# HKEx Retail Investor Survey 2014

# Key Findings

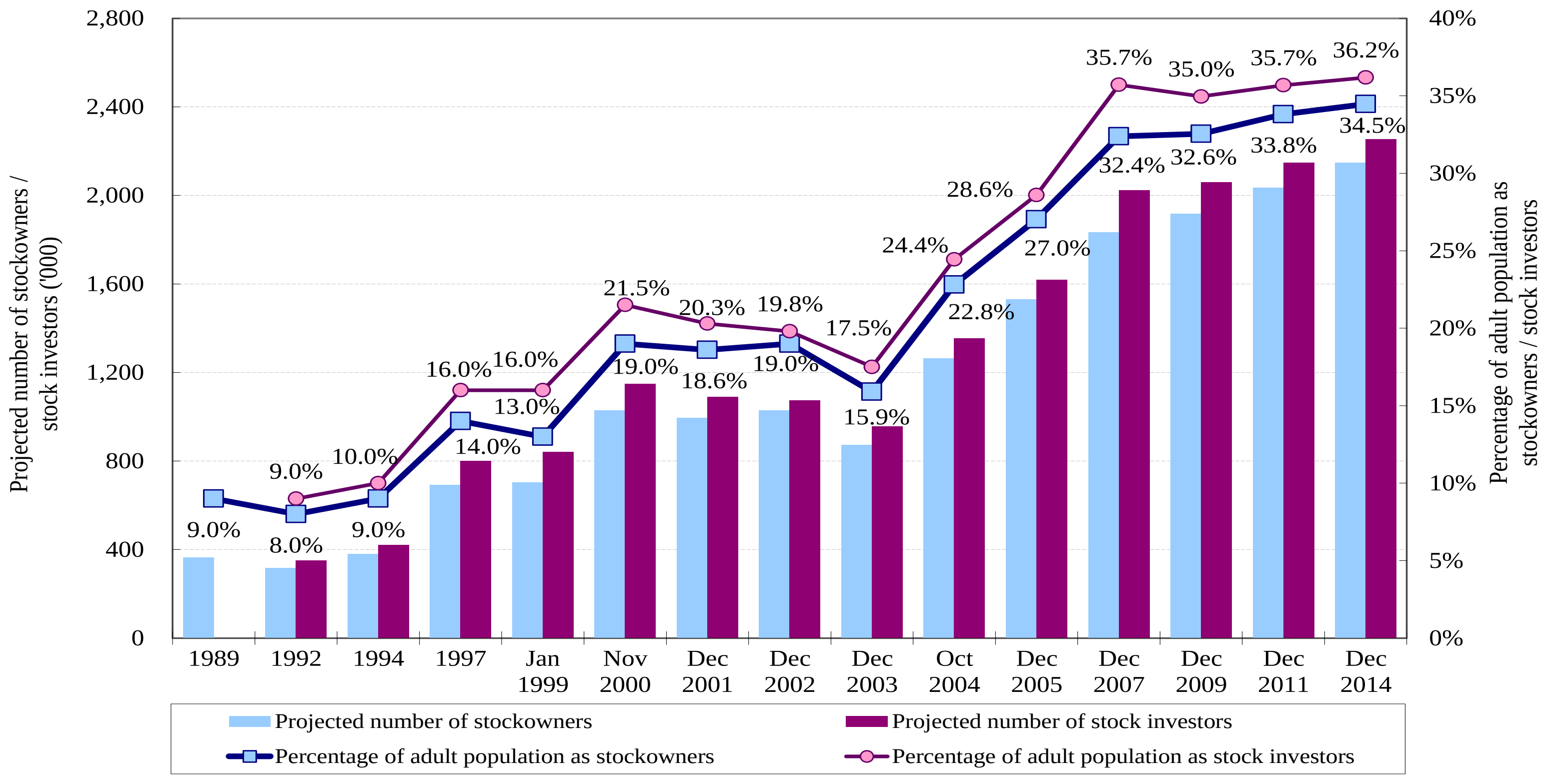
**March 2015**

# Content

# 1. Retail participation rates

- Stock investors reached the highest level in record — 2.25 million individuals, 36.2% of Hong Kong adult population.

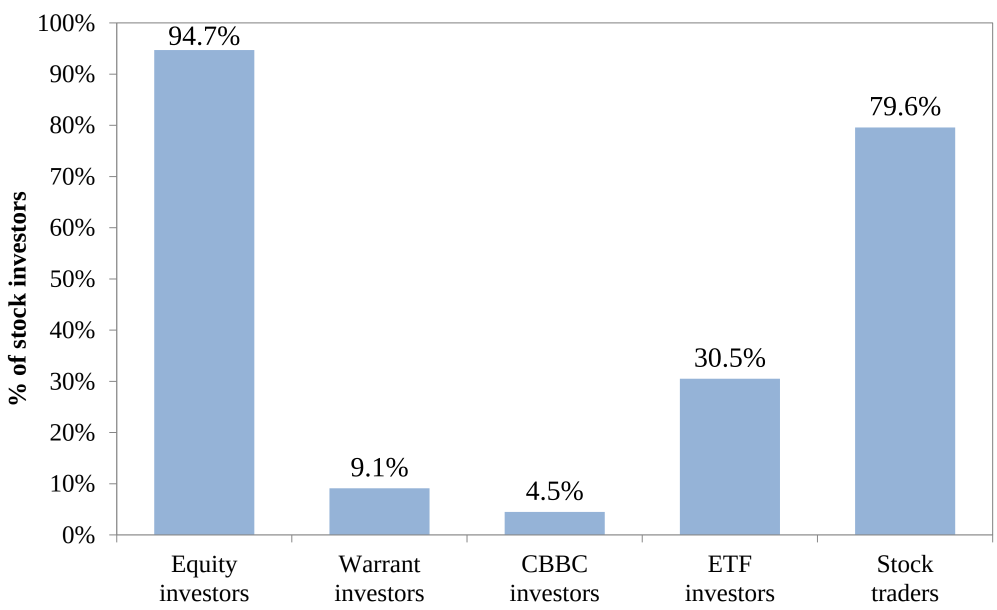
**Figure 1. Trend of stockowners and stock investors**



