Faceless Investing – Investing Through Digital Channels

Bachelor's thesis

Valkeakoski, International Business (BBA)

2nd. Semester 2019

Juho-Petteri Reiniö

HÄMEEN AMMATTIKORKEAKOULU
HÄME UNIVERSITY OF APPLIED SCIENCES

ABSTRAKTI

International Business
Valkeakoski

Kirjoittaja Juho-Petteri Reiniö **Vuosi** 2019

Aihe Faceless Investing – Investing Through Digital Channels

Ohjaaja(t) Jack Tillotson

Abstrakti

Opinnäytetyö tutki sijoituskäyttäytymisen teorioita hyväksikäyttäen sijoittajien digitaalisten sijoituskanavien käyttöä ja riippuvuussuhdetta. Opinnäytetyön tarkoitus on löytää tyypillinen ja ei-tyypillinen digitaalisia sijoituskanavia käyttävä ihmistyyppi, ja tämän jälkeen keksiä tapoja miten sijottamista kyseisissä kanavissa voitaisiin kehittää. Pyrkimys on myös löytää tapoja digitaalisten sijoituskanavien markkinoinnin parempaan kohdentamiseen sekä levikin lisäämiseen asiakaskokemuksen parantamiseksi.

Opinnäytetyössä käytetään hyväksi kuluttaja- ja sijoittajakäyttäytymisen teorioita profiloinnissa sekä tyypillisten ja ei-tyypillisten digitaalisia sijoituskanavia käyttävien sijoittajien käyttäytymismallien mallintamisessa. Tutkimuksessa on käytetty empiiristä tutkimusta haastattelun osalta ja kvantitatiivista tutkimusta kyselyn muodossa. Tavoitteena oli vastata kysymykseen: ”Kuinka pankki voi lisätä sijoitustuotteiden myyntiä digitaalisia sijoituskanavia hyödyntäen?”. Kun ensin pystytään määrittämään tyypillinen ja ei-tyypillinen digitaalisia sijoituskanavia käyttävä ihmistyyppi, on tämän jälkeen tavoitteena etsiä tapoja kuinka parantaa digitaalisten sijoituskanavien käyttäjäkokemusta ja löytää tapoja tuoda nämä kanavat jokaisen henkilön ulottuville.

Tutkimuksen tulos oli että ensinnäkin tietyn ihmistyypin omaavat sijoittajat käyttävät digitaalisia sijoituskanavia enemmän kuin toisenlaisen ihmistyypin omaavat. Toiseksi, enemmän digitaalisia sijoituskanavia käyttävien henkilöiden kohdalla kohdentaminen ja markkinointi tulisi olla erilaista kuin vähemmän digitaalisia sijoituskanavia käyttävien henkilöiden kohdalla.

Opinnäytetyön omaperäisyytenä voidaan pitää sitä että tutkimus on tehty täysin riippumattoman tahon toimesta ilman minkäänlaista puolueellista näkemystä. Tutkimus on toteutettu myöskin rahoitusalan ammattilaisen toimesta, hyödyntäen kuluttaja- ja sijoituskäyttäytymisen teorioita.

Avainsanat Sijoituskäyttäytyminen, Digitaaliset Kanavat, Rahoitus

Sivuja 49 sivua, joista liitteitä 9 sivua

HÄMEEN AMMATTIKORKEAKOULU
HÄME UNIVERSITY OF APPLIED SCIENCES

ABSTRACT

International Business
Valkeakoski

Author Juho-Petteri Reiniö **Year** 2019

Title Faceless Investing – Investing Through Digital Channels

Supervisor(s) Jack Tillotson

Abstract

This bachelor thesis researched the investing behaviours and types of people using digital channels in investing. The purpose of the thesis is to find a typical person who uses digital channels in investing and to find ways to enhance the use of these channels in investing. Moreover, identifying how the use of these digital channels could be targeted better and wider in order to receive improved results in customer experiences was examined.

This thesis uses consumer and investing behaviour theories in order to profile and find out the investing habits of a typical person who is using digital investing channels and person who commonly is not using digital investing channels. The research methods include and empirical study in the form of an interview, as well as qualitative study in the form of a questionnaire. The goal was to answer the question: “How can a corporate bank enhance the sales of investment products through digital channels?” After finding out and defining the typical and a-typical investor types using digital investing channels, the aim was to find ways of how to improve the accessibility and user comfortability of digital investing channels, and also how to target marketing methods, and the ways to implement them in order to bring digital investing channels for everyone.

The findings were that a certain type of investor uses digital investing channels more than other types of investors, and the groups that are not using digital investing channels in large amounts should be targeted differently compared to the existing digital channel users.

The originality of the research lies in the fact that the study is made completely independently by a third party, without having any kind of bias involved in the process. Also, the research is planned and executed with a financial field professional, and it has been executed by following the consumer and investor behaviour theories.

Keywords Investing Behavior, Digital Channels, Finance

Pages 49 pages including appendices 9 pages

CONTENTS

Appendices

1 GENERAL

A potential commissioning party for the thesis quite obviously would be a bank, where actually an agreement about commissioning the thesis was tried to make, but since an agreement was not made, the decision was to conduct an own research instead.

The research is targeted to mostly investing oriented people so that the results would have minimum amount of error due to the number of respondents that does not have any kind of investing ventures or habits. That is the reason why the survey will be published in the Sijoittajakerho - Facebook group, which is a group for people interested in investing. On the other hand, the amount of people having investment habits is false compared to the population due to this kind of survey targeting. Cross referencing is used to check the matching of the claims, which are made with the survey results. These cross references will not be seen in the enclosures, because there are 211 different replies in the survey. Also, regression analysis is used to check the feasibility of those claims.

2 HYOPTHESIS

The hypothesis is based on the authors professional experience gained through more than one year of working in the finance sector, from which half a year has been heavily linked with digital investing. The hypothesis has also been checked by an investing expert named Petri Kovanen, who has altogether more than four years of expertise from financial field. Also, the hypothesis is based in the consumer and investing behaviour theories expectations.

2.1 Typical Person Using Digital Investing Channels

The thesis will start from the hypothesis that the typical person using these digital channels is a male between 30-40 years old, investing mostly into stocks and having an investing wealth of around 25000€. Their investing experience would be more than five years and they are most likely to use digital investing channels often, especially mobile banking. Most likely they would be equipped with return-oriented or very return-oriented risk profile and long investing horizon of more than five years. Highly possible that their reason for investing is mainly just regular wealth growth and they know a variety of different kinds of investment products but mainly invest in common stocks. Their common single investment would be around five hundred to one thousand euros and they would be so called small-cap investors investing into common stocks with monthly or quarterly habits. Most likely they have never received investing advisory, mostly because of their own desire and belief that they know better, but even still they should be smarter in the sense that their most typical reason for selling ought to be good time to liquidate. Assumption would be that the more often people invest the more they are using digital investing channels and vice versa. If persons investing habits are not very regular, they are less likely to use digital investing channels that often. Most likely they are active traders, trading with stocks or jus buying and holding them. Their investor personality would be quite informed, technical and probably even a bit busy and their investing behaviour is likely to be based in rational thinking and their own needs than recent market shifts. Most likely they are also trusting in the changing trend of market shifts and believe that a good time to buy is when the market is going down. Commonly they would be investing in index funds or then their reason for not investing would be the desire of dividends or the belief that they can beat the market. They are likely to be reasonable and rational even when acquiring new company’s stocks, and so on they would be likely to make purchase decisions after long thoughts and thorough research of the company.

2.2 Untypical Person Using Digital Investing Channels

On the contrary the assumption of the most untypical person to use digital channels in investing is a female of more than 70 years old, investing mainly to combined funds with the investment wealth of less than 5000€. Their investing experience would be less than three years and they most likely use digital investing channels fairly inactively, with online banking being their most used digital channel. Most likely they would be having a careful or very careful investing profile and short investing horizon of less than five years. Highly possible that their purpose for investing is pension and they only know mutual funds and common stocks but lack the knowledge of other kinds of investment products. Mainly they are investing in mutual funds. Most likely their single investment would be pretty small of around twenty to one hundred euros, as they would be so-called monthly savers saving into mutual funds offered by the bank. Most likely they have never received investing advisory, because they are lacking investing resources, so they never were offered advisory by the financial institutions. And their common reason for selling, is most likely just plain need of cash since they most probably will not be thinking that far about whether it is optimal time to liquidate or not. Commonly they are passive index investors, investing with the basic principle of leaving the invested money to grow interest over time. Their investing personality would be cautious and emotional, and their investing behaviour is likely to be based in feelings and recent market movements. Most likely they believe in momentum investing theory and trust that the market trends tend to last, and so on they believe that a good time to make buy is when the market is going up. They think that the rising trend is likely to continue. Commonly their reason for not investing in index funds would be their ignorance of such products. It is highly likely that as they base most of their investing decisions in guts and instinct, they are also likely to do so when acquiring new company's stocks with the sudden buying impulses.

3 THEORY

3.1 What is Investing?

Since the thesis is dealing with investing, it is good to start defining what is an investment, so we can get a clearer picture about investing itself.
Most basically an investment is an asset, which is acquired with the aim of generating income or appreciation. (Chen, 2018)

So what investing is again? It can be characterized as gaining wealth through investment vehicles, the central parts of investing are making profit with a certain risk and in a certain time. Object is to maximize the investors profit or wealth within specific factors. (Hancock, 2018, p. 2-3; Pesonen, 2013, p. 7-12)

Key parts in making the investing plan are taking into account the investors life situation, wealth, cashflow, goals, time and risk profile. Money is often more than just a number; it has an emotional attachment formed by the efforts that have been seen to earn it. Most obviously the time and interest over interest are the key factors that affect to how much your possession multiplies. (Anderson & Tuhkanen, 2004, p. 16-35)

3.2 What are Investment Products?

In research perspective the people's knowledge concerning investment products is meaningful knowledge for the banks, so they can know what kind of investors are investing into certain kind of products. That's why we must learn about the products and their features first ourselves. It is important to know the basics of the investment products, in order to understand the survey and the following research.
An investment product is an investor purchased product with the expectation of earning profit. Investment instruments are offered for both individual and institutional investors. Investors might have multiple goals in investing, such as short-term and long-term investment goals. Investment products can be classed into two main categories: capital appreciation and income distribution products. Investors are buying some investment products mainly because of their value increasing potential. As well as other products may have an additional income paying component. Investment portfolio ought to include multiple differentiative investment variables and vehicles to control the risk-profit ratio. (Chen, 2017)

3.2.1 Bonds

Fixed income investments such as bonds and commingled bond funds treat investors with the possibility to acquire an asset that could be increasing in value while also paying out fixed interest payments or capital distributions. Basically, bond is a debt or long-term promissory note, which has been issued by the borrower, with the promise of pay the holder predetermined and fixed interest payments and the end value at the maturity. Bonds and bond funds are one of the best-known fixed income products. They can be offered by governments or corporations. They can also be issued as part of a company's capital raising program. (Keown, Martin & Petty, 2017, p. 261-262)

The bond funds include a portfolio of bonds managed by a portfolio manager. Bonds also include various of risks, from which most common is the interest risk, meaning when the interest rates are rising the lower the bond prices go and the other way around also. Bonds and bond funds are usually classified by a credit rating which gives insight on their capital structure and ability to make timely payments. Bonds are commonly referred as community loans, which have been combined and distributed for public. (Anderson & Tuhkanen, 2004, p. 171-172)

Historically bonds have been an important form of investing and they still are. They are also the largest form among all the securities. There are several types of bonds out there, including mortgage bonds, debentures etc. Bonds are extremely popular especially among pension and insurance companies, because they often pay out regular interest payments. The largest countries issuing bonds are USA, Japan and Germany. The commingled bonds and so-called junk bonds are also new forms of interest investments Other income paying investment products include for example dividend-paying equities and real estate investment trusts. (Pesonen, 2013, p. 70-78)

3.2.2 Stocks

Investors have global stock markets as their disposal. Stocks and stock funds represent equity ownership in a public company. Stock owners work as owners of the company, who want to be part of the company's risks and profit opportunities. Owning companies stocks, also allows the stock owners to participate in the company's shareholder meetings. If company succeeds well, investors may benefit from the increasing stock prices of the company. Companies issue stock as part of their capital raising program, which funds the operations of the company, also owners of the company often are willing to sell their cuts from the company shares. (Anderson & Tuhkanen, 2004, p. 119-121)

Common stocks do not have a due date and so on they will never get old. In case of default, the investors have limited liability, and so on they are responsible of the liabilities only with the money they have invested in. Stock investments have a variety of growth prospects and are commonly weighted based on specifications such as estimated future gains and price-to-earnings ratios. Stock prices are being defined by the buyers and sellers in the free-floating markets. Stocks can be categorized in various classes. Stocks may also offer an income payout component by paying dividends to investors, for example quarterly payments. (Keown, Martin & Petty, 2017, p. 299-301)

Stock funds are common investment products that include a diversified portfolio of stocks managed by a portfolio manager with a specific objective to make profit. In the case of a bankruptcy, shareholders will not receive any payments, until the creditors including bondholders have been paid first. Stocks are often characterized as high-risk investment products, since they contain various different types of risks. (Pesonen, 2013, p. 88-94)

3.2.3 Other Products

Derivatives are investment products that are offered based on the movement of a specified underlying asset. Market’s leading derivative investment products are put or call options on stocks and futures based on the movement of commodities prices. (Chen, 2017)

Investment products can be structured in many ways. That is why investors have a wide list of options. Structured investment products may include mutual funds, exchange traded funds, money market funds, annuities and more. Investment products are highly regulated requiring profound documentation to offer investors with a detailed knowledge of investment products for which they may choose to invest. (Chen, 2017)

3.3 What is Consumer Behavior and how can it be Related in Buying Investment Products?

When it comes to money and investing, we're not even nearly as rational as we think we are. That is why it is very necessary to investigate the reasons effecting our thinking and behavior, what may lie behind the actions we take and how to possibly interpret those actions.

