial role in the US economy. The CAQ is pleased to shed light on the investor confidence that underpins them.



*Cynthia M. Fornelli*

**Cynthia M. Fornelli**  
Executive Director  
Center for Audit Quality

# METHODOLOGY

This poll was conducted online by Morning Consult from August 20–August 21, 2018 among a national sample of 1,100 investors. Investors are defined as:

- ▶ Adults (18+)
- ▶ Individuals who are primary decision-makers of their household's savings and investments, or who share this role equally with another household member
- ▶ Individuals who have \$10,000 or more in investments, including stocks, bonds, mutual funds, IRAs, 401(k) plans, and the like

2018 is the first year the data was collected entirely from online interviews. Over several years, the survey was gradually migrated from phone only, to a mix of phone and online, and then to online only. The change in methodology may explain small differences in the data.

Results from the full survey have a margin of error of plus or minus 3 percentage points.

# ABOUT THE CENTER FOR AUDIT QUALITY

The Center for Audit Quality (CAQ) is an autonomous public policy organization dedicated to enhancing investor confidence and public trust in the global capital markets. The CAQ fosters high-quality performance by public company auditors; convenes and collaborates with other stakeholders to advance the discussion of critical issues that require action and intervention; and advocates policies and standards that promote public company auditors' objectivity, effectiveness, and responsiveness to dynamic market conditions. Based in Washington, DC, the CAQ is affiliated with the American Institute of CPAs.

# 2018 Main Street Investor Survey

POLLING DATA PROVIDED BY MORNING CONSULT

SEPTEMBER 2018



CENTER  
FOR AUDIT  
QUALITY

74%

-11% from 2017

## Investor Confidence in US Capital Markets

### Top reasons for confidence:

- ▶ Strong US economy
- ▶ US stock market performance

### Top reasons for lack of confidence:

- ▶ Lack of leadership in Trump Administration
- ▶ Fear of trade war



[Click for additional data on US capital markets](#)

56%

+2% from 2017

## Investor Confidence in Markets outside the US

### Top reasons for confidence:

- ▶ When the US does well, so do other countries
- ▶ Other countries' economies are doing well

### Top reasons for lack of confidence:

- ▶ Fear of trade war
- ▶ Fear of unstable or corrupt foreign governments



[Click for additional data on markets outside the US](#)

78%

-5% from 2017

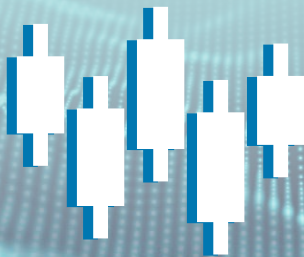
## Investor Confidence in US Publicly Traded Companies

### Top reasons for confidence:

- ▶ Strong US economy
- ▶ US stock market historically bounces back

### Top reasons for lack of confidence:

- ▶ Only certain people benefit from US companies doing well
- ▶ Unethical practices
- ▶ US companies are exporting too many jobs overseas



[Click for additional data on publicly traded companies](#)

75%

-3% from 2017

## Investor Confidence in Audited Financial Statements

### Top reasons for confidence:

- ▶ Reputations of companies are at stake if they get caught in the wrong
- ▶ Auditors provide honest, independent third-party scrutiny

### Top reasons for lack of confidence:

- ▶ Companies are not trustworthy
- ▶ Conflicts of interest



[Click for additional data on audited financial statements](#)

81%

-3% from 2017

## Investor Confidence in Public Company Auditors

### Other key players:

- 80%** Confidence in independent audit committees
- 79%** Confidence in financial analysts
- 77%** Confidence in stock exchanges
- 75%** Confidence in financial advisors and brokers



[Click for additional data on key players](#)

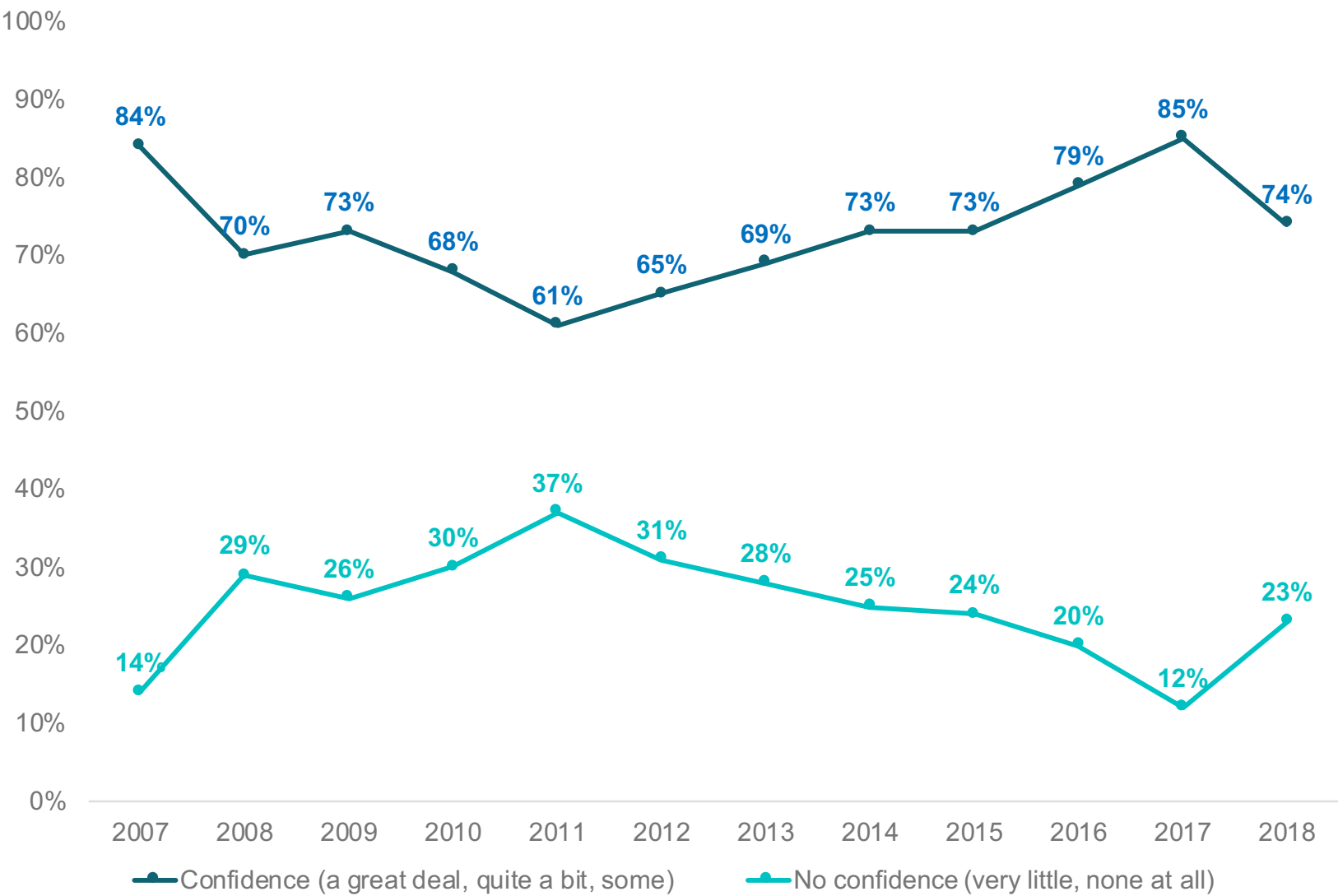


# APPENDIX: IN-DEPTH FINDINGS

## US CAPITAL MARKETS

**FIGURE 1**  
**CONFIDENCE IN US CAPITAL MARKETS**

At the current time, how much confidence would you say you have in US capital markets? Would you say you have a great deal of confidence, quite a bit of confidence, some confidence, very little confidence, or no confidence at all?



