

# FINANCIAL ADVICE SEEKING AND INVESTMENT PERFORMANCE: RESEARCH ON INDIVIDUAL INVESTORS IN THE VIETNAM STOCK MARKET

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## Appendix 1. Descriptive statistics

| Variable  | Number of observations | Average/ Percentage | Variable  | Number of observations | Average/ Percentage |
|---|------------------------|---------------------|---|------------------------|---------------------|
| <b>A: Financial advice seeking</b>  |                        |                     | <b>Risk aversion</b>                            | 362                    | 1.638 (0.481)       |
|   |                        |                     | Lower than average                              | 131                    | 36.2%               |
|   |                        |                     | Higher than average                             | 231                    | 63.8%               |
| <b>The choice of financial advice seeking</b>   |                        |                     |   |                        |                     |
| Not seeking   | 130                    | 36%                 | <b>E: Trading activity</b>                      |                        |                     |
| Seeking   | 232                    | 64%                 | <b>Investment experience</b>                    |                        |                     |
| <b>The extent of financial advice seeking.</b>  |                        |                     | Under 1 year                                    | 176                    | 48.6%               |
| <b>Level 1:</b> Heard suggestions from the advisor but made all decisions independently | 76                     | 31.8%               | 1 to 2 years                                    | 95                     | 26.2%               |
| <b>Level 2:</b> A small portion of investment decisions made by the advisor             | 81                     | 34.9%               | 3 to 4 years                                    | 49                     | 13.5%               |
| <b>Level 3:</b> Most/all investment decisions made by the advisor                       | 75                     | 32.3%               | 5 or longer                                     | 42                     | 11.6%               |
| <b>B: Behavioral bias</b>   |                        |                     | <b>Trading frequency over the past 3 months</b> |                        |                     |
| <b>Overconfidence:</b>  |                        |                     | None  | 91                     | 25.1%               |
| <b>Certainty overconfidence</b>   |                        |                     | Once a quarter or less                          | 90                     | 24.9%               |
| No  | 263                    | 72.6%               | Once a month or less                            | 50                     | 13.8%               |
| Yes   | 99                     | 27.4%               | 2-3 times/month                                 | 50                     | 13.8%               |
| <b>Prediction overconfidence</b>  |                        |                     | Once a week or less                             | 37                     | 10.2%               |
| No  | 289                    | 79.8%               | 2-3 times/week                                  | 19                     | 5.3%                |
| Yes   | 73                     | 20.2%               |   |                        |                     |

| Variable                          | Number of observations | Average/ Percentage | Variable  | Number of observations | Average/ Percentage |
|-----------------------------------|------------------------|---------------------|---|------------------------|---------------------|
| <b>Self-attribution bias</b>      |                        |                     | At least 4 times/ week                            | 9                      | 2.5%                |
| <b>Self-enhancement bias</b>      |                        |                     | Once a day or more                                | 16                     | 4.4%                |
| No                                | 59                     | 16.3%               | <b>F: Demographic and socioeconomic variables</b> |                        |                     |
| Yes                               | 303                    | 83.7%               | <b>Gender</b>                                     |                        |                     |
| <b>Self-protection bias</b>       |                        |                     | Female  | 174                    | 48.1%               |
| No                                | 171                    | 47.2%               | Nam   | 188                    | 51.9%               |
| Yes                               | 191                    | 52.8%               | <b>Age</b>  |                        |                     |
| <b>Hindsight bias</b>             |                        |                     | < 30  | 253                    | 69.9%               |
| No                                | 242                    | 66.6%               | 30 - 39   | 77                     | 21.3%               |
| Yes                               | 246                    | 33.4%               | > 40  | 32                     | 8.8%                |
| <b>Mental accounting</b>          |                        | 36%                 | <b>Marital status</b>                             |                        |                     |
| No                                | 116                    | 64%                 | Unmarried   | 274                    | 75.7%               |
| Yes                               | 246                    |                     | Married   | 88                     | 24.3%               |
| <b>Disposition effect</b>         |                        | 31.8%               | <b>Education</b>                                  |                        |                     |
| No                                | 129                    | 34.9%               | High school diploma or below                      | 130                    | 35.9%               |
| Yes                               | 233                    | 32.3%               | College/University                                | 189                    | 52.2%               |
| <b>C: Financial literacy</b>      |                        |                     | Master's/Doctoral degree                          | 43                     | 11.9%               |
|                                   |                        |                     | <b>Income (million VND)</b>                       |                        |                     |
| Low financial literacy            | 127                    | 35,1%               | under 8   | 191                    | 52.7%               |
| High financial literacy           | 235                    | 64,9%               | 8 to under 16                                     | 78                     | 21.6%               |
|                                   |                        |                     | 16 or above                                       | 93                     | 25.7%               |
|                                   |                        |                     | <b>Financial literacy</b>                         | 362                    | 3.912 (1.537)       |
| <b>D: Psychological variables</b> |                        |                     | <b>Investment performance</b>                     | 362                    | 2.903 (0.896)       |
| Trust advice                      | 362                    | 1,362 (0,481)       |   |                        |                     |

