

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME**

**FACTORS INFLUENCING INVESTOR DECISION IN YANGON
STOCK EXCHANGE**

**TIN CHO AUNG
MBF (DAY) 1st BATCH**

DECEMBER, 2019

**FACTORS INFLUENCING INVESTOR DECISION IN YANGON
STOCK EXCHANGE**

**A Thesis submitted to the Board of Examiners in partial fulfillment
of the requirements for the degree of Master of Banking and
Finance (MBF)**

Supervised By:

Daw Htay Htay
Associate Professor
Department of Commerce
Yangon University of Economics

Submitted By:

Tin Cho Aung
MBF Day 1 - 76
MBF Day (1st) Batch
Yangon University of Economics

DECEMBER, 2019

ABSTRACT

This study aims to analyze the factors influencing investor decision in Yangon Stock Exchange (YSX), and this study is to identify stock trading process of Yangon Stock Exchange. This study selected the samples of 100 investors of the five listed public companies. The main purposes of the study to the analysis on influencing factors are based on demographic factor, behavior factor and economic factor. The theory is mainly based on modern portfolio theory. For the study, the descriptive research method is applied and secondary data is mainly based on Securities Exchange Laws, Rules and Regulations and Notification Letters from SECM. Primary data used of questionnaires to 100 investors of different listed companies. The study found that investing in stock market is good decision, every investment comes with some level of risk in Myanmar capital market is not too developed. There are stock investors buying and selling of the stocks of the five listed companies. So that, investing in stock market has different influencing factors. It would be suggested that YSX should improve its valuation at public listed companies, need to try to educate the stock investors as stock trading decision as prospect for that is, YSX should more educate investors that investing in stock market is the future financial security.

ACKNOWLEDGEMENTS

First of all, I would like to express and sincere thanks to Professor Dr. Tin Win, Rector, of the Yangon University of Economics, for his kind support and wisdom granted to MBF students. I would also like to thank Professor Dr. Ni Lar Myint Htoo, Pro-Rector, Yangon University of Economics, for their permission for my selection of the thesis title as a partial fulfillment towards the Degree of Master of Development Studies.

I wish to express my sincere gratitude to Professor. Dr. Daw Soe Thu, Programme Director MBF Programme who gives time and patience for kind suggestions, guidelines and comments on the text of this paper.

I am most grateful to my thesis supervisor, Associate Professor. Daw Htay Htay, Department of Commerce, for her excellent guidance, caring, patience and providing me with an excellent atmosphere for doing research. And I wish to thank to all my teachers in the class of Master of Banking and Finance, who have lectured in many subjects with their valuable knowledge, idea, and for their excellent teaching.

Furthermore, I would like to give a special note of thanks to authorities at YSX, for their helps to make survey to their clients and my sincerely gratitude is hereby extended to all who are helping until this thesis is structured.

TABLE OF CONTENTS

		PAGE
ABSTRACT		i
ACKNOWLEDGEMENTS		ii
TABLE OF CONTENTS		iii
LIST OF TABLES		iv
LIST OF FIGURES		v
LIST OF ABBREVIATION		vi
CHAPTER 1	INTRODUCTION	1
	1.1 Rationale of the Study	2
	1.2 Objectives of the Study	4
	1.3 Scope and Method of the Study	4
	1.4 Organization of the Study	4
CHAPTER 2	THEORETICAL BACKGROUND	5
	2.1 Role of Financial Markets	5
	2.2 Capital Market	5
	2.3 Stock Market and Stock Exchange	7
	2.4 Factors influencing Investing in Stocks	12
	2.5 Literatures Reviews	13
	2.6 Conceptual Framework of the study	17
CHAPTER 3	BACKGROUND OF YSX AND TRADING	
	PROCEDURE	19
	3.1 Profile of YSX	19
	3.2 Listing Procedures at YSX	20
	3.3 Listing Criteria at Yangon Stock Exchange	23
	3.4 Trading Procedures	25
	3.5 Trading Volume Status of YSX	27
	3.6 Opportunities of Listing in YSX	27

CHAPTER 4	ANALYSIS ON FACTORS INFLUENCING INVESTOR DECISION IN YSX	29
	4.1 Survey Design	29
	4.2 Demographic Profile of Respondents	30
	4.3 Analysis on Factors influencing investor decision inYangon Stock Exchange	35
	4.4 Relationship of the Influencing Factors and Investors' Decisions	38
CHAPTER 5	CONCLUSIONS	
	5.1 Finding	41
	5.2 Suggestion	42
	5.3 Needs for Further studies	42

REFERENCES

APPENDIXES

LIST OF TABLES

Table No.	Particulars	Page
2.1	Behavioral factors influencing Stock Investing (Stock Trading)	14
4.1	Gender of Respondents	29
4.2	Marital Status of Respondents	30
4.3	Age Level of Respondents	31
4.4	Education Background of Respondents	32
4.5	Position of Respondents	33
4.6	Monthly Incomes of Respondents	33
4.7	Behavior Factor	36
4.8	Economic Factor	36
4.9	Investor Decision	38
4.10	Effect of Influencing Factors and Investment Decision	39

LIST OF FIGURES

Figure No.	Particulars	Page
2.1	Conceptual Framework of Study	17
3.3	Model schedules of Listing Procedures in YSX	20
4.1	Gender of Respondents	29
4.2	Marital Status of Respondents	30
4.3	Age Level of Respondents	31
4.4	Education Background of Respondents	32

LIST OF ABBREVIATIONS

CBM	Central Bank of Myanmar
GDP	Gross Domestic Product
MEB	Myanmar Economic Bank
FMI	First Myanmar Investment Co., Ltd
MTSH	Myanmar ThilawaSEZ Holdings
MCB	Myanmar Citizens Bank
FPB	First Private Bank
TMH	Tah Moe HnyeTelecom Public Company
MIA	Myanmar Industries Association
SEZ	Special Economic Zone
SPSS	Statistical Package for the Social Sciences
YSX	Yangon Stock Exchange Market

CHAPTER I

INTRODUCTION

The economy of the world relies on the stock exchanges to facilitate trade in the stocks of companies by connecting people who seek money with those who can provide it. The stock market allows companies to raise money by offering stock shares and corporate bonds. It lets investors participate in the financial achievements of the companies, making money through dividends. Dividends are cuts of the company's profits. Investment is typically referred by the allocation of savings funds to the available opportunities with an expected higher return in future. Speculators likewise make a benefit by selling acknowledged stocks. This is known as a capital gain. Obviously, the downside is that investors can lose money as well if the share price falls or if the investor must sell the shares at a loss. One of the entire purposes of open trade is to give straightforwardness and chance to all financial specialists. Furthermore, laws and governing bodies, such as the SEC, exist to "level the playing field" for investors.

Capital market is made out of value and long haul obligation instruments of the organizations. Money market represents securities with short-term maturity period that also meet up the working capital requirements of firms. Apart from banking system, financial market is a formal channel of loan able fund in the economy. The capital market becomes important role as intermediate funds between savers and those that need capital. It plays vital roles in mobilizing the saving, diverting them in productive investment. In this way, capital market plays vital roles in allocations of financial resources to the more productive areas which causes increase in productivity and contribute the economic development. It gives a component through which organizations can raise capital for development purposes by selling and giving protections (stocks and bonds). Dudley and Hubbard (2001) exhibit that capital market superior economic performance in five major respects: (1) higher productivity growth, (2) higher real-wage growth, (3) greater employment opportunities, (4) greater macroeconomic stability, and (5) greater homeownership.

Without capital market, individuals may allocate some of their saving to passive investment, such as gold, which cannot be used directly for physical

investment. Savers may hold gold because they are concerned about a future loss of purchasing power. This will have no added value for country economy and no actual growth. Value venture offers a chance to turn into a piece of the organization possession and furthermore gives customary rates of profitability as profit salary or through thankfulness in share cost.

Yangon Stock Exchange is one of the most vital components of a free-market economy in Myanmar. Several reforms take place to have enabling environments for business includes banking and financial sector liberalization and emergence of new capital market again which is Yangon Stock Exchange. Absent and/or under developed capital market discourage foreign investors because of the market are illiquid and trading is expensive it will adversely affect the foreign investment due to difficult rising of local capital. The emergence of capital market could attract more for the foreign investment and better source of capital for local corporations.

Speculation choices made today regularly are basic for money related security in later life, because of the potential for huge monetary misfortune and the significant expenses of overhauling or recouping from a wrongful investment decision. First Myanmar Investment Co., Ltd. ("FMI") started exchanging its offers on the Yangon Stock Trade (YSX) at the opening of the market. Myanmar Thilawa SEZ Holdings (MTSH) and Myanmar Citizens Bank (MCB), First Private Bank (FPB), and TMH Telecom Public Company are also listed on the Yangon Stock Exchange after FMI. There is a record of different organizations set to be recorded at a future date. The study on the factors influencing investors' decision will be a useful effort in an area of research in Myanmar Capital Market.

1.1 Rationale of the Study

This study purposes to get into a serious analysis about the main features influencing investment manners, and ways these features effect on trading-decision making process among people of different age groups, educational background and occupation. Stock market is a significant part of the economy of a country. The stock market plays a play a pivotal role in the growth of the industry and business of the country that finally affects the economy of the country to a great extent. That is reason that the government, industry and even the central banks of the country keep a close

watch on the actions of the stock market. The stock market is significant from both the industry's point of view as well as the investor's point of view.

Whenever a company want to increase funds for additional growth or settling up a new business undertaking, they have to either take a loan from a financial institution or they have to issue shares through the stock market. To issue shares for the investors to invest in the stocks a company needs to get listed to a stock exchange and through the primary market of the stock exchange they can trade the shares and get the funds for business requirements. Stock market becomes a center for buying and selling issued securities and thus its typical role is raising of funds for investment in long term assets to the investing public and the other role are mobilizing savings for investment, redistribution of wealth, creating investment opportunities for small investors.

Now in Myanmar, until recently Asia's last economic frontier, is beginning to face the world and come out of its decades-old international isolation. The development of stock market in Myanmar faced with both challenges and difficulties. Most of the investors in Myanmar do not have the sufficient knowledge of basic economic concepts required to make investment decisions. The country's lack of infrastructure, such as- technology, communications, building, the limited pool of skilled financial professionals and the general financial illiteracy among most Myanmar citizens. There is a need to conduct research on factors, other than knowledge, that could influence investment decisions.

Every investment comes with some level of risk (Francis, 1991). Investors react differently to risks; a level of risk tolerable to one investor may be intolerable to another (Cheney and Moses, 1999). This risk level may make investors behave irrational at times. Investor risk aversion may either come in the form of loss aversion or regret aversion. The simple objective of a rational investor is to minimize risk and maximize return from his investment. There is require to conduct research on factors, other than knowledge, that could influence investment decisions.

