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**FACTORS INFLUENCING ADOPTION OF ONLINE
SHARE TRADING AT YANGON STOCK EXCHANGE**

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FACTORS INFLUENCING ADOPTION OF ONLINE SHARE TRADING AT YANGON STOCK EXCHANGE

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ABSTRACT

The main objectives of this study are to examine the factors influencing adoption of online share trading at Yangon Stock Exchange (YSX) in terms of internet skills, social and cultural, perceived advantages, and attitude towards adopting and to analyze the effect of those influencing factors on adoption of online share trading at YSX. Descriptive research method and data of both types, primary and secondary, have been used for the study. Secondary data has been collected from relevant text books, publications, YSX records, YSX websites, previous MBF theses from library of Department of Commerce and previous research papers from internet websites. For primary data, using convenience sampling, 120 questionnaires were distributed and used for analysis. The structured questionnaire containing 10 questions on demographic, 28 questions on influencing factors and 9 questions on adoption of online share trading was employed. The survey was administered between May 2019 and October 2019 and data analysis was done by using SPSS software. Various tools utilized for data analysis were mean, Pearson correlation and regression analysis. The results showed that among the influencing factors examined, perceived advantages factor influences the investors the most to adopt online share trading. It also affects the investors the most and was followed by internet skills factor and social and cultural factor, whereas investors' attitude towards adopting factor was identified as the least significant factor that affects the adoption of online share trading by investors at YSX. Consequently, it is suggested that YSX and securities companies should try to make investors more aware of the benefits of using online share trading and how to use online share trading platforms easily by conducting seminars and workshops as well as giving out pamphlets and brochures in order to encourage investors to adopt and use online share trading more.

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Chapter (1)

Introduction

Stock exchange or stock market is an organized market for the trading of stocks, bonds and other securities. It contributes a mechanism through which companies can raise capital for expansion purposes by selling and issuing securities (stocks and bonds). According to (Avadhani, 2002), Stock Exchange means anybody or individuals whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities; it is an association of member brokers for the purpose of self-regulation and protecting the interests of its members. Stock Exchanges are the most perfect type of market for securities whether of government, semi-government bodies or other public bodies as well as for shares and debentures issued by the joint-stock companies.

Internet, the new medium that has emerged as a result of convergence between telecommunication and computers, is revolutionizing the way business is done and is making inroads into every conceivable area of business activity. The last two decades witnessed a profound technological change among which is the advent of electronic commerce or exchange of products and payment via internet (R. Kalakota, 1997). Online share trading has a lot of advantages, such as faster trading speed, better information transparency and lower operating cost (S.M. Huang, 2005) as an alternative to the traditional phone-based trading has unique characteristics. Brokerage firms can use online trading to reduce costs by eliminating human interaction as well as by unbinding trading from other services such as providing investment advice (Bakos, Lucas, Oh, Simon, Viswanathan, Weber, 2000).

Internet trading is a method of trading in securities whereby it is possible for the investors to buy and sell stocks through the internet. It is also called on-line trading; the trading takes place under the “Order Routing System” [ORS] through registered stock brokers on behalf of clients for execution of trades on stock exchange. Under this method of trading the information about securities, brokers, dealers, prices etc., are communicated through the official websites of concerned stock exchanges so as to facilitate buying and selling of securities.

Current developments are essentially converting off line practices to an online equivalent. The private investor who may have received a stock broker's report through the post and looked up share prices in the morning paper can access the information online with the current market price being available. The investor who might have made calculations about trends and valuations by hand can download the information from the web into a spreadsheet or a personal finance program that runs on their PC. That same private investor who usually rings up a stock broker to buy or sell, a process that might take some time when the market is busy, can issue that same instruction online for immediate execution.

In Myanmar, Yangon Stock Exchange (YSX) was officially initiated on 9th December, 2015 with a sequence of efforts like enacting the Securities and Exchange Law and related rules and regulations, founding of Securities and Exchange Commission of Myanmar (SECM) as the regulatory body, stipulating business regulations and issuing listing criteria, introduction of Stock Exchange system and installation of ICT infrastructure and capacity building of staff and so on. The forming of YSX signified the landmark to accelerate the growth of capital market in Myanmar.

The trading of shares on Yangon Stock Exchange (YSX) was commenced on 26th March, 2016 with the traditional offline trading whereby investors have to place their orders via telephones or at securities companies. As of now, there are five listed companies and six securities companies. Online trading was launched on 26th December, 2017 and matching times were increased from two times to four times since 30th March, 2018. As it marks 3rd Anniversary, there has been more and more expectation on more listed companies and expansion of investor base by further activating the exchange.

Current users of online trading exhibit some characteristics that are different from those of traditional investors. Several researchers (Barber & Odean, 2000; Balasubramanian, Konana & Menon, 1999) described online investors as more confident and more likely to be young males than offline investors. However, other than demographic descriptions, investors' adoption of online trading has not been well understood. Therefore, this paper focuses on exploring the factors influencing the intention to online share trading at Yangon Stock Exchange (YSX).

1.1 Rationale of the Study

For an economy to grow, it is needed that money has to shift from less to more productive activities. The stock market is one of the most important sources for companies to raise funds. Experience has shown that the price of shares and other assets is an important part of the dynamics of economic growth (Nsabimana, 2005). Stock exchange encourages investments by enabling unused money and savings to become productive by bringing the borrowers and lenders of money together at a low cost. More than a forum for trading in stocks, bonds, and shares and aside from the prospect of dividends and long-term capital growth, a stock exchange stands tall as the engine-room of the national economy.

Nsabimana (2005) addressed other advantages of a stock exchange such as: Enabling investor to diversify across a variety of assets hence reducing risk; Encouraging investor's confidence through transparency in trading and information disclosure; Promoting proper functioning of financial intermediaries to complement existing banks; Monitoring the performance of managers thus improving corporate governance because of the high standards that must be made and maintained by listed companies; Promotion of the international negotiation and cross border experiences; Improvement in liquidity for share through exposure to large market place; Educating the public about the higher profits in shares and bonds, how and when to buy and; and providing a daily market report and price list to ensure that the investors know the worth of their assets at all times.

Since the advent of the Internet, online stock trading has become increasingly popular in the investment market, as the Internet has lowered the transaction and information costs for entering the stock market (Bogan, 2008). With more and more individuals trading stocks online, the number of companies that offer online trading has been growing dramatically. This phenomenon has certainly gained research interest. Past studies have investigated various aspects of online stock trading, including adoption of online trading (Konana and Balasubramanian, 2005), online investor satisfaction (Balasubramanian, Konana, and Menon, 2003), online investors' switching behaviors (Chen and Hitt, 2002), and online trading performance (Barber and Odean, 2002; and Looney, Valacich, Todd, Morris, 2006).

In Yangon Stock Exchange, online trading, where investors can place orders via trading application/software of each securities company with the use of internet on their

mobile phones or laptops or computers, was first launched on 26th December, 2017 by the approval of Securities and Exchange Commission of Myanmar (SECM). Recent developments in internet-based transaction technologies have allowed online investing to become an important, if not controversial, feature of financial markets. Online trading has the potential to lower transaction costs and facilitate entry, resulting in increased trading volumes (D'Avolio, Gildor, and Schleifer, 2002). Despite evidence that internet-based stock trading now accounts for a large proportion of securities trading, it is surprising that no academic study has been conducted of this rapidly expanding form of trading at Yangon Stock Exchange (YSX).

Online share trading and traditional investing differs substantially in terms of how information is accessed and processed, the nature of intimidation, and the process of trading. Online investing constitutes a sector where the internet has a large impact in terms of total monetary flows in the study area, and now accounts for about all individuals' trade preference and acceptance of online share trading. Thus, it is of necessity and importance to understand about the factors influencing the intention to online share trading at Yangon Stock Exchange (YSX) and this paper provides the analysis and findings on that accordingly.

1.2 Objectives of the Study

There are two main objectives in this study. They are

- (1) To examine the factors influencing adoption of online share trading at Yangon Stock Exchange (YSX)
- (2) To analyze the effect of influencing factors on adoption of online share trading at Yangon Stock Exchange (YSX)

1.3 Scope and Method of the Study

This study focuses on exploring the relationship between influencing factors and adoption of online share trading at Yangon Stock Exchange (YSX) and the effect of influencing factors on adoption of online share trading. The study only emphasizes on influencing factors in terms of four areas: internet skills, social and cultural, perceived

advantages, and attitude towards adopting. This thesis aims to study from April 2019 up to October 2019. The population of the study is the male and female investors at Yangon Stock Exchange (YSX).

In this study, descriptive research method is used. To achieve objectives, both primary and secondary data are used. To collect the primary data, investor survey is employed by using structured questionnaires. There are about 38,000 investors who have opened securities accounts to trade shares on Yangon Stock Exchange (YSX). Among them, only about 1,500 investors are actively trading. To conduct the survey, 120 investors from six securities companies (20 investors from each securities company) are selected by convenience sampling.

Data analysis is done by using SPSS software. The secondary data is gathered from relevant textbooks, publications, YSX records, YSX website, previous MBF theses from the library of Department of Commerce, Yangon University of Economics, and previous research papers from internet websites.

1.4 Organization of the Study

This study consists of five chapters. Chapter (1) is the introduction which includes rationale of the study, objectives of the study, scope and method of the study, and organization of the study. Chapter (2) discusses the theoretical background of the study and presents the conceptual model. Chapter (3) describes the development of securities market in Myanmar, regulators and enforcement of the securities market, key participants and the profile of Yangon Stock Exchange as well as current situation of share trading. Chapter (4) exhibits the demographic and investment profile of respondents, the exploration on factors influencing to use online share trading and the analysis of the relationship between influencing factors and adoption of online share trading at Yangon Stock Exchange (YSX). Last but not least, Chapter (5) portrays the conclusion which includes findings and discussions, suggestions and recommendations, and limitations and needs for further research.

Chapter (2)

Theoretical Background

This chapter explores the vast body of literature concerning online share trading in general and the influencing factors specifically. In addition, it includes a discussion of the importance of electronic commerce, concept of online trading, attitude theories, review on previous studies and conceptual framework of the study.

2.1 Importance of Electronic Commerce

Technology plays an important role in world culture dynamics (Brey, 2017). The development of information and communications technologies (ICT) is associated with rapid economic growth, especially during the noticeable globalization era of 1990s. Nowadays, ICT are active mechanisms of modern infrastructure with widespread services over world economies. ICT introduce and imitate new technological improvements and raise widespread cost-reducing inventions, economic restructuring, affecting innovative behavior, and productivity performance in the entire segments of modern economy (Penard, Poussing, Mukoko, & Piaptie, 2015).

In business today, electronic commerce (e-commerce) is one of the common topics being discussed (Diniel, 2002). Kalakota and Whinston (1996) defined e-commerce as “The buying and selling of information, products and services via computer networks, the computer networks primarily being the internet. It is streamlining business processes, restructuring whole industries and re-shaping of customer and supplier relationship (Daniel, 2002). In order to perform one or more of the business functions Internet based e-commerce systems use World Wide Web based application solutions. In fact electronic commerce is a way of conducting, managing and running business transaction using computer and Internet. Based on the significant power of World Wide Web and global e-commerce, the numbers of internet users’ have been rapidly increasing and have widely spread into all aspects of life. It has opened up tremendous business opportunities for its users (Ho and Wu, 1999). The most common use of e-commerce is to

replace or enlighten conventional transaction methods and in the last few years a substantial growth of internet-based services being experienced.

