

Malaysian Retail Investor Insights

Published by Bursa Malaysia



The normalisation of retail trading back to pre-pandemic levels began in 2022. Investors have gradually adjusted their portfolios following the pandemic. In 2023, the Average Daily Value On-Market Transaction of local retail was RM551.3 million (compared to RM519 million in 2022). It is worth noting that these levels are still above the pre-pandemic level's averages of RM400 million. The FTSE Bursa Malaysia KLCI closed the year lower at 1,454.66 points (compared to 1,495.49 points in 2022). Despite a 6.2% increase in local retail ADV in 2023, the local retail investors showed risk aversion with net sales of securities amounting to RM964 million. The number of new individual CDS accounts opened decreased by 2.5% to 97,157 (from 99,607 in 2022). This intriguing trend prompts an exploration of the factors influencing their selling decisions. Are there specific sectors or asset classes that have witnessed increased divestment? We aim to unravel these patterns and understand the motivations behind this change.

We wanted to understand their perspectives on stock market volatility, investment strategies etc. By comprehending their viewpoints, we can provide better guidance on investor education, empower them to make informed decisions, and tailor approaches to encourage broader retail participation in Bursa. Therefore, Bursa has conducted a survey on the Retail Investment Market that aims to achieve the following:

- To understand the investment spectrums of Malaysian retail investors.
- To gain insights into the behaviours of investors trading on Bursa.
- To study the market perception of retail investors, their expected return from the Bursa market, and sentiment outlook based on countries and industries.
- To track the evolving trends among retail investors.
- To measure the level of financial literacy of Malaysians.

Bursa engaged Ipsos Sdn Bhd to conduct this survey.

Research Design

Retail investing is defined as any form of investment activity that involves decision-making by individuals who are non-professional investors. The survey fielded by Ipsos was completed in November 2023, encompassing both online and face-to-face interviews. The questionnaire, available in English, Bahasa and Chinese, was administered in the respondent's preferred language, ensuring a diverse and representative sample. **Quotas were established in alignment with Malaysia's demographic population profile. Screening questions, tailored to the target respondent profile, were employed to ensure a representative population sample was obtained.**

Margin of Error

For a sample that is much smaller than the total population, this is a function of sample size and the response pattern. The statistical formula governing sampling error (SE) is:

$$SE = 1.96 \times \text{square root } \{(p \times 100 - p) / n\},$$

where 'p' is the percentage response and 'n' is the sample size.

Thus, any response we obtain can be said to be accurate within +/- MOE with 95% confidence. If we plot the sampling error for a typical sample size, the response patterns for the highest error would be as follows:

Sample size (n)/ p=50%	Std. Error
3,027	+/- 1.8%

Interviewing Methodology

Ipsos employed a hybrid approach, combining the Panel-Based Online Survey Method with Face-to-Face Computer Aided Personal Interviews (CAPI) to ensure a more representative sample, encompassing both urban and rural segments.

For the Online Survey method, Ipsos Online Panel respondents received invitations to access a self-completion survey online. Typically, online surveys facilitated data collection without the constraints of physical and time limitations. Face-to-face interviews specifically targeted rural populations, typically less accessible through online panels.

Selection and Training of Interviewers

All of the interviewers were given a detailed briefing on the project and questionnaire. The briefing session covered:

- Sample selection procedures, recruitment, and administration of the questionnaire. Interviewers were also briefed on the expected work timings and control procedures.
- Classroom training on the actual questionnaire. Mock interviews were conducted under the guidance and supervision of the Field Manager. Trial interviews were continued until the Field Manager was satisfied that each interviewer was competent to carry out the interview.

Additionally, under Ipsos's standard field procedures:

- Each interviewer completed an average 2 trial interviews;
- Interviewers were provided with area and quotas to complete;
- Completed interviews were promptly reviewed by the Field Manager to address any potential issues in a timely manner;
- A minimum of 20% of each interviewer's completed interviews were subjected to back-checks.

Sample Covered

3,027

Total number of respondents provided insights such as:

- Investment Spectrums
- Evolving Trends Perceived
- Financial Literacy Level

2,622

Investors, who have investment experience in any financial products, provide insights such as:

- Market Perception
- Sentiment Outlook

1,939

Bursa investors, who have investment experience in Bursa products, share details on how and why they invest, such as:

- Behaviours
- Feedback on Bursa Investment Experience

Bursa Products:



STOCK



STRUCTURED WARRANT



EXCHANGE TRADED FUNDS (ETF)



REAL ESTATE INVESTMENT TRUST (REIT)



DERIVATIVES

Other Financial Products:



BOND



UNIT TRUST



PRIVATE RETIREMENT SCHEME (PRS)



AMANAH SAHAM BUMIPUTERA (ASB)



BANK FIXED DEPOSITS (FD)



PRIVATE EQUITY CROWDFUNDING



FOREX



CRYPTOCURRENCY



GOLD, SILVER, PRECIOUS METALS



PROPERTY

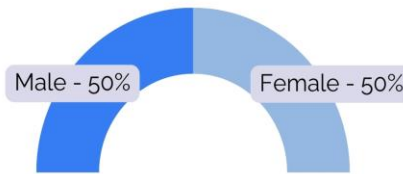


COLLECTIBLES

Location distribution

30%	The Central Region Selangor, Kuala Lumpur & Putrajaya
15%	The East Region Pahang, Kelantan and Terengganu
19%	The Southern Region Negeri Sembilan, Melaka and Johor
21%	The Northern Region Perlis, Kedah, Penang and Perak
9%	East Malaysia Sabah & Sarawak

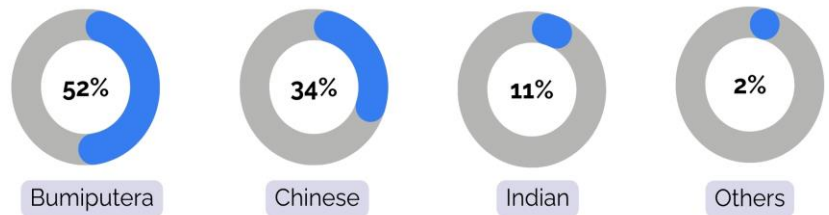
Gender distribution



Age distribution

21%	18 - 24
33%	25 - 34
24%	35 - 44
15%	45 - 54
7%	>55

Race distribution



Key Findings

From the analysis of the survey results, we have achieved our objectives of understanding the retail investment market and found out the following aspects:

Top 6 Financial Products

Details

From the 3,027 sample size of retail investors:

- 39% is investing in Stock;
- 34% is investing in ASB;
- 31% is investing in Unit Trust;
- 26% is investing in FD;
- 25% is investing in Precious Metals;
- 15% is investing in Cryptocurrency.

Source of Investment Funds

Retail investors primarily finance their investments through their salaries (63%) and savings (61%). Only 6% of investors utilise loans or borrowings for investment purposes.

Monthly Allocation to Investment

Retail investors averagely allocate 8.4% of their income to investments. The largest portion still goes to necessities like food and household expenses. The allocation towards food exceeds common budgeting advice, suggesting a prioritisation of food-related expenses over other categories.

Motivation to Invest

Investment motivations can vary across different age groups, reflecting their life stages, financial goals, and risk tolerance.

- Age group 18-24: Hobby (31%); To start my own business (24%)
- Age group 25-34: Source of passive income (57%); To start my own business (22%)
- Age group 55-64: Retirement planning (68%)

Stock Investors Profile:

Based on Bursa's statistics, active Bursa investors are those who invest in the recent 3 years, categorised by age groups as follows:

<u>Age Group:</u>	<u>Number of Active Investors:</u>	<u>Total Retail Traded Value in 2023:</u>
18-24	5%	1%
25-34	23%	13%
35-44	25%	21%
45-54	20%	24%
55-64	15%	23%
> 65	13%	16%

Although there are 48% of active investors that are > 44 years old, this group represents 63% of the total retail traded value in 2023.

The majority of active Bursa investors (67%) reside in Selangor, Kuala Lumpur, Johor, and Penang. On the other hand, Sarawak (3%), Pahang (3%), Sabah (2%), Kelantan (2%), and Terengganu (2%) have fewer active Bursa investors.

Male vs Female Investors:

Female investors typically exhibit a greater aversion to risk than male investors, as reflected in their product preferences:

	<u>Male Investors:</u>	<u>Female Investors:</u>
Cryptocurrency	63%	37%
Collectibles	41%	59%
Stocks	57%	43%

Key Findings

Source of Information:

Bursa Investors tend to be more rational in their investment approach. Emotional factors play a lesser role in decision-making compared to fundamental approaches.

- Research Reports: 48%
- Specific Company's Performance: 47%
- Based on Chart Analysis: 47%

Around 30% of them each listened to advice from friends/family members, relied on recommendations from remisiers, and followed suggestions from online forums.

Preferred Ways in Stock Investing:

Passive investing is the most adopted investment strategy (57%), as reflected in trading frequency, whereby Bursa Investors usually invest at a lower frequency, occurring once or less than once a month.

This is then followed by short-term trading (40%), dividend play (37%), penny/small cap stocks (27%), growth stocks (26%), call warrants (17%), and finally large cap (16%).

Key Considerations for the Choice of Platforms:

Retail investors prioritise long-term advantages over one-time benefits. The first-tier important factors for choosing an investment platform include cost efficiency (47%), ease of use (45%), credibility (44%), and access to essential market information and analysis (40%).

27% of the retail investors choose based on the platform's margin facilities, while 24% are enticed by the offer of free shares.

Bursa Investors' Trading Frequency:

Investment frequency is consistent with the inherent characteristics of the financial products. Stock, ETF, REIT, and Derivatives are normally traded once or less than once a month, indicating those who invest in these products adopt mid to long-term investment strategy. On the other hand, structured warrants often have shorter lifetimes, resulting in a higher trading frequency.

Reasons why the Bursa Investors Withdrew from Stock Investment in 2023:

The five primary factors are:

- Perception of high market risk (38%)
- Fear of market volatility and uncertainty (33%)
- Lack of investable funds due to rising food and living costs (33%)
- Fear of losing money (30%)
- Identification of more attractive investment options elsewhere (29%)

Change in Top Performing Sector:

Industrial products & services, consumer products & services, technology, healthcare, and financial services were the top five performing sectors in 2022. However, in 2023, the healthcare sector was replaced by the property sector.

