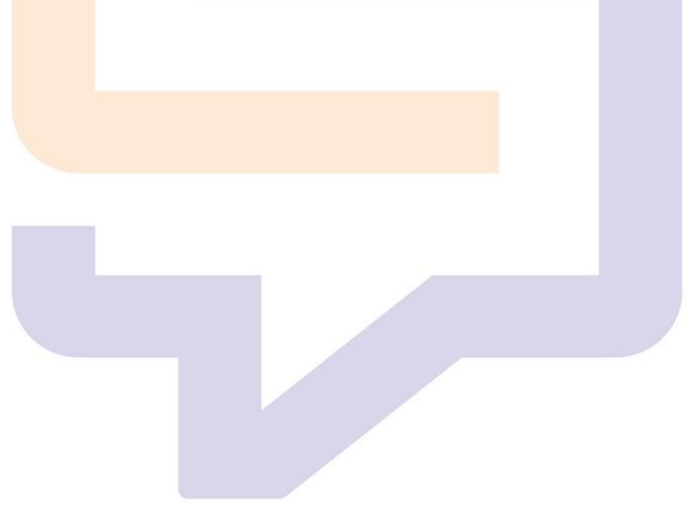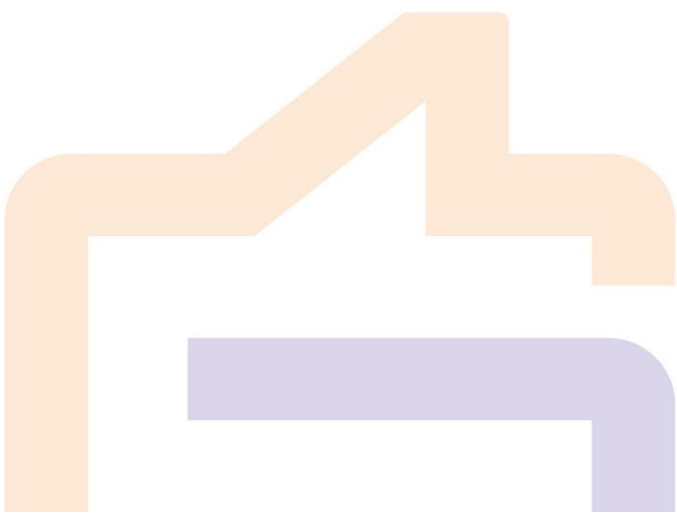投資者及理財教育委員會
**Investor and Financial
Education Council**

# Retail Investor Study 2023

September 2023

# Contents

# Executive Summary

As an organisation dedicated to advancing investor and financial education in Hong Kong, the Investor and Financial Education Council (IFEC) has recently conducted a new instalment of the Retail Investor Study to monitor retail investors' attitude and behaviour in investing to inform our investor education work. This latest wave of the study focuses on four key areas: we begin by understanding investors' general investing practices including their investment objectives and loss tolerance, then zoom in to investors' investment in stocks, which is the most popular investment vehicle in Hong Kong. We then move on to investors' perception and interests in green and sustainable finance. Finally we look at how investors are investing in virtual assets.

About a thousand face-to-face interviews were conducted with retail investors aged 18-69 (defined as individuals who held or traded a defined list of common financial products[1] in the past 12 months) via street-intercepts across different districts in Hong Kong. The survey was fielded during middle of June to early July in 2023.

The key research findings are outlined below:

## Key Research Findings

### Retail Investor Participation

In line with the macroeconomic environment globally, there has been an overall decline in stock market trading in Hong Kong in the past two years. The Hang Seng Index was on a largely downward trend in 2022 after hitting a local peak of over 30,000 in 2021, and has been hovering around the 20,000 level for most of 2023.

Nevertheless, our data shows that retail investor participation remains largely stable. Establishment surveys[2] conducted among the general public as part of the study reveal that incidence of investing in different investment products stood high at 58% (among the general public aged 18-69) in 2023 which is slightly higher than 53% in 2021 and 55% in 2019.

Stocks remain the most popular investment vehicle with 48% of individuals aged 18-69 having held or traded stocks in the past 12 months (compared with 48% in a similar survey conducted in 2021). Funds were at a distant second at 14% incidence (15% in 2021), followed by bonds at 7% which is likely boosted by an issuance of Green Bonds in 2022 (6% in 2021) and virtual assets at 6% (3% in 2021). Other investment products saw less than 3% incidence. Of note, though interest in virtual assets remains at a low level, there is nevertheless a significant increase compared to two years ago. (See the figure on the next page)

---

[1] Based on a list of ten types of investment products including stocks, funds (excluding MPF/ORSO schemes), exchange-traded funds (ETF), bonds, listed structured products (such as warrants, CBBCs), unlisted structured products (such as equity-linked investments), futures and options, real estate investment trust (REIT), leveraged & inverse products and virtual assets or related products.

[2] Prior to conducting each wave of the Retail Investor Study, an establishment survey was conducted among the general population aged 18-69 to establish the profile of retail investors for setting sample quota for the Retail Investor Study. For this wave, the establishment survey was fielded in April 2023 among a thousand individuals aged 18-69 via street intercepts.

**Incidence of investing in common investment products in past 12 months (among general public aged 18-69)**

%

| Product | 2023 | 2021 | 2019 |
|---|---|---|---|
| Stocks | 48 | 48 | 46 |
| Funds | 14 | 15 | 13 |
| Bonds | 7 | 6 | 3 |
| Virtual assets | 6 | 3 | 1 |
| Derivatives | 2 | 2 | 1 |
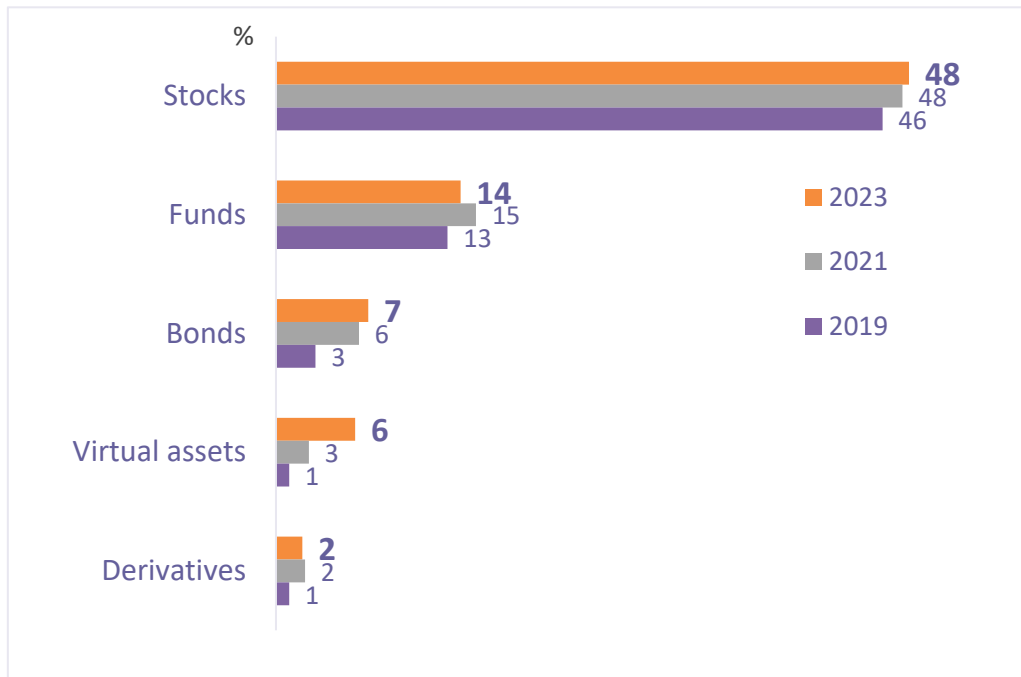
Source: Establishment surveys conducted by IFEC in April 2019, April 2021, April 2023 respectively (among 1,000 adults aged 18-69)

In particular, young working adults aged 18-29 saw much higher interest in virtual assets – as many as 15% reporting holding virtual assets in the past year, which grows significantly from 6% in 2021 and 4% in 2019.

**General investing practices**

Reflecting the popularity among the general public, stocks remain the most commonly invested-in product with a penetration rate of 96% among the surveyed retail investors. Popularity of funds and bonds rank second and third with a much lower penetration rate at 24% and 18% respectively. Other investment products only register single-digit penetration rate.

The top three reasons cited for investing remain the same as two years ago: gradual long-term capital growth (78%), earning stock dividends / interest income (71%) and preserving capital to lower inflation impact (60%). Meanwhile, close to half (45%) also aimed for quick profits and a quarter (24%) reported they invest to enjoy the thrill of investing - these two drivers for investing are especially prevalent among young investors aged 18-29 at 69% and 35% respectively.

Personal savings is the primary source of funding for investment (98%), followed by profits from investment (66%). Few of the surveyed investors would take personal loans or borrowing from others for investment purpose (2% or less). However, young investors are much more likely to do so with as many as 8% borrowing from family/friends for funding investment in the past year, and 4% admitted taking out personal loans from financial institutions with another 3% reported using credit card cash advance.

When asked to rate different investment products' perceived risk level on a three-point scale of high/medium/low risk, a vast majority (88%) rated cryptocurrencies as high-risk products. This is followed by listed structured products (e.g. warrants, CBBCs), futures and options and leveraged and inverse products. Meanwhile, stocks, funds, ETFs and REITs were largely seen as of medium risk level, and bonds were generally regarded as carrying low risks.

Subgroup analysis shows that males and younger investors see higher awareness of and more likely to invest in risky investment products such as listed structured products and virtual assets. Moreover, fewer of them reckon individual investment products to be highly risky, which may indicate they are more likely to underestimate the potential risks of investing in certain products.

**Stock Investment**

Almost all stock investors (96%) invested in the Hong Kong mainboard and 27% said they had invested in the GEM board in the past year, which is a significant decline from 45% in 2021. As to overseas markets, popularity of the US stock market maintained as two years ago at 28%, and is particularly popular among young investors aged 18-29 at 57%. Meanwhile, investment in the mainland stock market dropped from 20% in 2021 to 8%.

Mid cap stocks grow in popularity (73%) and marginally beat blue chips / large cap stocks (71%) as the most popular type of stocks held in the past 12 months. Younger investors show higher interest in small cap stocks (58% vs 37% among all surveyed investors) whereas mature investors aged over 50 place more focus on blue chips / large cap stocks (87%).

The surveyed stock investors reported an expected ROI of 19.5% on average, at a similar level as last wave (21% in 2021).  However, most stock investors reported suffering a loss in past 12 months amid the volatile market and average return is at -2.8% which is much lower than expectation (c.f. 11% claimed ROI in 2021).  On a related note, not many stock investors have adopted a stop loss strategy in trading stock - only 16% said they always do so and 36% do it sometimes.

The switch to digital trading platforms continued and for both banks and securities brokerage, mobile application is the most usual channel used for stock trading followed by online platform. Overall, 80% of stock investor use online channels the most often for stock trading and usage of mobile applications dominates (33% for banks' mobile apps and 28% for that of securities brokerages).

Stock investors are also increasingly relying on digital channels to source information for stock investment, the top three being financial websites (78%), stock trading apps (58%) and online forums (51%). In particular, the use of social media channels grows significantly from 49% in 2021 to 72% this year, and is as high as 94% among young investors. Investors reported gathering different types of information including financial news and comments from various sources for reference. However, comments from friends / family still play the most influential role in investment decisions, especially among female and mature investors.

Meanwhile, social media does exert significant impact on investor's behaviour -  among those stock investors who reported sourcing information about stock investment from the social media, as many as 87% admitted having followed the tips to invest in the past year (3% always, 29% sometimes, 55% rarely, 13% never), which translates into 63% of all stock investors (c.f. 33% of surveyed stock investors in 2021).

**Green and Sustainable Finance**

Awareness of the term "green and sustainable finance" significantly improves from 38% in 2021 to 61% this year, which may be partly attributable to the issuance of green bonds by the government these two years. Yet, understanding of the category remains limited, with just about 23% reporting having some understanding about it (up from 14% in 2021).

Incidence of investing in green and sustainable financial products also increases significantly from just 2% in 2021 to 11% in 2023, which is largely driven by the green bonds (9%) while investment in other related products (retail funds, green funds in MPF portfolio, ESG ETF) remains at a minimal level of 1% or less.

Interest level to invest in green and sustainable financial products in the next year doubles from 6% in 2021 to 12% in 2023. Further, majority (56%) of surveyed retail investors reported interest in learning more about the subject.

"The concepts worth supporting" and "it is a global trend and carries good growth potential" are the key drivers for investing in green and sustainable finance. On the other hand, "not familiar with Green & ESG products" and "no track record of good return on investment" are the key deterrents.

Again, male and young investors show relatively higher awareness and interest in green and sustainable finance.

**Virtual Assets**

Virtual assets or related products[3] as a whole register 71% awareness among the surveyed retail investors. While almost all are aware of cryptocurrencies, less than half reported having heard of NFT and stablecoin. Just 13% have heard of virtual asset futures ETF which was launched in late 2022[4]. Security tokens see even lower awareness.

| All surveyed retail investors (N = 1,000)[5] | Awareness | Holding in past 12 months |
|---|---|---|
| | % | % |
| **Virtual assets or related products** | 71 | 8 |
| *Cryptocurrencies* | 70 | 8 |
| *Non-fungible tokens (NFT)* | 45 | 6 |
| *Stablecoins* | 42 | 2 |
| *Virtual asset futures ETF* | 13 | - |
| *Security tokens* | 11 | - |

---

[3] The term "virtual assets or related products" was used in the survey to cover the newly launched virtual asset futures ETF which is not a kind of virtual asset but a related product.

[4] In late October 2022, Hong Kong announced a plan to allow virtual asset futures ETFs to be listed and traded by retail investors. The first two exchange-traded funds with exposure to virtual assets futures were listed and traded by retail investors in mid-December 2022.

[5] Awareness and holding of different types of virtual assets or related products are re-based to all surveyed retail investors in this table for easy reference. During the interviews, only respondents who reported awareness or holding of virtual assets or related products were asked about the different product types.

As to product holding, overall 8% reported investing in virtual assets in the past 12 months, all of which hold cryptocurrencies. NFT ranks second at 6% penetration, following by stablecoins at 2%. The surveyed sample did not capture anyone who has invested in the new ETFs or security tokens.