# 1. Retail participation rates (cont'd)

- 95% of stock investors invested in equities traded on HKEx.
- Stock investors' participation rate in ETFs is high — 30% (or 11% of adult population).
- Collectively, about 10% of stock investors invested in warrants and/or CBBCs — 9.1% in warrants and 4.5% in CBBCs.
- 80% of stock investors had stock transactions in the 12 months preceding the survey interview (i.e. stock traders).

**Figure 2. Percentage of stock investors by type**

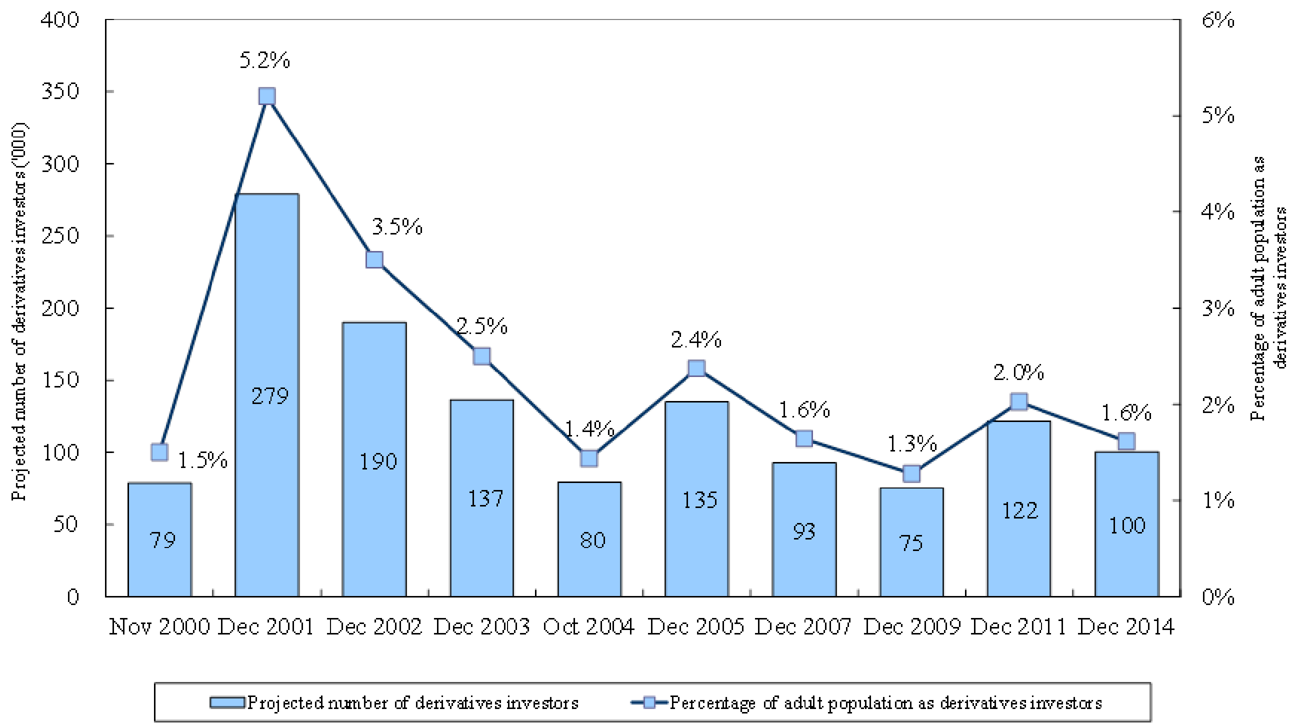



Note: Findings on characteristics of CBBC investors are subject to relatively large error due to the small sample size.

# 1. Retail participation rates (cont'd)

- Investor participation in HKEx derivatives market remained relatively low — ~100,000 individuals, 1.6% of the adult population.

**Figure 3. Trend of derivatives investors**




Note: Findings on characteristics of derivatives investors are subject to relatively large error due to the small sample size.

# 1. Retail participation rates (cont'd)

- Hong Kong individuals' participation in Mainland China and other overseas stock markets is relatively low.