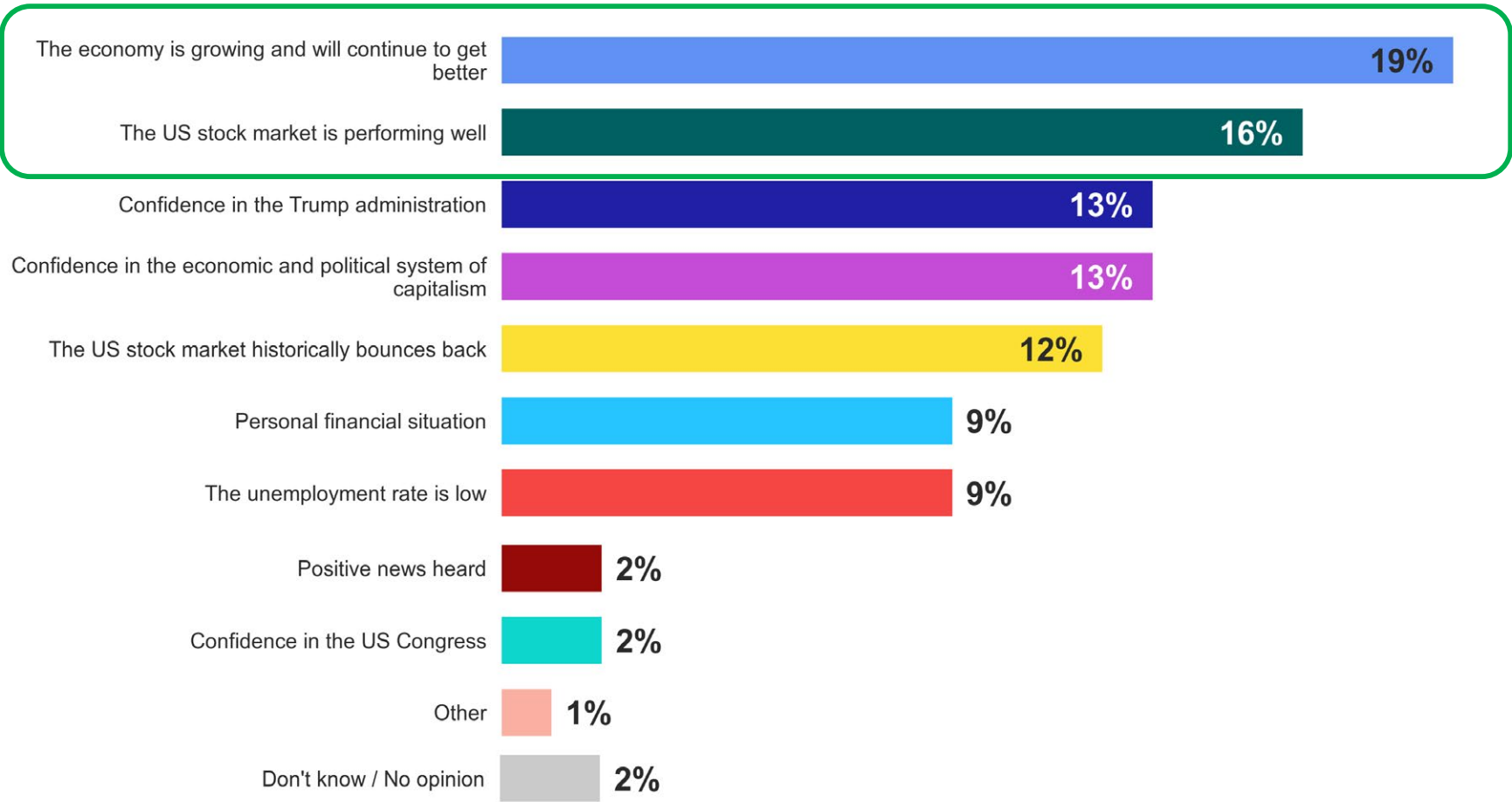
Data may not add to 100% due to rounding.  
Not sure/no opinion results not shown.

# APPENDIX: IN-DEPTH FINDINGS

## US CAPITAL MARKETS

**FIGURE 2**  
**INVESTOR REASONS**  
**FOR CONFIDENCE IN US**  
**CAPITAL MARKETS**

You indicated that you have at least some confidence in US capital markets. For what reasons do you have confidence in US capital markets?



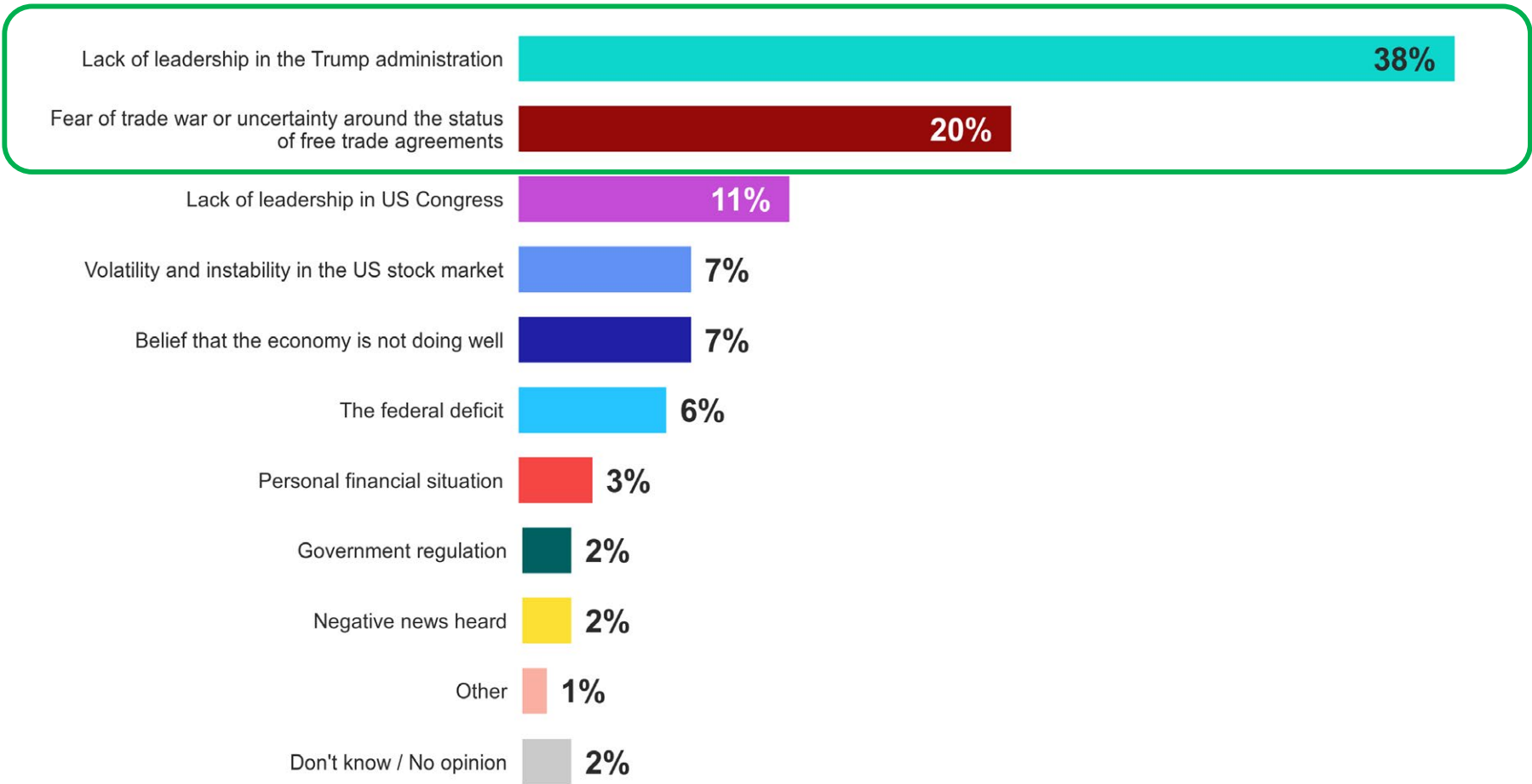
Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## US CAPITAL MARKETS

**FIGURE 3**  
**INVESTOR REASONS FOR LACK OF CONFIDENCE IN US CAPITAL MARKETS**

You indicated that you have little or no confidence in US capital markets. For what reasons do you have little or no confidence in US capital markets?

