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[Writer Name]

[Institute Name]

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Introduction

This study briefly discussed the portfolio selection for investment decision in the two different sectors including information technology and banking. The discussion comprise of risk measures, their statistical properties, portfolio selection positioning models as optimization structure and furthermore summary of the performance procedures generally used in the investment procedure (William, 2010). The study further will evaluate an insight into other practical features generally considered in the selection process of portfolio and evolutional advancements for resolving these sorts of difficulties. The study is a comparative analysis of two firm Apple Inc. and Standard Charted Bank regarding investment purpose of these firm's shares. In this study we will analyse both firm's opportunities and threat regarding share investment (Christian, 2009). On the basis of both firm's performance and strategies it will be possible to decide which firm will be suitable for the purpose of investment.

Apple Inc.

Apple Inc. is an American multinational corporation recognized for designing & manufacturing consumer electronics and related software products. It has enormous achievement in iPods & Mac PCs and this time enjoying another subsequent in the innovation of the iPhone 3G in the industry. The iPhone 3G is an aesthetically designed multimedia mobile phone that is Internet-enabled (Madura, 2009). It can be controlled through a multi-touch screen with a virtual keyboard and buttons. It has been made well known by the inclusion of the iPod among its many functions, aside from the usual capabilities of text messaging, visual voicemail, and the use of other internet services including e-mail, web browsing, and local Wi-Fi connectivity. Apple has embarked on an enhanced version which is capable of operating on the faster 3G cellular networks (Graham, 2006).

The cost of the iPhone is pegged at $350. It commands a reasonable price for its value. It outperforms any other PDA or smart phone on the market and the convenience of having multiple features combined into one-device increases its overall value (Daniel et al, 2009). Anyone who appreciates the value of iPhone will think that the phone is totally worth the price. It is no wonder that the success it is reaping can be based upon the good use of the 5 strategic directions. The paper will show the viability of the entry of the iPhone in the UK market.

Impact of the iPhone 3G in the UK market

"The arrival of the iPhone3G in the UK shores has had a few twists as compared to its distribution in the US and the volume of distribution earmarked an aim of 10 million iPhones shipped in only its first year" (Pike & Dobbins, 2008). Since then, Apple announced another delivery estimated around 9 million for a ratio to go in around in the succeeding 9 months.

The targeted user's is roughly directed with a country's overall population where the United Kingdom is estimated at 61 million. The entry of the iPhone in the market poses a lot of competition considering notable brands already existing in the market. One specific brand is T-Mobile that has secured a large market (Daniel et al, 2009).

The strategic direction implemented here is to mainly capitalize on raising awareness. Apple has adopted initiatives to promote iPhone 3G as a unique attribute to differentiate itself from its competitors (Woodward, 2002). This process includes educating the public and decision makers regarding usability, innovativeness, and aesthetics as possible elements in the iPhone. The warm welcome given to the iPhone by the UK market is precisely based on the capability of the phone to perform multitasks.

The UK overall mobile market is particular in its business as shows in given statistical analysis. There are more than 21.5 million convention SIMs including Apple customers, existing and distributed among its four big networks. This reflects a healthy growth in the market. “If then a 1 million iPhone target is given among UK patrons, it will imply around a 4% total contract market that is an extremely high figure especially for a top end luxury product to gain as early as in 9 months” (Daniel et al, 2009). This is an aggressive target for the iPhone given the majority of these contracts SIMs will be far ahead.

Text and Voice Pricing for the iPhone 3G

The iPhone business model adopted in the UK is completely different than the current cellular business competitors. Hence, the profits seen here is a high of 40% revenue shared between the operator and Apple (Graham, 2006).

The low amount of minutes and text in the published iPhone bundles are as follows:

- £35 – 200mins/200texts
- £45 – 600mins/500texts
- £55 – 1200mins/500texts

The other element in the package includes an “unlimited” Edge and Wifi data. The former follows a fair use policy equated to 1400 web pages per day. Assuming an average Web

Page of 20KB, this equates to a 1GB/month “unlimited” option. The Edge access in order to be compliant will have to pay a downgrade from a HSDPA bearer (Daniel et al, 2009). This is priced at £7.50month/1GB for 3G access with 90% coverage. In simple terms, this has an absolute maximum data bundle worth at £8/month leaving an £17/month “iPhone” premium after the voice/data calculation. On the otherhand, an unlimited WiFi access is priced at £5/month.

The entry of the iPhone 3G in the UK market will succeed and firmly based if it complies in streghtening its stategic directions. The awareness of market structures show that wireless phones are usually seen as a monopolistic competition market. Almost any company nowadays can produce a cell phone with their logos, designs, and feature. It can likewise sell the unit for a profit as long as the demand exists. Since the cell phone technology has already reached a mature stage, the only improvement that exists is to the improvement of network infrastructure to sustain higher data transfer speed. “Hence, in present high speed information technology of the world, a voice plus data phone is the new trend for the users to stay connected” (Brigham & Gapenski, 2008).