Intention to invest in virtual assets or related products in the next 12 months stands at 11%. Meanwhile, among those not interested in VAs, perceived risky nature of VA, self-rated low knowledge level about virtual assets and a perceived lack of regulations are the top reasons for not interested in investing in virtual assets.

Among investors who have invested in virtual assets in the past year, as many as three quarters reported investing in VA for short-term gain and out of the fear of missing out on popular investment opportunities.

About half a year after the bankruptcy of FTX in the US, trading platforms remain the most popular choice for VA storage with 89% usage among virtual assets investors (c.f. 95% in a survey conducted among VA investors in October 2022, right before the collapse of FTX). Hot wallets follows at a distant second at 30%, while usage of cold wallets (14%) and third-party custody (14%) slightly picks up but remains uncommon.

It seems that VA investors tend to be too optimistic about the VA market – 77% of them believed VA would become more important in finance and bring long-term capital gain – and may overlook the related risks. Just about half (54%) of the surveyed VA investors saw price volatility as a major risk of investing in VA, and still fewer (34%) thought inadequate regulation of VA trading platform may pose a risk.

Awareness of the new licensing regime for virtual assets trading platform (effective from 1 June 2023) is moderate at 47% during the fieldwork period in late June/early July. Nevertheless, awareness level is much higher among virtual asset investors at 96%.

## Conclusions & recommendations

This year's research findings highlight a few areas that warrant more attention on the investor education agenda, including rising popularity of virtual assets, growing interests in green and sustainable finance, and the burgeoning impact of social media on investors' investment decisions. Subgroup analysis reveals that many of the pain points are even more manifested among young investors:

- They are more likely to aim for quick profits when investing.
- They are more likely to borrow to invest.
- They see higher interest in virtual assets which are highly risky.
- They see higher incidence of investing in US stocks which they may not be familiar with.
- They are more prone to pitfalls of souring investment-related information from the social media in view of their high usage.

To nip bad investment habits in the bud and cultivate a new generation of informed retail investors, it is essential for financial educators to prioritize young investors as a key target segment. And needless to say, conducting investor education among young people requires an approach that is engaging, accessible, and tailored to their needs and preferences. Here are some strategies to consider:

- **Start investor education early**: It is ideal to introduce investment fundamentals at senior secondary schools or tertiary institutions and integrate investor education into the curriculum. Guest lectures, workshops, or online courses can be offered to educate students about basic investor disciplines. This can provide a structured learning environment and effectively reach a large audience of young people.

- **Utilise digital platforms and gamify the learning experience**: Leverage social media, online videos, podcasts, and interactive websites to deliver educational content in an engaging and easily accessible format. Further, incorporate gamification elements into investor education to make it more interactive and enjoyable. Develop quizzes, simulations, and virtual investment challenges that allow young people to learn by doing. This approach can enhance their understanding of investment concepts and encourage active participation.

- **Focus on real-world examples**: Young people often respond well to relatable, real-world examples. Use case studies, success stories, and examples from popular companies or industries to illustrate investment principles. Highlight the potential benefits and risks associated with different investment options, showcasing both the rewards and the challenges.

- **Provide practical tools and resources**: Offer practical tools and resources that young people can use to apply their knowledge. This could include investment calculators, budgeting templates, or mobile apps that track investments and provide educational content. Providing tangible resources can empower them to take action and make informed investment decisions.

- **Encourage peer-to-peer learning**: Promote peer-to-peer learning by creating communities or discussion forums where young investors can share their experiences, ask questions, and learn from each other. Facilitating mentorship programs or organising investment clubs can also foster a supportive environment for learning and networking.

- **Emphasise long-term investing and financial planning**: Teach young people the importance of long-term investing and financial planning. Help them understand concepts such as compound interest, diversification, and the impact of early investing. Encourage them to set financial goals and develop strategies to achieve them.

- **Stay up to date with trends and technology**: Keep abreast of emerging investment trends, financial technologies, and changes in the investment landscape. Incorporate discussions on topics like virtual assets or green and sustainable finance to cater to the evolving interests of young investors. In particular, alert young investors to the complex operations and hidden risks in the VA market.

At the IFEC, young people have always been a prioritised segment for investor and financial education. Going forward, the IFEC will continue to use a combination of digital platforms, real-world examples, practical tools, and collaborative learning to effectively empower young people to make informed investment decisions.

# Research Design

## Research Objectives

The IFEC has been conducting the Retail Investor Study every two years to keep track of key measures regarding retail investors' attitude and behaviour in investing to inform our investor education work.

This wave of the study focuses on the following four areas:

1. *General investing practices*
   Understand retail investors' investment objectives, choice of investment vehicles, perception of different products' risk level, etc.

2. *Stock Investment*
   Deep dive into investment habits among stock investors, covering use of trading channels, stock markets invested in, sources of information and impact of social media on trading decisions

3. *Green & Sustainable Finance*
   Capture the current understanding and interest in investing in green and sustainable financial products, drivers and barriers for ESG investing, etc.

4. *Virtual Assets*
   A new section in this wave for understanding the attitude and behaviour of investing in virtual assets

## Target Respondents

Individuals aged 18-69 that have held or traded any financial products in the past 12 months (based on a defined list covering 10 common investment vehicles - stocks, investment funds, bonds, ETFs, REITs, listed structured products, unlisted structured products, futures and options, leveraged and inverse products, virtual assets or related products).

## Methodology

Face-to-face interviews via street intercepts were adopted.

To ensure the representativeness of samples and efficiency in data collection, interviews were conducted at high traffic locations (e.g. nearby transportation hubs) spreading across Hong Kong Island, Kowloon and the New Territories to better intercept respondents of different living districts. All interviews were conducted via tablet device for better efficiency and data accuracy.

## Sample Size

In total, 1,000 interviews with retail investors were conducted with quota control on gender, age, personal income level and residential area with reference to the establishment survey conducted in April 2023 (among 1,000 adults representative of the general public aged 18-69).

Here is the demographic profile applied to the main sample of retail investors:

| (Total 100%) | Male | Female |
|---|---|---|
| **18 – 19** | 0.2% | 0.2% |
| **20 – 24** | 1.2% | 0.9% |
| **25 – 29** | 5.6% | 3.7% |
| **30 – 34** | 6.7% | 5.1% |
| **35 – 39** | 6.3% | 9.1% |
| **40 – 44** | 6.1% | 6.5% |
| **45 – 49** | 8.4% | 7.4% |
| **50 – 54** | 4.2% | 7.2% |
| **55 – 59** | 8.5% | 4.7% |
| **60 – 64** | 3.3% | 2.7% |
| **65 – 69** | 1.5% | 0.5% |

| (Total 100%) | Working status | | (Total 100%) | Living Districts |
|---|---|---|---|---|
| **Working** | 80.0% | | Hong Kong Island | 17.0% |
| **MPI - Below $15,000** | 28.9% | | Kowloon | 28.9% |
| **MPI - $15,000-29,999** | 30.5% | | New Territories | 54.1% |
| **MPI - $30,000-49,999** | 19.0% | | | |
| **MPI - $50,000 or above** | 1.6% | | | |
| **Non-working** | 20.0% | | | |

On top of the main sample of retail investors, booster interviews were conducted to top up the number of investors who have invested in virtual assets or related products in the past 12 months to N = 100.

## Fieldwork Period

Fieldwork was executed from 12 June to 3 July 2023.

# Detailed Findings

## General Investing Practices

### Reasons for Investing in the Financial Market - Overview

The majority of surveyed investors are investing for long term goals such as gradual long-term capital growth, earning stock dividends / interest income and preserving capital to lower the inflation impact.

Meanwhile, close to half aim for quick profits and about one in four admitted they are investing to enjoy the thrill.

*Reasons for investing*
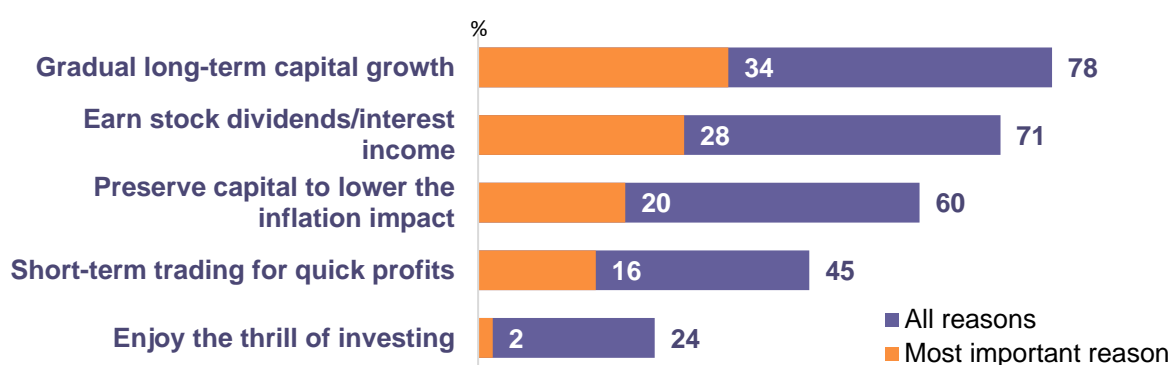


### Reasons for Investing in the Financial Market - All Reasons

Key reasons for investing are more or less the same across different waves of the study with "Gradual long-term capital growth" being the most usual reason cited.

The males and the young investors aged 18-29 are more likely to invest for quick profits through short-term trading – for young investors, quick profits was the top reason at 69%. On the other hand, females and mature investors are more likely to invest for stock dividends / interest income.

*All reasons*

| | 2019 | Total 2021 | 2023 | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| Gradual long-term capital growth | 71% | 67% | 78% ▲ | | 78% | 78% | 60% ↓ | 79% | 84% ↑ |
| Earn stock dividends/interest income | 65% | 64% | 71% ▲ | | 69% | 74% | 47% ↓ | 71% | 80% ↑ |
| Preserve capital to lower the inflation impact | 51% | 45% | 60% ▲ | | 61% | 60% | 42% ↓ | 62% | 63% |
| Short-term trading for quick profits | 49% | 40% | 45% ▲ | | 52% ↑ | 38% ↓ | 69% ↑ | 50% | 27% ↓ |
| Enjoy the thrill of investing | NA | 20% | 24% ▲ | | 29% | 19% | 35% ↑ | 28% | 15% ↓ |
| *Average number of reasons* | 2.36 | 2.36 | *2.79* | | *2.88* | *2.69* | *2.54* | *2.90* | *2.69* |

*Base: Total – all respondents n=1,000; Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Reasons for Investing in the Financial Market – Most Important Reason

Overall, gradual long-term capital growth remains the most important reason, followed by earning stock dividends / interest income.

But there are generational differences - for young investors, short-term trading for quick profits is pre-dominantly the most important reason or investing; while mature investors aged over 50 see higher preference for earning stock dividends/interest income.

*Most Important Reason*

| | 2019 | Total 2021 | 2023 | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| **Gradual long-term capital growth** | NA | 37% | **34%** | | **34%** | **34%** | **23%** ↓ | **37%** | **33%** |
| **Earn stock dividends/interest income** | NA | 26% | **28%** | | **24%** | **32%** | **11%** ↓ | **26%** | **37%** ↑ |
| **Preserve capital to lower the inflation impact** | NA | 13% | **20%** ▲ | | **19%** | **22%** | **16%** | **19%** | **25%** |
| **Short-term trading for quick profits** | NA | 19% | **16%** | | **20%** | **12%** | **45%** ↑ | **17%** | **4%** ↓ |
| **Enjoy the thrill of investing** | NA | 5% | **2%** ▼ | | **3%** | * | **5%** | **2%** | * |

*Base: Total – all respondents n=1,000; Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Awareness vs Penetration of Financial Products

Stocks, bonds, funds, listed structured products (such as warrants and Callable Bull/Bear Contracts) and futures and options are widely known investment products with awareness level at 96% or above. Awareness of unlisted structured products (such as equity-linked investment), ETFs, virtual assets and REITs are also high at 70% to 83%. Leveraged and inverse products are the least known - less than half of the surveyed retail investors have heard of L&Is.

Stocks are by far the most prevalent financial product among investors with 96% penetration. Funds and bonds follow at a distant second (24%) and third (18%) respectively. The penetration of other investment products is generally single digit with L&I being the least popular at 1%.

*Awareness vs. Holding of Financial Product in Past 12 months*

| | Awareness | Penetration | Conversion from Awareness to Penetration |
|---|---|---|---|
| Stocks | 100 | 96 | 96% |
| Bonds | 100 | 18 | 18% |
| Funds (excluding MPF, ILAS) | 99 | 24 | 24% |
| Listed structured products[R1] | 97 | 8 | 8% |
| Futures and Options | 96 | 2 | 2% |
| Unlisted structured products[R2] | 83 | 5 | 6% |
| Exchange Traded Funds (ETFs) | 77 | 2 | 3% |
| Virtual assets or related products | 71 | 8 | 11% |
| Real Estate Investment Trusts (REITs) | 70 | 2 | 3% |
| Leveraged & Inverse products (L&Is) | 42 | 1 | 2% |

*Base: Total – all respondents n=1,000*

*R1. "Derivative warrants, Callable Bull/Bear Contracts (CBBCs) and inline warrants" were provided as examples of listed structured products in the questionnaire to facilitate understanding of respondents.*
*R2. "Equity-linked investment and currency-linked deposit" were provided as examples of unlisted structured products in the questionnaire to facilitate understanding of respondents*

## Awareness of Virtual Assets and Related Products

Among those investors who reported having heard of virtual assets or related products (71% of all retail investors), basically all were aware of cryptocurrencies and roughly two thirds have heard about non-fungible tokens (NFT) and stablecoins.

Awareness of virtual asset futures ETFs, which were newly launched in December 2022, and security tokens is much lower at less than 20%.

In general, male and young investors are more likely to be aware of different types of virtual assets.

