

# Financial Market Information Disclosure and Investor Decision-making from the Perspective of the Development of the Times

Xiaolin Yang\*

International Campus, Kyung Hee University, Yongin, Gyeonggi, 17104, Korea

\*Corresponding author

**Abstract:** *With the development of global financial markets and technological advancements, information disclosure plays a crucial role in protecting investor interests and promoting market stability. This paper first outlines the concept of information disclosure and its importance in modern financial markets, and analyzes the impact of legal regulations, technical means, and content quality of information disclosure on investor decision-making. Through case analysis and literature review of relevant studies at home and abroad, this paper explores the practical effects of information disclosure in improving market transparency, reducing information asymmetry, and promoting investor decision-making efficiency. At the same time, the development trend of information disclosure in the future was discussed, and suggestions were put forward to further improve the information disclosure system and technology application, in order to enhance the efficiency and fairness of financial market operations.*

**Keywords:** *information disclosure, financial markets, investor decision-making*

## 1. Introduction

In the context of globalization and informatization today, the stability and development of financial markets not only depend on the flow of capital and market efficiency, but are also deeply influenced by the quality and timeliness of information disclosure. As a fundamental mechanism for market operation, information disclosure not only provides investors with necessary decision-making basis, but also serves as an important means to ensure market transparency and fairness [1]. This paper aims to explore the dynamic relationship between financial market information disclosure and investor decision-making, as well as its importance for financial market stability and investor protection, through an analysis based on the perspective of the development of the times.

With the rapid development of information technology and the increasing globalization of financial markets, the form and content of information disclosure are also constantly evolving. Traditionally, information disclosure is mainly conducted through regular financial reports and announcements. However, with the popularity of the Internet and social media, enterprises and market participants can more quickly and widely transmit and obtain information. This change not only expands the coverage of information disclosure, but also improves the timeliness and transparency of information disclosure. However, it also brings new challenges and risks, such as information overload and information authenticity issues.

As core participants in the financial market, investors' decision quality and market behavior directly affect the effective operation of the market and the efficiency of resource allocation. The quality of information disclosure directly affects investors' decision-making ability and risk management level, which in turn affects the liquidity and stability of the market. Therefore, understanding the impact mechanism of information disclosure on investor decision-making and how to enhance market transparency and attractiveness by improving the quality of information disclosure has become an important topic in current financial research and regulatory practices.

This paper will explore the changes in investor decision-making behavior under different information disclosure models and the underlying reasons from a combination of theoretical and empirical perspectives, through a systematic literature review and case analysis. At the same time, we will analyze the latest development trends in information disclosure in the international financial market and the requirements of laws and regulations for the quality of information disclosure, in order

to provide theoretical support and policy recommendations for improving the efficiency of financial market operation and investor protection level.

In the context of the information age, financial market information disclosure is not only an important tool for financial market regulation, but also a key link in building a fair, just, and efficient market. Through the research of this paper, it will help to gain a deeper understanding of the role and impact of information disclosure in the current financial market, and provide theoretical support and practical guidance for the stability and development of future financial markets.

## **2. Theoretical basis for financial market information disclosure**

### ***2.1 Definition and importance of information disclosure***

Information disclosure, as the fundamental mechanism of financial market operation, refers to the information publicly provided by enterprises and other market participants to investors and other stakeholders [2]. These pieces of information include financial status, operating performance, risk exposure, governance structure, etc., aimed at helping market participants make rational investments and decisions. The importance of information disclosure is reflected in multiple aspects. Firstly, it provides investors with basic data for analysis and evaluation, helping them understand the true situation and future development potential of the enterprise. This transparency helps to reduce the risk of information asymmetry, enhance investor confidence, and improve market stability. Secondly, information disclosure promotes the effective operation of the market. A transparent information disclosure mechanism can improve market efficiency, enabling funds to be more effectively allocated to the most promising and in need of financial support enterprises and projects, and promoting sustainable economic development. In addition, information disclosure can also help improve corporate governance and regulatory environment. Through open and transparent information disclosure, the behavior of the company's management can be monitored, information manipulation and fraud can be prevented, the legitimate rights and interests of investors can be protected, and a fair competitive environment in the market can be maintained.

### ***2.2 Theoretical model of information disclosure***

The theoretical models of information disclosure mainly include signal transmission theory, agency theory, and market competition theory [3]. These theoretical models explain the impact mechanism of information disclosure on market behavior and economic efficiency from different perspectives. The signal transmission theory holds that information disclosure can be seen as a signal sent by a company to the market, conveying information about the company's true situation and expected future performance. Investors adjust their investment decisions by receiving and interpreting these signals, thereby making market prices more accurately reflect the value of the enterprise. Agency theory focuses on agency issues in corporate governance structures, namely conflicts of interest between managers and shareholders. Information disclosure is regarded as a governance tool that increases the transparency and supervisory effectiveness of information, reduces agency costs, and mitigates incentive issues for management, thereby enhancing the value of the company and the operational efficiency of the market. The theory of market competition emphasizes the promoting effect of information disclosure on market competition. By improving the completeness and accessibility of information in the market, information disclosure encourages companies to compete in terms of product quality, service level, and cost efficiency, promoting market innovation and efficiency improvement. These theoretical models provide a framework for understanding and analyzing the effects of different information disclosure policies and practices. In practical applications, different market environments and institutional settings can affect the specific effectiveness of information disclosure. Therefore, it is necessary to select and adjust theoretical models based on specific situations to achieve optimal market effects and investor protection levels.

