



**Faculty of Economics and Political Science**

**Department of Economics**

**Role of Institutional Investor in Stock Market  
The Case of Egypt**

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*By*

**Bose "Ahmed Gamal El-Din" Fathy**

*Thesis Supervisors*

**Prof. Dr.**

**Nagwa AbdAllah Samak**

**Professor of Economics**  
Faculty of Economics & Political Science  
Cairo University

**Prof. Dr.**

**Nadia Salam El-Nimer**

**Professor of Economics**  
Faculty of Commerce  
Benha University

**Cairo University**

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## Executive Summary

**Name:** Bose "Ahmed Gamal El-Din" Fathy  
**Nationality:** Egyptian  
**Date of Birth:** 19/6/1986  
**Degree:** Masters  
**Specialization:** Economics  
**Supervisors:** Prof. Dr. Nagwa AbdAllah Samak  
Prof. Dr. Nadia Salem El-Nemr  
**Title of Thesis:** Role of Institutional Investor in Stock Market: The Case of Egypt

Institutional investor is consider main part of (Saving-Investment) cycle by introducing advantage to small saver who wishes to direct his savings into the stock market, to increase competition, strengthen the efficiency of distribution of resources, protections of property right in order to modernize capital market. Hence, the importance of this study seeks to determine the impact of institutional investors on the stability and efficiency of stock market. This study aims to measure the impact of institutional investor trading values of buying and selling on the performance of the Egyptian stock market. The study focused on the identification of the problematic nature of role of institutional investors on the performance of the market as a result of his distinctive characteristics compared to the individual investors. In order to answer the questions the study was the use of both analytical method economic descriptive and quantitative methodology.

The study is divided into four chapters, along with introduction and conclusion. The first chapter discusses the theoretical and conceptual framework of the institutional investor, its type and its relationship to the stock market with the presentations of the most important pros and cons of institutional investor. Chapter two examined stock market in Egypt to clarify institutional structure and the available investment instruments and to extent f development of stock market size and liquidity. Chapter three focused on the structure of the investors in the Egyptian market, where investors are divided into individual and institutions to study the factors determining the behaviour and the extent of their participation in the stock market. Chapter four measured the impact of institutional investor on the stock market using Granger causality test to know the share of institutional investor and trading effects of the market size and liquidity or market size and liquidity is a source of attracting investors. Finally, chapter discussed the most important challenges faced by the institutional investor and the proposed mechanism to address them.

This study introduce some important results that institutional investor has many characteristics distinguish from individual investor that would enable them to develop and modernize stock market and encourage competition in order to increase the efficiency of financial system.

Therefore, Egyptian Financial supervisory authority should take a series steps to serve as ideal solution for establishing a strong base for Egypt's institutional investor to encourage the private sector to finance through securities markets by granting exemption and dimension of the factors that drive away the capital because of lengthy procedures and administrative complications. In conclusion, the study provided some suggestions to improve the performance of institutional investors in the stock market in order to increase the market competition.

## **Signature of Supervisors**

**Prof. Dr.**

**Nagwa AbdAllah Samak**

**Professor of Economics**

Faculty of Economics & Political Science  
Cairo University

**Prof. Dr.**

**Nadia Salam El-Nimer**

**Professor of Economics**

Faculty of Commerce  
Benha University

## **Abstract**

The importance of this study draws from the necessity and novelty of the issue it poses. Despite the importance of the institutional investor from the practice and theory approach, it does not have a vital role in Egypt. Therefore, this study aimed to determine the impact of institutional investor in order to increase both the size and liquidity of Egypt Stock Market. The study uses both descriptive economic analytical and quantitative methodology.

The study concluded that Institutional investor has many characteristics that distinguish it from individual investor that would enable it to develop and modernize stock market and encourage competition in order to achieve an increase in the efficiency of financial system. Therefore, Egyptian Financial supervisory authority should take a series steps to serve as ideal solution for establishing a strong base for Egypt's institutional investor to encourage the private sector to finance through securities markets by granting exemption and dimension of the factors that drive away the capital because of lengthy procedures and administrative complications. In conclusion, the study provided some suggestions to improve the performance of institutional investors in the stock market in order to increase the market competition.

### **Keywords:**

Institutional Investor – Individual Investor — Stock Market – Commercial Banks – Pension Fund – Insurance Companies – Mutual Fund – OECD – Granger Causality.

## **Signature of Supervisors**

**Prof. Dr.**

**Nagwa AbdAllah Samak**

**Professor of Economics**  
Faculty of Economics & Political Science  
Cairo University

**Prof. Dr.**

**Nadia Salam El-Nimer**

**Professor of Economics**  
Faculty of Commerce  
Benha University