

# A Study on Investor's Perception towards Online Trading With the reference of Stock Exchange in Chennai

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**Abstract—** Online Trading is a buying and selling of stocks, through internet in an area of commercial activity. The set of institution facilities the exchange of stocks between buyers and sellers. Online trading can be done by process of an individual and traders buying and selling securities over an electronic network with a brokerage. The study aims to identify the preferences of the respondent towards online trading in Chennai. The questionnaire was collected for the study as a Primary data with a sample of 100 investors and Secondary data was made available through company literature and internet. The Data collected above was analyzed thoroughly through appropriate statistical methods and presented in the form of tables and charts. In this project investor's choice of investment avenues, reasons for the choice, characteristics they expect from advisory services and awareness levels of various online advisory services have been dealt in length and breadth.

**Index Terms:** Online trading, Stock exchange, investors, brokerage.

## I,INTRODUCTION

Online trading can be done process of an individual and traders buying and selling securities oven an electronic network, with a brokerage firm. Online Trading has become very popular in the last couple of years because of easy and convenience method of trading. So many companies are gone through online trading to meet the needs and demands of investors and enabling them to trade when they want and how they want.

The online stock trading replaces traditional stock trading and avoids the risks and difficulties of it. The project is an attempt to identify the current investment trends amongst individual investors in Chennai and to ascertain the investor perception about professional financial advisory services. Also, an attempt is made to ascertain investor opinion about information technology/ internet as a means of investment planning and trading. All these problems

arose where there was no proper communication system. The rapid advancement in technology, especially the Internet drastic change in all sectors. Major consequences for investors to invest in online trading is its conveyance and user friendly. In today's dynamic environment billion of people are connected to the Internet. Perception of investors towards online trading can also refer to the helps stock brokers in solving these problems with on-line stock trading. The tickers available at online trading sites provide instantaneous updates.

## INDUSTRY PROFILE

The Indian retail brokerage Industry consists of companies that primarily act as agents for the buying and selling of securities (E.g:-stocks, shares, and similar financial instruments) on a commission or transaction fee or brokerage basis.A Stockbroker is a regulated professional broker who buys and sells shares and other securities through market makers or agency only firms on behalf of investors. Customers typically keep their securities in an account with the broker. They are helping the investors to take decision about where to invest because there is lots of investment avenue available with investors. Through some of the service providers, you can trade on both BSE AND NSE are like: Investing in mutual funds, derivatives, futures and options, on-line initial public offers.

The retail brokerage market, which experienced rapid growth in the share of online brokers providing low-priced trade executions. Technological innovations are a significant driver for the increasing participation of investors in equity markets. There are different types of products/services or examples of industry are Angle broking, Zerodha, Sharekhan, ICICI bank, India Infoline.

## II. REVIEW OF LITERATURE

- C. Navya, CH, Deepthi (2019), States that the Investor’s attitude towards online trading. It aims that studying the investor’s perception of online trading in share markets helps to find out the present level of service provided by identifying the area which require attention for improving its services.
- Rawal and Chowdhury (2018), States that the studied the perception of investors from Faridabad on the online trading system of the Indian stock market. They studied the relationship between the demographic factors and opinions on online trading facilities at major Indian stock markets. They found that there was a positive relationship between the facilities provided by stock brokerages houses and the income level and gender of the online traders.
- V. Pavithras and Mr. William (2017), States that the main objective of the study the impact of the investor’s perception towards online trading and also to identify the factor influence of stock and investment strategies in retail brokerage. The primary data needed is collected from structured questionnaire with 100 investors using convenience sampling technique.
- Dr. Merugu Pratima (2016), States that the examined the attitudes of online investors towards the adoption of online trading in Visakhapatnam city. The study concludes that stock broking firms in order to enhance widespread use of online trading service, need to organize relevant short term training programmes and deploy user-friendly interface to encourage acceptance and quick adoption of online trading service.
- Dr. E. Apparao & Prof. N. Kishore Babu (2015), States that the perception of most investors on the safety and liquidity of different investment avenues is unfavourable.