3.3.1 Theory of Reasoned Action

The widely in predicting behavioral intentions used Theory of Reasoned Action, which was created by Martin Fishbein and Icek Ajzen in the late 1960s, focuses its study on the importance of pre-existing attitudes in the decision-making process. The core theory indicates that consumers perform a certain behavior based on their objective to lead to a specific outcome. In this research, consumers are rational actors who choose to act in their best intentions. (Madden, Ellen & Ajzen, 1992)

In this theory specificity is crucial in the decision-making process. A consumer only makes a certain action when expecting an equally specific result. The consumer maintains the power to change his mind and decide on a different course of action from the time the consumer starts to act to the time the action is completed. (Uni, Ohio. 2019)

For example investing itself could be categorized this way as it is buying investment products with the purpose of making profit. Meanwhile the investors maintain the power to sell the investment products at any time they want. So, in other words the whole investing process from the purchase process till the time of the sales, can be counted in the Theory of Reasoned action. (Uni, Ohio. 2019)

3.3.2 Engel, Kollet, Blackwell (EKB) Model

The EKB Model expands on the Theory of Reasoned Action and comes with a five-step process that consumers use while making a purchase. The distinct steps which consumers go through are 1. problem recognition, 2. information search, 3. evaluation of alternatives, 4. purchase, and 5. post-purchase evaluation. (Ashman, Solomon & Wolny, 2015)

The input stage is an input stage, where consumers gather the marketing materials they see on television, newspapers or online. While the consumer is collecting the data, he swifts into information processing, where he then compares the data to past experiences and expectations. Consumers move to the decision-making stage after a while of thought, choosing to buy a product based on rational thinking. Consumers are influenced in the decision-making stage by process variables and external impacts, comprising how the consumer pictures himself after making the purchase. (Uni, Ohio. 2019)

In this case the investment product buying process for careful investor serves as a prime example of in EKB Model’s investing usage. Careful investors always make an extensive research about each company they are willing to invest in and comparing the data to the historical development and future expectations as analyzing the investment potential. With this rational thinking process the investor chooses whether to make the investment or not. (Uni, Ohio. 2019)

3.3.3 Hawkins Stern Impulse Buying

Hawkins Stern relied strongly in the thought of unplanned impulse behavior. Stern claimed that sudden buying impulses come with rational buying decisions to represent an overall picture of the average consumer. Impulse purchases are mainly steered by external stimulants and have nearly nothing in common with traditional decision-making process. Impulse buying happens without any kind of prior planning with sudden stimulus triggering. (Blythe, 2012)

Stern established four categories of impulse buying. First one is the purely impulse purchases, like buying a pack of chewing gum at the cashier of a grocery store. Second, reminded impulse buys, like placing a display of frozen pizza next to a cooler. Third are suggested impulse purchases, such as a warranty for an electronic device. Lastly, planned impulse decisions, where consumers know they want to buy a product, but are not sure about the specifications. Impulse buying behavior has been widely researched, but still today the findings are that it is generally difficult to research, since the consumers real pre-purchase feelings are hard to interpret. Impulses are urgent and the nature of the buying process is fast and sudden, the impulses are considered complex stimulants that mess up with the rational thinking. (Rook, 1987)

Impulse buying theories mean many possibilities for marketers. Each aspect of a product, from packaging to the way the product is showed in the store, has an influence on a consumer’s impulse control. Also, for instance stock purchases can sometimes come with impulses: especially if an investor sees that a stock that he has been studying to fit into his portfolio, suddenly falls in price, might make the investor want to buy the stock with sudden impulses. (Uni, Ohio. 2019)

Consumer behavior theories anticipate how consumers make purchasing choices and show marketers the best way to make profit on predictable behaviors. Even though impulse purchases are an important part of a consumer’s buying patterns, rational decision-making processes still dominates consumer behavior and affect marketing theory. (Uni, Ohio. 2019)

3.4 What is Investing Behavior and how it Might Affect Buying Investment Products?

Behavioral Finance: Questioning the Rationality Assumption

A big part of economic theory is based on the suggestion that individuals act in a rational way and that all existing information is used in the investment process. This presumption is the core of the efficient market hypothesis.

3.4.1 Regret Theory

Regret theory studies the emotional reaction people get after understanding they've made a bad judgment. Regret theory is caused by post-purchase evaluation when the consumers experience that they would have been better off. Evidence indicates also that consumers know how to anticipate the feeling of regret and know how to prepare for it. When facing the decision to sell stock, investors become emotionally affected by the purchasing price of the stock. Leading investors not to sell it as their purpose to avoid the feeling of having made a bad investment, as well as the embarrassment of making a loss. All of us hate to be wrong, right? (Krähmer, D. & Stone, R. 2005)

But in fact, investors ought to be asking themselves the question what would be the consequences of buying the same stock again after liquidating and whether I would invest in the stock again. If the answer is no, then it is time to sell. Otherwise there could be even greater regret in the future if the stock price were to fall even more. (Pareto, 2017)

Regret theory can also be for instance that a stock an investor had considered purchasing has just increased in value. Some investors try to avoid this kind of feeling by following the common wisdom of purchasing merely stocks which all the others are buying too, rationalizing their decision with the fact that everyone else is doing so also.
Strangely enough, lots of people feel less embarrassed about losing money on a popular stock than about losing money on an unpopular stock. (Pareto, 2017)

3.4.2 Mental Accounting

People have a habit of placing events into mental compartments and occasionally the difference between these compartments influences our behavior more than the events themselves. This is the way investors can evaluate their financial transactions. (Luu, 2013)

Mental accounting is best described by the hesitation to sell an investment that once had big profits and now has just a slight profit. In the course of an economic boom and bull market, investors get easily used to gains. When the market deflates people´s net worth, they become more doubtful to sell at the lower profit margin.
"They create mental compartments for the gains they once had, causing them to wait for the return of that gainful period." (Pareto, 2017)

3.4.3 Prospect/Loss-Aversion Theory

Naturally people prefer a secure investment return over an unsure one – we want to get rewarded for taking any extra risk. According to the theory, we have an irrational habit to be less willing to gamble with profits than with losses.
Which is sort of odd. Prospect theory implies people show a different rate of feelings towards gains than towards losses. People are more stressed by possible losses than they are delighted from prospective gains. (Luu, 2013)

All of this can clearly be seen in investor behavior, as for example an investor probably wouldn´t call his investment advisor when his portfolio looks 30% plus, but you bet when it shows -30%, he will receive a flood of calls. (Pareto, 2017)

Prospect theory indicates also a reason why people don´t want to let go of losing investments. Investors are often more willing to take risks to avoid losses than to cash out gains. For that reason, people are willing to remain in a risky position and take subsequent risks, wishing for the price to revive.

This can be seen more clearly if the investors have just experienced losses, than after making gains. That is why people respond differently, depending on their past experiences. Investor and gambler could be compared to each other in this aspect, when the price is going down, they both might probably double their bet. (Luu, 2013)

So, in spite of our sensible urge to get a gain for the taken risks, we have a tendency to appreciate something we own higher than the price we would generally be willing to pay for it. (Pareto, 2017)

The loss-aversion theory directs to other cause why investors could be choosing to hold on to their losing investments and sell their gainers. People receive different level of metal penalty from similar size losses than from gains. They could be on the verge of believing that current losers may soon outperform today's winners. Investors quite often make the error of going after market action by investing in stocks or funds which have gained the biggest attention. Studies suggest that money flows into high-performance mutual funds faster than money flows out from funds that are performing badly. What is more, is that people feel differently about loss after a gain than a loss following a loss. (Luu, 2013)

3.4.4 Anchoring

Because of the lack of information, investors often presume that the market price is the right and correct price. People often trust too much in recent market views, opinions and events, and mistakenly deduce recent trends that are different from historical and long-term developments. The phenomenon based on this kind of inaccurate “hearsay” is called anchoring. Anchoring is based on created impressions, and that is why it can easily misguide you. (Lundin, 2018)

3.4.5 Over-/Under-Reacting

Investors become optimistic when the market is going up, presuming it continues to do so also in the future. In contrast, investors get very pessimistic during the period when market is going down. A reason of anchoring or placing too much relevance on recent events while not paying attention to historical data, is an over- or under-reaction to market events which results in prices dropping too much on bad news and increasing too much on good news. (Pareto, 2017)

3.4.6 Overconfidence

People normally think too highly of their own skills being overconfident. They tend to overestimate the precision of their knowledge and their intelligence compared to others. Actually, many overconfident investors believe their opinions are more accurate than others, which leads to heterogenic beliefs and can cause excessive trading as a side result. Many investors falsely think they can coherently time the market, but in fact there's a tremendous number of information that proves otherwise. (Scheinkman & Xiong, 2002)

3.4.7 The Bottom Line

Behavioral finance reflects some of the attitudes rooted in the investment system. Behaviorists are arguing that investors often behave irrationally, producing inefficient markets and wrongly priced stocks. Investors themselves could be worst enemies of themselves by trying to anticipate the market movements, which is not worth it in the long run. (Pareto, 2017)

3.5 Investor Personalities

3.5.1 Psychonomic Investor Profiling

This theory works as a vital part of the investor profiling, which the research project is all about. The method used here for classifying investor types is based on Jonathan Myer's study. It presumes that a person's attitude towards risk is not likely to change even though the circumstances would be changing. Instead the Psychonomic investor profiling claims that an investor's emotions towards risk are affected by how they feel towards that particular risk. As well as the fact, how investors feel towards money in general, for instance whether it hurts more to lose a euro than it does feel good to gain a euro. (Short, 2017)

3.5.2 Cautious

Cautious investors are conservative and careful in their investment choices, they have a strong need for financial security, and they are likely to always stay away from the high-risk ventures. This type of investor prefers to trust their own financial knowledge than a professional advisor. They hate losing even the tiniest amount of money, because of this, all the investment decisions require a great deal of time, thought and beforehand research. (Short, 2017)

3.5.3 Emotional

This type of investor is more likely to trust their gut instinct rather than doing the comprehensive analytical research, they believe chance. They are investing with their guts rather than brains, mostly following tips or trends. This optimism and tendency to seize the day can be rewarding. But it can also lead to an unwillingness to cut losses on bad investment decisions, living in the hope that things would eventually work out. (Short, 2017)

3.5.4 Technical investor personality

Technical investors make their financial decisions based merely on cold hard facts and numbers. They're screen-watchers, actively trading on price shifts and ready to strike if they were to notice a trend early on. They feel rewarded about their nearly obsessive diligence and are all the time looking for the edge when it comes to the latest tech developments. (Short, 2017)

3.5.5 Busy

This personality type lives for the buzz of the markets and trading. Constantly checking the latest price changes, they are always buying and selling based on the latest bit of gossip or hearsay from news and magazine stories. But due the strong dislike of inertia, it might be these investors miss profits by not waiting for the better price. (Short, 2017)

3.5.6 Casual

This type of person is more laid back when it comes to finance and investing, as a matter of fact they're very likely to be the ones handing their money over to a professional advisor to manage. They believe there's better profit to be found in hard graft than financial investments. Consequently, after they have made an investment, they are most likely not checking up on how it's doing until they really have to. (Short, 2017)

3.5.7 Informed

An informed investor is the one who is studying information from multiple sources before making any financial decisions. They have a constant eye on investment markets as well as the global economy in order to figure out what could possibly give them a higher chance of profit. They are glad to listen to expert advice and read financial opinions, only going against the market after very careful thinking process of all the pros and cons. They possess financial confidence and believe in their own choices, trusting that their knowledge and experience will later on mean long term gains. (Short, 2017)

3.6 Momentum Investing

Momentum investing uses a strategy to make profit on counting the continuance of an existing market trend and that makes it an important theory in when defining the investor behavior of the investors who are using digital channels a lot and the ones who aren't. It is an investing strategy but also it can show us the investors who are more following the current ongoing trends rather than relying on the historical growth and long-term future prospects. It includes buying stocks, futures or market ETFs showing upward-trending prices and sell short the respective assets with downward-trending prices. Momentum investors expect the market to react with a small delay. (Hämäläinen & Oksaharju, 2016, p. 208)

"Momentum investing theory believes that trends can continue for some time, and it is possible to make profit by following the trend until its end, no matter how long that will take. For example, momentum investors that entered the U.S. stock market in 2009 generally enjoyed an uptrend until December 2018" (Segal, 2019). Even though fund manager and businessman Richard Driehaus was not the first one to use the momentum investing strategy, he is often credited as being the father of the strategy. (Segal, 2019)

3.6.1 How Does it Work?

Momentum investing commonly has a strict set of norms based on technical indicators that dictate market entry and exit points for securities. Momentum investors occasionally use two longer-term moving averages for trading signals, one a bit shorter than the other. Some use 50-day and 200-day moving averages, for example. The 50-day crossing above the 200-day creates a buy signal. A 50-day crossing back below the 200-day creates a sell signal. Some momentum investors rather use even longer-term moving averages for signaling usage. "Another type of momentum investing strategy involves following price-based signals to go long sector ETFs with the strongest momentum, while shorting the sector ETFs with the weakest momentum, then rotating in an out of the sectors accordingly." (Segal, 2019)

Still, other momentum strategies utilize cross-asset analysis. For instance, a few equity traders pay close attention to the Treasury yield curve and use it as a momentum signal for investment equity entries and exits. A 10-year Treasury yielding above the two-year yield normally is a time to purchase indicator, whereas a two-year yield trading above the 10-year is a time to make a sale indicator. In particular, the two-year versus 10-year Treasury yields are commonly used as a strong recession predicator, and also has implications for stock markets. In addition, some strategies have both momentum factors and some fundamental factors in use. One such system is called CAN SLIM, which was developed by William O'Neill, who is a founder of Investor's Business Daily magazine. Because of the fact that it emphasizes quarterly and annual earnings per share, some people argue that it is not a momentum investing strategy. (Segal, 2019)

However, the system is normally seeking stocks with both earnings and sales momentum and tends to point to stocks with price momentum. Like all the other momentum investing strategies, CAN SLIM also includes rules for when to enter and exit stocks, based mostly on technical analysis. Investor must make sure to choose the proper kind of securities and consider carefully their liquidity and trading volume when making the choice for practicing momentum investing. (Segal, 2019)

3.6.2 Experiences and Opinions About Momentum Investing

Some professional investment managers make use of momentum investing, believing that individual stock picking based on different types of analysis to make more predictable results, and that is a better mean for beating index performance over the long term. Officially momentum investing has been an investing style for about 20-25 years, in which it has made better profits than MSCI USA index. (Hämäläinen, & Oksaharju, 2016, p. 208)

Momentum investing style shakes the core of efficient market hypothesis theory, with adding an emotional trend value into it. Claiming that the trends will have a great affect to the markets, and so on timing the markets coherently would not be such an impossible task as the EMH theory suggests. Starting momentum investing with an individual stock might be a bit difficult, and that is why there are lots of ETFs available for momentum investing purposes. (Connolly, 2018)

3.7 The Efficient Market Hypothesis

The Efficient Market Hypothesis, or EMH, is an investment theory in which stock prices reflect all information and consistent alpha generation is impossible. The supporters believe that beating the market over long-term is impossible and that is why investing in low-cost and well diversified portfolio is an ideal thing for any reasonable investor. (Malkiel, 2003. p. 59-82)

It works as the basics for the whole purpose of common stock investing, where it is believed that the market price is always the correct one and that the market is working efficiently with the supply-demand principle. This is important aspect compared to the momentum investing, where on the contrary investors believe that the stock prices are following recent and current trends. Some investors are believing in the momentum investing and others are believing efficient market hypothesis, that is why it is important to compare the investor types and to see which of the investor types are using digital channels more than others.