According to an Augusreid group study (2004) of Internet users in 34 countries, nearly 120 million of the estimated 300 million worldwide Internet users have already made a purchase or transactions online. Stock exchange was influenced by Internet technology as well as other business sectors. Stock exchange as a critical pillar of each economy, acts exactly the same as a thermometer of economic condition of the country. The volume of stock transactions, the index growth and tendency of individuals and legal entities crystallized of the economy of a country is flourishing or on the other hand continue recession conditions. Therefore, providing a flow trading process and accelerating the transaction settlement can create more motivation for traders to join stock trading exchange likewise cooperate and invest in companies and finally, in this manner, internet creates an opportunity of reaching these goals.

2.2 Concept of Online Trading

The history of e-trading was initiated in 1983, when a doctor in Michigan placed the first online trade using E-TRADE technology. What started with a single click over 16 years ago has now taken the world by storm.

The concept was visualized by one Bill Porter, a physicist and inventor with more than a dozen patents to his credit, who gave out online quotes and trading services to Fidelity, Charles Schwab, and Quick and Reilly. This led Bill to wonder why, as an individual investor, he had to pay a broker hundreds of dollars for stock transactions. With incredible foresight, he saw the solution at hand: Someday, everyone would own computers and invest through them with unprecedented efficiency and control.

One of the earliest trading sites on the internet with exception to e-Bay which accepts cash transactions for all goods was Game Trading Zone. The domain name ugtz.com was implemented in an independent database in the spring 1999. This was a departure from simply listing items on a forum or text document. The database helped traders by showing them a list of potential trading matches, and showed historical transactions as well.

Online trading has become very popular in the last couple of years because of the convenience of ease and use. Numerous companies have gone online to meet their customers' demands, enabling them to trade when they want and how they want to. Trading has existed for as long as we can remember and when we talk about it, we are refereeing to trade as in financial dealings. Trading is the buying and selling of goods and services, but in the current context, it is the buying and selling of financial services, including securities, through the World Wide Web. According to Dixcart Online (one of the online brokerage firms), "Internet trading will rapidly become the normal way to purchase many goods and services in the future".

"On-line trading" is broadly defined as a trading mechanism where investors place orders and confirm trading results via electronic communication channels, such as the Internet, mobile phones, and Personal Digital Assistants (PDA). In Korea, the whole process of securities transactions, from order placement and routing, order execution, to trade confirmation, is fully automated, thus enabling the investors who have placed orders to confirm their trading results within a few seconds.

Online share trading can be referred as a trading conducted through online platforms where investors place buy/sell orders via securities companies to participate in YSX transaction by utilizing electronic devices such as their personal computers or mobile terminals. Online trading requires investors a higher level of self-responsibility compared to normal trading because it is executed without any face-to-face contact.

2.3 Attitude Theories

In recent years, a variety of theoretical perspectives have been applied to provide an understanding of the determinants of IT adoption and use, including the intention models from social psychology (Christie, 1981; Swanson, 1982). The stream of research uses behavioral intentions to predict actual use and, in turn, focuses on identification of the determinants of intention. The theory of reasoned action (TRA; Fishbein & Ajzen, 1975) and the theory of planned behavior (TPB; Ajzen, 1991) are especially well researched intention models that have proven successful in predicting and explaining behavior across a wide variety of domains. From this stream of social psychology research, the technology acceptance model (TAM; Davis 1989), an adaptation of TRA,

has emerged as a powerful and parsimonious way to represent the antecedents of technology use. These multi-attribute models have long dominated attempts to predict technology acceptance behavior (e.g., Chau & Hu, 2001; Gefen, 2002; Gefen & Straub, 2000; Igarria, Iivari, & Maragahh, 1995; Szajna, 1994).

(a) The Theory of Planned Behavior

The theory of planned behavior (TPB) is a well-established general theory of social psychology, which asserts that specific salient beliefs influence given behavioral perceptions and subsequent actual behavior (Ajzen 1991). Following TPB, there are three types of beliefs in the TPB that impact three perceptual constructs: behavioral beliefs that influence attitudes, normative beliefs that affect subjective norm, and control beliefs that shape perceived behavioral control. Theory of Planned Behavior and Intention to Transact Attitude toward the transaction is defined as the overall evaluation of the desirability of a potential transaction with a specific Web retailer. Applied to the online consumer behavior context of this study, favorable attitude toward a Web retailer is likely to encourage consumers to receive information, to facilitate the act of providing information, and to conduct monetary transactions with a given Web retailer. Attitude is an overall evaluation of a Web retailer's characteristics; hence, it is likely to influence all transaction activities with a retailer. Therefore, favorable attitude is expected to ease online transactions and reduce barriers to the adoption of B2C e-commerce.

Perceived behavioral control is a general construct dealing with consumer perceptions of whether a behavioral act is within their control. Perceived behavioral control reflects beliefs regarding access to resources and opportunities required to facilitate a behavior (Ajzen 1991). I define perceived behavioral control as the consumer perception of control over a potential transaction, drawn from facilitating conditions that render such control. Perception of control would facilitate information acquisition since the consumer has the resources to manage such behavioral activities. In terms of providing information, a sense of control over how a consumer's personal information will be dealt with is likely to encourage such behavior. Finally, control would also positively influence product purchase since consumers would not have fears of opportunistic behavior from a Web retailer.

Subjective norm is described here as a consumers' normative belief that the behavior is accepted, encouraged, and promoted by their circle of influence. Given the

unclear nature of this construct, no specific hypotheses are proposed; however, following the potential effect of this variable under some circumstances (Ajzen 1991), this study controls for its effect.

(b) Technology Acceptance Model (TAM)

To understand, predict and explain why people accept or reject information systems; researchers have developed and used various models to understand the acceptance of users of the information systems. The technology acceptance model (TAM) that was introduced by Davis, Bagozzi, and Warshaw (1989) is one of the most cited models that researchers used to study underlying factors that motivate users to accept and adopt a new information system (Al Shibly, 2011). The primary goal of TAM is to provide an explanation of factors affecting computer applications' acceptance in general. In addition, this model helps researchers and practitioners to identify why a particular system is unacceptable (Davis, 1989). Davis suggested that using an information system is directly determined by the behavioral intention to use it, which is in turn influenced by the users' attitudes toward using the system and the perceived usefulness of the system.

Attitude and perceived usefulness are also affected by the perceived ease of use. According to TAM, greater perceived usefulness and the perceived ease of use of an information system will positively influence the attitude toward this system. The attitude, in turn leads to a greater intention to use the system, which positively affects one's actual use of the system. TAM supposes that, other thing being equal, perceived usefulness is influenced by the perceived ease of use because the easier a technology to use, the more useful it can be. Perceived usefulness (PU) is defined as the degree to which a person believes that using a particular system would enhance his or her job performance. Perceived ease of use (PEU) refers to the degree to which a person believes that using the system will be free of effort. Attitude (ATT) explains a person's favorable or unfavorable assessment regarding the behavior in question. Intention (INT) is a measure of the strength of a person's willingness to use effort while performing a certain behavior.

The external variables in the model refer to a set of variables that can influence information system adoption indirectly through perceived ease of use and perceived usefulness (Davis et al., 1989). According to Taylor and Todd (1995), constructs of TAM are almost measured in the same way in every context. Furthermore, TAM is a reliable instrument and empirically sound. Several meta-analysis studies have provided sufficient

data about TAM to be highly credible and rationally explain up to 40 percent of the behavioral intention to use (King and He, 2006; Yousafzai, Foxall, and Pallister, 2007). In addition, several studies have applied TAM to evaluate users' adoption in different settings such as electronic commerce (Gefen, Karahanna, and Straub, 2003); electronic learning (Arbaugh, 2000); internet banking (Al Sukkar and Hasan, 2005) and e-government (Alhujran, 2009).

2.4 Online Share Trading Vs. Traditional Share Trading

Even though the Internet is being used more and more for investing purposes, it is highly unlikely that “virtual” brokerages will replace full service traditional brokerages over the long run (Globerman, Roehl, & Standifird, 2001). In fact, many financial planners feel that online trading will not hurt their businesses since the greater part of them work with the wealthiest portion of the population who do not have time to do their own investing (Opiela, 1999). It was interesting to discover that in the late nineties, when the market was going strong, many investors made large returns by trading individual stocks and wondered why they should even pay for financial advice from an advisor. These investors became overconfident and suffered from the illusion of control that Barber and Odean (2001) researched in their study. However, after the market drop in 2001, many online investors continued to trade online, but they went back to financial planners for advice (Vakil & Lu, 2005). According to Hurley (2000), for the first time in 2000 since the mid-nineties, the highly diversified low risk portfolios that financial planners created have produced better results than portfolios that their clients were managing by themselves online. This is because many online traders only focus on the here and now and do not look at the whole picture or at the future as financial advisors are trained to do.

Many brokers may have clients that want to try to invest on their own but do not have a large amount of “play money” to set aside to invest, as was mentioned in a previous section. One option for this type of client is for the broker to open an account online for the customer that the broker can oversee and step in if it looks like his client is heading for trouble (Opiela, 2000).

With regards to online investing, many e-brokerages are trying to expand to offer newer and better services to clients. One option is for e-brokerages to offer more knowledge and information support and in turn raise the commissions in order to cover the costs associated with offering this service (Yap & Lin, 2001). This can be done by adding knowledge-based transaction processing systems to e-brokerages that can give investors more personalized advice. By simply adding artificial intelligence systems to the original transaction processing systems that are already found on most online investing websites, e-brokers can create a knowledge-based system. Online investing firms might also consider adding educational web pages and other services that will teach beginning investors how to invest online (Hong, 2000).

2.5 Advantages and Disadvantages of Online Share Trading

Some online brokerage firms reported 100+ per cent annual growth rates through the year 2000 (Vakil & Lu, 2005). The increase was because of the benefits investors can gain from online investing. These benefits include low transaction costs, speed, convenience, boundary spanning abilities, and immediate access to financial information. According to Opiela (2000), transaction costs have been driven down because of the increased number of online brokerage firms. In fact, the dramatic increase of online brokerage firms has led to increased competition and lowered commissions that an investor must pay per trade (Konana, Menon, & Balasubramanian, 2000).

Along with low transaction costs, the main strategy of online discount brokerages is the speed and delivery of almost instantaneous transactions (Yap & Lin, 2001). In today's world of fast food and 24-hour service, investors cannot help but want the same type of fast service applied to the financial industry. That is why many investors enjoy the conveniences e-brokerages offer by allowing them to go online and complete transactions at almost any time during the day or night. Time is saved because investors do not have to phone their broker during normal business hours in order to complete their transactions.

Another benefit of online trading is its ability to span boundaries. Many investors are interested in buying foreign stocks and with online trading systems in place; these investors are drawn to its boundary spanning capabilities (Yap & Lin, 2001). This is also

true for foreign investors who want to invest in the U.S. market. Now, with the Internet, they have easier access to make their overseas transactions.

