

FACTORS INFLUENCING INVESTORS' INVESTMENT IN FOREIGN INVESTMENT FUND-THE CASE OF INVESTORS IN BANGKOK METROPOLITAN AREA

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ABSTRACT

Since the beginning of 2021, Foreign Investment Fund (FIF) grew by 27.5%, accounting for 20% shares of the Thai mutual fund industry. With the recent shift fueled by investment by retail investors, this research aims to deepen understanding on the factors influencing investment in foreign investment fund (FIF). More specifically, this study examines how fund related qualities, fund sponsor qualities, investor related services and demographic factors influence investors' investment decision in FIF. Survey questionnaires were conducted among investors in Bangkok Metropolitan area with the target sample size of 267 based on Cochran's approach. There were 359 usable sets of questionnaires. The majority of respondents was male (55%) in below 30 age group (32.6%) and 31-40 age group (57.9%), with 6-10 years investment experience (64.6%). Logistic regression was used for quantitative analysis. Results showed that fund related qualities, fund sponsor qualities, investor related services and demographic factors had a statistically significant influence towards investors' decision in FIF. More specifically, only gender had a statistically significant influence towards FIF investment. In terms of fund characteristics, results showed that fund performance, quality of AMC, and customer support were key influencing factors towards investment in FIF. For practical application, the result of this study provides information for customer targeting and segmentation for investment advisors for promoting Foreign Investment Fund.

Keywords: Foreign investment fund, Fund characteristics, Investment experience, Information disclosure

Introduction

At the beginning of 2021, the Thai Asset Management industry witnessed a phenomenal growth of the Foreign Investment Fund (FIF). Fuelled by strong performance of technology related foreign investment funds, the Thai asset management industry saw an inflow of USD

1,900 million in January 2021 alone. In fact, the shift towards FIF was one of the main investment strategies among Asset Management Companies, resulting in the rapid launches of new FIF under a wide range of investment themes. As of the end of April 2021, the number of FIFs has reached 801 funds, an increase of 1% MoM (+9 funds) and 11% YoY

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(+81 funds), spanning investment in fixed incomes, equities, thematic funds such as ESG and Technology to name a few (Association of Investment Management Companies (AIMC), 2021).

Despite the recent frenzy, international investment is nothing new for Thailand. According to a recent study by the Bank of Thailand, the Thai investors have been investing overseas since 2015. At that time, the value of international investments was approximately USD 45 billion, led mainly by institutional investors such as mutual funds, Social Security Funds, Government Pension Funds, and Insurance Companies with a small percentage of direct overseas investment by High-Net-Worth Individuals (Bank of Thailand (BOT), 2021). The primary vehicle of investment concentrated mainly on conservative investment instruments such as foreign currency deposit, fixed income securities and mutual funds, with a negligible allocation to equity investment.

With the continual relaxation of foreign capital control and overseas investment, international investments have continued to expand. Statistically, the total net asset value of FIF reached THB 1.158 trillion, representing the market share of 22.14% of all types of mutual funds in Thailand as of April 2021. Apart from allocation to conservative assets, international investment is trending towards equity investment and alternative assets, particularly the technology related funds. More specifically, the current composition as of April 2021 of FIFs in Thailand is made up of foreign equity (429 funds), foreign fixed income (214 funds), mixed fund (94 funds) and others (64 funds) (AIMC, 2021).

Apart from the shift in asset allocation, further analysis on the types of investors in FIFs shows an increasing participation of retail investors. According to the study by Portfolio

Investment Abroad, the share of foreign investment by retail investors has increased from USD 3 million in 2015 to USD 3.2 billion in Quarter 2, 2020 (+967%) (Portfolio Investment Abroad (PIA), 2020).

Such statistics are in line with the record increase in the number of new customer accounts among asset management companies during the second half of 2020. It was reported that new customer accounts had increased by 50-60%. It was further reported that the fund flows from these new accounts were channeled mostly to the foreign mutual funds (eFinance Thai, 2021).

Such demand could be explained partly by the subdued investment sentiment in Thailand, and relaxation of international investment regulation. As investors are seeking diversification, overseas investment has seen increasing allocation on equities among other traditional assets. A recent study showed that retail investors invested in foreign equity (36%), foreign unit trust (30%), foreign currency deposit (15%), foreign fixed income (14%), and other foreign instruments (4%) (Rimantanai, Sophonpana and Thongteeraphap, 2020).

The recent participation of retail investors in FIF raises several questions. Firstly, what are the demographic characteristics of retail investors in FIF? Is FIF more popular among young investors or experienced investors? Do they possess the knowledge and investment experience in understanding the international investment climate, investment policy of the underlying fund and relevant risks and charges? Secondly, does the investor invest in FIF as part of investment diversification or yield enhancement? Thirdly, what are the criteria that investors consider in choosing the asset management companies for FIF investment.

