



A STUDY ON CHALLENGES FACED BY THE INVESTORS IN ONLINE SHARE TRADING

PRIANKA.G,

Department of MBA, Sathyabama Institute of Science and technology, Chennai, India.

Y. AYSHA FATHIMA,

Faculty of Management studies, Sathyabama Institute of Science and Technology, Chennai, India.

ABSTRACT - The stock exchange is one among the gripping determinants of the economy and plays a crucial role within the country's financial state. In today's dynamic environment billion of people are connected to the Internet and Indian stock market has also witnessed these changes. The use of online trading increased dramatically within the mid- to late-'90s with the introduction of affordable high-speed computers and internet connections. Online share trading generally requires an online trading platform offered by most online brokers for order execution. This study investigated the challenges faced by the investors in online share trading. Majority of the investors faced the problem of insufficient information and technical problems during online share trading. Primary data were collected from the respondents through the structured questionnaire with the sample of 178 investors. Data collected have been analysed and tested using SPSS. From this study we conclude that there are lots challenges but that can be solved by a successful implementation of online share trading.

KEYWORDS: Online share trading, technical problems, risk-taking ability, trust, security.

1. INTRODUCTION

Online share commercialism could be a basic understanding of on-line commercialism processes. Since the invention of web, individuals are able to do much everything just about. because of the net, on-line commercialism has become one among the foremost well-liked ways in which to trade as so much as stock commercialism clothed to be as out there to freelance investors as attainable. on-line commercialism provides each beginners who've simply had one day commercialism course and advanced traders a chance to trade stocks, options, forex and futures everywhere the planet while not physical presence of a broker and with a lot of lower commissions, as a result of everything is completed on-line. on-line commercialism is that the act of putting buy/sell orders for money securities and/or currencies with the utilization of a brokerage's internet-based proprietary commercialism platforms. the utilization of on-line commercialism inflated dramatically within the mid- to late-'90s with the introduction of cheap high-speed computers and web connections.

1.1. STATEMENT OF THE PROBLEM

Online trading is buying and selling stocks through a brokerage's internet-based proprietary trading platforms. Stocks, bonds, mutual funds, ETFs, options, futures, and currencies can all be traded online. Traditionally, investors and traders need to call their brokerage firms to form a trade for them with a buy order request. The broker would let know the market value and ensure the acquisition order. If the investor is making a limit order, the broker has got to confirm the limit price, how long to stay the order open for, what account to get the shares in (if investor has multiple investment accounts) etc. Although, Investors also face certain challenges in online share trading. The major challenges are lack of sufficient information, technical problems and chances of fraud. As there is no direct communication between the brokers and the investors, investors can't get customised expert advice and this will lead to lack of market knowledge for investing in online trading. Technical problems like risk of system failure, network congestion, electricity failure etc are also considered as the major challenges of the investors as online share trading cannot be done without these technologies.

1.2. OBJECTIVES OF THE STUDY

- To analyse the challenges faced by the investors in online share trading.
- To identify the technical problems faced by the investors.
- To measure the risk-taking ability of the investors in online share trading.
- To investigate the insufficient information faced by the investors in online share trading.

1.3. SCOPE OF THE STUDY

The scope of this study is to know the challenges faced by the investors in online share trading and to identify the risk-taking ability of the investors. The topics and theories that are covered under this study would be insufficient information, technical problems, risk taking ability, security and trust level of the investors. Through this study a better understanding of the investor's intention could be identified.

1.4. LIMITATIONS OF THE STUDY

- The area of data has been restricted to Chennai city.
- The sample size is restricted to 178 investors.
- The time limit was restricted to three months.
- Due to limited sample survey the data collected may not be reliable.
- Analysis is done on the assumption that respondents have given correct information through the questionnaire

II. REVIEWS OF LITERATURE

Barber and Odean (1999) analysed the adjustments in the stock exchanging conduct and speculation execution of investors who change from telephone based to internet exchanging. young fellows who are dynamic merchants with major league salaries and an inclination for putting resources into little development stocks with high market risk are bound to change to internet exchanging.

Juan carlos et al (2008) expressed that apparent trust, helpfulness and usability are significant issues in online share trading frameworks. The findings recommended that online financial sellers and stockbrokers should improve the security of the online framework since online share traders structure insights about its apparent security

Rashid and Nishat (2009) states that most investors were youthful and unpractised however taught, with deficiencies of abilities and pay. The investors put the most grounded accentuation on powerful venture examination, trailed by simplicity of the exchange interaction, successful data the executives and opportune danger management. Quick and less exorbitant speculation handling decidedly affect investors fulfilment.

