

INFLUENCE FACTOR OF CHINESE ELDER'S WEALTH MANAGEMENT BEHAVIOUR: AN EMPIRICAL STUDY

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ABSTRACT

The main purpose of this paper is to discuss the influential demographic variables of elders' wealth management behaviour. Purpose sampling for 122 older consumers (aged over 65) who participate in wealth management programme with instrument, was conducted in April 2007 in China (Taiwan area). Regression was performed for the data analysis. The results showed gender, educational background, and living location being key factors affecting elder consumers' wealth-management behaviours, including consumers' familiarity with financial products/services, sources of professional information, sources of word-of-mouth information, investment intention, and investment confidence. The main contributions of this not only include enhancing existing literature concerning wealth management, marketing, and elder behaviours (especially for clarifying how the controversial factors work), but unveiling elders' behaviour tendency in such a blooming emerging market. Practical implications to bank marketers are also given.

Keyword: *Wealth management behaviour; Elders; China; Demographic variables.*

Type: *Research Paper*

RESEARCH BACKGROUND

The global wealth management industry has continued to surf the wave of prosperity, delivering a 14% median increase in assets under management in base currency terms. In 2006, it covered a record of 180 private banking entities, managing a total of USD10.8 trillion worth of assets. This asset growth, driven by the global equity markets and net new money, has combined with improved efficiencies to fuel an impressive median growth of 24% in operating profits across the industry (Scorpio Partnership, 2007). Driven by a strong global economy, the wealth of the world's high-net-worth individuals (HNWIs: individuals with net assets of at least USD 1 million, excluding their primary residence and consumables) increased 11.4 % to USD 37.2 trillion in 2006. The number of HNWIs in the world increased by 8.3% in 2006 to 9.5 million (Merrill Lynch & Capgemini, 2007).

One of the major target markets of wealth management is the elders' market, because (1) the number of elders is increased with a larger proportion of population structure. The population structure is transforming to "two low pattern" (low total fertility rate, low rate of total deaths) (United Nations Population Division, 2007). The elders over 60 years old will almost double from 245 million (in 2005) to 460 million in 2050. People aged over 60 occupy a higher percentage of the whole population, especially for well-developed countries. (2) Aging people are richer and have stronger consumptions. The consumption of post-world war II baby boomer generation reached USD 2 trillion, which was double for people who were aged less than 40 (United Nations Population Division, 2007). People who were aged over 54 own at least double valued assets than those who were aged less than 40 (The Federal Reserve Banks, of Chicago, 2006). Generally, baby boomers are good at depositing and investing real estates; there is a signal that shows an aging society is coming when they are getting older. Similar situations also appear show in many Asian countries.

Japan, one of the countries having the world's longest life expectancy, emphasises on the elders' the issue very much. The Ministry of Economy, Trade, and Industry of Japan (METI) estimated that the total consumption of elders (aged over 60) will reach USD 37.38 billion, by 2025, which is double compared to the number in 2006. The elderly population in Taiwan in September 1993 reached 1.48 million, accounting for 7.1% of the total population according to statistics by the Population Division of the Interior Ministry (PDIM) in Taiwan. The figure exceeded the criteria of "aging society", 7%, set up by the WHO (World Health Organisation) of the United Nations. The statistics showed that by the end of May 2007,

the elderly population was as high as 2.3 million, accounting for 10.06% of total population (Council of Economic Planning of Taiwan, 2007). In 2026, the proportion of old population will exceed 20%. ITRI (Industrial Technology Research Institute of Taiwan) estimated the consumption market of elders in Taiwan will exceed USD 108.9 billion (double than it was in 2007).

With the two low pattern (low total fertility rate, low rate of total deaths) of population, elders need to manage their wealth much better to deal with the longer life and fewer children. Both the reality of an aged society and the expected amazing market has triggered bank marketers to attract and leverage capitals from the elder population. In brief, wealth management for elders is definitely a global hot zone for bankers.

With increased marketing efforts and competition, we can expect to see practitioners and scholars attempt to measure, and thus to understand more, the differences among segments so that financial institutions can deliver services based on their competitive advantages, as well as the unique needs and wants of specific segments (McAlexander, Schouten, & Scammon, 1991). Demographic variables, no doubt, are fundamental and important factors influencing consumer wealth management behaviour according to previous studies (Eshghi & Lesch, 1994; Stafford, 1996; Akinci, Aksoy & Atilgan, 2004; Chih, Tang & Chien, 2004; Schmidt & Sevak, 2006). Most of the research results (and variables) were applied to general consumers, but which one(s) could affect elders significantly? In this sense, this research investigated what demographic variables would affect Chinese elders' wealth management behaviours in the Taiwan area.