1.2 Objectives of the Study

In this study, it includes two main objectives:

- (1) To identify stock trading process of Yangon Stock Exchange and
- (2) To analyze the factors influencing investor decision in Yangon Stock Exchange.

1.3 Scope and Method of the Study

The study intends to analyze the factors influencing investors' decision on purchasing stock in Myanmar Capital Market. At present, there are five listed public companies in Myanmar Capital Market or YSX (Yangon Stock Exchange).

The descriptive method with data analysis was mainly used in this study. The data for collected the use of primary and secondary data. For collecting the Primary data, questionnaires to 100 investors of five listed companies by using random sampling method. The study of the influencing factors is mainly based on the demographic factor, behavior, and economic factor. Secondary Data are mainly based on Securities Exchange Laws, Rules and Regulations and Notification Letters from SECM. Securities companies, random sampling method used in the study. Survey made during the month of May 2019.

1.4 Organization of the Study

There are totally five chapters in this study. Chapter 1 is the introduction of the paper. It includes the rationale of study; objective of the study; methods and scope of the study and organization of the study. Chapter 2 theoretical background of Capital Market. Chapter 3 the stock trading process in Yangon stock Exchange. Chapter 4 analysis the factors influencing investor decision in Yangon Stock Exchange. Chapter 5 concludes the study with finding, suggestion and need for future study.

CHAPTER II

THEORETICAL BACKGROUND

In this chapter, it presents the role of Financial Markets, Capital Market, Stock Market and Stock Exchange Market and the literature review on the influence of the factors to the Investor Decision as follows.

2.1 Role of Financial Markets

Financial markets have multiple roles in the economy. Major role takes part the raising of capital for business and thus it is the common form of financial raising. Abhinav Commerce and Management journal expresses that, in the financial market, individual people and firm trade financial securities and derivatives at low transaction costs (reloaded at 2018). This may include the following: All Management Articles stated that businesses are requiring two types of capital namely, fixed capital and working capital. Fixed capitals are relating to the investments in all fixed assets aiming for long term purpose used, for examples, buildings, land, plant, and machinery, on the other hands, working capital means that the investments which are spending in the day-to-day operation of business. It is including for purchasing raw materials and converting them into finished products.

There are many ways to increase venture capitals. This fixed capital can be raised through capital market by the issue of debentures and shares. Open and other money related organizations put resources into them so as to get a decent come back with limited dangers. For working capital, there has money market, where short-term loans could be raised by the businessmen through the issue of various credit instruments such as bills, promissory notes, etc. Remote trade advertise empowers exporters and shippers to get and raise assets for settling exchanges. It likewise empowers banks to acquire from and loan to various kinds of clients in different outside monetary forms.

2.2 Capital Market

In the Arch developer website, "Capital Markets" is defined as to activities that gather funds from some entities and make them available to other entities needing funds. Arch developer website further explained the core function of such a market as

to improve the efficiency of transactions so that each individual entity doesn't need to do search and analysis, create legal agreements, and complete funds transfer. That is, companies and individuals who want to grow in tandem use this platform where public and private sectors often sell their stakes to raise fund in order to feed their projects in hand.

Capital markets consist of suppliers and users of funds (Quzaima Akmar, 2018) also explained suppliers of funds is containing households and institutions serving them, such as pension funds; life insurance companies, organizations; beneficent establishments, for example, universities, medical clinics, and strict foundations; and nonfinancial organizations creating money past their requirements for venture. Users of funds include home and motor vehicle purchasers; nonfinancial companies; and governments financing infrastructure investment and operating expenses. Capital market has been split into two categories: primary market and secondary market.

2.2.1 Primary Market

Primary markets, where new equity stock called as IPOs (Initial Public Offerings) are made in primary market. An initial public offering (IPO) refers to the first time and bond issues are sold to investors, and secondary markets, which trade existing securities. In the context of corporate finance, the term refers to venues for obtaining investable capital for nonfinancial companies. Here, "investable capital" includes the external funds included in a weighted average cost of capital calculation common and preferred equity, public bonds, and private debt that are also used in a return on invested capital calculation. In an increasingly constrained corporate money setting, it alludes to just value subsidizing, barring obligation.

2.2.2 Secondary Market

Sometimes referred as aftermarket. It is a money related market where the recently given stocks, securities, and prospects to give some examples are purchased and sold. At the point when an organization wishes to raise capital by giving protections, it goes out to the essential market and raises subsidize by giving money related protections. The optional market comprises of stock trade where genuine exchanging happens.

With regards to open markets worked by a controlled trade, "capital markets" can allude to value advertises rather than obligation/security/fixed salary, cash, subordinates, and items markets. Reflecting the corporate account setting, "capital markets" can likewise mean value and obligation/security/fixed salary markets.

2.2.3 Investors in Capital Market

In a money related administrations industry setting, it alludes to monetary organizations included essentially in private markets, instead of open ones. In this sense, through comparison to broker dealers and stock markets, it applies to investment banks, private equity and venture capital firms. (In this case, capital markets are considered primary debt and equity offerings (initial public offering) underpinned by investment banks. This contrasts with the time after the initial public offering when the offering is publicly trading on exchanges in a secondary market. In the U.S., the primary regulator for an exchange is the Securities and Exchange Commission (SEC). This industry setting is frequently implied when "capital markets" are appeared differently in relation to "money related markets".

Khan, F (2015) had explained the association of some personal characteristics of a group of investors and a group of investment advisors, and the degree of risk attributed by them to various types of financial investments through Falk and Matulich study in 1976.

2.3 Stock Market and Stock Exchange

Stock market is a term used to describe the physical location in which shares are bought and sold, as well as the overall market activity within a given country. The stock market is also the place to buy and sell shares. Stock market is also the place where shares are bought and sold. People need stock market because of the share market where large number of buyer and sellers can get at one place. The financial exchange is where organizations look for speculation and speculators purchase and sell partakes in those organizations in order to make cash.

The stock exchanges where the stocks are listed and traded are the entities specialized in the business of bringing buyers and sellers of stocks and securities. The buyers and sellers of stocks are none other than the participants of the stock market. They range from small individual stock investors to large hedge fund traders who may

be situated anywhere in the world. Their business is said to be accomplished when a professional at a stock exchange executes an order for such business. Study the history and evolution of stock exchange, the first, it should know what are:

(a) **Stock Markets:** Stock Market is a market where the trading of company stock, both listed securities and unlisted takes place. It is different from stock exchange because it includes all the national stock exchanges of the country. For example, businesses use the term, "the stock market was up today" or "the stock market bubble."

(b) **Stock Exchanges:** Stock Exchanges are an organized marketplace, either corporation or mutual organization, where members of the organization gather to trade company stocks or other securities. The members may act either as agents for their customers, or as principals for their own accounts. Stock exchanges also facilitates for the issue and redemption of securities and other financial instruments including the payment of income and dividends. The record keeping is central but trade is linked to such physical place because modern markets are computerized. The trade on an exchange is only by members and stock broker do have a seat on the exchange.

2.3.1 Evolution of Stock Market

The size of world stock market grew steadily in the 1970s and 1980s and crossed the \$12 trillion figure in 1993. The share of the US market decreased tremendously from more than 50% to less than 35%. In recent years, the importance of Asia has grown dramatically and its share in the world market has multiplied three times. During 1980s, the stock markets emerged rapidly in the developing countries. In Africa, stock markets opened in Egypt, Morocco and Ivory Coast, but with limited growth. The growth has been faster in Latin America, especially in Brazil and Mexico. However, most dynamic growth was experienced in Asia, particularly in India, Indonesia, Malaysia, Thailand, Korea and Taiwan. Most of these markets are closed to foreign investors, but after 1994 these markets have progressively opened to the international investors.(Tynyshtykova, Z, 2016).

Due to a wave of liberalization, Eastern European countries like Hungary and Poland opened their markets in the early 1990s to attract foreign investment. The New York Stock exchange is in the top position, in terms of transaction volume followed

by the Tokyo Stock Exchange and London Stock Exchange. However, depending on the market activity, turnover on major stock exchanges can vary widely from one year to the next. Therefore, comparison of national market liquidity based on this variable could lead to different conclusions if different years were observed.

2.3.2 The Role of Stock Exchange

A stock exchange allows companies to raise funds by providing them with access to a pool of private and institutional investors. The role of an exchange is (a) Bring companies and investors together (b) Enable issuers and companies to raise new capital (c) Facilitate the process of investors subscribing in shares(securities) (d) Provide capital to companies and investors.(e) Facilitates trading in securities after the IPO buying and selling of securities between investors (f) Organises and oversees a fair and efficient market (g) Ensures an efficient price discovery process (the process of determining the price of the securities in the market place) (h) Provides timely and accurate trading and company disclosure information to inform private investor trading.

2.3.3 Consumer Behavior

Armstrong and Kotler (2008) had defined consumer behavior as a process of buying that starts in the mind of the consumers which leads to find alternatives between products that can be acquired with their relative advantages and disadvantages. It is the decision of the consumers how to spend their available resources i.e. time, money and effort on consumption-related items that includes what, why, when, where, how often they buy, use, evaluate, dispose off after the purchase, impact of such evaluations on future purchases.

Juneja (2019) defines consumer behavior as its relationship to the various stages at which a consumer goes through before purchasing products or services for his end use. Imagine that why individual buys a product. At which their reasons would be their need, current social status, and purpose for gifting to someone. Kotler (2008) defined consumer behavior which dealing with the buying behavior of individuals. According to Belch and Belch (2004), whenever need arises; a consumer searches for several information which would help him in his purchase. Following are the sources of information: personal sources, commercial sources, public sources, and

personal experience itself. Perception also plays an important role in influencing the buying decision of consumers. Buying decisions of consumers also depend on the following factors:

- a) Messages, advertisements, promotional materials, a consumer goes through also called selective exposure.
- b) Not all promotional materials and advertisements excite a consumer. A consumer does not pay attention to everything he sees. Consumer is interested in only what he wants to see. Such behavior is called selective attention.
- c) Consumer interpretation refers to how an individual perceives a particular message.
- d) A consumer would certainly buy something which appeals him the most. He would remember the most relevant and meaningful message also called as selective retention. He would obviously not remember something which has nothing to do with his need.