*Awareness of Virtual Assets or Related Products (among virtual asset investors)*

|  | Total | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|
| **Cryptocurrencies** | 99% | 99% | 98% | 100% | 98% | 99% |
| **Non-fungible tokens (NFT)** | 64% | 69% | 58% ↓ | 82% ↑ | 67% | 46% ↓ |
| **Stablecoins** | 59% | 69% ↑ | 45% ↓ | 78% ↑ | 63% | 36% ↓ |
| **Virtual asset futures ETFs** | 19% | 24% | 13% ↓ | 24% | 20% | 14% |
| **Security tokens** | 16% | 22% ↑ | 7% ↓ | 24% | 17% | 7% ↓ |
| *Average no. of product types* | *2.56* | *2.82* | *2.21* | *3.08* | *2.65* | *2.02* |

Base: Those who have heard of virtual assets n=707, Male n=408; Female n=299; Aged 18-29 n=106; Aged 30-49 n=434; Aged 50-69 n=167
↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total

## Holding of Financial Products in the Past 12 Months

Compared to previous two waves' study, this year's survey sample see higher penetration of stock investment but lower penetration of funds (but penetration of both products among the general population remains stable as reflected in the establishment survey, see P3-4).

Notably, the incidence of investing in virtual assets or related products grows to 8% which is in line with the rising trend observed among the general public, and is as high as 23% among young investors aged 18-29. At the same time, they are less likely to invest in stocks and bonds.

On the other hand, older investors aged 50 to 69 show higher interest towards bonds but much lower interest towards the less common financial products such as listed structured products and virtual assets or related products.

Males investors are more diversified in their investment portfolio and hold more types of financial products (1.85 types on average) than female investors (1.44 types on average).  In particular, they show much higher interest towards listed structured products and virtual assets or related products than female investors.

*Financial Products Investment in Past 12 months*

| | **Total** | | | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2021 | **2023** | | | | | | |
| **Stocks** | 83% | 85% | **96%** | | **96%** | **96%** | **90%** ↓ | **97%** | **96%** |
| **Funds** | 23% | 32% | **24%** ▼ | | **27%** | **20%** | **22%** | **24%** | **24%** |
| **Bonds** | 9% | 18% | **18%** | | **20%** | **16%** | **8%** ↓ | **14%** | **28%** ↑ |
| **Listed structured products** | NA | 10% | **8%** | | **14%** ↑ | **1%** ↓ | **14%** | **10%** | **2%** ↓ |
| **Virtual assets or related products*** | 1% | 6% | **8%** | | **12%** ↑ | **3%** ↓ | **23%** ↑ | **9%** | **-** ↓ |
| **Unlisted structured products** | NA | 4% | **5%** | | **6%** | **4%** | **-** | **7%** | **4%** |
| **ETFs** | 1% | 6% | **2%** ▼ | | **3%** | **1%** | **2%** | **3%** | **1%** |
| **REITs** | 1% | 1% | **2%** | | **3%** | **2%** | **-** | **2%** | **4%** |
| **Futures and Options** | NA | 6% | **2%** ▼ | | **3%** | ***** | **-** | **3%** | **1%** |
| **L&Is** | 1% | 1% | **1%** | | **1%** | **-** | **1%** | **1%** | ***** |
| ***Average no. of product types*** | *1.65* | *1.98* | ***1.65*** | | ***1.85*** | ***1.44*** | ***1.58*** | ***1.70*** | ***1.60*** |

Base: Total – all respondents n=1,000, Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326
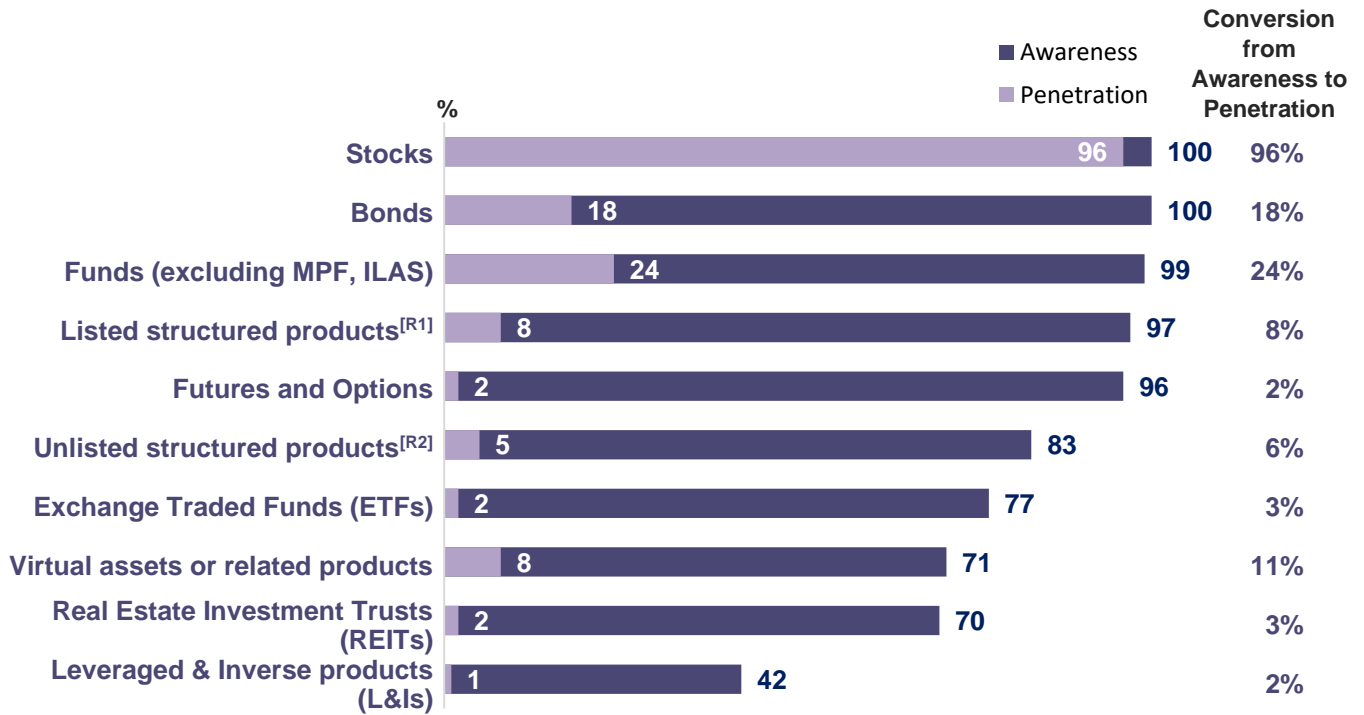▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)
↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total
*In 2019 and 2021, the term "cryptocurrencies (e.g. Bitcoin)" was used in the survey, while "virtual assets or related products" was used in the 2023 survey.

## Holding of Different Types of Virtual Assets in the Past 12 Months

Among those who have invested in virtual assets in the past 12 months, cryptocurrencies are the most popular product held, followed by stablecoins. Incidence of investing in non-fungible tokens (NFT) is relatively low at 24% and none reported investing in security tokens or virtual asset futures ETFs which were launched late last year.

*Holding of Different Types of Virtual Assets in Past 12 months (among virtual asset investors)*

%

| | |
|---|---|
| **Cryptocurrencies** | 87 |
| **Stablecoins** | 61 |
| **Non-fungible tokens (NFT)** | 24 |
| **Virtual asset futures ETFs** | - |
| **Security tokens** | - |
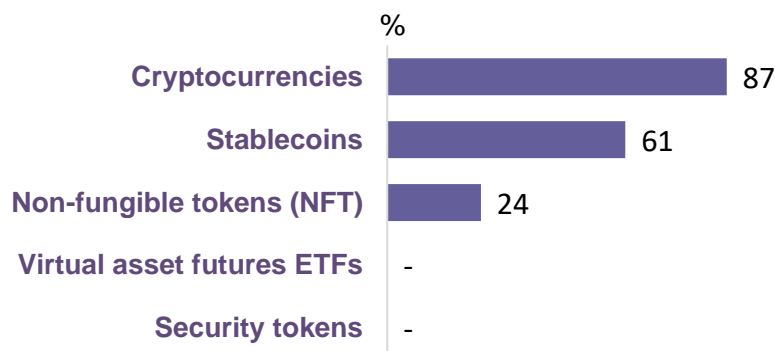
*Base: The booster sample of those who have invested in virtual assets in past 12 months (n=100)*

## Perceived Risk Level of Financial Products

Investors were asked to rate their perceived risk level of different financial products by three levels: high/medium/low risk. A vast majority of surveyed retail investors perceive cryptocurrencies to be of high risk, followed by listed structured products (such as derivative warrants), futures & options, and leveraged and inverse products (L&I).

Unlisted structured products (e.g. equity-linked investment) are about equally likely to be perceived as high or medium risk level. The perceived risk level of ETFs, REITs, stocks and funds are more likely to be medium whereas bonds are usually perceived as low-risk.

Subgroup analysis shows that in general male and young investors are much less likely to rate different products as highly risky.

*Perceived Risk Level of Financial Products*



| | High risk | Medium risk | Low risk | Depending on the types | n= |
|---|---|---|---|---|---|
| Cryptocurrencies | 88 | 12 | | | 707 |
| Listed structured products | 79 | 20 | 1 | | 969 |
| Futures & Options | 74 | 25 | 1 | | 957 |
| Leveraged & Inverse products (L&I) | 70 | 30 | | | 415 |
| Unlisted structured products | 45 | 51 | 4 | | 827 |
| ETFs | 28 | 62 | 11 | | 770 |
| REITs | 24 | 52 | 23 | | 700 |
| Stocks | 16 | 75 | 9 | * | 1000 |
| Funds | 11 | 65 | 24 | * | 993 |
| Bonds | 8 | 21 | 70 | * | 995 |
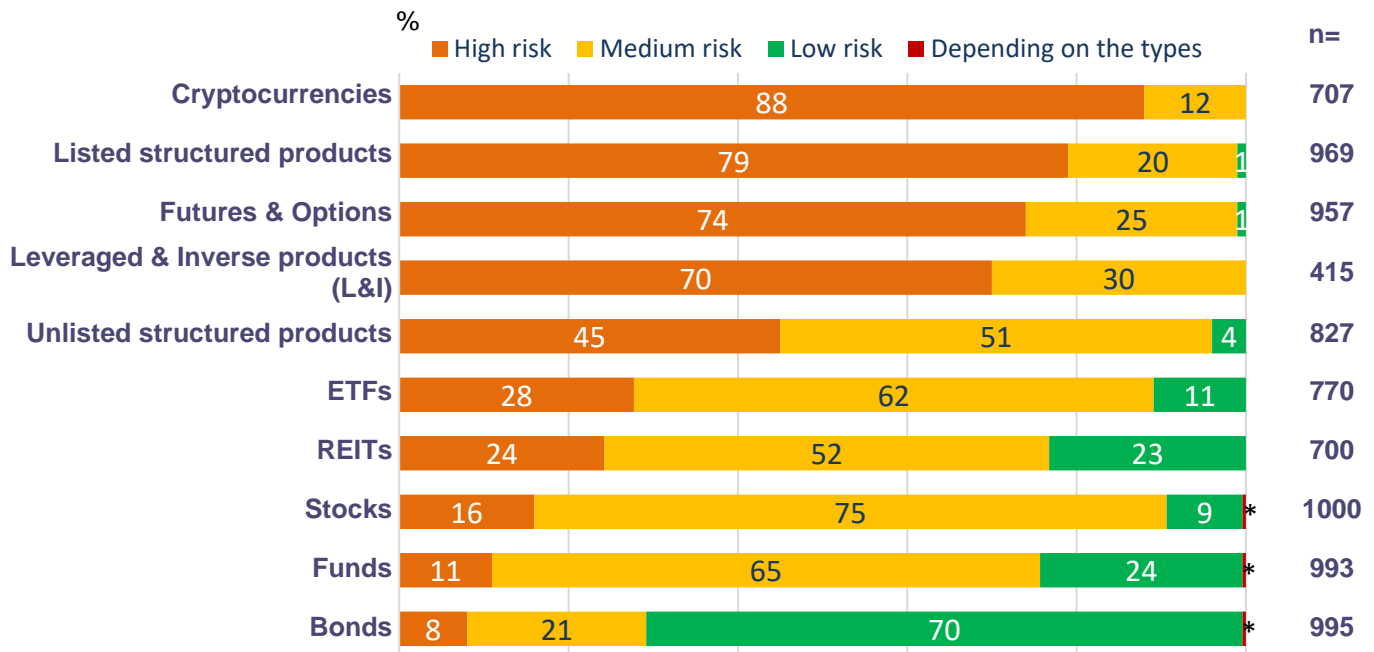
*Base: Those aware of respective financial products*
↗/↘ *denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Sources of Funding for Investment

Personal savings are reported to be the primary source of funding for investment, followed by profits from investment.

It is uncommon for investors to take out personal loans or borrowing from others for investment purpose. However, young investors are more likely to do so with as much as 8% cited borrowing from family or friends for funding investment in the past year, 4% taking out loans from financial institutions and 3% using credit card cash advance.

*Sources of funding for investment*

| | Total | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|
| **From personal savings** | 98% | 98% | 99% | 96% | 99% | 99% |
| **Profits from investment** | 66% | 71% | 60% ↓ | 55% ↓ | 67% | 68% |
| **Taking out personal loans from banks/ financial institutions** | 2% | 3% | - | 4% | 2% | - |
| **Borrowing from family/ friends** | 2% | 3% | 2% | 8% ↑ | 2% | 1% |
| **Margin financing** | 1% | 2% | * | - | 2% | - |
| **Credit card overdraft/ cash out** | 1% | 1% | * | 3% | 1% | - |

*Base: Total – all respondents n=1,000, Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Financial Product Investment – Past 12 Months vs Next 12 Months

The interest level for most investment products in next 12 months are more or less at the same level as penetration in past 12 months. The exception to this is bonds which register a significant increase in interest level from 18% to 26% which could be in anticipation of the Silver Bonds and Green Bonds about to be issued by the government at the time of survey. Higher interest is also observed for virtual assets.

