



A STUDY OF INVESTORS' PERCEPTION TOWARDSE - BROKING IN SURAT

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Abstract

The rapidly advancing technology, particularly the internet, has drastically changed the social and economic landscapes and every aspect of over daily lives. The purpose of the study is to identify the perception of investors towards electronic broking and to identify the significant relationship between demographic factors and statement regarding perception of investors towards e-broking. A sample of 150 investors with valid responses was collected from Surat by using non probability sampling method in which convenience sampling method was used. Chi-square test was used to test the relationship between demographic factors and statement related to E-broking. Also used reliability test and factor analysis to evaluate objectives. Here the research concludes that there were mainly three major demographic factors and statement regarding e-broking those are age, education and occupation.

Keywords: E-broking, Demographic factors, Perception, Demat account, Significant relationship, Trading

INTRODUCTION

E-broking broadly defined as trading mechanism where investors place order and confirm trading result via electronic communication channels, such as the internet, mobile phones, and personal digital assistant. Indian exchanges and broking houses have been slow to move their transaction online. Investor has money to dabble with. Trading shares on BSE/NSE has always been investors dream. After Realizing that there is untapped market of investors who want to be able to execute their own trades when it suits them, brokers have taken their trading rooms to the internet. Known as online brokers, they allow investorto buy and sell shares via internet. There are some factors to keep in mind while selecting online trading like; brokerage cost, safety, rate refresh, speed of execution, trading limit. For internet trading to succeed it is imperative to have both, a robust business model as well as a comprehensive technology strategy. Some of the challenges are discussed: transaction fulfilment in the net-based economy, it is both prudent and essential for a broker/intermediary to offer total solution to the clients at a single point. Total solutions would essentially mean offering interfaces with banks, depositories, information feeds, etc. For efficiency in trade completion and reducing duplication of client information. The service providers will have to go beyond the stage of mere order execution and emerge as "informed arise" rather than "intermediaries". This will not only ensure lower trading costs in terms of offering cross services but will also help in maximizing return.

REVIEW OF LITERATURE

Many studies are conducted to examine the future of e-broking, benefit of online trading, problems of online trading, people's awareness towards online trading.

Dr. A. Abdul Rahim (2013) done a research on "Problem and prospects of online share trading practices in India." The main purpose of the study was to find out the benefit and

problems of online trading. For the study purpose he has collected data from books, journals and websites which deal with online trading. For achieving objective researcher use weighted average ranking methods and Garrett ranking method. The study found that it's become easy to trade and cut the cost, major hurdles is computer illiteracy, poor infrastructure, etc.

N. Renuka (2017) done a research on "A study on customer awareness towards online trading." Main purpose of the study was to know the people perception regarding online trading, to study the investor's awareness in the online trading and to study the Do's and don'ts of online trading. For the study purpose researcher has collected data from 60 respondents by using structured questionnaires. For achieving objective researcher use H-test and P-value. The market become more fluctuating, when investor buy and sell shares, they have to pay brokerage fee and ST tax. Stock market business becomes more user-friendly.

S. Bhuvanam and Dr. R. Sivarethina Mohan (2015) conducted study on "Customer's behavioural intentions towards online trading system in tirachtrappalli city". The main purpose of the study was to identify the level of investors trust towards online share trading and to measure the security aspects of online trading system. For study purpose they have collected data from 200 respondents by using structured questioner. For achieving objective researcher use chi-square, ANOVA, correlation and multiple regression technique. Trading becomes more flexible and it has no time and geographical limitations. Investors feel that the trust is key determination in online trading.

RESEARCH METHODOLOGY

- a) Problem statement: A Study on Investors' Perception towards E - Broking in Surat
- b) Objectives:
 - i. To identify the perception of investors towards electronic broking.
 - ii. To identify the significant relationship between demographic factors and statement regarding perception of investors towards e-broking.

In the research descriptive research design was used. Primary data were collected by using structured questionnaire. Selection of respondents was done by using non probability sampling method in which convenience sampling method was used. Data were collected from 150 respondents from Surat city. For fulfilling the objectives of research data analysis tools like frequency analysis, chi square test and factor analysis were performed by using analytical software like SPSS

Results and Discussion

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.995	.995	20

Table. No: 1 Reliability Statistics

From above table it can be interpret that alpha value is 0.995 which is more than 0.6 means that data collected are reliable for factor analysis.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.962
Bartlett's Test of Sphericity	Approx. Chi-Square	6.818E3
	Df	190
	Sig.	.000

Table. No: 2 KMO and Bartlett's Test

The value of KMO test is 0.962 (higher than 0.6) and p-value of Bartlett's test is 0.000 (less than 0.05), factoranalysis can be undertaken using this dataset.

Total Variance Explained						
Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.797	13.985	13.985	2.090	10.451	10.451
2	2.262	11.311	25.297	2.048	10.241	20.692
3	1.848	9.239	34.536	1.782	8.909	29.601
4	1.706	8.528	43.064	1.646	8.231	37.831
5	1.491	7.454	50.518	1.640	8.200	46.032
6	1.403	7.016	57.534	1.610	8.048	54.080
7	1.255	6.275	63.809	1.583	7.917	61.997
8	1.008	5.041	68.850	1.370	6.852	68.850
9	.908	4.540	73.390			
10	.810	4.052	77.442			
11	.744	3.720	81.162			
12	.660	3.299	84.461			
13	.581	2.903	87.364			
14	.537	2.685	90.048			
15	.474	2.368	92.417			
16	.448	2.238	94.655			
17	.382	1.911	96.566			
18	.281	1.405	97.971			
19	.232	1.161	99.132			
20	.174	.868	100.000			

Table. No: 3 Extraction Method: Principal Component Analysis.