2.3.4 Investment Decision

The money people earn is partly spent and the rest saved for meeting future expenses. Instead of keeping the savings idle you may like to use savings in order to get return on it in the future. This is called Investment. One needs to invest to earn return on idle resources, to generate a specified sum of money for a specific goal in life, and to make a provision for an uncertain future. The sooner one starts investing the better. By investing early investors allow the investments more time to grow, increases your income, by accumulating the principal and the interest or dividend earned on it, year after year. Investing in the stock market can prove both profitable as well as non-profitable for you. Never know when they are going to earn huge income or incur huge losses investments in the stock market. So, it is very important to understand the different functions of the stock market. Investors should be able to get all the information and also how different concepts of the stock market like stock tables, charts...etc functions in the economy. Unless investors know all the functioning of the stock market, investors would not be able to make good income from the investments that have made in the stock market. Investor should be able to know the advantages as well as disadvantages of Investors investing in the stock market. This is investment decision is important in stock market. Investors can always

get good profits if investors are able to take the right decision. Investors might have to lose some of money invested in the stocks but this should not let investors' confidence go down. Investors have to find out the causes that lose money in the market. Research is very important for people who wish to get good profits from the market. Unless investors are able to research and get the right time to invest in the market, investors can never get good profits from the market. Investors will find many investors who are very impatient and they do not like to wait any longer to invest their money. This is very wrong and has an adverse effect on the investments that investors have made. So investors need to be very patient when it comes to investing their own hard earned money in the stock market. Investors should only invest their money in those stocks where investors are sure that they would reap great benefits from the market. Investors should however make a good research of the market as well. It is very important that investors get some tips on how to make profits in the stock market. If they are very impatient then it is time to change their behavior because sometimes behavior has an adverse effect on the stock market. There are also some people who do not have any good knowledge of the market and they tend to invest their money due to being influenced by their friends. So in this case they find that they have lost all their money invested in the stocks.

If possible investors should always try to know the past performances of the different stocks so that they can have a good look at it. But they would not be able to get accurate idea whether the particular stock would really bring good profits. Stock market is unpredictable and the stocks which are showing good performances today might not be the same tomorrow. Investors can visit different websites where they would be able to get some useful share tips. These tips really help you in getting good profits from the market. There are some experts who try to predict the market with the help of technical and fundamental analysis but they do are not always able to predict the market correctly. So if they thought that stock market is predictable then need to change their mind.

Investors need to decide which type of investment would be best for them. Investors can choose from the short term or long term investments according to their requirements. Investors can also opt for day trading in case they look forward to get short term investments for them. But in this case investors should have a good study of this type of trading. Every step that they take in the market is very important and so

they need to take careful steps in order to remain on a safer side. Thus they have come to know why investment decision is important in stock market.

2.4 Factors influencing Investment in Stocks

A number of theories have been developed to explain how and why people make decisions when they spend, invest, save and borrow money (Belsky and Gilovich, 1999) and the factors that influence shares investment decision making. Extensive reviews of the main theories range from theory of Risk tolerance by investors (Bernheim et al., 2001), theory of Efficient market hypothesis (Fama, 1965, 1970; Fama and French, 1993, 1996), and modern portfolio theory (Markowitz, 1952; Lintner, 1965; Sharpe, 1964; Tobin, 1958). Sevil, Sen, and Yalama (2007) aimed at understanding the decision processes of small investors trading in Istanbul stock exchange and found that investors are not completely rational as perceived by traditional finance theories.

Stock Investing can be grouped into three. As the pace of development in a country needs continuing speed, access to more capital has become paramount. This has partly led to the emergence of several stock exchanges on the continent. Prior to 1989, there were only six (6) stock exchanges in Africa. However, as at 2010 there were 19 African stock exchanges (Agyemang, 2010). To all intents and purposes, stock exchanges are created as a way of providing a platform for listed businesses to raise capital from investors, in return for part ownership in the listed entity. Investors make money from their invested capital either through dividends or capital gains. The securities traded may be in the form of shares, bonds and the like.

Stock investing or selection of stocks is a function of both subjective and objective variables (Virlics, 2013). Making decisions as to which stock to select does not come easy to investors (Kengatharan & Kengatharan, 2014), possibly due to risk reward considerations. Stock investing driven by investor decisions is very important in that it shapes how the market trends, which in turn influences the health of a country's economy (Kengatharan & Kengatharan, 2014). After all, the stocks represent businesses and the business employs the citizens of the country and so if a stock is doing well because investors have chosen to purchase it, it would impact on the economy positively. According to Kengatharan & Kengatharan (2014), "the stock

market constitutes a gauge of the health of a nation's economy. In this sense, a gauge of Ghana's economic health is its stock exchange, the Ghana Stock Exchange (GSE).

There are a myriad of factors that influence selection of stocks by investors. It has to be said that the factors which determine stock investing amongst investors are likely to vary from country to country and from stock exchanges to stock exchanges. This may be possibly because of the heterogeneity of investors (Gunathilaka, 2014) as well as the environment.

A working knowledge of these stock investing factors is the secret to stock investing. For example, whilst dividend payout is significantly important to investors on the Nairobi Stock Exchange in decision making, it is not, as far as investors on the Colombo Stock Exchange, Sri Lanka, are concerned (Gunathilaka, 2014; Agongo & Mutswenje, 2014). For the purpose of this discourse, stock investing factors shall be broadly grouped into three: demographic, behavioral, macroeconomic/political factors (Thaler, 2003; Kengatharan & Kengatharan, 2014; Ritter, 2003).

2.5 Literature Review

The review of the literature is described the theoretical foundation for the study of investor decision in Yangon Stock Exchange and survey of previous studies on influencing factors of Demographic Factor, Behavior Factor, Economic Factor. Demographic Factor is the study of the population base on factor such as Gender, Marital status, Age, Education, Monthly Income and Share Investment. Behavior factor refer to stock price changes, volume of stock to trade of other investors, by watching recent advertising and promotion, sale person explanation, prospective for profit, market information and future financial status. The economic factor is base on industrial growth rate, market share of the company, financial ration (P/E ratio), Business growth in the recent two years, stock marketability, strong financial statement and bonus in the recent year. There are previous extensive studies about the topic of the influential the factors which are considered investor investment decision, are described as below studies.

Demographic Factors

Demographic factors such as age, gender, marital status and income and educational levels may significantly influence investor stock investing (Hossain &

Nasrin, 2012). Age and gender are probably amongst the most common demographic factors that may directly or indirectly influence stock selection. According to Bashir et al. (2013), age and gender affect investment behaviours which in turn affect stock trading decisions (Bashir et al., 2013). Younger people are more likely to take greater risks than older people and also men tend to take more risks in stock investing or stock trading than females. According to Barber and Odean (2001), males invest more than females; also, males invest more aggressively than females.

Behavioral Factors

From psychological aspects of human being, it is observed that people are not always rational and their decisions are not always objective. Technically financial metrics like P/E ratio, EAT, Dividend payout ratio, etc. should be the basis of investment decisions, but such is not the case most of the times, because the prices of indices are also governed by various aspects and factors of human mindset expectations, sentiments and excitement to name a few. Traditionally, it is thought that investors are rational and so would naturally make rational decisions conforming stock investing decisions to “basic financial rules based on their investment strategies and risk-return consideration” (Dunusinghe & Ranasinghe, 2015: 1) as per the views of traditional finance theories such as Capital Asset Pricing Model (CAPM), Efficient Market Hypothesis (EMH), and Modern Portfolio theories. However, a number of studies indicate that the behavior of market participants and their psychology at any point in time may influence their decision to either select a stock or not (Hodge, 2003). Kengatharan & Kengatharan (2014) propose that there are four subcategories under behavioral factors: Herding, Heuristics, Prospect and Market factors.

Table 2.1: Behavioral factors influencing Stock Investing (Stock Trading)

Behavioral Sub-factor	Behavioral variables
Heuristics	Representativeness, overconfidence, anchoring, gambler's fallacy, availability bias
Prospect	Loss aversion, regret aversion, mental accounting
Market	Price changes, market information, past trends of stocks, fundamentals of underlying stocks, customer preference, over-reaction to price changes
Herding Effect	Buying and selling decisions of other investors, choice of stock to trade of other investors, volume of stock to trade of other investors, speed of herding

Source: Kengatharan & Kengatharan (2014)

By the Table (2.3), prospect occurs when an investor makes a subjective decision on the basis of his own value system; herding effect in finance is seen as the propensity of investors' to buy or sell a stock on the basis of what others are doing. In a complex and uncertain environment like the stock market, certain guidelines can be put together to form the basis for easier decision making on stock investing or stock trading or to serve as a tool for predicting market trend (Kahneman & Tversky, 1974; Ritter, 2003). These guidelines or "rules of thumb" constitute heuristics. The table below provides insight into variables that make up each sub-factor:

Kengatharan and Kengatharan (2014) found in their study that herding, heuristics, prospect and market sub factors respectively accounted for 15.2 %, 13.3 %, 7.8 % and 6.0 % of stock investing decisions by investors. From their results, it appears that behavioral influence on investors towards stock investing is most accounted for by the herding dimension, followed by heuristics.

Not all the behavioral variables in Table 2.3 were found to be significant. For instance, of all the behavioral variables for heuristics only overconfidence and anchoring was found to be significant. Overconfidence was found to have a negative significant impact on investment performance, whereas anchoring registered a positive significant impact on investment performance.

In another study, it was observed that how investors perceived the worth of the firm was found to be the most important factor in influencing selection of stock in

Colombo Stock Exchange (CSE), Sri Lanka (Gunathilaka, 2014). Other selection factors found to be of import on the same exchange were risk, historical prices and accounting information.

Jagongo & Mutswenje (2014) working on factors that influence stock investing or stock trading by investors on the Nairobi stock exchange observed some of the most important factors to be: reputation of the firm, firm's status in industry, expected corporate earnings, past performance of firm's stock, price per share, sentiment on the economy and expected dividends.

Political factors such as General Elections, tax increments, adherence to democratic principles and foreign political news may influence an investor's decision to purchase or not to purchase a stock. For example, in Iran, political factors are given the most consideration before stocks are selected (Yahyazadehfar, Zali, & Shababi, 2011). They report that on the Tehran Stock Exchange, political factors accounted for 79 % of stock trading decisions by investors; whilst, economic factors accounted for 47 % of the variation in investor decision.

1) Economic Factor

Economics is of particular interest to those interested in epistemology and philosophy of science both because of its detailed peculiarities and because it possesses many of the overt features of the natural sciences, while its object consists of social phenomena. Economics is, after all, concerned with aspects of the production, exchange, distribution, and consumption of commodities.