*Financial Products Investment in Past 12 months*

| | Invested in in Past 12 Months % | Interested to invest in Next 12 Months % |
|---|---|---|
| **Stocks** | 96 | 96 |
| **Funds** | 24 | 26 |
| **Bonds** | 18 | 26 ↑ |
| **Listed structured products** | 8 | 9 |
| **Virtual assets or related products** | 8 | 11 ↑ |
| **Unlisted structured products** | 5 | 7 |
| **ETFs** | 2 | 3 |
| **REITs** | 2 | 3 |
| **Futures and Options** | 2 | 6 |
| **L&Is** | 1 | 1 |
| ***Average no. of product types*** | *1.65* | *1.87* |
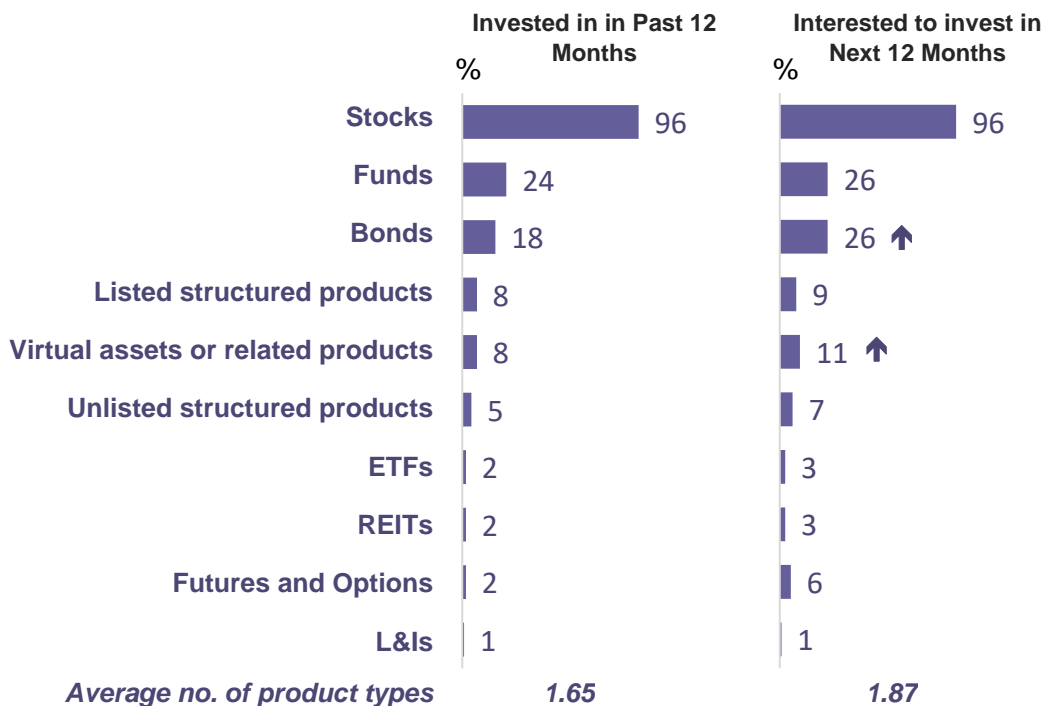
*Base: Total – all respondents n=1,000*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Types of Virtual Assets Interested In in the Next 12 Months

Among those who report interest in virtual assets for the next 12 months, cryptocurrencies remain the most popular, followed by non-fungible tokens and stablecoins. Interest in security tokens and virtual asset futures ETF is still at a low level.

In general, male and young investors are more likely to be interested in different types of virtual assets.

*Types of Virtual Assets Interested In in Next 12 months*



%

| | |
|---|---|
| Cryptocurrencies | 79 |
| Non-fungible tokens (NFT) | 49 |
| Stablecoins | 45 |
| Virtual asset futures ETFs | 6 |
| Security tokens | 3 |
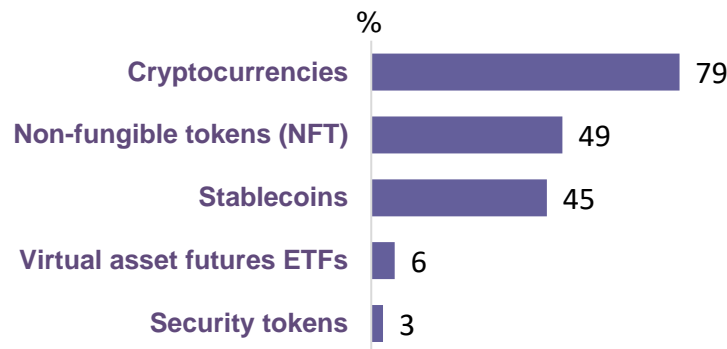
*Base: Those who are interested in investing in virtual assets in the next 12 months (n=107)*

## Reasons for not Interested in Holding Virtual Assets

Among investors who reported no interest in investing in virtual assets but would continue to invest in other products, perceived risky product nature is the top deterrent, followed by self-claimed limited knowledge about virtual assets and the perceived lack of regulation in the virtual assets markets.

*Reasons for not Interested in Holding Virtual Assets*

| | Total | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|
| **Virtual assets are very risky** | **73%** | **71%** | **74%** | **75%** | **73%** | **71%** |
| **Don't know much about VA** | **64%** | **57%** ↓ | **70%** | **51%** ↓ | **59%** | **74%** ↑ |
| **VA market is lack of regulations** | **57%** | **60%** | **54%** | **59%** | **61%** | **51%** |
| **Insufficient liquidity, selling virtual assets may not be easy** | **36%** | **39%** | **34%** | **43%** | **39%** | **32%** |
| **Prefer other investment options** | **32%** | **35%** | **29%** | **30%** | **37%** | **26%** |
| **Purchasing process is complicated/ inconvenient** | **29%** | **29%** | **29%** | **28%** | **33%** | **24%** |
| ***Average number of reasons:*** | ***2.91*** | ***2.91*** | ***2.91*** | ***2.85*** | ***3.01*** | ***2.77*** |

*Base: Total – all respondents n=1,000, Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326*
↑/↓ *denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

# Stock Investment

After understanding investors' general investing practices, we take a deep look at how investors invest in stocks which are the most popular investment product in Hong Kong.

## Channels Used to Trade Stocks - Overview

Banks are more commonly used than securities brokerages for trading stocks.

For both banks and securities brokerages, mobile application is the most usual channel used for stock trading followed by online platform. Overall, 80% of stock investors use online channels the most often for stock trading.

*Channels Used to Trade Stocks in the Past 12 Months*

%

| Channel | Most often used channel | All channels used |
|---|---|---|
| **Banks** | 61 | 69 |
| Mobile application | 33 | 50 |
| Online platform | 14 | 43 |
| Phone call | 13 | 25 |
| **Securities brokerages** | 39 | 43 |
| Mobile application | 28 | 33 |
| Online platform | 5 | 21 |
| Phone call | 4 | 9 |
| Physically at the brokerage | 3 | 7 |
| **Total online** | 80 | 87 |
| **Total offline** | 20 | 35 |

■ All channels used

■ Most often used channel
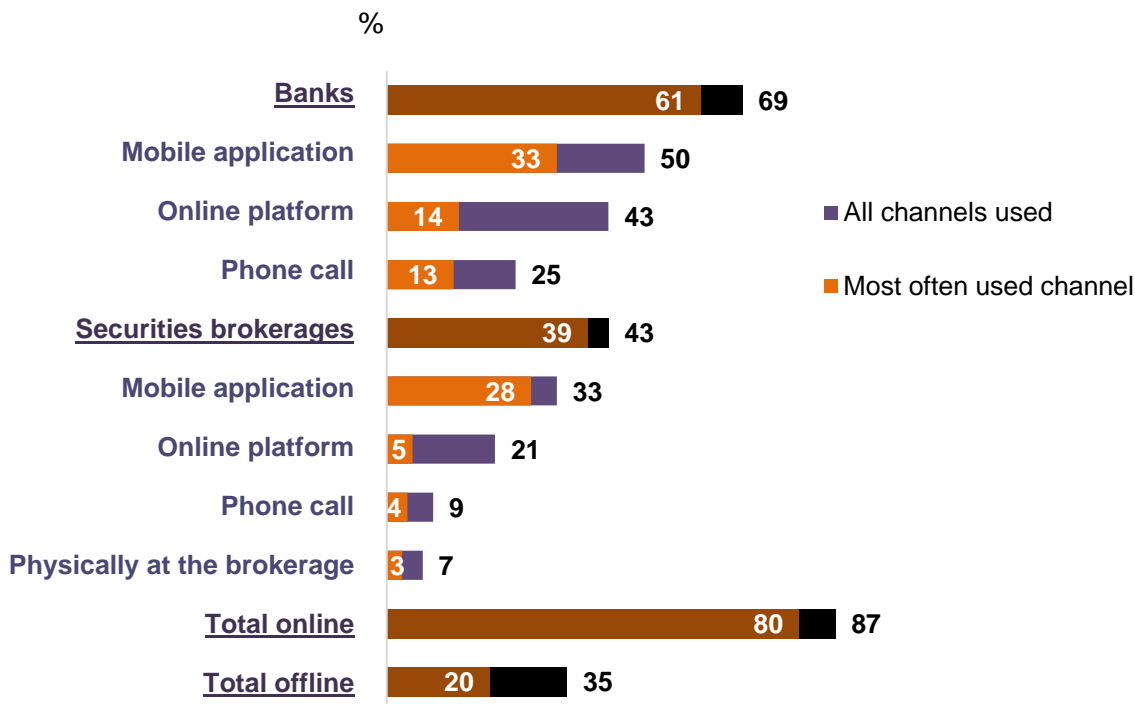
*Base: Those who have invested in stocks – n=962*

## Channels Used to Trade Stocks – All Channels Used

Compared to two years ago, usage of online channels further grows despite plateauing, particularly mobile apps from banks. Meanwhile, usage of securities brokerages' mobile apps drops and is over-taken by banks' apps.

Male and young investors are more likely to trade stocks through securities brokerages, especially via their mobile applications and online platforms as compared to female and mature stock investors. Female and mature stock investors on the other hand are more likely to trade stocks through banks or offline channels.

*Channels Used to Trade Stocks – All Channels Used in Past 12 Months*

| | 2019 | Total 2021 | 2023 | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|
| **Banks** | 66% | 68% | **69%** | **64%** | **75%↑** | **46%↓** | **69%** | **77%↑** |
| **Mobile application** | ⎱51% | 41% | **50% ▲** | **48%** | **53%** | **44%** | **56%** | **41%↓** |
| **Online platform** | ⎰ | 30% | **43% ▲** | **41%** | **44%** | **25%↓** | **46%** | **42%** |
| **Phone call** | 32% | 17% | **25% ▲** | **20%** | **30%** | **6%↓** | **21%** | **39%↑** |
| **Securities brokerages** | 48% | 51% | **43% ▼** | **52%↑** | **34%↓** | **63%↑** | **43%** | **37%** |
| **Mobile application** | ⎱32% | 39% | **33% ▼** | **43%↑** | **22%↓** | **62%↑** | **39%↑** | **14%↓** |
| **Online platform** | ⎰ | 16% | **21% ▲** | **29%↑** | **13%↓** | **27%** | **23%** | **16%** |
| **Phone call** | 26% | 9% | **9%** | **9%** | **10%** | **1%↓** | **6%** | **17%↑** |
| **Physically at the brokerage** | 5% | 4% | **7% ▲** | **7%** | **8%** | **-** | **3%** | **18%↑** |
| **Total online** | 74% | 84% | **87%** | **91%↑** | **83%** | **99%↑** | **95%↑** | **69%↓** |
| **Total offline** | 54% | 27% | **35% ▲** | **30%** | **40%** | **7%↓** | **26%↓** | **59%↑** |
| ***Average number of channels:*** | *NA* | *1.55* | ***1.89*** | ***1.97*** | ***1.80*** | ***1.65*** | ***1.94*** | ***1.88*** |

Base: Those who have invested in stocks - n=962, Male n=499; Female n=463; Aged 18-29 n=106; Aged 30-49 n=542; Aged 50-69 n=314
▲/▼ *denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
↑/↓ *denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## The Most Often Channel Used to Trade Stocks

Overall banks are more preferred to securities brokerages for trading stocks, particularly among female and mature investors. The single most used channel is mobile apps from banks, followed by mobile apps from securities brokerages and online banking platforms.

Nevertheless, young investors see different usage patterns from other segments – securities brokerages are more used than banks, and as many as 58% use mobile apps from brokerages the most often which could be due to the lower service fees.

*Channels Used to Trade Stocks – Most Often Channel Used in Past 12 Months*

| | 2019 | Total 2021 | 2023 | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|
| **Banks** | NA | 55% | 61% ▲ | 52% ↓ | 70% ↑ | 39% ↓ | 60% | 69% ↑ |
| **Mobile application** | NA | 27% | 33% ▲ | 30% | 37% | 33% | 37% | 26% ↓ |
| **Online platform** | NA | 18% | 14% ▼ | 13% | 16% | 5% ↓ | 15% | 17% |
| **Phone call** | NA | 11% | 13% | 9% | 17% | 1% ↓ | 8% ↓ | 25% ↑ |
| **Securities brokerages** | NA | 45% | 39% ▼ | 48% ↑ | 30% ↓ | 61% ↑ | 40% | 31% ↓ |
| **Mobile application** | NA | 32% | 28% | 36% ↑ | 19% ↓ | 58% ↑ | 33% | 9% ↓ |
| **Online platform** | NA | 5% | 5% | 6% | 3% | 3% | 5% | 5% |
| **Phone call** | NA | 5% | 4% | 3% | 4% | 1% ↓ | 2% | 8% ↑ |
| **Physically at the brokerage** | NA | 2% | 3% | 2% | 5% | - | 1% | 9% ↑ |
| **Total online** | NA | 82% | 80% | 86% ↑ | 74% ↓ | 98% ↑ | 89% ↑ | 58% ↓ |
| **Total offline** | NA | 18% | 20% | 14% ↓ | 26% ↑ | 2% ↓ | 11% ↓ | 42% ↑ |

*Base: Those who have invested in stocks - n=962, Male n=499; Female n=463; Aged 18-29 n=106; Aged 30-49 n=542; Aged 50-69 n=314*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

**Reasons for Using Mobile Application from Brokerages the Most Often**

Among those who prefer using brokerages' mobile apps for stock trading, the number one reason cited is the lower trading fees, followed by user-friendly interface. Over half also appreciate the in-app user forums which they think facilitates exchanges with other investors.

The entertaining / gaming-like elements such as firework / trophies animation upon completing a transaction seemingly have limited contribution, though it is more appreciated among young investors.