Theoretically, neither technical nor fundamental analysis can produce risk-adjusted excess returns, or alpha, consistently and only inside information can result in outsized risk-adjusted returns. Index investing is the most common and well-known form of investing with the belief in efficient market hypothesis. Stocks always trade at their correct value on stock exchanges according to the Efficient Market Hypothesis, making it not possible for people to either buy undervalued stocks or sell stocks for inflated prices. Accordingly, it ought to be impossible to win the market with expert stock picking or timing the market, and so on the only way for an investor to make higher gains is by buying investments with higher risk. (Hämäläinen & Oksaharju, 2016, p. 76)

3.7.1 Explained

Even though the Efficient Market Hypothesis is a cornerstone of modern financial theory, it is still considered to be an extremely controversial and often disputed theory. The ones who are for, are arguing that it is pointless to search undervalued stocks or trying to anticipate trends in the market with either using fundamental or technical analysis. There are various different levels of supporters, some believe the market is working strongly efficiently all the time, others think markets are working sometimes inefficiently, for example over-reacting to news. (Hämäläinen & Oksaharju, 2016, p. 207)

While studies suggest that there are big amounts of evidence supporting EMH, an almost equal amount of counterevidence also exists. For instance, some investors such as the most famous and successful investor in the world, Warren Buffett have coherently beaten the market over long periods of time, which according to EMH theory is not possible. Critics of the Efficient Market Hypothesis also point out to events such as the 1987 stock market crash, when the Dow Jones Industrial Average (DJIA) decreased by more than twenty percent during a single day, holding as evidence that share prices can certainly deviate from their supposedly right values. (Kuepper, 2019)

3.7.2 Real World Usage

Supporters of the Efficient Market Hypothesis conclude that, because of the unpredictability and random forces of the market, investors would make more profit by investing in a low-cost, passive portfolio. (Malkiel, 2003. p. 59-82)

A comparison between active portfolio managers' gains in all categories against a composite made of related index funds and exchange-traded funds (ETFs) was conducted by the Morningstar. The research found out that year-over-year, just two kinds of actively managed portfolios successfully defeated passive funds for more than fifty percent of the time: U.S. small growth funds and diversified emerging markets funds. In all the other categories investors would have made better profits by investing in low-cost passive index funds or ETFs. (Morningstar, 2015)

Even though a small percentage of active portfolio managers are performing better than passive funds occasionally, the challenge for investors is being able to find the ones which will continue to do so over the long period of time also. Less than twenty five percent of the top-performing active portfolio managers are able to consistently perform better than their passive opponents in the long run. (Kuepper, 2019)

3.8 What are digital channels?

Since the research is focusing on investors relation with digital channels, it is important for us first to define what are digital channels. Most basically a digital channel is a sales channel that is electronic.
A digital channel can be for example a web site including social media and video sharing sites, search engine results, communication tools such as email or messaging apps, mobile apps including apps launched by brands or ecommerce sites to drive sales, events that allow users to participate such as a webinar, digital media such as streaming video and music services, virtual game environments that support virtual locations for brands or advertising. (Spacey, 2017)

3.9 Digitalism in Banking World

So, how are the digital channels currently working in the banking world? When making a research concerning the usage of digital investing channels, it is important to know how the situation is today in the digital banking sector.
According to latest studies the most used multi-channel in banking industry nowadays is digital. In recent years the whole banking industry has digitalized, which has created challenges as well as opportunities for both customers and banks.
Consumers who are used to using digital channels are guiding company's development. Equally, banks are under pressure by the other financial service providers who are using only digital channels in providing their services. These market forces indicate that over the next couple of years more and more customers and interactions are taking place only through digital channels. (CX Café Team, 2018)

3.9.1 The Speed of Change for Companies to Chase

When the Internet became popular, financial institutions took the initiative to encourage customers to start using online banking. These early efforts were made by the banks because of the aim for cost-efficiency.
The trend has been the increasing need to offer digital experiences that meet the still rising expectations of customers. (American Banker Magazine, 2014)

“The pace of change has caught the industry flat-footed. Designing a home page that is consistent with the company’s brand image and customer experience is one thing. Delivering on this promise is far more complex in an increasingly mobile and social world, not to mention the emerging domains of Virtual Reality (VR) and Artificial Intelligence (AI), let alone wearables and IoT (Internet of Things)” (CX Café Team, 2018).

P2P payment apps are an important part in mobile banking services. Transferring money through mobile numbers and mobile paying are becoming more and more trendy.
According to a 2014 Fiserv study, institutions that are offering mobile deposits normally generate 60% more logins and transactions than those without mobile deposit services, which enhances the customer engagement. Actionable alerts delivered via SMS or push notification also are customer value adding services by allowing the customers to make direct actions in their mobile devices.
(American Banker Magazine, 2014)

There are several digital promotion options. Examples include:
Online session banner ads that show for instance a credit card deal to a customer who is transferring funds. Live chat options that are familiar for today's consumers. Push notifications while a customer is getting closer to his credit card limit can receive an offer to increase it. Or, if customers car loan is nearing the end of its term, a push message can offer a loan for a new vehicle. (CX Café Team, 2018)

3.9.2 Build Relationships

Customers are not meant to learn to use the digital channels merely by themselves. More like there is a must to make efforts to enhance the customer experience with the help of digital tools. In other words, the digital channels are meant to make the customer relationships stronger, which are vital in the financial industry. (CX Café Team, 2018)

Today's consumers, want personal digital service, and expect financial institutions to deliver that also. With insights gathered from the use of analytics, financial institutions can customize, and target product offers to meet customer needs. For instance, if an account holder has a high account balance for some time, a message can recommend making investments for a better return. (CX Café Team, 2018)

Another way to help formulate personalized offers during digital banking sessions is through automated surveys. In this process, customers are recognized by their logins and offered a short survey. After filling the survey, they are sent a targeted offer based on their responses. If the customer accepts the deal, the deal is either closed or the lead will be sent further for follow-up by an investing advisor. Automated interviews can get even up to ten times the amount of qualified leads when compared with regular online advertising. Also, the continuity offers are a relevant source for generating deals, for example displaying house insurance offers while a customer is checking for mortgages. (American Banker Magazine, 2014)

3.9.3 Conclusion

The competition from customers is boiling hot at the moment. Customer experience has become the backbone for the operation and modern consumers are used to high standards. Changing a bank is effortless and easy as going for dinner in current financial world. The race is on and the constantly changing regulations are making it even harder for the big financial companies to adapt, as for the rising online service providers with light structure the fast swifts are not an issue. Easy access and digital tools have become perhaps the deciding factor in the race between the financial corporations. (CX Café Team, 2018)

In order to make well in a modern competitive market that is getting filled of new financial service providers, it is important for old school financial institutions or banks to distinguish and determine themselves as customers' primary digital banking and payment service providers. It is essential to offer the right kind of products at the right time and promoting them to right target groups. (American Banker Magazine, 2014)

Today’s consumers may go elsewhere if the banks are not able to give them the service they require. By making the moves to develop digital services now, all the way to the top, will help the banks to maintain their position as the key financial provider also in the future. (American Banker Magazine, 2014)

4 CURRENT KNOWLEDGE

4.1 General Information About the Survey

The thesis survey is targeted to the investing-oriented people and the people who are interested in investing. Survey can be found from appendices 1-7. So, the survey was published in a Facebook investing group called Sijoituskerho (investing club) and in LinkedIn. Sijoituskerho-group has around forty-eight thousand investing oriented attendees. The survey was also sent to a few individuals, who are interested in investing. Altogether 211-replies in three days was received, in during the time the survey was open for public to answer.

We will go through the results and questions of the survey in here, and also explain how the questions are related to the theories that are being used in this research. In the survey there were twenty multiple choice questions, all of them basically aiming for finding out the typical investor using digital channels and profiling the person type.

4.2 Demographics

The first questions deal mostly with the demographics of the people. Like gender, age and bank wealth. In the survey respondents 71,6% were male and 28,4% female.

The largest age group using digital channels were the people aged between eighteen to thirty years old (46,4%) with having a bank wealth from one thousand euros to ten thousand euros (33,6%). As well as the smallest group using digital channels were the people with the age more than sixty years old and having a bank wealth of more than one million, which both included 1,4% of the respondents. (Appendix 1)

4.3 Investing Knowledge

In the next part, the questions moved more specifically towards peoples investing knowledge and habits. With the questions about investing experience, use of digital channels and persons tolerance for risk. The question regarding persons investing experience measured in duration of time gave us dividing answers between 41,2% of the respondents having more than five years of investing experience, as well as second largest category of 37% of respondents having less than three years of investing experience.

When my question about the usage of digital channel was answered, it came clear that most of the digital investing channel users, use these channels quite often around three to seven times a week (39,3%) and more than once a day 28,4% of the respondents.

Online banking was a bit more used and popular digital channel than mobile app by beating it just by 2,8% (online banking having 76,3% of the digital channel users and mobile app of having 73,5% of the digital channel users).

In the survey most of the respondents (63,5%) turned out to be return-oriented investors with moderate risk tolerance (3, from scale 1-4, in where number 1 meaning very careful and number 4 very return-oriented), while only a clear minority of respondents (0,9%) turned out to be very careful investors from their investor profile.
In the survey most common time for an investment before liquidating was more than five years with 56,9% of the respondents being thought like this, but also both options of investment length from one to five three years and three to five years being almost as popular choices with each other also (1-3 years with 21,8% and 3-5 years with 21,3%). (Appendix 2-3)

The survey continued with the questions about investing reasons, investment product knowledge, typical single investment amount and investing advisory experiences. 79,1% of all the respondents announced that their biggest reason for investing is just increasing wealth in general and the second largest group of respondents (12,8%) answering pension for being their main reason for investing.
When people were asked about what kind of investment products they know, the most knowledge people had about investment products was about stocks, by 97,2% of all the respondents having the knowledge about stocks. The second most well-known investment product being funds by 81,5% of the respondents knowing what they are.
Most of the survey respondents (58,3%) represented the small regular saving type of an investor with the average single investment amount ranging from ten euros to on thousand euros. Also 33,6% of the respondents announce their average single investment amount being in between one thousand euros and five thousand euros.
The next question was about have the people ever received investing advisory: the results spilt my respondents into two, by 51,7% of the respondents claiming they have never received investing advisory and 48,3% of them being received investing advisory. (Appendix 3-4)

4.4 Investor Behavior

After those things figured out, the survey questions moved towards investor behavior, with the questions about typical selling reasons, investing periods and investor profiling. Largest part of respondents of my survey by far of 73% announced that good time to liquidate is their biggest reason for investing. Second largest group of 14,7% being the people liquidating with the need of cash. The next question being about the regularity of investment periods.
Most of the respondents (53,1%) answered their investing regularity being monthly and 17,1% even claimed that they are investing more than once a month. But then again 24,6% said they are investing only two to four times a year.

Most of the investors (66,4%) told that they are buy and hold investors, while only 13,7% of the respondents represented themselves as being traders.
When it comes to investing personality, the biggest group of respondents by 45,5% defined themselves as casual investors, while second biggest group of 26,1% defined themselves as informed investors. (Appendix 4-5)

In the last part of the survey, the plan was to target peoples' selling and buying habits concerning investing. In this part the questions like reason for selling now and when is a good time to buy were used. As well as people's reasons for not investing in index funds and the methods of investing in new company's stocks. For the question about why not sell now, most of the respondents with around 67,3% said that they are not in the need of cash right now. Then again 15,6% of the respondents told that the reason for not selling now is that the profits are too small for selling and even 10,4% announced that they are currently facing a loss in the case of the liquidating. But even still 6,6% announced their reason for not selling now is the fact that profits used to be higher than nowadays.
When the people were asked about when is a good time to buy, most of them (65,9%) replied that it is always a good time to buy, with the second largest group of 24,2% of the respondents saying that it is good time to buy when market is going down. Even in this case some respondents claimed that it is good time to buy when market is going up with 5,2% thinking so and market being stable is good time to buy with 4,7% of the respondents thinking so. As the second to last question proved, most of the investors with 57,8% are currently investing in index funds. Those who are not told their reasons to be the belief of beating the market by themselves with 15,6% of the respondents believing so, and with 15,2% of the respondents answering their reason for not investing in index funds being dividends. Also, around 11,4% of the respondents showed the lack of their knowledge towards index funds by admitting either directly that they do not know what index funds are (5,7%) or by claiming that index funds have too high expenses (5,7%) while in fact they have commonly even lower costs than investing in stocks.
Then came the turn for the last question with had habit of how people usually buy new company's stocks. Most of the respondents of around 68,2% stated that they usually make a thorough and careful research of the company before making an investment into that company's stocks, but even still 28% of the respondents saying that they just usually go with the flow and make the investments with relying their impulses and intuition. (Appendix 5-7)

5 ANALYSIS

5.1 Gender

In the survey (appendix 1) any kind of division was not used, and that is why 71,6% of the respondents were male, which surely affects the results by making them easier to connect to men. But also, from this we can make a conclusion that men are using digital channels more than women for investing purposes in Finland. This goes hand in hand with the hypothesis as well. (Appendix 1)

5.2 Age

Most of the survey respondents were also between the age from 18 to 30 years old and only 1,4% were more than sixty years old, it is clearly visible that the older people get the less they use digital channels. This fits to the hypothesis about that young people are the largest group of digital investing channel users and the older are using these channels less (especially people more than sixty years old). But in the hypothesis presumption was that more like the people ranging from 30-40 years old would be the ones using digital channels more, because the thought that the youngsters between 18-30 years old would not have enough capital and interest for investing existed, but as it turned out that was completely wrong assumption. Since even the youngsters do not have that much capital, they still have lots of interest in investing and they are the single most active group in digital channel investing. (Appendix 1)

5.3 Bank Wealth

Among the respondents, largest group of digital channel users have bank wealth ranging from 1000€-10000€ with 33,6%, and that was followed by the second largest group with 29,4% of the respondents having a bank wealth between 10000€ to 30000€. Which was surprising was that as big number as 16,1% of the respondents claimed having a bank wealth ranging from 100000€ to 1 million euros. Even 1,4% of the respondents were millionaires, which goes quite hand in hand with the percentage of the whole Finnish population’s millionaire ratio. This proves that also the wealthier are using digital channels for investing purposes. Even though these results do not go quite hand in hand with the hypothesis, which was that people with having a bank wealth of around 25000€ would be the biggest group of using digital investing channels, it was still not that far since it could be stated that the people with banking wealth of around 10000€ are the median for this. But what was totally miscalculated was that people with having a small banking wealth of around 5000€ would be the group which are not using the digital investing channels that much, but in fact it is the wealthier people who are not that active with the use of digital investing channels. (Appendix 1)

5.4 Investing Experience

When it comes to investing experience, the results seem fairly divided, 41,2% of the respondents claiming to have more than five years of investing experience, meanwhile 37% responded having just less than three years of investing experience. From this we can make a conclusion that people with all kinds of investing experiences are using digital channels almost in equal amounts, only the people with no prior experience are using these digital investing channels less. But then again that is natural of course, because of they merely have the interest in investing but so far they have not yet started it. If you compare this with the hypothesis, the people with more than five years of investing experience were also included in the hypothesis, but what was not realized beforehand was that even the people with investing experience of less than three years would be using the digital investing channels in equal amounts. Then again, in the hypothesis it was counted even the people with no prior experience into the numbers, so it could be stated that the presumption goes quite aligned with the end results. (Appendix 2)

5.5 How Often do you use Digital Banking or Investing Channels?

Up next there was the question about the regularity of using digital investing channels. According to the results those of using digital investing channels, tend to use them very regularly with 39,3% of the respondents saying they use these channels three to seven times a week and what is more, 28,4% replied they use these channels even more than once a day. Only one third replied that they are using digital investing channels less than three times a week, which can relate to the people who are less active in investing. As predicted in the hypothesis the investors who are using digital investing channels use them actively, and vice versa. (Appendix 2)