ESG-Investing:

While most respondents stay neutral on ESG investing, it is progressively becoming a crucial factor in investment decisions. A significant portion (33%) of survey participants think that companies with strong ESG practices are more likely to be sustainable and profitable in the long run. Additionally, 11% aim to align their investments with their ethical values and 5% worry that inadequate ESG practices could jeopardize their investments.

Key Findings

Shariah-Investing:

The overall Malaysian retail investors (84%) are familiar with the concept of Shariah-compliance. When it comes to stock investment, 46% of current Bursa investors said that they might cease investing in the company if it no longer adheres to Shariah principles.

IPO Participation:

Most of the respondents are either unfamiliar with IPOs or have never participated in one. Only 21% of the respondents have participated in an IPO once, while an even smaller group, 17% have participated multiple times.

Any Changes in Retail Investors' Investment Preferences:

The majority of participants (56%) still prefer self-investment, while 43% lean towards investing through mutual funds or ETFs, and 40% seek the assistance of financial professionals. There is also a growing trend (35%) towards leveraging technological advancements such as AI tools or Robo Advisor Platforms to invest.

Knowledge Level of Stock:

The knowledge level of various financial products in Malaysia from highest to lowest familiarity:

1. FD
2. ASB
3. Precious Metals
4. Property
5. Unit Trust
6. PRS
7. Cryptocurrency
8. Forex
9. Stock
10. Collectible
11. Bond
12. REIT
13. Derivatives
14. ETF
15. Private Equity Crowdfunding
16. Structured Warrant

This indicates that many Malaysians may not be familiar with stock investment in Bursa.

Financial Adequacy:

There is a potential financial inadequacy for life necessities among Malaysians. A significant 41% of respondents withdrew funds from their EPF or utilised loan moratoriums to cover their daily expenses during the pandemic.

Majority of the Malaysians depend on their EPF (59%) and personal savings (56%) for their retirement. However, according to the EPF data, 51.5% of its members under 55 years old totalling 6.67 million, have savings below RM10,000 as of the end of 2022.

Financial Scams:

Among the total respondents to the retail survey:

- 56% claim that they have friends and family who were victims of financial/investment scams.
- 54% claim that they have friends and family who do not know how to identify financial/investment scams.
- 37% of them have been a victim of financial/investment scams.

The older age group, 45 and above, have been found to encounter financial scams more often compared to the younger generations.

Understanding the Investment Spectrums of Malaysian Retail Investors

What are the Investment Products that the Retail Investors are Investing In?

<i>Investment Products:</i>	<i>In Percentage:</i>	<i>Invest More/Less in the Past 12 Months:</i>
Stock	39%	(-) 1%
Amanah Saham Bumiputera ("ASB")	34%	(+) 19%
Unit Trust	31%	(+) 12%
Fixed Deposit ("FD")	26%	(+) 15%
Precious Metals	25%	(+) 27%
Cryptocurrency	15%	(+) 18%
Property/Real Estate	14%	(+) 25%
Real Estate Trust Funds ("REIT")	12%	(+) 18%
Private Retirement Scheme ("PRS")	12%	(+) 17%
Exchange Traded Funds ("ETF")	11%	(+) 11%
Derivatives	11%	(+) 4%
Forex	10%	(+) 17%
Collectible	8%	(+) 14%
Bond	7%	(+) 12%
Structured Warrant	4%	No change
Private Equity Crowdfunding	3%	(+) 19%
Not investing at all	13%	

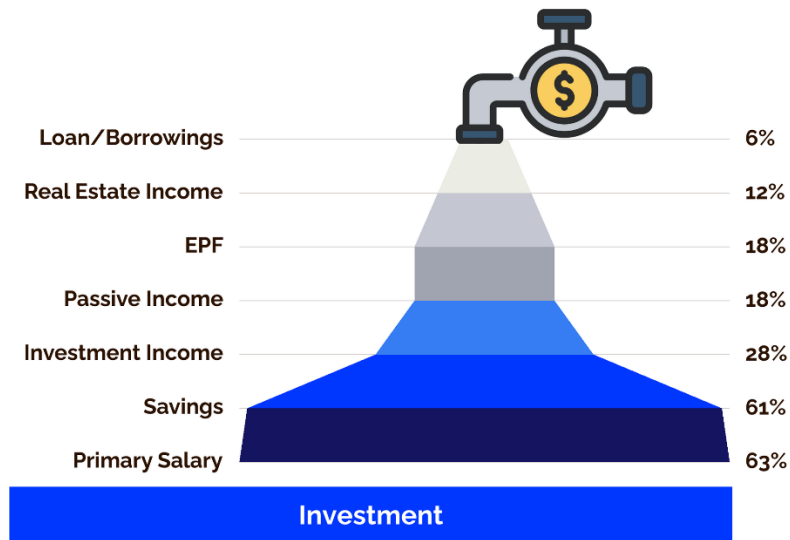
Source: Bursa Retail Survey (Total Sample Size: N=3,027)

[Fonts in Blue indicates Bursa Products]
[Fonts in black indicates non-Bursa Products]

The top 6 financial products that are currently invested by retail investors in 2023 are stock, ASB, unit trust, fixed deposit, precious metals, and cryptocurrency. On average, retail investors in Malaysia allocate 8.4% of their income to investments.

Besides, survey results suggested that the investment amounts have risen in the past year, with the most significant increases seen in precious metals such as gold and silver, followed by property, ASB, private equity crowdfunding, and cryptocurrency.

How do Retail Investors Fund their Investment Journey?



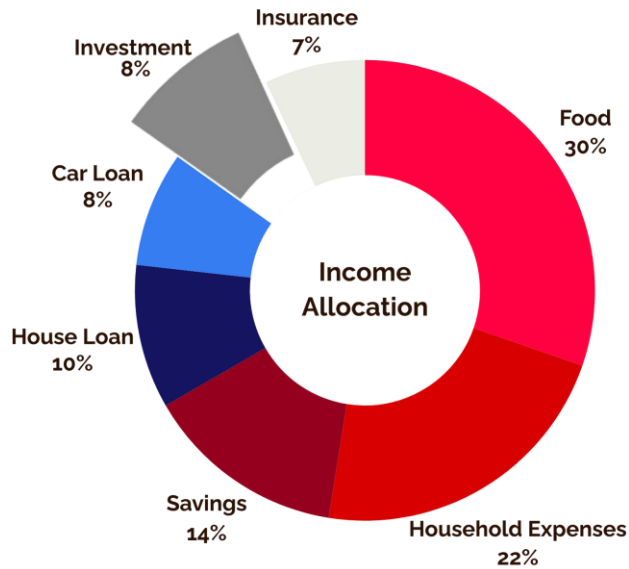
Source: Bursa Retail Survey (Total Sample Size: N=3,027)

From the key observations and findings, we see that retail investors primarily finance their investments through their salaries. In addition to their salaries, savings play a significant role as a funding source for investments, indicating a potential desire for diversification and the pursuit of higher returns compared to traditional fixed-income instruments such as fixed deposits.

Notably, the data reveals that the elderly age group of 55 to 64 (30%), particularly those relying on the Employees Provident Fund (EPF), are utilising these funds to invest, with a focus on generating passive income from dividends.

The data also highlights that a small percentage (6%) of investors are investing with leverage, potentially reflecting their risk appetite and confidence.

How much the Retail Investors Allocate to Investment?

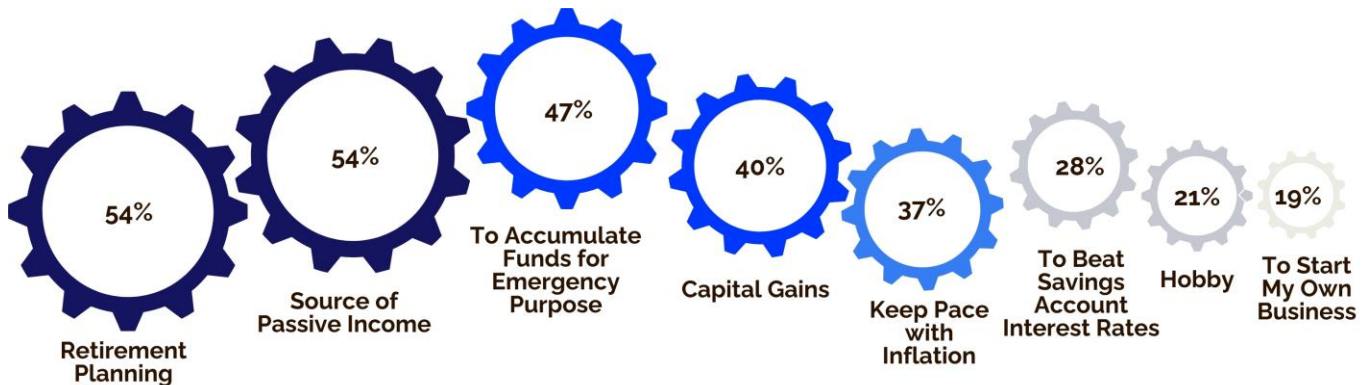


Source: Bursa Retail Survey (Total Sample Size: N=3,027)

Retail investors allocate the largest portion of their income (52%) to necessities like food and household expenses. The allocation towards food (30%) significantly exceeds common budgeting advice, suggesting a prioritisation of food-related expenses over other categories. This could reflect cultural values, a preference for dining out, or higher food costs. The allocation for house loan (10%) is notable but remains within reasonable limits, suggesting that housing-related debt is managed responsibly within the respondents' financial planning. Allocation of 8% of income towards car loan indicates the necessity of personal transportation or a cultural inclination towards vehicle ownership. Their income allocation shows their commitment to financial stability, often prioritizing basic needs before investing. Investment (8%) comes after necessities, savings, and home loans.

What Motivates Retail Investors to Invest?

Among respondents who are currently investing or have invested before, we observe that investment motivations are primarily driven by the following factors



Source: Bursa Retail Survey (Respondents who are investing: N=2,622)

Retail investors typically invest to supplement their income. The survey found the top three motivations for retail investors to invest as follows: to generate an additional income stream for retirement, to create a source of passive income, and to establish an emergency fund.

