

Online Trading And Demating At Arihant Capital Markets Limited

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ABSTRACT

This study examines the factors influencing individual investment decisions at the Stock Exchange. Investment behavior often relies on decision tools, and various market and informational factors can significantly impact these decisions. The primary objective of this research was to understand investor perceptions of the factors affecting the stock market and their preferences across different sectors. A descriptive research design was employed, with respondents selected using a convenience sampling method. Data were gathered through structured questionnaires via personal surveys, and analyzed using statistical techniques such as Analysis of Variance (ANOVA) and Chi-square. The findings highlight eight key factors influencing investment decisions: past stock performance, company stability, goodwill, industry reputation, dividends paid, expected corporate earnings, and anticipated dividends. Conversely, six factors were found to have less influence: other investors' actions, reliance on past stock trends, market information, post-gain risk-seeking behavior, preference for 'hot' stocks, and future stock price predictions based on recent trends. Additionally, socio-economic characteristics such as age, gender, marital status, educational qualifications, and financial situation were found to significantly impact investment choices.

1.1 INTRODUCTION

Online share trading refers to the electronic buying and selling of financial securities such as stocks, bonds, and derivatives via internet-enabled trading platforms. The advancement of internet technology has significantly democratized access to financial markets, allowing individuals—whether beginners or seasoned investors—to participate in stock markets from virtually anywhere in the world. Since the mid-to-late 1990s, with the advent of high-speed internet and affordable computing, online trading has grown rapidly. Today, most brokerage firms offer sophisticated trading platforms that allow users to place buy/sell orders, set trading limits, track real-time quotes, read company news, monitor portfolio holdings, and access investment reports and tax documentation—all from a single interface. Online trading has made the process more cost-effective and accessible by eliminating the traditional dependency on brokers for executing trades. However, this convenience comes with its own set of challenges, including technical issues, insufficient information, and the absence of personalized advisory services, which may hinder decision-making, especially for novice investors.

1.2 NEED FOR THE STUDY

The rise in popularity of online trading platforms highlights the need to understand both the benefits and challenges experienced by investors. While the digital transformation of stock trading has empowered investors with more control and reduced costs, it has also introduced complexities such as:

- **Lack of direct advisory support**, leading to information gaps.
- **Technical dependencies**, which include risks like system failure, internet outages, and platform glitches.
- **Security and trust concerns**, especially related to data privacy and transaction safety.

This study seeks to evaluate these challenges, understand investor behavior in the context of online trading, and offer insights into improving the online investment experience.

1.3 OBJECTIVES OF THE STUDY

1. To analyze the growth and impact of online trading on financial markets and investor participation.
2. To identify and examine the challenges faced by investors in online share trading.
3. To assess the technical difficulties encountered by investors during online trading.
4. To measure the risk tolerance levels of investors using online platforms.
5. To investigate the impact of insufficient information and its influence on online trading decisions.

1.4 HYPOTHESES

- **Hypothesis 2:** There is no significant difference between technical problems and the age of the investors.
- **Hypothesis 3:** There is no significant difference between risk tolerance levels and the gender of the investors.
- **Hypothesis 4:** There is no significant difference between trust in online share trading and monthly income of the investors.
- **Hypothesis 5:** There is no significant relationship between insufficient information, technical problems, risk tolerance, and trust/security level in online share trading.

1.5 SCOPE OF THE STUDY

The study aims to assess:

- The challenges and limitations faced by investors while trading online.
- The risk-taking behavior and technical adaptability of investors.
- The influence of factors such as insufficient information, trust, security concerns, and technical reliability on investor confidence.

This study is geographically limited to **Chennai city** and seeks to offer valuable insights into how online platforms can be optimized to serve investors better.

1.6 METHODOLOGY

Research Design

This research adopts a **descriptive research design**, aiming to provide an accurate depiction of investors' experiences, behaviors, and challenges associated with online share trading.

Sampling Technique

- **Method:** Random Sampling
- **Population:** Investors engaged in online share trading
- **Sampling Frame:** All individual investors who have invested through online platforms
- **Sampling Area:** Chennai city
- **Sampling Unit:** Individual investors
- **Sample Size:** 178 respondents

Sources of Data

- **Primary Data:** Collected through structured questionnaires administered to online investors.
- **Secondary Data:** Sourced from journals, books, websites, and prior research studies.

Structure of Questionnaire

- **Closed-ended Questions:** Used to obtain specific, quantifiable data.
- **Open-ended Questions:** Provided to capture qualitative insights and individual experiences.

1.7 LIMITATIONS OF THE STUDY

1. The study is confined to investors located in **Chennai city**.
2. The **sample size is limited to 178** respondents, which may not fully represent the broader investor population.
3. **Time constraints** limited the duration of the study to **three months**.
4. **Self-reported data** may be prone to bias or inaccuracies.
5. The study assumes that all responses provided in the questionnaire are truthful and complete.

DATA ANALYSIS AND INTERPRETATION

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
Less Than 30 Years	53	29.8
30-40 Years	44	24.7
40-50 Years	47	26.4
Above 50 Years	34	19.1
TOTAL	178	100.0

Source: Primary Data

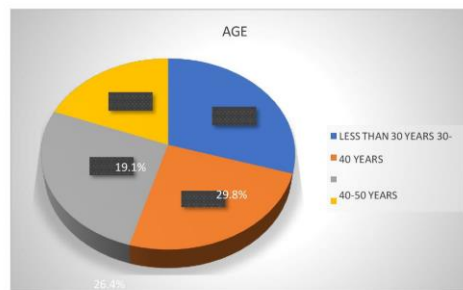


Chart 4.1 Showing Age of The Respondents. Interpretation

From the above table it is interpreted that 29.8% of the respondents are less than 30 years, 24.7% of the respondents are between 30–40 years, 26.4% of the respondents are between 40–50 years and 19.1% of the respondents are above 50 years. Therefore, it can be concluded that majority of the respondents are in between less than 30 years.