5.6 Which Digital Channels you Mainly use for Investing?

Among the respondents 76,3% use mainly online banking as their choice of the digital investing channel, while 73,5% have chosen mobile banking their main digital investing channel. This tells us that most of the people use both almost side by side in their investing activities. But we can also conclude from this that the hypothesis was wrong in the point that only not active investors use online banking as their choice of main digital investing channel, but as a matter of fact all of the investors seem to rely on online banking as their foundation. Still, we can deduct that mobile banking services are more often used by the people who use digital channels more often in general. Which is proven by the small 2,8% difference between the answers. (Appendix 2)

5.7 Risk Profile

When it comes to risk tolerance of the typical digital investor, by far the most (63,5%) of the respondents are equipped with a return-oriented mindset. This supports the assumption as well as the fact that the most untypical investors using digital channels seem to be having either careful risk profile (16,1%) or very careful risk profile (0,9%). (Appendix 3)

5.8 Common Single Investment Length Before Liquidating

Most of the investors using digital channels can be categorized as long-term investors with the common single investing horizon being more than five years (56,9%), as quite the opposite short-term investors with the investing horizon from one to three years 21,8% or three to five years 21,3% seem to be using digital channels more inactively too. These results support the presumption also. (Appendix 3)

5.9 Reason for Investing

It can be defined that for people who are using digital investing channels more frequently, mostly have the reason to invest just because of general wealth increase (79,1%). On the contrary, the people who do not use the digital investing channels that frequently, mostly have purchasing or renovating a house or an apartment (3,8%) or preparing for pension (12,8%) as their main reason for investing. This goes hand in hand with the hypothesis. According to the Theory of Reasoned Action people buy investment products with the thought of making money in their mind, and it is the case also for all the survey respondents. (Appendix 3)

5.10 What Kind of Investment Products you Know?

Most well-known investment product of the survey was the common company stocks, which 97,2% of the respondents acknowledged knowing. The second most well-known investment product after this was the mutual funds, which 81,5% of the respondents claimed knowing. On the other hand, all the other investment products were not very well-known among the respondents (27,5-45% knew them), which gives the impression that the investors using digital channels are divided between the people who have more knowledge and know-how concerning investing of around 30%, and the rest who do not have that much expertise in investing of around 70%. These results support the question four concerning investing experience, which 41,2% of the respondents claimed having for more than five years. Also, this proves that even a bit longer investing experience does not necessarily guarantee the professionalism and investing skills, by around ten percent of the respondents having more than five years of investing experience but still lacking the knowledge about not so common investment products. These results support my presumption also, but what we can deduce also is that it does not matter that much about the professionalism or investing knowledge, all types are using digital channels. (Appendix 4)

5.11 Typical Single Investment Amount

It seems that the common single investment is naturally between ten to one thousand euros for most (58,3%), while it was surprising that even 33,6% of the respondents claimed that their common single investment amount is around 33,6%. And even still larger single investments are also presented among the respondents. From this we can make a deduction that monthly savers, stock investors and even wealthier investors, all use the digital investing channels almost equally. Even there could be a nuance that the wealthier are using the digital investing channels a bit less than the monthly savers. Although the large amount of people investing larger single investments, reflects to the fact that mostly investors using digital investing channels are investing in common stocks, because usually stock executions require bigger amounts of money due the execution expenses. This supports the deduction of the whole research. (Appendix 4)

5.12 Have you Ever Received Investing Advisory?

In the next question the thought of asking whether people have ever received investing advisory came in question, in which 51,7% of the respondent claimed that they have never received investing advisory. This means that it does not seem to have much effect in the peoples' usage of digital investing channels. But as a matter of fact, even though most of the people who have received investing advisory seem to be using digital channels almost in same amounts as the people who have not received investing advisory. It still seems that the people who have not received investing advisory but only made investing decisions independently are using digital investing channels a bit more than the people that have received investing advisory. This tells us that usually the people who make independent investing decisions, invest in common stocks that require a bit more active following of the investments than mutual funds. This supports the presumption at the point that the active digital channel users have never received investing advisory. But what was thought was that people who are not using digital investing channels that actively, would have not been offered investing advisory, but as a matter of fact it seems that they have been offered and so on received investing advisory as well. (Appendix 4)

5.13 Most Typical Reason for Selling

Following with the question about most typical reason for selling, which 73% said that their reason is typically a good time to liquidate. This can be connected to the more active digital investors. As the 14,7% who said their most common reason for selling is the need of cash, can be related with the investors who are not using digital investing channels that often. But what is surprising is that even 7,1% mentioned that they are commonly selling with loss and 5,2% admitted regret being their most common reason for selling. This tells us that according to the Regret Theory people get emotionally affected by their purchase decision and if the stock value ends up going down, the investor might even be ready to sell it with taking a loss especially if there is an unpopular stock what we are talking about. This goes aligned with the hypothesis concerning the digital investing channel users investing habits. (Appendix 5)

5.14 How Often do you Invest?

For next the decision to ask the question about investing regularity came in question, and the results speak for itself when 53,1% of the respondents said that they invest monthly and 17,1% claimed investing even more than once a month. Only 24,6% of the respondents said that they are investing around two to four times a year and just 5,2% admitted investing less than once a year. This proves that the more often you invest the more you are also using the digital investing channels and on the contrary the less regular your investing is the less you are using these channels. These facts support my assumption completely. (Appendix 5)

5.15 Which Type of an Investor are you?

With following two questions concerning investor profiling. At first, the question concerning about which kind of investor they are was asked. Most of them (66,4%) replied that they are buy and hold type of investors and 13,7% said that they are traders with trading stocks actively, which is a proof that these investor types are using digital channels more frequently. As the 19.9% of the respondents being index investors, who just mainly put their money into index funds and try to forget it there. They are not mostly using digital investing channels that frequently also. But as a deduction still, all the investor types are still using digital channels, the difference is just in the regularity of the usage. These results boost my presumption fully also. (Appendix 5)

5.16 How Would you Describe Your Investor Personality?

After that the people were asked on how they would describe their investor personality. The biggest part of the respondents (45,5%)

represented themselves as being casual investors with the habit of not worrying too much about their investments, while the second biggest amount of 26,1% of the respondents claimed being informed investors with relying themselves in the end. The smallest part of the respondents (4,7%) replied being busy investors, with the purpose of making profit fast with lots of transactions and trading of stocks. Casual investors also are more likely to give their investments for the professionals to take over and they also believe more in physical investments such as investing in apartments than the financial vehicles. Informed investors again, are studying information from multiple sources before making investment decisions. They are constantly studying the global economy and markets and are happy to listen to expert opinions, still having the best confidence in index investing and their own decisions. Busy investors again are the ones who live for the buzz of the markets, and so they are constantly trading stocks based on the latest bit of gossips and hearsay.

These results feel quite controversial with the past question, where it was fairly obvious that traders are using digital channels more than the passive and casual investors. The reason for this kind of controversial result may lie in the way people define their investor personality, even though they might be traders, they still feel like trading is just a casual method for investing. The hypothesis is aligned with the results in the bit that it seems that cautious and emotional investors are the ones using digital channels less than the others, while the fact that casual investors use these channels so much could not have been predicted. Then again, the thing that most of the investors would define their investor personality as casual investors could not have been even imagined. It is not a surprise that technical and informed investors are the ones using the digital investing channels more frequently than the others. (Appendix 6)

5.17 Reason for not Selling now

In the fourth last question a want to ask the respondents about the reason why they are not selling their investments now came across my mind, especially during these uncertain but high market times. By far the most (67,3%) of them answered that they are not selling since they do not have the need for cash right now. As on the contrary smallest portion of the respondents (6,6%) admitted that their main reason for not selling now is the fact that profits used to be higher. These results go quite well hand in hand with the presumption of the fact that most of the investors using digital channels are so called rational investors who do not think the liquidating timing through the market behavior, but firstly because of their own personal needs. And on the contrary the investors who are not using digital channels that much, feel less sensible in the way that their selling behavior is also based mostly on their market feelings and emotions. According to the Regret Theory, people are not selling the stocks because they hate being wrong and that is why they could be clinging on to a falling stock. Mental Accounting Theory believes that people form mental compartments about the profits they used to have and that is why they are not selling the stocks in a smaller profit they once had. Also the prospect/loss-aversion theory states that investors are often more willing to take risks to avoid losses than cash-out gains and by doing this they might be willing to sell their gainers and double their bet in the losing stocks with having the belief that today's losers may soon outperform today's winners. All the deductions mentioned above support the assumptions completely. (Appendix 6)

5.18 When is a Good Time to buy?

As the survey moved towards the end, so came the turn of the question number eighteen concerning the opposite question for the last one. The decision was to ask the respondents, how about when is a good time to buy then, in which the biggest group of 65,9% replied that always is a good time to buy. This indicates the rationalistic thinking in investing decisions, when the timing is left to be unhandled when making the investing decisions. Since very often the timing of investing decisions goes totally south even for many professional investors. But then again it seems that the other types of investors, who try to time their investment decisions often end up not investing at all, which naturally becomes the worst investing decision in the perspective of return willingness. The second largest group of respondents (24,2%) replied that the best time to buy is when market is going down, but actually there is no right or wrong answer to this question in the way that there are so many different investing theories in the use. One good example is momentum investing, which relies in the continuous tube of historical value development and the right historical turn points for the stock price course. After cross referencing it is clear that the people who think that the good time to invest in when market is stable (4,7%) or when market is going up (5,2%) are using less digital investing channels than the other groups of respondents, this emphasizes also their lack of investing knowledge since their investing product knowledge is also lower than the others. According to the Anchoring theory people too often trust to the Efficient Market Hypothesis, which states that the market price is always the correct one, and so on they often give too much effort to the recent market events over the historical development. Also, Over-/Under-Reacting are common features effecting the market price, because people often have the tendency to enforce the ongoing trends and news, which causes bigger price shifts than is valid. From this we get to Momentum Investing, which has the point that the momentum investors are trying to benefit from the ongoing trend of the stock, for example they are buying the stock with the upward trend and sell short the stocks with the downward trend. These findings support the hypothesis in the way that prediction was that the investors who either do not try to time the market or invest when market is going down are using the digital investing channels more than the not very knowledgeable investors who are in the belief that when the market is going up it will also continue to do so and believe that is the best time to make additional investments. (Appendix 6)

5.19 Why don´t you Invest in Index Funds?

In the second to last question of my survey, the choice was to ask the people on their relation to invest in index funds. As it turned out the 57,8% of the respondents are investing in index funds, which proves their popularity and sufficiency. Still 15,6% of the respondents told that they are not investing in index funds because they believe they can beat the market, and 15,2% of the respondents announced their reason for not investing in index funds due the desire of passive income in the form of dividends. These groups are all using digital investing channels pretty actively. Then again, the people who do not use the digital investing channels that actively, proved their ignorance towards investing once again either by claiming index funds have high expenses (5,7%) or directly admitting that they do not know what index funds are (also 5,7%). The people who are not investing in index funds, can be said to have overconfidence and so on they might be thinking too highly on their own skills compared to others. They might be thinking that they can coherently time the market, but there are lots of evidence which proves otherwise. These results go fully hand in hand with the presumptions. (Appendix 7)

5.20 How do you usually buy new company's stocks?

In the final question of my survey, the want was to find out more about the different habits of investors when purchasing new company’s stocks. Mostly focusing only on the fact are people more likely to make these purchases based on their thorough company research or just more likely to follow the buying impulse and go with the buying flow. As it turned out that 68,2% of the respondents claimed that they are making a research usually when making the investment decisions into new company’s stocks. And only 28% of the investors are more likely to make stock purchases based on their intuition and instinct, or is it an “only” at all? After all, if 28% of the investors are making investment decisions almost blindly, how is the market reacting to that and what is more “is the market efficient at all?” Well, now it is not the time to discuss about that issue in this thesis. Anyways, this tells us that the people who are more acknowledged and informed, are buying stocks with rational and thorough beforehand research rather than their guts, are the ones also using digital investing channels more frequently. On the contrary, the people who are more likely to rely on their emotional side and just go with the flow while purchasing stocks, are the ones who are also using digital investing channels less frequently. According to EKB theory the more careful investors are more likely to research the companies beforehand than the casual investors, which seems to be the case according to the results also. Hawkins Stern created the theory about impulse buying, according which for instance an investor might be tempted to make a sudden purchase of stock if they see it will suddenly would decrease in price and it would be a fitting stock to their portfolio in other ways also. In these cases, the impulse buying would justify the other ways rational thinking by triggering the sudden purchase impulses. In the end, this all goes well aligned with the assumption. (Appendix 7)

6 CONCLUSION

6.1 Overall

As the conclusion it can be stated that the thesis work has had its challenges and its failures. The biggest difficulties have been concerning the time management and the pointless search of the commissioning party. When working full-time, studying for the financial field certificate and writing the final thesis simultaneously, it can be said to have been extremely challenging at least. Thankfully there has been some successes also. All in all, the research work with the survey worked out pretty well and smooth, considering the lack of experience in making surveys. Naturally there were some bits to polish out and especially there has been difficulties in connecting the theory with the research results. As the author, can be told few facts about myself, theoretical side has never been my strongest suit as well as the text writing skills. Then when all of a sudden, the task is to write forty pages of research-based-text, the challenges rise out to become reality. Time management issues also deviated from the personal life, relationship issues and ongoing life changes at hand, but still the main reason was to combine the full-time working with such an extensive research project.

6.2 What Could Have Been Done Differently?

First of all, time should not be wasted, yes literally wasted, too much for the search of a commissioning party, but instead trying to figure out the other methods of fulfilling the research part of the thesis. When searching the potential commissioning party, the topic should be quite formed already. If you go to the hunt of a commissioning party, with a clear thought in your mind and abandon all the thoughts about other completely different topic ideas, thesis work will work out much smoother. The commissioning cannot be the one factor defining the topic and your plans. As the author, I had completely another topic in my mind about researching the culture differences, because that is where my main interest lies in. That unfortunately did not work out, since the internship from Asia was not received. Thinking back now, that would not have been such a hard task to complete even from down here, through the modern society’s networks, such as social media. Or was it that unfortunate still? Maybe not. From the thesis work many things have been learned, especially about making a research, what is important, what is not, how to proceed after several setbacks. Always there is a way to do things, as long as you use your creativity, but also learning process has been concerning the independency and growth as an individual. Actually, if being able to choose again, being greedy is never worth it, and so would be better to focus only one task at the time. In this case the question is about making the thesis-work and full-time employment simultaneously, better not to do it, it is not highly recommendable. That is the lesson that has been learned, especially in case the path leads to master studies.

6.3 Research

6.3.1 Sub-Conclusion

In the research part of the thesis, the findings of the survey were mostly following the same line with the expectations and not many life changing findings were made. Generally speaking, the number of respondents in the survey was honestly a surprise, and it ought to give a fairly realistic and valid image of the issue dealt in the research. The reason why the hypothesis got so correct, might lie behind the professional skills that have been acquired through work in the banking and financial field. This could be called as the gut feeling, and when combined to the latest intel and extensive professionalism, it already gives us quite an accurate answer.

