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Research Article

A Study On Problems Faced By Corporate Security Investors In Online Share Trading In Chennai City

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ABSTRACT

The stock exchange, a vital economic determinant, plays a pivotal role in the country's financial landscape. In today's highly connected environment with billions online, the Indian stock market has adapted to these changes. The rise in online trading, especially during the mid- to late-'90s, was driven by the emergence of economical high-speed computers and internet connectivity. Online share trading typically necessitates an online trading platform provided by most brokers for order execution. This study scrutinized challenges faced by corporate security investors in online share trading, revealing that a majority grapples with issues such as insufficient information and technical problems. Primary data from 179 corporate security investors were collected through structured questionnaires and analyzed using SPSS. The findings indicate numerous challenges, but the study concludes that a successful implementation of online share trading can effectively address these issues.

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

INTRODUCTION

Online share trading represents a fundamental understanding of digital trading processes. Since the advent of the internet, virtually every task has become achievable online. Thanks to the internet, online trading has emerged as one of the most popular methods, democratizing stock trading for independent investors. Online trading caters to both novices who have completed basic trading courses and seasoned traders, offering the The advent of online trading offers individuals the opportunity to trade stocks, options, forex, and futures globally without the necessity of a physical broker and with notably decreased commissions, thanks to the online nature of the process. At the core of online trading is the ability to execute buy/sell orders for financial securities and currencies via a brokerage's internet-based proprietary trading platforms. The popularity of online trading witnessed a significant increase in the mid- to late-'90s, aligning with the widespread accessibility of cost-effective high-speed computers and internet connections. This transformation has empowered traders, allowing them to engage in global markets without the constraints of physical presence and with the added advantage of lower transaction costs, all made possible by the convenience and accessibility of online platforms.

SCOPE OF THE STUDY

The main aim of this study is to investigate the challenges faced by corporate security investors in the domain of online share trading with a specific focus on understanding their risk-taking abilities. The study aims to explore several key topics and theories, including insufficient information, technical problems, risk-taking ability, and the security and trust levels maintained by corporate security investors in online trading platforms.

1. Challenges Faced by Corporate security investors:

- ***Insufficient Information:*** Uncovering how corporate security investors grapple with a lack of comprehensive information and the impact on decision-making.
- ***Technical Problems:*** Investigating the nature and frequency of technical challenges faced by corporate security investors in the online share trading environment.

2. Risk-Taking Ability:
- ❖ Understanding the varying levels of risk tolerance among corporate security investors engaged in online trading.
- ❖ Exploring how risk preferences influence investment decisions and strategies.

3. Security and Trust Levels:
- ❖ Assessing the perceived security measures of online trading platforms from an investor's perspective.
- ❖ Examining the trust levels corporate security investors place in the security infrastructure of online trading systems.

4. Investor Intentions:
- ❖ Gaining insights into the intentions driving corporate security investors to participate in online share trading.
- ❖ Identifying factors that contribute to or hinder corporate security investors ' engagement in online trading activities.

5. Implications for Investor Understanding:
- ❖ Drawing conclusions that contribute to a better understanding of corporate security investors ' intentions and behavior in the online share trading landscape.
- ❖ Providing insights that can inform strategies to enhance investor education and platform usability.

By exploring these dimensions, the study aspires to contribute valuable insights to the understanding of challenges faced by corporate security investors in online share trading. It seeks to provide a nuanced perspective on risk-taking behaviors and shed light on the factors that shape the security and trust perceptions of corporate security investors in the digital trading environment. Ultimately, the study aims to offer practical recommendations for improving the overall experience of corporate security investors in online share trading.

REVIEWS OF LITERATURE

Abdul Rahim (2013) conducted an analysis of the challenges and opportunities in online share trading practices in India. The study revealed that the primary benefit derived from online share trading is the broader range of choices available, followed by better value and access to information. However, the findings also indicated that inadequate technology poses a significant challenge for online stock traders, along with a lack of professional management.