### OBEJECTIVE OF THE STUDY

Primary objective:

To study on an investor’s perception towards online trading with reference stock exchange.

Secondary objective:

- To identify the factors influencing the investors level of perception towards online trading.
- To know investor’s opinion on online trading.
- To study the awareness and attitude of investors towards online trading.
- To analyze brokerage of online.

## III. RESEARCH METHODOLOGY

Descriptive research design is a used for adopted for the proposed study. This study adopted a convenience sampling. The data collection was done through the structured questionnaire method and open-ended questions are asked to the respondents. Statistical tool is used for analysis and interpretation of data. The sample size of the research study is 100 investors and used both primary data and secondary data. The sample area for the research was respondents of Chennai. The targeted people are both men and women at the age of (18 to 60).

### LIMITATION OF THE STUDY

- Selected investment option is only online trading.
- Availability of data
- Time constraints
- Even many of the respondents may give bias answer

## IV. DATA ANALYSIS AND INTERPRETATION

### I. Percentage Analysis

Table 1: Gender of the respondent

| S.NO  | Gender | No. of Respondents | Percentage |
|-------|--------|--------------------|------------|
| 1.    | Male   | 48                 | 48         |
| 2.    | Female | 52                 | 52         |
| Total |        | 100                | 100        |

Source: Primary Data

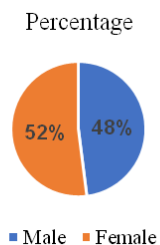


Fig. 1

**INFERENCE:**

The Majority (52%) of the female have respondents in the gender.

Table 2: Product you want to trade through online.

| S.NO  | Product                 | No. of Respondents | Percentage |
|-------|-------------------------|--------------------|------------|
| 1.    | Mutual Fund             | 50                 | 50         |
| 2.    | Bonds                   | 16                 | 16         |
| 3.    | Corporate fixed deposit | 9                  | 9          |
| 4.    | Currency derivatives    | 10                 | 10         |
| 5.    | Equities                | 15                 | 15         |
| Total |                         | 100                | 100        |

Source: Primary Data

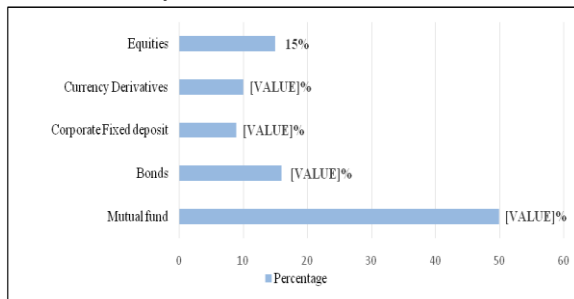


Fig. 2

**INFERENCE:**

The Majority (50%) of the mutual fund are respondents with the product you want to trade through online.

Table 3: Occupation of the respondent

| S.NO  | Occupation      | No. of Respondents | Percentage |
|-------|-----------------|--------------------|------------|
| 1.    | Service         | 22                 | 22         |
| 2.    | Business        | 10                 | 10         |
| 3.    | Self-employment | 4                  | 4          |
| 4.    | Professional    | 15                 | 15         |
| 5.    | Others          | 49                 | 49         |
| Total |                 | 100                | 100        |

Source: Primary Data

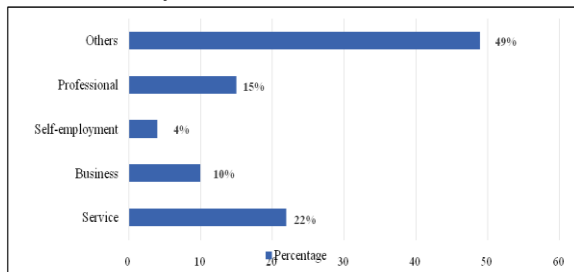


Fig. 3

**INFERENCE:**

The Majority (49%) of the others are respondents in the Occupation.