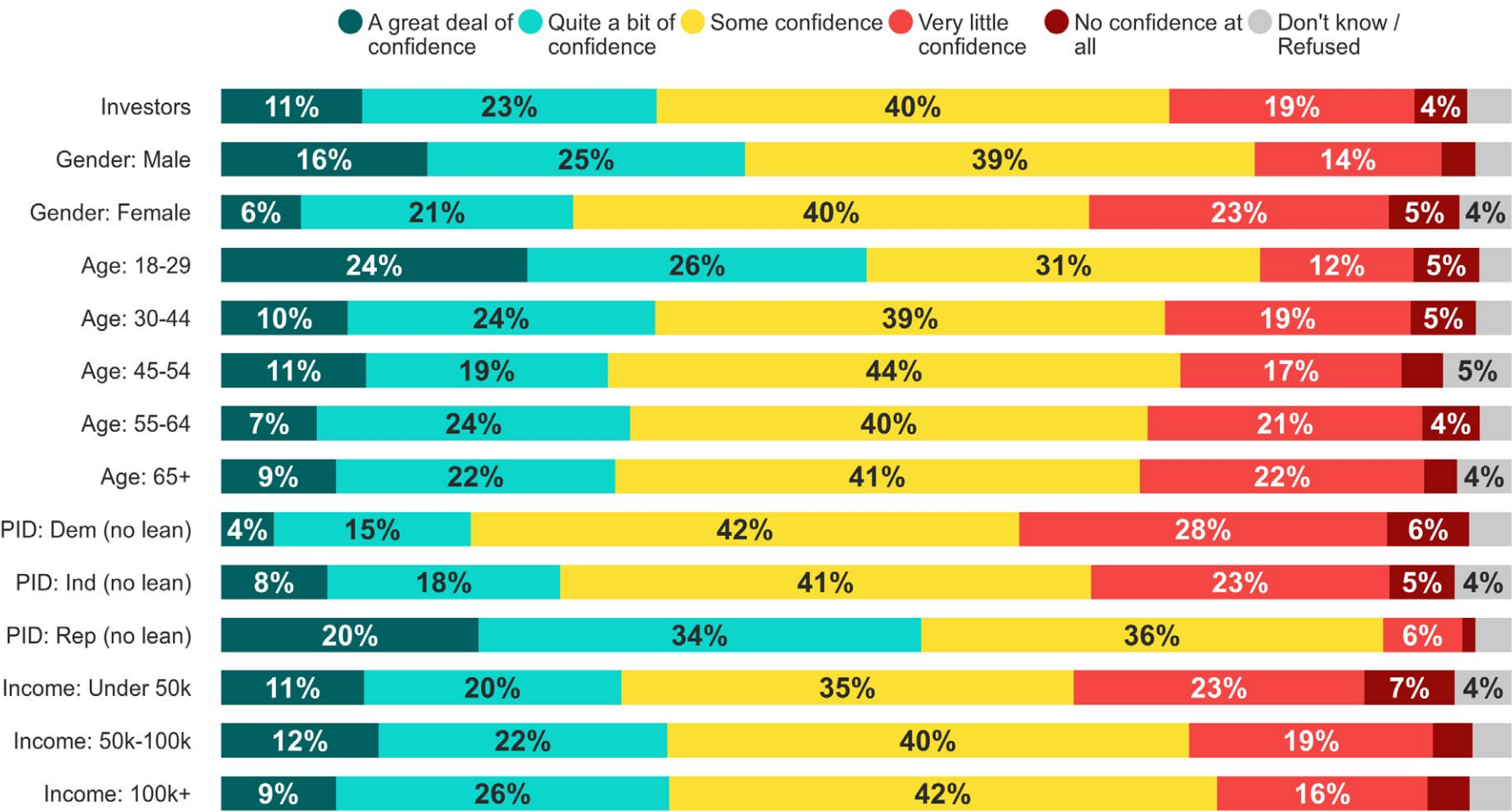


Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## US CAPITAL MARKETS

**FIGURE 4**  
**DEMOGRAPHIC**  
**BREAKDOWN:**  
**CONFIDENCE IN US**  
**CAPITAL MARKETS**



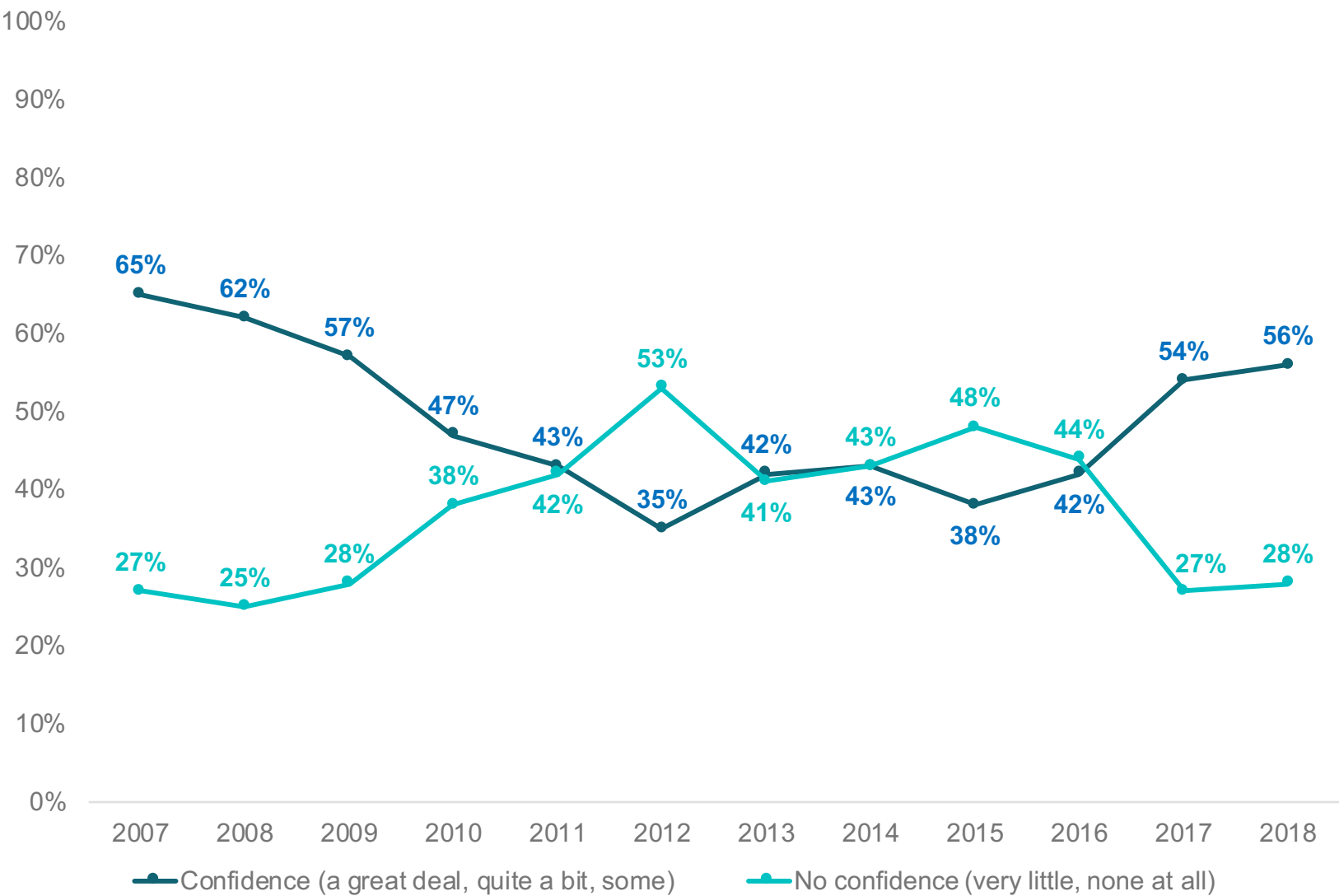
Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## CAPITAL MARKETS OUTSIDE THE US

**FIGURE 5**  
**CONFIDENCE IN CAPITAL MARKETS OUTSIDE THE US**

At the current time, how much confidence would you say you have in capital markets outside of the United States? Would you say you have a great deal of confidence, quite a bit of confidence, some confidence, very little confidence, or no confidence at all?



Data may not add to 100% due to rounding.  
Not sure/no opinion results not shown.

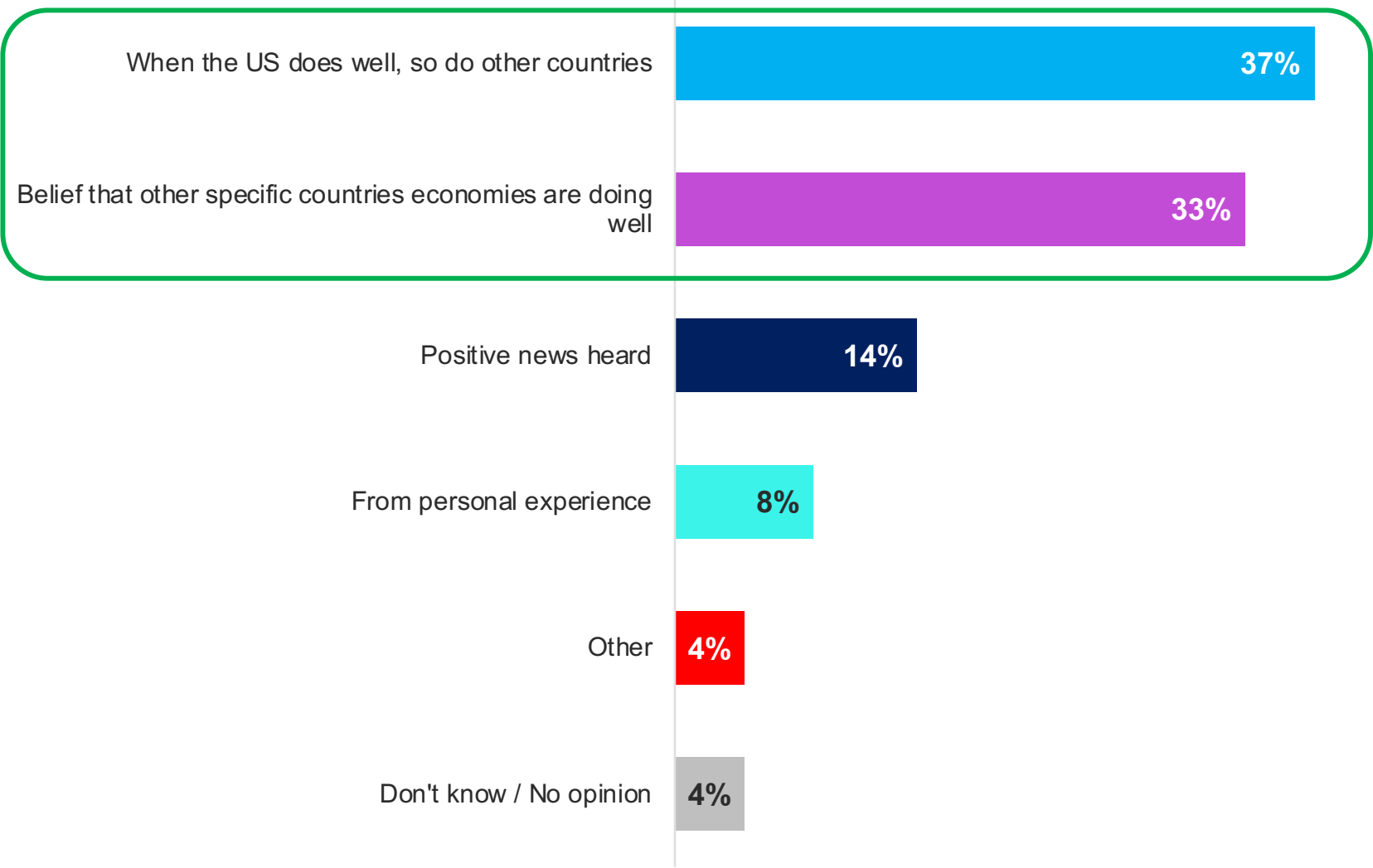


# APPENDIX: IN-DEPTH FINDINGS

## CAPITAL MARKETS OUTSIDE THE US

**FIGURE 6**  
**INVESTOR REASONS FOR**  
**CONFIDENCE IN CAPITAL**  
**MARKETS OUTSIDE THE**  
**US**

You indicated that you have at least some confidence in US capital markets. For what reasons do you have confidence in capital markets outside of the United States?



