

The Influence of Internet Channels on Investors' Rational Investment

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Abstract: Nowadays, the Internet channel has become an indispensable factor in the process of investment decision-making: in the financial market, information circulation speed, transmission range, investors combined with the existing information choice, prediction and analysis of potential risks, as well as the internal connection between information and related degree, are investors to related financial products or optimistic or negative important judgment factors. This paper mainly analyzes the influence of Internet channels on the financial enthusiasm of investors by constructing digital models.

Keywords: Internet Finance; Information Disclosure; Rational Investment; Stock Price Synchronization

Straight matter

Internet finance has become the mainstay of China's economy under the new normal. Its arrival and development accelerate China's economic development, promote financial innovation, optimize the allocation of regional resources; build a diversified capital market pattern, stimulate the investment desire and participation degree, accelerate the construction of inclusive financial business system, so as to contribute to the development of the real economy. (CHINA DAILY.COM.CN,2017)

1. Overview of Internet investment and development

1.1 The development status of Internet investment

So far, the proportion of the Internet economy in China's national economy is increasing. As early as a few years ago, the Internet economy has become a very important part, because for the Internet, not only can change our business production and daily life, but also change some people's ideas. Financial investment has always been a problem that many people are very concerned about, with the emergence of the Internet, the Internet finance is also continuing to be hot, but also led to a large number of Internet companies for some financial activities, so that more people are willing to participate in the Internet finance and Internet investment. With the rapid development of the domestic Internet, the advantages of the Internet in investment are gradually reflected.

1.2 Advantages of Internet investment

Investment through the Internet channels is relative to some traditional way of investment and finance, the income will be relatively higher, for the Internet channel investment, the product itself has certain advantages, so the Internet return on investment ROI relative to the traditional investment and finance way will be higher, multiple is about 4~5 times. In addition, for Internet investment, the average annualized return of investment in some Internet investment and financial management platforms, will also show an upward trend, at about 8%~14%. In addition, some products have become more and more in the Internet investment, which provides investors with more choice space and direction, and in the investment process will include more and more traditional bank financial products covered corresponding to the financial products.

2. The influence of Internet channels on investors' investment awareness

2.1 Investors have a more scientific and perfect investment concept

Before the emergence of the Internet industry, the public had a certain bias towards investment, and equated investment with stock speculation, believing that these activities were all activities that capitalists could engage in, and the ordinary people were not eligible to participate in it. But after the emergence of the Internet industry, the above ideas gradually began to be diluted. Because

almost everyone can participate in the new financial management investment, through the practice and attempt, they will also have a more accurate understanding of the definition of investment.

2.2 Investor awareness is increasing

The emergence and increase of the Internet channels have lowered the threshold of investment. The public can understand and make corresponding investment through the Internet channels to enhance the public's awareness of investment. With the increase of products, the public's investment choices increase, enhanced cognition, and a deeper understanding of investment products.

3. Hypothesis proposal and modeling analysis

3.1 Study hypotheses

Hypothesis 1: The higher the efficiency of information circulation in Internet channels, the higher the efficiency of stock price changes.

Hypothesis 2: The higher the quality of Internet channel information circulation, the higher the efficiency of investors in forming feedback.

3.2 Study design and model construction

In this paper, the Shanghai-Shenzhen A-share enterprises released in 2010-2018 were released as the research sample, and ST and * ST enterprises, financial enterprises, and enterprises with missing and abnormal data were deleted, and 3,771 research samples were obtained.

In this paper, the social responsibility rating of some listed companies is taken as the independent variable, the stock price synchronization measures the information efficiency as the dependent variable, and the BM, SIZE, Beta, ROA and other variables are selected as the control variables for empirical research. The constructed information efficiency model is:

$$RET_{it} = \theta_0 + \theta_1 Market_{it} + \theta_2 Indret_{it} + \epsilon_{it}$$

$$SYNCH_{it} = IN(R_2 / (1 - R_2))$$

In the above formula, RET_{it} is the stock yield of company i in week t , $Market_{it}$ is the weekly market return of the weighted average of the total market value (circulating market value) in week t , $Indret_{it}$ is the yield of industry j in week t , and R_2 is the decisive coefficient of the estimated results.

$$\text{Regression model: } SYNCH_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_i \sum Controls_{it} + \delta_{it}$$

3.3 Data analysis

In Table 1, the mean CS R is 40.05, the standard deviation is 12.56, the minimum value is 14.15, and the maximum value is 89, indicating that different enterprises in China have different disclosure standards, and there are great differences in the information disclosure of different enterprises, and there is still a lack of unified and effective management standards. Stock synchronization mean 0.523, the standard deviation of 0.192, shows that our country stock market individual enterprise securities prices still has large system risk, the risk caused by the company's internal management flaws, can be offset by decentralized investment, at the same time, the stock price is affected by the capital market price, presents the phenomenon of rising and falling. Relative to the western mature capital market enterprise prices can timely and effectively reflect the historical information and fundamental information, our country stock price is not able to fully reflect information disclosure and external factors on the stock price, that the efficiency of the securities market information circulation is still in a low state, the stock price is not completely affected by its intrinsic value and future valuation.

