BEHAVIORAL AND STRATEGIC DIFFERENTIATION IN HONG KONG'S DIGITAL BROKERAGE MARKET: A COMPARATIVE ANALYSIS OF GLOBAL AND LOCAL PLATFORMS

Capstone Project Summary

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Submitted to Central European University - Private University
Department of Economics

In partial fulfilment of the requirements for the degree of Master of Science in Finance

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Vienna, Austria
2025

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Vienna, on 14 May 2025

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PUBLIC SUMMARY

This thesis examines the evolving competitive dynamics between global and local digital brokers in the Hong Kong retail investment market. With the rise of mobile-first investors, brokerage platforms must respond not only through cost competitiveness and functional capabilities but also through user experience (UX) optimization and behavioral design. The study focuses on identifying which strategic features allow local brokers to remain viable against globally scaled incumbents.

The central research question addressed is:

To what extent can small local digital brokers remain competitive in Hong Kong's brokerage market, and what behavioral and strategic factors determine their attractiveness to retail investors?

To answer this question, a mixed-methods empirical approach was applied. Primary data were collected through a structured survey of 100 retail investors in Hong Kong, all of whom had used digital brokerage platforms. The sample skewed toward young and digitally literate users, which reflects the market's mobile-first trend and allows the study to target the most behaviorally responsive segment. In parallel, a benchmarking framework was used to evaluate four prominent brokerage platforms across ten critical dimensions, including onboarding procedures, asset access, referral systems, fee transparency, and educational resources.

Findings reveal that local brokers have successfully differentiated themselves by emphasizing user-centric design features. These include mobile-optimized onboarding, Cantonese language support, referral-based promotional systems, and embedded financial education modules. In contrast, global brokers maintain a competitive edge in functional breadth—such as access to international markets, options trading, and lower trading costs—but perform relatively poorly on behavioral alignment indicators.

The thesis introduces a two-axis strategic positioning model: Functional Breadth versus Behavioral Alignment. This framework enables a structured comparison across broker types and reflects the inherent trade-offs that shape investor perception. The typology produced from the benchmarking exercise is summarized as follows:

Platform Type	Functional Breadth	Behavioral Alignment	Strategic Implication
Global Broker	Very High	Low	Strong execution capability; low usability for beginners
Local Broker A	Medium-High	High	Balanced value proposition with bilingual support
Local Broker B	Medium	Very High	Highest conversion intent and user satisfaction
Local Broker C	Low-Medium	Very High	Onboarding and education-focused platform for novices

This framework illustrates that while global incumbents offer greater asset diversity and lower trading fees, their usability limitations reduce engagement, particularly among first-time or inexperienced investors. Local brokers succeed by tightly aligning with user behavior, even if their product scope remains limited.

One key empirical contribution is the analysis of conversion intent—a proxy for acquisition effectiveness. Respondents were asked to rate their likelihood of opening an account when presented with a referral reward (e.g., HKD 200 via a third-party affiliate). Local brokers consistently scored higher in conversion intent, particularly among beginner and intermediate investors. This finding aligns with external affiliate marketing metrics used in industry performance dashboards and substantiates the argument that behavioral triggers drive real user action in acquisition funnels.

Further, only 48% of respondents affirmed that their broker offered adequate educational support. Among those expressing dissatisfaction, demand for embedded microlearning, onboarding tutorials, and simplified financial product explainers was frequently cited. Local brokers that integrated such tools into their app environments ranked higher in user confidence, trust, and platform loyalty. These findings offer empirical support to behavioral finance literature, which stresses that decision-making under uncertainty is strongly shaped by clarity, repetition, and guided pathways.

Limitations of the study are acknowledged. While purposive sampling is justified given the research focus, it restricts generalizability to older investors or institutional users. Moreover, behavioral metrics such as conversion intent are self-reported and not observed through platform telemetry. However, triangulation through multiple sources—survey data, app-based UX benchmarking, and public disclosures—ensures analytical robustness.

Strategically, the thesis confirms that local brokers can maintain competitiveness not by replicating global infrastructure, but by aligning tightly with user behavior. Interface simplicity, gamification, language localization, and education tools are not ancillary—they are core components of platform value creation in digital finance.

This research contributes to fintech strategy and digital adoption literature by showing that user interface architecture, onboarding flow design, and behavioral incentives are essential in shaping platform attractiveness. It expands the existing discussion around pricing and execution by introducing a behavioral perspective to competitive positioning. Notably, it reinforces the hypothesis that behavioral alignment is a durable source of competitive advantage—particularly in mobile-dominant, information-sensitive environments like Hong Kong.

The practical implications are twofold. First, local brokers should continue investing in mobile UX, onboarding gamification, and referral ecosystems, rather than pursuing product expansion beyond their operational capacity. Second, global brokers seeking market expansion must adapt by localizing their onboarding, simplifying navigation, and embedding contextual education to reduce cognitive friction for first-time users.

Future research may build on this study by integrating clickstream data from brokerage apps, conducting A/B experiments to test incentive efficacy, or expanding the analysis to comparable Asian financial centers such as Singapore, Taiwan, or South Korea. Furthermore, additional segmentation by investor type—professional, institutional, and retirement-oriented—could deepen understanding of UX sensitivity across demographic groups.

In conclusion, the thesis finds that the Hong Kong brokerage market is increasingly defined by a bifurcation of strategy: global players dominate through product sophistication, while local brokers thrive through behavioral fit. As fintech adoption accelerates, the ability to align with users' cognitive and emotional decision-making processes will become a defining characteristic of sustainable brokerage platforms. Platforms that not only offer tools but also guide, educate, and resonate with users will be best positioned to earn long-term loyalty in a crowded and competitive digital landscape.