Investment motivations can vary across different age groups, reflecting their life stages, financial goals, and risk tolerance. For instance, young investors aged 18-24 often start investing as a hobby (31%) or to gather funds for future business ventures (24%). Those in the 25-34 age bracket, usually already in full-time employment, tend to focus on creating passive income streams (57%) and seeking opportunities to establish their own businesses (22%). Conversely, older investors, especially those aged 55-64, may prioritise the establishment of a retirement fund (68%). Males and females exhibit different priorities when it comes to investing, males typically invest for accumulating wealth through capital gains (43%), whereas females focus on building emergency fund (50%) to ensure financial stability, possibly influenced by societal roles, risk tolerance and long-term planning considerations.

The Investor Demographic Profiles of Stock:

Based on Bursa's statistics, Bursa stock investors are primarily located in economically robust states such as Selangor, Kuala Lumpur, Johor, and Penang. These states have consistently outperformed the national average GDP, showcasing their economic vitality. Of those investing in Bursa stocks, 66% are male and 44% are female, highlighting a possible gender gap in the Malaysian capital market.

In terms of ethnicity, 66% of the investors are Chinese, 30% are Bumiputera, and 3% are Indians.

Age-wise, the largest group of active Bursa investors (25%), who have traded in the nearest 3 years, falls within the 35-44 age bracket. This is followed by the 25-34 age group (23%), and the 45-54 age group (20%). Investors aged 55-64 make up 15% of the total, while 13% of those who invest in Bursa are older than 65. The smallest group of investors (5%) is those under the age of 25. Although we see that 48% of active investors being those above 44 years old, they contribute the major part of the trading value, totalling 63% of the retail TTV in 2023. This could indicate that our younger generation is generally less involved in investment activities.

The Investor Demographic Profiles of ASB:

34% of the respondents participate in ASB. They are primarily aged between 25-44 years, with 40% aged 25-34 years and 38% aged 35-44 years. 42% of ASB investors earn between RM 3,000 – RM 4,999, this suggests ASB appeals predominantly to a younger demographic earning an entry-level salary.

Married individuals also find ASB attractive, making up 39% of the total investors. Geographically, ASB has a strong presence in Kelantan and Terengganu (47% respectively) and Sabah (41%). These areas are known for a high concentration of Malays and other Bumiputeras.

The Investor Demographic Profiles of Unit Trust:

31% of the respondents are engaged in unit trusts, they present a distinct demographic profile.

In the gender demographic, males take the lead with 55% of them dominating the unit trust environment. The investment is particularly favored among the age groups 35-44 (37%), 45-54 (38%), and 55-64 (39%), suggesting that unit trusts are a popular choice for the somewhat older, mature investors.

Ethnically, Chinese investors make up a significant portion of unit trust investors, contributing 43% of the total unit trust investors. Income-wise, unit trusts are heavily favored by those earning RM 3,000 and above. Remarkably, the largest single group of unit trust investors earns between RM 10,000 to 14,999, accounting for 65% of investors, indicating that unit trusts are a preferred option for higher-income earners.

From a geographical perspective, the central parts of Malaysia like Penang (43%), Kuala Lumpur (38%), and Selangor (38%) have a high concentration of unit trust investors. This suggests that unit trusts may enjoy heightened popularity or benefit from successful investment strategies in these economically robust regions.

The Investor Demographic Profiles of FD:

26% of the investors in the sample invest in fixed deposits.

Fixed deposits appear to be particularly attractive to the older age group of 55-64 years old, who account for 33% of fixed deposit investors. Furthermore, 60% of these FD investors are of Chinese ethnicity, indicating potential cultural or financial factors influencing their investment choices.

Income-wise, fixed deposits are a magnet for those earning RM 3,000 and above. A dominant group of 53% earning between RM 10,000 to 14,999, underlines the preference of higher-income earners for fixed deposits. In terms of marital status, married investors tend to invest in fixed deposits more than single investors.

From a geographical perspective, the highest potential for fixed deposit investors is found in economically growing states of Malaysia, specifically Johor (32%), Penang (36%), Kuala Lumpur (32%), and Selangor (29%).

The Investor Demographic Profiles of Precious Metals:

Precious metals captivate 25% of the total sample size, signaling a robust preference for investing in gold, silver, and similar assets. Females dominate this sector, accounting for 54% of them. The investment scene is further diversified with a substantial Malay or Bumiputera representation at 64%, possibly due to the cultural and historical value attached to these metals.

It's particularly popular among the 25-34 years age bracket (27%), suggesting its appeal for long-term stability and growth.

Income-wise, precious metals attract investors from a broad spectrum, with 28% earning between RM 3,000 to RM 4,999, 32% earning RM 7,000 to RM 9,999, and a significant 41% earning above RM 15,000, indicating its widespread appeal across diverse income groups.

In terms of regional distribution, the Southern region, particularly Johor, boasts a higher percentage of precious metals investors at 31%.

The Investor Demographic Profiles of Cryptocurrency:

Despite its current popularity, only 15% of the investors are investing in cryptocurrency, showing that investors are still testing the waters in this new investment sector. Around 22% of these investors are also investing in Bursa products. This indicates that cryptocurrency is not only attracting tech-savvy investors but also those who are involved in more traditional financial markets.

Interestingly, male cryptocurrency investors account for 63% of the cryptocurrency investment scene. Another noteworthy detail is cryptocurrency seems to be a preferred investment for those who earn RM 7,000 and above, with the highest percentage of income group is those earning RM 15,000 and above (30%).

Geographically, the central region stands out as a hotspot for cryptocurrency investors, possibly due to the concentration of tech companies and startups in this area, attracting investors and high-income earners alike.

What are the Preferred Products by Male and Female Investors?

Investment Products:	Male Investors:	Female Investors:
Cryptocurrency (N=450)	63%	37%
Collectible (N=255)	41%	59%
Stock (N=1,181)	57%	43%
Real Estate Trust Funds ("REIT") (N=372)	56%	44%
Forex (N=309)	56%	44%
Unit Trust (N=944)	55%	45%
Private Equity Crowdfunding (N=102)	55%	45%
Precious Metals (N=751)	46%	54%
Fixed Deposit ("FD") (N=772)	48%	52%
Private Retirement Scheme ("PRS") (N=365)	52%	48%
Amanah Saham Bumiputera ("ASB") (N=1,044)	49%	51%
Property/Real Estate (N=426)	49%	51%
Derivatives (N=331)	49%	51%
Bond (N=223)	49%	51%
Structured Warrant (N=118)	49%	51%
Exchange Traded Funds ("ETF") (N=334)	50%	50%

Source: Bursa Retail Survey (Respondents who are investing: N=2,622)

Observations indicate that female investors tend to be more risk-averse compared to male investors. This risk aversion is reflected in their investment choices, with significant gender disparities observed in various investment products.

Male investors tend to invest more in cryptocurrency, stocks, REIT, forex, unit trust, and private equity crowdfunding. These investment avenues are often associated with higher volatility and, consequently, higher risk. Male investors exhibit a more aggressive approach, often prioritizing growth-oriented strategies. This behaviour is frequently influenced by their perceived social responsibilities, particularly the need to provide financial support for their families.

On the other hand, female investors show a preference for collectible and precious metals. These assets are viewed as safer investments, offering a more stable return over time. This trend further underscores the risk-averse nature of female investors.

Summary

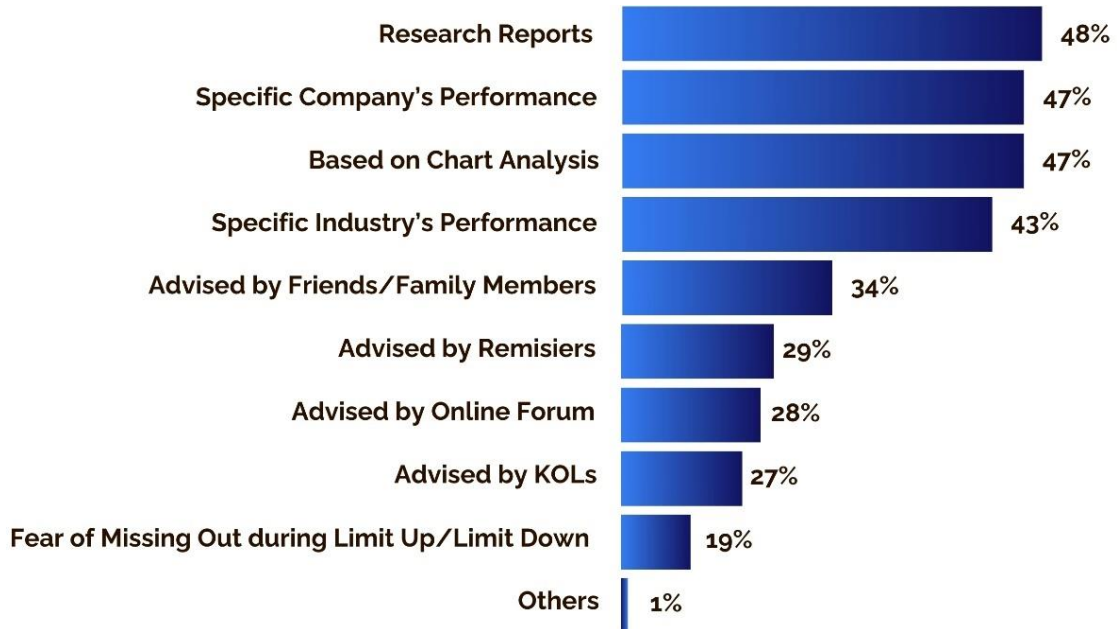
	Stock	ASB	Unit Trust	
How many percent of the respondents is investing in the product:	50%	34%	31%	
DEMOGRAPHIC	<p>♂ 66% Selangor Kuala Lumpur ♀ 44% Johor Penang</p> <p>66% 30% 3% Chinese Bumiputera Indian</p> <p>Age Group</p> <p>5% 18-24 23% 25-34 25% 35-44 20% 45-54 15% 55-64 13% > 65</p>	<p>♂ 49% Kelantan Terengganu ♀ 51% Sabah</p> <p>77% 16% 7% Bumiputera Chinese Indian</p> <p>Age Group</p> <p>15% 18-24 39% 25-34 27% 35-44 14% 45-54 5% 55-64 1% > 65</p>	<p>♂ 55% Penang Kuala Lumpur ♀ 45% Selangor</p> <p>46% 43% 11% Bumiputera Chinese Indian</p> <p>Age Group</p> <p>15% 18-24 31% 25-34 29% 35-44 19% 45-54 7% 55-64 1% > 65</p>	
	KEY OBSERVATION	<p>Stock investment is popular among individuals in the low to middle income range, earning less than RM 5,000, constituting 72% of investors, even though their investment size is relatively modest.</p>	<p>ASB appeals predominantly to a younger demographic earning an entry-level salary, as 42% of ASB investors earn between RM 3,000 – 4,999.</p>	<p>Unit trusts are heavily favored by those higher-income earners. The largest single group of unit trust investors earns between RM 10,000 to 14,999, accounting for 65% of investors.</p>