*Reasons for Using Mobile Application from Brokerages the Most Often*

| | Total | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|
| **Lower trading fees** | **96%** | **96%** | **98%** | **95%** | **96%** | **100%↑** |
| **User-friendly interface** | **74%** | **74%** | **74%** | **64%** | **76%** | **86%** |
| **The app facilitates exchanges with other investors** | **59%** | **56%** | **66%** | **57%** | **60%** | **55%** |
| **Promotions** | **54%** | **52%** | **57%** | **56%** | **53%** | **55%** |
| **Like the technical analysis features of the app** | **51%** | **55%** | **41%** | **51%** | **50%** | **52%** |
| **The news push is helpful for investment decision** | **47%** | **46%** | **48%** | **39%** | **49%** | **48%** |
| **Like reward points/loyalty programme of the app** | **28%** | **28%** | **29%** | **30%** | **28%** | **28%** |
| **Entertaining/gaming-like elements** | **19%** | **19%** | **17%** | **30%** | **16%** | **14%** |
| ***Average number of reasons:*** | ***4.28*** | ***4.26*** | ***4.31*** | ***4.21*** | ***4.28*** | ***4.38*** |

*Base: Those who have invested in stocks - n=267, Male n=180; Female n=87; Aged 18-29 n=61; Aged 30-49 n=177; Aged 50-69 n=29*
*↗/↘ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Stock Markets Invested-in

Majority of investors invested in the Hong Kong main board. Popularity of the US stock market recorded in 2021 maintains, particularly among male and young investors. Meanwhile, interest in the mainland China market and Hong Kong GEM board declines.

*Stock Markets Investment in Past 12 Months*

| | Total 2019 | Total 2021 | Total 2023 | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| **Hong Kong main board** | 95% | 94% | **96%** ▲ | | **95%** | **97%** | **89%↓** | **96%** | **99%↑** |
| **US stock market^** | NA | 29% | **28%** | | **38%↑** | **18%↓** | **57%↑** | **35%↑** | **9%↓** |
| **Hong Kong GEM board** | 35% | 45% | **27%** ▼ | | **33%↑** | **21%↓** | **35%↑** | **29%** | **22%** |
| **Mainland China stock market** | 24% | 20% | **8%** ▼ | | **10%** | **6%** | **2%↓** | **9%** | **10%** |
| **Other overseas market** | 10% | 2% | **2%** | | **3%** | **1%** | **3%** | **2%** | **1%** |
| ***Average number of markets:*** | 1.64 | 1.89 | ***1.62*** | | ***1.79*** | ***1.43*** | ***1.85*** | ***1.70*** | ***1.41*** |

*^ US stock market in not covered in the 2019 study*
*Base: Those who have invested in stocks – n=962, Male n=499; Female n=463; Aged 18-29 n=106; Aged 30-49 n=542; Aged 50-69 n=314*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↗/↘ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Types of Stocks Held

Mid cap stocks grow in popularity and marginally beat blue chips / large cap stocks as the most popular types of stocks held in the past 12 months.
The younger investors show higher interest in small cap stocks and IPOs whereas mature investors have more focus on blue chips / large cap stocks.

*Types of Stocks Held in Past 12 Months*

|  | **Total** | | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|
|  | 2019 | 2021 | **2023** | | | | | |
| **Mid cap stocks** | 63% | 30% | **73%** ▲ | **78%** | **68%** | **79%** | **77%** | **65%** ↓ |
| **Blue chips/ large-cap stocks** | 70% | 54% | **71%** ▲ | **69%** | **73%** | **42%** ↓ | **68%** | **87%** ↑ |
| **Small-cap stocks** | 32% | 26% | **37%** ▲ | **44%** ↑ | **30%** ↓ | **58%** ↑ | **41%** | **24%** ↓ |
| **IPOs** | 30% | 47% | **22%** ▼ | **27%** | **16%** ↓ | **42%** ↑ | **22%** | **15%** ↓ |
| **Not sure what kind of stock** | - | - | * | * | - | - | - | * |
| ***Average number of types*** | *1.95* | *2.47* | ***2.03*** | *2.18* | *1.87* | *2.21* | *2.07* | *1.91* |

*Base: Those who have invested in stocks – n=962, Male n=499; Female n=463; Aged 18-29 n=106; Aged 30-49 n=542; Aged 50-69 n=314*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Duration of Holding a Stock

The holding time for blue chips / large caps in general is longer. 37% of blue chips / large caps investors reported they usually hold blue chips for 3 years or above.

The holding time for mid caps and small caps are much shorter. Majority (75%) of mid caps investors would hold the stock for one year or less. The usual holding time for small caps is even shorter at half a year or less (91%).

*Usual duration of holding a stock*

| | Blue chips / large caps % | Mid caps % | Small caps % |
|---|---|---|---|
| **Within one day** | - | - | 5 |
| **Within one week** | - | 4 | 25 |
| **One week to less than half year** | 5 | 27 | 61 |
| **Half year to less than one year** | 14 | 44 | 8 |
| **One year to less than 3 years** | 42 | 23 | 1 |
| **3 years to less than 5 years** | 23 | 3 | - |
| **5 to less than 10 years** | 8 | * | - |
| **10 years or above** | 6 | - | - |
| **No specific time horizon** | - | - | * |
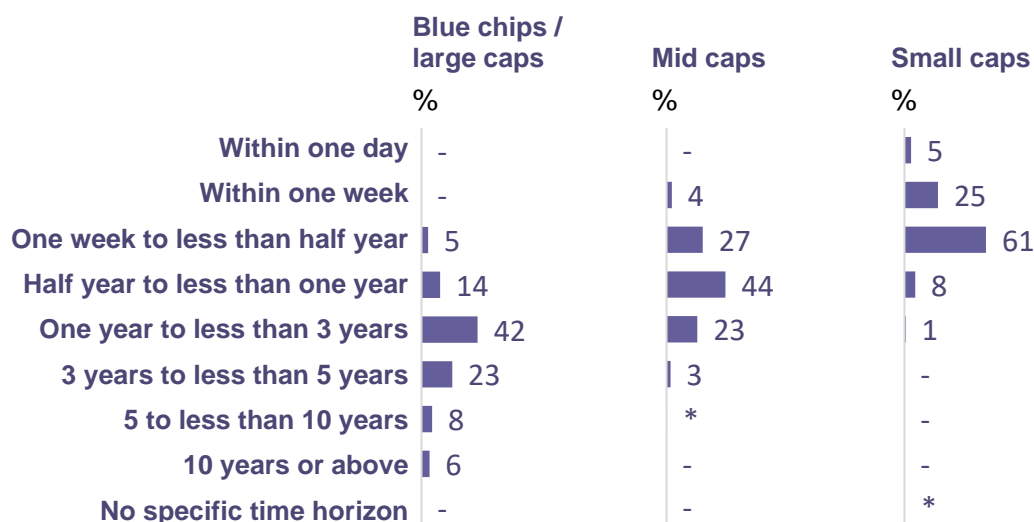
*Base: Those who have invested in respective types of stocks: blue chips / large caps (n=684); mid caps (n=704); small caps (n=358)*

## Frequency of Trading Mid-Cap Stocks by Most Often Used Stock Trading Channel

Those mid-cap stocks investors who trade most often through mobile apps of brokerages are more likely to trade at a more frequent base (42% are holding for less than half a year) as compared to those who trade through the mobile apps of banks (29%).

*Frequency of Trading Mid-Cap Stocks by Most Often Used Stock Trading Channel*

| | All mid-cap investors % | Most Often Users of mobile apps from brokerages % | Most Often Users of mobile apps from banks % |
|---|---|---|---|
| Within one day | - | - | - |
| Within one week | 4 | 6 | 3 |
| One week to less than half year | 27 | 36 ↑ | 26 |
| Half year to less than one year | 44 | 43 | 37 |
| One year to less than 3 years | 23 | 14 ↓ | 30 ↑ |
| 3 years to less than 5 years | 3 | 1 | 4 |
| 5 to less than 10 years | * | - | - |
| 10 years or above | - | - | - |
| No specific time horizon | - | - | - |
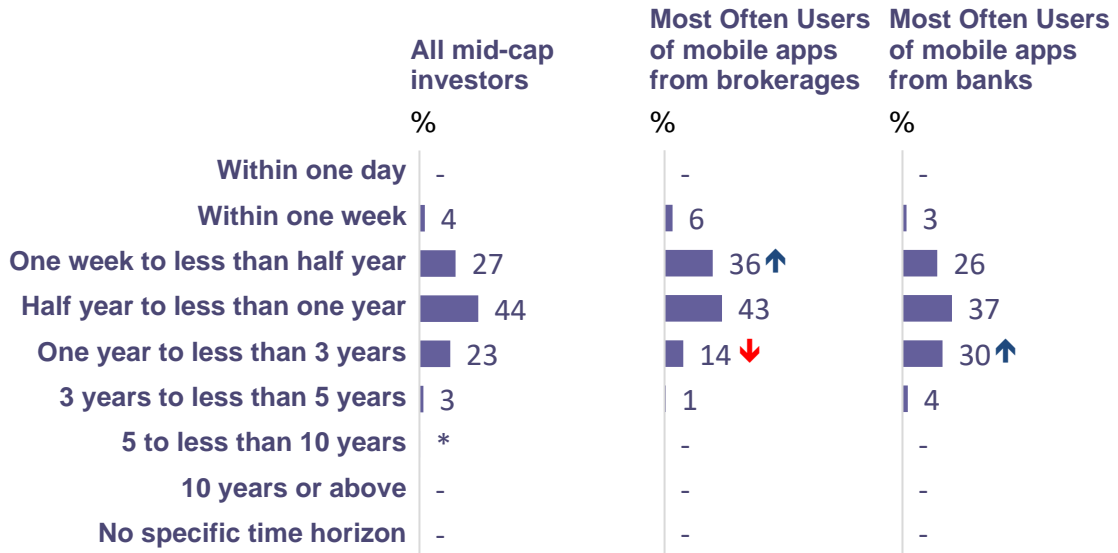
*Base: Those who have invested in mid caps (n=704); use mobile apps of brokerages most often (n=213); use mobile apps of banks most often (n=246)*

## Expected Return on the Investment in Stocks

The surveyed stock investors said they expect an ROI of 19.5% per annum for their stock investment on average, which is slightly less than the 21.1% recorded in 2021.

Comparatively, male and young investors tend to have higher expectation on return than females and older investors.

*Expected Return on Stock Investment*

| | | <5% | 5%-10% | 10%-20% | 20%-30% | >30% | No specific expectation | Average Expected ROI |
|---|---|---|---|---|---|---|---|---|
| | 2021 * | 5 | | 43 | 36 | 14 | 2 | 21.1% |
| N=962 | 2023 * | 12 | | 36 | 37 | 7 | 8 | 19.5% |
| N=499 | Male * | 11 | | 32 | 40 | 9 | 7 | 20.4% |
| N=463 | Female - | 13 | | 40 | 33 | 5 | 9 | 18.6% |
| N=106 | Age 18-29 - | 8 | | 30 | 46 | 12 | 4 | 21.8% |
| N=542 | Age 30-49 * | 9 | | 35 | 39 | 6 | 10 | 19.9% |
| N=314 | Age 50-69 - | 18 | | 39 | 31 | 6 | 6 | 18.2% |
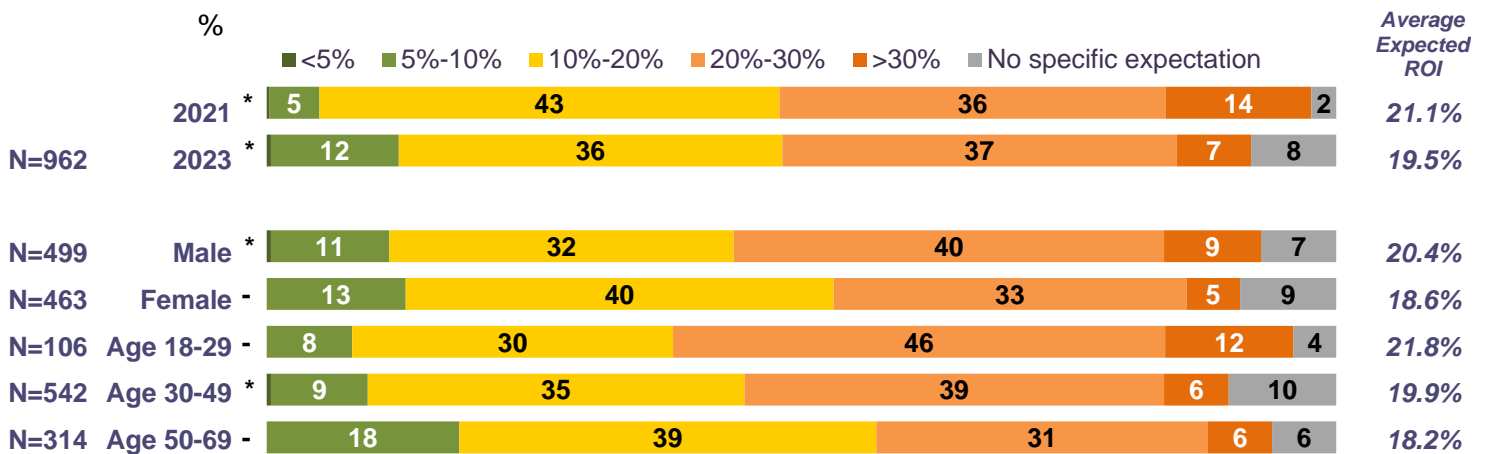
*Base: Those who have invested in stocks – n=962*

## Claimed Actual Return on the Investment in Stocks in Past 12 Months

Reflecting the volatile market in 2022, there is significant decrease in the average claimed return on investment from 11.2% in 2021 to -2.8% in 2023. The claimed loss is marginally higher among female and mature investors.