Philosophy of economics, studies topics such as rational choice, the appraisal of economic outcomes, institutions and processes, and the ontology of economic phenomena and the possibilities of acquiring knowledge of them. It consists of inquiries concerning (a) rational choice, (b) the appraisal of economic outcomes, institutions and processes, and (c) the ontology of economic phenomena and the possibilities of acquiring knowledge of them. Although these inquiries overlap in many ways, it is useful to divide philosophy of economics in this way into three subject matters which can be regarded respectively as branches of action theory, ethics (or normative social and political philosophy), and philosophy of science. Economic theories of rationality, welfare, and social choice defend substantive philosophical theses often informed by relevant philosophical literature and of evident

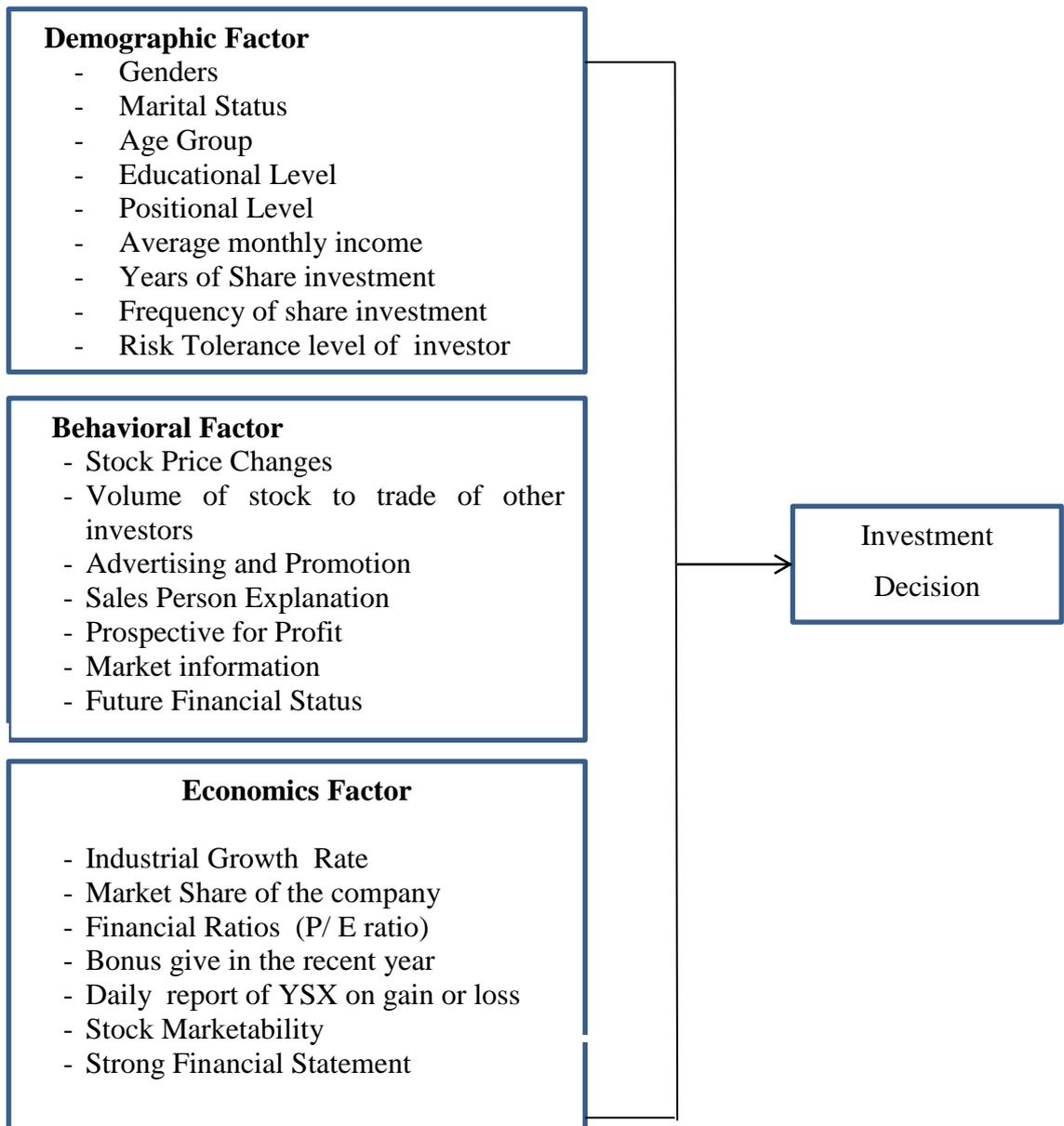
interest to those interested in action theory, philosophical psychology, and social and political philosophy.

The tremendous importance of macroeconomics in determining the proper responses to the great recession beginning in 2008, coupled with the rapidly increasing role of empirical and experimental inquiries in the day-to-day work of economists have seen echoes in methodological inquiries (Backhouse 2010). Findings from a study by Aizenman and Marion (1995) found that macroeconomic variables (terms of trade, inflation, real exchange rate) negatively correlated with investment by investors. This means that as macroeconomic variables such as inflation and real exchange rate increases, investment or stock trading diminishes. Thus, there are the influence of the economic factor to the investor decision.

2.6 Conceptual Framework of the Study

Based on the previous literature literatures, a conceptual framework was developed. In this framework, independent variables are demographic factor (age, income, education, and position), individual behavior factor (believe on worth of firm, heuristics, prospect, market, herding effect), and economic factor (government, industrial, market share, etc.) which are the major determinants on the dependent factor (Investment decision) and then to intention to invest at YSX.

Figure 2.1 Conceptual Framework of the study



Source: Based On Waweru (2008) Model & Kengatharan (2014)

CHAPTER III

BACKGROUND OF YSX AND TRADING PROCEDURE

In this chapter, it explores the formation of Yangon Stock Exchange Market. Later in this section, it is followed by listing procedures at YSX, and its trading history, which are stated as follows.

3.1 Profile of YSX (Yangon Stock Exchange)

During the 1996, Myanma Economic Bank and Daiwa Institute of Research Ltd. (DIR) formed the Myanmar Securities Exchange Centre Co., Ltd. (MSEC) with the final goal of establishing a stock exchange. At May, 2012, the Central Bank of Myanmar (CBM), under the Ministry of Finance and Revenue (MOFR), Daiwa Institute of Research Ltd. (DIR) and Japan Exchange Group, Inc. (JPX) signed an MOU to develop human resources and provide technical assistance for the development of financial and capital market in Myanmar.

Formation of YSX (Yangon Stock Exchange) can be grouped into three major pillars. They are: Legal Frame-work & Regulation, Infrastructure (Building & ICT), and Stock Exchange Market Players. At that time, the security and exchange law was enacted and the Securities and Exchange Commission of Myanmar (SECM) was formed under MOF for operating its stock exchange function after receiving permission of foreign investment from the Myanmar Investment Committee (MIC) during the year 2014. Myanma Economic Bank, DIR and JPX entered into a Joint-Venture Agreement of YSX. Yet, they cannot operate the Securities buying and selling activities.

Yangon Stock Exchange selected Kanbawza Bank Ltd. (KBZ Bank) as a fund settlement bank for cash settlement on stock trading at Yangon Stock Exchange and. After fulfilling requirements of laws and regulations, and underwriter banks, Yangon Stock Exchange made an announcement of its listing criteria for participating as public company as stock trading at Yangon Stock Exchange and held the Grand Opening Ceremony on 9th December 2015.

Yangon Stock Exchange made a listing approval to the First Myanmar Investment Co.;Ltd. (FMI) and granted trading qualification to five securities

companies. YSX started the first trading and FMI listed on Yangon Stock Exchange on 25th March. Yangon Stock Exchange makes an announcement of publishing new stock index named MYANPIX (Myanmar Stock Price Index) on 20th May.

Myanmar Thilawa SEZ Holdings Public Ltd. (MTSH) listed on Yangon Stock Exchange on 20th May. Myanmar Citizens Bank Ltd. (MCB) listed on Yangon Stock Exchange on 26th August. First Private Bank Ltd. (FPB) listed on Yangon Stock Exchange on 20th January 2017. Yangon Stock Exchange granted trading qualification to AIS on the same day.

There are five Public Listed Companies in Yangon Stock Exchange. They are First Myanmar Investment Public Co., Ltd.(FMI), Myanmar Thilawa SEZ Holdings Public Ltd.(MTSH), Myanmar Citizens Bank Ltd.(MCB), First Private Bank Ltd.(FPB), and TMH Telecom Public Co;Ltd.(TMH).

Six securities companies, named below, intend to operate as underwriters for the new Yangon Stock Exchange which is due to open on December 9, 2015.

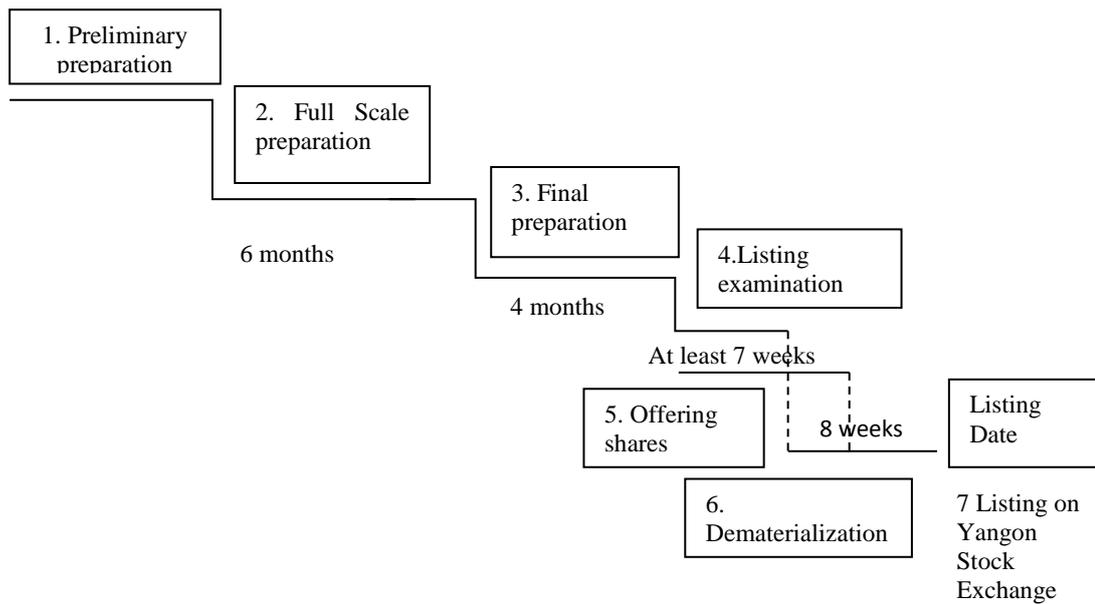
- 1) AYA Bank's wholly owned subsidiary, AYA Trust Securities Company
- 2) Co-operative Bank's wholly owned subsidiary CB Bank Securities
- 3) Daiwa Securities and state-owned Myanma Economic Bank's joint venture subsidiary, Myanmar Securities Exchange Centre
- 4) KBZ Group and Singaporean firm Stirling Coleman Capital's joint venture company KBZ Stirling Coleman Securities
- 5) Loi Hein Company and Thai firm KT ZMICO's joint venture subsidiary KTZ Ruby Hill Securities
- 6) United Amara Bank's wholly owned subsidiary Amara Securities

Of these companies, only three ; AYA Trust, KBZ Stirling Coleman Securities and CB Bank Securities - have so far registered with DICA, according to the regulator's website. The (6) underwriters, as well as brokers, dealers and advisors who will also play an important role.