Table 4: Objectives of investing in shares, bonds and Mutual funds, etc.

| S.NO  | Objectives            | No. of Respondents | Percentage |
|-------|-----------------------|--------------------|------------|
| 1.    | To earn high profit   | 40                 | 40         |
| 2.    | To meet future needs  | 48                 | 48         |
| 3.    | To earn dividends     | 1                  | 1          |
| 4.    | To meet emergency     | 4                  | 4          |
| 5.    | If any other purchase | 7                  | 7          |
| Total |                       | 100                | 100        |

Source: Primary Data

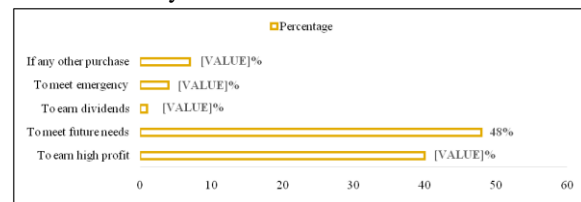


Fig. 4

**INFERENCE:**

The Majority (48%) of the to meet future needs are respondents in the objectives of investing in shares, bonds and Mutual funds, etc.

**II. Chi-Square test**

Test of hypothesis

H<sub>0</sub> There is no significant difference between the gender of the respondents with reference to product you want to trade though online.

H<sub>1</sub> There is significant difference between the gender of the respondents with reference to product you want to trade though online.

| Chi-Square Tests             |                    |    |                                   |
|------------------------------|--------------------|----|-----------------------------------|
|                              | Value              | Df | Asymptotic Significance (2-sided) |
| Pearson Chi-Square           | 1.741 <sup>a</sup> | 4  | .783                              |
| Likelihood Ratio             | 1.752              | 4  | .781                              |
| Linear-by-Linear Association | .530               | 1  | .467                              |
| N of Valid Cases             | 100                |    |                                   |

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 4.32.

**INTERPRETATION:**

Since the p-value is (0.783) is greater than the 0.05 null hypothesis is accepted. Hence there is no

significant between the gender of the respondents with reference product you want to trade though online.

II.ANOVA (One way ANOVA)

Test of hypothesis

H<sub>0</sub>There is no significant between the occupation of the respondents with reference objective of investing in shares, bonds, and Mutual funds, etc.

H<sub>1</sub>There is a significant between the occupation of the respondents with reference objective of investing in shares, bonds, and Mutual funds, etc.

| ANOVA   |                |    |             |      |      |
|---|----------------|----|-------------|------|------|
| What is your objective of investing in shares, Bonds, and Mutual funds, etc |                |    |             |      |      |
|   | Sum of Squares | df | Mean Square | F    | Sig. |
| Between Groups  | 2.127          | 4  | .532        | .432 | .785 |
| Within Groups   | 116.873        | 95 | 1.230       |      |      |
| Total   | 119.000        | 99 |             |      |      |

INTERPRETATION:

Since the p-value is (0.785) is greater than the 0.05 null hypothesis is accepted. Hence there is no respondents with reference with objective of investing in shares, bonds, and Mutual funds, etc.

V.FINDINGS

- The Majority (52%) female are respondents in the gender.
- The Majority (50%) of the respondents have Mutual fund, product you want to trade though online.
- The Majority (49%) of the respondent have others in occupation of the response.
- The Majority (48%) of the respondent have to meet future needs, Objectives of investing in shares, bonds and Mutual funds, etc.

VI.SUGGESTIONS

- Most of the respondent are not aware of internet trading so government should make efforts to educate people on this.
- The internet usage cost should come down so that more and more people encourage using internet for trading.

- The investor’s occupation level availing the online trading are private compare to other business and other group.
- As most of the investors are not aware about mutual funds, bonds, the company should recommend the investors about mutual funds and bonds.

VII.CONCLUSION

A study is based on investor’s perception towards online trading with reference of stock exchanges in Chennai. In order to ensure the transparency so as to enable the investors to speed up their process of investing, the stock exchanges are restoring to screen-based train. Online trading plays a vital role in the economy by mobilizing savings and investing them in capital market, thus establishes a link between savings and capital market. Many internet sites provide real time data of shares to the investors at their fingertips.

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