Summary

	FD	Precious Metals	Cryptocurrency	
How many percent of the respondents is investing in the product:	26%	25%	15%	
DEMOGRAPHIC	<p>♂ 66% Selangor ♀ 44% Kuala Lumpur Johor Penang</p> <p>66% 30% 3% Chinese Bumiputera Indian</p> <p>Age Group</p> <p>5% 18-24</p> <p>23% 25-34</p> <p>25% 35-44</p> <p>20% 45-54</p> <p>15% 55-64</p> <p>13% > 65</p>	<p>♂ 46% Johor ♀ 54%</p> <p>64% 24% 11% Bumiputera Chinese Indian</p> <p>Age Group</p> <p>22% 18-24</p> <p>36% 25-34</p> <p>26% 35-44</p> <p>11% 45-54</p> <p>4% 55-64</p> <p>1% > 65</p>	<p>♂ 63% Selangor ♀ 37% Kuala Lumpur Johor</p> <p>53% 31% 16% Bumiputera Chinese Indian</p> <p>Age Group</p> <p>23% 18-24</p> <p>35% 25-34</p> <p>23% 35-44</p> <p>14% 45-54</p> <p>5% 55-64</p> <p>0% > 65</p>	
	KEY OBSERVATION	Fixed deposits are also a magnet for those earning. A dominant group of 53% earning between RM 10,000 to 14,999	Precious metals have widespread appeal across diverse income groups.	Cryptocurrency is preferred for those who earn RM 7,000 and above, with the highest percentage of income group is those earning RM 15,000 and above (30%).

Providing Insights into the Behaviours of Bursa Investors

Source of Information



Source: Bursa Retail Survey (Bursa Investors: N=1,939)

Bursa investors tend to be more rational in their investment approach. Emotional factors play a lesser role in decision-making compared to these fundamental approaches.

When it comes to making investment decisions, Research Reports, Company Reports, and Chart Analysis remain the top three preferred sources of information. Hearsay from online forums or investment KOLs and emotional factors play a lesser role in decision-making. Here is what we found based on age groups:

The elderly age group (above 65 years old) and those with over 10 years of investing experience prefer to conduct research based on Company Reports. This suggests that fundamentals are an important consideration for long-term investing.

Younger individuals (18-44 years old) tend to be more receptive to Research Reports and Chart Analysis.

In addition to the top three favoured sources of information, those who are new to the market usually seek advice from family or friends.

Retail Investors' Go-To Investment Styles

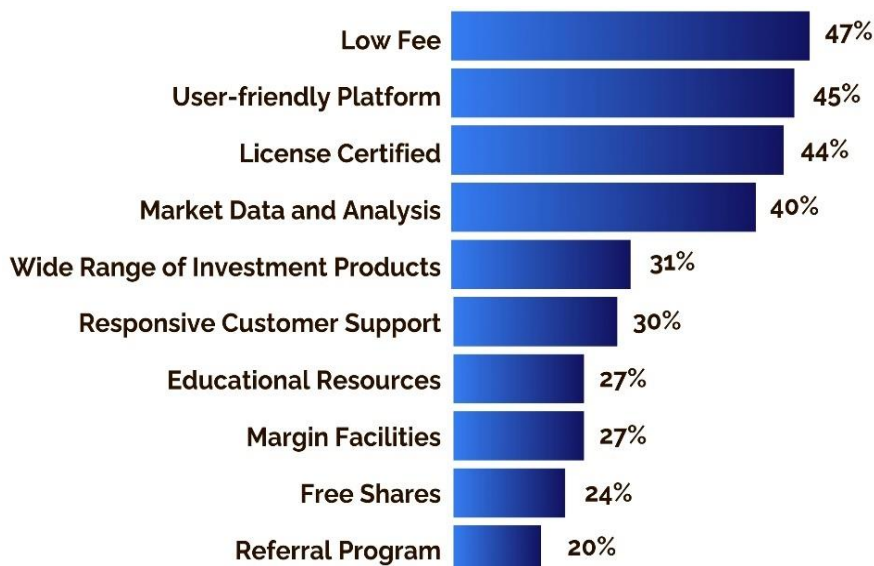


Source: Bursa Retail Survey (Bursa Investors: N=1,939)

Passive investing is the most adopted investment strategy, as reflected in our findings on trading frequency, whereby Bursa investors usually invest at a lower frequency, occurring once or less than once a month.

Among the elderly age group (above 65 years old), there is an inclination toward dividend investing, with a substantial 70% preference for this strategy. In contrast, the M40 group—comprising individuals with a monthly personal income ranging from RM 5,000 to RM 10,000—demonstrates a higher affinity for short-term trading (42%). This preference is often associated with elevated risk, driven by the allure of rapid financial gains. Conversely, the high-income group, whose monthly personal income exceeds RM 15,000, favours structured warrants (50%) and growth stocks (40%). Notably, 45% of the retail investors with over 10 years of investing experience tend to lean toward dividend plays.

Key Considerations for the Choice of Platforms



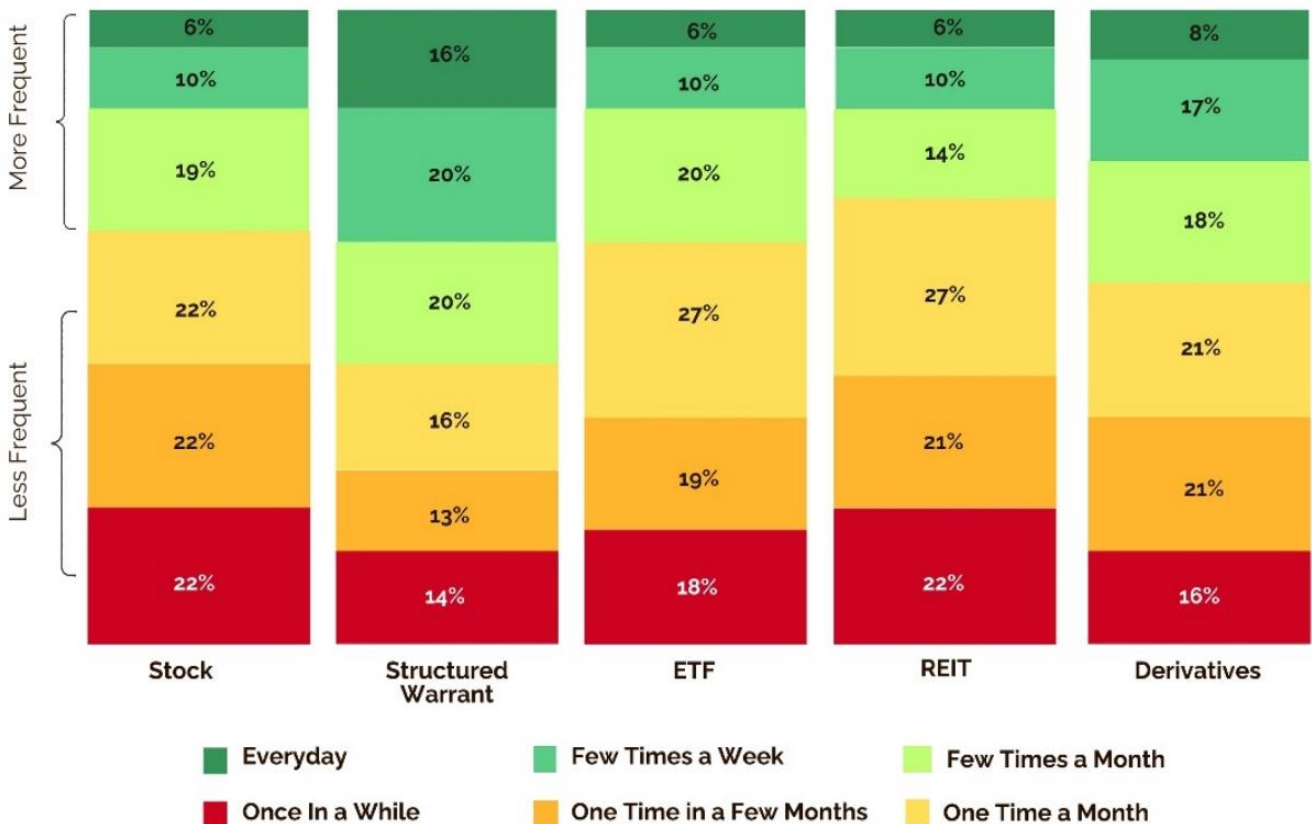
Source: Bursa Retail Survey (Respondents who are investing; N=2,622)

We also see that the survey respondents prioritise long-term advantages over one-time benefits.

The first-tier important factors for choosing an investment platform include cost efficiency, ease of use, credibility, and access to essential market information and analysis. The second-tier important factors for choosing an investment platform are the complementary goods and services, such as responsive customer support, education materials, and margin facilities. The survey data also indicates that marketing promotions are the least consideration. This suggests that retail investors prioritise the quality and features of the investment platform more.

The high-income group, whose monthly personal income exceeds RM 15,000, pays particular attention to fees, with 59% considering this a critical factor when evaluating investment platforms. Individuals aged 55 to 64 prioritise responsive customer support when choosing an investment platform (39%). The youth, aged 18 to 24, lean toward educational resources provided by investment platforms (34%). Additionally, they favour the availability of free shares to kickstart their investment journey (28%).