Table 4.16 Showing Investors as A Risk Taker in Online Share Trading.

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Reckless Risk Taker	16	9
Willing to Take Evaluated Risk	60	33.7
Careful Risk Taker	92	51.7
Extremely Adverse Risk Taker	10	5.6
TOTAL	178	100.0

Source: Primary Data

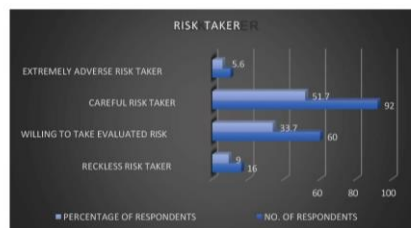


Chart 4.16 Showing Investors as A Risk Taker in Online Share Trading.

Interpretation

From the above table it is interpreted that 9% of the respondents describe themselves as a reckless risk taker, 33.7% of the respondents willing to take evaluated risk, 51.7% of the respondents are careful risk taker and 5.6% of the respondents are extremely adverse risk taker. Therefore, it can be concluded that majority of the respondents are careful risk taker.

Table 4.2 Showing Gender of The Respondents.

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
Male	138	77.5
Female	40	22.5
TOTAL	178	100.0

Source: Primary Data

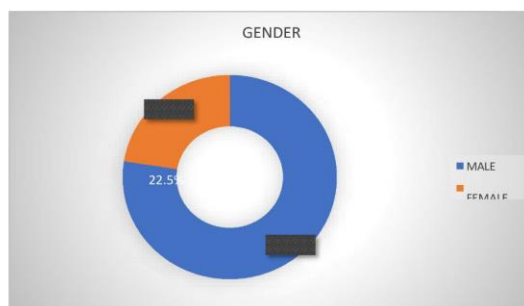


Chart 4.2 Showing Gender of The Respondents.

Interpretation

From the above table it is interpreted 77.5% of the respondents are male and 22.5% of the respondents are female. Therefore, it can be concluded that majority of the respondents are male.

5.1 FINDINGS

Based on the data collected and analyzed from 178 investors engaged in online share trading in Chennai, the following key findings have been identified:

1. A majority of respondents are below the age of 30 years.
2. Most of the participants are male.
3. A large proportion of respondents are married.
4. Postgraduates constitute the highest educational qualification group among respondents.
5. The majority of the respondents are salaried employees.
6. Most of the respondents reported a monthly income above ₹45,000.
7. A significant number of respondents strongly agree that poor investment skills lead to increased risk in online trading.
8. Most respondents strongly agree that insufficient information negatively affects decision-making in online share trading.
9. A majority of respondents lacked access to all three major sources of information (news, broker updates, analytical tools) during their trading experience.
10. Most respondents agree that computer illiteracy makes it difficult for investors to sustain in the online trading environment.
11. Technical issues are identified as one of the major barriers to effective online share trading by a majority of respondents.

5.2 SUGGESTIONS

In light of the findings, the following suggestions are proposed to enhance the investor experience and improve the online trading ecosystem:

1. **Regular Information Updates:** Brokers should provide real-time updates on market trends, price changes, and company news to support informed investment decisions.
2. **Instant Transaction Alerts:** Investors should receive instant e-mail or SMS alerts for every stage of their transaction process to build trust and improve transparency.

3. **Strengthen Cybersecurity Measures:** Brokers and financial dealers must upgrade their platforms' cybersecurity frameworks to enhance investor confidence in the safety of their financial data.
4. **Build Trust Through Secure Interfaces:** By ensuring secure and seamless transaction experiences, brokers can reinforce a perception of trust among investors, encouraging greater engagement.
5. **Comprehensive Market Information:** Brokers should offer detailed, well-organized, and easy-to-understand market data and insights to help investors identify profitable opportunities and reduce doubts or confusion.
6. **Investor Education Initiatives:** Brokers should organize regular workshops, webinars, and practical sessions to enhance investor awareness, especially focusing on computer literacy and the fundamentals of online trading.
7. **Basic Investment Skill Training:** Brokers can offer online modules or training sessions to help investors develop basic trading strategies, improve confidence, and increase satisfaction levels.
8. **Backup Communication Channels:** To address technical issues, brokers should provide alternative trading options such as phone-based customer service for order execution in the event of platform failures.

5.3 CONCLUSION

Online share trading has emerged as a transformative force in the modern financial landscape. Its rise is attributed to several advantages, such as lower transaction costs, fast trade execution, increased investor autonomy, and the flexibility to trade without geographical or time limitations. These benefits have made online trading increasingly popular among both novice and experienced investors. However, the study reveals that online trading is not without its challenges. Technical issues, limited access to accurate information, cybersecurity risks, and investor illiteracy (especially computer illiteracy) are significant barriers to a seamless trading experience. Trust and platform reliability also play critical roles in determining investor participation and satisfaction. Despite these hurdles, the trend toward digital trading is poised to grow, driven by educated investors, robust regulatory frameworks, and rapid technological advancement. Investors in the study mostly prefer to take **moderate risk** and show a **cautious approach** to trading, indicating the need for platforms that balance security, usability, and comprehensive support.

To ensure sustainable growth in this sector, it is essential to focus on:

- Enhancing digital literacy, strengthening technological infrastructure, Ensuring robust investor protection mechanisms, and Providing user-friendly, reliable, and transparent trading platforms.

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