Although there have been several studies on investment behaviors towards mutual funds both in Thailand and abroad, investing in FIFs has not been explicitly addressed. For example, the work of Chunnananda (1998) discussed the role of investment gender, attitude towards mutual funds, and economic context as the key influencing factors when choosing mutual funds. More recent works tend to focus on specific types of mutual fund offerings, characteristics of asset management companies, fund features and promotion, with additional focus by specific age group, particularly GEN Y (Montreepak, 2017; Rattanapian, 2015; Jungprasertkul, 2009).

With regards to FIFs, there is a little research work on the topic. To the best of the researcher's knowledge, there was a study conducted by Tepchaitanawong in 2015. Although the study examined factors influencing investment decisions in FIFs among the working age population in Bangkok, the emphasis of the research was the 7 P marketing mix. To contribute to academic discussion, this research proposes to investigate factors influencing investment in FIFs in Thailand, focusing on the influence of investors' demographics and key criteria in choosing among different asset management companies for FIFs investment.

In doing so, the research aims to better understand the investment decision criteria. Such information could be used to support investment consultants and asset management companies in designing the target segment and contributed to better understanding of investors' behavior towards FIF investment.

Literature Review

To examine the factors on FIFs selection, this research identifies the commonly used criteria for mutual fund selection. According to Cook

and Hebner (1993), investors possess different characteristics and preferences. As a result, they formulate different rankings based on multiple criteria in selecting the mutual fund. They further presented the multi criteria approach to mutual fund selection, extending Jensen's (1968) risk adjusted return to incorporate fund expenses, fund diversification and service quality.

With continual globalization of the mutual fund industry, the mutual selection criteria have been expanded to cover a wide range of factors namely fund performance (Capon, Fitzsimons, & Alan Prince, 1996; Ramasamy & Yeung, 2003; Kozup, Howlett, & Pagano, 2008; Vyas, 2013; Tepchaitanawong, 2015), fund characteristics (Tepchaitanawong, 2015; Sharma, 2019), competency of asset management company (Ranganathan, 2006) and quality of services (Sharma, 2019).

These determinants have been widely researched across developed and developing markets (Capon et al., 1996; Ramasamy & Yeung, 2003; Kozup et al., 2008). They are often grouped into three main categories, which are the quality of funds, the quality of asset management companies and the information disclosure and services for investors. Relevant academic studies are discussed below.

Fund related qualities

In assessing fund related qualities, investors often pay attention to past performance (Capon et al., 1996; Ramasamy & Yeung, 2003; Kozup et al., 2008; Vyas, 2013; Tepchaitanawong, 2015) and fund characteristics such as reputation of fund, tax benefit, and withdrawal facilities (Tepchaitanawong, 2015; Sharma, 2019). When considering the fund quality, past performance is often the first factor that comes to investors' mind, given that it is the easiest to understand and the most

direct method to measure fund performance. Several studies have supported this observation. More specifically, the study of 3,386 U. S. investors on their investment decision in mutual funds showed that past financial performance was the only one prominent factor in considering investment in mutual funds (Capon et al., 1996). Similarly, Kozup et al. (2008) studied the effects of summary information on consumer perceptions of mutual fund characteristics in the U.S. and found that the past performance of mutual funds had a positive influence on investors' attitudes toward the specific fund, investment intentions, expectations of future performance and perceived risk.

Apart from past performance of the funds, investors consider many other factors in determining the quality of the funds. Based on the studies among mutual fund investors in Iran, India, Malaysia and Thailand, researchers found that investors considered the characteristics of the fund such as the minimum initial investment, withdrawal facilities and transaction costs (Ramasamy & Yeung, 2003; Ranganathan, 2006; Vyas, 2013; Chawla, 2014) and qualitative factors fund rating, portfolio investment schemes, tax benefits or reputation of the portfolio managers (Seesanit, 2010; Chawla, 2014; Sharma, 2019; Tepchaitanawong, 2015; Amiri & Gil-Lafuente, 2016).

To examine the influencing factors towards investors' decision in FIF, this study incorporates two key factors namely fund performance and fund characteristics under fund related qualities. It is hypothesized that fund related qualities positively influence investors' investment decision in FIFs.

Fund sponsor qualities

Fund sponsor qualities refer to the characteristics and reputation of asset management companies.

From the academic perspective, corporate reputation has a strong linkage with financial performance, perception of various stakeholders' groups. Numerous studies in consumer behavior showed that corporate reputation had a positive impact on customer purchase intention and the willingness to pay premium prices (Heh & Xie, 2009) through customers' trust and customers' identification as the mediating factor.