**Figure 4. Participation in Mainland stock market**

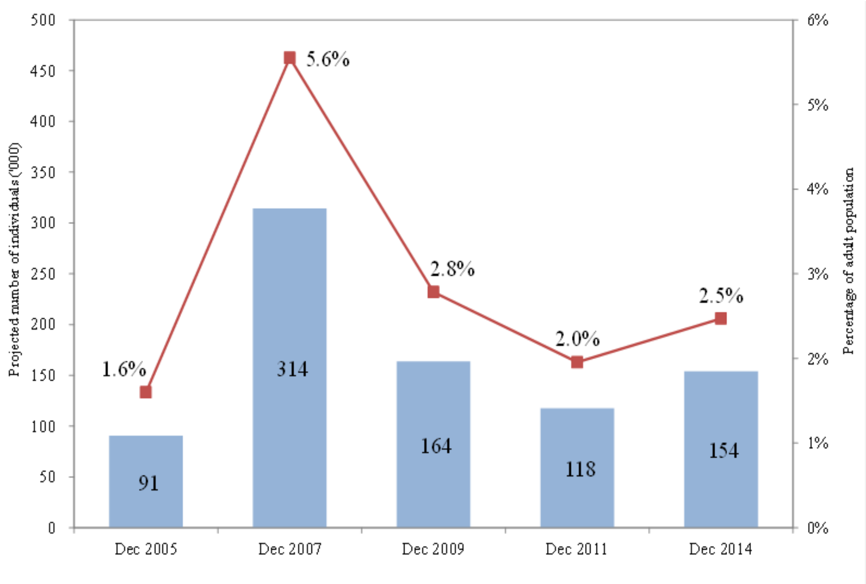
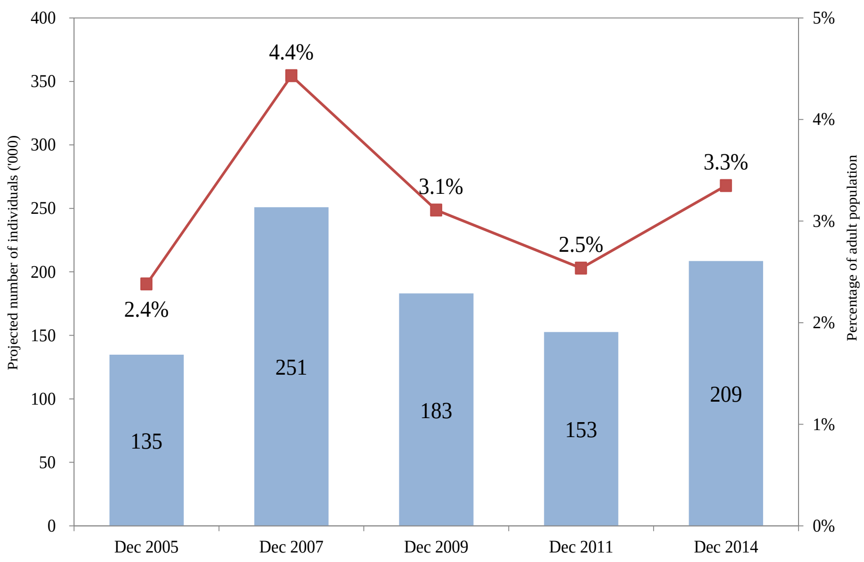



**Figure 5. Participation in other overseas markets**



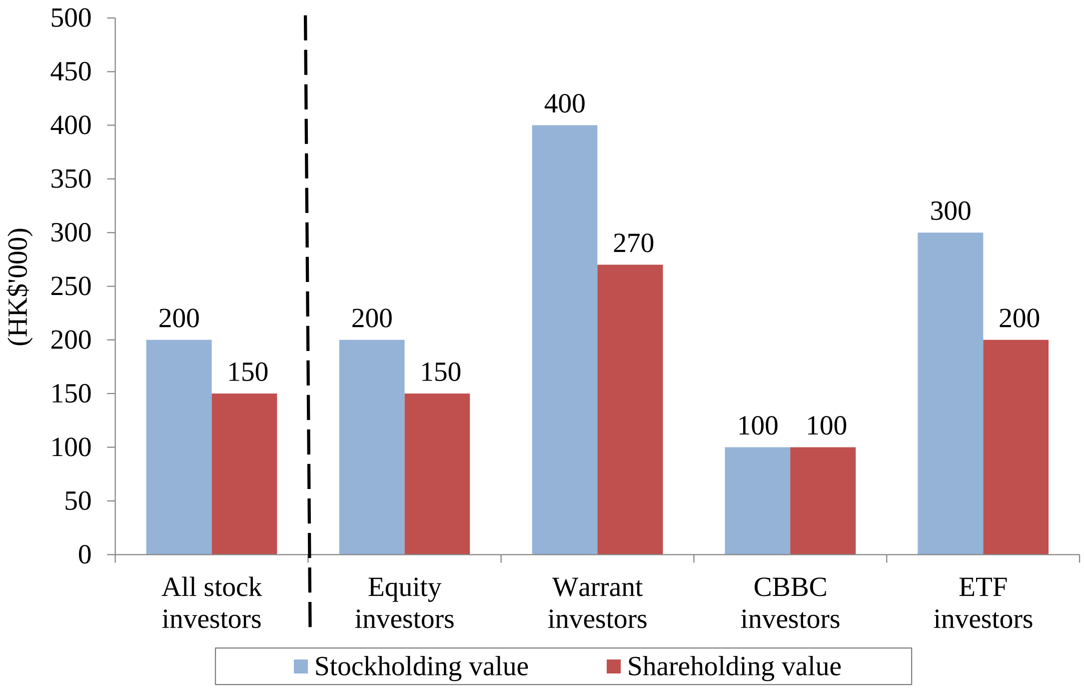
# 2. Investor profile

| Typical Hong Kong retail stock investor | Typical Hong Kong retail derivatives investor |
|---|---|
| ■ 47 years old | ■ 42 years old |
| ■ Tertiary or above education | ■ Tertiary or above education |
| ■ Monthly personal income: ~HK$22,500 | ■ Monthly personal income: ~HK$35,000 |
| ■ Monthly household income: ~HK$45,000 | ■ Monthly household income: ~HK$75,000 |

# 3. Shareholding and trading pattern

- For stock investors, the median stockholding value is HK$200,000 and the median listed company shareholding value is HK$150,000.
- ETF investors and warrant investors tend to have a higher stockholding value.