LITERATURE REVIEW

What is Wealth Management?

Wealth management is a type of professional service that combines personal investments, tax planning strategies, estate planning, and legal counsel. It is designed to provide a broad array of services within the confines of one office (UBS, 2006; Moehlman, 2004). Wealth management has generally evolved from high net worth financial consulting for individuals who are top clients of any firm, to a high level form of private banking that provides various types of investment, insurance, and bank products and services. With the repeal of the Glass-Steagall Act in 1999, financial firms are finally able to provide all three of the above services from the same office (Stock, 2004). Most practitioners would agree that

wealth management is a professional service that: (1) focuses primarily on process, rather than products (although products are vitally important); (2) is mostly fee-based, rather than commission-driven (although many manufacturers — especially insurance companies and certain mutual-fund families — dictate that providers be compensated by commissions); (3) is comprehensive, rather than fragmented, in nature (Moehlman, 2004). One engaged in wealth management usually works for investment banks, brokerage firms, law firms, accounting firms, consumer banks, trust departments, or investment, and portfolio management firms. Smaller firms such as registered investment advisors may also provide a wide array of family office services (Scorpio Partnership, 2007).

Professionally practised, comprehensive wealth management begins with a thorough evaluation of a client's condition. This diagnostic phase consists of gathering and analysing recent income tax returns, investment portfolio statements, insurance policies, and estate planning documents (wills and trusts). Business agreements and retirement plan documents also are reviewed. Objective data gathered from printed materials — taken in conjunction with subjective information obtained in an initial client consultation — allows an experienced wealth manager to start forming professional judgments about a client's value system, needs, desires, and goals. The second phase of the wealth management process can be called the planning phase (hence, the commonly used phrase "financial planning"). This phase is composed of a series of in-person and telephone conversations with clients and their cadre of advisers (attorney, accountant, business consultant, insurance agent, investment broker or manager, retirement administrator, etc.) (Moehlman, 2004).

From consumer's perspective, wealth management involves the entire spectrum of personal financial issues and activities — from monthly bill paying to long-range estate planning. It encompasses income tax planning and return preparation, investment management (stocks, bonds, real estate, etc.), risk management (insurance coverage), retirement planning, funding, and administration, traditional estate planning (including philanthropic and charitable strategies) and — in the case of closely held businesses and professional practices — continuity and disposition planning and implementation.

Influences of Wealth Management Behaviour

There are many influential factors of wealth management. Wealth management behaviour is not only related to the external patterns

but internal considerations of consumers. For example, psychological/behavioural variables are most important ones. Even though behavioural finance theories were popular in the U.S. in late 1980s, the newly developed theories, a combination of economics, finance, and psychology, had appeared due to the fact that the existing financial theories fail to explain what is going on in reality. Contrary to traditional portfolio theories, behavioural finance theories describe true behaviours of investors and analyse the effects of cognition, affection, and attitudes on personal information processing process and decision-making. Drawing on behavioral finance theories, marketing scholars apply the characteristics of individual investors to market segmentation. What have been most often used as a variable is risk attitudes of investors. Different from the measurable standard deviation in traditional financial theories, this concept of risk refers to a risk based on an individual's intuition and emotion (Olsen & Cox, 2001). Olsen and Cox (2001) found out about the attributes of risk perception. Jordan and Klaus (2002) designed a Likert scale to measure risk perception. Also, the concept of risk profiles was put forward by Lenard, Syed, and Pervaiz (2003). Unlike risk perception which measures emotions and attitudes, risk profiles examine how investors respond in a particular context.

Furthermore, financial maturity is also one of the mainstreams. Kamakura, Ramaswami, and Srivastava (1991) discovered that the consumption of financial services is moving from services of high solvency and low risks to those of more complexity and low solvency. Kamakura et al. (1991) assumed that investors prefer the products of low complexity and risks before they adopt complex ones. They classified all the financial products into four categories, (1) basic products, (2) risk management and cash reserve products, (3) growing products to make up for inflations, and (4) risky tax deductible assets. The investors who adopt the first two categories stay at a low level and those who take the last two remain at a high level.