In the same token, competency and reputation of asset management companies exhibited a strong positive influence towards investors' decision in mutual funds (Ranganathan, 2006). Such findings are echoed in the work of Vyas (2013) and Seesanit (2010) based on investors in India and Bangkok Metropolitan, Thailand towards investment in Long-term equity funds, respectively.

For mutual fund companies, factors that contribute to the fund sponsor qualities, include the quality of financial advisors, qualities of infrastructure and research. According to Gill, Biger, Mand, and Gill (2011), the investment decision in mutual funds of Indian investors was positively related to the investors' perceptions about consultation with investment advisors.

Moreover, Kaur, Batra, and Anjum (2013) found that efficient or expertise of asset management company is factor that facilitate investment in mutual funds.

In conclusion, fund sponsor qualities such as competency and reputation of asset management companies exhibit positive influences towards investors' investment decisions in FIFs.

Investor related services

Prior to selecting a mutual fund, the investors pay attention to the quality of services provided to investors. From the consumers' behavior perspective, service quality has long

been discussed. Studies in retail and services related industries reported evidence of service quality mainly with customers' satisfaction and customers' loyalty (Cengiz, 2010).

Studies on mutual funds showed that investors pay attention to fringe benefits and quality of services (Ranganathan, 2006; Amiri & Gil-Lafuente, 2016; Sharma, 2019). More specifically, investors looked for efficiency and convenience in transaction processing such as the cut-off time for switching in and switching out, customer service system particularly the grievance mechanism and other factors such as research provided to investors, and simplicity of the offer document (Sharma, 2019).

Another important aspect of mutual fund services deals with information disclosure. With the increasing variety of mutual funds, regulatory requirements, and recommended practice on information review before making investment decisions, information disclosure has become an essential part of services provided by mutual fund companies.

In particular, investors focused on vital information such as the fund prospectus, past performance, fund rating, expenses details and Net Asset Value (Sharma, 2019). According to Sharma (2019), information disclosure has shown a positive relationship with investors' decisions in mutual funds. Therefore, this study incorporates investors' related services in examining the relationship with investors' decisions to invest in FIFs with a positive influence on investors' investment decision in FIFs.

Demographics

Demographic factors have been identified as one of the most important factors towards investment in mutual funds. Several studies found that gender, education level, financial knowledge and income level significantly influenced investors' decision towards mutual

funds (Gill et al., 2011; Jonsson, Söderberg, & Wilhelmsson, 2017; Wang, 2011; Tepchaitanawong, 2015). Generally speaking, investors with a higher level of financial knowledge, education level and income level tend to hold a relatively higher portion of investment in mutual funds or other advanced financial instruments.

In terms of gender, empirical evidence often suggested that women exhibit less risk-taking than men in their most recent, largest, and riskiest mutual fund investment decisions (Dwyer, Gilkeson, & List, 2002). Studies further showed that there was a significant difference between male and female in mutual fund selection criteria. Nevertheless, it is important to note that the effect of gender was often weakened when investors' financial knowledge was considered as the control variable in the analysis (Dwyer et al., 2002).

As demographics represent one of the commonly used variables in relevant research, this study further examines the influence of demographics factors towards investors' decision in mutual funds. In particular, the role of gender, age, education, income, marital status, occupation, and investment are examined.

Based on the preceding literature review, this study applied the framework from Ranganathan (2006) by applying the proposed independent variables under fund related qualities, fund sponsor qualities, investor related services and demographics to examine the investors' decision to invest in FIFs. To understand the influence of independent variables, this research used two research methods which were factor analysis and logistic regression. Firstly, the Principal Component Analysis (PCA) was used to analyze the interrelationships among independent variables and group them along the measurement dimension. Secondly, Logistic regression was applied to find the relationship between one or more predictor

variables (four group of independent variables) and a binary dependent variable (investors decision (Yes or No)) as shown in the conceptual framework.

Objectives of the study

1. To examine factors influencing investors' investment decision in FIF

2. To examine demographics of investors in FIFs investment

In light of the preceding literature, the proposed conceptual framework for the study is demonstrated in Figure 1 and Table 1 summarizes the components of independent variables.