The iPhone clicked among its users and in the UK market by combining these two desired features. “Apple took advantage of its popular iPod and combined it into a phone/internet/entertainment device” (Daniel et al, 2009). The iPhone 3G will be sustainable in the UK market if it sticks to the accomplished the selling scheme:

1. Price Setter

By setting their own price high compared to the others, Apple is sending a “message” to consumers telling them that iPhone is the high-end product. Additionally, Apple is making that statement that the iPhone is much better than the rest of the smart phones (Woodward, 2002).

Regardless of whether the iPhone is much better or not, setting the price high plays a psychological buying decision of “you get what you paid for”.

2. Exclusive Network Partnership

Aforementioned above the benefits of dealing with only ONE exclusive partner in one country allows iPhone to control price at their discretion (Daniel et al, 2009). Pricing power is ultimately what Apple wants to retain to remain monopolistic in pricing.

3. Patent on the Multi-touch Display

The multi-touch screen is an innovative technology that allows user to glide through albums covers, scroll through photos and zoom in and out of a section of the webpage by using only their fingers (Graham, 2006). Apple has patented on this multi-touch display technology which gives them the first-mover advantage other phones do not have.

4. Use of the iPod

It is no accident that one hundred millions iPod has been sold since its release. Apple has implanted its popular iPod into the iPhone to make the phone more attractive. The iPhone is not simply just a phone that allows users to place and receive call, but it allows users to listen to MP3, watch video, movie or podcast, etc as well (Daniel et al, 2009). If a consumer wants to have an iPod in their phone, the only way to do so is to get an iPhone.

5. Visual Voicemail

An industry first, Visual Voicemail allows users to go directly to any of their messages without listening to the prior messages. That enables users to quickly select the messages that are most important to them. This technology is also patented by Apple.

Apple doesn't practice price discrimination within the same country especially in the UK market. It can be in fact sold at a different price in another country (Madura, 2009). The price is set uniformly throughout the country according to the country's saturation level, income, price of substitutes etc. Two countries' prices may vary due to exchange rate, but no consumer arbitrage can occur. Every country's iPhone sold is through a revenue-sharing deal. Apple is keeping it that way consistently. Standard Charted Bank

Standard Chartered is a financial services provider. The group is active in consumer and wholesale banking. The operations of Standard Chartered are spread across 70 countries. Though the group is based in UK, its operations are primarily focused in Asia, the Middle East, and Africa (Daniel et al, 2009). Standard Chartered's revenues are spread over different geographic markets.The group's diversified revenues protect it, partially, from changing economic cycles in different parts of the world. However, the group is threatened by inconsistent global regulatory reform and general conditions in the banking industry which may impact its profitability.

Diversified Revenues with a Strong Base in Different regions

The operations of Standard Chartered are spread across 70 countries. It has a network of over 1,700 branches and outlets and 5,600 ATMs in more than 70 countries and territories across the globe (Woodward, 2002). Though the group is based in UK, its operations are primarily focused in Asia, the Middle East, and Africa. Standard Chartered's revenues are spread over different geographic markets (Graham, 2006). Asia provided more than 80% of the group's income and its operating profit in FY2009 and FY2010. In 2009, for the first time, income from the group's biggest markets - Other Asia Pacific exceeded $3 billion in revenues. Additionally, income from its other big Asian markets like Hong Kong, India, and Middle East and Other South Asia - exceeded $2 billion in revenues, each, reflecting Standard Chartered's increasing diversity. The group's diversified revenues protect it, partially, from economic cycles.

Strong Capital and Liquidity Position

Standard Chartered's capital position remained strong in FY2010. The group's Tier 1 ratio was 14% (11.5% in 2009), well above regulatory target range. The group's Core Tier 1 ratio at December 31, 2010 was 11.8%, compared to 8.9% at the end of 2009 (William, 2010). It was strengthened by strong organic equity generated through $5.2 billion rights issue. Additionally, the group’s capital was strengthened by retained profits of $4.4 billion and the issue of Indian Depository Receipts in June 2010 of $503 million. Further, Standard Chartered remains highly liquid. The group remains a net lender into the interbank market and had an advance to deposit (AD) ratio of 77.9% at December 31, 2010. The group's strong capital and liquidity position helps it to deal with future changes in an uncertain economic and regulatory environment (William, 2010).

Strong Cost Management Sustaining Operating Margins

Standard Chartered maintained tight control over its expenses in FY2009 and FY2010. In FY2010, revenues registered an annual growth of 5.8% while operating income rose by 18.9%. Consequently, operating margin improved from 33.9% in FY2009 to 38.2% in FY2010.The group's cost management effectiveness is also evident from flat cost to income ratio. The normalized cost to income ratio improved from 56.1% in 2008 to 55.9% in 2010. Strong cost management is sustaining the group's profit margins even in a difficult international banking environment (William, 2010).