3.2 Listing Procedures at Yangon Stock Exchange

Listing on YSX takes a 7-step from advance preparation to listing date and the process takes approximately 1year and 6 months from Full-scale preparation (2nd step).

Figure (3.3) Model schedules of Listing Procedures in Yangon Stock Exchange



Source: Yangon Stock Exchange Website, 2019

1) Preliminary preparation stage

It takes until more than 12 months prior to the listing date. In this stage, it has to be undertaken 3 activities. The first is the appointment of internal teams (an applicant company establishes internal teams to manage listing preparation), appointment of experts (select underwriter to coordinate whole IPO process and underwrite offering shares, accounting consultant to support preparing financial disclosure documents, independent auditor to audit financial disclosure documents, and public and investor relation advisor to build a strategy and guide communications with stakeholders). Fundamental preparation activity is to develop robust financial and business plan, to adopt leading practice of corporate governance and reporting process, to establish financial reporting procedure and to begin preparation of historical financial information, to review and implement compliance control system, and to consider and restructure the ownership structure.

2) Full-scale preparation (6 months)

Documentation is prepared to finalize summing up historical financial information, to commence due diligence by a lead underwriter and to prepare prospectus for public offering or disclosure document for listing (DDL). The next step

is company restructuring which is aimed to start to commence planned financial and business plan, to make necessary restructuring of management structure and to implement financial reporting procedure.

3) Final preparation (4 months)

The third stage is final preparation which includes preparation for listing examination aiming to start financial and legal due diligence and to complete drafting the prospectus or DDL and listing application documents. It also has to prepare for offering shares. That is to prepare road show presentations for targeted potential investors.

4) Listing examination (at least 7 weeks)

Forth stage is listing examination which includes listing application and listing examination. Applicant company prepares all listing application documents and submits to Yangon Stock Exchange. The listing examination takes at least 7 weeks, in general but the schedule may be extended depending on the company's situation. Listing examination is conducted through reviewing applied documents, interviewing with staff, Auditor and company's management and field examination as necessary. Yangon Stock Exchange judges listing eligibility of a company in terms of meeting the listing criteria such as business and financial soundness, corporate governance and internal management system.

5) Offering shares (8 weeks)

Procedure of offering shares are as follows.

- (a) To lodge prospectus with SECM and to receive an approval of offering shares.
- (b) To offer shares to existing shareholders (rights offering) and general public (public offering) with providing prospectus through underwriter securities companies. Multiple securities companies make up a syndicate group for offering as usual.

6) Dematerialization of issued shares (8 weeks)

Procedure preparation: An applicant company and securities company make necessary arrangements of confirming procedure of dematerialization of the company's shares.

Opening securities account: Existing shareholders of an applicant company make registration of shares into a securities account in a securities company having trading qualification. An applicant company, through securities companies, collects share certificates of existing shareholders who make registration of his/her owning shares into a securities account.

Data verification: Applicant company and security company conduct data verification between the company's the latest shareholders list and shareholders data registered in ICT system of securities companies.

Making a special account shareholders list: An applicant company makes a special account shareholders list for shareholders who haven't opened a securities account made registration of owning shares by closing date set by the company.

7) **Approval**

Finally, an applicant company gets list on Yangon Stock Exchange on the listing date.

3.3 **Listing Criteria at Yangon Stock Exchange**

As shown in the Government official web page namely <https://ysx-mm.com/>, Yangon Stock Exchange (YSX) hereby issues the following Criteria for a Public Company to list on Yangon Stock Exchange in accordance with the Article 41- (b) of Myanmar Securities and Exchange Law.

1. It shall be a registered company limited by shares in accord with the Myanmar Companies Act, conducting the business in line with the public company's features and procedures.
2. It shall have at least 100 shareholders and above.
3. Paid-up capital shall be the minimum of kyat 500 million on the date of application.
4. It shall have the profit at least 2 years during the period of before the date of application.
5. The business shall have the stable basic income and conduct in accordance with the existing laws.
6. The Board of Directors and the heads of the company shall be in good character and have had not been having any punishment by a court, in addition, have not

been facing any lawsuits. They shall perform their duties and responsibilities with well-prepared, in good-faith and fairly in line with the laws.

7. The Board of Directors and the heads of the company shall not act any deceptive manners by the public for the interest of the company and self-interest.
8. Each Director of the public company shall not do any business which has the same interest carrying out by the public company, except with the approval of Shareholder meeting.
9. The company, the Board of Directors and the heads of such company shall not be included in the black list of any public and government organizations.
10. Book-keeping of accounts and auditing of the company shall be undertaken in accordance with the Myanmar Accounting Standards and Myanmar Standards on Auditing.
11. The company shall fulfill tax duties in accordance with existing tax laws of Myanmar.
12. The disclosure of relevant corporate information and the facts that the public should be known, shall be disclosed and submitted to the Securities Exchange Commission of Myanmar and Yangon Stock Exchange, besides it shall be disclosed and announced to the public by means of easy understandable and best suitable ways in timely manner. For disclosure of corporate information, it shall prescribe especially and precisely on the matters which have a considerable impact on investment decisions of the investors, such as the risk factors for the potential loss and the basic potential business activities.
13. It shall set up an effective system to comply with laws, rules and regulations by appointing the compliance officer.
14. It shall have business plan containing business design, business process environment and the risk factors.
15. It shall set up a system to prevent the insider trading.
16. It shall continuously operate and manage stably without any influence by keeping soundness of good corporate governance, internal management and internal control system.
17. It shall have rational expectation to get a profit base upon stable revenue.

The criteria above are minimum standards to be referred as a general guideline for public companies. Yangon Stock Exchange will grant listing permission only after YSX receives listing application submitted by a public company and Yangon Stock Exchange confirms the company's eligibility of listing in term of protecting interests of general public through conducting examination.

3.4 Trading Procedures

Yangon Stock Exchange, as a stock exchange, is a venue to provide opportunities to investors to buy or sell listed company's shares. Investors have to send their buying or selling orders to Yangon Stock Exchange through securities companies having securities license issued by SECM as well as trading qualification provided by Yangon Stock Exchange. Choosing a securities company, having securities license and trading qualification, for opening a securities account. Investors to be able to open securities accounts with several securities companies. Opening a bank account with banks designated by a chosen securities company if an investor hasn't opened the bank's account. Depositing or transferring cash to his/her bank account and customer's bank account of a securities company. Entering into an agreement on a securities account opening with chosen securities company and opening an account. To decide, sometimes with receiving investment advice from securities companies, which stocks, how match price, how many shares and what timing an investor places buy/sell order, through a securities company, on YSX.

The final investment decision should be done by an investor and the investor has responsibility for the decision of stock trading and order placement by himself/herself. A market order is an order placed without specifying the buying or selling price. Even though a market order has price priority than other limit orders and is likely to be executed, the order has risk which an investor may buy or sell shares at his/her unexpected higher or lower matching price. A limit order is an order placed by specifying the price at which the trader seeks to buy or sell shares. Even though an investor placing a limit order can avoid risk of buying/selling shares at unexpected price, an investor cannot buy/sell shares if a matching price is superior than his/her limit order price. To prevent too much volatility of stock prices, YSX sets daily price limit for all stocks of listed companies.

An upper and a lower limit price of the day is decided based on a level of a base price under the table stipulated in the Enforcement Regulations for Trading Business Regulations. A base price, in general, is the last matching price of a previous working day. In case where a base price is MMK 35,000, an upper limit price becomes MMK 40,000 (MMK +5,000) and a lower limit price becomes MMK 30,000 (MMK -5,000). Order unit, which is a minimum amount of shares an investor is able to place on YSX's order books of listed companies, is one (1) share. A tick size is the minimum stock price movement of stocks of a listed companies and the tick size is decided based on tick size table stipulated in the Enforcement Regulations for Trading Business Regulations.

Price Priority is the order price that is superior to other orders gets filled first and a market order has the first price priority. Time priority mean the price priority is same, earlier order has priority to get filled first. Call auction methods include for each limit price recorded in the order book, the system calculates the cumulative amounts in each buy and sell order book side. For a market order, each buy/sell market order is placed on the cumulative buy/sell order column of the upper limit price/lowest limit price with the superior price priority than the limit orders. Comparing the totals of each order book side, a matching price is determined in the price allowing the largest number of stocks to be traded. Then, all the stocks are filled at this matching price. If there are two candidate prices to be a matching price, a closer price with the last matching price or a base price becomes a matching price. An investor is able to send his/her orders, through a securities company, to YSX anytime during trading hours and orders are filled if the orders satisfy matching requirement mentioned above.

Exchanging available of Yangon Stock Exchange is partitioned into square exchanging and nonstop exchanging. Because of exchanging hour is from 9:30 am to 1:00 pm, orders for nonstop exchanging will be acknowledged during these periods and exchange is executed by method for call sell off at 10:00 am, 11:00am, 12:00 and 1:00 pm through exchanging arrangement of Yangon Stock Exchange. Concerning square exchanging, exchanging members can send orders with more than 10,000 exchanging unit which is acknowledged from 10:30 am to 1:30 pm by utilizing copy. Coordinating technique is connected as Value Need (the most minimal sell and most noteworthy purchase requests overshadow different requests) and Time Need (the request put in soonest outweighs everything else among requests at a similar cost).

Requests will be grouped into market requests and constrained requests. Exchanges are chosen the third business day following the exchange execution day (T+3, barring non-business days) and Yangon Stock Trade gives as Focal Counterparty to ensure the settlement of exchange led through novation which move commitment among purchasers and merchants. Diverse measure of protections and assets will be settled between every member utilizing Conveyance Versus Installment technique in order to evacuate the chief dangers which mean conveying protections and installment of store lead simultaneously.

3.5 Trading Volume Status of Yangon Stock Exchange

In the study on the trading volume status in Yangon Stock Exchange, stocks are found to be traded with two types: continuous trading and block trading. Trading volume remained strong on the Yangon Stock Exchange (YSX) in recent days despite fluctuations in some share prices. Stock prices for the four publicly traded companies; First Myanmar Investment (FMI), Myanmar Thilawa Special Economic Zone Holdings (MTSH), Myanmar Citizens Bank (MCB), and First Private Bank (FPB) have been shaky this week. Both MCB and FPB have declined in value over the week. MCB's share remained stable at 8400 kyats (US\$5.50), and FPB's price went up 500 kyats per share to 25,500 kyats (US\$16.69). As on Tuesday, the share price of FMI had increased 500 kyats to 12,000 kyats (US\$7.85). MTSH shares remained stable at 4,500 kyats (US\$2.94). TMH shares remained stable at 3,050 kyats (US\$ 1.20). Sources- Yangon Stock Exchange (10.Sep.2019).