*Claimed ROI of stock investment (per annum) in past 12 months*



| | | Lose | Break even | Gain | Average Expected ROI |
|---|---|---|---|---|---|
| | 2021 * | 2 4 3 3 | 9 | 8 22 30 13 6 | 11.2% |
| N=962 | 2023 | 1 1 8 14 13 | 13 | 11 16 15 7 1 | -2.8% ▼ |
| N=499 | Male | 1 2 12 15 14 | 10 | 11 13 13 8 1 | -1.5% |
| N=463 | Female * | 3 13 12 | 17 | 11 19 17 6 1 | -4.2% |
| N=106 | Age 18-29 | 2 2 14 10 10 | 14 | 10 15 15 6 1 | -1.1% |
| N=542 | Age 30-49 | 1 1 7 15 12 | 13 | 11 18 14 7 1 | -2.8% |
| N=314 | Age 50-69 | * 7 13 16 | 15 | 11 13 17 8 1 | -3.4% |

Legend: Lose — 30%+ | 20% -< 30% | 10% -< 20% | 5% -< 10% | <5% | Break even | Gain — <5% | 5% -< 10% | 10% -< 20% | 20% -< 30% | 30%+
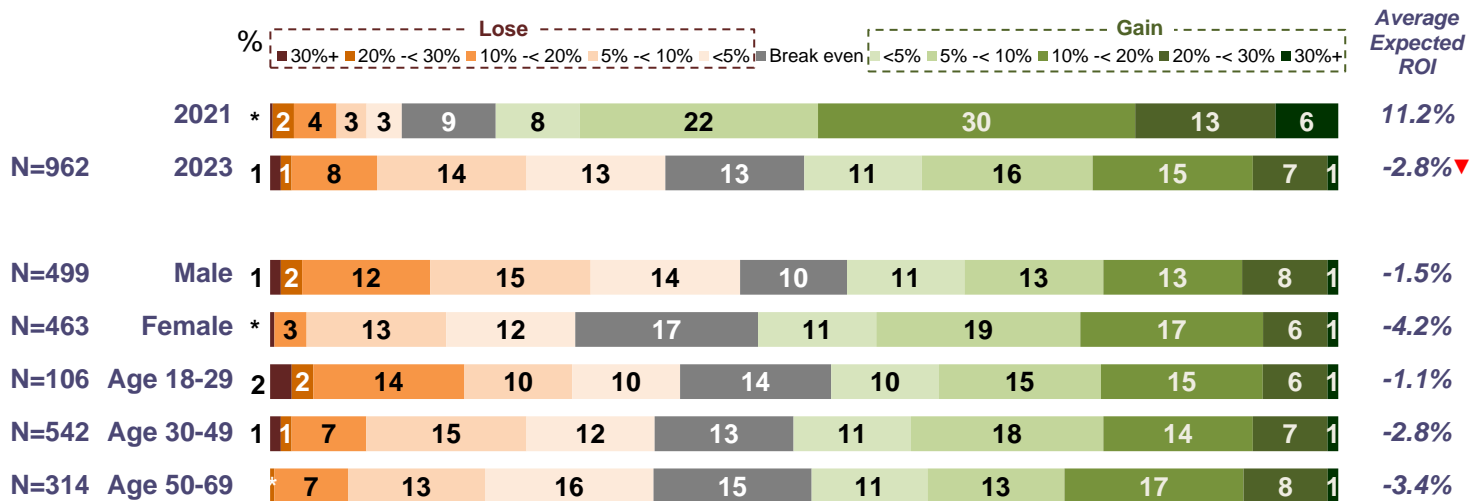
*Base: Those who have invested in stocks – n=962*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*

## Use of a Stop Loss Strategy

As with two years ago, around half of surveyed stock investors said they always or sometimes use a stop loss strategy when investing in stocks. The use of stop loss strategy is more popular among male and young investors.

*Use of a Stop Loss Strategy*

| | Total 2021 | Total 2023 | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|
| Always | 14% | 16% | 23% ↑ | 9% ↓ | 27% ↑ | 18% | 9% ↓ |
| Sometimes | 35% | 36% | 38% | 34% | 42% | 39% | 30% |
| Rarely | 22% | 26% | 23% | 28% | 17% ↓ | 25% | 30% |
| Never | 28% | 22% | 16% ↓ | 28% ↑ | 14% ↓ | 17% | 32% ↑ |

*Base: Those who have invested in stocks – n=962, Male n=499; Female n=463; Aged 18-29 n=106; Aged 30-49 n=542; Aged 50-69 n=314*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Sources of Information related to Stock Investment

Comparing to the last wave, there is significant increase in the usage of financial websites, stock trading apps and online forums as the sources of information related to stock investment; meanwhile, usage of TV drops out of the top three choices.

Collectively social media channels grows significantly and usage is particularly prevalent among young investors aged below 30.

*Sources of Information Related to Stock Investment*

| | Total 2021 | Total 2023 | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|
| Financial websites | 67% | 78% ▲ | 82% | 73% | 79% | 83% | 67% ↓ |
| Stock trading apps | 44% | 57% ▲ | 65% ↑ | 50% ↓ | 83% ↑ | 64% ↑ | 37% ↓ |
| Online forums | 25% | 51% ▲ | 56% | 46% | 67% ↑ | 59% ↑ | 32% ↓ |
| TV | 62% | 50% ▼ | 47% | 52% | 25% ↓ | 40% ↓ | 75% ↑ |
| Newspapers/ magazines | 29% | 50% ▲ | 55% | 44% | 25% ↓ | 44% | 68% ↑ |
| YouTube | 27% | 35% ▲ | 35% | 35% | 50% ↑ | 42% ↑ | 18% ↓ |
| Radio | 20% | 33% ▲ | 31% | 35% | 10% ↓ | 28% ↓ | 51% ↑ |
| Facebook | 16% | 20% ▲ | 20% | 20% | 33% ↑ | 25% ↑ | 7% ↓ |
| Instagram | 4% | 10% ▲ | 11% | 9% | 29% ↑ | 11% | 3% ↓ |
| Investment groups on communication apps | 10% | 10% | 12% | 8% | 27% ↑ | 11% | 3% ↓ |
| Information on WeChat | 1% | 3% | 3% | 4% | 2% | 4% | 4% |
| Net – Social Media* | 49% | 72% ▲ | 74% | 71% | 94% ↑ | 83% ↑ | 47% ↓ |
| *Average number of sources:* | *3.06* | *3.97* | *4.16* | *3.77* | *4.31* | *4.10* | *3.64* |

*\* Here "social medial" covers online forums, YouTube, Facebook, Instagram, chat groups on messaging apps and WeChat*
*Base: Those who have invested in stocks – n=962, Male n=499; Female n=436; Aged 18-29 n=106; Aged 30-49 n=5421; Aged 50-69 n=314*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Types of Information Influencing Stock Investment Decisions

Majority of stock investors cited financial news and comments from friends / family as key information influencing their stock investment decisions. About half also claimed to take reference from sell-side reports issued by major investment banks.

When the respondents were further asked to single out the most influential type of information, comments from friends / family are deemed the most important one.

Notably, about one in ten admitted to be heavily influenced by comments sourced from the media / online.

*Types of Information Influencing Stock Investment Decisions*



%

| | Most influential information | All types of information |
|---|---|---|
| Financial news | 20 | 83 |
| Comments from friends/ family | 35 | 79 |
| Sell-side reports issued by major investment banks | 12 | 49 |
| Comments from securities brokers/ bank relationship manager | 15 | 44 |
| Comments from online forums or instant messaging groups | 5 | 30 |
| Comments from investment experts/ KOL in the media | 5 | 29 |
| Listed companies' annual reports/ financial statements/auditor's report | 7 | 26 |
| Listed companies' ESG reports/rating/score | 1 | 7 |

*Base: Those who have invested in stocks – n=962*

## Incidence of Following Tips on Social Media to Invest

Among those stock investors who have been sourcing investment-related information from the social media (some 72%), around one in three (32%) admitted to always or sometimes following tips obtained from social media to invest. Even higher incidence among male and young investors.

*Following Tips on Social Media to Invest*

| | Total 2021 | Total 2023 | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|
| Always | 1% | 3% | | 5% | 1% | 6% | 3% | 1% |
| Sometimes | 30% | 29% | | 33% | 24% | 39% | 30% | 18% ↓ |
| Rarely | 36% | 55% | ▲ | 52% | 59% | 44% ↓ | 53% | 67% ↑ |
| Never | 33% | 13% | ▼ | 11% | 16% | 11% | 14% | 14% |

*Base: Those who have been following KOLs / experts / WhatsApp / Wechat Groups for stock investment – n=696, Male n=368; Female n=328; Aged 18-29 n=100; Aged 30-49 n=449; Aged 50-69 n=147*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*
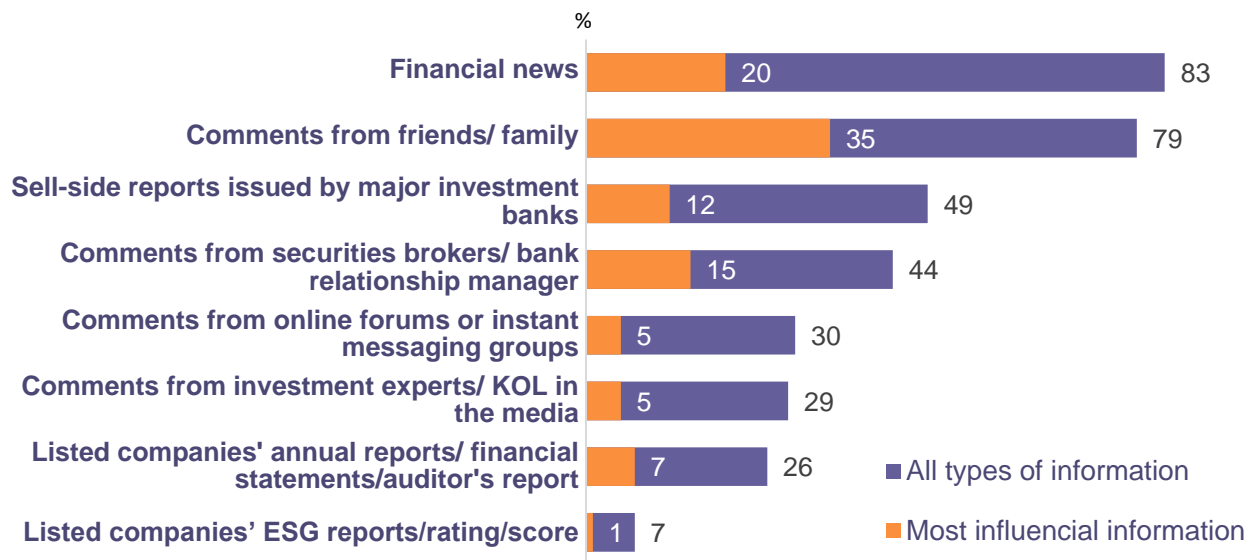
## Ways of Joining Investment Chat Groups on WhatsApp/WeChat

Among the 10% surveyed stock investors who reported sourcing stocks-related information from investment chat groups, invitation from friends is the most usual way for joining these chat groups on communication apps, followed by comments and links left in the feeds of the popular channels on Facebook/Instagram/YouTube.

*Ways of Joining Investment Chat Groups on WhatsApp/WeChat*

%

| | |
|---|---|
| Invitation from friends | 89 |
| Comments and links left in the feeds of the popular channels on Facebook/ Instagram/ YouTube | 50 |
| Social media ads | 30 |
| In the WhatsApp / WeChat / Facebook groups, e.g. sport groups, game groups, hiking groups etc. | 26 |
| Invited by strangers on WhatsApp/ WeChat / Telegram | 25 |
| Ads on other media | 9 |

*Base: Those who joined WhatsApp/WeChat groups about investing – n=100*

## Awareness of ESG Reports

Around two thirds (65%) of surveyed stock investors are aware that ESG reports from listed companies are available for reference, but only 13% have ever read it (c.f. 7% reported referencing the ESG report / rating / score when making trading decisions).

In general, male and young investors are more likely to be aware of the ESG report.

*Awareness of ESG Reports*

| | 2019 | 2021 | **Total** **2023** | | **Male** | **Female** | **Age 18–29** | **Age 30–49** | **Age 50–69** |
|---|---|---|---|---|---|---|---|---|---|
| **Yes, I have read it** | 19% | 19% | **13%** | ▼ | **17%** | **9%** | **15%** | **15%** | **9%** |
| **Yes, but I have never read it** | 33% | 39% | **52%** | ▲ | **61%** ↑ | **42%** ↓ | **63%** ↑ | **56%** | **42%** ↓ |
| **I don't know** | 48% | 42% | **35%** | ▼ | **22%** ↓ | **49%** ↑ | **22%** ↓ | **29%** | **49%** ↑ |
| **% aware of ESG report:** | *52%* | *58%* | ***65%*** | ▲ | *78%* | *51%* | *78%* | *71%* | *51%* |

*Base: Those who have invested in stocks – n=962, Male n=499; Female n=463; Aged 18-29 n=106; Aged 30-49 n=542; Aged 50-69 n=314*
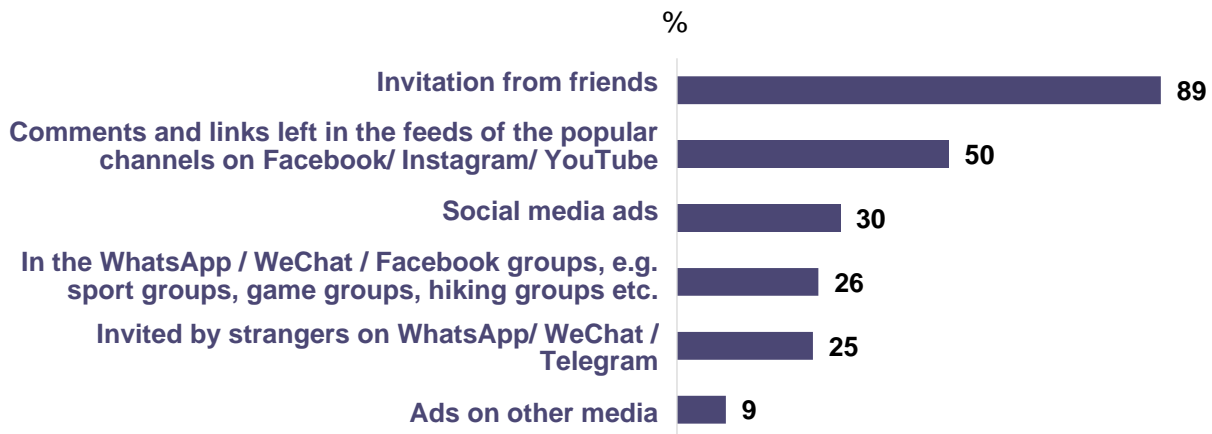*▲/▼ denotes significant differences at 95% between this wave (2023) and the last wave (2021)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

# Green & Sustainable Finance

## Awareness of Green and Sustainable Finance

Overall awareness of "green and sustainable finance" (heard about it or have some basic understanding) increases significantly to 61%, which could be partly attributable to the government's inaugural green bond offering in 2022.  Awareness level is higher among male and young investors.