Manoj (2010) studied about key factors that impact venture conduct and ways these factors sway venture risk resilience and dynamic cycle among people and among various age gatherings. The people might be equivalent taking all things together angles, may even be living nearby, however their monetary arranging needs are totally different

Sultana (2010) study affirms that the individual investors actually like to put resources into monetary items which give risk free returns. From the exact investigation it was tracked down that independent of sex, the greater part of the investors is found have okay resilience level and numerous others have high danger resistance level as opposed to direct risk resilience level.

Abdul rahim (2013) dissected the issues and prospects of online share trading rehearses India and found that the principal advantage determined out of online share trading is more extensive decision followed by better worth and wellspring of data. Results likewise uncovered that deficient innovation is the serious issues looked by online offer brokers followed by absence of expert administration.

Arshia bansal et al (2018) stated the issue and prospects of online stock exchanging solan town of himachal Pradesh and established that insufficient innovation and danger of framework disappointment are the serious issues looked by the investors. Hacking is exceptionally normal in the event of online share trading so there is a need to survey the security framework.

Sakthivel and Saravanakumar (2018) explored investors fulfilment on online share trading and specialized issues looked by the investors in Coimbatore region of Tamilnadu and established that Operational challenges, E-mail affiliation and Lack of insightful abilities are the main specialized issues looked by the investors in online share trading.

Shiji and Jeevitha Priya (2019) analysed the problems faced by the investors in online share trading. Majority of the respondents are concurred with the issues of obligation on exchanging, deficient monetary development, impact of legislators, helpless speculation abilities, high market unpredictability, absence of capital ventures, stock market slumps, deficiency of cash because of accidental variables in online trading exchanging.

Saritha and Lakshmi (2019) stated that Significant obstacles for the development of online stock exchanging are PC ignorance, helpless foundation, hazard unfavourable disposition of investors and so on. Investors purchase value offers or value based common assets since values are viewed as the most fulfilling, when contrasted with other venture choices whenever held over a long span and furthermore established that deficient accessibility of innovation is the serious issue looked by the online share traders.

III. RESEARCH METHODOLOGY

3.1 SAMPLING TECHNIQUE

The sampling method used in this research is Random Sampling Technique.

3.2. SAMPLING SIZE

For this research the sample of population is taken from the individual investors from Chennai city with respect

3.3 DATA SOURCE

The source of data are the primary data was collected through survey from 178 respondents. Secondary data was collected from reviewing various literature related to challenges faced by the investors in online share trading.

3.4 RESEARCH HYPOTHESIS

Hypothesis 1: There is no significant difference between risk tolerance level of investors and occupation.

Hypothesis 2: There is no significant difference between technical problems and age of the investors.

Hypothesis 3: There is no difference between risk tolerance level of the investors and gender.

Hypothesis 4: There is no difference between trust level in online share trading and monthly income of the investors.

Hypothesis 5: There is no relationship between insufficient information, technical problems, risk tolerance level, trust and security level on online share trading.

IV. HYPOTHESIS TESTING AND DATA ANALYSIS

4.1 HYPOTHESIS 1:

NULL HYPOTHESIS (H₀) - There is no significant difference among various occupation on risk tolerance level of investors.

ALTERNATIVE HYPOTHESIS (H₁) - There is significant difference among various occupation on risk tolerance level of investors.

TABLE 1: SHOWING ANOVA BETWEEN OCCUPATION AND RISK TOLERANCE LEVEL.

ANOVA
RISK TOLERANCE LEVEL

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.924	3	.641	3.974	.009
Within Groups	28.078	174	.161		
Total	30.002	177			

RESULT

ANOVA was performed to examine the difference among various occupation on risk tolerance level. Result of ANOVA showed P value 0.009 is less than 0.05. Hence null hypothesis is rejected. There is significant difference among various occupation on risk tolerance level of investors.

4.2 HYPOTHESIS 2:

NULL HYPOTHESIS (H₀) - There is no significant difference among various age on technical problems faced by the investors.

ALTERNATIVE HYPOTHESIS (H₁) - There is significant difference among various age on technical problems faced by the investors

TABLE 2: SHOWING ANOVA BETWEEN AGE AND TECHNICAL PROBLEMS FACED BY THE INVESTORS.

RESULT

ANOVA
TECHNICAL PROBLEMS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.296	3	.765	1.717	.165
Within Groups	77.568	174	.446		
Total	79.864	177			

ANOVA was performed to examine the difference among various occupation on risk tolerance level. Result of ANOVA showed P value 0.009 is less than 0.05. Hence null hypothesis is rejected. There is significant difference among various occupation on risk-tolerance level of investors.

4.3 HYPOTHESIS: 3

NULL HYPOTHESIS (H₀) - There is no difference between gender and risk tolerance level of the investors.

ALTERNATIVE HYPOTHESIS (H₁) - There is difference between gender and risk tolerance level of the investors.