Arshia Bansal et al. (2018) examined the issues and potential of online stock trading in Solan town, Himachal Pradesh. They found that insufficient technology and the risk of infrastructure failure are major concerns for investors. Additionally, the study highlighted the prevalence of hacking in online share trading, emphasizing the need for a thorough review of security measures.

Sakthivel and Saravanakumar (2018) investigated investor satisfaction and technical challenges encountered in online share trading in the Coimbatore region of Tamil Nadu. Their research identified operational challenges, email connectivity issues, and a lack of analytical skills as the primary technical hurdles faced by investors in online share trading.

Shiji and Jeevitha Priya (2019) analyzed the challenges confronted by investors in online share trading. A majority of respondents agreed on various issues such as trading liabilities, insufficient financial literacy, political influences, poor investment skills, market volatility, lack of capital investment, stock market downturns, and financial losses due to unforeseen factors in online trading.

Saritha and Lakhsmi (2019) stated that significant obstacles for the development of online stock exchanging are PC ignorance, helpless foundation, hazard unfavorable 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.

STATEMENT OF THE PROBLEM

Online trading refers to the process of purchasing and selling a diverse range of financial assets, including stocks, bonds, mutual funds, ETFs, options, futures, and currencies, utilizing internet-based proprietary trading platforms offered by brokerages. This approach has supplanted traditional methods where corporate security investors and traders were required to contact their brokerage firms via phone to execute trades, offering a more convenient and streamlined avenue for engaging in financial markets. In the traditional process, corporate security investors would communicate with their brokers to place trades, specifying details such as market value, order type, limit price, duration of the order, and the designated account for the transaction. However, despite the convenience of online share trading, corporate security investors encounter certain challenges.

The primary challenges include:

1. **Lack of Sufficient Information:**
- Corporate security investors may face difficulties due to a lack of comprehensive information, affecting their ability to make informed decisions.
- Without direct communication with brokers, corporate security investors miss out on customized expert advice, potentially leading to a limited understanding of market dynamics.

2. **Technical Problems:**
- Online share trading relies heavily on technology, making corporate security investors vulnerable to technical issues.
- Risks of system failures, network congestion, electricity outages, and other technical glitches can disrupt the trading process and pose challenges to corporate security investors.

3. **Chances of Fraud:**
- The online environment opens avenues for fraudulent activities.
- Corporate security investors need to be cautious about the security of their accounts and the credibility of online platforms to mitigate the risks of fraud.

These challenges underscore the importance of investor education, robust cyber security measures, and reliable technological infrastructure to enhance the overall experience and security of online share trading. Corporate security investors must be proactive in staying informed, adopting risk management strategies, and utilizing trusted platforms to navigate these challenges successfully.

OBJECTIVES OF THE STUDY

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

RESEARCH HYPOTHESIS

- H01: There is no significant difference between risk tolerance level of corporate security investors and occupation.
- H02: There is no significant difference between technical problems and age of the corporate security investors.
- H03: There is no relationship between insufficient information, technical problems, risk tolerance level, trust and security level on online share trading.

RESEARCH METHODOLOGY

RESEARCH DESIGN

This research takes a descriptive approach to identify the factors influencing the investment preferences of corporate security investors and delineates the significance of each of these factors on investment options.

SAMPLING TECHNIQUE

Random sampling was the chosen technique for this research, with corporate security investors selected based on their accessibility, in accordance with the study's randomization criteria. Respondents were sourced from various locations across the city of Chennai.

SAMPLING SIZE

The population size is extensive, given the substantial number of individuals engaged in diverse investment options. Accessing the entire population is challenging. Instead, a sample size of 179 respondents was selected from various locations within Chennai City.

DATA SOURCE

Primary data was obtained through surveys, with 179 respondents participating and responding to questionnaires and secondary data was gathered by reviewing relevant literature concerning investment options and preferences.