3.6 Opportunities of Listing in Yangon Stock Exchange

The strong support by the Japanese government and corporate sector helps to bring in much-needed expertise to Myanmar. With over 400 listed companies and a market capitalization of USD 4 trillion, the Tokyo Stock Exchange is the fourth largest exchange in terms of market capitalization in the world. Therefore, Japanese experts know well how to operate in a sophisticated stock market. On the other hand, the current generation of Japanese finance professionals have been born into a financial system that has been up and running for several decades. Many of the Japanese experts in charge of setting up the Yangon Stock Exchange are for the first time involved in developing a stock market from scratch. With the experience,

Japanese will be capable of delivering a perfect technical infrastructure, more concerns with the non-technical aspects of developing a successful stock market.

Another opportunity of listing in Yangon Stock Exchange is capital rising. The underdeveloped banking sector in Myanmar will boost the role of capital markets in the country. At this stage, the local banks are not able to satisfy the financing needs of businesses in Myanmar. Bank loans, previously charged to businesses at a uniform rate of around 13% p.a., are too expensive for most local companies. Moreover, borrowing from a bank is made difficult by the requirement of all loans to be collateralized with real estate. Naturally, many SMEs do not own land in order to provide collateral and are, thus, excluded from obtaining bank loans. With a strongly depreciating Kyat in the recent months, these businesses are taking the risk of borrowing at a much higher cost than originally anticipated and of ultimately running into cash flow problems. Listing in capital market is a solution for required capital.

With foreign investors not allowed to participate in the initial phase, the market will be local retail investors. Around 200 registered public companies took it upon themselves to prepare a proper prospectus and to implement adequate corporate structures. In the long run, the existing 200 public companies will be the main candidates for listing at Yangon Stock Exchange. They are the successful private companies, some being subsidiaries of large conglomerates, who will be the key drivers of the development of the stock exchange.

CHAPTER IV

ANALYSIS ON THE FACTORS INFLUENCING INVESTOR DECISION IN YANGON STOCK EXCHANGE

In this chapter, it describes survey findings from the analysis on the factors when investor decision making in Yangon Stock Market. The first part is describing survey design which is the sequential and step-by-step orders of research frame. The later steps involve analysis on demographic profiles of respondents, their purchase status on share in the capital market, and their agreeable on the importance of the factors in their purchase decision at stocks. Finally, the relationship between investments and their intention to further purchase, which are analyzed as follows.

4.1 Survey Design

Receiving maximum insights from survey research, proper survey design is developed. Investment decisions made today often are critical for financial security in later life, due to the potential for large financial loss and the high costs of revising or recovering from a wrongful investment decision. Study uses both primary data and secondary data. For the primary data collection, total 100 number of stock investors are selected from the total five listed public companies. For the survey instrument, structured questionnaire set is prepared and distributed to these respondents. Among the many influencing factors on their purchase decision, this study mainly focuses on influence of demographic factor, psychology factor, economic factor, organizational factor and investment factor. Secondary data are based on previous literature reviews and theory about consumer behavior at purchase decision from text book, published and unpublished papers from library and internet websites. Obtained data are analyzed by descriptive method by the use of excel software to find out the frequencies of the gender, age, educational level and their purchase characteristic at current stock market, and means and standard deviation of their agreeable on the importance of the influencing factors. By the use of SPSS statistical analysis, it further explores the relationship of these factors and investment decision, further analyze the most impact factor among these factors to investment decision. Survey findings are as follows.

4.2 Demographic Profile of Respondents

In the research study, respondents have been examined by means of some important level namely geographic factor, demographic factor, psychographic factor, and behavioral variable factors. profile of respondents. In this consumer research as well, demographic profile analysis is made on their gender composition, marital status, age level, education level, occupation types, position status, and their monthly income levels, which are analyzed.

4.2.1 Gender of Respondents

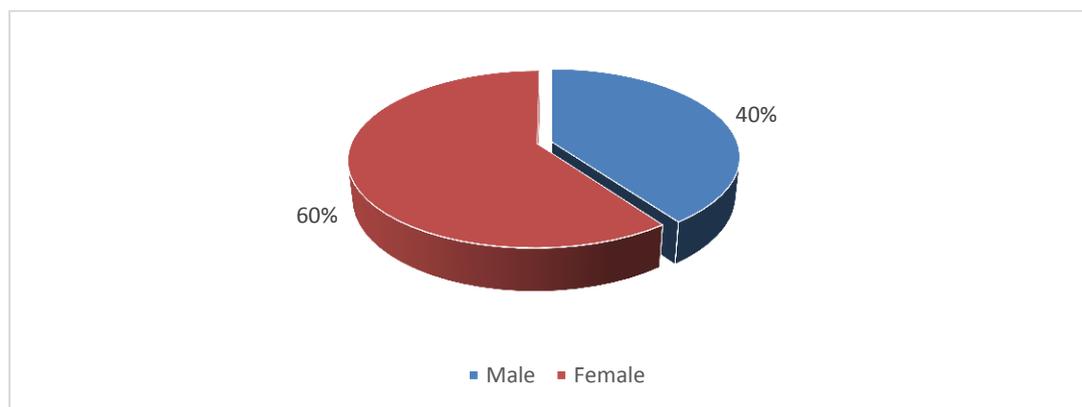
In the analysis on gender composition, respondents are asked whether they are male or female. Table (4.1) and Figure (4.1) show the result on the gender analysis on the respondents, as follows.

Table (4.1) Gender of Respondents

Sr. No	Gender	Total	Percent
1	Male	40	40
2	Female	60	60
	Total	100	100

Source: survey data, 2019

Figure (4.1) Gender of Respondents



Source: survey data, 2019

Result shows that, there are 40 percent of males and 60 percent of female. In term of percent, female compositions are more than male composition. From that gender analysis, males as well as females are found in investment at stock at Yangon Stock Exchange market.

4.2.2 Marital Status of Respondents

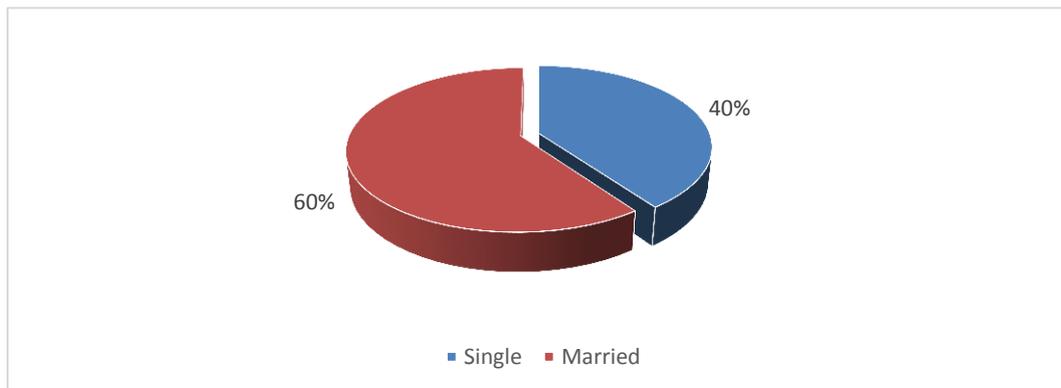
The marital status indicates whether the respondent is single or married. The marital status of 'divorced' has not been included for the study. The marital status of the respondents is a possible indicator of the number of immediate dependent family members of the respondents and their family size. Table (4.2) and Figure (4.2) show the result on the gender analysis on the respondents, as follows.

Table (4.2) Marital Status of Respondents

Sr. No	Marital Status	Total	Percent
1	Single	40	40
2	Married	60	60
3	Divorce	0	0
	Total	100	100

Source: survey data, 2019

Figure (4.2) Marital Status of Respondents



Source: survey data, 2019

By the Table (4.2) and Figure (4.2), it is found that there are 40 number who are in single positions and the rest 60 have married, already. In term of percent, most respondents have married and assumed to be more family members.

4.2.3 Age Level of Respondents

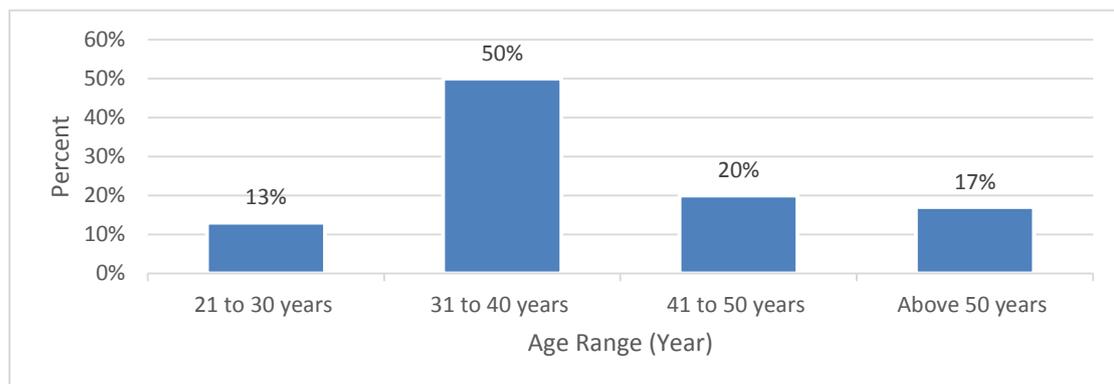
In the analysis on demographic profile, the third analysis is made on their age levels. Their age level is asked by grouping into five: under 21-year-old, between 21 to 30 years, 31 to 40 years, 41 to 50 years, and above 50 years. Table (4.3) and Figure (4.3) show the result on the age level analysis on the respondents, as follows.

Figure (4.3) Age Range of Respondents

Sr. No	Age Group *	Total	Percent
1	< 20	0	0
2	21 to 30 years	13	13
3	31 to 40 years	50	50
4	41 to 50 years	20	20
5	Above 50 years	17	17
	Total	100	100

Source: survey data, 2019

Table (4.3) Age Range of Respondents



Source: survey data, 2019

Survey shows that there are 13 number of respondents which age between 21 to 30 years, 50 respondents which age between 31 to 40 years, 20 respondents which age between 41 to 50 years, 17 respondents above 50 years. In term of percent, the most percent of age level is found in the age range between 31 to 40 years, and no one respondents are less than 20 years.