TABLE SHOWING 3 T-TEST BETWEEN GENDER AND RISK TOLERANCE LEVEL OF THE INVESTORS

RESULT

T-TEST was performed to examine the difference among various age on risk tolerance level the investors. Result of T-TEST showed P value 0.6 is greater than 0.05. Hence null hypothesis is accepted. There is no significant difference between gender and risk tolerance level of the investors.

4.4 HYPOTHESIS: 4

NULL HYPOTHESIS (H₀) - There is no difference between monthly income and trust level of the investors.

ALTERNATIVE HYPOTHESIS (H₁) - There is difference between monthly income and trust level of the investors.

TABLE 4 SHOWING T-TEST OF THE RESPONDENTS BETWEEN MONTHLY INCOME AND TRUST LEVEL OF THE INVESTORS.

Independent Samples Test						
		Levine's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
RISK TOLERANCE LEVEL	Equal variances assumed	1.294	.257	.526	176	.600
	Equal variances not assumed			.558	69.510	.579
Independent Samples Test						
		Levine's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
TRUST	Equal variances assumed	1.556	.217	1.565	62	.123
	Equal variances not assumed			1.467	39.341	.150

RESULT

T-TEST was performed to examine the difference among various monthly income on trust level the investors. Result of T-TEST showed P value 0.15 is greater than 0.05. Hence null hypothesis is accepted. There is no significant difference between monthly income and trust level of the investors.

4.5 HYPOTHESIS: 5

NULL HYPOTHESIS (H₀) - There is no relationship between insufficient information, technical problems, risk tolerance level, trust and security on online share trading.

ALTERNATIVE HYPOTHESIS (H₁) - There is relationship between insufficient information, technical problems, risk tolerance level, trust and security on online share trading

TABLE 5 SHOWING CORRELATION OF THE RESPONDENTS BETWEEN INSUFFICIENT INFORMATION, TECHNICAL PROBLEMS, RISK TOLERANCE LEVEL, TRUST AND SECURITY ON ONLINE SHARE TRADING.

		CORRELATIONS				
		INSUFFICIENT INFORMATION	TECHNICAL PROBLEMS	RISK TOLERANCE LEVEL	TRUST	SECURITY
INSUFFICIENT INFORMATION	Pearson Correlation	1				
	Sig. (2-tailed)					
TECHNICAL PROBLEMS	Pearson Correlation	.281**	1			
	Sig. (2-tailed)	.000				
RISK TOLERANCE LEVEL	Pearson Correlation	.166*	.311**	1		
	Sig. (2-tailed)	.027	.000			
TRUST	Pearson Correlation	.196**	.136	.253**	1	
	Sig. (2-tailed)	.009	.070	.001		
SECURITY	Pearson Correlation	.162*	.153*	.170*	.615**	1
	Sig. (2-tailed)	.030	.041	.023	.000	

*Correlation is significant at 1% level.

RESULT

The result from table indicates that insufficient information, technical problems, risk tolerance level, trust and security are positively and significantly correlated with each other. The correlation between insufficient information and technical problems, risk tolerance level and insufficient information, risk tolerance level and technical problems, trust and insufficient information, trust and technical problems, trust and risk tolerance level, security and insufficient information, security and risk tolerance level, security and technical problems, security and trust exhibit a positive correlation. The correlation coefficients are 0.28, 0.16, 0.31, 0.19, 0.13, 0.25, 0.16, 0.15, 0.17, 0.61. Hence the five variables are little correlated, low correlated and moderately correlated.

V. SUGGESTIONS

In online share trading, particular attention should be paid to the long-term strategy. The brokers should update day to day information to their investors. So that they will get to know more about online trading and also investors will not face any difficulties during online share trading. So that it will obviously remove the major difficulties and improve the satisfaction level of the investors. Investors should be educated by giving seminars, lectures and practical knowledge before entering into the online share trading as computer knowledge is very much important. The big risk in online share trading is that of technical problems. The investors should ensure that the broker has a back-up option before online trading where the investors can call the customer support centre and execute the transaction over the plan. These suggestions will form a platform to allow companies with worldwide demand to experience 24 hours trading of their shares. This would be an innovative and a bold move and is expected to lead to a better price discovery on global basis.

VI. CONCLUSIONS

Online trading has become a serious trend available markets round the world due to its lower commission cost for trading, faster trade execution, more control and adaptability over the kinds of transaction investors prefer to conduct, and no time or geographical limitations. Growth of online stock trading is increasing year by year. There are many problems and challenges involved on online stock trading like technical problems, more chances of fraud, high transaction cost, trust, security etc. There also are many advantages in online stock trading like speedier, more choices available, inexpensive etc. We must improve the system of online stock trading. Most of the investors like better to take moderate risk. Major challenges for the expansion of online stock trading are technical problems, computer illiteracy, poor infrastructure, risk adverse attitude of investors etc. Thus, with the expansion of educated investors and support from rules and regulation, online trading is certain to grow faster. we should always improve the reliability of brokers and develop proper system for online share trading.

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