**Figure 6. Median stockholding and shareholding value by stock investor type**

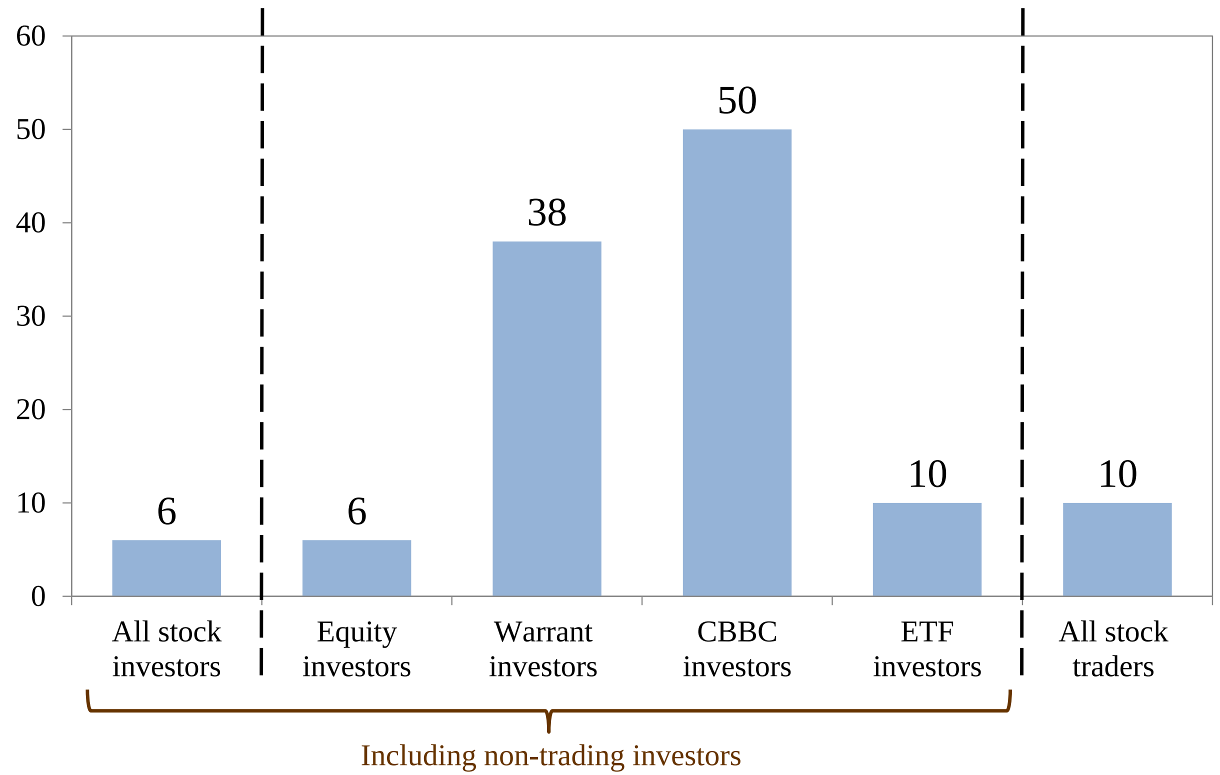



Note: Stockholding refers to the holding, at the time of the interview, of all HKEx cash market products.
Listed company shareholding refers to the holding, at the time of the interview, of listed company shares traded on HKEx.

# 3. Shareholding and trading pattern (cont'd)

- In median terms, a stock investor had 6 stock transactions and a stock trader (i.e. excluding non-trading stock investors) had 10 stock transactions in 2014.
- Warrant and CBBC investors traded much more frequently than general stock investors.

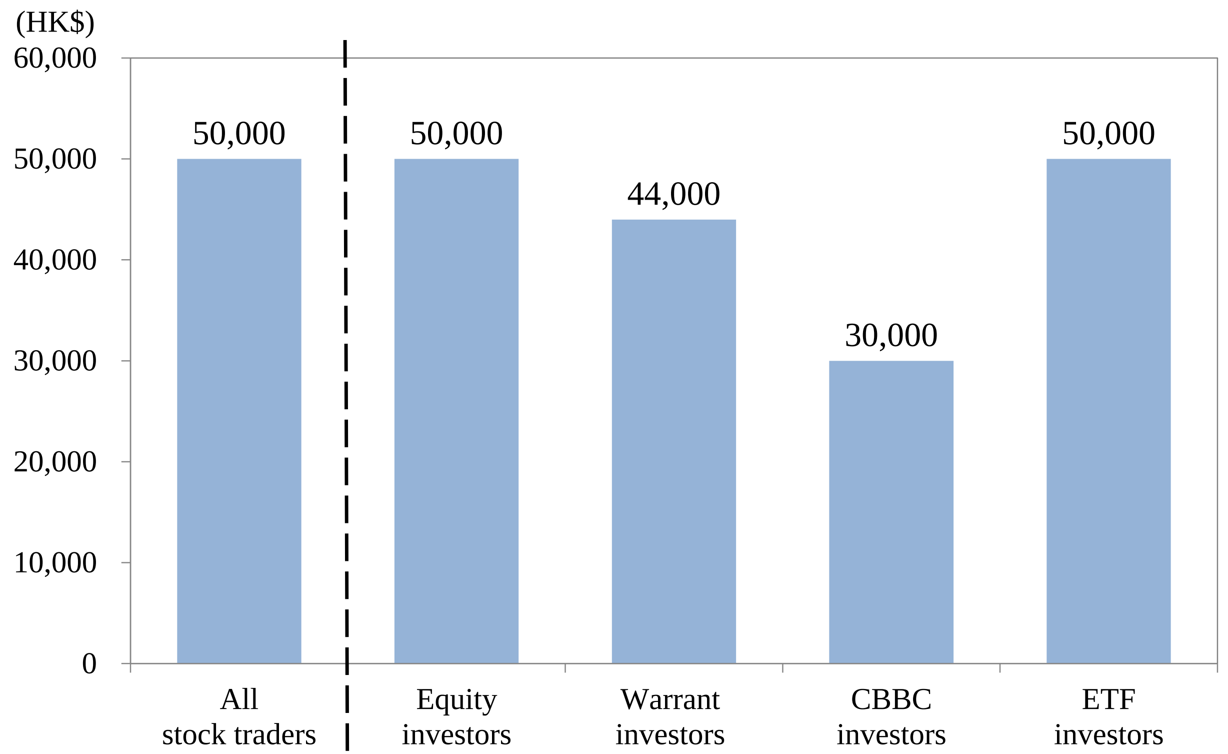
**Figure 7. Median number of stock transactions in the past 12 months**



# 3. Shareholding and trading pattern (cont'd)

- In median terms, a stock trader had an average stock transaction value of HK$50,000.
- Warrant and CBBC investors tended to have a smaller deal size than equity investors.