4.2.4 Education Background of Respondents

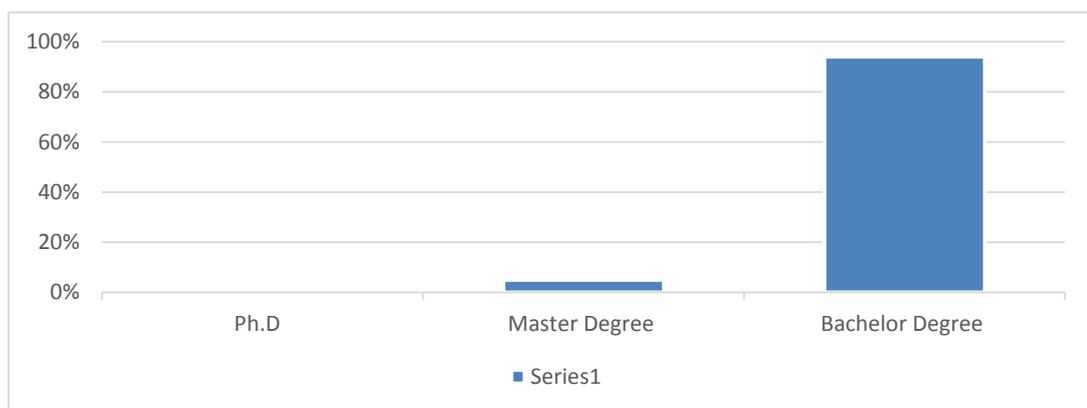
In the analysis on demographic profile, the third analysis is made on their educational levels. Their educational level is asked by grouping into five: Ph. D, Master Degree, Bachelor Degree, University student, High School. Table (4.4) and Figure (4.4) show the result on the age level analysis on the respondents, as follows.

Table (4.4) Education Background of Respondents

Sr. No	Education Background	Total	Percent
1	High School	0	0
2	University student	0	0
3	Bachelor Degree	94	94
4	Master Degree	5	5
5	Ph. D	1	1
	Total	100	100

Source: survey data, 2019

Figure (4.4) Education Background



Source: survey data, 2019

By the Table (4.4) and Figure (4.4), it shows that Ph D level respondent is one, master degree is five, and university graduate level is 94. In term of percent, the most percent of respondents who have university graduate level are found in the 94% and thus, survey would be said that higher educated people would understand more on questions and reveal more precise answers on these questions.

4.2.5 Position of Respondents

Table (4.5) states the position level of respondents. Their position levels are grouped into five: Owner who own and run its own business, Director and above, Senior manager/GM level, Manager/Executive Level, and Non-managerial Level.

Table (4.5) Position of Respondents

Sr. No	Position	Total	Percent
1	Non-managerial Level	18	18
2	Manager/Executive Level	23	23
3	Senior manager/GM level	20	20
4	Director and above	29	29
5	Owner who own and run its own business	10	10

Source: survey data, 2019

In the analysis on the position level of respondents, Table (4.6) shows that 29% of total respondents are in director and above level, 23% are in manager/executive level, and 20% are senior manager and GM level, respectively.

4.2.6 Monthly Incomes of Respondents

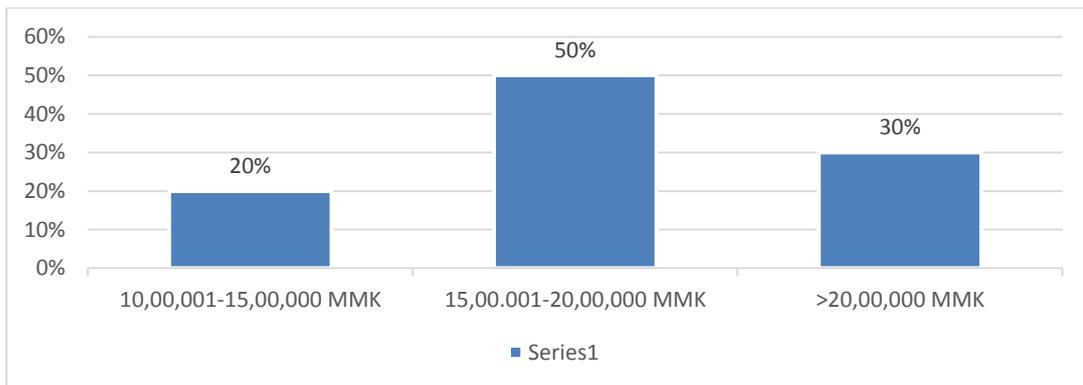
Table (4.6) states the Monthly Incomes of Respondents. Their income level is grouped into four: less than 1 million kyat, 10,00,001-15,00,000 MMK, 15,00.001-20,00,000 MMK, and >20,00,000 MMK.

Table (4.6) Monthly Incomes of Respondents

Sr. No	Monthly income Kyat	Total	Percent
1	10,00,001-15,00,000 MMK	20	20
2	15,00.001-20,00,000 MMK	50	50
3	>20,00,000 MMK	30	30

Source: survey data, 2019

Figure (4.6) Monthly Incomes of Respondents



Source: survey data, 2019

In the analysis on the position level of respondents, Table (4.6) shows that 29% of total respondents are in director and above level, 23% are in manager/executive level, and 20% are senior manager and GM level, respectively.

4.3 Analysis on Factors influencing investor Decision in Yangon Stock Exchange

In this section, respondents' option on the importance of the factors in the consideration of investment decision at stock market is analyzed. It is focused on the influence of demographic factor, behavior factor, and economic factor, which are analyzed.

(1) Behavior Factor

There are factors influencing individual investor behavior. In this study, the influence of investor behavior are the investor looking at Stock Price Changes, Volume of stock to trade of other investors, by watching recent advertising and promotion factor, sales person explanation, prospective for profit, market information, future financial status. Table (4.7) is the analysis on the influence of individual behavior factor, as follows.

Table (4.7) Behavior Factor

Sr. No.	Statement	Mean	St Dev
1	Stock Price Changes	3.06	0.28
2	Volume of stock to trade of other investors	4.17	0.65
3	By watching recent advertising and promotion	3.02	0.25
4	Sales person explanation	4.37	0.58
5	Prospective for Profit	3.04	0.20
6	Market information	4.18	0.63
7	Future Financial Status	3.00	0.14
	Overall Mean	3.55	0.39

Source: survey data, 2019

By the Table (4.7), respondents give an average mean score of 3.55. It is higher mean score than the 3, respondents agreed that the individual behavior is important for the purchase of stock investment in YSX. Among all, investment decision is mostly influenced by sales person explanation with the mean score 4.37. The other important variables are found as by focusing on stock price changes the most relevant aspects of stock price, and the volume of stock to trade of other investors, choice of stock to trade of other investors, speed of herding. However, respondents are rating as normal at worth of the firm, making stock purchase decision as prospect for by watching recent advertising and promotion, Sales person explanation, prospective for profit, market information, future financial status, as normal.

(2) Economic Factor

In this section, it is analyzed on the investment option on the influence of economic factor in the purchase at the stock of Yangon Stock Exchange. Table (4.8) shows the result of the analyzed on the influence of economic factor, as follows.

Table (4.8) Economic Factor

Sr. No	Statement	Mean	St Dev
1	Industrial growth rate	4.14	0.43
2	Market share of the company	4.19	0.39
3	Financial ratios (P/E ratio)	4.42	0.55
4	Business growth in the recent two years	4.40	0.55
5	Stock marketability	3.98	0.25
6	Strong financial statement	4.48	0.56
7	Bonus given in the recent year	4.45	0.56
	Overall mean		

Source: survey data, 2019

To find out the influence of economic factor, study is focusing on the economic related total 18 items namely, government policy related to industry, industrial growth, Market share of the company, financial ratios (P/E ratio), Business growth in the recent two years, Stock marketability, Strong financial statement, Bonus given in the recent year which all are analyzed.

By the received overall mean 4.18, which is greater than cut off mean value 3, is indicating that respondents agreed the high influence of economic related consideration on the investment decision at stock market. Among all the economic related items, all the respondents are agreed the high importance of which is recent financial performance and price fluctuation of the company with 4.54 and second high importance at having strong financial statement with the mean score 4.48.

There are other high important economic related statements, which are Government Policy related to industrial growth rate, Market share of the company, financial ratios (P/E ratio), business growth in the recent two years, Stock marketability, Strong financial statement, Bonus given in the recent year. Even the smallest mean score of portfolio diversification or loss minimization is 3.80, greater than that of average mean 3, indicating stock investors are paying high attention on all the economic related in the purchase of stock at YSX.

4.3.1 Investor Investment Decision for Yangon Stock Exchange

In this section, it is analyzed on the reasons for investment decision current status at the stock of YSX. To find out the current investor decision, questions are asking whether investors' aiming for investment return, sharing investment for financial security, good investment decision, and finally their option on over satisfactory level, which are analyzed. Table (4.9) shows the current investors' decisions status, as follows.

Table (4.9) Investor Decision

Sr. No.	Statement	Mean	St Dev
1	I hope to return for investment in the future	4.36	0.54
2	Financial security through the share investment	4.23	0.49
3	Investing in share market is good buy	4.32	0.53
4	Overall, I'm satisfied to invest in Listed Company	4.15	0.44
	Overall mean	4.27	

Source: survey data, 2019

By the information on Table (4.9), all the investors give overall mean score 4.27 based on the four questions relating their reasons for investment decision at YSX. Among all, the highest influence of the reason for investment decision is found as their hoping for return for their investment in the future with the mean score of 4.46. Other reasons for investment decision are: financial security through the share investment with mean score 4.23, investing in share market is good buy with mean score 4.32, and general satisfactory to invest in listed company with mean score 4.15. Even the lowest mean score at their overall satisfactory to invest in listed company are higher than average mean 3, indicating that all the reasons which are highly important for investors to invest in YSX.

4.4 Relationship between the Influencing Factors and Investor Decisions

Benfoley (2017) explained that regression analysis is a powerful statistical method that allows you to examine the relationship between two or more variables of interest. While there are many types of regression analysis, at their core they all examine the influence of one or more independent variables on a dependent variable. There are many types of regression analysis and all examine the influence of one or more independent variables on a dependent variable.

In this study, the independent factors are demographic factor, investors' behavior factor, economic factor and their relationship to the dependent factor of investor decision on the purchasing stock in Yangon stock exchange. By the use of reliability analysis, Table (4.10) shows the relationship of influencing factors namely demographic factor, behavior factor, and economic factor, and investor's investment decision at purchasing stocks in YSX, as follows.

Table (4.10) Effect of Influencing Factors and Investment Decision

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	-.878	.441		-1.993	.049	3.245
Demographic factor	.058	.060	.071	.966	.337	1.456
Behavior factor	.494***	.105	.367	4.723	.000	4.040
Economic factor	.751***	.125	.477	6.030	.000	3.171
R	.773 ^a					
R Square	.598					
Adjusted R Square	.585					
F-value	47.542***					
Sig.	.000 ^b					

^a Dependent Variable: Investment Decision

***, **, & * = Significant at 1%, 5%, & 10% Level

Source: SPSS-20 Outputs

By the Table (4.10), the specific model could explain well about the relationship of the influencing factors and investment decision by having positive and significant influence since the value of R square is almost 59.8%. The model can explain 58.5% about the variance of the independent variable and dependent variable because of adjusted value of R square is almost 0.585. The value of F test, the overall significance of the model is highly significant at 1% level and thus, this specified model can be said valid. VIF vale of four independent variables are less than 10, and thus there is no substantial multi collinearity problem in this case. This means that no correlation among the independent variables.