A final benefit investors can derive from online trading is access to instantaneous information. Vakil and Lu (2005) stated that the Internet has given people access to immediate financial information whenever they want it. They felt that the availability of this financial information should lead investors to make better-informed choices. This thought is also shared by Bhasin (2005-2006), especially since the information that is now available to the average investor was once only available to people working in the business of finance.

Even with all of the benefits e-brokerages offer to their clients, there are still costs associated with online investing. Some of these costs include unobservable costs, information-processing costs, information illusion, frequent trading behavior, and the lack of personal advice. Transaction costs have two components: observable costs and unobservable costs. According to Konana, Menon, and Abramowitz (1999), observable costs are the actual commissions that an investor is charged in order to complete a transaction, where unobservable costs are the costs that are related to the transaction being executed inefficiently and from information asymmetry. These unobservable costs are determined by where e-brokerages choose to complete their transactions. For example, they might not choose to complete the transactions at the actual exchanges, but instead they might choose to use third-parties and market-makers in exchange for a percentage of the bid-ask spread. Obviously investors must be aware of these unobservable costs and the potential that they have to create opportunistic behavior by e-brokerages because of the commissions that they can receive from market-makers (Konana, Menon, & Balasubramanian, 2000). To cut down on this type of arbitrage, the Securities and Exchange Commission (SEC) could help create transparency by putting into effect new regulations that state what information must be provided to the investor.

A second cost created by online investing is the cost of processing information. Information-processing costs are the costs that online investors sustain before they actually make a transaction and it is defined by the time and energy that the investor expends trying to reach an investment decision (Hong, 2000). Hong also stated that because of the huge volume of information found on the Internet that it can take investors a lot of extra time to find, sort, and analyze all of the relevant information. This in turn

can out-weigh the benefits of online trading for some investors because they might not be able to afford the opportunity costs associated with spending a lot of time doing research (Yap & Lin, 2001).

Another cost to be aware of in regards to online trading is information illusion. This illusion results when investors think that because they have access to so much information via the Internet that they have an advantage over the entire market and this can lead them to make bad investment decisions (Cocca, 2002). These investors then have an exaggerated sense of control over the outcomes of their investments (Barber & Odean, 2001). Frequent trading is another cost associated with online investing. Low transaction costs can encourage frequent trading according to Konana, Menon and Balasubramanian (2000). In fact, in Singapore, 71.1 per cent of online investors say that they trade more frequently than they did prior to online trading (Teo, Tan, & Peck, 2004). This increase is troubling because people who trade the most generally have the worst performance (Barber & Odean, 2002).

Finally, the downside of investing online is the lack of personal advice from those in the financial field (Vakil & Lu, 2005). According to Phelan (2001), the Web will never be able to substitute for the judgment and expertise of financial planners, nor will it be able to protect investors from all of the scams that are abundant on the Internet. So the bottom line is that the investors must weigh these costs against the benefits and decide whether online trading is right for them.

2.6 Factors Influencing to use Online Share Trading

Adoption of online trading is depended on various factors. Literature surveys show that researchers for theoretical support have used various models. Previous studies have tried to analyze on the adoption of e commerce applications but little work has been done towards adoption of online trading. This study will thus try to understand the factors which motivates and resist the individuals for the adoption of online trading. Investor's decision is not rational in nature but dependent on various psychological factors (Murgea, 2008). These factors may have positive and negative effect on adoption of behavior. In addition to this, demographic characteristics also affect the adoption of Online trading (Wen Lin 2011).

(a) Demographic Factors affecting Online Share Trading

Many studies are conducted to examine the effect of demographic factors on investor's level of risk tolerance during investment decision making. People having different gender, ages, income level, knowledge, marital status and occupation shows different attitudes towards decision making, some are risk seeker and some adverse risk. Brief literature about the effect of demographic factors on investor's behavior with international evidence is given below.

Among other demographic factors gender is the first effective differentiating and classifying factor (Bernasek et al. 1996). Because of the role of emotional, variables risk attitudes differ between men and women (Loewenstein et al.2001). As compared to male investor, female investors have wider risk aversion in different activities like financial decision making (Stendardi et al. 2002). Male investors are more confident in their investment decisions, they have more financial knowledge and wealth and ability to take risks (Bruce, 1995) (Barber and Odean 2001: 261). When males are investing in their assets due to large income they take greater risks (Parker, and Terry 2002).

Investment performance or decision making process of individual investor is also based on his /her age. It is explored by researcher risk aversion relatively decreased with the age of people when other variable are held constant (Wang, H. & S. Hanna, 1997). Older people tolerate more risk as compare to the young investors (Grable and Lytton, 1999b: 7) Young investor can not accurately assess about his work performance as compare to older one. Old people gain investment knowledge and experience, and make better investment Choices (Kumar, and Korniotis, 2011).

In contrast some researchers found that increasing age of investors caused decrease in risk tolerance (Jiankopolos and Bernasek 2006).Further some Researchers explored that investors age and financial risk tolerance have no significant relationship (Al-Ajmi, 2008: 21) (Anbar and Eker 2010: 505) Gumede (2009).

Third demographic factor which caused a higher financial risk tolerance during decision making process is education i.e. formal attained academic training (sung, Hanna, 1996). Level of education obtained and risk tolerance have a positive relationship (Kimball et al 2007: 20) (Graham et al. 2009). Contradictory results are also shown by

some researchers, which are exploring that no significant relationship is exist between education and risk tolerance whilst the Strydom et al (2009) Gumede (2009: 27).

Income level of investor is also affects its behaviour toward investment. A person with greater wealth takes greater risk (Terry, and Parker, 2002). Persons with upper level of income and millionaires tend to take higher risk as than individual with lower level of income (MacCrimmon, and Wehrung, 1986). Researcher explored that level of risk tolerance increase with the increasing level of income (Blume et al.1994) Investors invest their funds in more volatile portfolio composed of more volatile stocks when they have higher level of income (Barber, and Odean , 2001).Higher level of income creates the ability of bearing the losses, so wealthier people preferred higher level of risk (bernheim et al, 2001).

Occupation means the activity in which people engaged for pay. Those people who generate their income directly from their own business, trade, or profession leads to higher levels of risk taking as compare to the people of straight salary work for others (MacCrimmon & Wehrung, 1985).Occupational status is also affecting the level of risk taking ability; people with higher ranking occupational status are more risk seeker as compare to low ranking occupational status (Roszkowski et al., 1993).People having low risk taking ability choose low ranked professions (Barnewall, 1988).

(b) Internet Skills affecting Online Share Trading

Nearly two billion people are connected to the Internet. During the last twenty years, the technology revolution has had an intense and irreversible impact on the world and stock market has also witnessed these changes. The internet has made financial products and services available to more customers and eliminated geographical barriers. Earlier investors were solely dependent on their brokers but nowadays they are participating more in buying and selling of shares with the help of internet. Online trading has saved time, energy and money as it helps to access the market from anywhere at any time. With the Internet, an investor can find an online company report from the stock exchange website immediately after it is posted. Large financial documents can be downloaded within seconds and can be searched for key words, topics or specific financial statements. Companies also maintain online investor relations pages, where

these same filings can be found, as can annual reports and other presentations made to investors at industry conferences. Hundreds of websites also maintain and compile financial information for investors to analyze and understand. Previously, financial intermediaries, such as brokers and investment managers, had an advantage over individual investors. This included more resources to obtain large financial reports or pay for expensive services to perform security analysis. These days, many free websites provide financial information while others charge nominal annual fees for more specialized data.

(c) Social and Cultural Factors affecting Online Share Trading

Yi-Ming Tai the study investigates the analysis results of PLS reveal three positive determinants (i.e., performance expectancy, effort expectancy and social influence) and three negative determinants (i.e., security risk, economic risk and functional risk) that significantly influence stock investors' behavioral intention to use mobile stock trading. The findings of this study don't only have important implications for m-commerce research, but also provide insights for securities firms and developers of mobile stock trading systems.

(d) Perceived Advantages affecting Online Share Trading

Singh (2010) examined whether investors who adopted Internet stock trading perceived differently from those of non-adopters. The primary data were based on 299 investors (149 adopters and 150 non-adopters). Results indicated that attitude dimensions and demographic variables contributed significantly in classifying investors as adopters or non-adopters in Internet trading. Attitude dimensions, a variety of financial products and safety contributed significantly in discriminating between adopters and non-adopters of Internet trading followed by the factor such as convenience and transparency.

(e) Attitude towards Adopting affecting Online Share Trading

Attitude is defined as an individual's degree to respond in a favourable or unfavourable way with respect to a psychological object (Ajzen and Fisherbein, 2000). In the field of Internet stock trading, the more positive the attitude an individual had towards the object, the more likely was the behavioural intention to adopt the same (Gopi and Ramayah, 2007). Many studies had shown the significant effect of the attitude towards intention to adopt the innovation (Mathieson, 1991; Lu et al., 2003; Shih and Fang, 2004; Ramayah et al., 2003; Teo and Pok, 2003; Ramayah et al., 2004; Eri, 2004; Ramayah et al., 2005; Ramayah and Suki, 2006). Another study revealed that attitude and social factors significantly influenced the investors' intention towards adopting Internet stock trading (Lee and Ho, 2003). Majer (1997) attempted to examine 42 investors' opinion on issues ranging from Internet security to their willingness to adopt an Internet-based stock exchange in Canada. It was concluded that Internet stock exchanges would soon catch a valuable niche market in the area of electronic commerce.

Majali (2013) investigated the factors that could predict the customers' attitude towards using internet trading services in Jordan. The sample was taken randomly from telephone directories of 10 selected companies in Amman stock exchange in Jordan. It examined the perceived usefulness, perceived ease of use, compatibility, trial-ability, trust and awareness. Results showed that awareness appears to be the most important factor among all the factors. Singh (2013) examined whether brokers who adopted net stock trading perceived differently from those of non-net based brokers. The primary data was based on 196 brokers (92 brokers and 104 non-net based brokers). As regards to demographics, young brokers were more adaptable to the latest Internet technology as a medium of providing a trading facility in comparison to aged and experienced brokers due to lack of education and awareness about this medium. As far as the attitude dimensions were concerned, economic, convenience and transparency contributed significantly in discriminating between net brokers and non-net brokers.

2.7 Review on Previous Studies

Prabakaran, D. V. (2017) investigated personal variables which influence on investors' intention to online share trading. In order to study with different variables under the factors influencing intention to trade such as internet skills, social and cultural, perceived advantages, attitude towards adopting and intention to use the internet. Data were collected with the help of a structured mailed questionnaire which was further subjected to analysis for Kruskal Wallis and Wilcoxon rank sum tests. Results show that gender, age, monthly income, educational qualification and occupation does not affect the intention to trade online share trading. The study found that personal variables do not influence to use the online share trading by the investors in the study area. It is concluded that all investors considered other relevant information in relating to share market before entering into the online share trading. Finally, the higher income people make the investment in share via online trading, because that they knew the all kinds of information as well as facing their risk.

Oh, N. Y., Parwada, J. T., and Walter, T. S. (2008) investigated the trading behavior and performance of online equity investors in comparison to other investors on the Korean stock market. The study finds that online traders are noise traders who provide liquidity to other investors. It also shows that the aggregate trading activity of all investor types largely fails to explain market returns. However, returns on the index have a significant positive impact in changing online investment flows, compared to the negative feedback trading found for other domestic investor types. Volatility is apparently perceived as an opportunity, and like all other investors, online traders increase their trading during volatile periods. In periods when there is uncertainty about the future direction of the market online investors reduce purchases and sales indiscriminately. Although some market timing ability characterizes online buy trades, the long run performance of online investors' trading decisions is below that of other investor types.