When it comes down to gender, men are using digital investment channels more than women, this is as expected due the greater number of male investors in the field. Mostly it is also about the character of male, which is more active in this kind of things which relate and handle monetary topics. (Appendix 1)

Age of the people using digital investing channels varies mostly between 18-30 years old, which can be expected in the modern society of digitalism. Still the factor that the people aged so young are already so much into investing, not just partying, is a surprise. (Appendix 1)

People with the bank wealth ranging from 1000-10000€ were the single largest group of digital investing channel users, which reflects to the previous detail that most of them are parts of the younger generation. The part, which was surprising, was that still the people with this low banking wealth, form the single largest group on digital investing channel users. Mostly the facts go hand in hand with the presumption, except for the fact that in the hypothesis people with net worth ranging from 10000€-30000€ were the ones expected to use the digital investing channels the most. (Appendix 1)

Investing experience of a typical investor using digital investing channels is either more than five years or less than three years, which means that there is quite a big difference in the knowledge of the investors using digital channels. In the hypothesis it was predicted that mostly the more experienced investors with more than five years of investing experience would be the largest group of digital channel investors, but it was not anticipated that even the people with less than three years of investing experience would be using the digital channels in the same amount. (Appendix 2)

It was found out that the people who use digital investing channels, tend to use them very regularly, with most of the respondents using digital investing channels either daily or even more than once a day. Only one third admitted they are using digital investing channels less than three times a week, in which we can deduct that the hypothesis was correct with the fact that the investors using digital investing channels, use them actively and vice versa. (Appendix 2)

The most used digital investing channel was online banking according to the research, which topped the mobile banking with a small 2,8% difference. The findings conclude that online banking is working as the foundation for all the investors, the ones using the digital investing channels more and the ones using them less. Both of them were used around three fourths of the respondents. The fact that mobile banking is more popular among the investors who are more active in using investing channels, supports the assumption. But the thing that was surprising, was that the people who are not that active digital investors, still rely on online banking in these amounts. (Appendix 2)

The investors using digital investing channels frequently are mainly equipped with a return-oriented mindset. And the people who are not using the digital investing channels that frequently on the contrary are mainly having a careful risk profile. These are not surprising facts either. (Appendix 3)

Commonly the investors investing with the help of digital channels seem to be having a long-term plan for investing, with usually more than five years per investment before liquidating. Meanwhile the investors with short time investing plans of less than five years, are using the digital investing channels less frequently too. This has been stated in the assumption also. (Appendix 3)

When it comes to the reason for investing, it can be found out that the main reason for digital investing channel users investing is just wealth increasing. As for the investors who are not using digital investing channels that regularly, the main reason was found out to be pension planning or purchasing/ renovating an apartment. As a conclusion, it can be stated that as the Theory of Reasoned Action states, people after all buy the investment products with the purpose of gaining financial benefit. The findings support my presumption also in this case. (Appendix 3)

Investing knowledge naturally was a big part of the research. So when the talk is about the product knowledge of the typical digital channel investor, almost all of them know common stocks and four fifths of them have knowledge about mutual funds too, all in all they seem to have much greater variety of products that they know. Then again, the a-typical digital channel users, they tend to have knowledge only from common stocks and mutual funds, but when it comes to any other investing products, they mostly lack the knowledge of those. In order to conclude the facts, it can be said that mostly all the investors are using digital investing channels, no matter whether they have lots of investing knowledge and experience or not. Naturally not in equal amounts, all of which supports my hypothesis. (Appendix 4)

It seems that the typical investors, no matter using or not using the digital channels or not, are all investing single investments with the amount of less than one thousand euros, which gives us a conclusion that they could also be defined as the monthly savers. They are saving monthly a certain amount from their salary. The fact that investors making larger single investments, are most likely to invest in common stocks, can be deducted from the fact that stock executions usually tend to be larger due the higher trading costs. The fact found out is that the investors using digital inverting channels more regularly, have larger single investments. This is not a surprising fact based on the hypothesis. (Appendix 4)

Apparently around more than half of the investors out there, have never received investing advisory, which came as a surprise to the author. According to the research, the thing whether you have or have not received investing advisory, does not have much difference on your usage of digital investing channels. As a conclusion it can be stated that the mostly everybody has been offered investing advisory, regardless of their investing habits, but only around half of them have agreed to receive it. Also, the people who mostly count on the professional investing advisory, are not that active digital investing channel users. After the cross referencing, can be found out that the people who are frequent digital channel users, have not wanted to accept the investing advisory. (Appendix 4)

The most typical reason for making a sale for the digital investor is the good time to liquidate, which supports the claim for their better knowledge and professionalism in investing. As the investors who are not using the digital investing channels that much are mostly selling when they get the urge for money. Which was surprising was that there still have so many investors who are making the sale commonly with loss or regret. This goes aligned with the assumption, and supports the Regret Theory, in which people are willing to take a loss due a regret. (Appendix 5)

Up next the question concerning the investing regularity came, which majority responded investing monthly or even more than once a month. Only a small part of investors is making investments less than once a year. For what was found out was that the more regular your investing is the more likely you are using digital tools for investing and vice versa. This also supported my presumption. (Appendix 5)

What sort of investors are using digital investing channels, you might be wondering? Obviously, mostly buy and hold investors, since largest share of the investors belong to that group. Also, traders, who are making daily trade, are active digital investing channel users. Then again, the not that active digital channel users, what kind of investors are they? Well, mostly just monthly index investors investing passively to index funds. As deduction, it can be stated that all the investor types are using digital investing channels, just some groups are using more than others. These results boost the assumption also. (Appendix 5)

The investors represented themselves mostly being casual investors or informed investors, while the fewest number reclaimed themselves as busy investors. While casual investors usually refer to index or buy and hold investor types, in this case they seemed to be the most active digital investing channel users as well. But also, people equipped with busy investor personality are the ones using digital channels in great amounts. While the cautious and emotional investors are using digital investing channels comparatively less. How about if you compare the results with the hypothesis then? Well, the thing that cautious and emotional investors are using digital channels less, and the thing that technical and informed investors are using digital investment channels more, went accordingly with the assumption. But what was surprising was that casual investors use the digital investing channels in these amounts they are using, because usually they are passive and patient types of people, not at all this active. (Appendix 6)

The idea was to compare my survey with the theories, like in this case. The question, “why not to sell now?”, gives us good insight on the investing behavior of the individuals. When analyzing this question and the answers, we have to take into consideration the unstable and unpredictable market situation we are living in right now. Largest part of the people have no need for cash right now, so they consequently do not have need for selling. This part is also responsible for the greatest part of the digital channel users, which supports the presumption and the results that more knowledgeable investors are using these channels more frequently also. On the contrary, the smallest portion of investors as well as digital channel users, are not selling now because the profits used to be higher than today. This supports the theories: Regret Theory, Mental Accounting Theory and Prospect/Loss-Aversion Theory, and the facts support the hypothesis. (Appendix 6)

When is a good time to buy then? Well, according to the results it is always, which majority responded. The second largest group answered that best time to buy is when market is going down. This majority also represents the biggest group of digital investing channel users. In contrast to the before, the smallest groups of investors mentioned that the best time for making investments is either when the market is stable or when the market is going up. And this group again, represents the investors who are not active in the usage of digital channels. In fact, the right answer does not exist. These results support the theories of Anchoring, Efficient Market Hypothesis, Over-/Under-Reacting and Momentum Investing. The findings also support the hypothesis in the way that the more knowledgeable the investors are, the less likely they are trying to time the market, and more likely they are to use digital investing channels. This goes also a bit to other way around too, but still mostly the ignorant investors are the ones thinking the best time to invest is during stable markets, consequently they seem to be the investors who are not using digital investing channels that much. (Appendix 6)

In second to last question the shift moved towards the question concerning the reasons why investors are not investing in index funds. As it turned out, was that the majority of them are investing in index funds, but still there were some exceptions naturally. Some are believing that they can beat the market, others have desire for dividends, but what connects all of them, is that all of the ones mentioned above, are using digital investing channels actively. Then again, the ones who have no knowledge nor awareness of the investment products and are either admitting they have no clue about index funds or the ones who falsely claim that index funds have too high expenses, are not using the digital channels too actively. Also overconfident investors, which seems to be common reason for people not to invest in index funds, might be using digital investing channels in less than the other types of investors. According to assumption, the results appear to be supporting the factors. (Appendix 7)

At last, time for the final question dealing with the habits of investor when they are going to buy stocks of a new company, in which they have never invested before. More than two thirds claimed that they are making investment decisions after thorough research, while the rest are making emotional solutions based on their guts. In these cases, the ones who are making more rational decisions, tend to trust the digital investing channels relatively more than the emotional investors. Supported with the theories about EKB, Impulse buying and Efficient Market hypothesis, it can be concluded that the rational and more goal-oriented investors tend to use the digital investing channels comparatively more frequently. (Appendix 7)

6.3.2 Conclusion

Finally, the ultimate conclusion is that the most common investor to use digital investing channels is a male between 18 to 30 years old with having a bank wealth of around 1000€-10000€. Commonly they are having an investing experience of either less than three years or more than five years, using digital investing channels daily or even more with online banking being their first choice, they are likely to have return-oriented mindset and long-term investing plan. They are usually investing because of the desire for general wealth increase through multiple investment products, the investing is happening regularly monthly with the amounts of less than one thousand euros and with no investing advisory. They are reasonable investors, selling and buying with rational thinking, buy and hold investors with casual mindset towards investing, they are not trying to time the market but believe in the Efficient Market Hypothesis.

On the other hand, the most untypical person to use digital investing channels is a more than sixty-year-old female with banking wealth of more than 100000€ and with no prior investing experience. They are likely to use digital investing channels less than three times a week with online banking being their first choice. Mostly they are careful investors with shorth time investing horizon and having pension or house purchase as their investing reason. They are investing in mutual funds with small single investments every once and then (without regularity), most of them have received investing advisory. They are emotional investors with the habit of making judgements based on their feeling rather than rational thinking. Which can be proven by their common reason for selling, need of cash. They are cautious or emotional index investors by being passive with their strategical moves. They are not selling now due the regret, and they like to follow trends as they believe the best time to make purchases is when the market is going up, and their lack of investing knowledge is emphasized with the thought that they lack the knowledge of index funds or they have falsified thoughts about the high costs of index funds and investing. They are also likely to buy new company’s stocks with emotional and impulsive decisions.

What the regression analysis tells us (with R squared = 0,015) is that none of the demographics nor variables mean that much when it is compared to the activeness of the usage of digital investing channels. But still, some correlation exists. This at least makes it clear that the research was good to conduct, because unless it would have been conducted, there might be completely similar belief as in the hypothesis. This supports the fact that the research was important in the sense to find out if it is feasible or worth seeing an effort to improve current digital investing channels or just focus on getting more users for the channels in use. The research gives us insight that both are equally necessary but thinking just investor types wise is not the way to go. Actually, all of the investor types mostly use digital investing channels these days, naturally it is almost a must in modern society, but the amounts of usage vary between the different investor types. (Appendix 8)

7 RECOMMENDATIONS

7.1 To the Potential Commissioning Party

The recommendations are targeted most obviously to the very potential commissioning party of the thesis, meaning naturally a bank. In fact, bank was supposed to be the commissioning party of the research, but it did not happen unfortunately. So, what could be done differently in banks? Not so much? Wrong. There are lots of things that could be done differently in banks.

When looking to answer the question: “How can a corporate bank enhance the sales of investment products through digital channels?”, we ought to focus on both ends of the investors, the ones who are already actively using digital investing channels and the ones who are not using digital investing channels that much. On behalf of the current digital investing channel users, we should focus on how to improve the digital channels. While on behalf of the investors who are not using the digital investing channels that actively, we need to figure out the reasons why, and also to think how to promote and add the usage of digital investing channels. And in addition how to target the marketing to match and address the people who are not using digital investing channels that actively.

The recommendations are based on the authors expertise and an interviewee called Petri Kovanen, who is a financial professional, working as an investing expert for the largest Finnish bank. He has an experience totalling more than four years in investing field, from which past two years working with the digital investing channels.

7.1.1 What Should be Done to Enhance the User Experience of Investors who are Using Digital Investing Channels Actively?

Well, first of all, the workability and usability of the current digital platforms should be improved for more simplistic and customer friendly way. Naturally this is an obvious observation formed by the experience in dealing with customers who have difficulties in using the existing online and mobile banking services. The typical investors using the digital investing channels are likely to appreciate the simplicity in their software design, especially based on their comments. Since they are using the channels often, there should be some analysis and robotics to give investing advisory for these youngsters in order for them to understand what is important in investing. This would target the rationality and interest for analyticity of the typical investors using digital channels. Also, this would make them increase in numbers in the way that they would be taught investing knowledge and given advisory by the robotics, which would enhance their investing activity and the sales of the bank's investment products by easily accessible robotic investing advisory. The amount of sales of investment products could also be increased by marketing campaigns of investment products, the marketing could be targeted for example according to investor profiles and executed through online messages or pop-ups. They could also be provided to try out the investing with virtual money, which is not real of course. Also, by which they would be able to try out all of the functions and gain experiences about saving and investing, and to notice that it is not necessarily so difficult as the first impression seems. Nowadays even online casinos offer free demo trials, why wouldn't the banks ado the same as well.

7.1.2 How to Allure new Users for the Digital Investing Channels?

In order to get new users, who are fairly old, to use digital investing channels, the marketing ought to be targeted for elderly with tv commercials of the elder using mobile banking. There also should be good old investor evening occasions organized in the banks with themes concerning the usage of digital investing channels with teaching purposes. They should be shown the easiness of usage and the speed compared to phone call made investment executions. The banks should offer free teaching and promote it through media. In these meetings for sure, lots of investing products would be sold simultaneously. The activity of the personnel is playing an important part in this. In normal banking meetings for instance, could be reserved extra 15 minutes for displaying the mobile and online banking software's, for example through demo versions. The customers need to be offered a free demo version of online and mobile banking, where they could try entirely with a demo person how the functions work. Most likely they would be able to see that the digital channels do not need to be that big of a boogie in the back as it seems to be at the moment. In the light of an experiences, it seems that elder have more financial wealth and so on the targeting should be set for them.

7.2 To Other Writers Writing About Investing and Common Tips for Thesis Writers

When you are starting your school, you never think of the thesis, not even a slightest bit. When it comes to you, it is surely underestimated, and when it hits you in the face like a football from Neymar's kick, you finally truly realize the importance of the self-growth process and diligence. The diligence that is not that common part of our Finnish culture but has been seen in the effective usage of our Asian classmates. We Finns have always undermined it and even had an arrogant and careless attitude towards it. Also, the meaning of guidance and supervision is huge, which was noticed in the last minute of writing the thesis, since the lack of supervision had led to the fact that there were no other comments nor opinions about the study. Then in the last few weeks of completing the paper the guidance and supervision started, which made the last-minute rush almost overwhelming, since there were so many things to change and take into consideration. The thesis writing process has been a place for self-growth and it feels that growing and learning has happened. For sure there are multiple things that could have been done differently, but still satisfaction for the path and end-result exists. One thing you should not waste too much time is finding the commissioning party and after that trying to make the research only with their terms. Making an individual research without the commissioning party is more flexible and it allows you to use your vivid and innovative mindset for the favor of making a research. After all, the most important thing is that you just do it.

8 REFERENCES

American Banker Magazine; ProQuest pg. 12-13, 38, Anonymous. (2014). Leveraging Digital Banking Channels for Sustained Success. *Sales & Marketing*

Anderson, N. & Tuhkanen, J. (2004). *Järkevän Sijoittamisen Perusteet.* Helsinki: Edita Publishing.