How Often do Bursa Investors Trade?



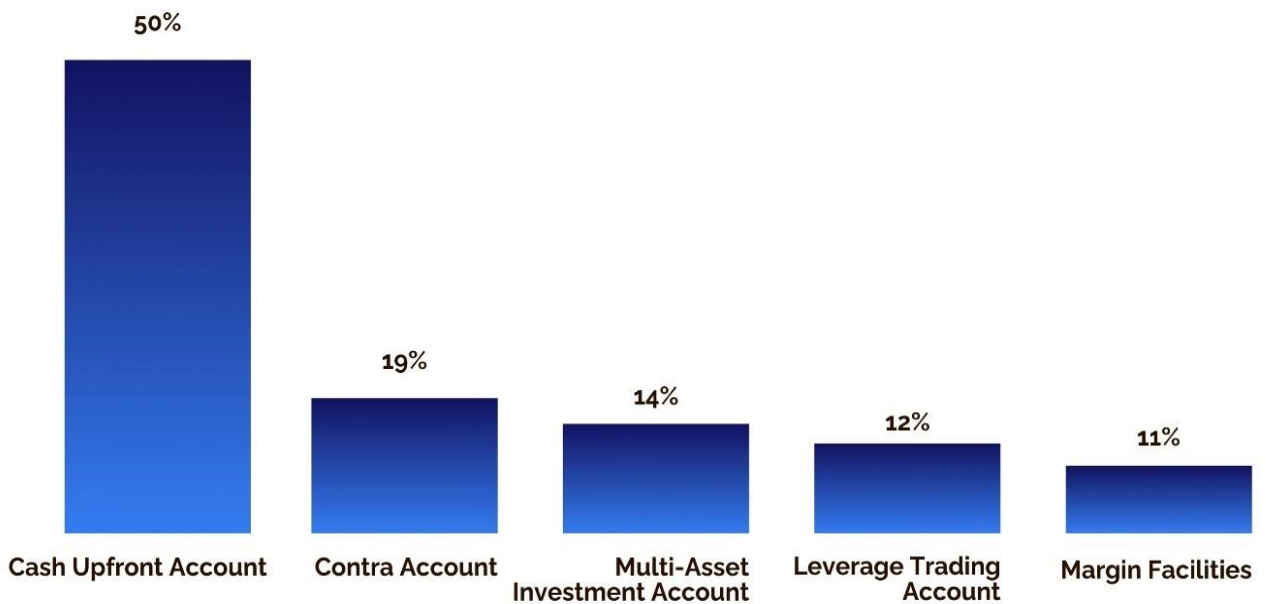
Source: Bursa Retail Survey (Current Bursa Investors: N=1,508)

According to the findings of the survey, investors in Bursa Malaysia typically engage in trading activities with a lower frequency except for structured warrants, which see a higher frequency of trades. This

pattern of investment behaviour is consistent with the inherent characteristics of the various financial products.

The trading frequency of stock, ETF, REIT, and Derivatives are observed to be at a lower frequency, majority only trade once or less than once in a month, indicating those who invest in these products adopt mid to long-term investment strategy. On the other hand, structured warrants often have shorter lifetimes. This leads to a higher trading frequency.

Preferred Account Type by Bursa Investors



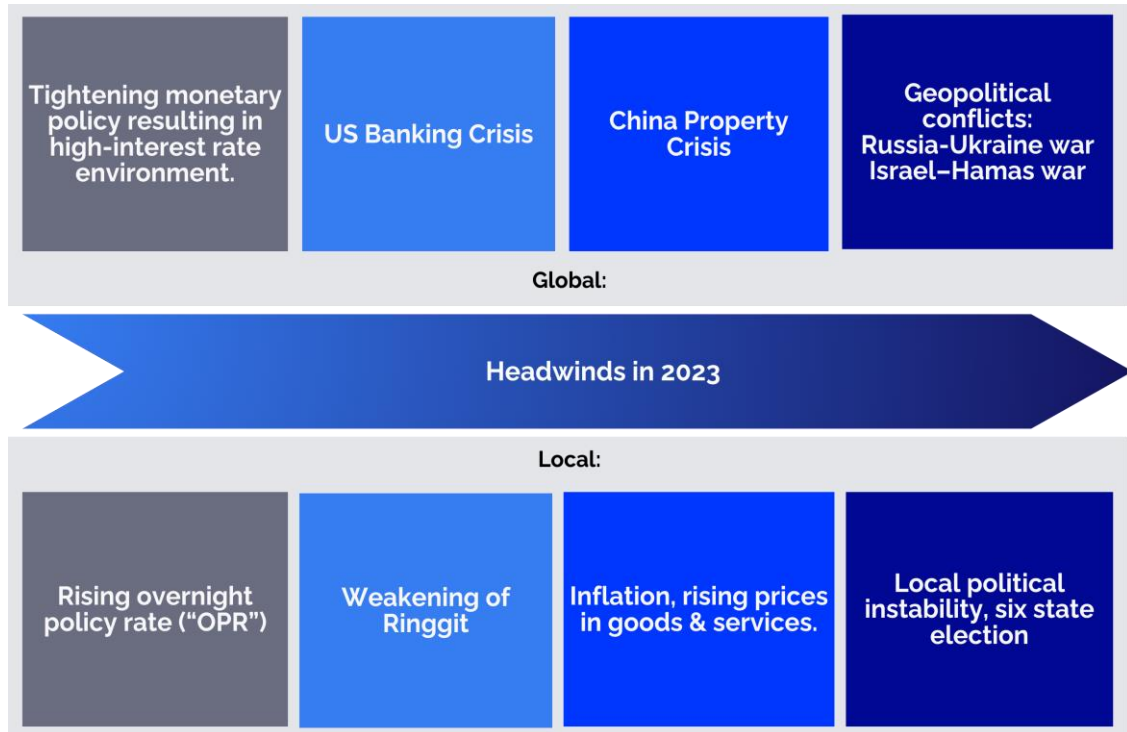
Source: Bursa Retail Survey (Bursa Investors: N=1,939)

Among Bursa Investors, Cash Upfront Account is the most preferred type. This preference can be attributed to the conservative approach of retail investors who value full control over their investments and wish to avoid debt or leverage risks.

There is still a preference for other account types such as Contra Account, Multi-Asset Investment Account, Leverage Trading Account, and Margin facilities for various investment objectives, but the ratio is significantly lower, especially given the high-interest rate environment following Malaysia's attainment of a new OPR level of 3% in 2023.

Contra account appears to be particularly appealing to the mid-income group with a monthly personal income ranging from RM 5,000 to RM 10,000, as they account for 21% of this category. On the other hand, young investors aged between 18 to 24 exhibit a preference for multi-asset investment accounts, which constitute 18% of their investment choices.

What are the Barriers Retail Investors Faced in 2023?



The macroeconomic outlook in 2023 was rife with uncertainties prompted retail investors to opt for safer investment products. Our survey results corroborate this trend. Among those who withdrew from stock investments in 2023, the five primary reasons cited were:

1. Perception of high market risk (38%)
2. Fear of market volatility and uncertainty (33%)
3. Lack of investable funds due to rising food and living costs (33%)
4. Fear of losing money (30%)
5. Identification of more attractive investment options elsewhere (29%)

Summary

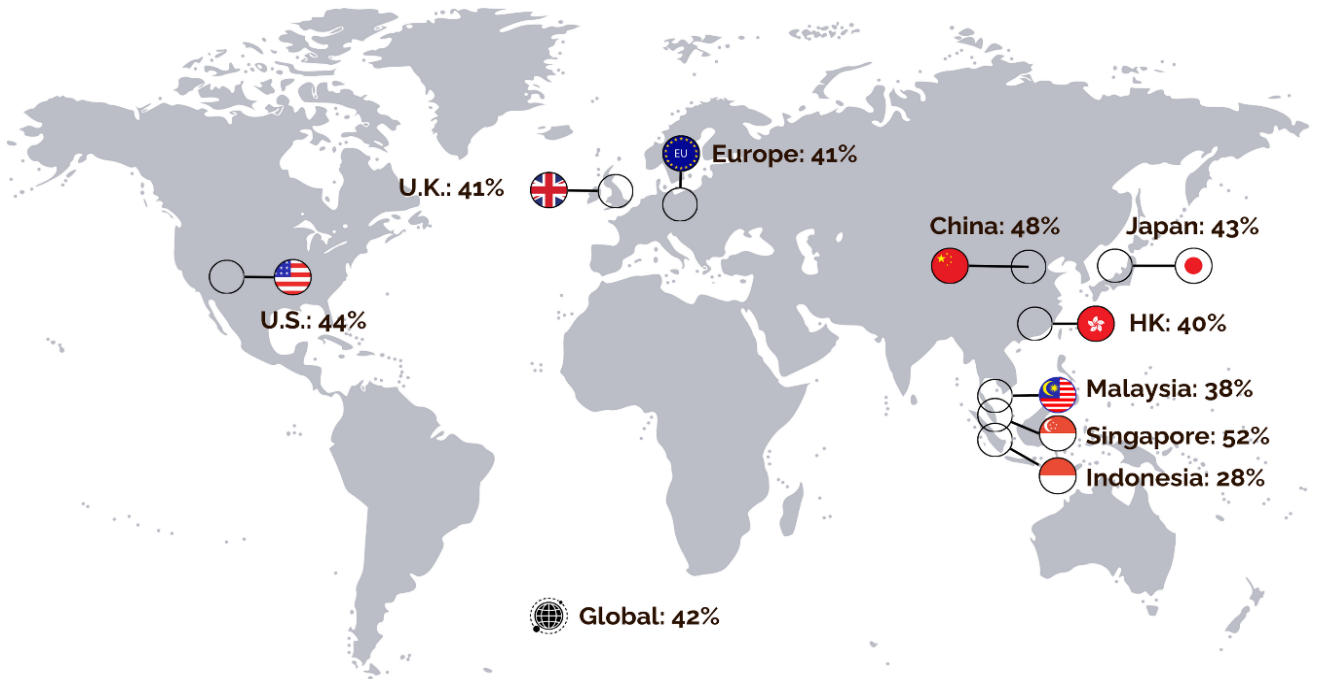
Passive investment strategy offers a prudent approach, minimizing the need for constant monitoring and reducing trading costs. Given that the percentage of passive investing is the most common strategy for Bursa investors, it is natural that fundamental analysis via research reports and company performance is the preferred method of sourcing information. As the nature of passive investors being more risk-averse, they would prefer cash upfront accounts and avoid the risks associated with margin trading. As such, service quality in the form of lower fees and user-friendly platforms are among the top priorities of Bursa investors.