Hou, J. (February, 2015) investigated how individuals' demographics may influence their adoption of online stock trading. The data were collected using the Pew Research Center's Internet & American Life Project survey (www.pewinternet.org). The Internet users sample included 200 online stock traders and 1479 non-traders. Demographic variables including gender, age, education, and income were measured. The results indicate that online stock traders are more likely to be male, have higher levels of

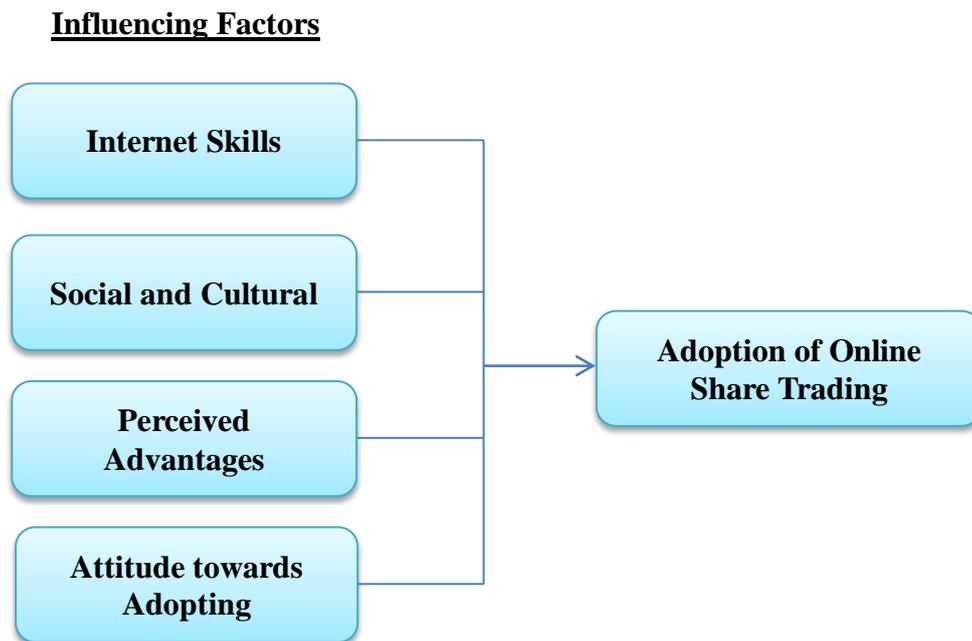
education, and have higher levels of income than non-traders. Age was not found to correlate with individuals' adoption of online stock trading. This study also found that online stock traders differ from non-traders in terms of their Internet usage behaviors as well as their attitudes toward the Internet.

2.8 Conceptual Framework

The conceptual framework of this study is based on the study by Prabakaran, D. V. (2017) in which the relationship between factors influencing the intention to online share trading and personal variables was investigated. The target population of that study was investors of online share trading in Chennai district of Tamilnadu, India. The influencing factors used were internet skills, social and cultural, perceived advantages, attitude towards adopting, and intention to use the internet. Due to having similar nature of the study and situation of online investors in its respective stock market, the first four factors were adopted and used accordingly for the current study.

Figure (2.1) shows the conceptual framework with dependent and independent variables of the study. The model was originally developed by Prabakaran, D. V. in 2017. In this study, the dependent variable is adoption of online share trading, whereas the independent variables are internet skills, social and cultural, perceived advantages and attitude towards adopting. The adoption of online share trading is affected by all these factors. According to different studies, these factors have positive and significant relationship with adoption of online share trading. This study will find out the effect of influencing factors on adoption of online share trading by investors at Yangon Stock Exchange.

Figure (2.1) Conceptual Model of the Study



Source: Adopted from Prabakaran, D. V. (2017)

Chapter (3)

Overview of Securities Market in Myanmar

This chapter describes the history of securities market in Myanmar and profile of Yangon Stock Exchange (YSX). In addition, key participants of Myanmar securities market and current situation of online share trading are discussed. Lastly, demographic profile of respondents and exploration of the factors influencing to use online share trading at Yangon Stock Exchange (YSX) based on the questionnaire results are presented.

3.1 Development of Securities Market in Myanmar

Myanmar Securities Exchange Centre Co., Ltd. was formed in 1996 as a joint venture company between Myanma Economic Bank and Daiwa Securities Group Inc., a Japanese securities company to develop the capital markets in Myanmar in accordance with the guidance of the Ministry of Finance. Only the shares of two public companies have been traded since late 1990 before the Yangon Stock Exchange (YSX) was formed.

Besides the stock exchange mentioned below, the Securities Exchange Law also has provisions for an over-the-counter market, an organized market for trading of unlisted securities. It can be founded by not less than three securities companies with the permission from the SECM. The requirements and procedures for the permission, as well as organizational matters and its functions and duties, are prescribed in the Securities Exchange Rules.

The centerpiece of Myanmar securities market is the stock exchange. It can be established as a limited liability company or a joint-venture company under Myanmar law. Although it is not clear from the provisions of the Securities Exchange Law, it is envisaged, in particular in relation to YSX, that trading participants who can trade on a stock exchange market are securities companies and that they are not necessarily shareholders of a stock exchange. A stock exchange must first get a permit from the Securities and Exchange Commission of Myanmar (SECM) and is subject to its supervisory and regulatory authority, including permission for any amendment of its

charter or business rules. The details of the requirements and procedures for the permit will be provided in the Securities Exchange Rules. A stock exchange has self-regulatory power, among other things, to determine listing criteria and matters relating to trading participants.

A stock exchange, such as YSX, is permitted to carry out the securities depository and clearing business without an allowance from, but by giving notice to, the SECM. The book-entry transfer system has been presented in Myanmar in respect of listed shares, and YSX has become the central securities depository. Since the Companies Act supposes that physical share certificates will be issued, the SECM released Notification No. 1/2015 on 7th August, 2015 to bridge the Companies Act provisions and the book-entry transfer system. In addition, the Ministry of Finance also released Notification No.86/2016 on 28th March, 2016, allowing listed companies on the YSX to register electronic securities certificates and the rights thereto with the Directorate of Investment and Company Administration.

Yangon Stock Exchange (YSX) is set up by Yangon Stock Exchange Joint-Venture Company Limited, a joint venture company owned by Myanmar Economic Bank, a state-owned bank, Daiwa Institute of Research, and Japan Exchange Group. On 25th March, 2016, the very first trading of shares on the YSX was made.

There are currently 5 listed companies on the YSX, and they are First Myanmar Investment Public Co. Ltd. (FMI), Myanmar Thilawa SEZ Holdings Public Co., Ltd. (MTSH), Myanmar Citizens Bank Limited (MCB), First Private Bank Limited (FPB), and TMH Telecom Public Co., Ltd. (TMH).

3.2 Regulators and Enforcement of the Securities Market

The securities businesses stipulated by the SE Law include securities dealing, securities brokerage, securities underwriting, securities investment advisory, and securities depository and clearing. Those terms are prescribed in the SE Law. Moreover, the SECM has the power to add a category of securities business through a notification. A separate licence is generally needed to operate each type of securities business. All persons are prohibited from conducting any securities business without a licence. A violation will be subject to a criminal penalty. Each of securities dealing, securities

brokerage, and securities underwriting can be carried out only by a licenced securities company. In addition, a securities company cannot permit any person other than its licenced representative to operate the securities business in its name.

On 31st July, 2013, the Securities Exchange Law (SE Law) was enacted and came into force immediately. Under the SE Law, the Securities Exchange Rules (SE Rules) were promulgated on 27th June, 2015 and certain notifications (a form of subordinate legislation in Myanmar) have been and will be issued to implement the SE Law and the SE Rules. The Securities and Exchange Commission of Myanmar (SECM) was founded in August 2014. The SECM is the principal regulator of the Myanmar capital markets. The SECM has broad administrative power to, among other things, grant a licence for conducting any securities business, grant a permit to a stock exchange or an over-the-counter market, supervise the securities business, and approve a public offering. The Ministry of Planning and Finance (MOPF) shares rule-making functions with the SECM to implement the SE Law.

The MOPF has the power, with the approval of the Union Government, to issue the SE Rules and certain other stipulations after negotiation with the SECM. In addition, the MOPF and the SECM have the power to prescribe notifications and certain other stipulations. Moreover, during the transitional period until the Union Government determines that the securities market can be distinctively established and systematically operated, MOPF will supervise the SECM and the securities business, and has the sole power to issue notifications and certain other stipulations. On the enforcement side, the SECM is authorized to take administrative actions, such as revocation of a licence, and to impose administrative monetary penalties against offenders. The SECM also has the right to summon, examine, and obtain evidence from any relevant person if there is a reason to believe an offence has been committed. Nonetheless, its investigative power does not extend to arrest or seizure, which will be exercised by the police force or the Bureau of Special Investigation of the Ministry of Home Affairs.

3.3 Key Participants of Myanmar Securities Market

The securities market in Myanmar consists of key participants, namely, Securities and Exchange Commission of Myanmar (SECM), Yangon Stock Exchange (YSX), listed

companies, securities companies, and investors. The brief descriptions of each participant are discussed below.

Securities and Exchange Commission of Myanmar (SECM)

The Securities Exchange Law (20/2013) was enacted on 31st July, 2013 in order to establish a systematic capital market in Myanmar, to protect investor through rules and Laws and to regulate market participants such as public companies, securities companies and stock exchange.

According to Chapter 3, Article 4 of this Law, the Securities and Exchange Commission of Myanmar (SECM) was established with Notification No. (64/2014) dated 19-8-2014 issued by the Union Government. The chairman of SECM, which has seven members, is the Deputy Minister of the Ministry of Finance.

The functions include (a) to issue securities business license; (b) to issue permit of stock exchange; (c) to grant a permit of the Over-the-Counter Market for trading unlisted securities; (d) to submit necessary advice to the Union Government in respect of matters relating to the securities business; (e) to supervise the securities business and carry out the inquiries and inspections; (f) to supervise the following organizations and persons so as to keep the accounts relating to their business in accordance with the relevant Myanmar accounting standards: (i) Public company (ii) Securities company (iii) Over-the-Counter-Market (iv) Stock Exchange (v) Persons who are carrying out or had carried out as responsible persons, members, staff and agents of any public company, securities company, Over-the-Counter-Market and Stock Exchange (vi) License-holder or lawyer, auditor and agent of such license-holder; (g) to carry out research and development for securities business and communicate with the organizations of other countries that supervise the securities business, and the businesses, departments and organizations related to such organizations to make securities business compatible to international standards; (h) to carry out other functions and duties assigned by the Union Government.

The objectives of the Securities and Exchange Commission of Myanmar (SECM) are shown below:

(a) To spread the development of Stock Market and Local Bonds Market.

(b) To obtain more investment opportunities for the public.

(c) To expand the job opportunities and to collect the necessary capital easily by issuing share to the people from the public company.

Yangon Stock Exchange (YSX)

Yangon Stock Exchange is a Joint-Venture Company Limited founded by Myanma Economic Bank, a state-owned bank, and 2 Japanese Companies, namely Daiwa Institute of Research (DIR), and Japan Exchange Group (JPX), with each entity's ownership being 51.00%, 30.25% and 18.75% respectively.