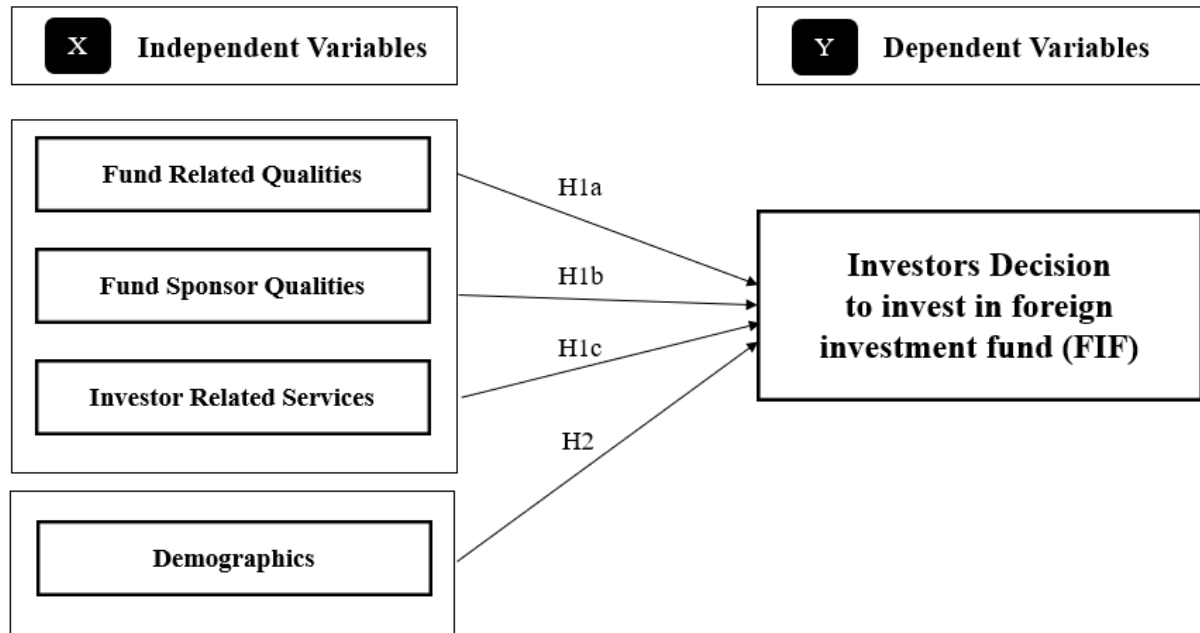


Figure 1 Conceptual framework

Table 1 Summary of components of the independent variables

No. 1: Fund related qualities	No. 2: Fund sponsor qualities	No. 3: Investor related services
Fund performance record	Reputation of AMC	Disclosure of investment objectives on the website
Fund reputation/ brand name	AMC has a recognized brand name.	Disclosure of periodicity of valuation on the website
Scheme's expense ratio	AMC has a well-developed agency and network	Disclosure of sales and repurchases in the offer documents
Scheme's portfolio investment	Expertise of AMC in managing money	Disclosure of NAV
Reputation of fund manager	AMC has well-developed research & infrastructure	Disclosure of deviation of the investment from the
Withdrawal facilities (lead time in processing or isbursement of funds)	Past performance of AMC in	
Favorable ratings by rating		

Table 1 (Continued)

No. 1: Fund related qualities	No. 2: Fund sponsor qualities	No. 3: Investor related services
agency	terms of risk and return	original pattern
Innovation of fund schemes	Expertise of AMC in	Redressal of investors'
Tax benefits	managing FX hedging	grievance
Front-end vs Back-end fees	policy	Other benefits
Minimum initial investment		

Hypotheses

conceptual framework are as follows:

The relevant hypotheses for the preceding

Table 2 Summary of hypotheses

Summary of hypotheses	
H1a	<p>H0: There is no significant relationship between Fund Related Qualities (FRQ) and Investors' Decision to invest in mutual funds</p> <p>H1: There is a positive and significant relationship between Fund Related Qualities (FRQ) and Investors' Decision to invest in mutual funds</p>
H1b	<p>H0: There is no significant relationship between Fund Sponsor Qualities (FSQ) and Investors' Decision to invest in mutual funds</p> <p>H1: There is a positive and significant relationship between Fund Sponsor Qualities (FSQ) and Investors' Decision to invest in mutual funds</p>
H1c	<p>H0: There is no significant relationship between Investor Related Services (IRS) and Investors' Decision to invest in mutual funds</p> <p>H1: There is a positive and significant relationship between Investor Related Services (IRS) and Investors' Decision to invest in mutual funds</p>
H2	<p>H0: There is no significant relationship between demographics factors and Investors' Decision to invest in mutual funds</p> <p>H1: There is a positive and significant relationship between demographics and Investors' Decision to invest in mutual funds</p>

Research Methodology

Population and sample

To determine the sample size, this study defined the population as residents of Bangkok Metropolitan areas with employee or entrepreneur

profiles to reflect the income level, financial knowledge, and characteristics of the target investors in FIFs. The relevant statistics from the National Statistical Office of Thailand are reported in Table 3.