Chapter 2

Overcoming the perception of a high-risk market requires understanding risk management strategies and recognizing the potential for long-term gains despite short-term fluctuations, encouraging more active participation in the investment landscape.

Studying the Market Perception of Retail Investors

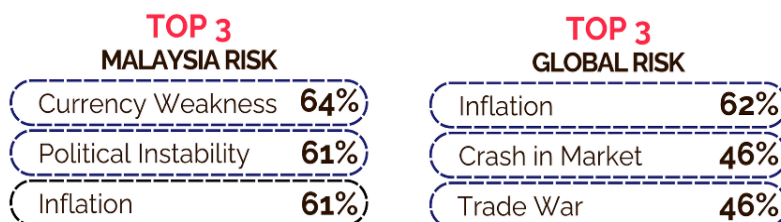
How Retail Investors See the Global and Malaysia's Future Outlook?



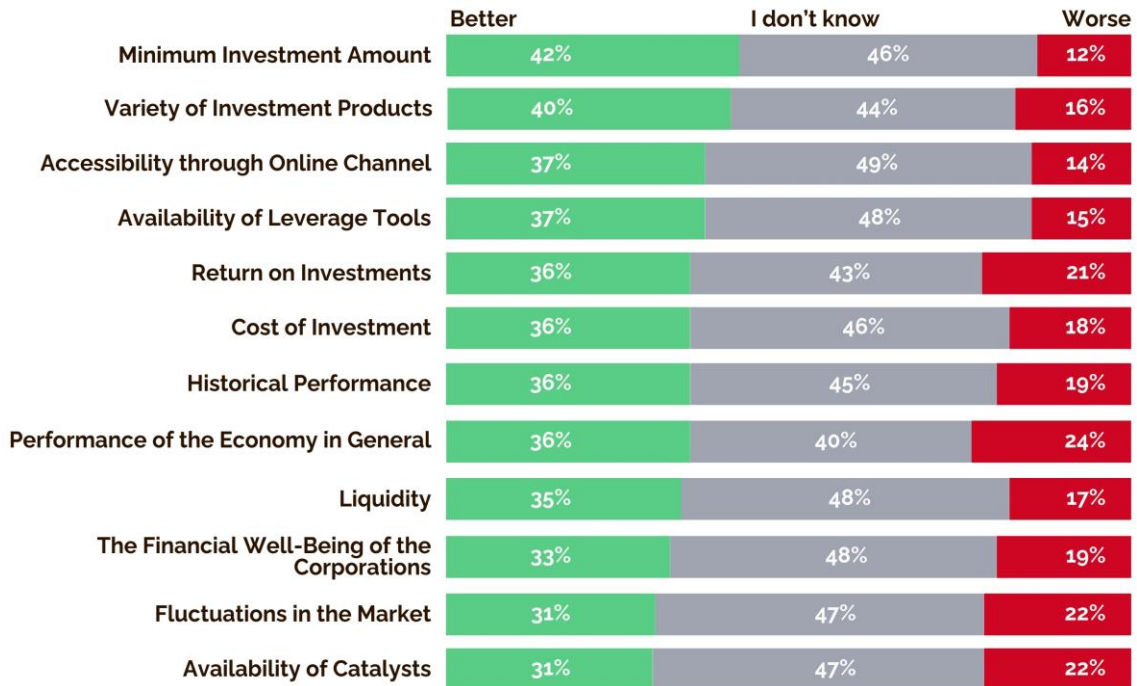
Source: Bursa Retail Survey (Total Sample Size: N=3,027)

The percentage represents the proportion of survey respondents holding an optimistic view of the respective country's economic outlook.

4 out of 10 surveyed individuals express optimism about both Malaysia and the global outlook. Among all countries, retail investors hold the most optimistic view towards Singapore. In our survey, we included questions specifically designed to identify the factors causing apprehension about Malaysia's outlook and global outlook. These factors include:



Comparing Bursa Investment Experience with Foreign Stock Markets



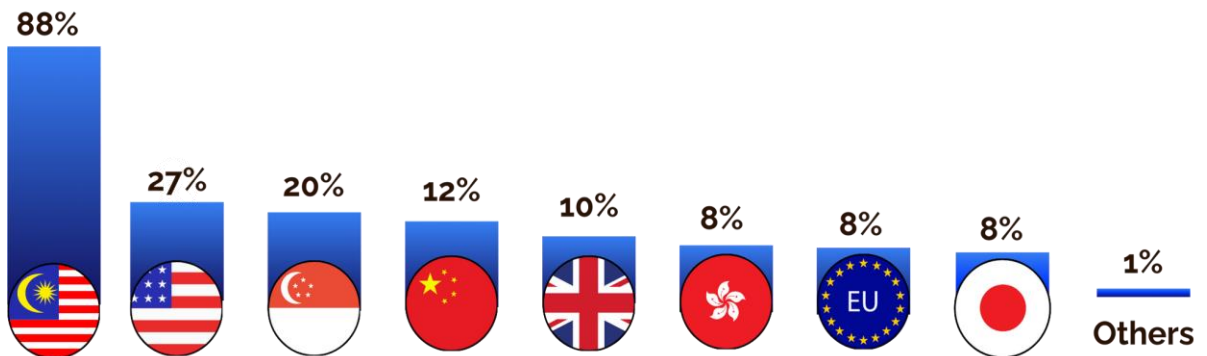
Source: Bursa Retail Survey (Respondents who are investing: N=2,622)

Based on the investment experience of Bursa investors, the survey data suggests that a majority of investors perceive their experience to be satisfactory. The overall percentage of investors rating their experience as positive or better exceeds the percentage of those rating it as negative or worse.

Furthermore, the survey highlights specific areas where retail investors believe the Malaysian capital market excels, including the minimum investment amount required (42%), the variety of investment products (40%), and its accessibility through online channels (37%). These aspects are recognised as strengths of the Malaysian capital market, contributing to a favourable investment environment, and providing investors with diverse opportunities and convenient access to investment options.

Conversely, the survey also identifies areas where retail investors believe the Malaysian capital market could improve. These include the overall performance of the economy (24%), the availability of catalysts (22%), and market fluctuations (22%). These factors are influenced by the global macroeconomic outlook and could potentially be addressed as the overall economic conditions improve.

Besides Malaysia, where are the Other Investment Destinations?



Source: Bursa Retail Survey (Current Stock Investors = 1,181)

The majority of stock investors are still investing in the Malaysian capital market. United States and Singapore are becoming popular choices for Malaysian investors looking to invest overseas.

Investors in Malaysia, particularly those aged 35-44 (90%) and 55-64 (92%), mainly focus on domestic investments. Conversely, younger investors aged 18-24 tend to explore opportunities across borders as they also invest in other countries such as the United States (35%), Singapore (25%), the United Kingdom (14%), and Japan (12%).

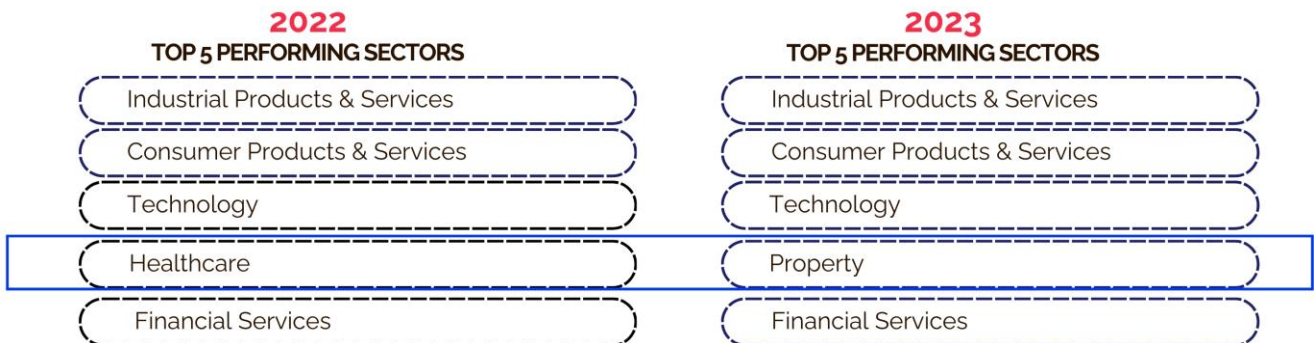
How do Bursa Investors see Their Portfolio Return?

Expected Portfolio Return:	
Negative Return	1%
No Return	1%
Up to 10%	39%
Up to 20%	21%
Up to 30%	10%
Up to 40%	13%
More than 50%	13%

Source: Bursa Retail Survey (Current Bursa Investors = 1,508)

For the group of retail investors who are investing in Bursa, they are optimistic about achieving returns of at least up to 10%. This positive sentiment towards portfolio returns suggests that investors are confident in their investment decisions and expect their portfolios to perform due to various factors such as the performance of specific sectors, individual stock picks, and market trends that investors believe will drive their portfolio growth.

Bursa's Insights Change in Top Performing Sectors



Upon further analysis, it was observed that certain sectors outperformed others in 2023. The sectors that saw the most robust performance were industrial products & services, consumer products & services, and technology. These were closely followed by the property sector, and finally, financial services.