Ashman, R., Solomon, R. & Wolny, J. (8.10.2015). An old model for a new age: Consumer decision making in participatory digital culture, *Journal of Customer Behaviour*, pp. 127-146.

Blythe, J. (2012). *Essentials of Marketing* (5th Edition). Essex: Pearson Education Limited.

Café Team, CX. (2018). Did You Know 45% of Banking Customers Interact Through Digital Channels Only?. *Financial Services*. Retrieved 28 August from: https://www.maritzcx.com/blog/financial-services/banking-customers-interact-digital-channels/

Chen, J. (2018). Investment. *What is an Investment.* Retrieved 30 August from: https://www.investopedia.com/terms/i/investment.asp

Chen, J. (2017). Investment Product. *What is an Investment Product*. Retrieved 22 August from: https://www.investopedia.com/terms/i/investment-product.asp

Connolly, S. (2018). Momentum Investing. *what it is, why it works and what to buy*. Retrieved 21 August from: https://moneyweek.com/490088/momentum-investing-what-it-is-why-it-works-and-what-to-buy/

Hancock, D. (2018). International Finance: *for non-financial managers*. London: Kogan Page Limited.

Hämäläinen, K. & Oksaharju, J. (2016) Sijoita Kuin Guru. *Kahdeksan Menestysstrategiaa Osakemarkkinoille.* Vantaa: Hansaprint.

Keown, A., Martin, J. & Petty, W. (2017). Foundations of Finance*: The Logic and Practice of Financial Management.* Essex: Pearson Education Limited.

Kuepper, J. (2019). Efficient Market Hypothesis (EMH) Definition. *What is the Efficient Market Hypothesis (EMH)?*. Retrieved 20 August from: https://www.investopedia.com/terms/e/efficientmarkethypothesis.asp

Madden, J., Ellen, P. & Ajzen, I. (1992). A Comparison of the Theory of Planned Behavior and the Theory of Reasoned action: *Personality and Social Psychology Bulletin.* Retrieved 25 August from:

https://www.researchgate.net/profile/Icek_Ajzen/publication/248825016_A_Comparison_of_the_Theory_of_Planned_Behavior_and_the_Theory_of_Reasoned_Action/links/0f317539f25d619676000000.pdf

Malkiel, B. (2003) Journal of Economic Perspectives. *The Efficient Market Hypothesis and Its Critics.* Retrieved 23 August from: https://pubs.aeaweb.org/doi/pdfplus/10.1257/089533003321164958

Morningstar (2015) Morningstar's Active/Passive Barometer. *A new yardstick for an old debate*. Retrieved 26 August from: https://hkbeta.morningstar.com/ods_images/2015Jun_Morningstar%20Active-Passive%20Barometer.pdf

Pesonen, M. (2013). Sijoituspokkari: *Säästäjästä sijoittajaksi*. Jyväskylä: Docendo.

Rook, D. (1987). The Buying Impulse. *The Journal of Consumer Research*. Retrieved 23 August from: http://www.psych.ualberta.ca/~msnyder/p486/read/files/R1987.pdf

Segal, T. (2019). Momentum Investing Definition. *What Is Momentum Investing?*. Retrieved 24 August from: https://www.investopedia.com/terms/m/momentum_investing.asp

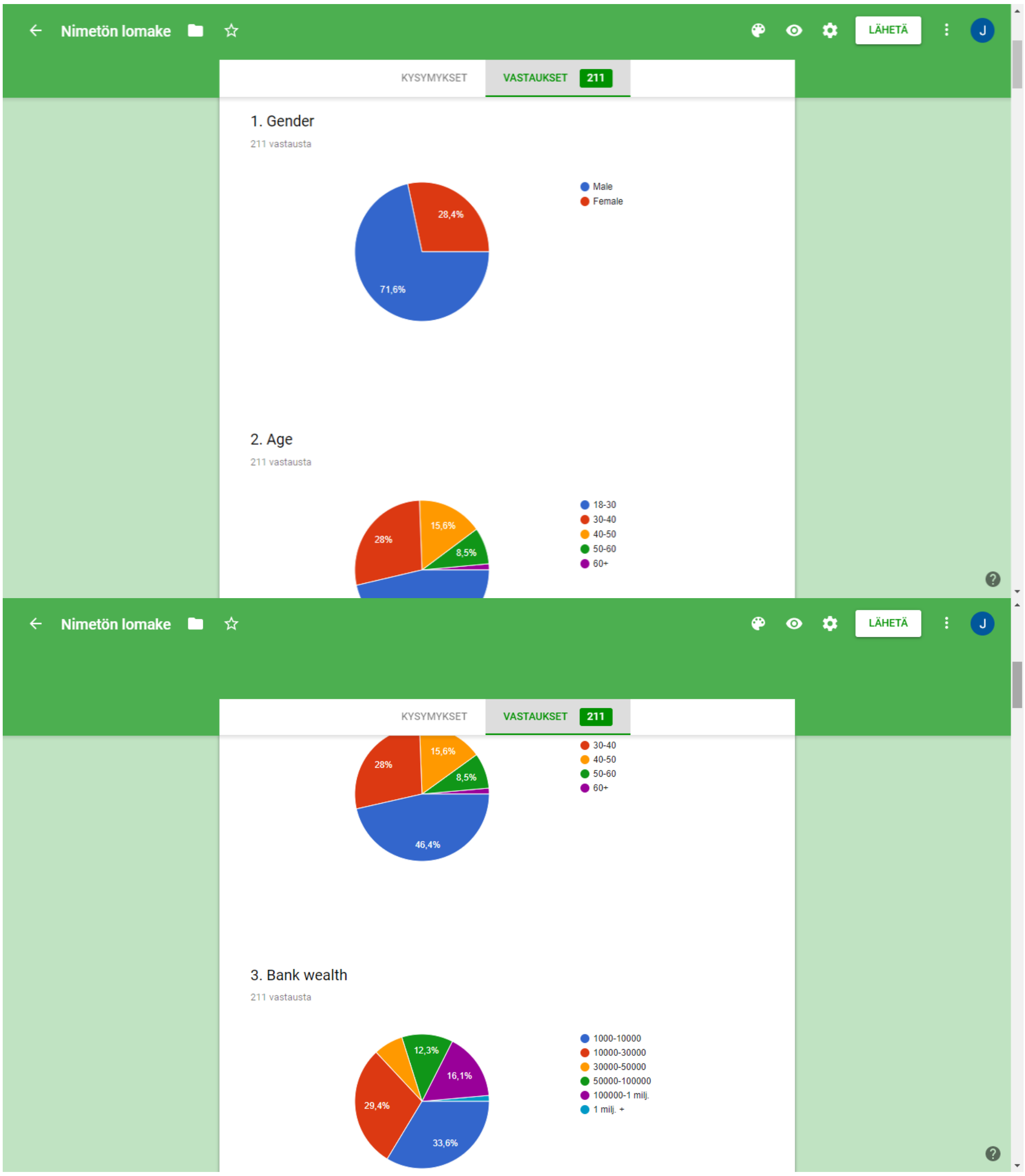
Spacey, J. (2017). 7 Examples of Digital Channels. *Digital Channels*. Retrieved 27 August from: https://simplicable.com/new/digital-channels

Uni, Ohio. (2019). Four Consumer Behavior Theories Every Marketer Should Know. *Onlinemasters*. Retrieved 28 August from: https://onlinemasters.ohio.edu/blog/four-consumer-behavior-theories-every-marketer-should-know/

