

# Forerunners of Investment: Do Japanese Investors Attract Followers?

Characteristics of Japanese investors comparing  
those of the US and the UK

Aoyama Naoko  
Japan Investment Trusts Association

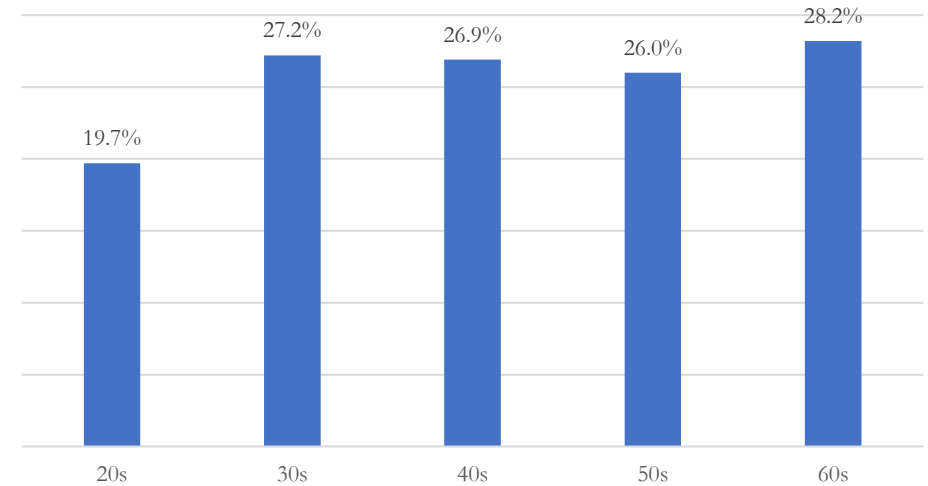
August 31, 2023

# Percentage of Individuals Owning Investment Trusts in Japan

- In the context of the “Diffusion of the Innovations,” in Japan, the “innovators” and the “early adopters” already have begun investing in investment trusts and they are expected to affect the “early majority” and others.

“Diffusion of the Innovations” is a theory which explain the spread of a new idea within a society. Adopters are categorized as follows: innovators (2.5%), early adopters (13.5%), early majority (34%), late majority (34%) and laggards (16%).

Owners of investment trusts in Japan



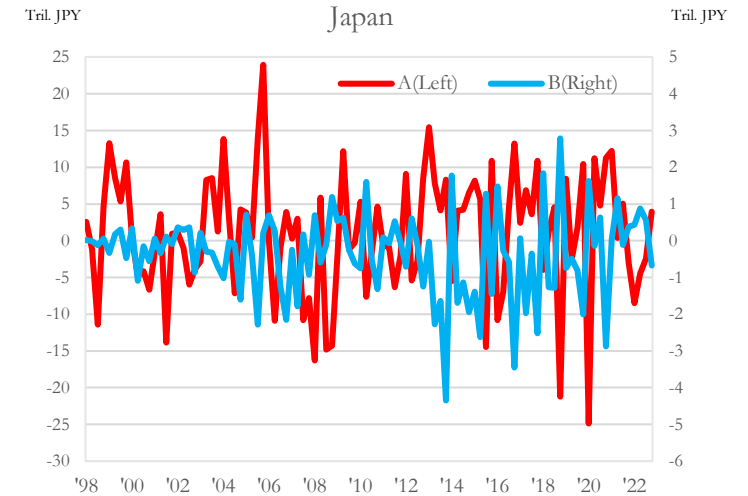
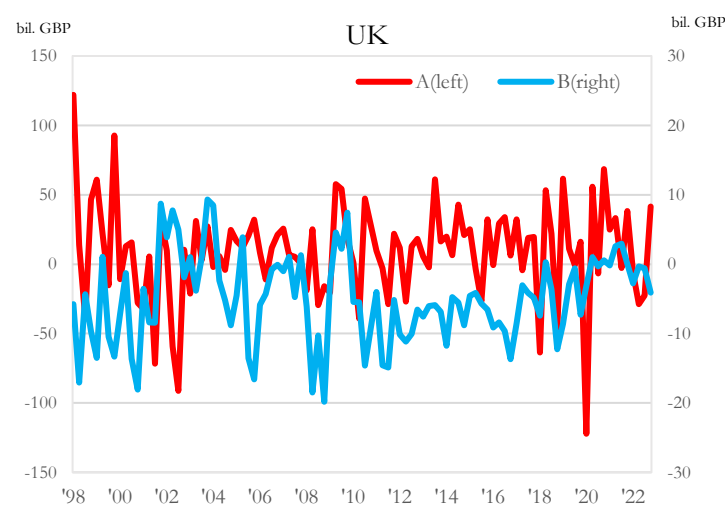
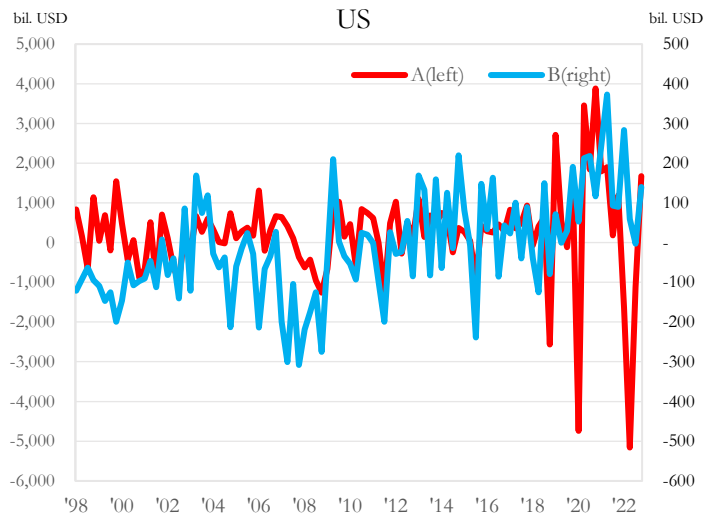
Source: JITA, “Results of Investment Survey on 10,000 individuals (2023)”

