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| **RESEARCH ARTICLE**

The Lack of Short-term Financial Products in Hong Kong: An Empirical Analysis of Questionnaire

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| **ABSTRACT**

In Hong Kong, which is rich in financial products, short-term financial products are rare, so there are many reasons behind it that are worth exploring and verifying. The objective of this study is to examine and validate the factors contributing to this phenomenon and to make recommendations for the future of short-term financial products in Hong Kong. This study sorted out the existing opinions and completed the questionnaire by sorting out the literature, and then empirically analyzed the reasons for the lack of short-term financial products in Hong Kong by using quantitative analysis methods. The results of the study revealed that, from the perspective of investors, Hong Kong's high salary, complex operation of short-term financial products, low security of short-term financial products, high risk, and difficult to match energy costs are all important reasons for investors to choose less short-term financial products. At the same time, the low interest rate environment of Hong Kong has led investors to save less and focus more on other high-yielding financial products.

1. Introduction

Hong Kong is one of the most important financial markets in the world. In Hong Kong, almost everyone is involved in wealth management and investment transactions. However, in addition to traditional financial investments such as stocks, bonds and funds, investors rarely consider short-term financial products. Since there is no demand, there is no market, and the supply is inevitably lacking, which directly leads to the phenomenon of no short-term financial products in Hong Kong. Only by understanding the reasons behind it can we guide the future development of short-term financial products in Hong Kong. So, what accounts for the low demand for short-term financial products? If we want to study this problem, we must be closely linked to the wishes of investors. In order to study this issue from the perspective of investors, this paper compiled a questionnaire on the factors that may affect the demand of investors, explored and verified the reasons for the lack of short-term financial products in Hong Kong by means of primary data analysis, and tried to give suggestions.

2. Literature Review

Different scholars put forward their own views on the lack of short-term financial products in Hong Kong and the investment demand of investors. For investors, there are three main factors affecting their demand: supply side, objective environment and public perception. (Sun, 2022). Some studies believe that the complex structure of short-term financial products makes it difficult for investors to understand (Zhang et al., 2021). Besides professional financial practitioners, it is difficult for ordinary people to recognize the advantages and disadvantages of various financial products. For example, in the Raymond Brothers minibond event in Hong Kong, the complex structure of financial products led to a complex investment environment, which greatly reduced investors' demand for short-term financial products and may even lead to serious losses of investors' assets (Donald & Cheuk,

2017). This has also created Hong Kong's investment philosophy that is different from that of the mainland; that is, it prefers traditional financial products and traditional financial institutions. (Wang & Lei, 2023). At the same time, Hong Kong has always been a saving and consumption environment with high wages and low interest rates. The salary level of investors can compete with inflation, and the real return rate of short-term financial products is not high, which makes most investors prefer stock funds and other financial products (Chen & Zhang, 2023). This is because Hong Kong, as a world financial center with many banks, is financially interdependent with the United States. At the same time, as early as 2003, Hong Kong signed CEPA with the mainland, and Hong Kong is also an important offshore financial center of RMB. (Yang & Li, 2023). Under the background of the interest rate cut in the United States, stimulating consumption and lending is an important means to promote Hong Kong's economic development (He et al., 2009). Therefore, this paper selects three representative points in the analysis of short-term financial product shortage in Hong Kong from the existing literature, divides them into eight sub-questions, designs a questionnaire with Likert scale (Brace & Bolton, 2022), and discusses the influencing factors of this problem from the perspective of empirical analysis.

3. Methodology

This study mainly uses issuing questionnaires to obtain primary data and analyzes the hypothesis; questionnaire design reference is based on the mature system of previous studies, and the question is designed independently. In addition to the basic information of consumers, the remaining questions were quantified by using the Likert scale method. In this study, IBM SPSS was used to process and analyze the data of the recovered questionnaire. The statistical content is divided into four parts, including descriptive statistical analysis, reliability analysis, validity analysis and regression analysis.

Based on the above information, we come up with the following three hypotheses.

H1: There is a significant positive correlation between the low demand of consumers and the frequency of consumers buying short-term financial products.
H2: There is a significant positive correlation between the low return rate of short-term financial products and the frequency of consumers buying short-term financial products.
H3: There is a significant positive correlation between the low interest rate environment in Hong Kong and the frequency of consumers buying short-term financial products.

H1 corresponds to questions 6-8 in the questionnaire, which is summarized as consumer demand; H2 corresponds to questions 9-11 in the questionnaire, which is summarized as the return of short-term financial products; H3 corresponds to questions 12-13 in the questionnaire, which is summarized as the low interest rate environment of Hong Kong.

