



INVESTOR ATTITUDE TOWARDS ONLINE TRADING AND OFFLINE TRADING

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Abstract:

Online trading has emerged as one of the greatest and easiest ways to invest in shares by the investors. This study sheds light on how this online trade markets work and how they are satisfying their investors. It aims at studying the investor's perception of online trading in share market and helps to find out accessing the present level of service provided by identifying the areas which require attention for improving its services. Data collected shows that the investors have referred others to online share market. The share brokers may improve services of proper response from the dealer, putting the orders without delay. Online trade markets can issue the cheque to customer earlier it would increase the customer confidence. New account processing time can be completed within 3-4 days. Each new method of trade offers an opportunity for economic agents to compare its cost and benefits relative to the status quo, such evaluation motivates sorting across market segments and reshapes the whole market place. The internet provides an excellent example as it introduces substantial search cost saving over brick and mortar retail stores but imposes new obstacle for seller to convey quality using sports card trading as a case study, we provide experiential evidence on

- (1) The sorting of product quality between the online and offline segments
- (2) The changes for retail outlet after the internet came into place, and
- (3) How supporting industries such as professional grading and card manufacturing adapted to take advantage of the new market.

Keywords: Online trade, Share Market, Online operations, Stock markets.

Introduction:

The trail of Online Trading initiated in the year 1983. Earlier an investor has to call to his stock broker to place the order. After that the broker's would go to the stock security to place the investors order. So for one transaction it was taking moreover much timing. And even information about share prices also were given by the stock broker only. All these problems arose where there was no proper communication system. The speedy progression in technology, particularly the Internet introduced extreme change in all sectors. And coming to Stock Market, the Internet has changed the way of working in stock market. It was created Online Trading Platform. Online Trading in India is internet based investment activity, which facilitates to trade in stock market with direct participation of stock brokers /investors. Online Trading has become very popular in the last couple of years because of easy and convenience method of trading. So many companies are left through online trading to meet the needs and demands of investors and permitting them to trade when they want and how they want. Trading is nothing but process of buying and selling the goods and service in a stock exchange , but in the current context, it is buying and selling the financial products and services, like shares and securities. This enables trading mechanism where investors can place their orders and confirm their transaction through electronic communication channel. Such as Internet, Mobile Phones etc.

The internet revolution has been varying the fundamentals of our society. It shapes the way we communicate and the way we do professional. It brings us closer and closer to vital sources systems personalized to our specific needs; therefore, we can serve ourselves better by making our own decisions. This principal shift of the business paradigm is reshaping the financial industry and transforming the way people invest. Internet stock trading can be an exciting way to trade stocks, with transactions being accomplished within minutes and sometimes seconds. Web base stock trading has become a very popular method, and internet stock brokers with specialized websites offer expedient trades trading, there is much he or she should learn and there are cautious to be observed. Web base trading can be very risky, with markets that change with the click of a button. Those interested in online stock trading will want to spend time getting their facts together and getting as much information about online trading and day trades as possible. Getting informed is getting knowledge, and getting knowledge will equate to wisdom and better earning potential.

Objectives:

- To study the investor perception of online trading towards share market.
- To evaluate the present level of service provided by online share market.
- To determine the problem actually faced by the investors with reference to online trading system.
- To identify the current traders of online trading.

LITERATURE REVIEW

Dr. A Abdhul Rahim (2013)

He discovered the pitfalls related to online trading. He suggests that investors should be protected from all hassles and problems so as to remain confident while trading online.

Brad M. Barber and Terrance odean (2001)

He studied the deep relationship between the investor and his major weapon the internet, suggesting that a combination of internet and shareholders voting could become a new tool for organisations promoting special society welfare like corporate social responsibility environmental actions and consumer help.