**Appendix 2.** Results of the analysis of the impact of the choice of financial advice seeking on investment performance and marginal effects

| Variable Names                     | Investment performance<br>Ordered probit | Marginal effect                           |                |                                     |
|------------------------------------|--|---|----------------|-------------------------------------|
|                                    |  | (1)<br>Very dissatisfied and dissatisfied | (2)<br>Neutral | (3)<br>Satisfied and very satisfied |
| Choice of financial advice seeking | 1.2279***                                | -0.4027***                                | 0.1395***      | 0.2631***                           |
| Certainty overconfidence           | -0.1553                                  | 0.0442                                    | -0.0067        | -0.0375                             |
| Prediction overconfidence          | 0.0207                                   | -0.0057                                   | 0.0006         | 0.0051                              |
| Self-enhancement bias              | -0.0212                                  | 0.0059                                    | -0.0006        | -0.0053                             |
| Self-protection bias               | -0.1150                                  | 0.0318                                    | -0.0032        | -0.0285                             |
| Mental accounting                  | -0.0112                                  | 0.0031                                    | -0.0003        | -0.0028                             |
| Hindsight bias                     | -0.1938                                  | 0.0052                                    | -0.0083        | -0.0469                             |
| Disposition effect                 | -0.3324**                                | 0.0877**                                  | -0.0030        | -0.0847**                           |
| Financial literacy                 | 0.4162***                                | -0.1211***                                | 0.0222         | 0.0989***                           |
| Trust advice                       | -0.0206                                  | 0.0057                                    | -0.0006        | -0.0051                             |
| Risk aversion                      | 0.1475                                   | -0.0414                                   | 0.0053         | 0.0361                              |
| Investment experience              |  |   |                |                                     |
| Under 1 year                       |  |   |                |                                     |
| 1 to 2 years                       | 0.1609                                   | -0.0448`                                  | 0.0053         | 0.00395                             |
| 3 to 4 years                       | 0.2503                                   | -0.0684                                   | 0.0054         | 0.0630                              |
| 5 years or longer                  | 0.1553                                   | -0.0433                                   | 0.0052         | 0.0381                              |
| Frequency trading                  |  |   |                |                                     |
| Never                              |  |   |                |                                     |
| Once a quarter or less             | -0.0565                                  | 0.0161                                    | -0.0024        | 0.0137                              |
| Once a month or less               | 0.0197                                   | -0.0055                                   | 0.0006         | 0.0049                              |
| 2 – 3 times/month                  | 0.1473                                   | -0.0402                                   | 0.0023         | 0.0380                              |
| Once a week or less                | -0.0250                                  | 0.0071                                    | -0.0010        | -0.0061                             |
| 2 – 3 times/week                   | -0.0756                                  | 0.0216                                    | -0.0034        | -0.0182                             |
| At least 4 times a week            | -0.5727                                  | 0.1755                                    | -0.0609        | -0.1146                             |
| Once a day or more                 | 0.8557**                                 | -0.1919***                                | -0.0610        | 0.2529**                            |
| Gender (male)                      | -0.0166                                  | 0.0046                                    | -0.0005        | -0.0041                             |
| Age                                |  |   |                |                                     |
| < 30                               |  |   |                |                                     |
| 30 - 39                            | -0.2274                                  | 0.0645                                    | -0.0102        | -0.0543                             |
| > 40                               | -0.2020                                  | 0.0571                                    | -0.0085        | -0.0586                             |
| Married                            | -0.1015                                  | 0.0285                                    | -0.0038        | -0.0247                             |
| Education                          |  |   |                |                                     |

| Variable Names               | Investment performance<br>Ordered probit | Marginal effect                           |                |                                     |
|------------------------------|--|---|----------------|-------------------------------------|
|                              |  | (1)<br>Very dissatisfied and dissatisfied | (2)<br>Neutral | (3)<br>Satisfied and very satisfied |
| High school diploma or below |  |   |                |                                     |
| College/ University          | -0.0218                                  | 0.0062                                    | -0.0010        | -0.0052                             |
| Master's/Doctoral degree     | 0.5095*                                  | -0.1288**                                 | -0.0111        | 0.1400*                             |
| Income (million VND)         |  |   |                |                                     |
| Under 8                      |  |   |                |                                     |
| 8 to under 16                | -0.1612                                  | 0.0447                                    | -0.0048        | -0.0399                             |
| 16 or more                   | -0.2097                                  | 0.0587                                    | -0.0075        | -0.0512                             |
| <i>N</i>                     | 362                                      | 113                                       | 168            | 81                                  |

Note: \*, \*\* and \*\*\* denote significance levels of 10%, 5%, and 1%, respectively.