**Figure 8. Median average stock transaction value**




Note: Stock transaction value refers to transactions in all HKEx cash products.

# 4. Derivatives trading pattern

- In median terms, a derivatives investor had 6 derivatives transactions on HKEx in 2014, with an average transaction size of 2 contracts.

Note: (1) Derivatives are futures and options traded on HKEx.

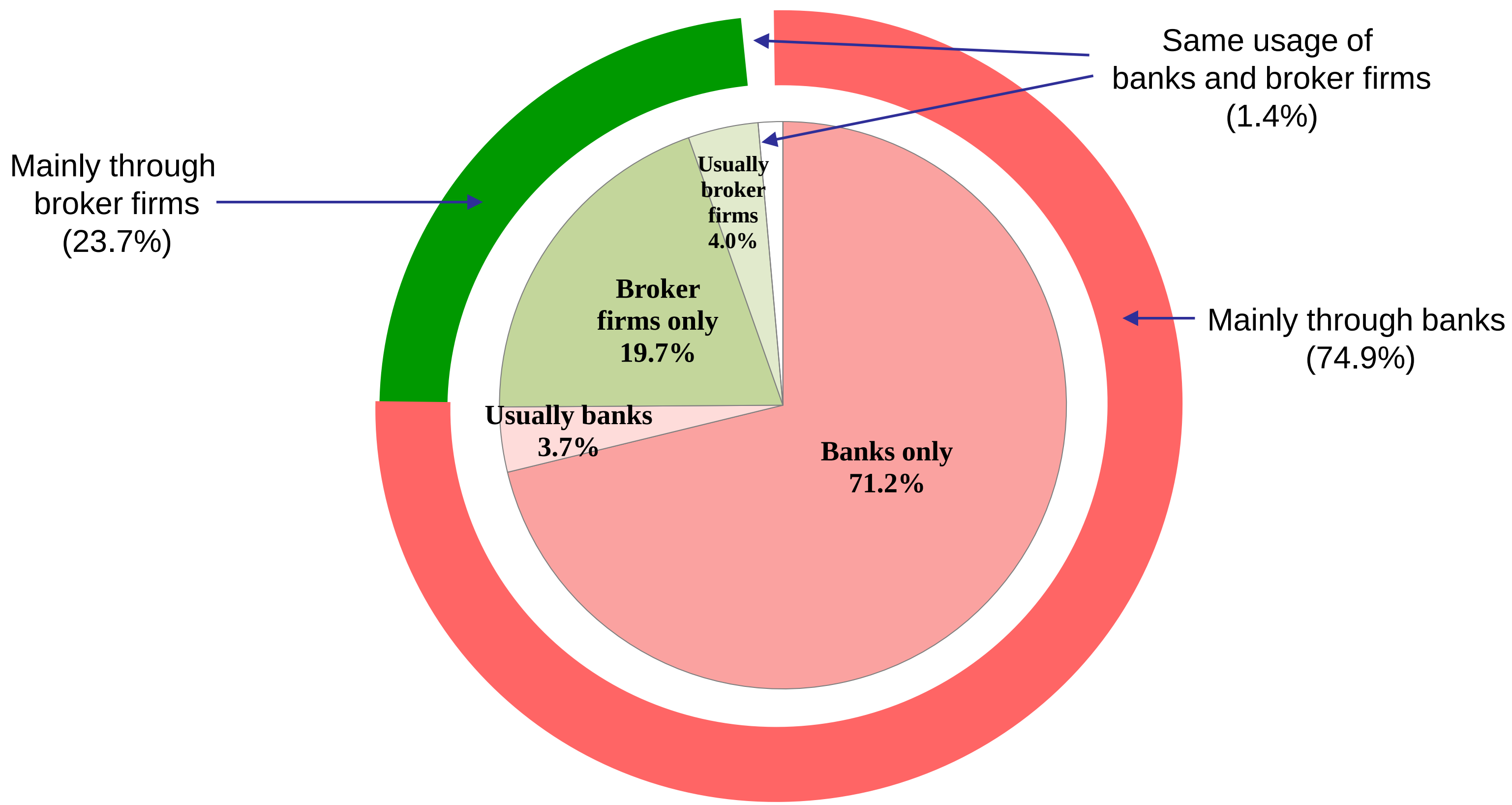
(2) Reflecting the nature of derivatives trading, all derivatives investors had derivatives transactions during the 12-month period, i.e. all derivatives investors are derivatives traders.

(3) Findings are subject to relatively large error due to the small sample size.

# 5. Trading channel and online trading

- The majority of stock traders traded mainly through banks (75%).