Listed Companies

In the meantime, there are five listed companies on Yangon Stock Exchange and their listed dates are described in the following table.

Table (3.1) List of Five Listed Companies on YSX

Listed Date	Code	Company Name
25th March, 2016	00001	First Myanmar Investment Public Co., Ltd. (FMI)
20th May, 2016	00002	Myanmar Thilawa SEZ Holdings Public Co. Ltd. (MTSH)
26th August, 2016	00003	Myanmar Citizens Bank Ltd. (MCB)
20th January, 2017	00004	First Private Bank Ltd. (FPB)
26th January, 2018	00005	TMH Telecom Public Co., Ltd. (TMH)

Source: YSX website

First Myanmar Investment Public Co., Ltd. (FMI), established in 1992, is an investment holding company with strategic business diversification in financial services, healthcare, tourism and real estate sectors. With each of its subsidiaries operating under independent management teams, FMI, in addition has start-up ventures expanding into

strategic sectors such as infrastructure and agriculture. FMI became the first company to be publicly listed on the Yangon Stock Exchange in March 2016.

Myanmar Thilawa SEZ Holdings Public Co., Ltd. (MTSH) is the private sector shareholder on the Myanmar side of Myanmar Japan Thilawa Development Ltd. (MJTD), the development entity of the Thilawa Special Economic Zone Development Project established by mutual agreement between the Japanese and Myanmar governments in December 2012. MJTD was established on January 10, 2014. Shareholders and percentage of shares are as follows: Government of Myanmar 10%, Myanmar private sector 41%, Japanese government 10%, and Japanese private sector 39%. The 41% in Myanmar private sector shares is held by MTSH.

Myanmar Citizens Bank Ltd. (MCB) was established as a special company in 1991 by the Ministry of Commerce in order to encourage the spread of private banking sector, and in 1992 was granted its banking license by the Central Bank of Myanmar. The bank's basic purpose is the development and promotion of import/export companies, and it is well-known as a bank with knowledge and experience in underwriting trade related loans.

First Private Bank Ltd. (FPB) is a historic private-sector bank that was the first to be granted a banking license in Myanmar. Its mission is to enable all people to have access to financing and to contribute to the reduction of poverty through loans to private-sector companies and through financial advice. Earnings have been mostly strong since its founding, and the bank has paid dividends to shareholders each year. In its corporate activities, the bank gives due consideration to transparency and trustworthiness, and it is recognized as a clean bank domestically and abroad. Its loan-to-deposit ratio is higher than average, making it reasonable to say that funds are being used efficiently. With regard to loans, the bad loan ratio is close to zero due to strict credit assessments.

TMH Telecom Public Co., Ltd. (TMH) is a telecommunications infrastructure company established in August, 2007 in Myanmar, originally under the name Tah Moe Hnye Chan Thar Tun Wai Thar Co, Ltd. Its name was changed to TMH Telecom Public Co., Ltd. in May 2016, and was listed under that name on the Yangon Stock Exchange on January 26, 2018.

Securities Companies

The 6 securities companies which are given trading qualifications by SECM and currently trading on Yangon Stock Exchange are shown in the following Table (3.2).

Table (3.2) List of Six Securities Companies

Date	Licensed Number	Company Name
26th February, 2016	No.001	Myanmar Securities Exchange Centre Co., Ltd.
26th February, 2016	No.002	KBZ Sterling Coleman Securities Co., Ltd.
1st March, 2016	No.003	CB Securities Ltd.
1st March, 2016	No.004	AYA Trust Securities Co., Ltd.
1st March, 2016	No.005	KTZ Ruby Hill Securities Co., Ltd.
23rd November, 2016	No.006	UAB Securities Ltd.

Source: SECM website

Until the trading of shares on YSX commences, the only public securities market in Myanmar is operated by Myanmar Securities Exchange Centre Co., Ltd. (MSEC). MSEC was established in 1996 as a joint venture company between Myanma Economic Bank and Daiwa Securities Group Inc., a Japanese company. The shares of only two public companies have been traded on this market since late 1990s.

KBZ Sterling Coleman Securities Co., Ltd. (KBZSC) is the joint venture between the KBZ Group and Stirling Coleman Holdings to carry out the business of underwriting, dealing, broking and investment advisory on the Yangon Stock Exchange in Myanmar. On 7th October 2015, KBZSC was awarded the underwriter license issued by the Government of the Republic of the Union of Myanmar, Ministry of Finance.

CB Securities Limited (CBSC) is a wholly-owned subsidiary of Co-Operative Bank (CB Bank). CB Securities is one of the first securities firms granted license by the Securities and Exchange Commission of Myanmar (SECM). CB Securities provide

comprehensive retail, institutional and online brokerage services and solutions. Through CB Securities, the retail and institutional investors will get connected and have opportunities to trade in Yangon Stock Exchange (YSX) to meet their financial goals.

AYTrust Securities Co., Ltd. (AYTrust SC) is the securities and investment banking arm of AYA Financial Group and provides a comprehensive suite of services to retail, corporate and institutional clients in both the debt and equity capital market. Products and services offered to retail investors range from trade execution to distribution of capital market products. Corporate Finance and Advisory services such as IPOs, corporate transactions for listed companies, underwriting, share placement and fund raising as well as private equity advisory services with a focus in growth capital for late stage SME is offered.

KTZ Ruby Hill Securities Co., Ltd. (KTzRH SC), an official trading participant of Yangon Stock Exchange, is granted full securities licenses including stock brokerage, dealing, and financial advisory and underwriting licenses for the Yangon Stock Exchange in Myanmar. KTzRH is a joint venture between Ruby Hill Financial Company Limited, one of the subsidiaries of Myanmar most well-known consumer products provider the Loi Hein Group and KT ZMICO, one of the best securities trading houses in Thailand. KTzRH provides a comprehensive range of quality services to individual and institutional investors in Myanmar by giving investment advices on both fundamental and technical basis. The products and services are Securities Underwriting, Brokerage, Dealing, Investment Advisory, Investment Research and Investment Banking.

UAB Securities Limited (UABSC) was established in 2016 as an affiliate of UAB bank and is one of the first investment houses to be granted a license by the Securities and Exchange Commission of Myanmar (SECM) and official trading participant partner at Yangon Stock Exchange (YSX).

Investors

Recently, the number of investors who have opened securities accounts to make stock trading at Yangon Stock Exchange stood at over 38,000. Nonetheless, only about 1,500 investors are active investors who make stock trading frequently. Most of the investors making stock trading on Yangon Stock Exchange (YSX) are mid-term investors

who are focusing to get dividends from the listed companies rather than having profits from trading of stocks.

3.4 Profile of Yangon Stock Exchange (YSX)

The Yangon Stock Exchange (YSX) was founded by the state-owned Myanmar Economic Bank, Daiwa Securities and Japan Exchange Group, a company that operates the Tokyo Stock Exchange. The launch signifies yet another milestone in the rapid modernization of Myanmar, which has lately been opening up its economy.

The Central Bank of Myanmar, Japan Exchange Group and Daiwa Institute of Research (DIR) signed an MOU with the aim to develop capital market and implement a stock exchange in Myanmar. On 31st July, 2013, Securities and Exchange Law was enacted and the Securities and Exchange Commission of Myanmar (SECM) was formed as a regulator under the Ministry of Finance (MOF) in August 2014, to supervise and monitor the stock market and securities companies.

On 15th December, 2014, Myanma Economic Bank, Japan Exchange Group and Daiwa Institute of Research attained foreign investment permit from Myanmar Investment Commission and Yangon Stock Exchange (YSX) acquired certificate of company incorporation from DICA. After that, Yangon Stock Exchange was officially incorporated on 22nd December, 2014 as a foreign joint venture company under the Myanmar Companies Act.

On 23rd December, 2014, Myanma Economic Bank, Japan Exchange Group and Daiwa Institute of Research came into the Joint-Venture Agreement for founding Yangon Stock Exchange. In accordance with the Securities Exchange Law, Yangon Stock Exchange secured a stock exchange permit from Securities and Exchange in Myanmar (SECM) on 28th April, 2015. After securing the permission, Yangon Stock Exchange office, which was the former Central Bank of Myanmar, had been renovated for setting up the functions of the stock exchange.

KBZ bank was then chosen as a fund settlement bank by the selection committee through government procedure with the outlook to make clearing and settlement of funds for stock trading in April 2015. In August 2015, 17 listing criteria were introduced by

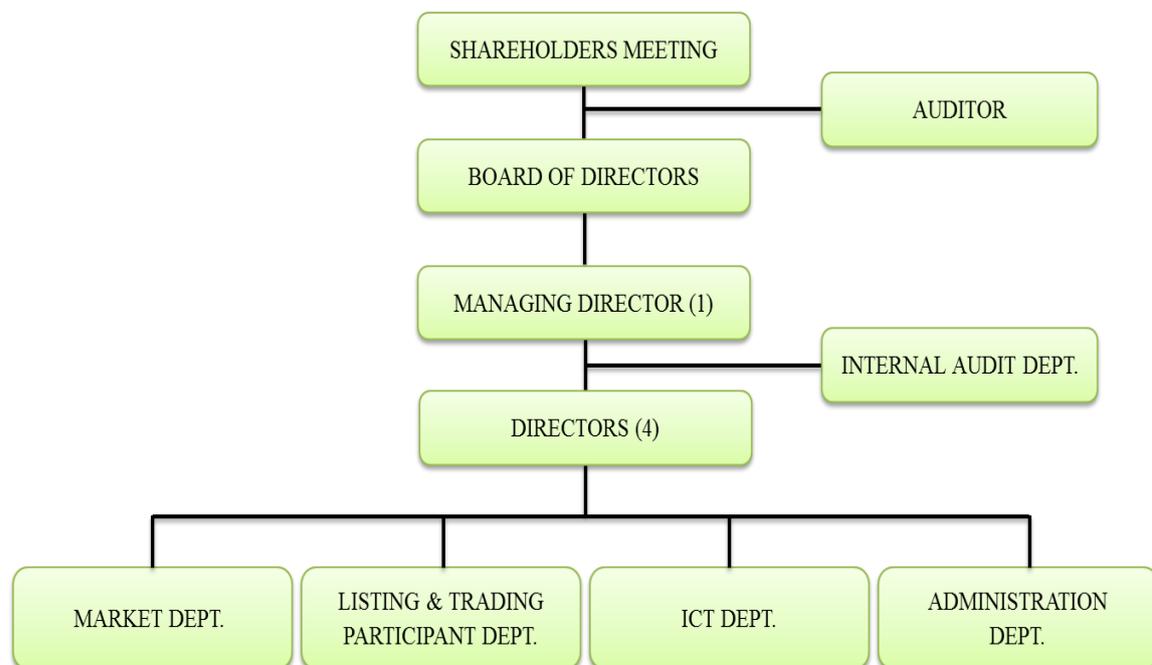
Yangon Stock Exchange and YSX celebrated the grand opening ceremony successfully on 9th December, 2015.

Afterwards, Yangon Stock Exchange granted a listing approval to the First Myanmar Investment Public Co., Ltd. (FMI) in March 2016 and allowed trading qualifications to 5 securities companies. YSX then initiated the first trading with FMI shares.