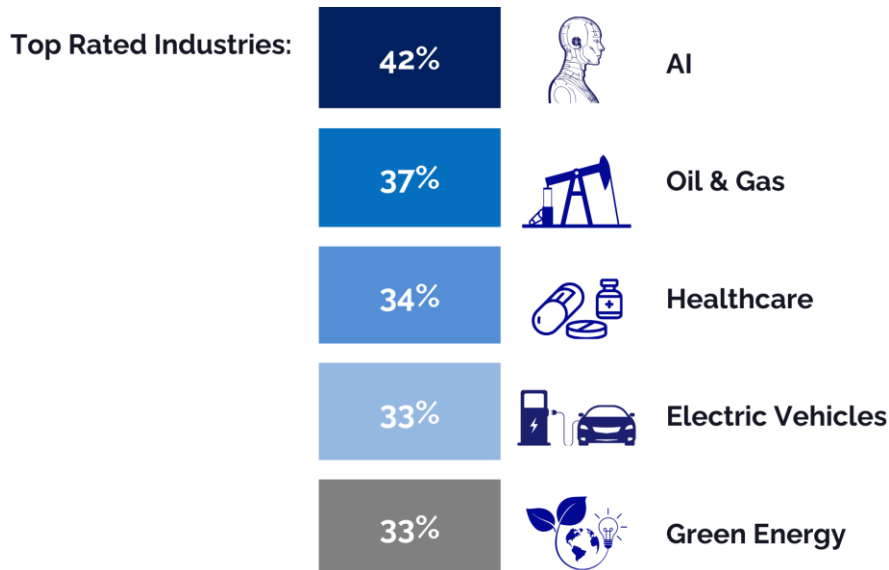
In a significant shift from 2022, when the healthcare sector was among the top five performing sectors, the property sector ascended to the top five in 2023, replacing healthcare. This change underscores the dynamic nature of investment trends and sector performance, reflecting the evolving preferences of investors.

Summary

Despite the prevailing uncertainties in the global and local economic landscape in 2023, the Bursa market demonstrates resilience in retaining the preferences of retail investors. The survey data indicates that respondents continue to rate their Bursa investment experience positively, highlighting satisfaction with the market's offerings and investment processes. Furthermore, the optimistic expectation regarding portfolio returns reflects investors' confidence in the market's potential for growth.

Tracking the Evolving Trends among Retail Investors

The Next Normal: Perception of Emerging Sectors



Source: Bursa Retail Survey (Total Sample Size: N=3,027)

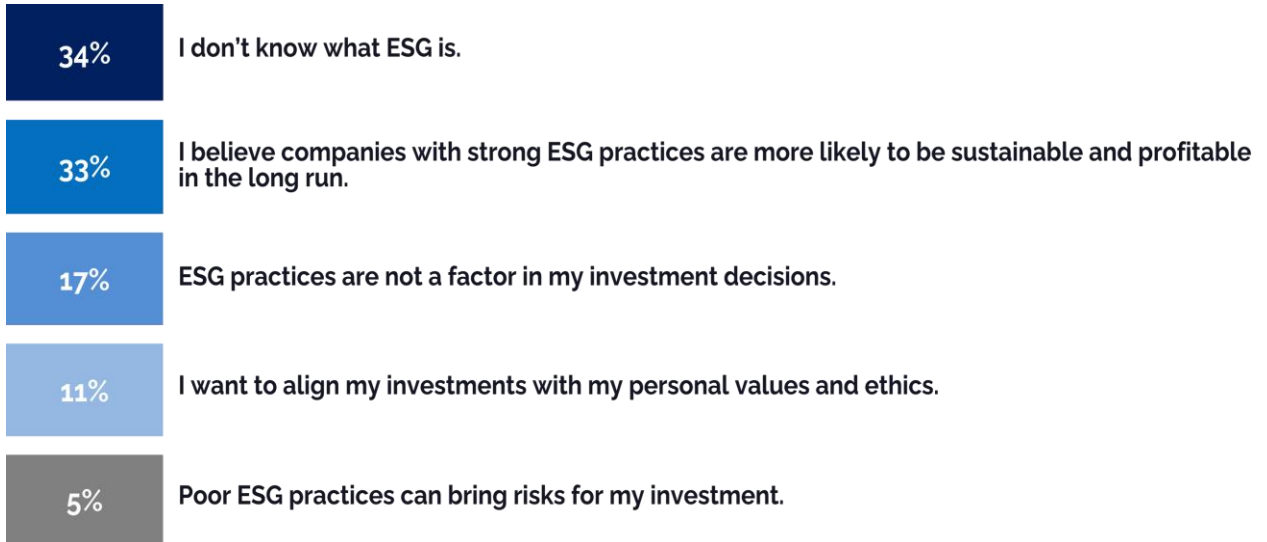
AI: Generally, the retail investors are more inclined to technology field. Generative AI was the explosive breakout tech trend of 2023, capturing the attention of mainstream audiences, with its ability to create seemingly human-like content. ChatGPT's recent rollout and other cool developments have helped shine a spotlight on it.

Oil & Gas: Soaring oil prices, fuelled by the ongoing geopolitical conflict, shone a light on Malaysia's Oil & Gas industry.

Healthcare: The Healthcare industry's pricing and margins are improving for healthcare providers coupled with the country's aging population.

Electric Vehicles & Green Energy: Both the announcement of Tesla's entry into Malaysia and National Energy Transition Roadmap (NETR) policy have put the EV sector and green energy on investors' radar.

Is ESG Becoming a Key Consideration for Investment Decisions?



Source: Bursa Retail Survey (Respondents who are investing: N=2,622)

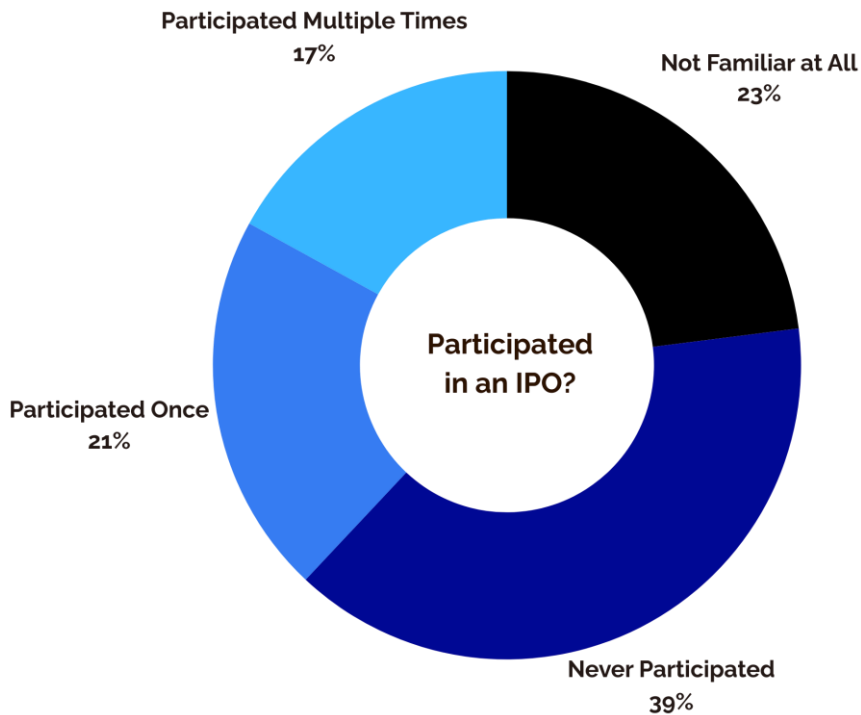
Although the majority of respondents remain neutral about ESG investing, it is increasingly becoming a key consideration in investment decisions. There is a significant proportion of respondents believe that strong ESG practices can contribute to a company's sustainability and profitability in the long run. 38% of them aged 18-24 and 40% of them are from high-income group. Only 17% of the respondents think that ESG practices are not a factor in their investment decisions.

How Retail Investors Think about Shariah-Investing?

The overall Malaysian retail investors (84%) are familiar with the concept of Shariah-compliance, with only 16% is reported as not familiar with it at all. When it comes to stock investment, 46% of current Bursa investors indicated that they might cease investing in a company's stock if the company no longer adheres to Shariah principles, chiefly from Malay community and those aged 18-24 (52%) and 25-34 (54%). Generally, we are seeing an increasing trend of young investors being interested in Shariah-compliant products.

Is there an Emerging Interest in Participating in IPO by Retail Investors?

In 2023, there are 32 new listings (Main Market: 7, Ace Market: 24; Leap Market: 1) in Bursa market. However, the respondents' involvement in the IPO remains low based on the survey findings.

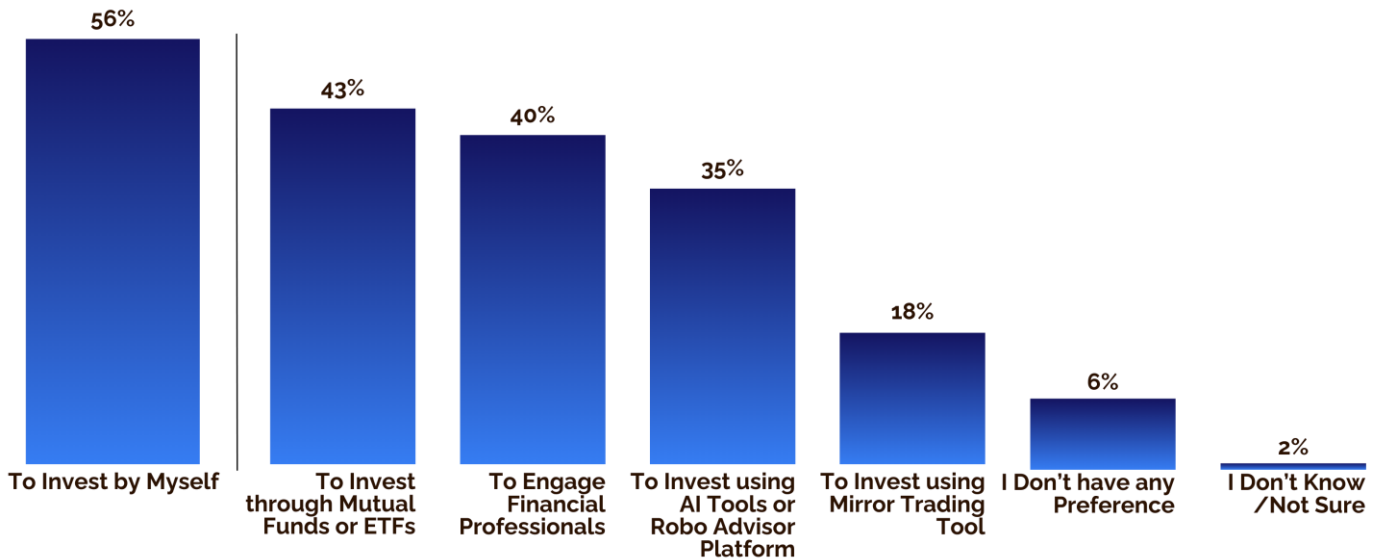


Source: Bursa Retail Survey (Total Sample Size: N=3,027)

The majority of respondents are either unfamiliar with IPOs or have never participated in one. A small fraction, 21%, of retail investors have participated in an IPO once, while an even smaller group, 17%, have participated multiple times.