Inorganic Growth Helping In Geographic Expansion

Standard Chartered has history of growing aggressively through both organic and inorganic route. The group has been very active in scouting for inorganic targets since 2000. It has acquired more than 15 financial services firm during last decade (2001–10). Additionally, during this time, it also made strategic investments in financial services companies located throughout the world (Azzopardi, 2009). For instance, in June 2010, it invested in Agricultural bank of China, one of the top commercial banks in China. Earlier in 2008, Standard Chartered increased its investment in UTI Securities to 74.9%. Inorganic growth has helped it to expand its geographic footprint from 50 countries in 2001 to 70 countries in 2010.

Acquisition of GE Money in Singapore increases market share in auto-loans

The Standard Chartered bank has entered into an agreement to acquire GE Money Pte., Ltd., a Singapore-based provider of consumer financial services and a wholly-owned unit of US-based industrial conglomerate General Electric Company. As of December 31, 2009, GE Money (Singapore) had gross assets of S$2,350 million ($1,672.48 million) (Christian, 2009). The assets to be acquired are modest relative to Standard Chartered's overall balance sheet of $516.5 billion at the end of December 2010. Yet the purchase will give Standard Chartered a double-digit share of the Singapore auto-loan market, where it has not been active for a decade. Standard Chartered already earns about 15% of its profit before tax in Singapore, and the deal will increase the size of its consumer business there, in line with the group's stated strategy (William, 2010).

Owing to high car prices in Singapore, a car loan can be a significant financial liability for many households, and therefore a material addition to Standard Chartered's product suite. Standard Chartered has been restructuring its consumer bank, with an emphasis on improving cross-selling, similar to what it has achieved with its wholesale bank (Azzopardi, 2009). The addition of auto finance capability should support this goal in Singapore and bolster Standard Chartered's broader efforts to return its consumer bank's earnings contribution to historical levels after several years of wholesale bank earnings dominance.

Likely Rise in Wholesale Funding Costs Could Affect Margins

The Independent Commission on Banking (ICB), which has been given the task of structural and related non-structural reforms to the UK banking sector, released its Interim Report on April 11, 2010. Under the proposals set out in the ICB interim report, UK bank's retail arms will be ring-fenced, holding their own capital. This means that investment banking arms will not have to fund on a standalone basis, as they will be allowed to move capital about within the group once a level of 10% core tier one capital is achieved in the retail subsidiary. However, with these retail operations ring-fenced, costs of funding are likely to rise (William, 2010). According to the ICB report, the proposals if implemented could result in a cost of $20 billion to $24.6 billion for UK banks. Since, the group is registered and listed in the UK; the likely rise in wholesale funding could affect its margins.

Standard Chartered faces challenges in some Middle Eastern and African markets from political turmoil. For instance, rapid political changes in Egypt, Tunisia, and Libya can be disruptive for the bank's business activity in the short-to-medium term (James, 2002). Although, currently these markets represent small portion of its overall business, any further deterioration in their political scenario or unrest in any of the existing or new Middle Eastern or African markets could lead to contraction in the bank's geographic footprint.

Decision

The investment decisions of Apple Inc., in as compare to the Standard Charted Bank the investment of specific amount develop in the demanding areas of the construction ties up enormous amount requirement & affected profitability consequences for a long-term investment. Investment in these kinds of projects relate with long-term financing in public and private partnership for developing assets, for which the projected financial gains construct beyond the present time duration and that increases current time period of the bridge construction. "This is the reason it is important to take accurate decision because poor decisions will have negative economic effects for the project and investor as well" (Azzopardi, 2009).

The time appearance related to the investment decision constructed it vital that these sorts of decisions are adjusted with the decision of Apple Inc - as the Apple Inc approach might be implicated in the regard of long-term resources of assets allocation of Apple Inc. It is important to emphasis on divisional investment of long term investment, over there it is more potential with strategy & investments will not commence by the same phase of investment, but by Apple Inc rather far separately, both structurally & geographically (Trone et al, 2006). Same these kinds of investments might potentially have written investment practice routines & a comprehensive and developed investment decision framework for investors.

How investors may potentially respond to safeguard their interests related to the identified news items at this point in time, investors may respond to Apple Inc increase in revenue by investing more as this will guarantee them a large share of returns. This investment can be financed through borrowing (Azzopardi, 2009). Since firm is performing well now, investors can make use of the loan to buy more of the company's stock to generate returns many times over. Investors are then able to maximize their rate of return. However, investors should only borrow when the rate of return of investment exceeds their interest expense in the long run. They will also have to assess the risk associated with debt prior to borrowing.

However, firm's profits may be momentary. In the long run, technology may result in alternative and more cost efficient methods for construction. This may lead to a fall in demand for Apple Inc cranes (William, 2010). A fall in demand for Apple Inc cranes would have serious dampening effects on the company as most of its revenue is generated from the supply of cranes.

It is suggested to the management of the Apple Inc if they are interested in finance the project they should keep all the discussed elements in the project. Revenue and profit estimation is dependent on the weather and political situation of the country (Azzopardi, 2009). All the risk factor should consider at the time of the project and errors and consequences should decrease related to the investment. It is not an easy job to determine all the factors positive this is the reason in this project it is also include important risk determination in the project.

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