In May 2016, YSX made an announcement of introducing new stock index named MYANPIX (Myanmar Stock Price Index). As for the dates of listing, Myanmar Thilawa SEZ Holdings Public Ltd. (MTSH), Myanmar Citizens Bank Ltd. (MCB), First Private Bank Ltd. (FPB), TMH Telecom Public Co., Ltd (TMH) became listed on 20th May 2016, 26th August, 2016, 20th January, 2017, and 26th January, 2018 respectively. Furthermore, YSX gave trading qualification to UABSC on 20th Jan. YSX then held its 1st anniversary in March 2017 and held “Myanmar Stock Investment Forum 2017”.

The organization structure of Yangon Stock Exchange (YSX) can be seen as follows.

Figure (3.1) Organization Chart of Yangon Stock Exchange



Source: YSX Website (2019)

3.5 Current Situation of Share Trading at YSX

According to Section 51 of the SEL, YSX can perform custody, clearance and settlement of securities without acquiring the permission of the SEC. As such, YSX has designated itself to conduct Book-Entry Transfer Business as a Book-Entry Transfer Institution. Securities companies may also perform Book-Entry Transfer Business for its customers as an Account Management Institution, provided that permission from the SECM is attained.

YSX has then made Kanbawza Bank Ltd. to run the clearing and settlement operations of the exchange. Kanbawza Bank Ltd. will be responsible for delivering payments for the sale of shares once the trades have been agreed on. The delivery and receipt of shares shall be operated through book-entry transfer and the payment and receipt of money for the settlement of the trade or transaction shall be made via account transfer at the fund settlement bank (Kanbawza Bank Ltd.) designated by the YSX.

The trading on Yangon Stock Exchange (YSX) began on 26th March, 2016 with the trading of first listed company FMI's shares. The trading hour is from 9:30 a.m. to 1:00 p.m. with 2 matching times of 11:00 a.m. and 1:00 p.m. until 30th March, 2018. In order to increase the investors account and to make the capital flow more quickly in the market, YSX increased the matching times to four times as 10:00 a.m., 11:00 a.m., 12:00 p.m., and 1:00 p.m. There are currently shares of 5 listed companies being traded on Yangon Stock Exchange (YSX). Before the launch of online trading, investors could only trade by traditional offline method whereby investors have to place their orders via telephone or at securities companies face-to-face.

As of 29th August, 2019, the total trading volume being traded was 18,686 shares and the total trading value was 107,372,250 kyats. The total market capitalization was about 674,479 million kyats. The detailed stock trading information of five listed companies on Yangon Stock Exchange as of 29th August, 2019 can be seen in the following Table (3.3).

Table (3.3) Stock Trading Data as of 29th August, 2019

Listed Company	Share Price (in Kyats)	Trading Volume	Trading Value (in Kyats)	Number of Listed Shares	Market Capitalization (in Million Kyats)
FMI	12,000	3,588	42,903,500	27,112,747	325,353
MTSH	4,100	10,349	42,430,900	38,929,150	159,610
MCB	8,400	600	5,040,000	10,400,986	87,368
FPB	25,500	202	5,151,000	2,472,053	63,037
TMH	3,050	3,947	11,846,850	12,823,224	39,111
Total		18,686	107,372,250		674,479

Source: YSX website

On 26th December, 2017, in order to develop Myanmar capital market, the Securities and Exchange Commission of Myanmar (SECM) granted the approvals for online trading to 4 securities companies, namely Myanmar Securities Exchange Center Co., Ltd., KBZ Sterling Coleman Securities Co., Ltd., AYTrust Securities Co., Ltd., and CB Securities Ltd., which passed online trading testing and whose systems are ready. After that, on 17th May, 2018, KTZ Ruby Hill Securities Co., Ltd. introduced online trading service for their investors at launching ceremony in YSX grand ballroom after getting approval from SECM. This totals the number of securities companies currently offering online trading services to their investors to 5. The last remaining securities company to be granted the approval for online trading is UAB Securities Limited and they are planning to launch their online trading services by the end of 2019.

According to the “Guidelines for Online Trading” released by Yangon Stock Exchange (YSX), investors are needed to open online accounts at respective securities companies to trade shares via online. As of August 2019, over 7,000 online accounts have been opened by investors. Almost 700,000 shares with the trading value of about 4 billion kyats were traded in total by investors in August. Regarding online trading, trading volume (no. of shares traded) was accounted for about 58% out of total trading volume and trading value was accounted for about 64% out of total trading value. The remaining percentage was traded via offline trading. From this data, it can be said that investors are becoming to use online trading platform more than the traditional offline trading.

Chapter (4)

Analysis on Effect of Influencing Factors on Adoption of Online Share Trading at Yangon Stock Exchange (YSX)

In this chapter, research design, profile of respondents and exploration of the factors influencing adoption of online share trading at Yangon Stock Exchange (YSX) based on the questionnaire results are presented. This chapter also explores the adoption of online share trading at Yangon Stock Exchange (YSX) and examines the relationship between influencing factors and adoption of online share trading. The research then analyzes the effect of four influencing factors on adoption of online share trading.

4.1 Research Design

This study aimed at analyzing the factors influencing the adoption of online share trading at Yangon Stock Exchange. To achieve objectives of the study, both primary and secondary data are used and SPSS software is employed for data analysis. The information was gathered from individual investors who make stock trading on Yangon Stock Exchange. There are 6 securities companies in Myanmar and over 38,000 investors in total. The variables were used to identify important factors which influence investors when taking decisions of stock trading via online.

The descriptive research design is selected for the study to learn the profile of the respondents and to describe the factors influencing the adoption of online share trading at Yangon Stock Exchange (YSX). Questionnaires are distributed to the 150 respondents and 120 fully answered questionnaires are used for the data analysis. The sample is collected from the 6 securities companies using convenience sampling.

4.2 Demographic and Investment Profile of Respondents

A total of 150 questionnaires were given out among investors at six securities companies of Yangon Stock Exchange (YSX) and 120 investors' fully answered questionnaires were utilized for statistical analysis. The demographic and investment data was collected from investors by using convenience sampling and the questionnaire consists of gender, age, marital status, education, occupation, monthly income,

investment amount, investment experience, online share trading experience, and most traded shares.

The summarized data of demographic profile of respondents with frequency (number of respondents) and percentage of investors can be seen in Table (4.1) as shown below.

Table (4.1) Demographic Profile of Respondents

1	Gender	No. of Respondents	Percentage
	Male	72	60
	Female	48	40
	Total	120	100
2	Age		
	Below 21	7	6
	21 - 30	13	11
	31 - 40	26	22
	41 - 50	33	28
	Above 50	41	34
	Total	120	100
3	Marital Status		
	Single	42	35
	Married	78	65
	Total	120	100
4	Education		
	High School	5	4
	Graduate	83	69
	Post Graduate	24	20
	Master Degree	8	7
	Total	120	100
5	Occupation		
	Government Staff	14	12
	Company Employee	23	19
	Freelance/Self-employed	46	38
	Own Business	37	31
	Total	120	100
6	Monthly Income (in Myanmar Kyats)		
	Below 300,000	13	11%
	300,000 to 1,000,000	56	47%
	1,000,001 to 2,000,000	34	28%
	Above 2,000,000	17	14%
	Total	120	100%

Source: Survey Data, 2019

Gender

As shown in Table (4.1), there are 60% male investors and only 40% of investors are female. This indicates that males tend to trade shares more than females.

Age

Regarding age of the respondents, there are 6% of investors below 21 years old, 11% of investors between 21-30 years old, 22% of employees between 31-40 years old, 28% of investors between 41-50 years old, and 34% of investors are above 45 years old. From this, it can be said that older investors make up more percentage than younger investors.

Marital Status

As for marital status, 35% of respondents are single and 65% of them are married, indicating that there are more married investors than single ones trading on Yangon Stock Exchange (YSX).

Education

Concerning education, majority of the respondents (69%) have graduate education level, followed by post graduate level with 20%. The least number of respondents are of high school level education, followed by master degree education with 4% and 8% respectively.

Occupation

When it comes to occupation, most of the respondents are freelance/self-employed and have own business with 38% and 31% respectively. 12% of respondents consist of government staff and 19% of respondents are company employee.

Monthly Income

Regarding monthly income, 47% of the respondents earn from 300,000 to 1,000,000 kyats whereas only 11% of the respondents have below 300,000 kyats monthly income. 28% of the respondents have monthly income from 1,000,001 to 2,000,000 kyats and 14% have that of over 2,000,000 kyats.

Information regarding the investment profile of respondents is discussed below. The summarized survey result with frequency (number of respondents) and percentage of investors can be seen in the following Table (4.2).

Table (4.2) Investment Profile of Respondents

1	Investment Amount (in Myanmar Kyats)	No. of Respondents	Percentage
	Below 300,000	8	7
	300,000 to 1,000,000	58	48
	1,000,001 to 2,000,000	33	28
	Above 2,000,000	21	18
	Total	120	100
2	Investment Experience		
	Below 6 Months	11	9
	Below 1 Year	32	27
	1 to 2 Years	58	48
	Above 2 Years	19	16
	Total	120	100
3	Online Share Trading Experience		
	Below 3 Months	10	8
	Below 6 Months	15	13
	Below 1 Year	31	26
	1 Year and Above	64	53
	Total	120	100
4	Most Traded Shares		
	FMI	31	26
	MTSH	42	35
	MCB	9	8
	FPB	15	13
	TMH	23	19
	Total	120	100

Source: Survey Data, 2019

Investment Amount

Table (4.2) describes the investment amount. Survey results show that investors spend mostly between 300,000 to 1,000,000 with the percentage of 48% followed by 28% of the respondents who spend from 1,000,001 to 2,000,000 in shares trading. There are 18% of respondents who spend over 2,000,000 whereas only 7% of the respondents invest less than 300,000.

Investment Experience

As for investment experience, most of the respondents (48%) have 1 to 2 year experience, followed by 27% with below 1 year experience. There are only 9% and 16% of respondents with below 6 month experience and above 2 year experience of share trading on Yangon Stock Exchange (YSX) respectively.

Online Share Trading Experience

Table (4.2) portrays the results of online share trading experience as well. Online share trading was available on Yangon Stock Exchange starting only from 26th December, 2017. It can be seen that most of the respondents have over 1 year experience of online share trading with 53% followed by 26% of the respondents who have below 1 year of experience. 13% of the respondents have less than 6 month experience of online share trading and there are only 8% of respondents with the experience of less than 3 months.

Most Traded Shares

Concerning most traded shares, the survey result shows that shares of MTSH are mostly traded by the respondents with the percentage of 35% followed by FMI's shares with the percentage of 26% whereas only 8% of the respondents trade the shares of MCB on Yangon Stock Exchange (YSX). TMH's shares are traded by 19% of the respondents whilst 13% of the respondents trade the shares of FPB.