Table 3 Number of employment people in Bangkok (as of Dec. 2020) (National Statistical Office of Thailand, 2020)

(In million people)	Total	Male	Female
Employee	5.35	2.79	2.56
Entrepreneur	0.57	0.02	0.55
Total	5.92	2.81	3.11

Sample size

Sample size is determined by using Cochran's formula (Cochran, 1977), which takes into account the margin of error and the alpha level. Based on Cochran's formula, the estimation of population proportion (p) of 0.5 indicates the maximum variability in a population, which is often used to determine a more conservative sample size. Given the population size in table 3, the sample size was approximately 267 people. Given that the sample size of 267 people do not exceed 5% of the population ($5,921,418 \times 5\% = 296,071$ people), Cochran's correction formula is not required.

Sampling methods

The probability and non-probability sampling methods are applied for data collection during April to May 2021. The probability sampling method using stratified sampling, is applied to distribute the online questionnaires through groups of investors who currently work or live in the Bangkok metropolitan area via Line and Facebook application.

Non-probability sampling method using snowball sampling, is applied to recruit participants via

other participants, such as asking friends for further forwarding questionnaires to other friends. In total, the research received 413 responses. After validating the completeness of responses and input errors, the final number of responses is 359 people.

Questionnaire development

This study adapted the survey questionnaire from the work of Ranganathan (2006). The instrument was separated into three parts. The first section contained demographic questions, covering broad demographic factors such as age, gender, education, and investment experience. At the same time, data on investment objectives and current investment holdings were asked as an indicator of the investment expertise. The second section related to the investment preference, comprising five questions. The last part measured the factors influencing investment in FIFs. Altogether there were three questions. Each question contained the components of the proposed independent factors. Respondents were asked to rate the importance of each factor using the 5-point Likert scale where five points mean

highly important, and one point mean not at all important.

Reliability test

The pilot test was conducted during 20-22 April 2021 among 32 respondents. Cronbach's alpha was used to test its reliability or internal consistency and how closely related a set of items were as a group. Results showed that Cronbach's alpha for all three independent variables was higher than 0.7. This score is considered acceptable in the social science research. More specifically, the Cronbach's alpha for Fund Related Qualities (11 variables), Fund Sponsor Qualities (7 variables) and Investors' Related Services (7 variables) were 0.8570, 0.8956 and 0.8856 respectively.

Quantitative analysis

Data analysis was performed through SPSS, using two key methods. Firstly, principal component analysis (PCA) is used to analyze the interrelationship among the components of each independent variable. This technique reduces the dimensionality of large data sets and identifies one with statistical significance towards investors' decision in FIFs. Kaiser-Meyer-Olkin, the measure of sampling adequacy, was performed on the three independent variables. The second part of data analysis was performed through logistic regression. The aim of the analysis was to examine the relationship between one or more predictor variables (group of factors) and a binary dependent variable, which is represented by investors' decision as Yes or No. The equation for logistic regression is presented below.

Logistic equation for three main categories of influencing factors;

$$\ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6$$

Where

p is the probability of success (investors who answer yes for currently invest in FIFs)

$1-p$ is the probability of failure (investors who answer no for currently invest in FIFs)

β values are the linear parameters

x_1 is the 1st predictor variable named fund performance (Fund Related Qualities)

x_2 is the 2nd predictor variable named funds characteristics (Fund Related Qualities)

x_3 is the 3rd predictor variable named subscription and redemption details (Fund Related Qualities)

x_4 is the 4th predictor variable named quality of AMC (Fund Sponsor Qualities)

x_5 is the 5th predictor variable named information disclosure (Investor Related Services)

x_6 is the 6th predictor variable named customer support (Investor Related Services)

Logistic equation for demographic factors;

$$\ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6$$

Where

p is the probability of success (investors who answer yes for currently invest in FIFs)

$1-p$ is the probability of failure (investors who answer no for currently invest in FIFs)

β values are the linear parameters

x_1 is the 1st predictor variable named gender

x_2 is the 2nd predictor variable named age

x_3 is the 3rd predictor variable named academic qualification

x_4 is the 4th predictor variable named marital status

x_5 is the 5th predictor variable named occupation

x_6 is the 6th predictor variable named investment experience

Results and Discussion

Descriptive statistics

Overall, the respondents fairly reflected the profile of the target population. Table 4 summarizes the key characteristics. Broadly speaking, the respondents were relatively balanced between male (55%) and female rest (45%). The majority aged between 31 to 40 years old (58%), followed by below 30 years old (33%). Over 76% of the respondents

obtained Bachelor's degree, followed by Master's degree or above (23%).

In terms of occupation, the respondent closely matched the target population, being a corporate employee (87%) and entrepreneur (13%). When assessing the characteristics of investment profile and experiences, the majority of respondents possessed 6 to 10 years (65%), followed by more than 10 years' experience (23%), representing over 88%.