Among the respondents who have previously participated in an IPO, an evaluation of the factors influencing investment in IPOs highlights that the investors place a premium on the financial performance and growth potential of the company, with 57% citing these as key considerations. Equally significant are factors such as brand reputation and recognition, as well as industry and market trends, each capturing the attention of 51% of investors.

Any Change in Investment Preferences by Retail Investors



Source: Bursa Retail Survey (Current Bursa Investors: N=1,508)

Although the majority still prefer to invest by themselves, there is a noticeable trend among retail investors in shifting their investment preferences to:

I. **Mutual Funds or ETFs and Financial Professionals:**

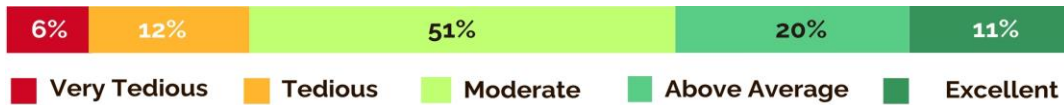
43% of retail investors prefer to invest through mutual funds or ETFs, indicating a preference for diversified investment options and passive investment strategies that these funds offer. 40% of investors choose to engage financial professionals to assist them in their investment decisions, highlighting the importance of expert advice and guidance in managing their portfolios effectively.

II. **Adoption of Technology Advancements in Investment Decision-Making:**

35% of investors are utilising technology advancements such as AI tools, robo-advisor platforms, and mirror trading tools to make investment decisions. This trend signifies a shift towards automated and data-driven investment approaches that leverage technology for more efficient and informed decision-making.

Young investors aged 18-34 are particularly inclined towards using these technological tools (40%), indicating a generational preference for digital solutions in managing their investments.

Feedback on Bursa's Investment Process



Source: Bursa Retail Survey (Respondents who are investing: N=2,622)

Based on the feedback gathered from Bursa retail investors and those who have previously invested in the Bursa market, the respondents view the investment process in the Bursa market as above average, indicating a positive sentiment towards the existing procedures and mechanisms in place.

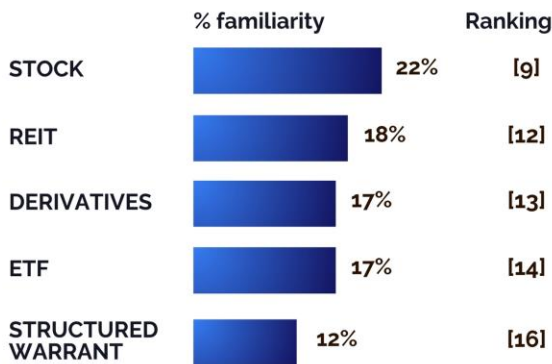
Summary

At Bursa, we understand the importance of adapting to evolving market demands and tailoring offerings to better serve retail investors. As the interest in AI grows, to improve investment attractiveness for retail investors, it's crucial to have a user-friendly trading platform integrated with advanced technological features and AI-powered tools. On top of that, the personalised human services tailored to individual investor needs are equally important, as reflected in retail investors' preference for financial advice or service offered by professionals. Additionally, businesses in popular sectors that follow ESG and Shariah principles are gaining traction among the general public. The increasing interest in technology and socially responsible investing and adherence to Shariah principles highlight this encouraging trend.

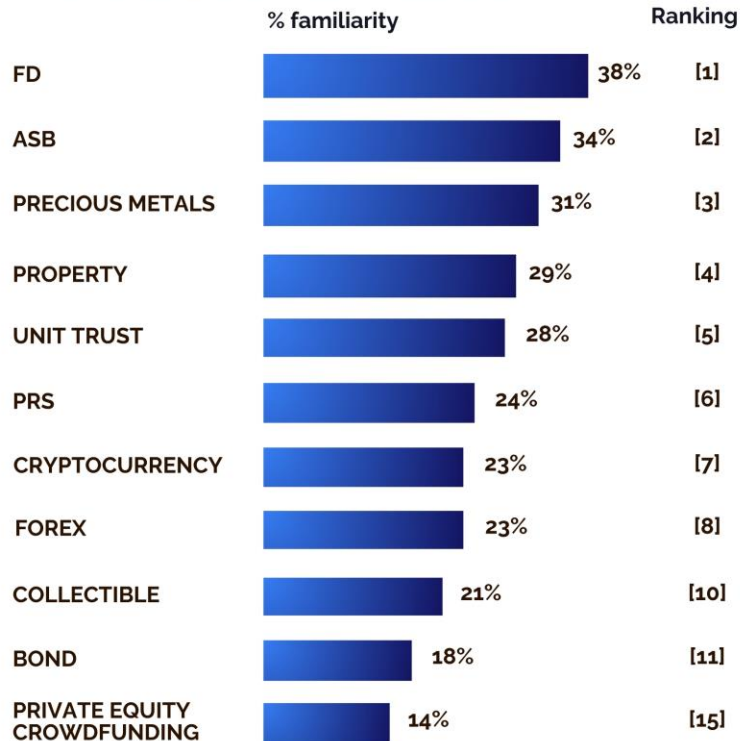
Measuring the Level of Financial Literacy of Malaysians

Product Knowledge

Knowledge Level on Bursa Investments



Knowledge Level on Other Investments



Source: Bursa Retail Survey (Total Sample Size: N=3,027)

Based on the findings, stocks, the most recognised investment product in Bursa Malaysia, rank ninth in terms of comprehension among the general respondents. This indicates that many Malaysians may lack a deep understanding of stock investments in Bursa.

On the other hand, investment products like FD, ASB, precious metals, property, and unit trusts are more easily understood by retail investors and therefore hold higher positions in terms of comprehension. These products are often viewed as more mainstream and less complex compared to investing in stocks.

Interestingly, respondents express greater familiarity with PRS, forex, and cryptocurrency compared to stock investments. This phenomenon could be due to the broader online social media coverage of the former products, which they encounter through word-of-mouth more frequently.

This underscores the importance of investor education and awareness initiatives to enhance retail investors' understanding of the diverse investment products offered by Bursa. By boosting investment literacy and comprehension, retail investors can fully leverage the opportunities within Bursa's investment landscape to achieve their financial objectives.

Are Malaysians Financially Adequate for Emergencies?

Based on the survey results, there are indications of potential financial inadequacy for life necessities among Malaysians, particularly in the context of preparing for emergency events. The data reveals a clear trend of prioritising immediate basic needs over investing or saving, especially during the pandemic. A significant 41% of respondents who withdrew funds from their Employees Provident Fund (EPF) or utilised loan moratoriums did so primarily to cover their daily expenses, suggesting a focus on addressing essential living costs during times of economic uncertainty. Additionally, 24% of respondents utilised the funds for medical expenses.

Furthermore, the survey data indicates that 34% of respondents allocated these funds to fixed deposits, demonstrating a preference for more liquid investment options amidst turbulent times. Notably, only 20% of individuals chose to invest in the stock market with the extra funds.

Looking at savings habits, the data indicates that only 1% of respondents have no savings, highlighting a general awareness of the importance of saving. The majority of respondents (68%) save for emergencies or unexpected expenses. However, the amount saved may not be sufficient to address inflation or handle emergency events, raising questions about the overall financial preparedness of individuals in Malaysia.

Are Malaysians Financially Adequate for Retirement?



Source: Bursa Retail Survey (Total Sample Size: N=3,027)

A significant portion of Malaysians depend on their EPF and personal savings for their retirement. According to the EPF data, 51.5% of its members under 55 years old, totalling 6.67 million, have savings below RM 10,000 as of the end of 2022. This highlights a potential lack of funds for retirement. While many people focus more on traditional savings rather than utilising financial products to generate compounded income, relying solely on traditional methods may pose challenges in keeping pace with inflation and the increasing cost of living.

Summary

Do Malaysians have Complete Financial Control & Vigilance?

Among the total respondents to the retail survey:

- 65% believe that they have complete control of their finances.
- 62% believe that younger generations lack knowledge about finance.
- 59% often come across products that are financial/investment scams.
- 56% of friends and family were a victim of financial/investment scams.
- 54% of friends and family do not know how to identify financial/investment scams.
- 53% of them are overwhelmed with the various financial products available in market.
- 50% often have conversations with their children about savings and financial planning.
- 43% claimed they lack the knowledge to identify financial scams.
- 37% have been a victim of financial/investment scams.

Those aged 45 and above have been found to encounter financial scams more often compared to their younger counterparts. This demographic also holds a stronger belief that investing is not an activity suited for everyone. Conversely, individuals within the 18-24 age bracket have been found to be more susceptible to financial scams than older investors.

In conclusion, providing comprehensive financial education and planning resources to Malaysians is paramount to address the gaps in financial literacy, emergency preparedness, retirement planning, and financial vigilance. By equipping individuals with the knowledge and skills to make sound financial decisions, Malaysia can foster a financially empowered society that is better prepared. Empowering individuals with financial education not only enhances their personal financial well-being but also contributes to the overall economic resilience and stability of the nation.

Malaysian Retail Investor Insights

Published by Bursa Malaysia

INVESTOR STRATEGY AND DEVELOPMENT

Head of Division: Stephanie Tan Kar Mun stephanie@bursamalaysia.com

Head of Department: Lock Chee Keong lockck@bursamalaysia.com

Team Member: Alexis Tan Boon Yee alexistan@bursamalaysia.com

Bursa Malaysia Berhad 197601004668 (30632-P)

Exchange Square

Bukit Kewangan

50200 Kuala Lumpur

www.bursamalaysia.com