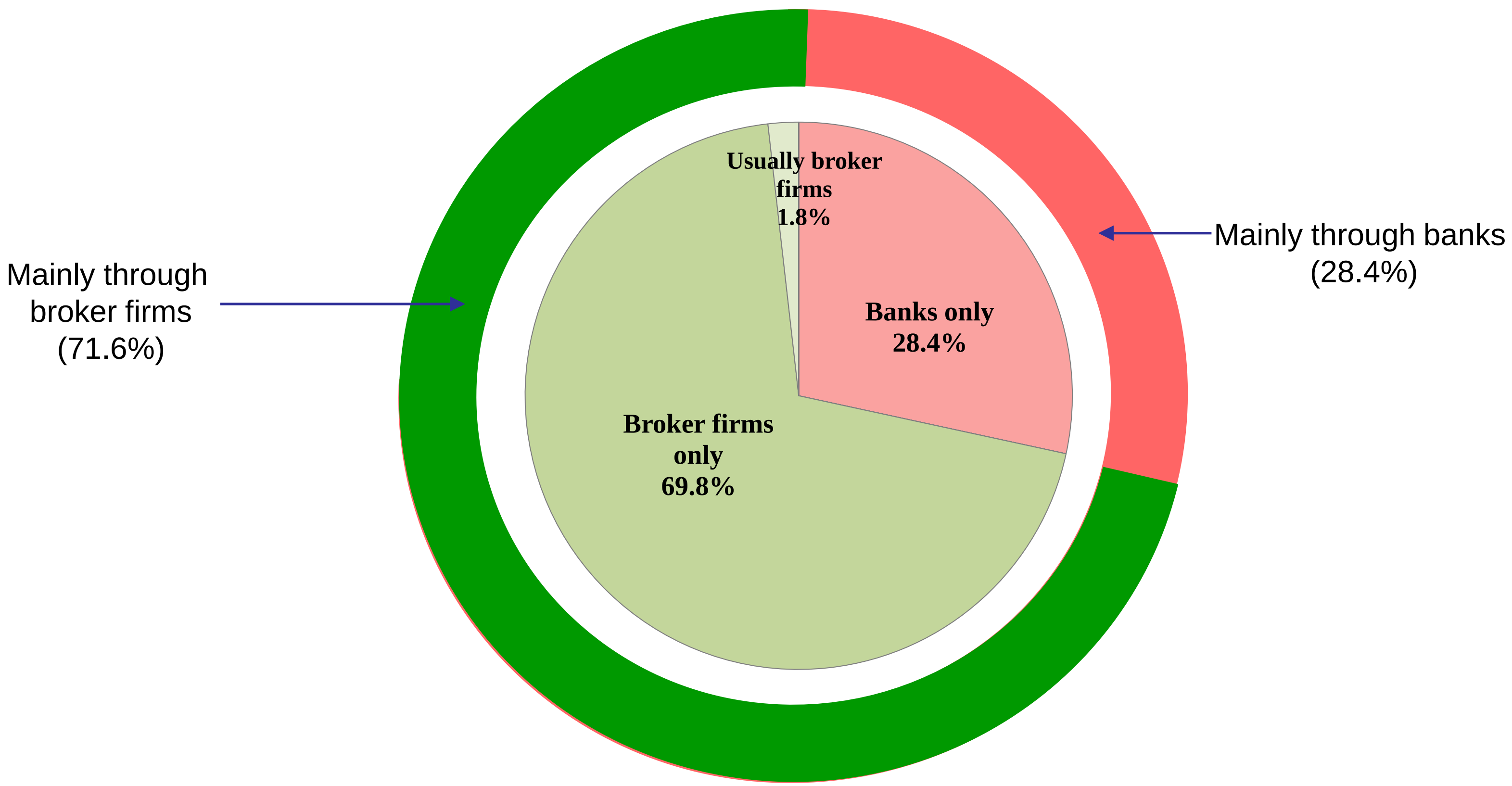
**Figure 9. Stock trading channels of stock traders**



# 5. Trading channel and online trading (cont'd)

- The majority of derivatives investors traded mainly through broker firms.

**Figure 10. Derivatives trading channels of derivatives traders**



# 5. Trading channel and online trading (cont'd)

- Investors trading mainly through broker firms tended to have a higher trading frequency than those trading mainly through banks.

**Table 1. Trading pattern of stock traders by trading channel**

| Trading in the 12-month period preceding the interview | Mainly through banks | Mainly through broker firms |
|---|---|---|
| Median number of stock transactions* | 10 | 16 |
| Median average value per stock transaction (HK$)* | 50,000 | 50,000 |
| Median implied total stock transaction value (HK$)* | 400,000 | 1,000,000 |
| Contribution to total stock transaction value of all stock traders | 62% | 36% |
| * Excluding outliers. | | |