Table 4 Demographic profile summary

Demographic	Characteristics (N = 359)	Frequency	Percentage (%)
Gender	Male	199	55.4
	Female	160	44.6
Age	Below 30 years old	117	32.6
	31-40 years old	208	57.9
	41-50 years old and above	34	9.5
Academic qualification	Less than Bachelor's degree	4	1.1
	Bachelor's degree	273	76.0
	Master's degree or above	82	22.8
Marital status	Single	235	65.5
	Married	123	34.3
	Divorced and others	1	0.3
Occupation	Entrepreneur	46	12.8
	Employee	313	87.2
Investment experience	0-5 year(s)	46	12.8
	6-10 years	232	64.6
	More than 10 years	81	22.6
Multiple response question (respondents are able to answer more than one answer)			

Table 4 (Continued)

Demographic	Characteristics (N = 359)	Frequency	Percentage (%)
Saving objective	For retirement	312	28.2
	For tax benefit	321	29.0
	For purchase of assets	284	25.7
	To meet contingency	170	15.4
	For children's education	20	1.8
Current investment	Equity	324	18.2
	Bond	204	11.4
	Mutual funds	340	19.1
	Foreign investment fund (FIF)	289	16.2
	Saving deposit	309	17.3
	Real-estate	79	4.4
	Insurance	216	12.1
	Gold	21	1.2

Apart from the preceding demographic factors, the overall responses on investment objectives and investment instruments were consistent with the investment experience. In general, the respondents had multiple saving objectives, ranging from retirement, tax benefits and purchase of assets. In reflection of the multiple saving objectives, respondents invested in multiple assets from equity, bonds, mutual funds, FIF, to name a few. These responses reflected the understanding of key investment concepts. Therefore, the respondents of this study had adequately captured the intended population.

Factor analysis

Results of Kaiser-Meyer-Olkin Measure of Sampling Adequacy for fund related qualities, fund sponsor qualities, and investor related services are 0.840, 0.857, and 0.825

respectively. Since the respective values were close to 1, factor analysis was, therefore, useful with the data set. Additionally, factor analysis enabled grouping of new components based on the loading score provided in the component matrix. Using 0.5 as a benchmark, the variables are reclassified into six components. More specifically, factor analysis identified three components under Fund Related Quality. They are Fund Characteristics, Subscription and Redemption Details, and Fund Performance. For Fund Sponsor Quality, all variables could be grouped as one component, referred to as Quality of AMC. Finally, the Investor Related Services could be classified into two main components namely Information Disclosure and Customer Support. Table 5 summarizes results of factors analysis and descriptive statistics corresponding to each component.

Table 5 Summary for factors analysis and descriptive statistics

Components by factor analysis			Variables	Mean	SD
Fund related qualities	Funds characteristics		Fund's reputation or brand name	3.56	0.70
			Scheme's expense ratio	3.45	0.65
			Scheme's portfolio of investment	3.47	0.74
			Reputation of the fund manager/ scheme	3.46	0.77
			Withdrawal facilities (lead time in processing purchase or reimbursement of the fund)	3.51	0.73
			Favorable rating by a rating agency	3.43	0.74
			Innovativeness of the scheme	3.41	0.80
			Products with tax benefits	3.34	0.91
	Subscription and redemption details		Front-end & Back-end fee	4.00	0.63
			Minimum initial investment	4.08	0.67
	Fund performance		Fund performance record	4.44	0.59
Fund sponsor qualities of AMC	Quality of AMC		Reputation of AMC	3.64	0.69
			AMC has a recognized brand name	3.57	0.66
			AMC has a well-developed agency & network	3.57	0.68
			Expertise of AMC in managing money	3.74	0.68
			AMC has well-developed research & infrastructure	3.63	0.68
			Past performance of AMC in terms of risk and return	4.06	0.55
			Expertise of AMC in managing FX hedging policy	4.14	0.95

Table 5 (Continued)

Components by factor analysis		Variables	Mean	SD
Investor related services	Information disclosure	Disclosure of investment objective on the website	3.41	0.75
		Disclosure of periodicity of valuation on the website	3.34	0.68
		Disclosure of the method and the periodicity of the schemes sales and repurchases in the offer documents	3.31	0.66
		Disclosure of deviation of investment from the original pattern	3.33	0.70
		Other benefits	2.55	1.01
	Customer support	Disclosure of NAV	4.01	0.54
		Redressal of investor's grievance	3.76	0.74

Logistic regression

The overall results of logistic regression showed the overall predictive accuracy of factors influencing investors' decisions to invest in FIFs and demographic variables were above 80%. In particular, the overall predictive accuracy of the factors influencing investors' decisions to invest in FIFs recorded 83%, while that of the demographics factors was 82.2%.