In addition, knowledge of risk and financial literacy is also influential to wealth management. Alexander, Jones, and Nigro (1998) found that knowledge of risk exerts influences on investors' choice of channels. Alexander et al. (1998) also developed the concept of financial literacy. Also, of course, demographic variables play critical roles in influencing wealth management behaviour. Though some top tier management journals do not encourage demographic variable-oriented research¹, there are still many sound papers that put their focus on demographic

variables in emerging market or cross-cultural studies published in the current top journals². It is believed that those types of research could be highly appreciated in academia.

Influential Demographic Variables of Wealth Management

The Demographic variable, no doubt, is a fundamental and important factor in influencing consumer behaviour, including wealth management behaviour. Stafford (1996) pointed out that demographic variables are important market segmentation variables in banking service quality research. Eshghi and Lesch (1994) said demographic variables, including income, age, occupation, social status, education, family size, religion, and housewives in the U.S. leads to different consumption types and family purchasing behaviours (including investment behaviour). Akinci et al. (2004) revealed significant differences between the demographic profiles and attitudes of internet banking users and non-users based on a random sample of academicians, demographic, attitudinal, and behavioural characteristics of respondents. Chih et al. (2004) suggested that banks should provide customised marketing mix because financial product customers have different purchasing choices, behaviours, and supporting reasons because of different demographic segmentation and psychographic segmentation. Shultz and Prince (1994) used gender, age, education, and geographic location to investigate how banks provide financial services and conduct relationship management to the affluent. Most of the research results (and variables) were applied to general consumers, but which one(s) could affect elders significantly? We tried to summarise several most related variables, and research hypotheses would be generated after reviewing the literature.

Gender

Much of the research on gender and investment decisions had focused on comparing asset allocations within retirement plans (Bernasek & Shwiff, 2001; Hinz, McCarthy & Turner, 1997; Johnson, 1999; Papke, 1988; Sundén & Surette, 1998). This is particularly important given the movement toward self-managed plans (Taiwan practises the system since 1950)³. With the exception of Papke (1988), these studies had shown that women invest their retirement assets more conservatively than men. Also, it is a widespread belief that women are more risk averse than men in making financial decisions. This belief can have critical implications for the financial well-being of women (Schubert, Brown,

Gysler & Brachinger, 1999). For example, women may be passed over for promotion in the corporate world based on the perception that they are unable to make required risky financial decisions (Johnson & Powell, 1994). Financial advisers, believing that women are more riskaverse, may recommend conservative portfolios that have lower returns (Wang, 1994). Among full-time workers approaching retirement age with pension coverage, men had 76% greater pension wealth than women (Johnson, 1999). Approximately one-third of this gender difference could not be accounted for even after controlling for education, demographics, and job characteristics. Among married persons aged 51 to 61 in 1992, women's mean pension wealth was only one-fourth the size of men's mean pension wealth (Schubert et al., 1999). Apparently gender might be a critical factor.

H1: Gender affects elder customers' wealth management behaviours differently.

Age

Too much research had indicated that age is an important factor to influence wealth management behaviours (McAlexander et al., 1991; Eshghi & Lesch, 1994; Shultz & Prince, 1994; Engstrom & Westerberg, 2003). Life-cycle hypothesis (LCH), an economic concept analysing individual consumption patterns, also includes age as an important factor to affect consumption and investment behaviours (Bodie, McLeavey & Laurence, 2008). However, this research focused on elders (sample all aged over 65); some research indicated that there is similarity in terms of wealth management behaviour in this age group (65 and above). For example, the majority of Singaporeans prefer to play it safe when investing in financial products for retirement. About two in three Singaporeans want a minimum return without any financial risk, and only 23% of working Singaporeans and 13% of retirees are willing to accept a higher return with a higher financial risk (AXA Retirement Scope, 2008). In the U.K., capital preservation and conservatism pervade the retired high net worth market or elderly population (aged over 55) (Datamonitor, 2003). So we assumed age is not a significantly influential factor here.

H2: Age does not affect elder customers' wealth management behaviours differently.

Education

Eshghi and Lesch (1994) pointed out that education is one of the factors which can lead to different consumption types and family investment behaviour. Higher educated people have different investment decision processes than general people (Zona, 2005). Clark, Kreps, and Spengler (1978) also found that elders' economic situation is related to past education, experienced on-the-job training, previous career, and past consumption. From the bank marketers' point of view, economic situation is one of the most critical selecting criteria of wealth management member recruitment, so H3 was submitted as:

H3: Education affects elder customers' wealth management behaviours differently.