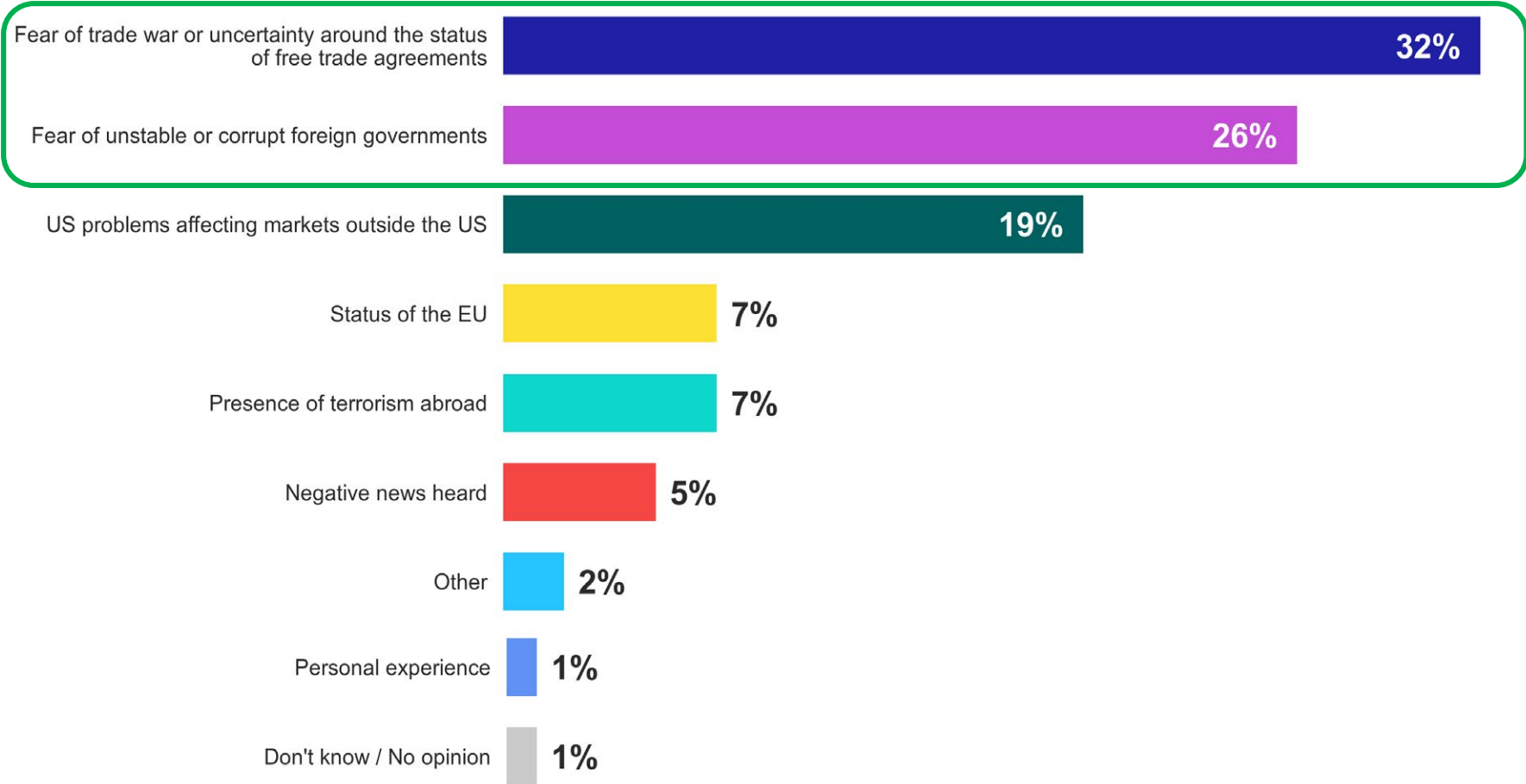
Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## CAPITAL MARKETS OUTSIDE THE US

**FIGURE 7**  
**INVESTOR REASONS FOR LACK OF CONFIDENCE IN CAPITAL MARKETS OUTSIDE THE UNITED STATES**

You indicated that you have little or no confidence in capital markets outside of the United States. For what reasons do you have little or no confidence in capital markets outside of the United States?

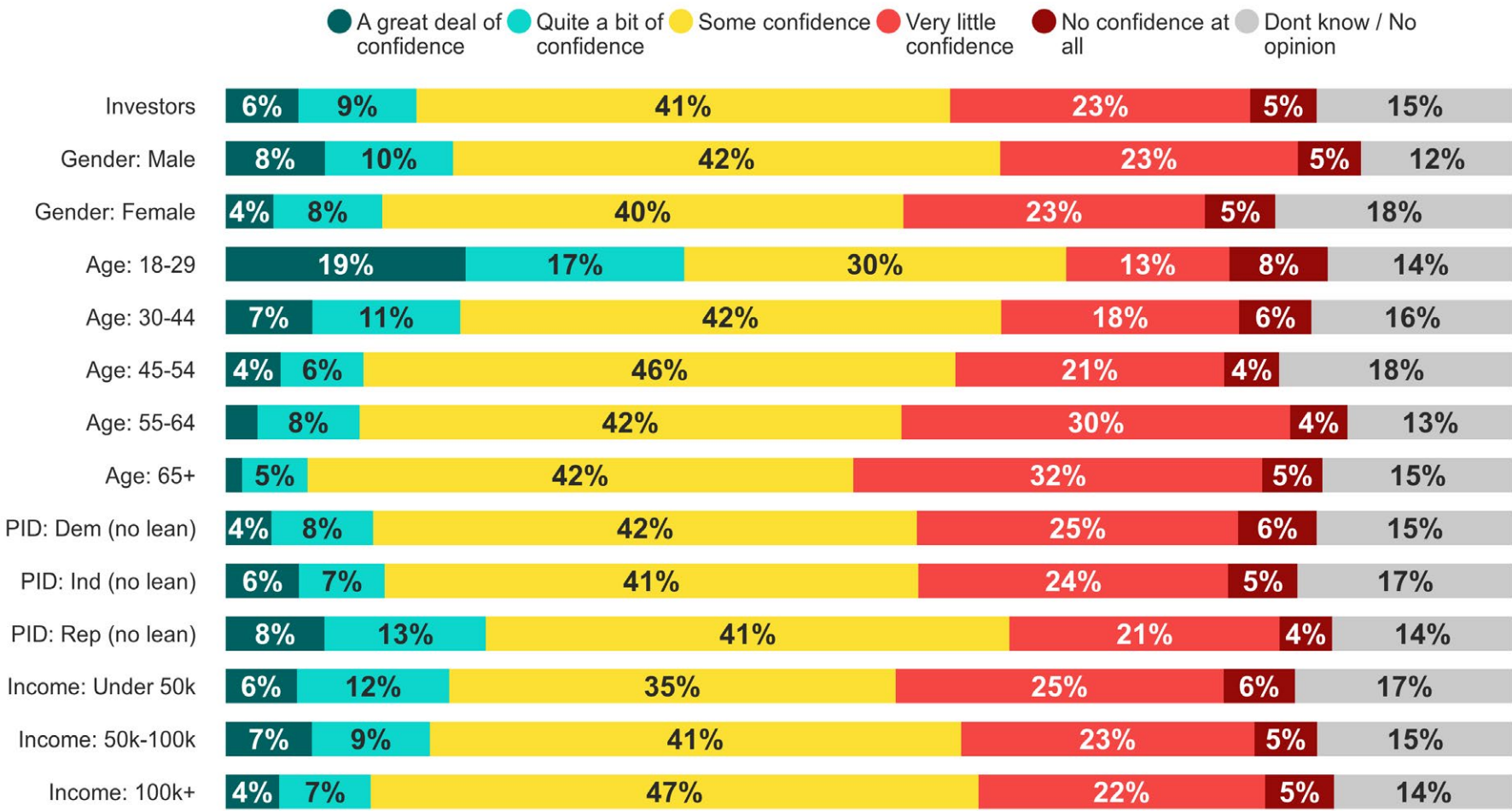


Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## CAPITAL MARKETS OUTSIDE THE US