Furthermore, this study showed that Fund Performance, Quality of AMC and Customer Support showed a significant positive

influence on investors' decisions to invest in FIFs. The t-stats were statistically significant at 95% confidence interval. In general, these findings were consistent with the general criteria for investment selection in mutual fund investments. Fund performance had long been recognized as the primary influencing factor towards investors' investment selection criteria. Indeed, the result was consistent with prior research in this area in both developed (Capon et al., 1996; Kozup et al., 2008) and developing markets (Ramasamy & Yeung, 2003; Vyas, 2013; Tepchaitanawong, 2015; Seesani, 2010).

Table 6 Logistic regression for three main categories of influencing factors

Variables in the equation							95% C.I. for EXP(B)	
	B	S.E.	Wald	df	Sig.	Exp (B)	Lower	Upper
Constant	-9.29	1.96	22.38	1	0.00	0.00		
Fund performance	0.71	0.25	8.24	1	0.00**	2.04	1.25	3.32
Funds characteristics	-0.04	0.40	0.01	1	0.91	0.96	0.44	2.11
Subscription and redemption details	0.39	0.26	2.18	1	0.14	1.47	0.88	2.46
Quality of AMC	1.40	0.44	10.28	1	0.00**	4.07	1.73	9.60
Information disclosure	-0.48	0.34	2.01	1	0.16	0.62	0.32	1.20
Customer support	0.72	0.33	4.93	1	0.03*	2.06	1.09	3.90

*, ** imply level of statistical significance of the coefficient estimates, where ** implies high statistical significance.

In terms of the Quality of AMC, respondents placed important weight on both reputation and competent performance of AMC. In general, this finding is consistent with prior studies on investment criteria in mutual funds. Both reputation and competent performance were indeed important criteria for mutual fund selection, although some studies only documented the importance of either one. For instance, Seesanit (2010) found that only competent performance of AMC was important in influencing investment in mutual funds, whereas Vyas (2013) reported that the reputation of AMC was the key influencing factor for investment in mutual funds.

The importance of reputation and competent performance of AMC could be explained from the perspective of corporate reputation. According to Heh and Xie (2009), corporate reputation was a result of a long-term process within an

organization. Several researchers documented the connection between corporate reputation and financial performance (Fombrun, 1996; Roberts & Dowling, 1997, 2002). Within the context of the B2C setting, Keh and Xie (2009) showed that corporate reputation influenced customer trust, customer identification and customer commitment.

The final factor that had a significant influence on investors' decisions in FIFs was Customer Support. This factor was made up of two components namely disclosure of NAV and redressal of investors' grievances. Although the finding was consistent with the investors' intuition to review the NAVs of FIF before making investment decisions (Babbar & Sehgal, 2018), it was surprising that other types of information disclosure was not important from the investors' view. As prudent practices of mutual fund investments, other

studies found that investors considered components in fund fact sheet as valuable insights, in mutual fund selection. For instance, investors considered size of fund (AUM) (Ferreira, Keswani, Miguel, & Ramos, 2012; Babbar & Sehgal, 2018), growth of fund size

(Ciccotello, 1996; Babbar & Sehgal, 2018), and age of fund (Blake & Timmermann, 1998; Ferreira et al., 2012; Babbar & Sehgal, 2018) as criteria before invest in mutual funds. This aspect would be further discussed in recommendation for future research.

Table 7 Logistic result for demographic factors

Variables in the equation								
	B	S.E.	Wald	df	Sig.	Exp (B)	95% C.I. for EXP(B)	
							Lower	Upper
Constant	-0.61	1.27	0.23	1	0.63	0.54		
Gender	-0.69	0.29	5.60	1	0.02*	0.50	0.28	0.89
Age	0.43	0.27	2.49	1	0.12	1.53	0.90	2.60
Academic qualification	-0.05	0.33	0.03	1	0.87	0.95	0.49	1.82
Marital status	0.43	0.36	1.47	1	0.23	1.54	0.77	3.10
Occupation	0.45	0.39	1.27	1	0.26	1.56	0.72	3.38
Investment experience	0.24	0.25	0.92	1	0.34	1.27	0.78	2.08

*, ** imply level of statistical significance of the coefficient estimates, where ** implies high statistical significance.