This result shows that influencing of demographic factor, behavior factor, economic factor, are strongly related the investor decision at purchase of stock at YSX. Among three influencing factors, behavior factor has relationship positively and moderately with investor decision because of significant value is less than 0.01. It means there is relationship with investment decision at 99% confidence interval which can be found. If there is an increase in 1 unit of behavior factor, this will also raise the investment decision by 49.4% when the variance explained by other variables is controlled for.

Moreover, economic factor has relationship positively and moderately with investor decision because of significant value is less than 0.01. It means there is relationship with investment decision at 99% confidence interval which can be found. If there is an increase in 1 unit of economic factor, this will also raise the investment decision by 75.1% when the variance explained by other variables is controlled for.

Demographic factor is also fairly and positively related to investor decision. However, their significant value is more than at 10% or there is no distinct relationship with investment decision. In summary, the main determinants of investor purchase decision are found as demographic factor, individual behavior factor, and economic factor at the investor purchase decision, whereas, the economic factor is found as the highest impact to investment decision because of its highest R value of 0.751 than other variables. This shows a strong correlation between economic variable to the investor purchase decision at YSX.

CHAPTER V

CONCLUSIONS

In this section, it concludes the study with findings and discussion, suggestions, and recommendation and later the section is the needs for future researches, which are stated as follows.

5.1 Finding

This study is a critical diagnosis about the key factors influencing on investors decision on purchasing stock in Yangon Stock Exchange Market. Capital market is composed of equity and long-term debt instruments of the companies. As for the working capital requirements of firms, stock market plays a pivotal role in the growth of the industry and commerce that eventually affects the economy of the country to a great extent.

The result of this studies finding of the strongly influence of demographic variables especially on their feeling of genders, marital status, age, education position, monthly income and share of investment. The analysis on the influence of behavior factor in the investor decision making, survey finding that the Stock price changes, volume of stock to trade of other investor, sale person explanation and market information. The influence of the economic factor to the stock investment decision, survey finds out the strongly influence of the economic conditions regarding the industrial growth, market share of the company, financial ratio (P/E ratio), Stock Marketability. The investment decision survey find out their strong desire to invest in the YSX stock market. By the study on investment decision status, they have higher hope to return for investment in the future, they want financial security through the share investment.

In this analysis, all the demographic factor, behavior factor and economic factor, which all are found as highly and positively relationship to the investor decision. By the detail analysis, the main determinant of investor decision is found as economic factor, and the second most determinant factor is found as behavioral factor. In Summary, the relationship between their investment decision and intention to investment decision is analyzed. Survey found that there has relationship of the investors decisions and intension to investment by having positive and significant influence. It can be assumed that stock investors are not too looking at the

demographic aspects, and it is recommended that they will continue their investing at the YSX.

5.2 Suggestion

There are many influencing factors which are influencing before the investment decision making. In this study on the investors behavior in the Yangon Stock Exchange Market, the following suggestions would be made as follows.

The analysis of the influencing investor decision by demographic factor, there are gender, age, marital status, education, position, monthly income and share investment.

Secondly, the analysis on the behavior factor influencing to the investment decision making. It would be suggested that YSX should improve its valuation at public listed companies, need to try to educate the stock investors as investment decision. YSX should more educate investors that investing in stock market is for future financial status. The influence of the economic factor to the stock investment decision, it is strongly recommended that of the importance of current economic conditions It would be suggested to the public listed companies to have properly prepared history data of past dividends, liquidity level of company, profit per earning (P/E) ratio, current financial performance.

In Summary, survey is strongly suggested that all the demographic factor, behavior factor and economic factor, which all are found as highly and positively relationship to the investor decision. The economic condition would be more impacting to the stock investors to invest in stock exchange market.

5.3 Needs for Further Studies

This study is mainly focused on the investor purchase decision at YSX. Survey is made only in Yangon region. And thus, this study would not cover to the whole regions of Myanmar. Among the many influencing factors to the purchase decision, this study only focuses on the demographic factor, behavior factor, and economic factor. For that, further studies are needed to focus on the other influencing factors like marketing mix factor, personality traits, and so on. There are many investors at the YSX. This study only focuses on 100 number of investors and thus, further studies should be extended to more number of sample respondents of investors at YSX.

References

1. Armstrong and Kotler (2008) *Consumer Purchase Behaviour, Principles of Marketing* (12th ed.), pp173.
2. Arshit Thakur. Financial System & Economic Development - Financial Markets and Institutions. Introduction. <https://edurev.in/studytube/Financial-System--Economic-Development-Financial-EduRev>.
3. Belch and Belch (2004). Consumer behavior and Marketing Promotions, *Journal of Marketing Research*, Vol. XII, pp15-18.
4. Bernheim, B. Douglas, Jonathan Skinner, and Steven Weinberg (2001). What accounts for the variation in retirement wealth among US households? *American Economic Review* 832-857.
5. Cronbach LJ (1951). *Coefficient alpha and the internal structure of tests*. *Psychometrika*. 16 (3): 297–334. Cite Seer X 10.1.1.452.6417. doi: 10.1007/bf 02310555.
6. Fatima Khan, Farhana Afrin, Mirza Arifur Rahman. Factors Influencing Investors' Decisions in Stock Market Investment in Bangladesh [A Study on Khulna City]. *Journal of Finance and Accounting*. Vol. 3, No. 6, 2015, pp. 198-204. doi: 10.11648/j.jfa.20150306.14.
7. Fama, Eugene F. (1965). The behavior of stock-market prices. *Journal of business* (1965): 34-105.
8. Fama, Eugene F. (1970) Efficient capital markets: A review of theory and empirical work. *The journal of Finance* 25.2: 383-417.
9. Fama, Eugene F., et al. (1993) Differences in the risks and returns of NYSE and NASD stocks. *Financial Analysts Journal* 49.1: 37-41.
10. GIZ Report on Myanmar Financial Sector, 2017
11. Juneja, P. (2019, July 18). *Management Study Guide Content Team*. Retrieved fromMSGWebsite:<https://www.managementstudyguide.com/what-is-consumer-behaviour.htm>.
12. Joseph Henrich et al., 2005. "'Economic Man' in Cross-Cultural Perspective: Behavioral Experiments in 15 Small-scale Societies," *Behavioral and Brain Sciences*, 28(6), pp. 795–815.

13. Kengatharan, L., & Kengatharan, N. (2014). The Influence of Behavioral Factors in Making Investment Decisions and Performance: Study on Investors of Colombo Stock Exchange, Sri Lanka. *Asian Journal of Finance & Accounting*, 6(1), 1. doi:10.5296/ajfa.v6i1.4893
14. Markowitz, Harry. (1952) Portfolio selection. *The journal of finance* 7.1: 77-91.
15. M/66b4ee32-020f-4db4-85df5cf2a5d35404_t?courseId=-1
16. Makrani, K., and M. Abdi. "The effects of book value, net earnings and cash flow on stock price." *Management Science Letters* 4.9 (2014): 2129-2132.
17. Pankaj Kumar (2011) Article on Characteristic of Indian Consumer Behaviour, *Research Review*. Vol. 24 January-June 2011 pp 133-140 A.
18. Philip Kotler (2008) *Consumer Buying Behaviour*, "Purchase decision and Post Purchase Behaviour", pp265.
19. Role of financial system in economic development of a country. Oney Atters. All Management Articles.
20. Sevil, G., M. Sen, and A. Yalama. "Small Investor Behavior in Istanbul Stock Exchange." *Middle Eastern Finance and Economics* 1 (2007): 74-79.
21. Tynyshtykova Z. (2016) *The impacts of Foreign Direct Investment on Kazakhstan's Economic growth* (evidence from China). School of Economics and Management. Nanjing University of Science and Technology. 30.11.2016.
22. Virlics, A. (2013). *Investment Decision Making and Risk*. *Procedia Economics and Finance*, 6, 169–177. doi:10.1016/S2212-5671(13)00129-9

Web References

1. <http://abhinavjournal.com/images/>.
2. <https://accountlearning.com>
3. <https://accountlearning.com/role-of-fina>.
4. <https://accountlearning.com/role-of-financial-system-in-economic-development-of-a-country/>.

QUESTIONNAIRE

Section (A) Profiles of Respondents

1. Genders
 - Male
 - Female
2. Marital Status
 - Single
 - Married
 - Divorce
3. Age Group
 - <18
 - 18-30
 - 31-40
 - 41-50
 - >50 years
4. Educational Level
 - High School
 - University student
 - Bachelor Degree
 - Master Degree
 - Ph.D.
5. Position Level
 - Non-managerial Level
 - Manager/Executive Level
 - Senior manager/GM level
 - Director and above
 - Owner who own and run its own business
6. Average monthly income
 - <500,000 MMK
 - 500,001-10,00,000 MMK
 - 10,00,001-15,00,000 MMK
 - 15,00.001-20,00,000 MMK
 - >20,00,000 MMK
7. Years of share investment
 - Less than 1
 - 1-2 years

- 2-3 years
- 3-4 years
- More than 4 years

8. Frequency of share investment

- Very Low
- Low
- Moderately High
- High
- Very high

9. Risk tolerance level of investor

- Very Low
- Low
- Moderate High
- High
- Very high

Section (D) Please state your agreeable level on the importance of the following consideration before investment decision that are shown in the table boxes. The levels of score are described as (1=very less important, 2= un important, 3= neutral, 4= Important, 5= very important)

Behaviour Factor

Sr. No	Statement	Agreeable Level				
		1	2	3	4	5
1	Stock Price Changes	1	2	3	4	5
2	Volume of stock to trade of other investors	1	2	3	4	5
3	By watching recent advertising and promotion	1	2	3	4	5
4	Sales person explanation	1	2	3	4	5
5	Prospective for Profit	1	2	3	4	5
6	Market information	1	2	3	4	5
7	Future financial status	1	2	3	4	5

Sr. No	Statement	Agreeable Level				
		1	2	3	4	5
1	Industrial growth rate	1	2	3	4	5
2	Market share of the company	1	2	3	4	5
3	Financial ratios (P/E ratio)	1	2	3	4	5
4	Business growth in the recent two years	1	2	3	4	5
5	Stock marketability	1	2	3	4	5
6	Strong financial statement	1	2	3	4	5
7	Bonus given in the recent year	1	2	3	4	5

. No	Investors' Decision	Agreeable Level				
		1	2	3	4	5
1	I hope to return for investment	1	2	3	4	5
2	Financial security through the share investment	1	2	3	4	5
3	Investing in share market is good buy	1	2	3	4	5
4	Overall, I'm satisfied to invest in Listed Company	1	2	3	4	5

Thanks you for your kind participating