**FIGURE 8**  
**DEMOGRAPHIC**  
**BREAKDOWN:**  
**CONFIDENCE IN CAPITAL**  
**MARKETS OUTSIDE THE**  
**UNITED STATES**



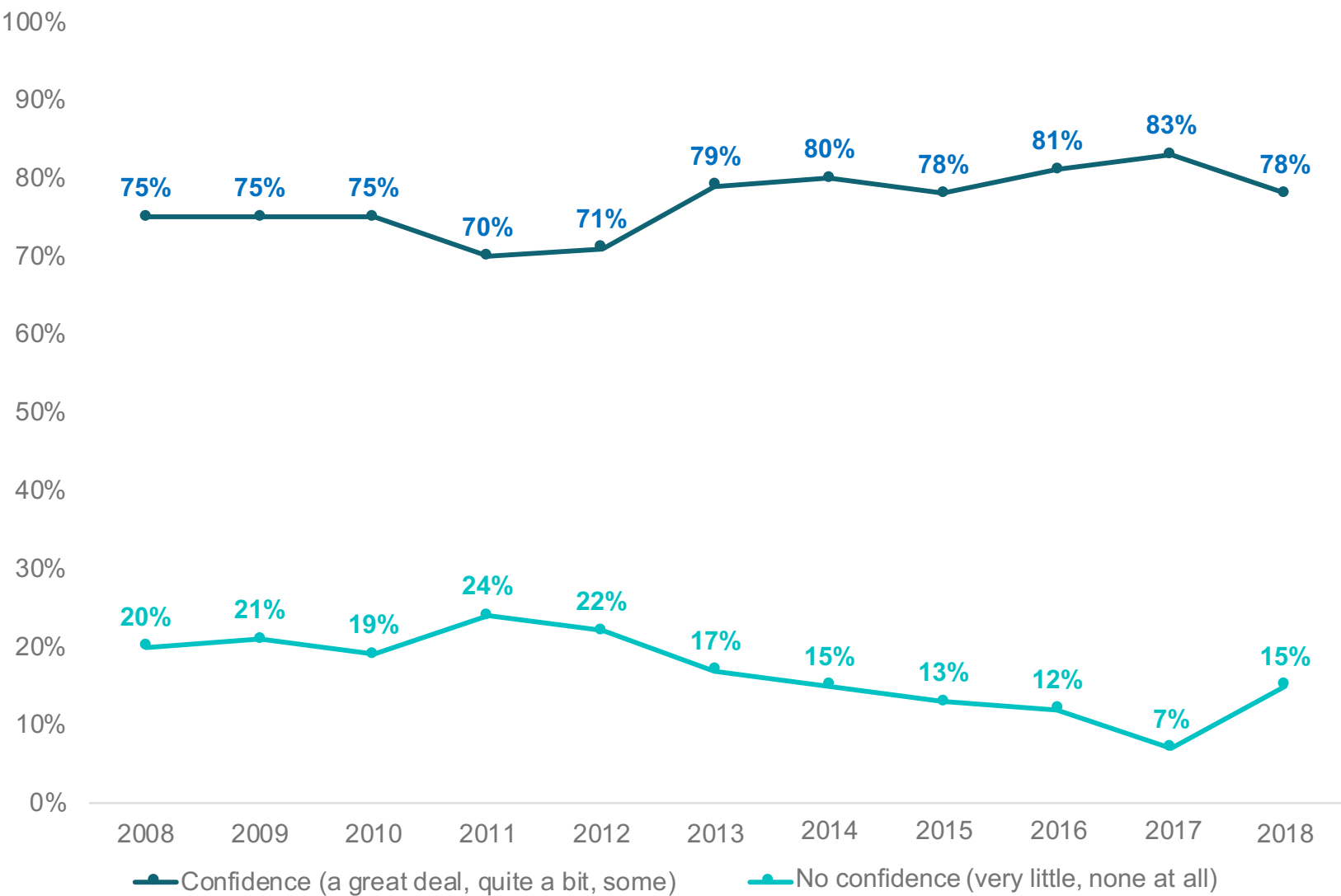
Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## PUBLICLY TRADED COMPANIES

**FIGURE 9**  
**CONFIDENCE IN INVESTING IN US COMPANIES THAT ARE PUBLICLY TRADED**

How much confidence would you say you have today investing in US companies that are publicly traded? Would you say you have a great deal of confidence, quite a bit of confidence, some confidence, very little confidence, or no confidence at all?



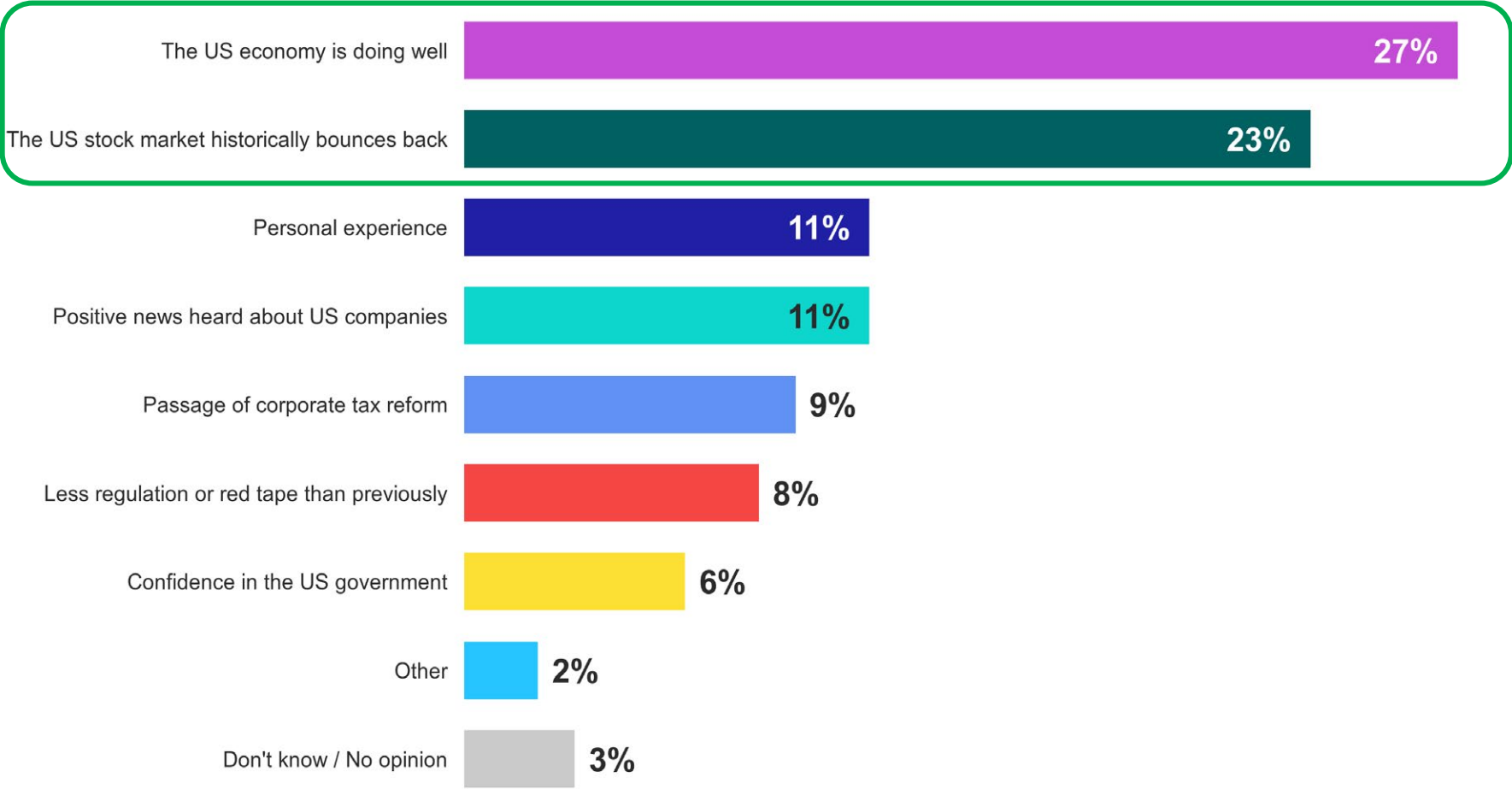
Data may not add to 100% due to rounding.  
Not sure/no opinion results not shown.

# APPENDIX: IN-DEPTH FINDINGS

## PUBLICLY TRADED COMPANIES

**FIGURE 10**  
**INVESTOR REASONS**  
**FOR CONFIDENCE**  
**IN INVESTING IN US**  
**COMPANIES THAT ARE**  
**PUBLICLY TRADED**

You indicated that you have at least some confidence in investing in US companies that are publicly traded. For what reasons do you have this confidence?



