

Competency of Financial literacy on digitalization effect on trade-off approach among retail investors in Chennai

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Extract:

Financial literacy plays a vital role due to technology performances increase all over the sector including of finance, trade or investment. The stock market used to be a place where traders yelled out orders to each other. At present retail investors can make their trade activity within a fraction of seconds with high tech electronic efficiency. Bhatt's (2013) explore towards the pattern of stock trading by individuals proposes that "Investors in middle age prefer intraday trades rather than positional trades." Nowadays Retail investors have more opportunities through stock market apps to trade which guide to collect stock details on all aspects of company. This paper fix the objectives to find out the awareness of Investors towards modernizing of technology through mobile apps and software available for stock trading and the factor which impact the investment decision in stock market through available source of information in apps. The tools like percentage, Anova, correlation are used for analyses in this study. The persistence towards the need of financial literacy among retail investors is the prime motive of this study. It also enhances the application of fin-tech in the trade of stock market.

key words – Stock market, Investment pattern, Digitalization, Trading apps, Trading pattern.

INTRODUCTION

Digital engage the world and it has become as crucial part of human life, each activities are enrolled by technology. Trade and commerce is also already practice with digitalization on each and every activity, now finance also paved its own way on technology implementation. Indian stock market too perceived an application of digitalization in investment. Digital is not only modernization, it also consider as easy accessible to customers or investors from any part of the world. Thus technology leads to increase the stock trading process as an effective and boosted market with more data transparency. As a result everyone can able to observe the drastic change in Business of financial services due to Digitalization. It also make a way of Change in Mode of trading in Share (for example phone trading, online trading, trading software's, trading through broking house). When digital make its entry the level of financial literacy is necessary for investors. Particularly Retail Investor's Investment should be framed with proper financial Literacy.

The Retail Investor is a person who make small amount of investments, investors who invest their hard-earned money to earn future benefits in Equity, Mutual Fund, IPOs, Stock future and Options. In enactment of captivating the actual financial decision i.e. recitation towards investing in financial resources as an investor should retain perception of available financial resources before make investment is known as Financial Literacy. The major pre-eminent stock exchanges in India are Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) which processed with digitalization of investment. NSE was first to start Automated Electronic Exchange Trading System in

1992, later BSE in 1995 commenced BOLT (BSE On-Line Trading) automated exchange trading system. NSE, SEBI offers free financial literacy programs through reading material booklet.

presentations, seminars, workshops etc. to all age group people with the sole motive to enhance financial literacy among individuals.



Sources of Financial literacy

The sources of financial literacy approach is mainly influenced by Organised stock trading index like NSE, BSE and SEBI, Financial experts who make consultancy and make programs in Television, Using Magazines, articles and books and finally highly impact by emotionally influenced persons.

REVIEW OF LITERATURE:

BHARADWAJ and et al (2007) make a research on the crash of information technology and its valuable impact on the firm's market value. It will give its influence on the investor's decision. But the study make a result that price of share in stock market are not upgraded with technological activities. If firms fails to make update of information technology will cross a negative impact on the firm in market.

SANTI SARUP K, (2008), gives a clear view on the method of improving confidence on the retail investor's analysing in the primary market. The study makes view on the factors that impact on the market with Regulatory policies to be framed by SEBI for a strong protection to the investors.

ASHRAF and JOARDER (2009) had a study on the effect of Information Technology on the volume and price of shares in stock market which has a high volatility in Bangladesh stock exchange market. The consequence of the study indicates the significant relation on the price volatility and trading volume of stock in share market.

MRUNAL (2013) gives a picture of analyse in the impact of the factors like inflation, interest rate, political stability, growth in country's GDP, Foreign institutional investors and global factors which have a significant influence on the Indian share market.

AKSTHA PRABHU et al (2017) made a study on the various financial products which are obtainable for people to devote the pattern they follow at the time of making the investment decision. The study also make a findings that women investors prefer to make safe investment like gold and bank deposit, but men investors have the nature of risk taking in stock market and real estate. It makes significance of different on the attitude of risk taking factors on investment avenues.

STATEMENT OF PROBLEM

The nature of literacy on financial is more vital for investment planning. The investment avenues are now channelized as more due to economic development, globalisation and privatisation. This makes

an entry of digitalization on the investment approach among investors. In order to maximize the

wealth of the investor digitalization could be bring an effortless in the pursuing of financial literacy. Digitalization is initiated the investor on information technology, it also easier to educate individuals on financial education which is most simple and understandable manner. Change is the permanent concept of up gradation, stock market also not made with exemption towards change of digitalization. This make a due impact on Stock market exchange with a different pattern of investment avenues. IT makes a high influence on Brokers, broking services like trading of stock, currency, commodity and various other services it may be in a single umbrella. Online trade is adopt for own (do yourself), three in one broking service which is offered by banks or financial institutions as a name of services.

OBJECTIVE OF THE STUDY

The Primary Objective of the study

1. To stumble on the investors awareness of technological advancement in stock market
2. To scrutinize the plane of financial literacy an individual retail investor hold before making an investment decision.