Rajagopalan, V

He expressed the problem faced by him on online shares trading. What he cannot stomach is how his ID number was interchanged with another client, and his account debited to pay for derivatives, while he did not order. Worse his scripts were sold to cover losses which he had not incurred. Luckily, the broker admitted his mistake and compensated him.

Trading:

Trading is nothing but buying and selling of share in a security market there are two types of trading and they are:

1. online trading (via internet)
2. offline trading (via broker or call)

Online trading:

Online trading denotes to trading through internet the onset of online trading changed the traditional value proposition of trading ,allowing online brokers to supply investors with rich communicating information in real time including market updated, investment research and robust analytics .the result in integrated trading experience that combines execution with interactive analysis shown by the growth of online customer community from a mere 23000 average trades on National Stock Exchange per day in a year 2000 to over average trades in 2002.

Advantages of online Trading:

1. Time:

In time customer can trade online with a real time basis and buying and selling of shares happen with a press of button.

2. Flexibility:

In flexibility the customer can modify the placing order according to the market.

3. On stop shop:

In this the bank statement and transaction statement can be viewed at the click of a button.

4. Informed research

The service providers carry stock analysis like intraday and end of day technical charting which helps the customer to market right choices.

5. flexibility of timing:

In this customers can place order before start of a trading session.

Disadvantages of online trading:

1. Brokerage is high compared to offline.
2. Privacy is less due to hacking scandals.
3. Transactional error due to technical problems.
4. Investor can't get customized expert advice.

Scope of the study

The research on a study of investors preference towards online market helps to know the attitude, awareness and preferences of the investors based on the information investment broker can carry out further research on specific problem the research suggestion through report will help them to develop their services .many services will be undertaken to interest new investor. This study helps to give value added services and maintain healthy investor relationship.

The scope extends to many classes of investors being classifies as professionals, employees and businessman and other regarding to the fact that there is a need of institutional support which may be broker, agent or even financing institutions .the study extends to these areas too.

Growth of online trading

Online trading had its origin in the US where the first E-trading of stocks began in 1983. Primarily used in the form of e-commerce to place and receive orders for commodities; slowly it entered the financial markets as an alternative to the traditional system. By the late 1990's, most of the stock exchanges had been automated, and the "open outcry" method of trading had been slowly done away with. This gradual up scaling of technology has led to the rise in popularity and acceptance of online broking as a major way of stock trading. With the boom in software technology, the online trading platform became faster and faster with a lot of sophistication and increased security. Now the thrust is on making the entire trading process completely seamless and risk free. Online trading India is the internet based investment of the broker. There are many leading online trading portals in India along with the online platforms of the biggest stock houses like National stock exchanges and the Bombay stock exchange.

Conceptual framework

The development of conceptual framework was based on the diffusion of innovations (DOI) model this study intended to examine seven predictors of investor’s attitude towards online trading service using the selected contract of Diffusion of Innovation (DOI) and including three new contract i.e., trust, social factors and online service quality based on previous studies, it has been noted that three precluding factors namely, trust, trialability and online services quality which were not identified and empirically examined in prior’s stock market studies are conspicuously integrated and including in this research model from the research model outline it is clear that the aim is to examine the relationship between attitude and intentions, the relationship between the chosen factors and attitudes towards adoption of online trading services.

The research framework provides a foundation of facts relating to the attitude and behavior of investors towards online trading and develops a model to describe the attitude of investor towards online trading adoption in Vishakhapatnam city.



Conclusion

Social interactions and media were found to have positive relationship with attitude towards trading whereas the factor 'internet' does not seem to influence the respondents' attitude towards trading. Further, among the social factors, social interaction is found to have major impact on attitude towards trading followed by media. There also exists a strong positive correlation between attitude, perceived behavioural control and intention towards trading whereas subjective norms are found to be negatively related with intention towards trading. A very high positive correlation is found between intention towards trading and trading behaviour. Hence, it can be concluded that social factors namely social interactions and media influence the trading behaviour (trading frequency) of individual investors.

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