4.3 Factors influencing to use Online Share Trading at Yangon Stock Exchange (YSX)

The structured questionnaire consisting of 28 questions in total for 4 factors on a 5-point Likert scale, where 5 being strongly agree and 1 being strongly disagree, is used to explore the factors influencing adoption of online share trading at Yangon Stock Exchange (YSX). The questionnaire was referenced from the study by Prabakaran, D. V. (2017) and is adapted accordingly for the purpose of this study. The influencing factors examined by this questionnaire contain internet skills, social and cultural, perceived advantages, and attitude towards adopting. The structured questionnaires were distributed and the data was fetched from 120 investors at six securities companies, who answered the survey completely, using convenience sampling. The data analysis was carried out

using SPSS (Statistical Package for Social Sciences) and the validity was proven through suitable statistical means and standard deviations.

According to Best (1977) on a 5-point Likert scale, the mean score from 1 to 1.8 is lowest, from 1.81 to 2.61 is low, from 2.62 to 3.41 is moderate/average, from 3.42 to 4.21 is good/high, and from 4.22 to 5 is regarded as very good/highest. On the other hand, standard deviation less than 1 is considered to have no significant variations in the responses while the standard deviation greater than 1 indicates that there are significant variations in the responses. The results are shown below:

Table (4.3) Internet Skills on Adoption of Online Share Trading

No.	Statement	Mean	Standard Deviation
1	I know using the internet without hesitation.	3.23	.814
2	I consider myself about good search techniques on the internet.	3.19	.833
3	I know how to find what I want on the internet.	3.21	.732
4	I have the knowledge to use online share trading services.	3.26	.804
5	I have the resources to use online share trading services.	3.20	.774
6	I have the ability to use online share trading services.	3.28	.840
7	I find it easy to get online share trading services to do what I want to do.	3.24	.710
Overall Mean		3.23	.487

Source: Survey Data, 2019

Table (4.3) depicts that the grand mean score is 3.23, and according to Best (1977), it can be regarded as respondents on average moderately agree. In addition, according to the survey data, all of the mean scores range from 3.19 to 3.28, all of which

scored above 3 which are categorized as moderate/average. In addition, there were no significant variations in the responses as the standard deviation is less than 1. As the grand mean score of 3.23 is the third highest among that of other factors, it can be concluded that internet skills is regarded as the third most important factor which have influence on adoption of online share trading at Yangon Stock Exchange (YSX).

Table (4.4) Social and Cultural on Adoption of Online Share Trading

No.	Statement	Mean	Standard Deviation
1	Using online share trading services would give me greater social status among my peers.	3.18	.718
2	I feel comfortable in using online share trading services.	3.23	.814
3	I am interested to hear about new technology.	3.20	.774
4	I choose online share trading because of the influence from people around me.	3.19	.833
5	The development of modern culture makes me willing to use online share trading.	3.21	.732
6	I find using online share trading services is trendy.	3.16	.722
7	I need to use online share trading services due to those people who influence my behavior.	3.18	.729
Overall Mean		3.19	.526

Source: Survey Data, 2019

Table (4.4) shows that the grand mean score is 3.19, and according to Best (1997), it can be interpreted as respondents are moderately in agreement. In addition, according to the survey data, all of the mean scores range from 3.16 to 3.23, all of which scored above 3 which are regarded as moderate/average. It is also found that there were no significant variations in the responses as the standard deviation is less than 1. The grand mean score of 3.19 is the lowest amongst that of other factors and it can be said that social and

cultural factor is regarded as the least important influencing factor on adoption of online share trading at Yangon Stock Exchange (YSX).

Table (4.5) Perceived Advantages on Adoption of Online Share Trading

No.	Statement	Mean	Standard Deviation
1	Using online share trading services would allow me to accomplish more share trading activities more quickly.	4.10	.666
2	Using online share trading services would give me greater control over financial activities.	3.51	.830
3	Using online share trading services would allow me to accomplish more share trading activities than would otherwise be possible.	3.49	.810
4	I think that learning to use online share trading services would be easy.	3.43	.785
5	I think that interaction with online share trading services does not require a lot of mental effort.	3.39	.853
6	Online share trading services increases effectiveness of the share trading transactions.	3.98	.722
7	I can save much of time by using online share trading services.	4.08	.693
Overall Mean		3.71	.513

Source: Survey Data, 2019

Table (4.5) portrays that the grand mean score is 3.71, and according to Best (1977), it implies that respondents on average highly agree. In addition, according to the survey data, all of the mean scores range from 3.39 to 4.10, all of which scored well above 3 and can be interpreted as good/high. Also, there were no significant variations in the responses as the standard deviation is less than 1. As the grand mean score of 3.71 is the highest among that of other factors, it can be concluded that perceived advantages is

regarded as the most important factor influencing adoption of online share trading by investors at Yangon Stock Exchange (YSX).

Table (4.6) Attitude towards Adopting on Adoption of Online Share Trading

No.	Statement	Mean	Standard Deviation
1	Using online share trading in stock trading would be a wise idea.	3.41	.783
2	I like the idea of using online share trading for stock trading.	3.46	.819
3	Using online share trading for stock trading would be a pleasant experience.	3.43	.807
4	I think that buying/selling of shares via online is beneficial to me.	3.50	.820
5	I would have positive feelings towards buying/selling of shares by using online.	3.34	.783
6	The thought of buying/selling shares via online is appealing to me.	3.26	.804
7	I think that using online share trading services is safe.	3.24	.710
Overall Mean		3.38	.493

Source: Survey Data, 2019

Table (4.6) displays that the grand mean score is 3.38, and according to Best (1977), it can be defined as respondents are moderately in agreement. In addition, according to the survey data, all of the mean scores range from 3.24 to 3.50, some of which scored less than 3.41 which is regarded as moderate/average and some of which scored above 3.42, which is categorized as good/high. There were no significant variations in the responses as the standard deviation is less than 1. The grand mean score of 3.38 is the second highest among that of other factors and it can be said that attitude

towards adopting is regarded as the second most important factor which have influence on adoption of online share trading at Yangon Stock Exchange (YSX).

4.4 Adoption of Online Share Trading at Yangon Stock Exchange (YSX)

The structured questionnaire made up of 9 questions on a 5-point Likert scale, where 5 being strongly agree and 1 being strongly disagree, is employed to explore on adoption of online share trading at Yangon Stock Exchange (YSX). The structured questionnaires were distributed and the data was collected from 120 respondents, who answered the survey completely, using convenience sampling. The data analysis was carried out using SPSS (Statistical Package for Social Sciences) and the validity was proven through suitable statistical means and standard deviations. The results are illustrated in the following Table (4.7):

Table (4.7) Adoption of Online Share Trading at Yangon Stock Exchange

No.	Statement	Mean	Standard Deviation
1	I would use online share trading services for my share trading needs.	4.10	.640
2	Using the online share trading services for handling my share trading transactions is something I would do.	3.69	.658
3	I would see myself using the online share trading services for handling my share trading transactions.	3.41	.845
4	I want to carry on the usage of online share trading services in the future.	4.08	.650
5	I have planned to continue the usage of online share trading frequently.	4.06	.652
6	It is my wish to adopt online trading in my routine life.	3.38	.862
7	It is my interest to know more about online trading services.	3.43	.847
8	If I have access to online share trading I want to use it as much as possible.	3.34	.783
9	I would like to manage my securities account through my mobile phone.	3.42	.856
Overall Mean		3.66	.507

Source: Survey Data, 2019

Table (4.7) illustrates that the mean scores range from 3.34 to 4.10, some of which scored less than 3.41 which is regarded as moderate/average and some of which scored above 3.42, which is categorized as good/high. It means that most of the investors at Yangon Stock Exchange (YSX) are willing to adopt online share trading. Moreover, there were no significant variations in the responses as the standard deviation is less than 1. According to the survey data, the overall mean score is 3.66, and according to Best (1977), it can be interpreted that the respondents highly agree to adopt online share trading at Yangon Stock Exchange (YSX).

4.5 Relationship between Influencing Factors and Adoption of Online Share Trading

In this section, the analysis of the relationship between influencing factors and adoption of online share trading at Yangon Stock Exchange (YSX) will be exhibited by using Pearson correlation method as the survey data is quantitative and normal distribution. Data analysis was done using SPSS (Statistical Package for Social Sciences) and the validity was shown through suitable statistical means. The measure of relationship between two variables can be found by correlation coefficient. The correlations are defined as significant if $p \leq 0.01$ and $p \leq 0.05$ respectively. The relationship between variables is categorized as “r” and is between -1 and +1, where “+” represents the positive correlation and “-” represents the negative correlation and “0” represents no correlation between variables. The correlation is weak if its ≤ 0.1 ; modest if its ≤ 0.3 ; moderate if its ≤ 0.5 ; strong if its ≤ 0.8 and very strong if its > 0.8 .

Table (4.8) Correlations between Influencing Factors and Adoption of Online Share Trading

Variables	Pearson Correlation	Significance P-value
Internet Skills and Adoption of Online Share Trading	.456**	.000
Social and Cultural and Adoption of Online Share Trading	.264**	.004
Perceived Advantages and Adoption of Online Share Trading	.852**	.000
Attitude towards Adopting and Adoption of Online Share Trading	.717**	.000

** . Correlation is significant at the 0.01 level (2-tailed).

According to Table (4.8), it can be stated that the correlation between internet skills and adoption of online share trading is positive and it is moderately correlated as

the score is 0.456 ($p \leq 0.01$) and is significant at 0.01 level (1% level of significance). As the correlation of 0.456 is the third highest score among that of other factors, it means that internet skills positively affect the adoption of online share trading at Yangon Stock Exchange (YSX) but, not as much as perceived advantages and attitude towards adopting do.

In addition, it can be seen that there is the modest positive correlation between social and cultural and adoption of online share trading and the score is 0.264 ($p \leq 0.01$) and is significant at 0.01 level (1% level of significance). Since the degree of correlation of 0.264 is the least among that of other factors, it shows that social and cultural is the least influencing factor for investors for adoption of online share trading at Yangon Stock Exchange (YSX).

Moreover, it is obvious that there is a very strong positive relationship between perceived advantages and adoption of online share trading ($r = 0.852$, $p \leq 0.01$) and the correlation is significant at 0.01 level (1% level of significance). This means that perceived advantages positively affects the adoption of online share trading at Yangon Stock Exchange (YSX). As the correlation score of 0.852 is the highest amongst that of other factors, it can be said that perceived advantages is the most influencing factor for investors.

Last but not least, it is shown that the correlation between attitude towards adopting and adoption of online share trading is positive and it is strongly correlated as the score is 0.717 ($p \leq 0.01$) and is significant at 0.01 level (1% level of significance). This states that investors are positively influenced by attitude towards adopting and the degree of correlation of 0.717 suggests that it is the second most influencing factor for adoption of online share trading at Yangon Stock Exchange (YSX).

4.6 Effect of Influencing Factors on Adoption of Online Share Trading

After finding out the influencing factors on adoption of online share trading and their correlations, the effect of influencing factors on adoption of online share trading is analyzed by using linear regression in SPSS software. The adoption of online share trading is treated as dependent variable while four influencing factors for adoption of

online share trading are regarded as independent variables in the model. The results are illustrated in the Table (4.8) below.