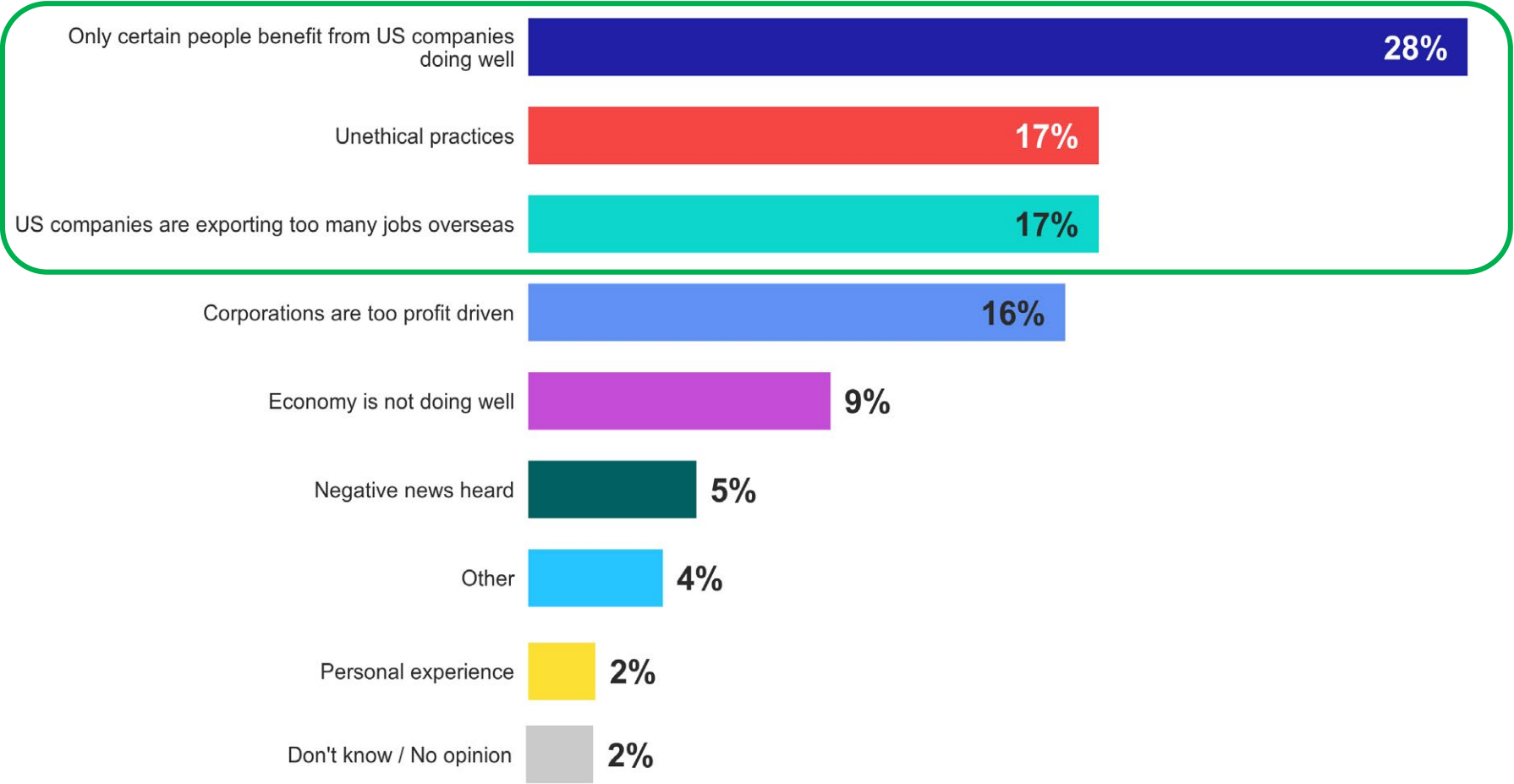
Data may not add to 100% due to rounding.



# APPENDIX: IN-DEPTH FINDINGS

## PUBLICLY TRADED COMPANIES

**FIGURE 11**  
**INVESTOR REASONS FOR LACK OF CONFIDENCE IN INVESTING IN US COMPANIES THAT ARE PUBLICLY TRADED**

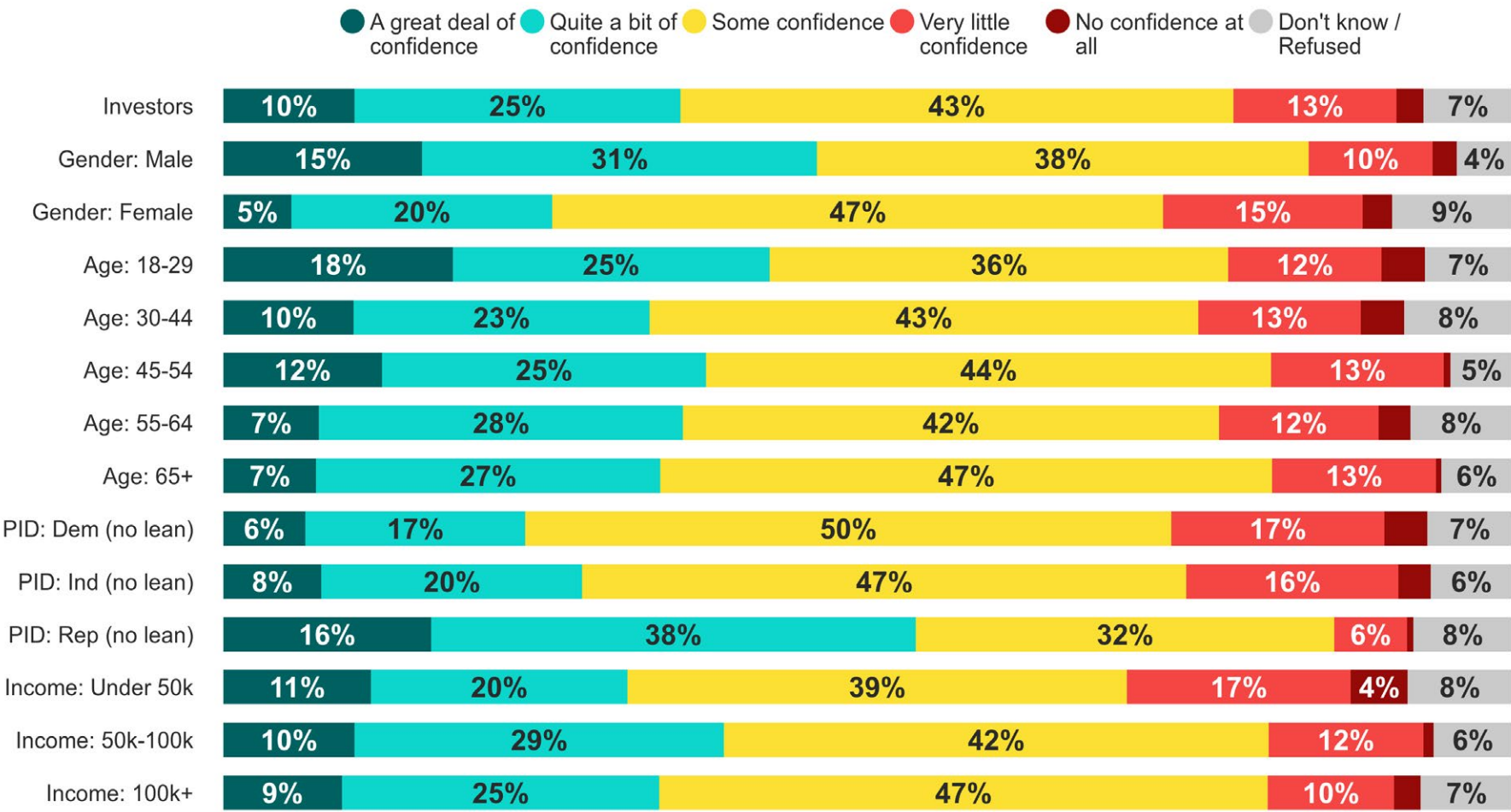


Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## PUBLICLY TRADED COMPANIES

**FIGURE 12**  
**DEMOGRAPHIC**  
**BREAKDOWN:**  
**CONFIDENCE IN**  
**INVESTING IN US**  
**COMPANIES THAT ARE**  
**PUBLICLY TRADED**