The above table shows the total variance explained statistics whereby it can get the number of components or factor extracted using principal component analysis method. It is clearly known to us from the table that it extracts 8 components whose initial total Eigen values are greater than 1.

Statement	Component							
	1	2	3	4	5	6	7	8
Online trading has captured more investors	- .129	- .026	- .111	.032	.008	.839	- .148	- .019
Online trading has reduced paper work	.324	- .142	.255	.083	.135	.139	- .673	.081
With online trading Indian stock market has become more efficient	.667	.122	- .350	.145	.093	.199	- .072	.099
Upward trend in stock market is corelated with E-broking	.031	- .016	- .207	.806	.117	.023	.092	- .045
Online trading is reducing the role of brokers for trading	.745	.086	.100	-.224	- .007	- .111	.147	.079
E-broking has made trading process more transparent	.107	.158	.717	.237	.141	- .109	.023	.064
Online trading has bright future ahead	.210	- .059	- .110	-.057	- .767	- .087	.230	.136
Online trading has reduced chances of fraud	.195	.590	- .041	.064	.418	.201	.007	.225
Online trading gives more on investment	- .098	- .026	.249	.732	- .033	- .041	- .076	.114
Online trading is fast and efficient	.161	- .067	.030	.020	.813	- .100	.089	.083
After using online trading your knowledge and interest in stock market increased	- .003	- .810	.049	.011	.189	.047	.002	.073
After using online trading system your investment in stock market increased	.235	- .613	.056	.305	- .244	- .280	- .254	.153
Online trading is more beneficial and easier as compare to manual trading	- .021	- .187	.711	-.214	.013	.128	- .057	.215
Availability of resources i.e.; internet is needed while using E-broking system	.638	- .070	.333	.036	- .053	- .224	- .049	- .427
Demat A/C can keep your portfolio share safe	.114	.180	.203	-.311	.033	.611	.473	.084
Demat A/C is helpful to keep a true record of your share	.392	.352	.342	.228	- .230	.447	- .041	.154
Demat A/C valuation of share become	.383	.589	.165	.030	.022	-	-	.136

easy						.080	.267	
Demat A/C is helpful to control tax evasion	- .113	.159	.344	-.075	.043	- .160	- .158	.582
Demat A/C increased your income from stock market	.126	- .074	.076	.110	- .034	.095	.032	.779
Demat A/C makes easy to buy or sell in stock market	.187	- .140	.076	.098	- .005	.000	.783	- .013

Table. No: 4 Rotated Component Matrix^a

In the Rotated Components Matrix, each number represents the partial correlation coefficient between variable and rotated component. All variable that has large factor loading for a given component define the component.

Factor 1	Convenient	<ul style="list-style-type: none"> • Online trading has reduced paper work • With online trading Indian stock market has become more efficient • Online trading is reducing the role of brokers for trading • Availability of resources i.e.; internet is needed while using E-broking system
Factor 2	Reduce risk	<ul style="list-style-type: none"> • Online trading has reduced chances of fraud • Demat A/C valuation of share become easy
Factor 3	Easy access of information	<ul style="list-style-type: none"> • E-broking has made trading process more transparent • Online trading is more beneficial and easier as compare to manual trading
Factor 4	Broaden investment opportunities	<ul style="list-style-type: none"> • Upward trend in stock market is corelated with E-broking • Online trading gives more on investment • After using online trading system your investment in stock market increased
Factor 5	Educate investors	<ul style="list-style-type: none"> • Online trading is fast and efficient • After using online trading your knowledge and interest in stock market increased
Factor 6	Safety	<ul style="list-style-type: none"> • Online trading has captured more investors • Demat A/C can keep your portfolio share safe • Demat A/C is helpful to keep a true record of your share
Factor 7	Liquidity	<ul style="list-style-type: none"> • Online trading has bright future ahead • Demat A/C makes easy to buy or sell in stock market
Factor 8	Good return	<ul style="list-style-type: none"> • Demat A/C is helpful to control tax evasion • Demat A/C increased your income from stock market

Table. No: 5 Derived factors

The above table shows perception related eight factors were derived namely convenient, reduce risk, easy access of information, broaden investment opportunities, educate investors, safety, liquidity and good return.

FINDINGS

Chi square findings: Hypothesis of chi square test:

H0: There is no significant relationship between demographic factors and perception of investors towards e- broking.

H1: There is a significant relationship between demographic factors and perception of investors toward e-broking. The study found the significant relationship between demographic factors and statements regarding perception of investors towards e-broking. Some results are shown below.

It is found that in most of cases there is a significant relationship between investors perception regarding e-broking and demographic factors like, age, education and occupation, In the case of satisfaction level of investors there is a significant relationship with demographic factors like, occupation and yearly income and in the case of problemfacing by investors while doing online trading there is a significant relationship with demographic factors like, age and occupation.

SUGGESTION

The replication of this research can be applied to other online products, for example online banking, online financial investment, and trading of foreign exchange currencies online.

Stock broking firm that has adopted online trading, they can encourage non-adopters to have a trial with mockonline stock trading service, for instance, by offering access to a 'Guest Account'.

CONCLUSION

The study conclude that investors have expectation that e-broking will grow in future and they are satisfied with the service provider who provide the service of e-broking. The investors are also satisfied with the advantages of online trading which are lacking in traditional way of trading. But some investors are facing problem with it due to lack of knowledge and experience. The main purpose of choosing e-broking is, less time consuming and userfriendly. From the factor analysis on perception related statements eight factors were derived namely convenient, reduce risk, easy access of information, broaden investment opportunities, educate investors, safety, liquidity and good return. Study also found that there is significant relationship between 3 major demographic factors and statement regarding e-broking those are age, education and occupation.

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