Finally, the final empirical model is established as follows:

$Y = β + β1CD + β2RSTFP + β3LREHK + μ$

Where β represents the intercept term, β1, β2 and β3 represent the elasticity coefficient of consumer demand, the return of short-term financial products and the low interest rate environment of Hong Kong.

4. Results and Discussion

Table 1. Descriptive analysis

Variable	Option	Frequency	Percent	Mean	Std. Deviation
age	under 18 years old	7	5.1	2.88	1.053
	19-25	50	36.5		
	26-35	47	34.3		
	36-45	19	13.9		
	over 46 years old	14	10.2		
gender	male	71	51.8	1.48	0.502
	female	66	48.2		
education	below junior high school	9	6.6	3.04	0.821
	senior high school	16	11.7		
	bachelor	72	52.6		
	master or above	40	29.2		
income	less than HK $10000	15	10.9	2.55	0.865

10001-25000	50	36.5		
25001-40000	53	38.7		
over HK $ 40000	19	13.9		

The survey objects of this study are consumers who are likely to participate in wealthy management in Hong Kong. The questionnaire will be distributed online from July 28 to July 31, 2023. A total of 137 valid questionnaires were collected by the end of the questionnaire. The variables were coded by sorting out valid questionnaires, in which 'fully agree' represented 5 points, 'agree' represented 4 points, 'neutral' represented 3 points, 'disagree' represented 2 points, and 'fully disagree' represented 1 point.

As can be seen from Table 1, based on the age variable, the proportion of 19-35 years is 70.08%; The proportion of males was 51.8%, and that of females was 48.2%, which was basically the same. The proportion of bachelor's degree or above was 79.8%; The income is mainly concentrated in the range of 10001-40000 HK $, accounting for 75.2%. The results of this survey are biased towards the willingness of people aged 19 to 35 with a bachelor's degree or above and a monthly income between 10001-40000.

Table 2. Reliability analysis

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
H1	0.611	0.615	3
H2	0.708	0.713	3
H3	0.506	0.506	2
Total	0.828	0.830	8

As can be seen from the above table, the standardized reliability coefficients of the three hypotheses are 0.615, 0.713 and 0.506, respectively. Except that H3 is slightly lower but not below 0.5. The overall coefficient reached 0.830, so in general, we believe that the reliability of this questionnaire is relatively good.

Table 3. Validity analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.879
Bartlett's Test of Sphericity	Approx. Chi-Square	299.599
	df	28
	Sig.	.000

According to the above table, the KMO value is 0.879, while $p < 0.05$ reject the null hypothesis. We believe that the variables in the questionnaire have more common factors, and the validity of the survey data is good.

Table 4 Correlation analysis

		Frequency	H1	H2	H3
Frequency	Pearson Correlation	1			
H1	Pearson Correlation	.524**	1		
H2	Pearson Correlation	.556**	.705**	1	
H3	Pearson Correlation	.476**	.510**	.554**	1

** Correlation is significant at the 0.01 level (2-tailed).

As can be seen from the above table, the correlation coefficients of variables and independent variables are both positive, indicating that the behavior of Hong Kong consumers choosing not to buy short-term financial products is obviously positively correlated with the three hypotheses we have made (demand, return and interest rate). The return has the strongest correlation with consumer investment behavior (0.556).

Table 5. Multiple linear regression analysis (a)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		Durbin-Watson
					F Change	Sig. F Change	
1	.524a	0.274	0.269	0.571	50.982	0	
2	.586b	0.343	0.333	0.546	14.097	0	
3	.609c	0.371	0.357	0.536	5.925	0.016	1.558
a.	Predictors:(Constant),H1						
b.	Predictors:(Constant),H1H2						
c.	Predictors: (Constant), H1, H2, H3						

Table 5. Multiple linear regression analysis (b)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			VIF
1	(Constant)	1.032	0.364		2.837	0.005	
	H1	0.2	0.028	0.524	7.14	0	1
2	(Constant)	0.512	0.374		1.369	0.173	
	H1	0.1	0.038	0.262	2.655	0.009	1.989
	H2	0.138	0.037	0.371	3.755	0	1.989
3	(Constant)	0.152	0.396		0.383	0.702	
	H1	0.082	0.038	0.213	2.153	0.033	2.074
	H2	0.109	0.038	0.291	2.85	0.005	2.213
	H3	0.115	0.047	0.205	2.434	0.016	1.505

According to Table 5 (a) in the above table, the R square adjusted by H1-H3 is between 0.274-0.371. Although the good degree of fit is not very high, we can still believe that the questionnaire can accurately reflect a large part of the research purposes, and the change of significance F is less than 0.05. It shows that there is a significant correlation between our three hypotheses (demand, interest and interest rate) and the dependent variable, Hong Kong consumers' behavior of not buying short-term finance. According to the DW test, the result is 1.558, and we believe that the model has no obvious autocorrelation.

