The Growing Importance of Retail Investors

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Nature of Thai investors

Retail investors have represented the largest portion on 10-year average at 60.12%.

Source: SET
8 retail investor segments for SET during 2H2013

1. Risk taker (71,358 accounts)
   - High frequency trade
   - Trading on cheap stock (price < 10 baht), Warrant, and DW

2. Volatility player (60,494 accounts)
   - Rarely trade
   - Trading on cheap stock (price < 10 baht), especially Non-SET200 stocks

3. Liquidity player (31,824 accounts)
   - Trade high turnover stock, especially stock in turnover list

4. Multi-large cap stock player (71,663 accounts)
   - Mainly trade on SET50
   - Trade various stocks

5. Single large cap stock player (86,486 accounts)
   - Mainly trade a few stocks on SET50
   - Highly transitional

6. Dividend stock player (44,419 accounts)
   - Trade dividend stock

7. Heavy investor (892 accounts)
   - Frequency trade
   - Average monthly trading value > 100 million baht

8. Unclassified (52,043 accounts)
   - No trading characteristic

Source: SET
Growth on retail trading accounts

- Retail trading accounts account for less than 1.50% of Total Population in 2013 (64.79 million people).

Source: SET, NESDB
Average yearly Internet trading value

<table>
<thead>
<tr>
<th>Year</th>
<th>Internet Trading Value (Million Baht)</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>77,041</td>
<td>44%</td>
</tr>
<tr>
<td>2010</td>
<td>143,863</td>
<td>87%</td>
</tr>
<tr>
<td>2011</td>
<td>147,060</td>
<td>2%</td>
</tr>
<tr>
<td>2012</td>
<td>184,018</td>
<td>25%</td>
</tr>
<tr>
<td>2013</td>
<td>324,837</td>
<td>77%</td>
</tr>
</tbody>
</table>

Source: SET
Growth on Internet trading accounts

Source: SET,
Banker to Broker

No.of accounts opened and (No. of participating banks)

<table>
<thead>
<tr>
<th>Year</th>
<th>No.of accounts</th>
<th>Participating Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>9,601</td>
<td>(4)</td>
</tr>
<tr>
<td>2012</td>
<td>15,580</td>
<td>(7)</td>
</tr>
<tr>
<td>2013</td>
<td>46,292</td>
<td>(9)</td>
</tr>
<tr>
<td>Jan-Aug 2014</td>
<td>34,000</td>
<td>(9)</td>
</tr>
</tbody>
</table>

Source: SET
Why do retail investors open more accounts?

- Required capital gain or dividend.
- Interest rate on 12-month fixed bank deposit significantly decreased and no guaranteed deposit.

Source: BOT, SET

![Graph showing 12-deposit rate and market dividend yield from 1988 to 2013. The graph highlights the Asian financial crisis in 1997. The 12-deposit rate peaks at 12.41% in 1991 and drops significantly during the Asian financial crisis. The market dividend yield reaches a peak of 4.48% in 2007. The graph also shows a steady decline in both rates from 2009 onwards, with the 12-deposit rate stabilizing at 2.91% and the market dividend yield at 2.61% in 2013.}
Creating sustainable retail investors

Gambling??
Quick return??

Investor education
+ Investment tools

Quality investor
Rational investor
Types of education activities

Regulator
- Radio
- Short series
- Printed media
- E-newsletter
- TV program

Stock Exchange
- Opportunity day
- Roadshow : SET in the city, Money Expo
- Social media
- Trading simulation
- TV channel
Types of education activities

Brokers
- Trading tools
- Seminars
- Social media
- Trading simulation and reality

Media / Publisher
- Seminars
- Books
Future trends

- Retail investors remain the largest trading portion.
- Improvement in investment skills
- More sophisticated products.
- Technological development in trading application.
- Stronger competition among retail brokers.