Table (4.9) Effect of Influencing Factors on Adoption of Online Share Trading

Variables	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
Internet Skills	0.373***	0.097	0.358	3.827	0.000
Social and Cultural	-0.090	0.075	-0.094	-1.202	0.232
Perceived Advantages	0.842***	0.072	0.851	11.679	0.000
Attitude towards Adopting	-0.121	0.092	-0.118	-1.315	0.191
R	.883				
R Square	.779				
Adjusted R Square	.771				
Durbin-Watson	2.218				
F Value	101.289***				

Source: Survey Data, 2019

Notes: *** Significant at 1% level, ** Significant at 5% level, * Significant at 10% level

According to the results shown in above Table (4.9), the specified model could explain to great extent about the variation of the adoption of online share trading at Yangon Stock Exchange (YSX) since the value of R Square is 77.9 percent. 77.1 percent about the variance of dependent variable (adoption of online share trading) with independent variables (internet skills, social and cultural, perceived advantages, attitude towards adopting) can be explained by the model as the Adjusted R Square is .771. The value of F test which is the overall significance of the model is highly significant at 1 percent level. Thus, this specified model is regarded as valid.

Perceived advantages factor variable has highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in perceived advantages

factor leads to more adoption of online share trading at Yangon Stock Exchange. Taking all other independent variables at zero, a rise in perceived advantages factor by 1 unit will also raise the effect on adoption of online share trading by .842 units. Likewise, internet skills factor variable also shows the positive sign and highly significant coefficient value with the adoption of online share trading at error correction level of 99 percent. Therefore, by setting all other independent variables at zero, an increase in internet skills factor by 1 unit will increase the effect on adoption of online share trading by .373 units.

The linear regression between independent variables and dependent variables is measured by correlation coefficient (R). As illustrated in the above-mentioned Table (4.8), R, the correlation between influencing factors and adoption of online share trading, is .883, which lies between 0 and 1. It points out that there is a correlation between the level of adoption of online share trading shown by the respondents and the level of influencing factors. The Durbin-Watson value is 2.218, which is nearly 2 and we can suppose that there is no auto-correlation in the data.

Perceived advantages factor which exhibits the highest value (0.851) of the standardized coefficient (Beta) amongst four explanatory variables signals that perceived advantages factor has the greatest contribution to the effect on adoption of online share trading if the variance explained by other variables is controlled for. The overall evaluation uncovers that the specified model interprets the variation in adoption of online share trading by investors well because the estimation generated expected signs with significant coefficients for certain variables. All in all, the increase of perceived advantages factor and internet skills factor ensues significant and positive effect on the adoption of online share trading.

To summarize, the results can be interpreted that certain factors have significant values and the main determination of adoption of online share trading is the perceived advantages factor. Thereupon, perceived advantages factor of investors has the most influencing effect on the adoption of online share trading at Yangon Stock Exchange (YSX).

Chapter (5)

Conclusion

The study explored the factors influencing adoption of online share trading and analyzed the relationship between those influencing factors and adoption of online share trading at Yangon Stock Exchange (YSX). This conclusion chapter includes three parts; first part is findings and discussion, second part is suggestions and recommendations and the last part is limitations and needs for further research.

5.1 Findings and Discussion

The online share trading system is beneficial to stock exchange, investors and companies to acquire the required information and to know about the status of stock market at any time and it helps investors to save time and it is very transparent in its activities. Furthermore, online share trading enhances the development of capital market and it is considered as a strategic weapon for securities companies. The main objectives of this study are to identify the factors influencing on adoption of online share trading of investors at Yangon Stock Exchange and to analyze the relationship between those influencing factors and adoption of online share trading. The influencing factors emphasized in this study are internet skills, social and cultural, perceived advantages, and attitude towards adopting. To test the results, a structured questionnaire was developed and distributed to 120 random sample investors from 6 securities companies.

From the survey results, it is found out that there are more male investors than female and majority of the investors are middle age people. In addition, most of the respondents are graduates and are mostly freelance or self-employed. The most outstanding monthly income stated by respondents is between 300,000 to 1,000,000 kyats and that amount is also true for their investment amount. Furthermore, most of the investors have 1 to 2 years of experience in stock market and about half of them has over 1 year of online share trading experience. The survey results also depicted that MTSH's shares are the mostly traded shares followed by the shares of FMI on Yangon Stock Exchange.

According to literature presented in chapter 2, it is also clear that people prefer online trading rather than the offline trading because people can see their own portfolio at any time in online trading, where in offline they have to come to the securities companies, people think online is more safe than the offline because only investor can see his/her portfolio nobody else and investor think that online is more cost effective than offline. With the Internet, an investor can find an online company report from the Yangon Stock Exchange website immediately after it is posted. Large financial documents can be downloaded within seconds and can be searched for key words, topics or specific financial statements.

Based on the statistical analysis and the results of the study, it is found that online share trading has an effect on Myanmar stock market. This research revealed that among the factors identified, perceived advantages influence the investors the most to adopt online share trading at Yangon Stock Exchange (YSX). This is followed by internet skills factor and social and cultural factor whereas investors' attitude towards adopting was identified as the least significant of the factors that affect the adoption of online share trading by investors at Yangon Stock Exchange (YSX).

5.2 Suggestions and Recommendations

The results of the present study have implications for the adoption of online share trading at Yangon Stock Exchange. The Securities and Exchange Commission of Myanmar (SECM) granted the approval for online trading to securities companies with the aim of further developing the capital market in Myanmar. The findings from this study can suggest that securities companies can attract their customers to adopt online share trading more by focusing on the most influencing factors, namely perceived advantages and internet skills. Currently, securities companies' efforts on attracting customers for adoption of online share trading is somewhat weak as there are not enough information dissemination, conducting of workshops or seminars and providing informational materials such as online trading manuals. Hence, the securities companies should make their customers vividly see the advantages of using online share trading by giving seminars and workshops altogether with Yangon Stock Exchange (YSX) and Securities and Exchange Commission of Myanmar (SECM).

Moreover, not all investors in our Myanmar capital market are computer literate. Thus, securities companies should conduct small workshops for their customers on how to use the online share trading platforms and how to use the internet accordingly for online share trading. In addition, the online investor basically depends upon the information provided by the securities companies. Securities companies should try to provide simpler information of the stock market trends in their application. The market executives should have knowledge regarding the installation of online application and the benefits of it so that the consumer will get basic idea about trading on internet in the primary stage. Some leaflets and brochures should be developed containing the detailed information of online share trading and circulated to the investors.

Results from this study also have important implications for securities companies which intend to attract potential investors to their online trading channels. By realizing the most influencing factors on adoption of online share trading at Yangon Stock Exchange (YSX) found out in this study, securities companies can tailor their online trading channel designs in order to meet the customer needs and expand their online investor base. In addition, they should make their online trading platforms more user-friendly and easy to use, secure and error-free. For example, considering that convenience drives online share trading, securities companies can design their applications in a way that facilitates the trading processes accordingly. By doing so and following the aforementioned suggestions and recommendations, investors will be better aware of online share trading at Yangon Stock Exchange (YSX) and will invest more via using online share trading platforms of securities companies which in turn could lead to more liquidity and more efficient capital market in Myanmar.

5.3 Limitations and Needs for Further Research

The present study was limited by the size of the sample. The data collected for the study is a small group of respondents with a limited sample size of 120 investors from 6 securities companies. Future studies utilizing larger and more diverse samples are needed. Larger samples would likely yield more stable findings relative to the relationships among adoption of online share trading and other related variables. Another further study worthy of exploration would be the impact of online share trading on customer satisfaction.

Moreover, this study only tried to investigate how influencing factors affect adoption of online share trading at Yangon Stock Exchange (YSX). In this regard, only 4 influencing factors have been highlighted including internet skills, social and cultural, perceived advantages and attitude towards adopting. Further research may expand the current study to include more factors by using theory of planned behavior (TPB) and technology acceptance model (TAM). Last but not least, the present study did not analyze the adoption of online share trading in relation to demographic and investment variables such as gender, education, and years of investment experience. Thus, further studies need to compare multiple demographic and investment variables and the degree to which they are related to adoption of online share trading at Yangon Stock Exchange (YSX).

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APPENDIX

Questionnaire on Factors Influencing Adoption of Online Share Trading at Yangon Stock Exchange

I am a participant of the Master of Banking and Finance (MBF) Program offered by Yangon University of Economics (YUE), conducting survey for the thesis paper titled “Factors Influencing Adoption of Online Share Trading at Yangon Stock Exchange (YSX)”. This is to kindly request you to assist me in the collection of data by filling out the accompanying questionnaire. The information you provide will be used exclusively for academic purposes and does not relate to any other purposes or businesses. Please read each question and kindly respond as indicated below. Thank you for your time and your kind cooperation will be highly appreciated.

Part I. Profile of Respondents

Please tick (✓) one appropriate answer for each of the following questions.

1. Gender

Male

Female

2. Age

Below 21

21 – 30

31 – 40

41 – 50

Above 50

3. Marital Status

Single

Married

Part II. Factors Influencing Adoption of Online Share Trading

With respect to the followings, please tick (✓) the number to indicate the extent to which you agree with the respective statements.

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Internet Skills		1	2	3	4	5
1.	I know using the internet without hesitation.					
2.	I consider myself about good search techniques on the internet.					
3.	I know how to find what I want on the internet.					
4.	I have the knowledge to use online share trading services.					
5.	I have the resources to use online share trading services.					
6.	I have the ability to use online share trading services.					
7.	I find it easy to get online share trading services to do what I want to do.					
Social and Cultural						
Social and Cultural		1	2	3	4	5
1.	Using online share trading services would give me greater social status among my peers.					
2.	I feel comfortable in using online share trading services.					
3.	I am interested to hear about new technology.					
4.	I choose online share trading because of the influence from people around me.					
5.	The development of modern culture makes me willing to use online share trading.					
6.	I find using online share trading services is trendy.					
7.	I need to use online share trading services due to those people who influence my behavior.					

Perceived Advantages		1	2	3	4	5
1.	Using online share trading services would allow me to accomplish more share trading activities more quickly.					
2.	Using online share trading services would give me greater control over financial activities.					
3.	Using online share trading services would allow me to accomplish more share trading activities than would otherwise be possible.					
4.	I think that learning to use online share trading services would be easy.					
5.	I think that interaction with online share trading services does not require a lot of mental effort.					
6.	Online share trading services increases effectiveness of the share trading transactions.					
7.	I can save much of time by using online share trading services.					
Attitude towards Adopting		1	2	3	4	5
1.	Using online share trading in stock trading would be a wise idea.					
2.	I like the idea of using online share trading for stock trading.					
3.	Using online share trading for stock trading would be a pleasant experience.					
4.	I think that buying/selling of shares via online is beneficial to me.					
5.	I would have positive feelings towards buying/selling of shares by using online.					
6.	The thought of buying/selling shares via online is appealing to me.					
7.	I think that using online share trading services is safe.					

Part III. Adoption of Online Share Trading

With respect to the followings, please tick (✓) the number to indicate the extent to which you agree with the respective statements.

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Adoption of Online Share Trading		1	2	3	4	5
1.	I would use online share trading services for my share trading needs.					
2.	Using the online share trading services for handling my share trading transactions is something I would do.					
3.	I would see myself using the online share trading services for handling my share trading transactions.					
4.	I want to carry on the usage of online share trading services in the future.					
5.	I have planned to continue the usage of online share trading frequently.					
6.	It is my wish to adopt online trading in my routine life.					
7.	It is my interest to know more about online trading services.					
8.	If I have access to online share trading I want to use it as much as possible.					
9.	I would like to manage my securities account through my mobile phone.					