SIGNIFICANCE OF THE STUDY

The study of this research would assist investor towards finding a variety of options available to gain financial literacy post digitalization. It also pave facilitate to educate individuals themselves about the available financial resources by before making fair investment decision and safeguard their wealth. The research would aid stock broker towards find out different method of investment avenues and also to create awareness of financial market and its products available through digitalization about how to trade etc. among retail investor.

SCOPE AND METHODOLOGY OF STUDY

The study of transform in the manner of trading and financial literacy of retail investors after Digitalization is empirical in nature based on observation and survey conducted. The population size is 60 respondents who are predominantly deal in stock market. They also confined to the Chennai city. They also invest or trade in stock market are taken as sample for this study. The study comprise of primary data collected from people dealing in stock market through direct interview, phone interview through structured questionnaire.

The Secondary is collected from various websites, books and business magazines and articles related to stock market. In this study the statistical tools like ANOVA and Correlation tables has been used to analyze the Level of financial literacy of retail investors Post Digitalization.

DATA ANALYSIS AND INTREPERTATION

Education and Methods of gaining Financial Literacy

Table 1 – ANOVA showing relationship between Education and Methods of gaining Financial Literacy

		Sum of Squares	df	Mean Square	F	Sig
Websites providing financial and investor	Between Groups	3.121	2	1.060	1.095	0.352

education	Within Groups	54.2	2	57	.969	
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		Sum of Squares	df	Mean Square	F	Sig
Trading apps and other apps	Between Groups	2.617	2	1.308	1.295	.262
	Within Groups	57	2	57	1.010	

Above table shows relationship between Education and Methods of gaining Financial Literacy.
H0: There is no significant relationship between Education and Methods of gaining Financial Literacy.

H1: There is significant relationship between Education and Methods of gaining Financial Literacy.
As per the table the p value of Methods of gaining Financial Literacy is More than an alpha value 0.05 which means here H0 is accepted, i.e. There is a no significant relationship between Education and Methods of gaining Financial Literacy which means that educational status does have any effect on retail investor’s methods of gaining financial literacy.

Reason for preferring trading online through apps or software

Table 2 – correlation of Reason for preferring trading online through apps or software

	Time Consuming	Easy to track	P (Sig.)
Time consuming Can trade from any place	1	.885**	.000
Check on investment portfolio	.767**	.810*	.000
Easy to Track live stock prices	.403**	1	.000
Trade in few seconds	.778**	.900**	.000

**Correlation also significant at the 0.01 level (2-tailed), which is inferred in the above table of Correlation as all the p values are significant this means that there is significant relationship between the variables correlated. There are 34 respondents were not properly aware of mobile trading apps followed by 26 respondents were conscious and agree to the reasons towards their preference on trading online through apps or software. The respondents were made their options of finding trade/investment through apps, software or online trade also made easy towards path live prices, buy/sell shares in few seconds, trade will take from any place, not need to be depend on stock broker for buy/sell stocks, availability of easy track market news, global indices and IPO’s watch.

FINDINGS

1. This research study shows half of the respondents are of vigilant towards the type of investor who basically prefers long term, cash trade, were 19 are follower and 11 out of 60 are risk taking type of investor.
2. The cash trade option is adopted by 60% respondents whereas both cash and margin trade were adopted by 40% respondents.
3. The mainstream of respondents around 65% preferred medium to long term trade whereas 35% do day, short term trades.
4. The study also displays the weight-age of respondents has given more to equity in their portfolio when weigh against to other type of financial investments with view to grow high return even if it involves high risk.

5. Advice from Broker/ Expert and influences of Television retail investor highly than Business Magazines, stock articles, Social Media, Stock Market Websites manipulates the investment decision towards Retail investor.
6. Majority of the people (60-70%) prefer IPO's invest with the application of process is made easy through ASBA, Retail Investors feel more secured post digitalization.
7. The approximate 30-40% respondents feel trading apps and software are bit slow and complicated to use.
8. The majority respondents are aware of trading apps and software but resist trading online or through apps or software on their own due to fear of making mistakes.

SUGGESTIONS

The current situation of the study is to limit the retail investors who make deal in stock market of Chennai city only, the further span for performance of the research were made through the survey in other different cities of the country. Proper board like SEBI should capture the situation of the stock market with quick action at time of crisis or volatile, it would avert the retail investor from panic selling at such time. The Broking firms should promote the apps more with proper strategy, which will create awareness among the Retail investors about the benefits of using those apps or trading software.

CONCLUSION

The financial services along with stock market business view an enormous change after digitalization and technological advancement. As of today a retail investor may get any information on the regard to financial minutiae of the companies, past records, companies' financial performance reports, graphs etc. There were assortment of charts of different Indices and companies are straightforwardly available with today's aspect of technical analysis but the utmost crisis with regard towards retail investor is lack towards financial literacy about the stock market or companies before investing. There is Lack of consciousness on various financial literacy programs like "Investors awareness programs" conducted by SEBI, NSE, and BSE to improve retail investor's financial literacy. So the Broking firms are in need to take steps in order to generate awareness about a mixture of programs conducted by SEBI, NSE, and BSE, to instruct retail investors about their investment. The primary responsible person like government should take more steps to form proper technological awareness among retail investors which will make financial literacy and persuade them to invest more in stock market for long term which would result in vast contribution by retail investors towards growth of an economic and industrial development of the country.

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