STATISTICAL TOOLS USED FOR THE ANALYSIS

The SPSS package was employed to facilitate data processing, classification, tabulation, analysis, and interpretation. Depending on the characteristics of the data obtained from respondents, different statistical techniques including One-way ANOVA and Correlation were utilized.

LIMITATIONS OF THE STUDY

- The area of data has been restricted to Chennai city.
- The sample size is restricted to 178 corporate security 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

PERIOD OF THE STUDY

The study was carried out over a span of five months, commencing in July 2023 and concluding in November 2023.

DATA ANALYSIS AND INTERPRETATIONS

TABLE 1: ANOVA BETWEEN OCCUPATION AND RISK TOLERANCE LEVEL

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.924	3	0.641	3.974	0.009
Within Groups	28.078	174	0.161		
Total	30.002	177			

ANOVA was performed to examine the difference among various occupations 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 occupations on risk tolerance level of corporate security investors.

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

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.296	3	0.765	1.717	0.165
Within Groups	77.568	174	0.446		
Total	79.864	177			

ANOVA was performed to examine the difference among various age on risk tolerance level. Result of ANOVA showed P value 0.165 is more than 0.05. Hence null hypothesis is accepted. There is no significant difference among various age on risk- tolerance level of corporate security investors.

TABLE 3: 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	0.281**	1			
	Sig. (2-tailed)	0.000				
Risk Tolerance Level	Pearson Correlation	0.166*	0.311**	1		
	Sig. (2-tailed)	0.027	0.000			
Trust	Pearson Correlation	0.196**	0.136	0.253**	1	
	Sig. (2-tailed)	0.009	0.070	0.001		
Security	Pearson Correlation	0.162*	0.153*	0.170*	0.615**	1
	Sig. (2-tailed)	0.030	0.041	0.023	0.000	

*Correlations significant at 1% level.

RESULT

The table results show positive and significant correlations among insufficient information, technical problems, risk tolerance level, trust, and security. Specifically, insufficient information is weakly correlated with technical problems (0.28), trust is moderately correlated with risk tolerance level (0.25), and security strongly correlates with trust (0.61). Overall, the five variables exhibit varying degrees of correlation, ranging from little correlated to moderately correlated.

SUGGESTIONS

In the realm of online share trading, emphasizing a long-term strategy is crucial. Brokers play a pivotal role by providing daily updates to corporate security investors, ensuring they stay well-informed about the nuances of online trading. This proactive approach not only enhances investors' understanding but also mitigates potential challenges, fostering satisfaction. To empower corporate security investors, education becomes paramount. Seminars, lectures, and practical training should precede their foray into online share trading, recognizing the significance of computer literacy in this domain. One prominent risk in online trading is technical problems. Mitigating this risk involves ensuring brokers have contingency plans. Corporate security investors should verify that brokers offer a backup option, enabling them to execute transactions through customer support in case of technical glitches. Implementing these suggestions establishes a robust platform for companies with global demand, enabling uninterrupted 24-hour trading of shares. This innovative approach is poised to contribute to a more efficient global price discovery process.

CONCLUSIONS

Online trading has emerged as a significant global trend, driven by its advantages such as lower commission costs, swift trade execution, enhanced control over transaction types, and the elimination of time and geographical constraints. The growth of online stock trading is evident year after year. However, challenges persist in this domain, including technical issues, increased fraud risks, high transaction costs, and concerns related to trust and security. Despite these challenges, the advantages of online stock trading, such as speed and cost-effectiveness, are noteworthy. To foster the growth of online stock trading, it is imperative to address existing issues. Key challenges include technical problems, computer illiteracy, inadequate infrastructure, and a risk-averse attitude among corporate security investors. Encouragingly, an increasing number of educated investors and supportive regulations are poised to propel the further expansion of online trading. To ensure sustained growth, there is a need to enhance the reliability of brokers and establish robust systems for online share trading. By addressing these aspects, the online trading ecosystem can continue to evolve and meet the needs of corporate security investors, fostering a more resilient and efficient market.

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