**Table 3.** Analysis of the impact of the extent of financial advice seeking on investment performance and marginal effect

| Variable Names                         | Investment performance<br>Ordered probit | Marginal effect                           |                |                                     |
|--|--|---|----------------|-------------------------------------|
|  |  | (1)<br>Very dissatisfied and dissatisfied | (2)<br>Neutral | (3)<br>Satisfied and very satisfied |
| The extent of financial advice seeking |  |   |                |                                     |
| Level 1                                |  |   |                |                                     |
| Level 2                                | 0.5678***                                | -0.1576***                                | 0.01367        | 0.1439***                           |
| Level 3                                | 1.3225***                                | -0.2785***                                | -0.1169***     | 0.3954***                           |
| Certainty overconfidence               | 0.0899                                   | -0.0191                                   | -0.0080        | 0.0271                              |
| Prediction overconfidence              | 0.0809                                   | -0.0172                                   | -0.0073        | 0.0245                              |
| Self-enhancement bias                  | 0.0039                                   | -0.0009                                   | -0.0003        | 0.0012                              |
| Self-protection bias                   | -0.3387*                                 | 0.0707*                                   | 0.0332         | -0.1038*                            |
| Mental accounting                      | -0.5366*                                 | 0.0973**                                  | 0.0726         | -0.1699*                            |
| Hindsight bias                         | -0.3317                                  | 0.0774                                    | 0.0172*        | -0.0945*                            |
| Disposition effect                     | -0.7065***                               | 0.1264***                                 | 0.1026**       | -0.2290***                          |
| Financial literacy                     | 0.4779**                                 | -0.1112**                                 | -0.0265**      | 0.1378***                           |
| Trust advice                           | -0.3187                                  | 0.0693                                    | 0.0243         | -0.0936                             |
| Risk aversion                          | 0.1745                                   | -0.0389                                   | -0.0127        | 0.0516                              |
| Investment experience                  |  |   |                |                                     |
| Under 1 year                           |  |   |                |                                     |
| 1 to 2 years                           | -0.0743                                  | 0.0172                                    | 0.0042         | -0.0214                             |
| 3 to 4 years                           | 0.3183                                   | -0.0630                                   | -0.0352        | 0.0982                              |

| Variable Names               | Investment performance<br>Ordered probit | Marginal effect                           |                |                                     |
|------------------------------|--|---|----------------|-------------------------------------|
|                              |  | (1)<br>Very dissatisfied and dissatisfied | (2)<br>Neutral | (3)<br>Satisfied and very satisfied |
| 5 years or longer            | 0.2079                                   | -0.0431                                   | -0.0200        | 0.0631                              |
| Frequency trading            |  |   |                |                                     |
| Never                        |  |   |                |                                     |
| Once a quarter or less       | 0.2358                                   | -0.0537                                   | -0.0160        | 0.00697                             |
| Once a month or less         | 0.2855                                   | -0.0637                                   | -0.0215        | 0.0852                              |
| 2 – 3 times/month            | 0.2350                                   | -0.0535                                   | -0.0159        | 0.0694                              |
| Once a week or less          | 0.1439                                   | -0.0339                                   | -0.0078        | -.0417                              |
| 2 – 3 times/week             | -0.0063                                  | 0.0016                                    | 0.0002         | -0.0018                             |
| At least 4 times/week        | -0.3200                                  | 0.0876                                    | -0.0060        | -0.0815                             |
| Once a day or less           | 0.9721**                                 | -0.1600***                                | -0.1538        | 0.3138**                            |
| Gender (male)                | -0.1074                                  | 0.0233                                    | 0.0088         | -0.0322                             |
| Age                          |  |   |                |                                     |
| < 30                         |  |   |                |                                     |
| 30 - 39                      | 0.1842                                   | -0.0387                                   | -0.0172        | 0.0559                              |
| > 40                         | 0.2131                                   | -0.0442                                   | -0.0208        | 0.0650                              |
| Married                      | -0.2509                                  | 0.0575                                    | 0.0151         | -0.0726                             |
| Education                    |  |   |                |                                     |
| High school diploma or below |  |   |                |                                     |
| College/ University          | 0.1076                                   | -0.0248                                   | -0.0066        | 0.0313                              |
| Master's/Doctoral degree     | 0.5604                                   | -0.1067*                                  | -0.0693        | 0.1760                              |
| Income (million VND)         |  |   |                |                                     |
| under 8                      |  |   |                |                                     |
| 8 to under 16                | -0.2414                                  | 0.0518                                    | 0.0203         | -0.0721                             |
| 16 or more                   | -0.3236                                  | 0.0717                                    | 0.0233         | -0.0950                             |
| <i>N</i>                     | 232                                      | 39  | 117            | 76                                  |

Note: \*, \*\* and \*\*\* denote significance levels of 10%, 5%, and 1%, respectively.