Marriage

Married couples hold substantially higher wealth than single persons, even after controlling for the presence of two earners in a married household (Schmidt & Sevak, 2006). A growing number of studies had used cooperative bargaining theory to explain the financial decision-making process of married couples. Lyons and Yilmazer (2007) provided useful insights into the financial decision-making process of married households. In particular, retirement wealth has differed significantly across gender and marital states. Studies that have focused on marital differences in wealth and investment decisions typically have treated married households as single decision-making units (Bajtelsmit, Bernasek & Jianakoplos, 1999; Jianakoplos & Bernasek, 1998; Jianakoplos, Bajtelsmit & Bernasek, 2003; Papke, 1988; Sundén & Surette, 1998). For example, Hamilton and Godfrey (2007) worked on finding factors that make the most difference for financial families in successfully sustaining their legacy from generation to generation in Europe. Shen (2007) also indicated Chinese domestic wealthy families' needs are different from wealthy singles. Concerning this we purposed that:

H4: Marriage affects elder customers' wealth management behaviours differently.

Living Location

Bowen, Prince, and Abram (2004) found high-net-worth (HNW) investors who own huge investments live and work in metropolitan cities more

often. Shultz and Prince (1994) found that geographic location is one of the influential factors about relationship management to affluent. Robert and Roger (2005) agreed that living location is related to stock investors' objective. Chih et al. (2004) said living location is one of the influential factors to wealth management decisions in Taiwan. In mainland China, Wang and Zhou (2006) pointed out that living location influences affluent wealth management habits. Zhang and Shen (2007) agreed that living location (cities vs. rural areas) influences personal wealth management of Chinese consumers significantly. Hence:

H5: Living location affects elder customers' wealth management behaviours differently.

Individual Annual Income

Peters (1970) pointed out that income level is a significant segment in marketing area to some specific industries. According to Alexander et al. (1998), the investors who buy funds by means of brokers, pension plans, or those who purchase directly from fund companies, have larger incomes than those who invest through other channels, such as banks and insurance companies. Liu, Huang, and Zhu (2007) also pointed out that individual annual income level affects Chinese consumers' wealth management behaviours.

H6: Individual annual income affects elder customers' wealth management behaviours differently.

Investment Amount

We mentioned that wealth management involves the entire spectrum of personal financial issues and activities — from monthly bill paying to long-range estate planning; from income tax planning to investment management (stocks, bonds, real estate, etc.); and from risk management (insurance coverage) to retirement planning and funding. The concept of "investment amount" here is not easy to clarify in the common sense, even though many clients only view aggressive-interest-growing commodities as "investment". Actually, some asset-defensive-oriented products like insurance should also be categorised into investment under our research concept. Some research results showed that there is a trend that the more investment (the typical high-return investment) amount clients have, the more information they collected previously (Chih et al., 2004; Bowen et al., 2004; Wang & Zhou, 2006), however, some papers had

proven this might not be absolutely right. Investment amount of mutual fund individual investors did not play a significant role in China (Liu et al., 2007). Thus, we applied the scale from Chih et al. (2004) to measure investment amount of elders, and then the following hypothesis was made:

H7: Investment amount does not affect elder customers' wealth management behaviours differently.

RESEARCH METHOD

Sampling

The population consists of individual investors who are aged over 65 and had joined a wealth management programme) offered by different banks⁴ in Taiwan area of China⁵. Purposive sampling (N=122) was conducted with 36 financial advisors' help in 18 chosen bank branches⁶ in the nine major cities of Taiwan (Taipei, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Hualian, and Taidong) during April and May 2007. The research was supported by the mentioned banks, so the reliable questionnaire-filling quality and a 100% respondent rate were guaranteed.

Questionnaire

The nine verified demographic variables in this research were gender, age, education, marriage, occupation, living location, individual annual income, current investment amount⁷, and average investment periods. Questions about wealth management (WM) could be refined into five factors. The questionnaire design and factor naming were taken from Chih et al., (2004). Though the questionnaires were frequently used and tested many times in different research, the coefficient of internal consistency was still tested to ensure the older respondents can understand the questions well. Furthermore, the items with corrected item-total correlations under 0.5 were illuminated (Tian, Bearden, & Hunter, 2001; Zaichowsky, 1985); then exploratory factor analysis (EFA) was conducted with principal axis factoring and Varimax rotation to screen the factors. Those qualified factors (factor loading >0.5; eigenvalue >1) were retained (Hair, Anderson, Tatham, & Black, 1998). Results, including means of different items of factors, gained after reliability test and factor analysis, would be used as the foundation for hypotheses testing.