Through in-depth exploration of the definition, importance, and theoretical models of information disclosure, we can better understand the core role and impact mechanism of information disclosure in financial markets. This not only helps to formulate and improve information disclosure policies and regulations, but also provides theoretical support and practical guidance for improving market operation efficiency and investor protection levels.

### **3. Historical evolution and historical background of information disclosure**

#### ***3.1 Evolution of traditional financial market information disclosure models***

As the fundamental mechanism of financial markets, information disclosure has undergone an evolution from informal verbal transmission to formal written disclosure in history [4]. In early financial markets, information disclosure mainly relied on verbal agreements between trading parties and privately obtained information. This model suffers from information asymmetry, making it difficult for investors to obtain accurate and comprehensive market information, thereby increasing investment risk and market uncertainty. With the development of financial markets and the increase of international trade, many countries began to formulate and implement laws and regulations on corporate information disclosure in the late 19th and early 20th centuries. These regulations require companies to disclose detailed information about their financial condition and business activities, such as balance sheets, income statements, cash flow statements, etc., at fixed intervals. This process marks a shift in information disclosure from private transactions to a more transparent and standardized public disclosure model, aimed at improving market transparency and efficiency.

#### ***3.2 Impact of technological progress on information disclosure***

With the rapid development of information technology, especially the popularization of Internet and electronic communication technology, the way and efficiency of information disclosure have been significantly improved. The popularity of the Internet enables companies to directly disclose information to global investors through their own websites and financial information platforms, greatly reducing the cost of information acquisition and time costs. Investors can obtain the latest information about the company in real-time through online reports, real-time data, and email notifications. This timely and global information disclosure significantly improves market efficiency and transparency. In addition, technological progress has also promoted innovation in the content and form of information disclosure. Modern information disclosure is no longer limited to financial data, but also includes a wider range of information on corporate governance structure, social responsibility, environmental impact, and risk management. The disclosure of these new areas helps investors to more comprehensively evaluate the overall risk and value of the company, further enhancing the market's investment decision-making ability and the company's sustainable development.

#### ***3.3 Changes in legal and regulatory requirements for information disclosure***

With the globalization and complexity of financial markets, the legal requirements for information disclosure in various countries are constantly evolving and adjusting. Traditionally, legal requirements for information disclosure have mainly focused on the content and deadlines of financial reports and annual reports. However, with the development of the financial derivatives market, the diversified needs of investors, and the strengthening of market supervision, modern laws and regulations have begun to demand information disclosure in more fields. For example, many countries have incorporated requirements for corporate social responsibility reporting, risk disclosure, internal control systems, and independent auditing into their legal frameworks. These requirements aim to enhance the transparency of corporate governance and responsible business practices, protect investor interests, and prevent market manipulation and fraud. Therefore, as the core mechanism of financial markets, information disclosure has undergone significant evolution in terms of content, form, and legal and regulatory requirements with the changes of the times and advances in technology. This evolution not only promotes market efficiency and transparency, but also provides investors with more and more accurate market references, promoting the stability and sustainable development of the global economy.

### **4. The relationship between investor decision-making and information disclosure**

#### ***4.1 Overview of investor decision theory***

The decision-making behavior of investors is influenced by various theories, including the efficient market hypothesis, behavioral finance, and information asymmetry theory [5]. The efficient market hypothesis advocates that market prices already fully reflect all publicly available information, so investors cannot use information to obtain excess profits. On the contrary, behavioral finance focuses

on investors' psychological and behavioral biases, pointing out that investors may experience emotional reactions when processing information, which can affect their decision-making process. In addition, the theory of information asymmetry emphasizes that when one party in the market has more or more accurate information than the other, the efficiency of the market may be affected, as information asymmetry may lead to uneven distribution of resources, thereby affecting the fairness and efficiency of the market.

#### ***4.2 Analysis of the impact of information disclosure on different types of investors***

Different types of investors have different reactions and ways of utilizing information disclosure. Institutional investors typically have more resources and expertise to analyze and utilize disclosed information more deeply. They tend to conduct in-depth evaluations of corporate governance, financial condition, and future prospects. Individual investors may rely more on publicly disclosed information to make decisions, and they pay more attention to the company's short-term performance and market reactions.

The impact of information disclosure on long-term investors may be more significant than on short-term speculators. Long term investors are more concerned about the company's long-term development strategy, competitive advantage, and sustained profitability, so they will pay more attention to the company's long-term strategic planning and sustainable development reports. Short term speculators are more likely to focus on short-term market fluctuations and rapidly changing profit opportunities.