*Awareness of Green & Sustainable Finance*

| | **Total** | | | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2021 | **2023** | | | | | | |
| **Have a good understanding about Green and Sustainable Finance** | 1% | 1% | **3%** | | **5%** | **1%** | 2% | 4% | 1% |
| **Have a basic understanding about Green and Sustainable Finance** | 23% | 13% | **20%** ▲ | | **25%** ↑ | **14%** ↓ | 25% | 22% | 15% ↓ |
| **Heard about it, but don't know what it is about** | 25% | 24% | **38%** ▲ | | **38%** | 37% | 44% | 39% | 34% |
| **Never heard about it** | 51% | 62% | **39%** ▼ | | **32%** ↓ | 48% ↑ | 29% ↓ | 35% | 50% ↑ |
| ***Total awareness\*:*** | *49%* | *38%* | ***61%*** *▲* | | *68%* | *52%* | *71%* | *65%* | *50%* |

*\*The term "green finance" was used in 2019 survey, while "green and sustainable finance" was used in 2021 and 2023.*
*Base: Total – all respondents n=1,000, Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326*
*▲/▼ denotes significant differences at 95% between this wave (2021) and the last wave (2019)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Investment in Green and Sustainable Financial Products

Among those who reported awareness of the category, investment in green and sustainable financial products remains uncommon but registers a significant increase from 2% to 11%. The increased product holding solely comes from investing in green bonds issued by the government in 2022 while holding of retail green/ESG funds or related funds in MPF portfolio remains minimal.

*Incidence of Investing in Green and Sustainable Financial Products in Past 12 Months*

| | **Total** | | | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2021 | **2023** | | | | | | |
| **Green bonds issued by the Hong Kong government #** | NA | NA | **9%** | | **10%** | 7% | 2% ↓ | 8% | 12% |
| **Green/ESG retail funds (excluding MPF)** | 1% | 1% | **1%** | \*\* | **2%** | 1% | 2% | 2% | 1% |
| **Green/ESG funds in MPF portfolio** | 2% | 2% | **1%** | | **2%** | 1% | 2% | 2% | - |
| **ESG ETF #** | NA | NA | **\*** | | **\*** | \* | - | \* | 1% |
| **Other green and sustainable financial products** | - | - | **-** | | **-** | - | - | - | - |
| **Never invested in green and sustainable financial products** | 98% | 98% | **89%** ▼ | | **88%** | 91% | 93% | 89% | 87% |
| **Not sure** | \* | \* | **\*** | | **-** | \* | - | \* | - |

## Interest in Investing in Green and Sustainable Financial Products

Regardless of whether respondents had heard of or invested in green and sustainable financial products, a description was read out to them before checking their interest in investing in related products in the coming year:

> *Green and Sustainable Finance refers to financing and investment activities that, apart from offering investment returns, also bring positive change to the environment and society, as well as promote economic transformation that is low-carbon and adaptive to climate change. Examples include investing in environmental protection sectors and renewable energy.*

Overall, 12% of investors indicated interest in investing in green and sustainable financial products, which doubles from 6% in 2021. And a further 56% said they would like to know more about the subject. The proportion who reported zero interest continues to shrink to just one third.

*Interest in Investing in Green and Sustainable Financial Products in the Next Year*

| | 2019 | 2021 | 2023 | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| **I am interested in investing in the coming year** | 7% | 6% | 12% | ▲ | 13% | 11% | 14% | 13% | 9% |
| **I'm not interested in investing at the moment, but interested in knowing more** | 40% | 46% | 56% | ▲ | 53% | 59% | 49% | 56% | 59% |
| **I am not interested at all** | 53% | 47% | 32% | ▼ | 34% | 30% | 37% | 31% | 32% |

**Drivers of Green and Sustainable Financial Products**

Among those who are interested in investing in green and sustainable financial products in the next year, the top two drivers are perception that the sustainability concepts are worth supporting and that it is a global trend and carries good growth potential.

Perceived government support for the sector and the perception that the green bonds (issued by the government) provide stable / good return with low risk are other moderate drivers for attracting investment in this area.

*Drivers of Green and Sustainable Financial Products*

| | **Total** | | | | **Male** | **Female** | **Age 18–29** | **Age 30–49** | **Age 50–69** |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2021 | 2023 | | | | | | |
| **The concepts worth supporting \*\*** | 43% | 64% | **64%** | ▲ | **66%** | **61%** | **63%** | **68%** | **52%** |
| **Is a global trend and carries good growth potential** | 93% | 63% | **63%** | ▼ | **72%** | **51%** | **50%** | **64%** | **66%** |
| **The government supports Green and Sustainable Finance** | 15% | 53% | **53%** | ▲ | **57%** | **49%** | **38%** | **51%** | **69%** |
| **The government green bonds provide stable / good return with low risks ##** | NA | 45% | **45%** | | **40%** | **51%** | **44%** | **42%** | **52%** |
| **To diversify my investment** | 68% | 24% | **24%** | ▼ | **27%** | **20%** | **31%** | **26%** | **14%** |
| **Companies in this sector have better risk and return** | 13% | 18% | **18%** | ▼ | **16%** | **20%** | **31%** | **16%** | **14%** |
| **Deliver better investment returns than other products** | 70% | 16% | **16%** | ▼ | **22%** | **8%** | **31%** | **14%** | **14%** |
| ***Average number of drivers*** | *3.02* | *2.70* | ***2.82*** | | ***3.00*** | ***2.59*** | ***2.88*** | ***2.82*** | ***2.79*** |

*Base: Those who are interested in green and sustainable financial products – n=118, Male n=67; Female n=51; Aged 18-29 n=16; Aged 30-49 n=73; Aged 50-69 n=29*
*\*\* Question wording changed in the 2023 study / ## New item added in the 2023 study*
*▲/▼ denotes significant differences at 95% between this wave (2021) and the last wave (2019)*
*↗/↘ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

**Barriers of Investing in Green and Sustainable Financial Products**

Among those not interested in investing in green and sustainable financial products, unfamiliarity with the category and a perceived lack of track record of good return on investment are the top two barriers for investing in this area.

Male and young investors are more likely to be deterred by perceived lower returns from green and sustainable financial products.

*Barriers of Green and Sustainable Financial Products*

| | Total | | | | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2021 | **2023** | | | | | | |
| **Not familiar with green & sustainable financial products** | 76% | 80% | **62%** | ▼ | 50% ↓ | 76% ↑ | 47% ↓ | 59% | 73% ↑ |
| **No track record of good return on investment** | 52% | 40% | **49%** | ▲ | 47% | 52% | 43% | 52% | 48% |
| **Have lower returns** | 20% | 14% | **32%** | ▲ | 44% ↑ | 20% ↓ | 56% ↑ | 34% | 21% ↓ |
| **Limited product choices** | 28% | 21% | **29%** | ▲ | 35% ↑ | 23% ↓ | 33% | 29% | 27% |
| **Environmental impact is not my investment consideration factor** | 23% | 17% | **20%** | | 22% | 18% | 28% | 22% | 15% |
| **Have problem of "greenwashing" and is not credible** | 14% | 10% | **14%** | ▲ | 17% | 11% | 18% | 15% | 12% |
| **Carry higher risk** | 24% | 11% | **11%** | | 9% | 12% | 9% | 11% | 11% |
| *Average number of barriers* | *2.37* | *1.93* | *2.18* | | *2.23* | *2.13* | *2.34* | *2.21* | *2.07* |

*Base: Those who are not interested in investing in green and sustainable financial products – n=882, Male n=453; Female n=429; Aged 18-29 n=102; Aged 30-49 n=483; Aged 50-69 n=297*
*▲/▼ denotes significant differences at 95% between this wave (2021) and the last wave (2019)*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

## Green / ESG Funds – Important Information for Selecting Funds

Whether a green/ESG fund is authorised by the SFC is considered the single most important piece of information in selecting green / ESG funds to invest in.

A fund's investment strategy, regular impact assessment and the green / ESG theme the fund focus on are second-tier factors, majority do not care whether a fund invest in companies engaging in anti-green activities.

*Green / ESG Funds – Important Information for Selecting Funds*



%

| | Most important information | All important information |
|---|---|---|
| Whether the funds are authorized by the SFC ## | 66 | 93 |
| Investment strategy to achieve its green/ESG objective | 11 | 48 |
| Regular impact assessment in relation to green/ESG investment | 12 | 48 |
| The green/ESG themes which the funds focus on | 9 | 43 |
| Whether the funds invest in companies engaging in anti-green/ESG activities | 2 | 21 |
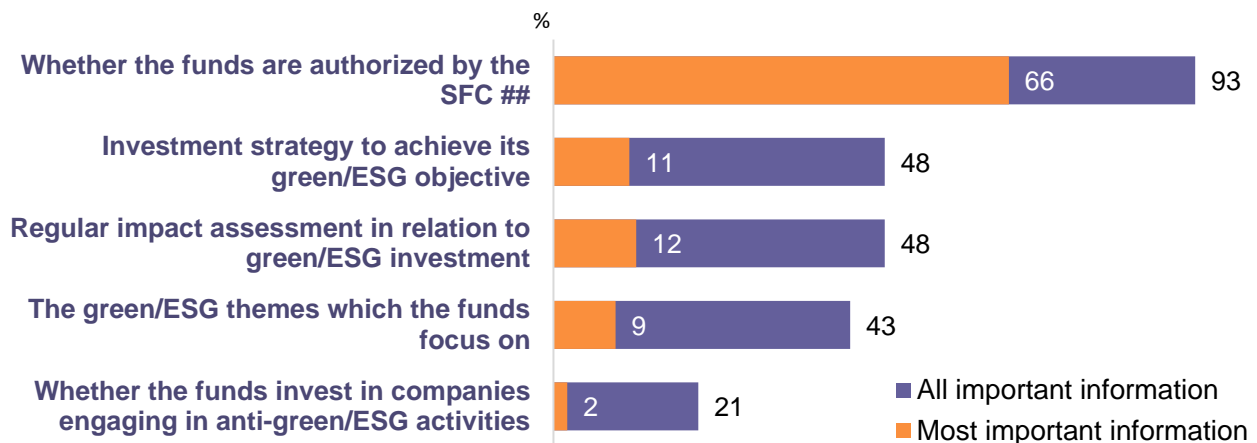
*## New item added in the 2023 study*
*Base: Those who have invested in or are interested in investing in green and sustainable finance – n=122*

## Interest in ESG Themes

Among those who are interested in investing in green and sustainable financial products, environmental themes saw the strongest appeal as with previous years, particularly energy efficiency and climate change. Three in four are also interested in social themes with focus on good health and well-being, quality education, sustainable cities and communities.

Interest in governance themes is much lower at 43%.

*Interest in ESG Themes*

| | **Total** | | | | **Male** | **Female** | **Age 18–29** | **Age 30–49** | **Age 50–69** |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2021 | **2023** | | | | | | |
| **Environmental** | 98% | 100% | **99%** | | **99%** | **100%** | **100%** | **99%** | **100%** ↑ |
| **Energy efficiency** | 86% | 76% | **79%** | | **79%** | **78%** | **75%** | **78%** | **83%** |
| **Climate change** | 74% | 63% | **74%** | | **73%** | **75%** | **75%** | **73%** | **76%** |
| **Waste management** | 68% | 40% | **47%** | | **55%** | **37%** | **25%** | **51%** | **52%** |
| **Anti-pollution** | 71% | 16% | **44%** | ▲ | **46%** | **41%** | **50%** | **44%** | **41%** |
| **Ecological equilibrium** | 74% | 29% | **39%** | | **39%** | **39%** | **44%** | **41%** | **31%** |
| **Social** | 81% | 59% | **75%** | | **75%** | **76%** | **69%** | **79%** | **69%** |
| **Good health and well-being** | 54% | 19% | **40%** | ▲ | **43%** | **35%** | **44%** | **40%** | **38%** |
| **Quality education** | 46% | 22% | **32%** | | **28%** | **37%** | **19%** | **34%** | **34%** |
| **Sustainable cities and communities** | 59% | 19% | **32%** | | **31%** | **33%** | **25%** | **36%** | **28%** |
| **Human rights** | 46% | 14% | **27%** | ▲ | **27%** | **27%** | **25%** | **32%** ↑ | **17%** |
| **Anti-discrimination** | 15% | 5% | **5%** | | **7%** | **2%** | - | **5%** | **7%** |
| **Governance** | 64% | 30% | **43%** | | **45%** | **41%** | **31%** | **55%** | **21%** |
| **Anti-bribery and corruption** | 55% | 13% | **28%** | ▲ | **34%** | **20%** | **13%** | **38%** | **10%** ↓ |
| **Business ethics** | 50% | 11% | **19%** | | **24%** | **14%** | **19%** | **23%** | **10%** |
| **Responsible consumption and production** | 56% | 8% | **17%** | | **16%** | **18%** | **6%** | **19%** | **17%** |
| **Board independence** | 24% | 3% | **-** | | **-** | **-** | **-** | **-** | **-** |
| *Average number of themes:* | *7.78* | *3.38* | ***4.84*** | | ***5.04*** | ***4.57*** | ***4.19*** | ***5.14*** | ***4.45*** |

*Base: Those who are interested in investing in green and sustainable financial products – n=118, Male n=67; Female n=51; Aged 18-29 n=16; Aged 30-49 n=73; Aged 50-69 n=29*

# Virtual Assets

**Reasons for Investing in Virtual Assets**

Short-term gains, believing virtual assets (VAs) are the future of finance and fear of missing out on popular investment opportunities are the top drivers for investing in virtual assets. Some 40% said they invest in virtual assets in order to learn more about virtual assets, and for risk diversification. Notably, a quarter of investors reported investing in VAs "just for fun".

Compared to the reasons for investing in the financial markets in general (see P11), where 78% of investors cited long-term growth in capital as the key driver, it appears that participation in the virtual asset market is more short-term and speculative in nature.

