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THE IMPACT OF OPPORTUNITY FACTORS LEADING TO FRAUDULENT BEHAVIOR IN VIETNAM STOCK MARKET

Abstract:

To evaluate the opportunity factors that lead to fraudulent behavior in Vietnam stock market, the authors combine the case study methodology with in-depth interviews and surveys. During the survey process, the answers from 568 experts were collected from securities companies, fund management companies, Stock Exchanges and the State Securities Commission in Vietnam. By using the exploratory factor analysis method, the authors have identified opportunity factors leading to fraudulent behavior in Vietnam stock market including: (i) Group of opportunity factors due to an internal person and an issuer (Person whose internal information has not been published by the company; Collusion of the issuer and securities company; An important person in the company who abuses power; An issuer has complex organizational structure; A person has multiple positions; An issuer does not control internal information well). (ii) Group of opportunity factors by investors (Investors trade securities following an internal person; Investors trade securities following foreign investors; Investors trade securities according to brokerage company recommendations; Investors make securities transaction according to advisory information on securities forums). (iii) Group of opportunity factors due to market management and supervision (The penalty is not strict and deterrent; The penalty is untimely; The authority of the securities committee is limited). The authors then use the regression model to determine the order of the impact of each group of factors that lead to fraudulent behavior in Vietnam stock market from high to low including: opportunity factors due to an internal person and the issuing organization, the opportunity factors due to the market management and supervision and finally the opportunity factors due to investors.

Keywords:

Fraudulent behavior, Price manipulation, Insider trading, Opportunity factors

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