Table 1- -Descriptive Statistics

| Var | Mean | Max | Min | Sd |
|----------|-------|-----|-------|-------|
| CSR | 40.06 | 89 | 14.15 | 12.57 |
| SYN-mdtl | 0.523 | 1 | 0.001 | 0.192 |
| SYN-mdos | 0.527 | 1 | 0.002 | 0.194 |

As seen from Table 2, a significant negative correlation between CSR and SYN-mdtl and SYN-mdos, with

coefficients of -0.0920 and -0.0932, respectively. 0.932, quickly circulation related Internet information channels can significantly reduce the enterprise and the market average price share price synchronization, improve the information efficiency of the enterprise, and the enterprise information disclosure more timely and effectively passed to the capital market stock prices, make the stock price feedback more enterprise trait information, reduce the individual enterprise share price to follow the market changes of synchronization, namely the assumption is established. Therefore, based on the internal motivation and external motivation using Internet channels timely disclosure of information related to enterprises, the information disclosure can be directly used by the capital market and timely positive feedback, rational investors and related professionals can directly use the information analysis judgment enterprise value, make enterprise value forecast approaching accurate true, improve the information quality of the capital market, at the same time, let investors more confident in the future capital market in our country.

Table 2- Empirical results of information efficiency through Internet information channels

| | SYN -mdtl | SYN-mdos |
|----------------|-----------------------|-----------------------|
| C SR | -0.0920*** (-4.54) | -0.0932*** (-4.57) |
| B M | 0.232*** (-8.87) | 0.189*** (-7.17) |
| S IZ E | 0.0284*** (-2.96) | 0.0349*** (-3.62) |
| A N A | -0.00649 (-1.13) | -0.00632 (-1.09) |
| R O A | 0.0509 (-0.44) | -0.0419 (-0.36) |
| LEV | -0.130*** (-3.00) | -0.125*** (-2.88) |
| | SYN -mdtl | SYN-mdos |
| Turnover | 0.0355*** (-7.9) | 0.0270*** (-5.97) |
| B eta | 0.231*** (-17.13) | 0.233*** (-17.14) |
| Tot InsHoldper | -0.0672*** (-4.20) | -0.0696*** (-4.33) |
| TOP 10 | 0.00329 (-0.07) | -0.0485 (-0.99) |
| _cons | -0.154 (-0.71) | -0.232 (-1.06) |
| N | 3 771 | 3 771 |
| w ithin R -sq | 0.1338 | 0.1217 |
| F-statistic | 45.62 | 40.93 |

4. Conclusions and suggestions

4.1 Conclusion

Collect research report sample data, excluding ST and * ST enterprises and financial enterprises, after the lack of data and abnormal enterprise, through the release research report stage stock prices affected by the market average share price and compare the situation in recent years, build a regression model. The following conclusions are drawn:

(1) Judging from the regression model, the changes of stock prices are affected by information disclosure. First, information is the basis of stock price operation. The disclosure of information can enable investors to evaluate the future cash flow, operating results and future dividend payment ability of the investment enterprise, thus causing fluctuations in the stock market price.(Hyuk Ahn,2015)

Secondly, the stock price is the rational expectation of the future value of the real economic variables affecting the stock price, which is actually based on the collection and use of information related to these real economic variables. Therefore, in the final analysis, the stock price changes are determined by the various information that affects the stock price.

(2) Information disclosure is the center of investor relations management. Investor relations management can effectively attract investors to buy and hold the company's shares, and information disclosure as the most important part, through appropriate and timely information disclosure, and establish a more active communication strategy between investors, can help enterprises to eliminate the information barriers between investors, ensure the good image of enterprises in the capital market. Investors make the right investment decisions by making full use of the information available from the capital markets. Therefore, ensuring the timeliness and standardization of information disclosure and the formation of feedback with investors are the key steps in the normal operation and development of the company.

4.2 Suggestions

(1) From the investor's perspective.First of all, to improve their professional skills and learn more about securities investment, investors should be cautious about the research reports in the market, and do not blindly follow them, so as to make the investment decisions more rational, which can increase returns and reduce losses to a large extent.(Lu Ping SAGE Open,2021) Secondly, due to the limitations of information disclosure, the platform should not simply pay attention to the conclusions when analyzing the research report, but also analyze the rationality of its logic, do not lose the cautious attitude, and avoid blind obedience. Finally, investors should not only take into account short-term interests, but also focus on long-term trends, and do not be penny wise and pound foolish.

(2) From the perspective of the manager. First of all, improve the speed of the disclosure of enterprise stock market information, reduce the phenomenon of information opacity, avoid the accumulation of adverse news, and encourage investors to evaluate the cash flow, development status and future dividend payment ability of enterprises, so as to attract investors to invest. Second, the expertise of the analysts and the quality of the research reports should be strictly regulated. It is required to keep the research report fair and independent, not to be disturbed by other external factors, and to guide investors to invest rationally, so as to make the coordinated and orderly development of the stock market.

References

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