Table 1

Factor Analysis of Wealth Management Behaviours

Name of factor	Item	Factor Loading	Eigenvalue	Total Variance (%)	Cronbach's α
Factor 1 Product familiarity	WM12	0.81	5.17	28.72	0.85
	WM14	0.81			
	WM13	0.81			
	WM20	0.70			
	WM11	0.68			
Factor 2 Source of business information	WM02	0.93	4.82	48.16	0.89
	WM01	0.90			
	WM03	0.74			
	WM06	0.73			
Factor 3 Source of investment information	WM08	0.84	2.11	11.73	0.75
	WM17	0.76			
	WM07	0.74			
	WM10	0.64			
Factor 4 Investor intention	WM25	0.87	1.55	8.60	0.75
	WM26	0.85			
Factor 5 Investor confidence	WM16	0.69	1.02	5.69	0.51
	WM28	0.62			
	WM18	0.60			

The first factor “product familiarity” represents respondents’ understanding level of investment products/ objectives. The second one, “source of business information”, shows how respondents access business information related to financial products and investment trend from professional, institutional, and objective channels. The third (“source of investment information”) is about respondents’ subjective information origins from relatives or close friends (word-of-mouth). The fourth factor of “investor’s purpose” reveals investors’ mental condition (invest mainly for themselves or for their children). The fifth factor “investor’s confidence” presents respondents’ insight on and confidence in their own investment.

ANALYSIS OF RESULTS

Sample Descriptions

Extracted from the survey, the average age of elders who join a wealth management programme is 70.58 (years old) (Std. D = 5.17); their educational level is mostly undergraduate (32.8%), thus they are assumed to be equipped with relatively more sufficient financial knowledge

because they are higher-educated as compared with those who are aged similarly. The respondents are mostly retired (43.27%). As for the annual income, it is relatively more averagely distributed as under USD 13,376 (the GDP per capita in 2006) (24.6%), USD 13,376 to USD 35,000 (25.4%), and USD 35,001 to USD 70,000 (22.1%). Most of the elders are married with children (87.2%). Half of them invested over USD 200,001 (35.2%) or USD 70,000 to USD 200,000 (21.3%). They are mostly stable-type (buy-and-hold) investors (43%) with average investment periods beyond three years (35.2%) or one to three years (27%) when they do critical investment actions. The respondents' most preferred investment tools (measured by a seven-point Likert scale) are mutual fund (mean=5.00), tax-deduction tool⁸ (mean=4.97), stock (mean=4.47), while they dislike future (mean=2.56) and general insurance products⁹ (mean=3.92).

Hypotheses Test

MANOVA was conducted to evaluate the effects on mentioned factors. Results showed that age, marriage, and occupation had no significant effect at all on independent dimensions (Sig.> 0.05), so no need for further testing with the Scheffe method. As for gender, education, living location, income level, and investment amount, we conducted the Scheffe method and found the following major results: (1) product familiarity was affected by gender (the male is more familiar with financial products than the female), educational background (the higher education level, the higher product familiarity), and investment amount (the higher investment amount, the higher product familiarity); (2) gender (male>female), educational background (undergraduate>below high school), living location (northern>eastern), and investment amount (over USD 200,001>below USD 20,000) all have positive and significant effects on source of business information; (3) source of investment information was affected by living location (eastern-located consumers prefer more to follow recommendations from close friends or relatives) and individual annual income (below USD 120,000>USD 70,000 - USD 120,000); (4) as for investor's purpose, educational background (undergraduate>below high school), and living location (people of northern area>people of middle area) are two significant variables in influencing elders' behaviours to invest for their children; (5) educational background and gender significantly affect investor's confidence (undergraduate> below high school; male>female). In summary, H1, H2, H3, H5, and H7 were supported, while gender, educational background, and living location are the most important three variables here.