*Can existing investors attract non-investors into investing in investment trusts?*

# Investment Styles of Japanese Investors

- Unlike investors in the US and the UK, Japanese investors tend to adopt a contrarian investing style, especially in stocks.

Comparison of Changes in the market value (A) and fund flow (B) of stocks



# Investment Styles of Japanese Investors

- As for investment trusts, while the contrarian trend diminished in recent years, investors keep on buying and selling funds in the short term.  
⇒ Existing investors in Japan are less concerned about the long-term investment.

*Are they suitable to be role models of the long-term investment for potential investors?*

# Voices from People about Investment

JITA interviewed people in their 20s and 30s who newly started investing or are interested in the investment. Below are what they said.

Those who newly started investing

- I look at the stock price chart every day.
- My investment performance is terrible. But it is like gambling and fun!
- I'm thinking about preparing money for my future, so I need a lot of money quickly.

Those who are interested in investing but haven't started yet

- I feel I'm not capable of investing.
- I don't have a sense for investing.
- I think investing is like gambling and scary.
- I can't imagine my future even just 10 years from now.

⇒ There is a significant distinction in the presence of motivations for investing.

# Existing Investors can't Attract Followers

- The actual behavior of Japanese existing investors is not suitable role models for potential investors in terms of long-term investment.  
⇒ Existing investors, the “innovators” or the “early adopters,” cannot guide non-investors into the “early majority” of the investment.

*What is necessary to assist potential investors in taking the step towards the long-term investment?*

# Insights from the Interview

Based on the results of the interview, the difference between existing investors and potential investors lies in their ability to imagine their own future.

⇒ Need to facilitate their designing financial goals, money plans, etc. In addition, it is important to promote the thoughts of international diversified investment through the long-term systematic investment.

# For the “New” Potential Investors

- Financial institutions in Japan should regard potential investors not as an expansion of existing investors but as “new” investors.
- Encouraging asset accumulation by mass is a social responsibility of financial institutions to prevent the widening of wealth disparity.
- To achieve this, unconventional investment business is required.

We welcome your comments on promoting the adoption of the sound investment among the general public!

For further information, please visit the following URL: <https://www.toushin.or.jp/statistics/Tsumiken/reports-r/> to view Report No. 13.

Contact us: [jita-research@toushin.or.jp](mailto:jita-research@toushin.or.jp)