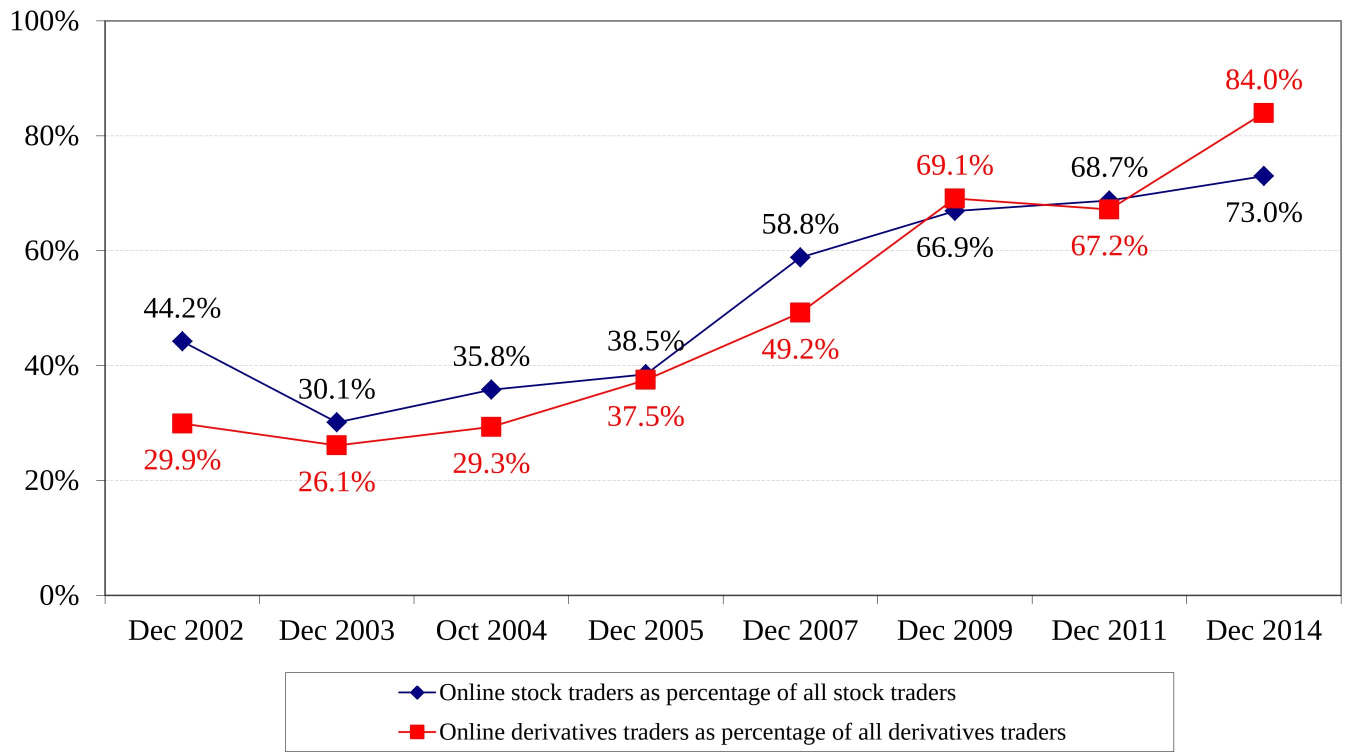
**Table 2. Trading pattern of derivatives traders by trading channel**

| Trading in the 12-month period preceding the interview | Mainly through banks | Mainly through broker firms |
|---|---|---|
| Median number of derivatives transactions* | 4 | 10 |
| Median average contract volume per derivatives transaction* | 4 | 2 |
| Median implied total derivatives contract volume* | 12 | 80 |
| * Excluding outliers. | | |

# 5. Trading channel and online trading (cont'd)

- Online stock traders as a proportion of all stock traders rose to 73%.
- Online derivatives traders as a proportion of all derivatives traders rose to 84%.

**Figure 11. Trend of online stock traders and online derivatives traders (2002 – 2014)**

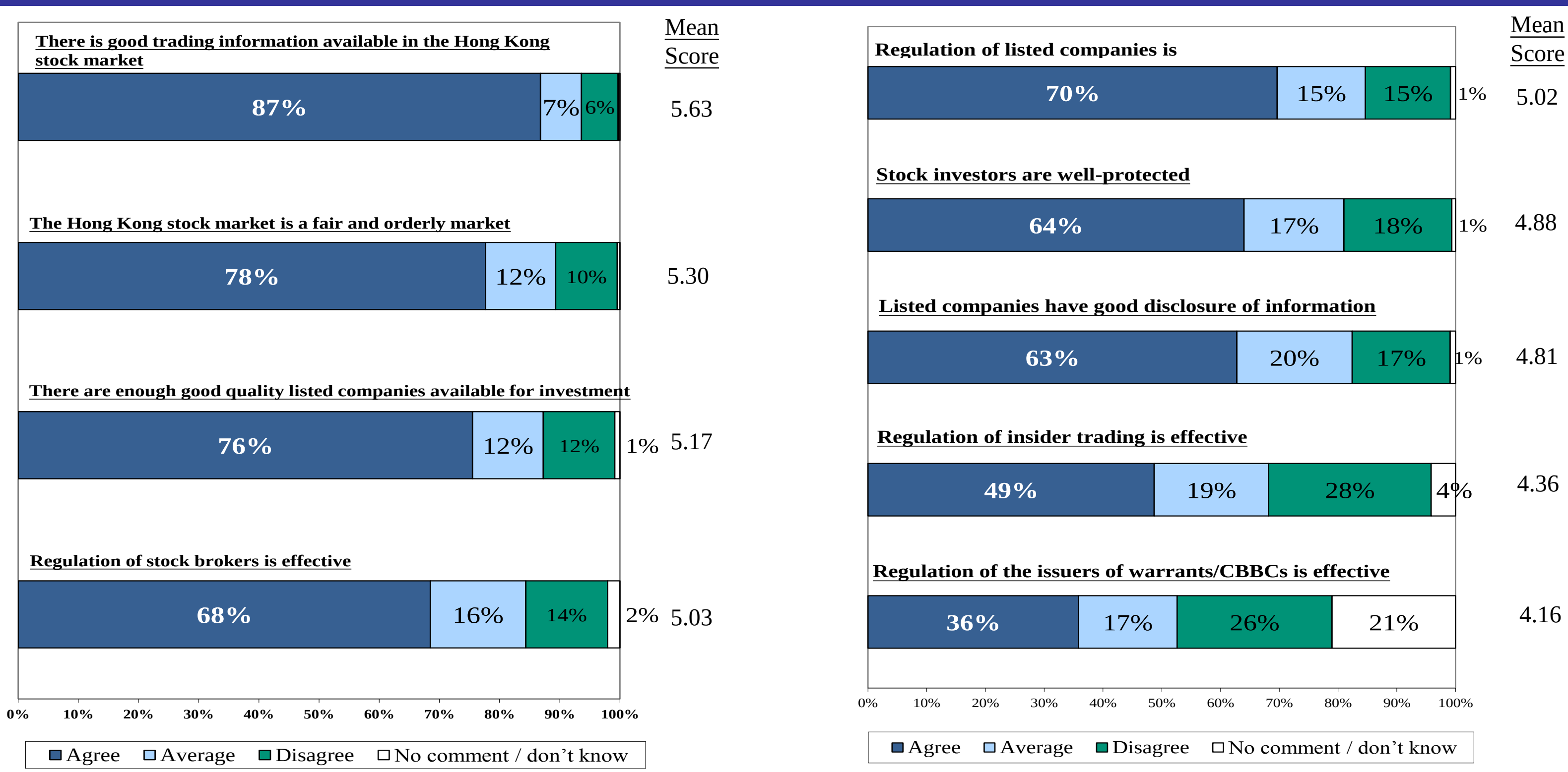


# 6. Investor perceptions of the HKEx markets

- Investors had generally positive perceptions of all aspects of the HKEx stock and derivatives markets assessed in the survey.