Table 2

MANOVA of Demographic Variables of Wealth Management Behaviors

Independent variable	Dependent variable	Df	F-value	Mean	Scheffe test
Gender	Product familiarity	2	2.86	0.86 *	Male>female
	Source of business information	2	1.84	0.95 *	Male>female
	Source of investment information	2	0.66	0.26	
Age	Investor's purpose	2	0.46	0.22	
	Investor's confidence	2	3.12	1.25 *	Male>female
Education	Product familiarity	29	1.36	0.83	
	Source of business information	29	0.95	0.74	
	Source of investment information	29	1.12	0.60	
	Investor's purpose	29	0.88	1.70	N/A
	Investor's confidence	29	1.06	0.64	
Education	Product familiarity	4	1.44	0.88 *	Undergraduate>high school
	Source of business information	4	1.25	0.97 *	Undergraduate>below high school
	Source of investment information	4	0.64	0.34	
	Investor's purpose	4	0.81	1.56 *	Undergraduate>below high school
	Investor's confidence	4	2.09	1.25 *	Undergraduate>below high school

(continued)

Independent variable	Dependent variable	Df	F-value	Mean	Scheffe test
Marriage	Product familiarity	2	0.55	0.34	
	Source of business information	2	0.98	0.76	
	Source of investment information	2	1.19	0.64	N/A
	Investor's purpose	2	0.43	0.82	
	Investor's confidence	2	0.51	0.31	
Living location	Product familiarity	3	1.75	1.07	
	Source of business information	3	4.07**	3.17	Northern>Eastern area
	Source of investment information	3	3.86**	2.07	Eastern>Northern area
	Investor's purpose	3	2.94*	5.66	Northern>Middle area
	Investor's confidence	3	1.24	0.74	
Individual annual income	Product familiarity	4	1.40	0.86	
	Source of business information	4	0.43	0.33	
	Source of investment information	4	2.90*	1.56	Below 13,376>70,000-120,000 (USD)
	Investor's purpose	4	1.03	1.98	
	Investor's confidence	4	1.63	0.98	
Investment amount	Product familiarity	4	3.21*	1.97	Over 200,001>below 20,000 (USD)
	Source of business information	4	2.61*	2.04	Over 200,001>below 20,000 (USD)
	Source of investment information	4	2.53	1.36	
	Investor's purpose	4	0.29	0.55	
	Investor's confidence	4	0.30	0.18	

*Sig. <0.05, **Sig. < 0.01

Most of the elders are married with children (87.2%), so the numbers of unmarried respondents (12.8%) were too few. The effect of marriage on wealth management behaviours could not be analysed here due to sample restraints (so H4 was rejected). Around 43% of elders were retired without fixed working income (some obtain fixed pension payments instead); the fixed income is relatively not that high as compared to their previous income. And elders with lower income and high age seem more risk-averse; the mentioned reasons might lead to an insignificant result of H6 (about individual income). Maybe it would be better to measure by using household income.

CONCLUSIONS AND LIMITATION

Discussion

After multiple regression and MANOVA analysis, we found several demographic variables that would affect elders' wealth management behaviours. For demographic variables, gender, education background, and living location are key factors that affect elder consumers' wealth management behaviours; while others have no significant effects. Even though previous work experience may affect people's wealth management behaviour heavily, the retired elders might have a more conservative attitude when stepping to the later stage of life and after retirement, so elders with current occupation (most of them are retired) may have consistent wealth management behaviour tendency. This is also an enhancement to previous literature concerning retired people's wealth management behaviours. These results however, are against some research conclusions from Western countries. Wealth management is a highly attractive industry, but the global market is highly fragmented, so better understanding of the theoretical foundations is important. Though reasonable explanations are given, it may reflect the cultural speciality among different countries. Also, previous literature (Wang & Lu, 2008; Huang, 2004) pointed out, Chinese in Taiwan are most similar to the mainlanders in investment/wealth management behaviours. Since Taiwan is part of China, Taiwan is always categorised into the great China area in practice¹⁰; the investigation of wealth management behaviours would not only make reference to Chinese in Taiwan, but also reflect on mainland Chinese. The research on mainland Chinese is behind schedule after encountering some difficulties; for example limited understanding of wealth management products and underlying risks, insufficient high quality financial advisers, no comprehensive offering across different

asset classes allowed, capital markets and financial sectors are underdeveloped, further reforms are necessary over the long term (UBS, 2006).