According to Table 5 (b) in the above table, the P-value of the significance of consumer demand, the return of short-term financial products, the low interest rate of Hong Kong and the dependent variable of Hong Kong consumers' behavior of not buying short-term financial products are all less than 0.05, indicating a significant positive correlation between the independent variables and dependent variable. According to the VIF value, we believe that there is no multicollinearity between the independent variables, the model is well constructed, and the multiple regression results are credible.

Table 6 Final result

Hypothesis	Content	Sig.	Result
H1	There is a significant positive correlation between the low demand of consumers and the frequency of consumers buying short-term financial products.	0.033	Pass
H2	There is a significant positive correlation between the low return rate of short-term financial products and the frequency of consumers buying short-term financial products.	0.005	Pass
H3	There is a significant positive correlation between the low interest rate environment in Hong Kong and the frequency of consumers buying short-term financial products.	0.016	Pass

5. Conclusion

Based on the theoretical research on the lack of short-term financial products in Hong Kong, this paper uses the method of primary data analysis to explore and verify the influencing factors. Through modeling analysis, the above three hypotheses are verified, and the following conclusions are obtained:

First, consumer demand has a positive impact on the frequency of buying short-term financial products. According to the data, we find that most Hong Kong consumers have a high monthly income, and the remaining part of their monthly income is basically not to choose short-term financial products. That's because the few short-term wealth management products available in Hong Kong have high transaction costs and time costs. For example, the short-term savings plan "Savie" is almost completely flexible, except for the fixed amount of HK $3,000, the rest can be withdrawn at any time, and the guaranteed annual yield of 1.5-2%. However, such short-term financial products need to go to the bank or insurance company to sign documents when signing,

withdrawing and renewing, which is very troublesome. Also, it takes at least a weekday to receive the money after the withdrawal appointment.

Secondly, the low return of short-term financial products positively affects the frequency of buying short-term financial products. According to the data, we find that the formal short-term financial products that still exist in Hong Kong have a very low return, and the products with a higher return are usually issued by small companies that cannot be trusted. For example, although the Hong Kong currency fund (fund supermarket) has also achieved flexible access and withdrawal at any time, its annual return rate is only 0.1-0.2%, and its money needs 2-3 working days to arrive. In addition, there are many irregular Internet companies under the banner of short-term financial products, the issuance of financial products with false high returns; once the product has problems, consumers are faced with the risk of suppliers to flee.

Finally, the low interest rate environment of Hong Kong is positively affecting the frequency of buying short-term wealth management products. According to the data, most consumers do not have the habit of saving but prefer to invest their income surplus in stocks, bonds and other products. This is because, in the background of inflation, Hong Kong needs to use low interest rates to reduce residents' deposits and stimulate loan consumption and investment so as to promote Hong Kong's economic development.

The above three points are undoubtedly important reasons why short-term financial products are difficult to attract Hong Kong consumers. These characteristics affect consumers' demand for short-term financial products, resulting in no progress and fewer short-term financial products. At the same time, various shortcomings of short-term financial products lead to further reduction of consumer demand. To some extent, both constitute serious endogenous problems.

This study uses the econometrics method for the first time to study the lack of short-term financial products in Hong Kong and lists investor demand separately as a bridge to study this issue. By verifying the relationship between investor demand and its influencing factors, the reasons for the lack of short-term financial products in Hong Kong are obtained. In this study, the hypotheses are proposed based on the existing theory, and the accuracy of the existing results is improved by additional data. Of course, there are still many shortcomings in this study. For example, this study only considers demand, income and interest rate from three perspectives, which may be one-sided and unitary. At the same time, some data may not fit very well, which may be due to the lack of key variables or sample size limitations, or the questionnaire may not be scientific enough. It is hoped that more scholars can further improve this study from the perspective of quantitative analysis, expand the number of samples, add or replace more accurate hypotheses, and revise the shortcomings of the questionnaire to achieve better results.

Conflicts of Interest: The authors declare no conflict of interest.
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