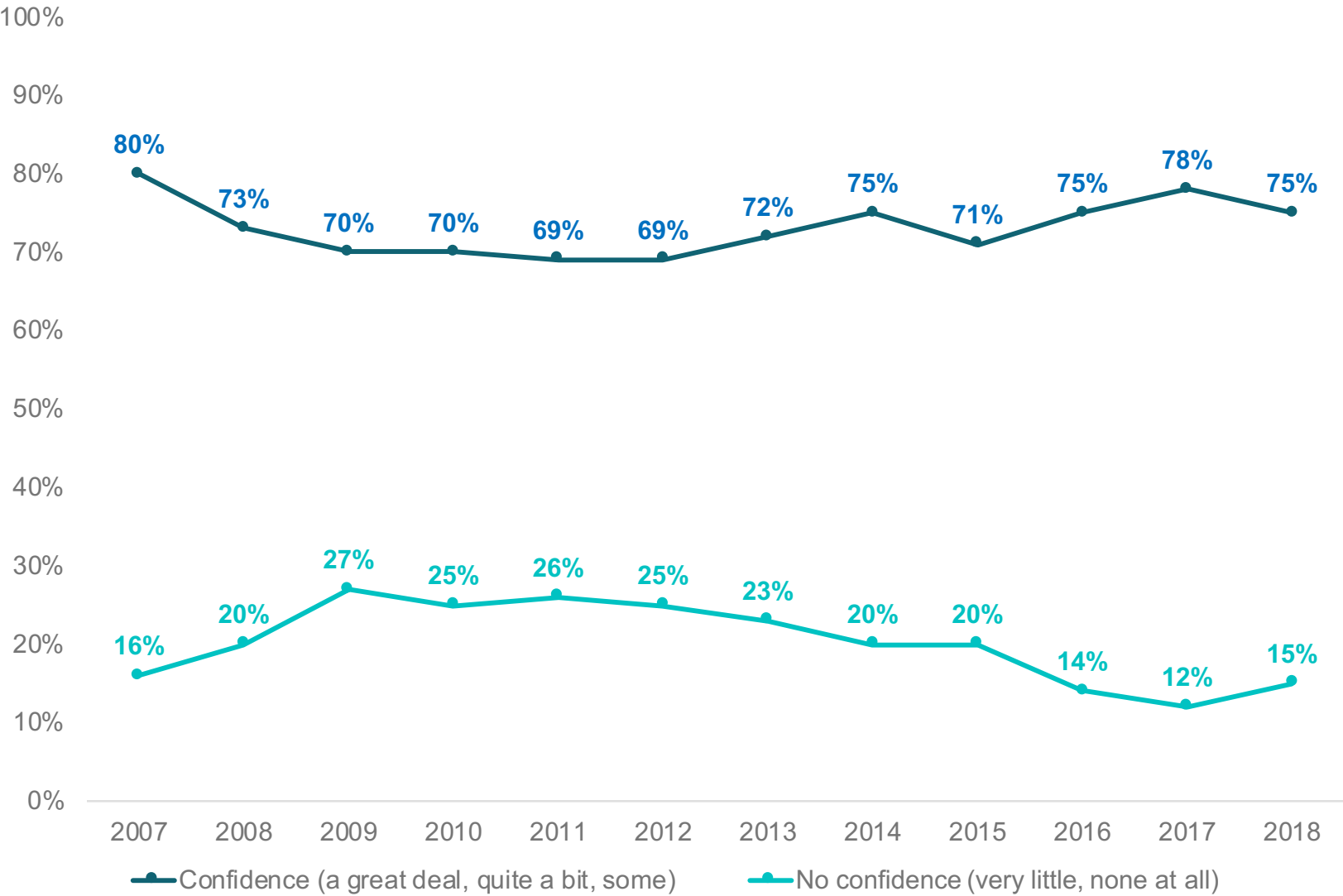
Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## AUDITED FINANCIAL STATEMENTS

**FIGURE 13**  
**CONFIDENCE IN AUDITED FINANCIAL INFORMATION**

All publicly traded companies in the United States are required to put out regular financial reports. Before they are published, certain information in these reports is required by law to be audited by an external public company audit firm. Based on what you know, how much confidence do you personally have in audited financial information released by publicly traded US companies?



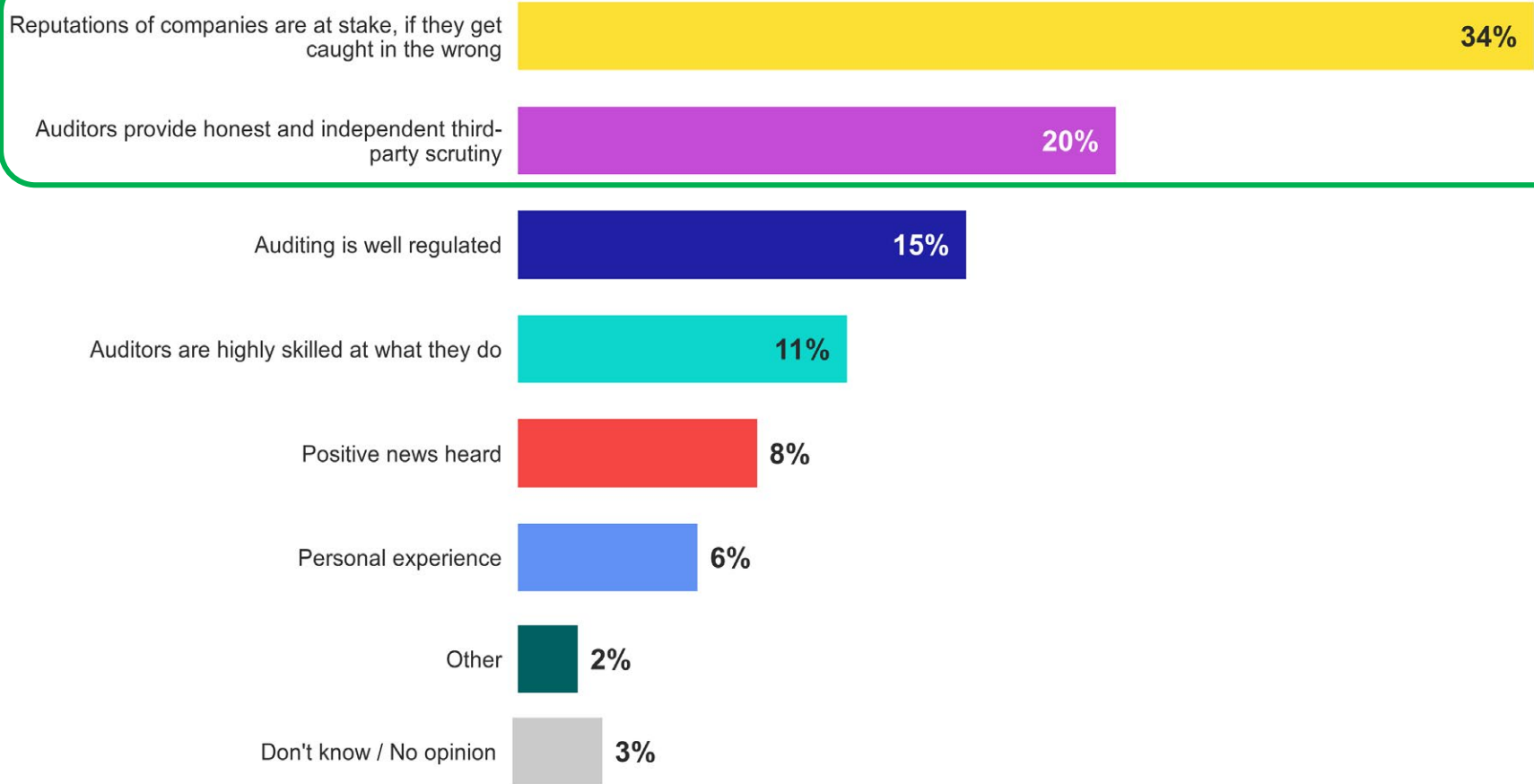
Data may not add to 100% due to rounding.  
Not sure/no opinion results not shown.

# APPENDIX: IN-DEPTH FINDINGS

## AUDITED FINANCIAL STATEMENTS

**FIGURE 14**  
**INVESTOR REASONS FOR**  
**CONFIDENCE IN AUDITED**  
**FINANCIAL INFORMATION**

You indicated that you have at least some confidence in audited financial information released by publicly traded US companies. For what reasons do you have this confidence?