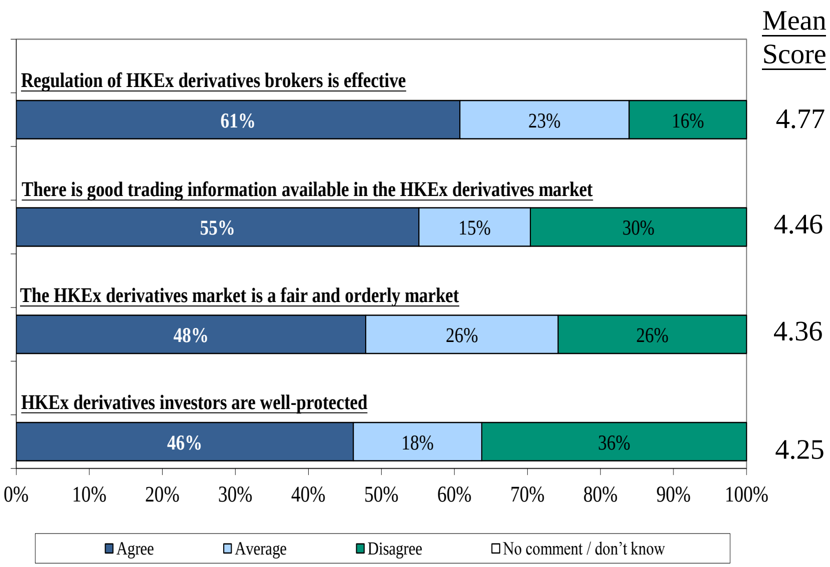
Notes: A 7-point rating scale ranging from "Strongly Disagree" (score 1) to "Strongly Agree" (score 7) was used in the survey questionnaire. The classification into Agree (score 5-7) – Average (score 4) – Disagree (score 1-3) was used for presentation in the charts below for the purpose of easy understanding.

**Figure 12. Perceptions of the Hong Kong stock market by stock investors (2014)**

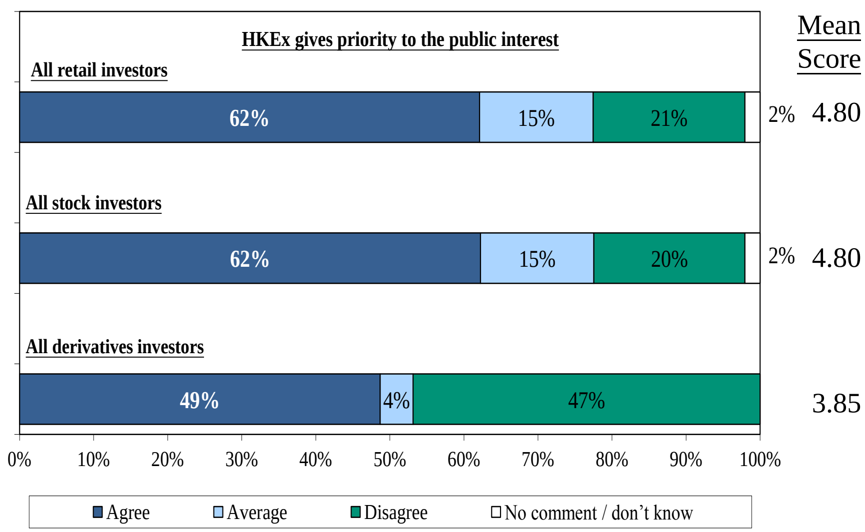


# 6. Investor perceptions of the HKEx markets (cont'd)

## Figure 13. Perceptions of the HKEx derivatives market by derivatives investors




## Figure 14. Perceptions of HKEx



# Appendix 1. Survey methodology

- Fieldwork period: 12 Nov 2014 – 23 Dec 2014
- Random sampling of individuals aged 18 or above in Hong Kong
- Total sample size: 2,271 individuals
  1,006 stock Investors
  45 derivatives investors

# Appendix 2. Glossary

| Term | Description |
|---|---|
| Derivatives investor | An individual who was holding futures and options traded on HKEx at the time of interview or had traded derivatives in the 12 months preceding the interview. |
| Online stock Trader | A stock trader who had traded stocks in the 12 months preceding the interview through electronic media such as the Internet, either always or sometimes. |
| Retail investor | An individual who is a stock investor AND/OR a derivatives investor. |
| Stock investor | An individual who was holding stocks at the time of interview OR had traded stocks in the 12 months preceding the interview. (That is, the individual is a stockowner and/or a stock trader.) |
| Stock trader | An individual who had traded stocks in the 12 months preceding the interview. |
| Stockowner | An individual who was holding stocks at the time of the interview. |
| Stocks | Equities (i.e. shares of listed companies), warrants, Callable Bull/Bear Contracts (CBBCs), Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs), bonds and other cash market products listed or traded on HKEx. |
| Equity investor / Warrant investor / CBBC investor / ETF investor | An individual who was holding the type of securities at the time of the interview or had traded them in the 12 months preceding the interview. |