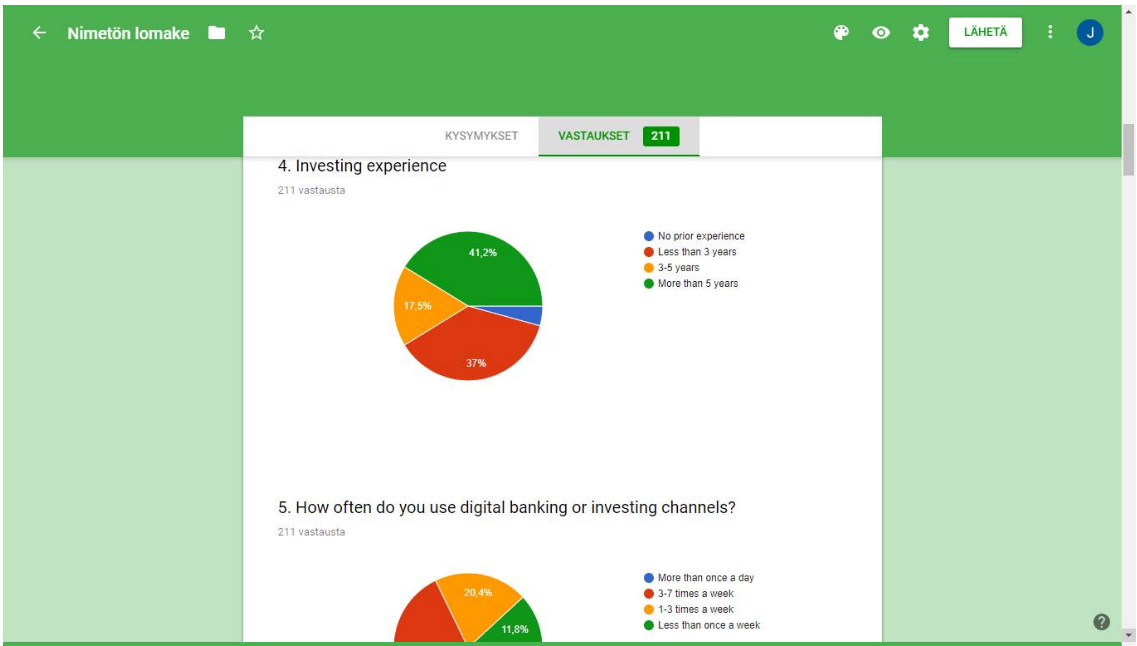
9 APPENDICES

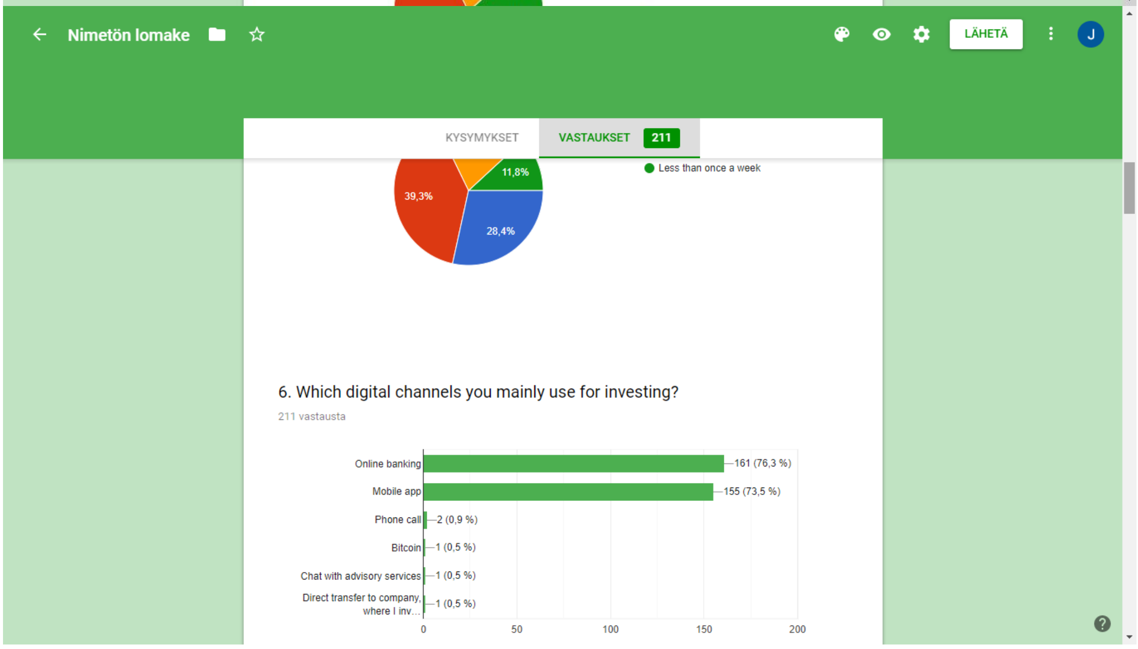
Appendix 1

Survey results

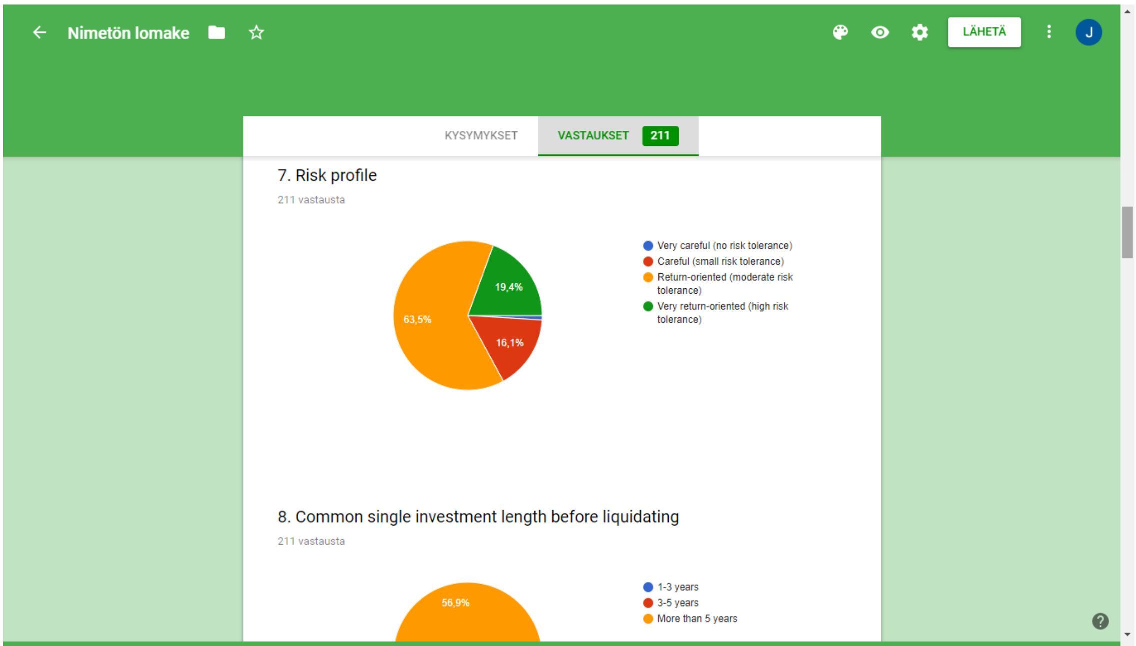


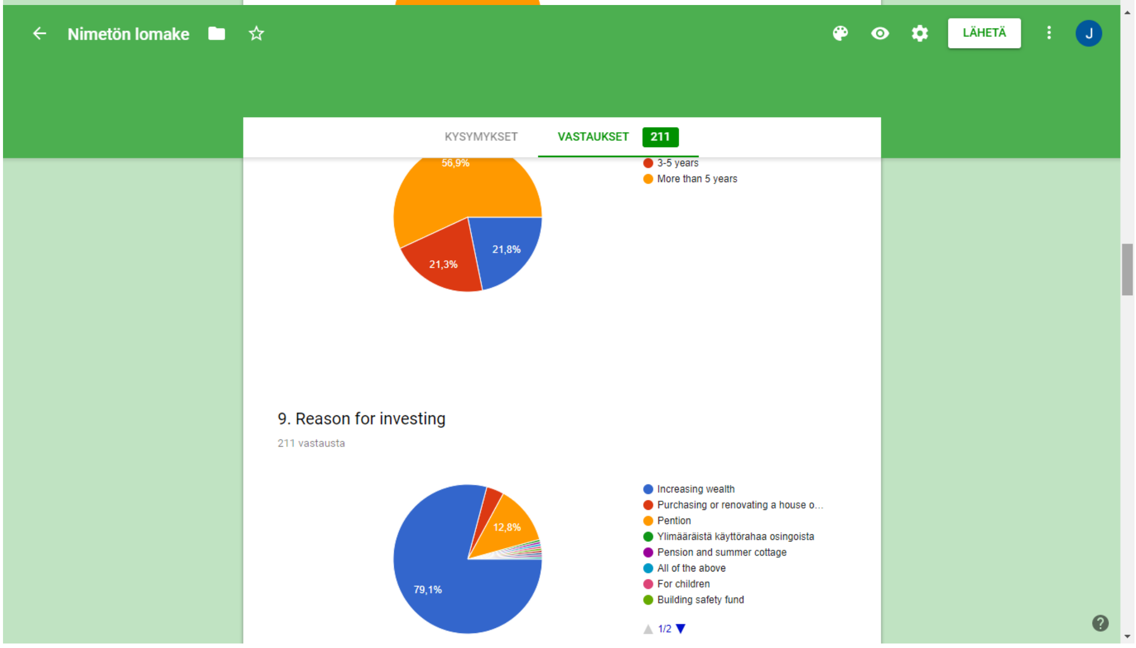
Appendix 2


Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
4. Investing experience
211 vastausta
41,2%
17,5%
37%
No prior experience
Less than 3 years
3-5 years
More than 5 years
5. How often do you use digital banking or investing channels?
211 vastausta
20,4%
11,8%
More than once a day
3-7 times a week
1-3 times a week
Less than once a week

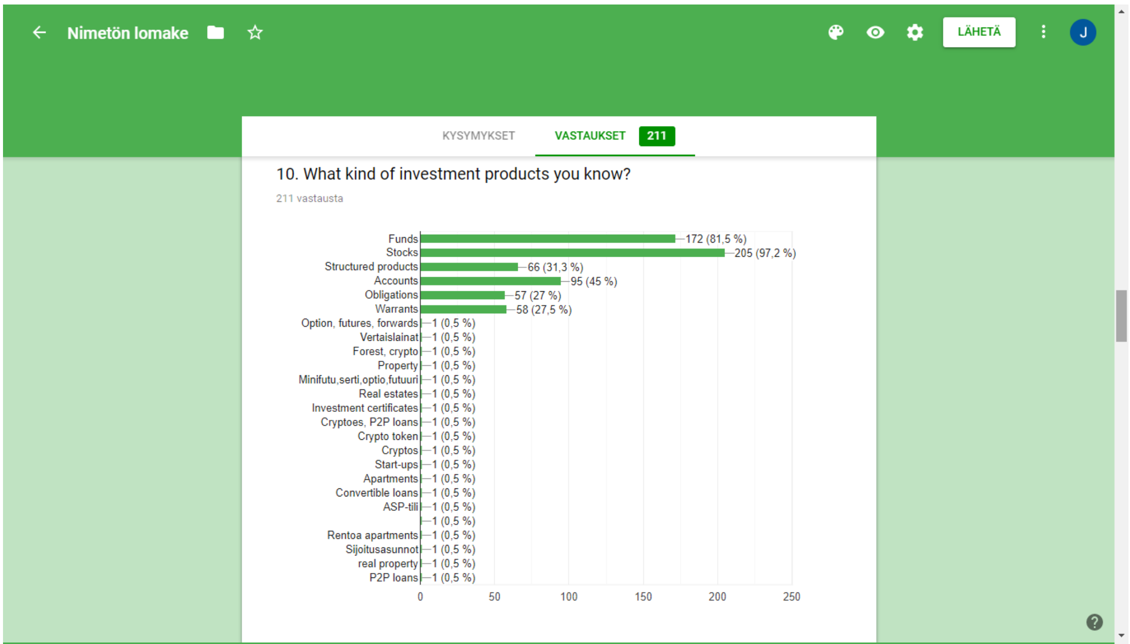

Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
11,8%
39,3%
28,4%
Less than once a week
6. Which digital channels you mainly use for investing?
211 vastausta
Online banking
161 (76,3 %)
Mobile app
155 (73,5 %)
Phone call
2 (0,9 %)
Bitcoin
1 (0,5 %)
Chat with advisory services
1 (0,5 %)
Direct transfer to company, where I inv...
1 (0,5 %)
0
50
100
150
200

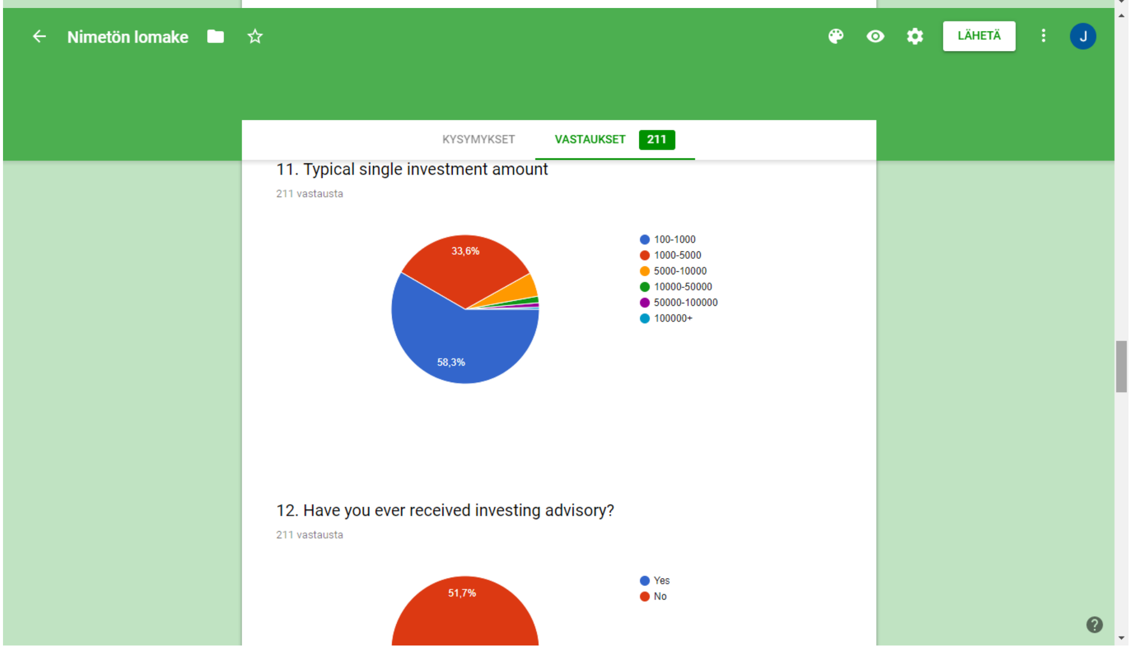
Appendix 3


Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
7. Risk profile
211 vastausta
19,4%
63,5%
16,1%
Very careful (no risk tolerance)
Careful (small risk tolerance)
Return-oriented (moderate risk tolerance)
Very return-oriented (high risk tolerance)
8. Common single investment length before liquidating
211 vastausta
56,9%
1-3 years
3-5 years
More than 5 years

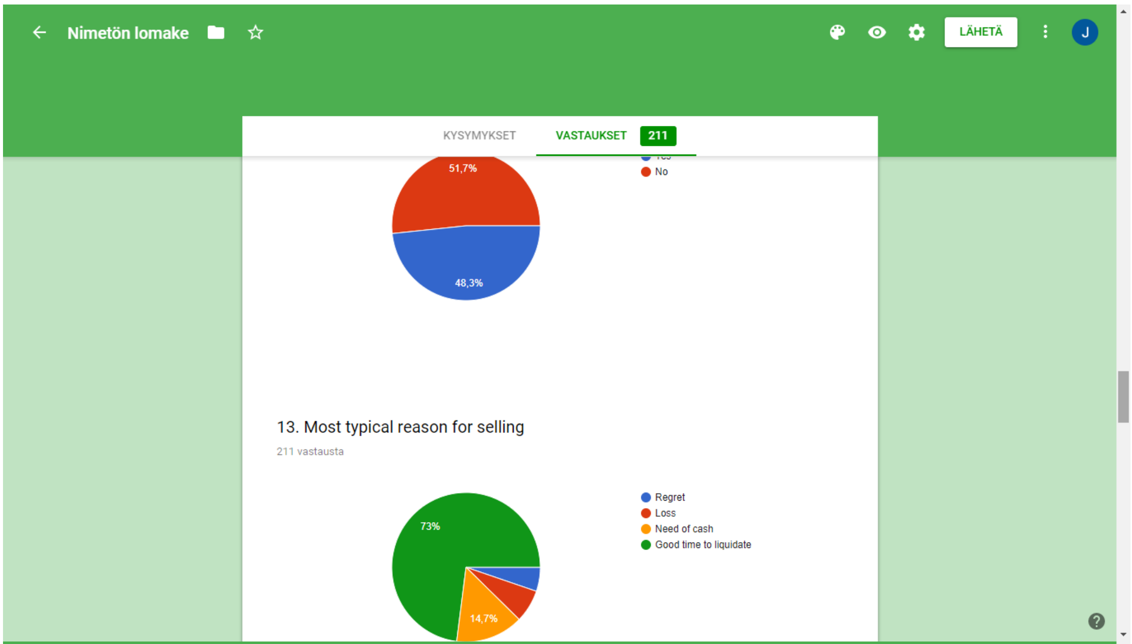

Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
56,9%
3-5 years
More than 5 years
21,8%
21,3%
9. Reason for investing
211 vastausta
12,8%
79,1%
Increasing wealth
Purchasing or renovating a house o...
Pention
Ylimääräistä käyttörahaa osingoista
Pension and summer cottage
All of the above
For children
Building safety fund
1/2

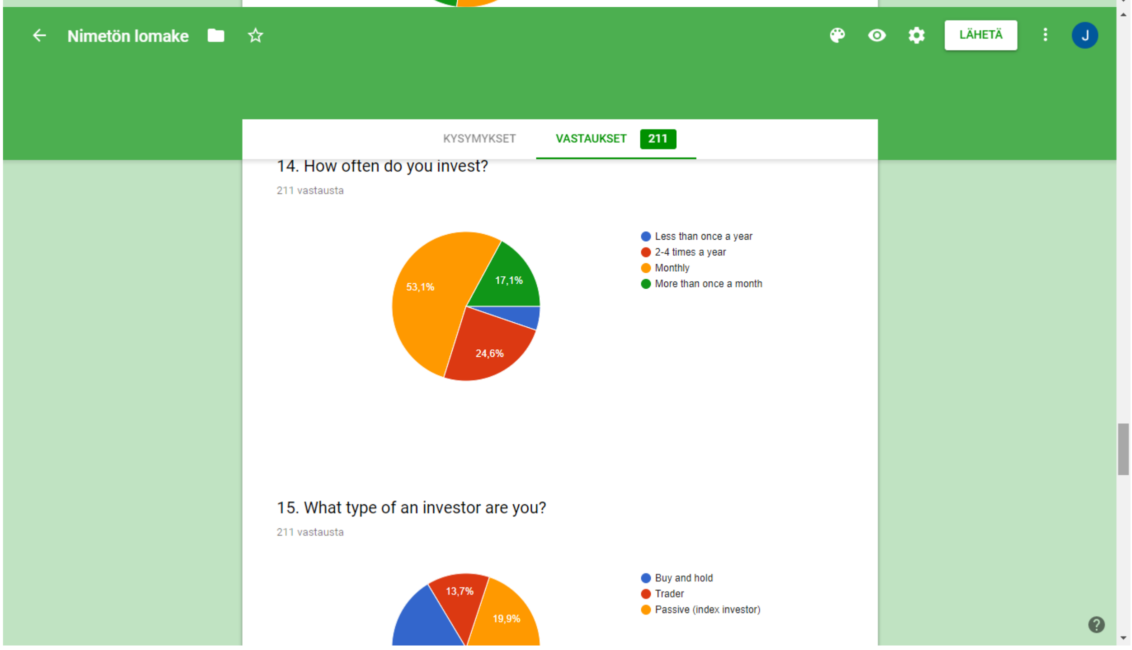
Appendix 4


Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
10. What kind of investment products you know?
211 vastausta
Funds 172 (81,5 %)
Stocks 205 (97,2 %)
Structured products 66 (31,3 %)
Accounts 95 (45 %)
Obligations 57 (27 %)
Warrants 58 (27,5 %)
Option, futures, forwards 1 (0,5 %)
Vertaislainat 1 (0,5 %)
Forest, crypto 1 (0,5 %)
Property 1 (0,5 %)
Minifutu,serti,optio,futuuri 1 (0,5 %)
Real estates 1 (0,5 %)
Investment certificates 1 (0,5 %)
Cryptoes, P2P loans 1 (0,5 %)
Crypto token 1 (0,5 %)
Cryptos 1 (0,5 %)
Start-ups 1 (0,5 %)
Apartments 1 (0,5 %)
Convertible loans 1 (0,5 %)
ASP-tili 1 (0,5 %)
1 (0,5 %)
Rentoa apartments 1 (0,5 %)
Sijoitusasunnot 1 (0,5 %)
real property 1 (0,5 %)
P2P loans 1 (0,5 %)
0 50 100 150 200 250