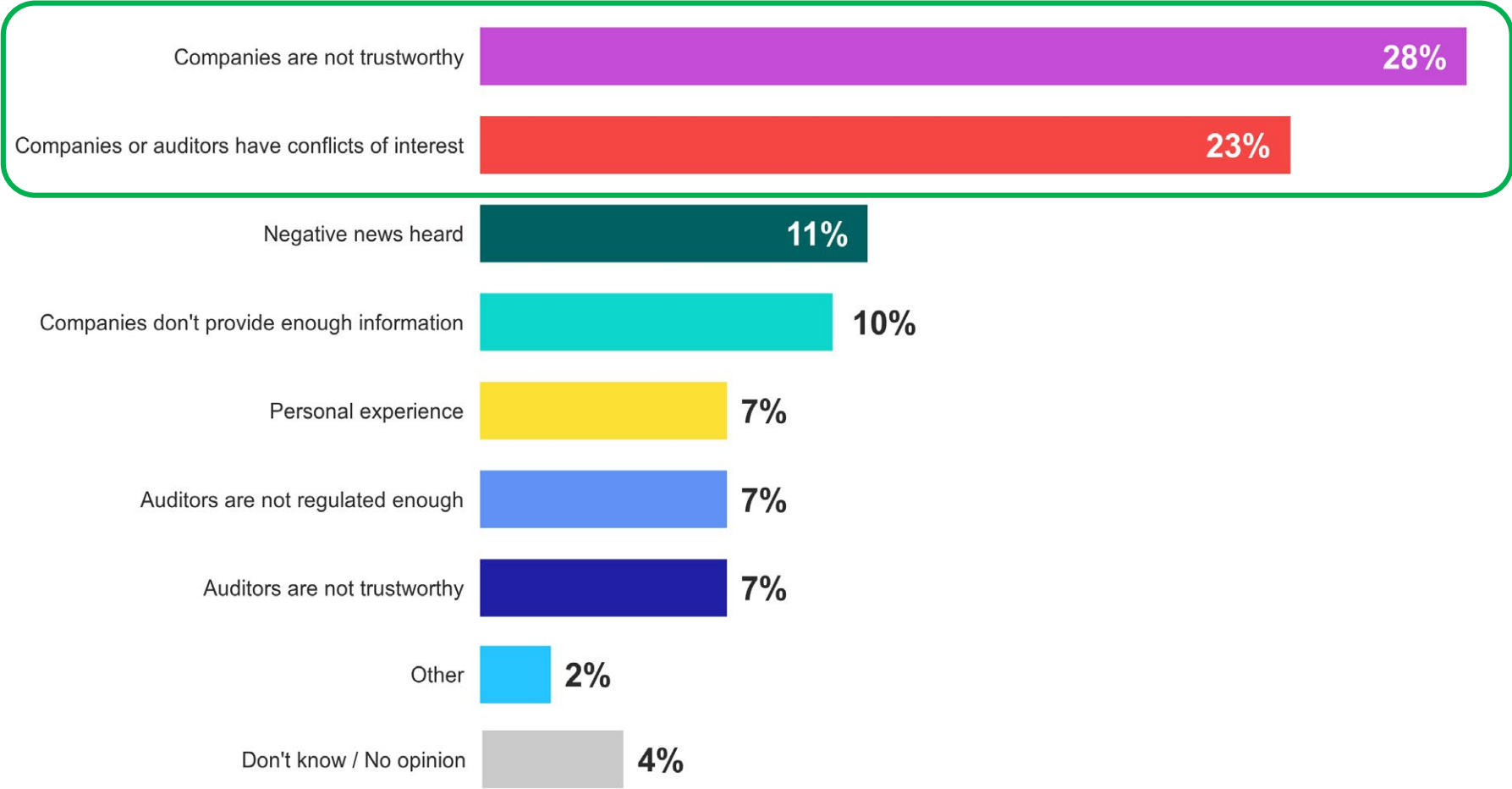
Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## AUDITED FINANCIAL STATEMENTS

**FIGURE 15**  
**INVESTOR REASONS FOR LACK OF CONFIDENCE IN AUDITED FINANCIAL INFORMATION**

You indicated that you have little or no confidence in audited financial information released by publicly traded US companies. For what reasons do you have little or no confidence?



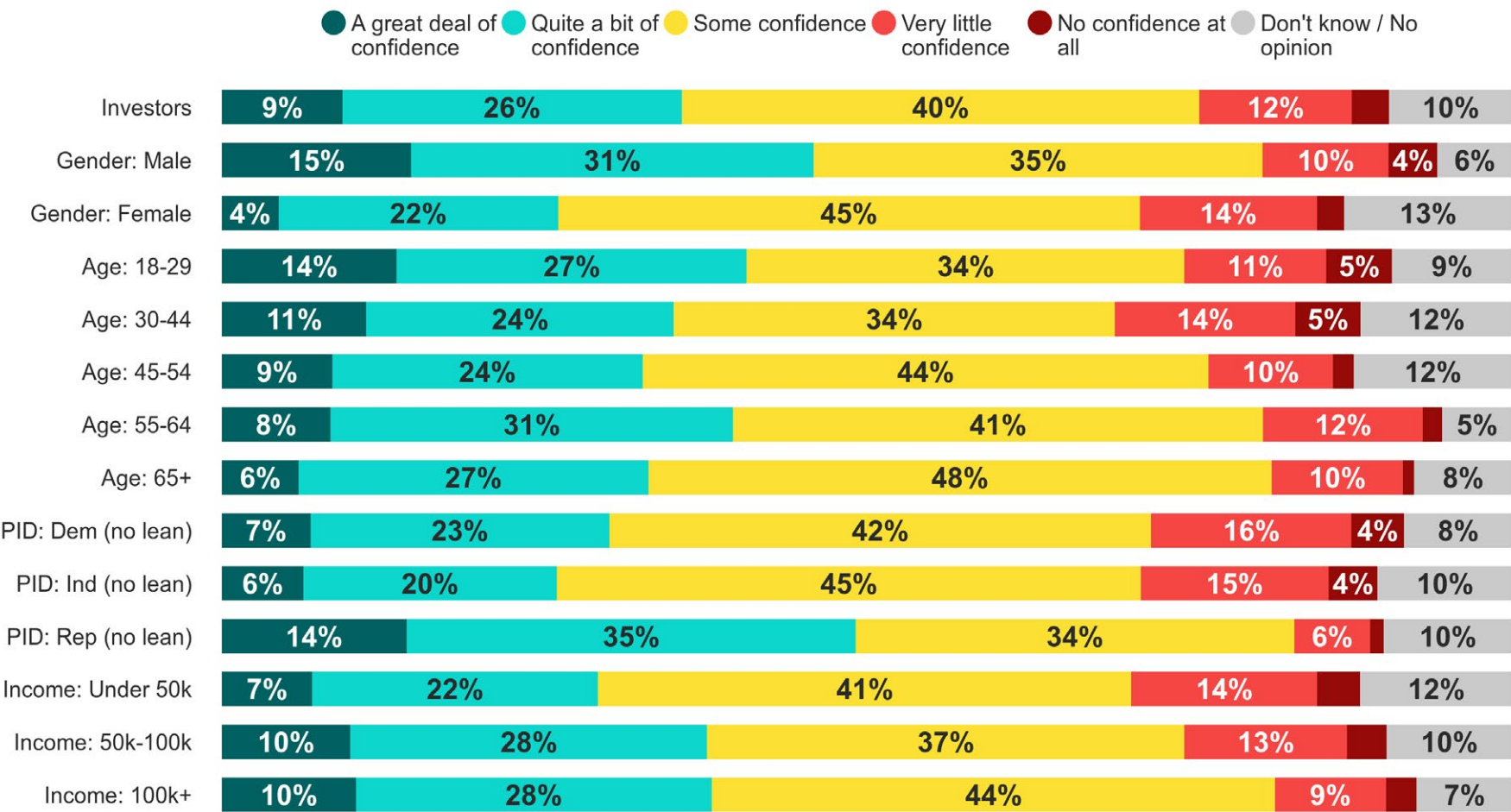
Data may not add to 100% due to rounding.



# APPENDIX: IN-DEPTH FINDINGS

## AUDITED FINANCIAL STATEMENTS

**FIGURE 16**  
**DEMOGRAPHIC**  
**BREAKDOWN:**  
**CONFIDENCE IN AUDITED**  
**FINANCIAL INFORMATION**



Data may not add to 100% due to rounding.

# APPENDIX: IN-DEPTH FINDINGS

## KEY PLAYERS

**FIGURE 17**  
**CONFIDENCE IN ENTITIES**  
**LOOKING OUT FOR**  
**INVESTORS**

There are a number of different players that have roles in helping to advance investor protection. How much confidence do you have that each of the following is/are effective in their respective roles?

|   | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|------|------|------|------|
| Independent auditors who audit publicly traded companies  | 67%  | 70%  | 72%  | 75%  | 76%  | 81%  | 84%  | 81%  |
| Independent audit committees of publicly traded companies | 63%  | 65%  | 69%  | 71%  | 71%  | 77%  | 82%  | 80%  |
| Financial analysts  | 60%  | 63%  | 65%  | 68%  | 68%  | 76%  | 80%  | 79%  |
| Stock exchanges   | 48%  | 50%  | 55%  | 70%  | 73%  | 76%  | 82%  | 77%  |
| Financial advisors and brokers                            | 66%  | 66%  | 69%  | 70%  | 73%  | 75%  | 79%  | 75%  |
| Credit rating agencies                                    | 49%  | 54%  | 57%  | 64%  | 67%  | 76%  | 71%  | 71%  |
| Investigative journalists                                 | 58%  | 60%  | 62%  | 58%  | 59%  | 68%  | 65%  | 69%  |
| Corporate management of publicly traded companies         | 51%  | 48%  | 52%  | 54%  | 62%  | 68%  | 69%  | 63%  |
| Government regulators and oversight                       | 39%  | 39%  | 50%  | 50%  | 49%  | 54%  | 58%  | 62%  |
| Corporate boards of directors                             | 47%  | 46%  | 49%  | 49%  | 59%  | 61%  | 63%  | 59%  |
| Congress  | N/A  | N/A  | N/A  | 24%  | 23%  | 34%  | 32%  | 44%  |

Data may not add to 100% due to rounding.



THECAQ.ORG

Please note that this publication is intended as general information and should not be relied upon as being definitive or all-inclusive. As with all other CAQ resources, this is not authoritative, and readers are urged to refer to relevant rules and standards. If legal advice or other expert assistance is required, the services of a competent professional should be sought. The CAQ makes no representations, warranties, or guarantees about, and assumes no responsibility for, the content or application of the material contained herein. The CAQ expressly disclaims all liability for any damages arising out of the use of, reference to, or reliance on this material. This publication does not represent an official position of the CAQ, its board, or its members.

**WE WELCOME YOUR FEEDBACK** | Please send comments or questions to [info@thecaq.org](mailto:info@thecaq.org).