When examining the logistic regression for demographic variables, this study found that gender was the only factor that had an influence on the investors' decisions to invest in FIFs. The t-stat was significant at 95% confidence level. It is important to note that the negative coefficient was due to the coding of male and female as 1 and 2, respectively. Furthermore, it is important to also note that the gender coding of male as 0 and female as 1 also produced the same result. Based on this information, the negative coefficient indicated that the male investors were more likely to invest in FIFs when compared with the female investors. This finding may be associated with

the general risk appetite between male and female investors. In general, FIFs contained a higher investment risk due to foreign exchange fluctuation and underlying fund characteristics. As a result, FIFs might not be the top investment choices for conservative investors. In this study, the sampled female respondents indicated a higher level of risk aversion, as supported by descriptive statistics of female respondents who answer not to invest in FIFs for 39 people (11% of total respondents), higher than the similar answer from male respondents of 25 people (7% of total respondents). Results were consistent with Dwyer et al. (2002), Wang (2011), and

Tepchaitanawong (2015).

Conclusion

To better understand the factors influencing investment in FIFs, this study examined how fund related qualities (FRQ), fund sponsor qualities (FSQ), investor related services (IRS) and demographic factors influenced the investors' decisions in FIFs in the Bangkok Metropolitan area. Results of logistic regression revealed that fund performance (FRQ), quality of AMC (FSQ), customer support (IRS), and gender (Demographics) are statistically significant in influencing the investors' investment decision in FIFs.

In the context of FIFs investment, this study found that investors would pay attention to fund performance, quality of AMC encompassing reputation and AMC superior performance and expertise in Foreign Exchange hedging. In terms of investor's related services, investors focused mainly on the disclosure of Net Assets Value and mechanism to handle customers' grievances.

In comparison with prior research work of Tepchaitanawong (2015), the finding on fund performance remained consistent. This study did not find influence of other factors identified by Tepchaitanawong (2015) which were fund characteristics and security. Indeed, our findings suggested that investors placed emphasis on both fund specific factors such as fund performance and disclosure of NAV along with broader factors such as the reputation and track record of the AMC.

For demographic factors, Tepchaitanawong (2015) documented the influence of three demographic factors. Firstly, male investors were more likely to invest in FIFs more than female investors. Secondly, investors in the older age group (31-40) were more likely to invest in FIFs. Finally, investors in the higher

income bracket (THB 50,000-THB 70,000) were more likely to invest in FIFs, compared to ones in the lower income range. Among the demographic factors considered in this study, only gender was statistically significant. Similar to Tepchaitanawong (2015), this study noted that male investors were more likely to invest in FIFs, compared to female investors.

The fact that age did not show any influence in this study could be explained by the change in investors' access to FIFs investment. Compared with 2015, the Asset Management Industries in 2020 became more accessible. Specifically, there has been an increasing number of Asset Management Companies using Financial Technology to make investment in mutual funds and FIFs much easier (SET Invest Now by The Stock Exchange of Thailand (SET), 2021). Apart from that, the widespread usage of social media communication by asset management companies and investment advisors had helped create greater awareness of FIFs investment among wider investor groups (Manager Online News, 2021). Finally, the change in the minimum investment amount in FIFs to only THB 1,000 had significantly opened opportunities for individual small investors (The Securities and Exchange Commission, Thailand (SEC), 2014). As a result of the shifting environment, it might be possible that wider groups of investors were able to invest in FIFs, regardless of age or income level.

It is important to note that other hypothesized factors that were not statistically significant at 95% confidence interval might be attributed to the responses from respondents, who expressed interests but did not invest in FIFs at this point. As FIFs is gaining greater momentum in the Thai Asset Management Industries, it is important to develop better understanding towards the investors' decision-making mechanism

beyond the scope discussed in this study. Such understanding would enable better segmentation and investment selection among Thai investors to support their personal investment success.

Limitations and Recommendations for Further Study

In terms of limitations, it is important to note that the study targeted employees and entrepreneur investors in Bangkok metropolitan area. As a consequence, the result of this study may not be generalized to represent broader investors in Thailand. Furthermore, this study did not consider investors' income level. Future research may consider segmentation by retail investors and high-networth investors to examine the difference in investment criteria among two groups.

Furthermore, this research documented that female investors were less likely to invest in FIFs. In light of the ongoing debate on the role of gender, future studies should include other control factors such as investment experience, financial knowledge and risk attitude (Rosplock, 2010; Dwyer et al., 2002). Such an approach would enable researchers to deepen their understanding on factors that exert real influence on FIFs investment decision. Consequently, future research should focus on investment preference of female investors.

Last but not least, this research documented that disclosure of NAV was the only statistically significant factor, compared to other components relating to information disclosure. Future research may focus on various types of information disclosure, sources of information and the respective influence over the investors' decision to invest in FIFs. Lastly, there might be other external factors affecting to investors' decision to invest in FIFs such as exposure to international investment or influence of social media of

investment behaviors (Khalil & Nilsson, 2021) for the future study.

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