#### ***4.3 Investors' reactions and behavioral patterns towards information disclosure***

Investors' reactions and behavioral patterns towards information disclosure cover the entire process from information acquisition to decision implementation. Firstly, investors will obtain information through various channels, including the company's annual report, financial statements, announcement notices, and industry analysis reports. Secondly, investors will analyze and interpret this information to evaluate the company's financial condition, risk factors, and future development potential. After information disclosure, investors may take different actions. Active investors may increase or decrease their holdings of specific company stocks or bonds to reflect their expectations of changes in the company's prospects. Some investors may adjust their investment portfolios through open market buying and selling, while others may be more inclined to hold for the long term, especially when they are satisfied with the company's long-term strategy and governance structure. Therefore, information disclosure has a profound impact on investors' decision-making process, not only shaping their investment strategies and behavioral patterns, but also affecting market liquidity and capital allocation efficiency. By effectively obtaining and analyzing information, investors can better evaluate risks and returns, and make more rational and fact based investment decisions.

### **5. Legal and ethical issues related to information disclosure and investor protection**

#### ***5.1 Role and responsibilities of financial market regulatory agencies***

Financial market regulatory agencies play a crucial role in information disclosure and investor protection [6]. Their main responsibilities include supervising and regulating the behavior of market participants, ensuring the timeliness, accuracy, and completeness of information disclosure, in order to maintain market fairness and transparency. Regulatory agencies require listed companies and other market participants to comply with information disclosure regulations by formulating laws and guidelines, and supervise and punish violations.

Regulatory agencies are also responsible for cultivating a healthy investment environment, monitoring market activity and liquidity, and preventing market manipulation and insider trading and other unethical practices. In addition, they also bear the responsibility of educating investors, raising investor awareness, and protecting investor rights. By issuing guidelines, organizing training, and providing complaint resolution channels, they ensure that investors can make rational investment decisions based on sufficient information.

### **5.2 Ethical standards and social responsibility for information disclosure**

Information disclosure not only involves legal compliance, but also involves the ethical standards and social responsibility of the enterprise. Moral standards require companies to not only comply with regulations when disclosing information, but also uphold principles of integrity and transparency to maintain investor trust and market stability. In the process of information disclosure, enterprises should provide accurate, complete, and timely information as much as possible, and avoid intentionally concealing important facts or misleading investors. In addition, information disclosure also involves corporate social responsibility. Enterprises should recognize the impact of their information disclosure behavior on society, especially on investors and other market participants. Through honest and transparent information disclosure, companies can establish a good corporate image and brand reputation, enhance market competitiveness and attractiveness.

In general, financial market regulatory agencies and enterprises share legal and ethical responsibilities in terms of information disclosure and investor protection. Regulatory agencies ensure market order and investor rights by strengthening supervision and regulation; Enterprises maintain market transparency and social credibility by adhering to ethical standards and fulfilling social responsibilities. These efforts collectively promote the development of healthy financial markets and sustainable economic growth.

## **6. Conclusion**

With the development and transformation of global financial markets, the role of information disclosure in protecting investor interests and promoting market stability has become increasingly important. This paper explores the impact of information disclosure on investor decision-making from the perspective of the development of the times, and combines it with current market trends and future development directions. Firstly, the timeliness and transparency of information disclosure have a crucial impact on investor decision-making. With the rapid development of information technology, investors are able to obtain and analyze market information more quickly and comprehensively, which enhances their understanding and trust in enterprises and markets. Therefore, enterprises should actively adopt advanced information technology methods to improve the efficiency and quality of information disclosure. Secondly, the role of legal and regulatory frameworks in information disclosure is indispensable. Regulatory agencies should continuously improve and strengthen the regulations and standards for information disclosure, ensuring that enterprises comply with laws and regulations and provide accurate and timely information. Only under a sound regulatory environment can investors participate in the market with more confidence and make rational investment decisions. Furthermore, the enhancement of corporate social responsibility awareness plays an important role in the quality of information disclosure. Modern investors are increasingly valuing the sustainable development and social responsibility of enterprises, and have higher requirements for the integrity and transparency of information disclosure. Therefore, enterprises should demonstrate a sincere and responsible attitude in information disclosure, and establish long-term stable cooperative relationships with investors. Finally, with the increasing internationalization and globalization of financial markets, the standards and practices of information disclosure are also constantly converging. The unification of international disclosure standards will promote the stability and predictability of the global investment environment, which is beneficial for cross-border investment decisions and capital flows of investors from various countries.

In summary, with the changes of the times and advances in technology, the role of financial market information disclosure in shaping investor decision-making behavior has become increasingly significant. In the future, we need to continue to focus on innovation and improvement in information disclosure to adapt to market changes and investor needs, and jointly promote the development of financial markets towards greater fairness, transparency, and sustainability.

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