Abstract

Communication scholars have long been feeling their way to understand "media effects" -- effects that change or reinforce people's knowledge, perceptions, attitudes, values as well as behaviors. Despite voluminous research on media effects, study of financial media's impact on people's investment decisions and behaviors is rather limited.

This study examined how financial news affected individual investors' investment behavior, specially trading frequency, in the Hong Kong stock market. It explored the financial news effects on individual investors based on communication theories, psycho-behavioral theories, as well as behavioral finance theory. It has proposed a conceptual framework that incorporates the uses and gratifications theory and the theory of planned behavior (TPB). A questionnaire was administered to 300 Hong Kong individual investors while a content analysis was used to identify the financial news contents, specially "shorting" or "frequent trading" information on different newspapers in Hong Kong. Path analyses using Amos 7.0 suggested the using of financial news had a strong effect on people's attitude, intention and behavior.