Managerial Implications

According to the results, male elder consumers are more confident in their investment decision, more familiar with products, and own more information sources; it may imply that bank financial advisers should position themselves as “supplementary supporter”, not “dominant advisers” when they face most male clients. Common aggressive selling style would definitely be a bad example to those confident clients, and no wonder listening during the financial consultation process still works in some ways. On the other hand, the first priority for bank marketers is that much more information should be provided to females because they are less familiar with products and sources of business information. Marketing activities like “search engine marketing” (or keyword searching marketing) might be a good approach to let females know more with limited service time. Though it seems males play main roles of investment decision making after retirement, female attitudes toward money vary widely from market to market (Kan, 2005). Chinese females greatly influence family financial planning and even dominate most major expenses (Hardee, Xie & Gu, 2004; Kan, 2005), so the female consumer is a very potential market segment. Besides, the traditional practice that allocates most promotional budgets in well-developed metropolitans is still worth to maintain.

Education was found to be an outstanding influencing role on wealth management in this research. It is acceptable because education is generally related to knowledge of investment and reflective of the financial maturity of investors (Kamakura et al., 1991). For those highly-educated consumers, providing advanced consultation, like English professional report and scientific data analysis, is acceptable and effective. Supporting material like articles from the *Economist* or analysis report from *Morgan Stanley* seems a good way to convince them. For those lower educated people, on the other hand, financial advisers should provide or even “educate” lower-educated people about more basic information and explanation regarding the more complicated financial products. General broadcasting tools (Chinese newspapers, financial magazines for average investors, and even TV commercials) are good approaches to promote. In addition, the word-of-mouth effect is influential to both segments (high/low educated people). People who are qualified to participate (or to be invited to participate) wealth

management programmes are rich people with qualified assets or a good wage level. Base on the most fundamental facts, marketers could learn more to support their activities and win the valued customers by differentiated service strategies.

Limitations and Future Study

There might be potential bias stemming from the subjective questionnaire filling results in this study because the research data was collected by survey with a limited sample size. Research results could be more complete if in-depth/focus group interviews could be performed before the survey. Secondly, because there were no complete data of sampling population (elders) from government census, this research had to use purpose sampling without following strictly the normal distribution principle. Thirdly, although wealth management programmes provided by different banks are quite similar, they are not always totally the same; the perception of wealth management and its offerings might be slightly different. Fourthly, too many possible variables could be tested but this research just selected several important ones according to limited sound literature (to avoid bias). Also, due to time and cost constraints, this research was based on cross-sectional empirical data. It is believed that the research could be of more valued if future study would focus on longitudinal perspectives. In addition, this research focused on general wealth management business and general wealth management programme members, not specific service items and its nature, so the proposed hypotheses could be more specific and focused at next stage. Future studies may probe the mentioned parts to produce more sophisticated research.

END NOTES

1. For example, the Author's Guideline of *Journal of Consumer Affairs* does not prefer to publish research focus on demographic variables.
2. Gan, Maysami, and Koh, (2008) published a paper about credit card usage in *Journal of Service Marketing* with only Singaporean sample. Sulaiti, Ahmed, and Beldona, (2006) provided cross-cultural comparisons of demographic variables in *Journal of Transnational Management*.

3. A self-managed plan (SMP) is a retirement plan where the amount you receive at retirement is based on the amount of money that you have contributed to the plan and the earnings on that money, over time. Because you are solely responsible for the investment risk, there is no guaranteed payout upon retirement. You decide how to invest your contributions and earnings, using one or more of the investment funds the plan offers. If your investments do well, your account will flourish. If your investments do poorly, your account will diminish. In other words, you bear all the investment risk. SMP now is a main stream type of Defined Contribution Plan. The Taiwan government practises this system since 1950 until now. All employers, including government units and registered companies, are under Bureau of Labour Insurance's strict supervision. For example, being a public servant in Taiwan, your entire 5% contribution is allocated to your retirement account balance. The employer also contributes an additional 5% of your earnings to your account. Of that contribution, 4.5% is added to your retirement account balance and the remaining 0.5% is used to fund your disability benefit. Details can be check at the in website of Bureau of Labour Insurance, Council of Labour Affairs, Executive Yuan, Taiwan via <http://www.bli.gov.tw/en/>
4. The detail contents of wealth management programmes provided by different banks are not totally the same. However, there are some services or products offered in common. Take CitiBank (Taiwan) as an example, its wealth management programme includes: (1) providing confidential personal financial planning and consulting services (i.e., taxation planning, asset allocation advising), (2) providing one-stop-shopping solution with various customised products (i.e., integrated online trading and mutual funds, alternate asset products, structured products, life insurance, retirement solutions, and advanced fixed deposits). Detailed regulation for different (leveled) banks might change and can be found at the website of Financial Supervisory Committee, Executive Yuan (Taiwan) via <http://www.fscey.gov.tw/mp.asp?mp=5>.
5. Previously the sampling was planned to be conducted in mainland China, however, most of the banks were still state-owned (state-owned banks hold 83% of total financial assets, Li, Wang & Wang 2007) with strict policy restriction to forbid access personal data in wealth management even though we showed our scholar identity and academic purpose; plus the rich mainlanders were not willing

