

STUDY ON PERCEPTION OF INVESTORS TOWARDS DISCOUNT BROKERS

Astha Vyas

Management Trainee,
Welspun Transformation Services Limited
asthavyas10@gmail.com

ABSTRACT

This study focuses on Perception of Investors towards Discount Brokers, As Online trading emerged nowadays into the financial markets and the factors that affect the investors behaviors towards online investing and the new financial products. The online trading was first introduced in early 2000 by NSE (National Stock Exchange) which was latterly accepted by many other Exchanges, Discount Brokers is nothing but the optimum use of technology in the field of Investment with efficient regulatory bodies monitoring the market. The Discount Brokers has attracted the highest number of investors nowadays, and most of them are young generation who are influencing or influenced by other investors or online broking firms who gives attractive offers and discounts to the investors. So, the main objective to study is Perception of Investors towards discount brokers.

Keywords: Discount Brokers, Stock Market, NSE, Online Trading

INTRODUCTION

Discount or online stockbrokers dominate the band of brokers. Along with their inexpensive nature, they also offer convenience to laymen in terms of time and place utility. Market participants do not need to personally meet discount brokers and carry out their investments through the internet.

Investors with minimal disposable income can also start investing in the stock market through discount brokers. Online Trading was first introduced by National Stock Exchange (NSE) and then slowly all the other exchanges also adapted to the modern approach which has made easy and accessible to all the investors to trade on their fingertip. Whereas many broking firms also provide the online Brokers which can also be a positive aspect for online mode.

LITERATURE REVIEW

- (Kennedy Robert; Sharma, J., 1977) Compared the behavior of stock indices of the Bombay, London and New York Stock Exchanges during 1963-73 using run test and spectral analysis. Both run tests and spectral analysis confirmed the random movement of stock indices for all the three stock exchanges. They concluded that stock on the BSE obey a random walk and are equivalent in the markets of advanced industrialized countries”.
- (Barber Brad M.; Odean Terrance, 2002) Analysed 1607 investors who switched from phone based to online trading during the 1990s. Those who switched to online trading perform well prior to going online, beating the market by more than 2% annually. After going online, they trade more actively, more speculatively, and less profitability than before – lagging the market by more than 3% annually.
- (Rahim Abdul, 2013) in his research paper “Problems and Prospects of online share trading practices in India, International Journal of Marketing, Financial Services and Management Research”, has explained about SEBI and NSE, Where NSE have trade securities online as per the regulation of SEBI. He also added the benefits of the investing in equities or an equity oriented mutual funds for a longer period in his study.
- (Ancuta, 2015), in his research paper “Benefits and drawbacks of online trading”, has explained that the investment and financial services companies should guide their marketing campaign to attract more investors for online platforms by studying other factors that influence the decision to move from traditional to online trading. He also says that the investors will switch to online trading when they have a high level of knowledge in the stock market, and higher education and knowledge of internet.

- (Chaurasia, 2017) Concluded that the most preferred investment avenue is fixed deposit which reflects conservatism and lack of awareness among the investors of various investment avenues. The least preferred investment avenue is capital market debt instruments. Again, this reflects fear and lack of confidence among investors of the Indian Capital Markets.
- (Kulkarni S. N., 1978) investigated the weekly RBI stock price indices for Bombay, Calcutta, Delhi, Madras and Ahmedabad stock exchanges and monthly indices of six different industries by using spectral method. He concluded that there is a repeated cycle of four weeks for weekly prices and seasonality in monthly prices. This study has thus rejected the hypothesis that stock price changes were random.
- (Laveena, Jindal, & Dhiman, 2015) in their research paper “Online Trading: The Future of Stock Market” examined that the online trading business in the stock market has a huge impact over other businesses in terms of expansion and growth.
- (Shah S., Ajmera A., 2022) Stated that the traditional investors still have focus on FDs and PPFs but gradually people have started being more aware about the stock market and online trading facilities. To minimize the effect of risk various models and theories have been formulated. The two primary methods used to analyze the risk and the volatility of the market are: Fundamental & Technical Analysis.

RESEARCH METHODOLOGY

- **Research Design:** This is a Quantitative research and Descriptive in Nature.
- **Data Collection Sources:** Primary Data is collected through a survey among the investors from Gujarat State using a Questionnaire method with close-ended questions framed according to the objectives of this study. Secondary Data is collected from different books, journals, research papers and websites over internet but mostly websites of BSE India and NSE India.
- **Sampling Technique:** This study is based on descriptive nature; primary data was collected through survey method using Convenience Sampling Method.
- **Sampling Area:** The research is based on the respondents of Gujarat State.
- **Sample Size:** The sample size is 180 respondents.

SCOPE OF THE STUDY

- Technology has also played an important role in the growth of discount brokers. It has helped in changing the consumer preference of calling and placing a buy and sell order to doing it with a simple click from their phone.
- So, this technology changed mixed with the cheap pricing of discount brokers helped them to tap young and small investors as well as experienced traders. This study also analyses that how discount brokers have revolutionized trading/investing for small and young investors.
- The growth in technology has led the investors to invest online through online broking firms which is easily accessible for every eligible investor in the market.
- So, this study is based on the sole reason which analyze and evaluates that the Discount Brokers is more convenient and preferable among today's investors.