*Reasons for Investing in Virtual Assets*

%

| Reason | % |
|---|---|
| Short-term gain | 75 |
| Believe virtual assets are the future of finance | 74 |
| Fear of missing out on popular investment opportunities | 73 |
| To know more about virtual assets | 42 |
| For risk diversification | 40 |
| Support/believe in the notion of decentralised finance | 32 |
| For personal collection / games | 27 |
| Just for fun | 24 |
| For payment / remittance | 19 |
| Long-term investment | 17 |

*Base: Those who have invested in virtual assets in the past 12 months (excluding virtual assets futures ETF) – n=100*

## Channels for Trading Virtual Assets

Cryptocurrency exchange / online trading platform is the most popular for trading virtual assets. Peer-to-peer via C2C / OTC online platform follows at a distant second.

On average, each virtual assets investor would use 1.8 channels for trading virtual assets.

*Channels for Trading Virtual Assets*



%

| | All channels | Most often channel |
|---|---|---|
| Cryptocurrency exchange/ online trading platforms | 89 | 84 |
| Peer-to-peer via C2C / OTC online platforms | 30 | 2 |
| Physical outlets | 14 | 5 |
| ATMs | 14 | 1 |
| Brokers | 14 | 4 |
| Offline peer-to-peer | 12 | - |
| Banks | 10 | 3 |
| Don't trade cryptocurrencies and just mine/ receive as payment / gifts and hold | - | |
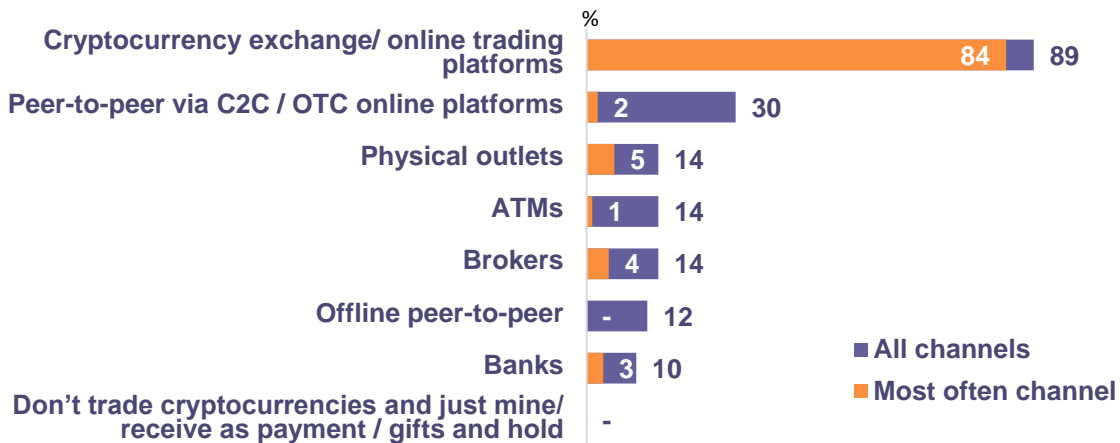
Average number of channels: 1.84

*Base: Those who have invested in virtual assets in the past 12 months excluding NFT – n=91*

## Platforms for Storing Virtual Assets

Compared to a survey conducted before FTX filed for bankruptcy last year*, storage at the trading platform remains the most common despite a mild drop. Usage of hot wallets also drops slightly while usage of cold wallets and storage at a third-party custodian picks up.

*Platform for Storing Virtual Assets*



| | 2023 | Oct' 22 Survey* |
|---|---|---|
| Storage at the trading platform | 89 ▼ | 95 |
| Hot wallet | 30 | 38 |
| Storage at a third-party custodian | 14 ▲ | 2 |
| Cold wallet | 14 ▲ | 2 |
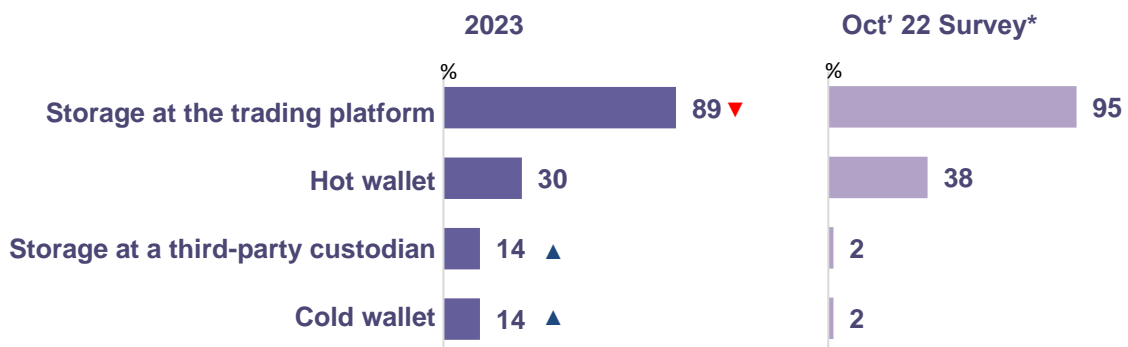
*\* Survey conducted among 500 virtual asset holders in October 2022 by the IFEC*
*Base: Those who have invested in virtual assets in the past 12 months – n=100*
*▲/▼ denotes significant differences at 95% between this wave (2023) and the Oct' 22 Survey*

**Consideration Factors in Selecting VA Trading Platforms**

Security measures are the top consideration factor in selecting trading platforms, followed by fees / rates.

Other usual consideration factors include degree of regulation, reputation / word-of-mouth, inter-operability of the trading platform, etc.

Less than 20% would consider whether a platform is a local brand or has a local office in Hong Kong.

*Consideration Factors in Selecting Trading Platforms*



%

| Factor | % |
|---|---|
| Security measures | 85 |
| Fees / rates | 72 |
| Degree of regulation | 54 |
| Reputation / WOM | 53 |
| Interoperability of the trading platform | 51 |
| Whether it offers the virtual assets I am interested in | 49 |
| Supplementary service/ solution | 49 |
| User-friendly interface | 43 |
| Ease of account opening | 42 |
| Number of types of virtual assets it offers | 40 |
| Transaction volume / ranking | 39 |
| Customer service support | 34 |
| Years of experience | 28 |
| Whether it's a local platform / with a local office | 18 |

Average number of consideration factors: 6.57

*Base: Those who have invested in virtual assets in the past 12 months – n=100*

## Attitude Towards the Outlook of Investing in Virtual Assets

Overall speaking, virtual asset investors tend to have a very different market outlook compared to general retail investors. Retail investors, majority of which haven't invested in virtual assets, are much more likely to consider the VA market to be highly volatile and speculative. Also, half of them consider the market to be uncertain due to intervention / tightening of regulations.

On the other hand, virtual asset investors are much more positive towards VA's prospect - majority of them believe virtual assets will become more important in future and it is wise to buy at current low price level (at the time of survey).

*Attitude Towards the Outlook of Investing in Virtual Assets*



%

| | All retail investors (n=1,000) | Virtual asset investors (n=100) |
|---|---|---|
| Highly volatile and have to invest with extra caution | 68 | 39 |
| The VA market is highly speculative and I fear the bubble may burst | 65 | 17 |
| Uncertain market outlook due to intervention/ tightening of regulations over VA in different markets | 51 | 30 |
| Virtual assets will become more important in the future, and may bring long-term capital gain | 27 | 77 |
| The price point is still at a high level despite recent drop, there will be limited increment in the future | 26 | 20 |
| It is wise to buy at current low price level | 20 | 61 |
| None of the above | 3 | 1 |

*Base: Total – all respondents n=1,000*

**Perceived Major Risks of Trading Virtual Assets**

Virtual asset investors also tend to have different views on the risks associated with virtual assets compared to general retail investors. While both agreed price volatility is the number one risk, VA investors see wallet security risk, hacking risk and liquidity risk as major concerns; in comparison, retail investors rate perceived inadequate regulation of the VA market and risks related to scams as key threats.

Virtual asset investors are less likely to see the risks – on average they cited 3.4 types of risks compared with 3.9 among general retail investors.

*Perceived Major Risks of Trading Virtual Assets*

%

| Risk | All retail investors (n=1,000) | Virtual asset investors (n=100) |
|------|---:|---:|
| Price volatility | 67 | 54 |
| The selected virtual asset trading platform is not regulated/inadequately regulated | 58 | 34 |
| Risk related to scams | 53 | 39 |
| The selected virtual assets do not have any guarantee or backing | 48 | 39 |
| Wallet security risk（including hacking, computer virus, IT failure, password loss or theft） | 43 | 54 |
| Market manipulation risk | 43 | 35 |
| Hacking risk | 40 | 46 |
| Liquidity risk | 38 | 46 |

■ All retail investors (n=1,000)
■ Virtual asset investors (n=100)

Average number of risk cited:
3.90 among retail investors vs 3.4 among VA investors

*Base: Total – all respondents n=1,000*

**Awareness of New Licensing Regime for Virtual Assets Trading**

At the time of the survey in June/July 2023 which was shortly after the new licensing regime came into effect on 1 June 2023, less than half of the surveyed retail investors reported awareness of the new licensing regime for virtual assets trading (and only 8% said they know what the regime is about).

However, awareness is much higher among virtual assets investors and almost all reported awareness of the new regime (96%).

*Awareness of New Licensing Regime for Virtual Assets Trading*

| | Virtual Asset Investors | All surveyed investors | Male | Female | Age 18–29 | Age 30–49 | Age 50–69 |
|---|---|---|---|---|---|---|---|
| **Yes, aware of what it is about** | 48% | 8% | 13%↑ | 2%↓ | 21%↑ | 9% | 1%↓ |
| **Yes, but don't know much about it** | 48% | 39% | 46%↑ | 32%↓ | 47% | 44% | 28%↓ |
| **No, haven't heard about it** | 4% | 53% | 42%↓ | 66%↑ | 31%↓ | 48% | 71%↑ |
| **% aware of:** | 96% | 47% | 59% | 34% | 68% | 53% | 29% |

*Base: Total – all respondents n=1,000, Virtual Asset Investors n=100; Male n=520; Female n=480; Aged 18-29 n=118; Aged 30-49 n=556; Aged 50-69 n=326*
*↑/↓ denotes subgroups who are significantly higher/ lower at 95% confidence level compared to the total*

# Appendix

## Respondent Profile - Demographic

| | All respondents | Stock Investors | Fund Investors | Virtual Asset Investors |
|---|---|---|---|---|
| *Base* | *n=1,000* | *n=962* | *n=236* | *n=100* |
| **Gender** | | | | |
| Male | 52% | 52% | 58% | 80% |
| Female | 48% | 48% | 42% | 20% |
| **Age bracket** | | | | |
| 18-29 | 12% | 11% | 11% | 32% |
| 30-49 | 56% | 56% | 56% | 68% |
| 50-69 | 33% | 33% | 33% | - |
| **Education level** | | | | |
| Primary school or below | 1% | 1% | - | - |
| Junior secondary school | 13% | 12% | 6% | - |
| Senior secondary school | 37% | 37% | 30% | 10% |
| College /Diploma /Associate Degree | 29% | 29% | 28% | 36% |
| Bachelor degree | 21% | 20% | 36% | 51% |
| Master degree or above | 1% | 1% | * | 3% |
| **Liquid Asset** | | | | |
| Below $500K | 36% | 35% | 25% | 38% |
| $500K – below $2M | 54% | 55% | 50% | 53% |
| $2M or above | 10% | 10% | 24% | 9% |
| *Average Amount* | *$0.96M* | *$0.97M* | *$1.45M* | *$0.94M* |

**Respondent Profile – Working Status & Occupation**

| All retail investors | All respondents | Stock Investors | Fund Investors | Virtual Asset Investors |
|---|---|---|---|---|
| **Working Status** | | | | |
| *Base* | *n=1,000* | *n=962* | *n=236* | *n=100* |
| **<u>Working</u>** | **<u>80%</u>** | **<u>80%</u>** | **<u>86%</u>** | **<u>98%</u>** |
| Full-time Job | 78% | 79% | 85% | 97% |
| Part-time Job | 2% | 2% | 1% | 1% |
| **<u>Non-working</u>** | **<u>20%</u>** | **<u>20%</u>** | **<u>14%</u>** | **<u>2%</u>** |
| Full-time housemaker | 14% | 14% | 10% | 1% |
| Student | * | * | * | - |
| Retired | 4% | 4% | 3% | - |
| Unemployed | 1% | 1% | 1% | 1% |
| | | | | |
| **Occupation**<br>**(Those Who Are Working)** | | | | |
| *Base* | *n=800* | *n=774* | *n=203* | *n=98* |
| Managers and administrators | 9% | 9% | 14% | 17% |
| Professionals | 13% | 13% | 18% | 33% |
| Associate professionals | 11% | 11% | 15% | 11% |
| Clerical support workers | 20% | 20% | 21% | 14% |
| Service and sales workers | 26% | 26% | 12% | 18% |
| Craft and related workers | 2% | 2% | 1% | - |
| Plant and machine operators | 10% | 10% | 12% | 4% |
| Elementary occupations | 8% | 8% | 3% | - |
| Occupations not classifiable | 9% | 9% | 14% | 17% |
| Self-employed /Business Owner | 2% | 2% | 3% | 2% |

**Respondent Profile – Monthly Income**

| All retail investors | All respondents | Stock Investors | Fund Investors | Virtual Asset Investors |
|---|---|---|---|---|
| **Monthly Personal Income (Those Who Are Working)** | | | | |
| *Base* | *n=800* | *n=774* | *n=203* | *n=98* |
| Below $20,000 | 36% | 35% | 28% | 22% |
| $20,000-$29,999 | 38% | 39% | 35% | 30% |
| $30,000 or above | 26% | 26% | 37% | 48% |
| *Average Income* | *$25,461* | *$25,564* | *$28,748* | *$30,188* |
| | | | | |
| **Monthly Household Income** | | | | |
| *Base* | *n=1,000* | *n=962* | *n=236* | *n=100* |
| Below $40,000 | 34% | 33% | 24% | 11% |
| $40,000 - $59,999 | 44% | 44% | 41% | 45% |
| $60,000 or above | 23% | 23% | 35% | 44% |
| *Average Household Income* | *$51,147* | *$51,455* | *$60,084* | *$64.626* |

54/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

☎ +852 2700 6000　　🖨 +852 2297 3300　　🌐 www.ifec.org.hk

Facebook　Instagram　▶ YouTube