

BICM Research Seminar 16

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Paper details	
Title	Effect of Margin Loan on Investment Behavior and Performance: Insights from the Capital Market of Bangladesh
Author	Tamanna Islam, PhD Assistant Professor Bangladesh Institute of Capital Market
Presentation details	
Presenter researcher	Tamanna Islam, PhD
Date:	September 29, 2022 (Thursday)
Time:	12:00 PM - 01:30 PM
Venue:	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussants	Al-Amin Associate Professor Department of Accounting & Information Systems University of Dhaka
	Mohammad Munir Ahmed Managing Director Royal Capital Limited

About the presenter

Dr. Tamanna Islam is an Assistant Professor in Bangladesh Institute of Capital Market since January 2022. Dr. Tamanna served as a faculty member at the Dept. of Operations Management, Faculty of Business Administration, American International University-Bangladesh (AIUB) since 2011. She accomplished her Ph.D. in Applied Statistics from Iwate University, Japan in 2012 with fellowship. She also received her M.S. and B.Sc. in Applied Statistics from University of Dhaka, Bangladesh. As a researcher, Dr. Tamanna published about 19 research papers, including 15 Journal Articles and 4 Conference Proceedings. Her core research areas are Capital Market, Environmental Statistics, Business Statistics, Agricultural Statistics, Economics, Econometrics, Ecology etc.

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The paper abstract is given below. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to communicate S. M. Kalbin Salema, Lecturer, BICM at kalbin@bicm.ac.bd.

Effect of Margin Loan on Investment Behavior and Performance: Insights from the Capital Market of Bangladesh

Tamanna Islam, PhD¹

Abstract

Margin loan define as the amount of money borrowed from a broker to purchase securities. Margin requirement is define as the difference between the market value of the securities for which the loan is given and the loan amount. Margin requirements have long been carried out in practically in almost all financial markets. Like all other financial markets, Bangladesh capital market implement margin requirements. In the present age the investors and the regulator of stock markets in Bangladesh are very conscious regarding the performance of margin loan. This study tried to examine the effect of margin loan on the investors' behavior and performance in the stock market. For this purpose, a structured survey questionnaire was used to collect primary data from the capital market investors of Bangladesh. The information was composed for one month. The data were collected from 24 March, 2022 to 25 April, 2022. In this study 250 sample were used. The multinomial logistic regression model was used to examine the impact of margin loan on the investors' investment behavior and performance. The study used investment horizon (short term or long term investment), size of investment after taking margin loan and frequency of trade as dependent variables for measuring investors' investment behavior. Returns and portfolio size were considered as dependent variables to measure investors' performance. The findings indicate that margin loan inversely related with investment horizon, whereas size of investment is positively influenced by margin loan. After taking margin loan, frequency of trading will be declined. Returns and portfolio size were used to measure investors' performance of the investors. Amount of margin loan has positive effect on the return. Portfolio size positively influenced by amount of margin loan.

¹ Assistant Professor, Bangladesh Institute of Capital Market