to unveil their financial situations (involving taxing and some moral concerns); and the mainlander sampling was not available.

6. There were 18 branches chosen from six different banks, including HSBC, and Citi Bank (these two are foreign banks); Taiwan Bank and Land Bank (these two are local state-owned banks); and China Trust Bank and TaiShih Bank (these two are local private banks). Different types of banks were chosen to avoid bias.
7. Regular deposits in saving accounts and regular certificates of deposit (CD) were not categorised in investment amount in this research. Some special offers with extra-ordinarily high interest rates provided by banks were viewed as investment item. General life insurance were also considered an investment item.
8. Tax Deduction tools here are exclusive of benefit/interests/transformation generated by mutual fund and stock. For example, charity donations could apply for personal income cut; also tax cut in estate tax when given reserved lands for public facilities.
9. The general insurance products mainly mean life insurances and medical insurances. Most of invest-oriented insurance products were not accounted for in “general insurance products”, instead then are categorised in “mutual fund”.
10. The great China area includes Mainland China, Taiwan, Hong Kong, and Macau. Hong Kong was colonised by the U.K. for 115 years (from 1842 to 1997); its culture and systems (legal and banking systems) were deeply influenced by the U.K. (Thompson, 2002). The banking system of Hong Kong is globally well-known for its maturity and openness (Hong Kong was rated No. 1 in “most free economic entity” 13 years in row). Hong Kong was also listed the 7th largest market in total value of stock market with only 7 million people (The Wall Street Journal Asia, 2007), so it is unsuitable to categorised Hong Kong consumers as typical Chinese consumers with many different features (Huang, 2004; Li, 1996). Macau was under Portugal’s colony dominance for even longer (446 years, from 1553 to 1999); the difference between typical Chinese and Macanese is also huge (Porter, 1993). Among them, Taiwan is the best example to demonstrate Chinese consumer behaviour (Wang & Lu, 2008; Huang, 2004).

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APPENDIX: Wealth Management Behaviours Instrument Questions

(Some question statements were reversed in formal testing to avoid answering bias)

1. I will conduct investment according to the specialised data in finance property, etc.
2. I will conduct investment based on financial statements and corporation workshops.
3. I will conduct investment by the observation from TV and Radio media.
4. I will take technological index referred to conduct investment.
5. I will hear the advice of a financing specialist to conduct investment.
6. I will refer to previous transactions of investment commodities and then conduct investment.
7. I will collect whisper news in the market and then conduct investment.
8. I will conduct investment in accordance with information told by my relatives, friends, and acquaintances.
9. I will refer to my previous investment experiences when investing.
10. I select my investment objects with my intuition and impression.
11. The results of previous investment experiences will have an impact on my decision.
12. The related information on investment commodities will affect my decision.
13. The reputations of investment and consignment companies will have an influence on my investment decision.
14. The events happening in investment and consignment companies will take effect in my investment decision.
15. I believe that the investment analysis and advice from the financing specialists can give me an opportunity to gain.
16. I believe that my expertise and judgment can help me get profit.
17. I trust the recommendations from my relatives, friends, and acquaintances, which bring the profit to me.
18. I am very confident with my invested commodities that can satisfy me.
19. Normally I will consider if the product profitability could sufficiently meet my personal requirement.
20. Normally I will weigh if the investment risk is under my control.
21. I could add more investment in the commodities that I invested if economic condition is on the right way.
22. Investment is originally just a kind of risk, so I could conduct investment on credit.

23. I conduct investment for using idle funds properly.
24. I conduct investment for my retirement programming.
25. I conduct investment for my children's education programming.
26. I conduct investment for high return and rapidly cumulating my assets.
27. I conduct investment for the consideration on tax mitigation and asset configuration.
28. I conduct investment just for fun.