OBJECTIVES OF THE STUDY

- To analyse the effect of age group on opinion towards discount broking as a breakthrough.
- To study impact of occupation on the factors attracting investors towards discount brokers.
- To study the relation between investment time horizon and experience using the disc brokers.
- To study the relation between investment percentage and investing through discount brokers

LIMITATIONS OF THE STUDY

- The major limitation of this research study was lack of awareness among people regarding investing in stock market. So, people who are aware of such things were found in specific areas for survey purpose.
- It was difficult to conduct survey of some respondents who did not know about the online trading platforms.
- The survey is done in major cities of Gujarat and may not represent the opinion of whole country. Most

investors are comfortable with traditional trading system in small towns and like to invest from their respective brokers, which did not provide a true data.

- Another limitation was that people were not willing to answer to the survey conducted for primary research considering wastage of time.
- Also, some of them hesitated in providing their personal and financial information which can affect the validity of responses.

DATA ANALYSIS – INFERENTIAL STATISTICS

i) To analyse the effect of age group on opinion towards discount broking as a breakthrough.

Null Hypothesis (H0): There is no significant effect of age group on opinion towards discount broking as a breakthrough.

Alternate Hypothesis (H1): There is significant effect of age group on opinion towards discount broking as a breakthrough.

(Table showing chi-square test)

Test Statistics		
	Age	DiscBrokers_breakthrough
Chi-Square	159.033 ^a	24.300 ^a
df	2	2
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 60.0.

INTERPRETATION: The p-value of both is 0.000 which is less than the significance level (0.05). There is a highly statistically significant association between both the variables. So, the null hypothesis will be rejected.

Hence, there is significant effect of age group on opinion towards discount broking as a breakthrough.

ii) **To study impact of occupation on their Investment Percentage.**

(Null Hypothesis) H0: Occupation has no significant impact on the factors attracting investors towards discount brokers.

(Alternate Hypothesis) H1: Occupation has significant impact on the factors attracting investors towards discount brokers.

(Table showing Regression Analysis)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.193	1	.193	.575	.449 ^b
	Residual	59.868	178	.336		
	Total	60.061	179			

a. Dependent Variable: Invt_percentage
b. Predictors: (Constant), Occupation

(Source: SPSS)

INTERPRETATION:

The regression significance value obtained by this test is 0.449 which is very high than the significance level (0.05). There is no statistical evidence to prove the dependency of Investment percentage on Occupation of investor. So, we **fail to reject the null hypothesis.**

Hence, it can conclude that Occupation has no significant impact on the factors attracting investors towards discount brokers.

iii) To study the relation between investment time horizon and experience using the disc brokers.

(Null Hypothesis) H0: There is no significant relation between investment time horizon and experience using the disc brokers.

(Alternate Hypothesis) H1: There is significant relation between investment time horizon and experience using the disc brokers.

(Table showing Kruskal Wallis test)

Test Statistics ^{a,b}	
	Experience_using_DiscBrokers
Chi-Square	.493
df	1
Asymp. Sig.	.483
a. Kruskal Wallis Test	
b. Grouping Variable: Time_horizon	

(Source: SPSS)

INTERPRETATION: The p-value of Kruskal-Wallis H test is obtained 0.483 which is very high than the significance level (0.05). There is no statistical evidence to conclude that both the variables have significant impact on each other. So, we **fail to reject the null hypothesis**.

Hence, there is no significant relation between investment time horizon and experience using the disc brokers.

iv) To study the relation between investment percentage and investing through discount brokers.

(Table Showing Correlations)

		Invt_percentage	Investing_online
Invt_percentage	Pearson Correlation	1	.059
	Sig. (2-tailed)		.428
	N	180	180
Investing_online	Pearson Correlation	.059	1
	Sig. (2-tailed)	.428	
	N	180	180

(Source: SPSS)

INTERPRETATION:

The Pearson correlation coefficient is obtained 0.059. This result is very insignificant and there is no correlation between both the variables. So, we **fail to reject the null hypothesis**.

Hence, it can conclude that There is no significant relation between investment percentage and investing through discount brokers.

FINDINGS

- Through hypothesis testing, It is concluded that there is effect age group on opinion towards discount broking as a breakthrough
- It was also analyzed that Occupation has no impact on the factors attracting investors towards discount

brokers.

- There is no relation between investment time horizon and experience using the discount brokers.
- Investment percentage and investing through discount brokers has no significant relation.

CONCLUSIONS

The study conducted majorly to analyze the preferences of Investors towards Discount Brokers in context of investment for the investors has been efficient to conclude that the online mode of investment or onlinetrading is the more convenient in today's era where technology is on boom. The online mode of investment has attracted more to investors as everything is available on their fingertips and which has also increased the number of investors in the market so it can be said that online mode of investment has also helped in economic development so we should promote Discount Brokers more.

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