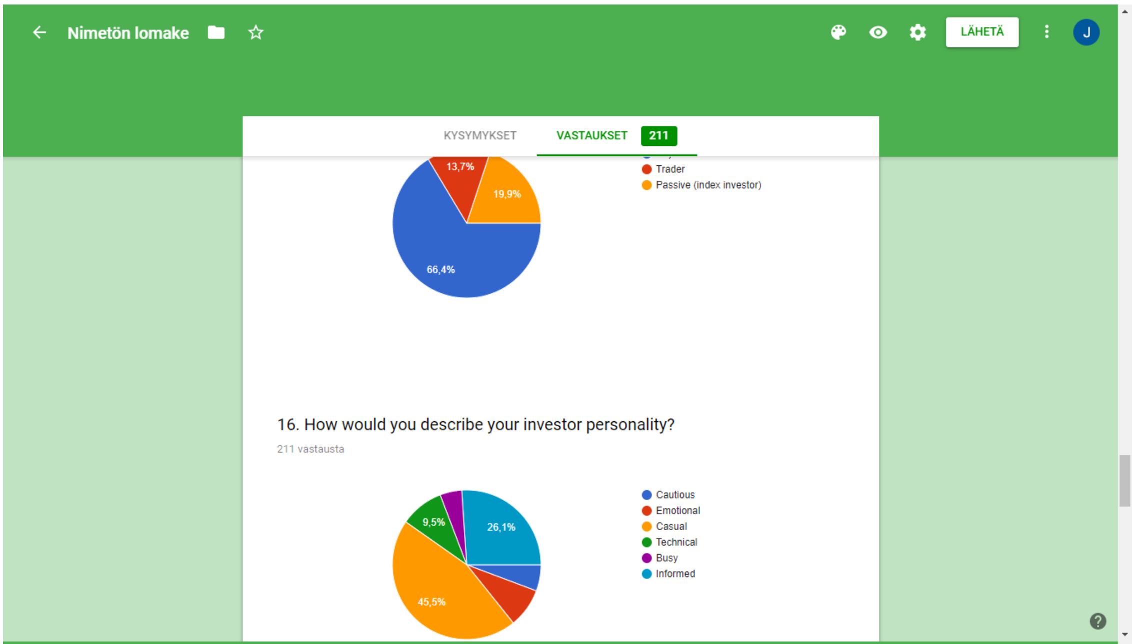

Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
11. Typical single investment amount
211 vastausta
33,6%
58,3%
100-1000
1000-5000
5000-10000
10000-50000
50000-100000
100000+
12. Have you ever received investing advisory?
211 vastausta
51,7%
Yes
No

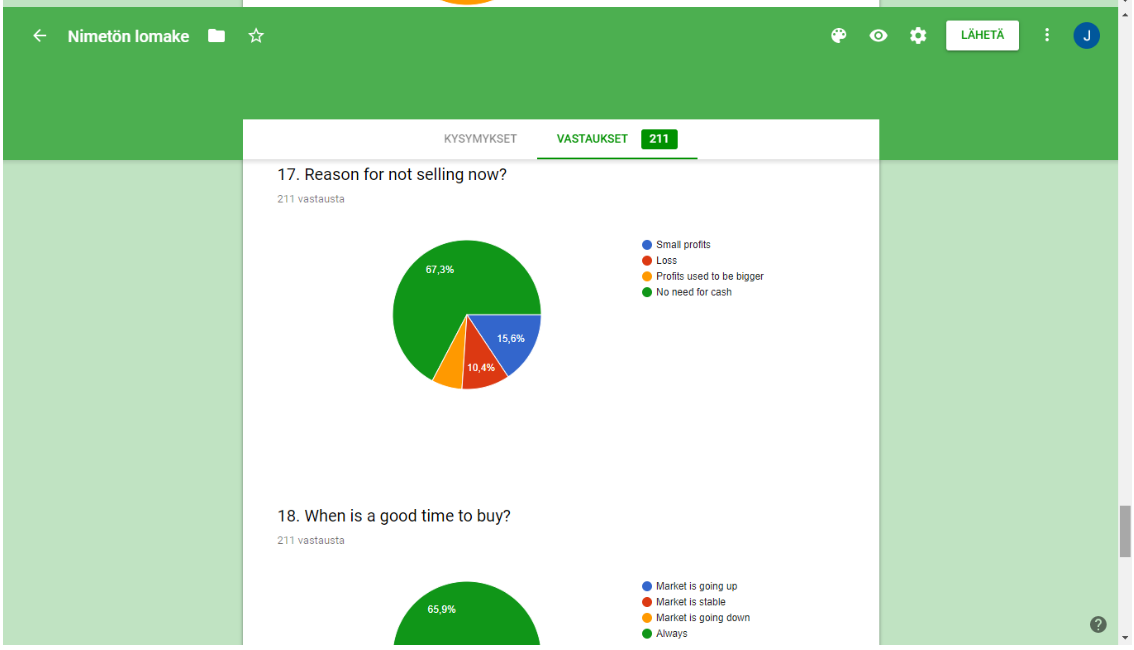
Appendix 5


Nimetön lomake
LÄHETÄ
J
KYSYMYKSET
VASTAUKSET 211
51,7%
48,3%
No
13. Most typical reason for selling
211 vastausta
73%
14,7%
Regret
Loss
Need of cash
Good time to liquidate

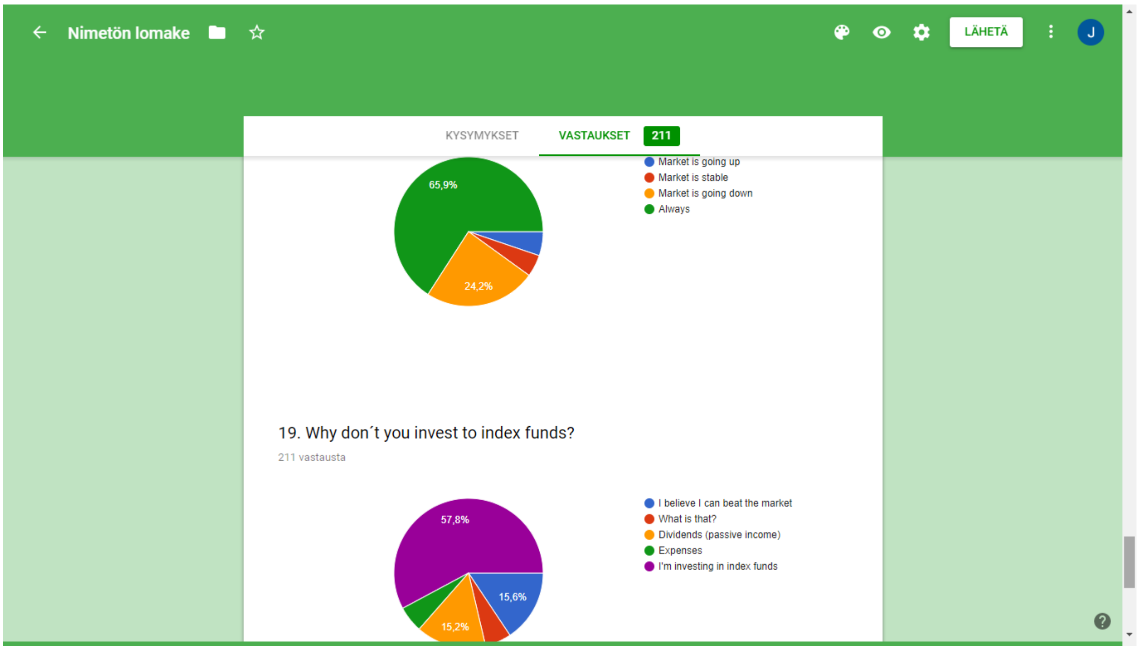

Nimetön lomake
LÄHETÄ
J
KYSYMYKSET
VASTAUKSET 211
14. How often do you invest?
211 vastausta
53,1%
17,1%
24,6%
Less than once a year
2-4 times a year
Monthly
More than once a month
15. What type of an investor are you?
211 vastausta
13,7%
19,9%
Buy and hold
Trader
Passive (index investor)

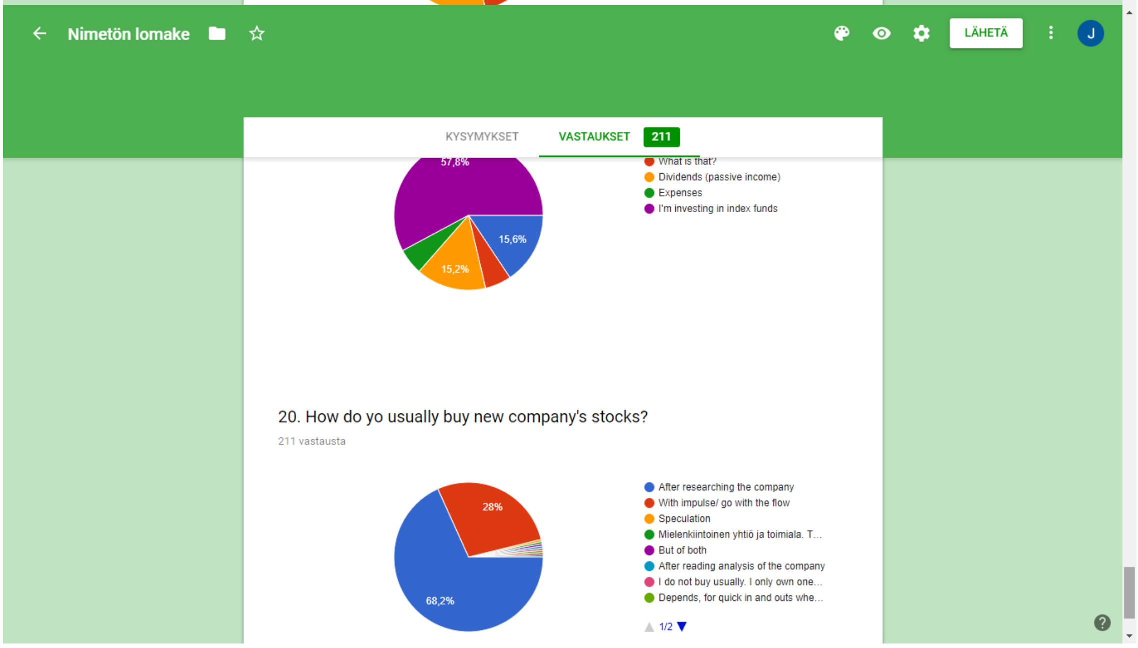
Appendix 6


Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
Trader
Passive (index investor)
13,7%
19,9%
66,4%
16. How would you describe your investor personality?
211 vastausta
Cautious
Emotional
Casual
Technical
Busy
Informed
9,5%
26,1%
45,5%


Nimetön lomake
LÄHETÄ
KYSYMYKSET
VASTAUKSET 211
17. Reason for not selling now?
211 vastausta
Small profits
Loss
Profits used to be bigger
No need for cash
67,3%
15,6%
10,4%
18. When is a good time to buy?
211 vastausta
Market is going up
Market is stable
Market is going down
Always
65,9%

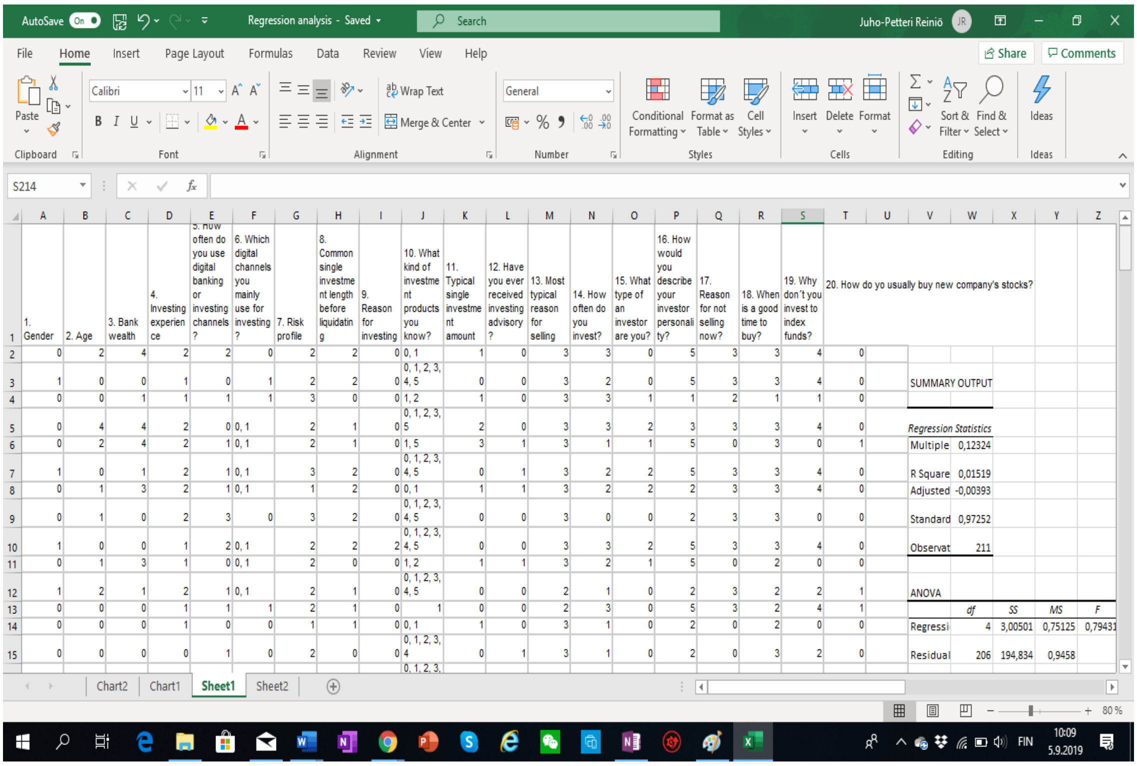
Appendix 7


Nimetön lomake
LÄHETÄ
J
KYSYMYKSET
VASTAUKSET 211
65,9%
24,2%
Market is going up
Market is stable
Market is going down
Always
19. Why don´t you invest to index funds?
211 vastausta
57,8%
15,6%
15,2%
I believe I can beat the market
What is that?
Dividends (passive income)
Expenses
I'm investing in index funds


Nimetön lomake
LÄHETÄ
J
KYSYMYKSET
VASTAUKSET 211
57,8%
15,6%
15,2%
What is that?
Dividends (passive income)
Expenses
I'm investing in index funds
20. How do yo usually buy new company's stocks?
211 vastausta
28%
68,2%
After researching the company
With impulse/ go with the flow
Speculation
Mielenkiintoinen yhtiö ja toimiala. T...
But of both
After reading analysis of the company
I do not buy usually. I only own one...
Depends, for quick in and outs whe...
1/2

Appendix 8

Regression analysis



1. Male=0, Female=1
2. 18-30=0, 30-40=1, 40-50=2, 50-60=3, 60+=4
3. 1000-10000=0, 10000-30000=1, 30000-50000=2, 50000-100000=3, 100000-1 milj.=4, 1 milj.+=5
4. Less than 3 years=0, 3-5 years=1, More than 5 years=2, No prior experience=3
5. More than once a day=0, 3-7 times a week=1, 1-3 times a week=2, Less than once a week=3
6. Online banking=0, Mobile app=1, Phone call=2
7. Very careful= 0, Careful=1, Return-oriented=2, Very return-oriented=3
8. 1-3 years=0, 3-5 years=1, More than 5 years=2
9. Increasing wealth=0, Purchasing or renovating a house or an apartment=1, Pension=3
10. Funds=0, Stocks=1, Structured products=2, Accounts=3, Obligations=4, Warrants=5
11. 100-1000=0, 1000-5000=1, 5000-10000=2, 10000-50000=4, 50000-100000=3, 100000+=5
12. Yes=0, No=1
13. Regret=0, Loss=1, Need of cash=2, Good time to liquidate=3
14. Less than once a year=0, 2-4 times a year=1, Monthly=2, More than once a month=3
15. Buy and hold=0, Trader=1, Passive=2
16. Cautious=0, Emotional=1, Casual=2, Technical=3, Busy=4, Informed=5
17. Small profits=0, Loss=1, Profits used to be bigger=2, No need for cash=3
18. Market is going up=0, Market is stable=1, Market is going down=2, Always=3
19. I believe I can beat the market=0, What is that?=1, Dividends=2, Expenses=3, I'm investing in index funds=4

20. After researching the company=0, With impulse=1