

A STUDY ON EVALUATION OF ONLINE TRADING

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ABSTRACT: A study on evaluation of online trading facilities with reference to financial services of various sectors. The main objective of the research was to evaluate the online trading facilities of which was carried out a period of specified deals. This paper study conducted is descriptive in nature and the sample size used for this study is 200. The method used for this study is Primary and secondary data collection method. For collecting the data structured questionnaire was used in this study. Percentage analysis and graphical representation were used for analyzing and interpretation. This paper mainly focuses on customer feedback and suggestions that would be useful to take necessary actions to solve them in a better manner. The findings revealed that most of the respondents are satisfied with the online trading facilities provided by the organization. The work would surely help to forecasts the customer needs and help the company to take the necessary steps.

Keywords: Online Trading, E-Business Development, Business promoting.

I. INTRODUCTION

When Internet has affected all sectors he could “stock markets” the most important player of the economy, has remained far behind? Like all other sectors Internet has set its feet in the stock markets also. Internet trading commissions are clearly posted on the websites of the various services, and are typically a fixed rate charge, depending upon the type of security being traded and the size of trade. In theory, therefore, an Interest investor always knows what commission he is being charged on each trade. Internet investors can take as much time as they would like to take prior to placing a trade order. Similarly the online investor likely does not have to worry that his broker is making unauthorized trades. Since there is no individual broker making a commission, the only person who is authorized to trade in an account is the actual investor. Furthermore, the internet investor can never become a victim of excessive trading (where for the broker) since the investor maintains total control over the number of transactions which take place in the account. All of these positive features of internet trading may lead the unwary investor to believe that Internet trading is a way to take control of their finances and save more money in the process.

Unfortunately, this is not always the case. The advantages of Internet stock trading have also its weaknesses and these weaknesses present significant drawbacks for the average investor. First and foremost, the average investor is not an expert in the financial markets. There is a danger for allowing the autonomy of online trading to hull you into the belief that you are an expert investor. An online investor sitting at home at a personal computer also foregoes proper investment advice and financial planning, perhaps among the most valuable services provided by traditional brokers.²⁴ There are, of course, additional risks relative to performing transactions over the Internet especially on a shared computer. Those people whom investors have provided their account number and password can freely trade that account while the investor will have little, if any, resource against the brokerage firm for the breach of security. Customer satisfaction is a measure of how products and services supplied by a company can meet the customer’s expectations. Customer satisfaction is still one of the single strongest predictors of customer retention. It’s considerably more expensive to attract new Customers than it is to keep old ones happy. In a climate of decreasing brand loyalties, Understanding customer service and measuring customer satisfaction are very crucial.

II. REVIEW OF LITERATURE

“Online stock trading in India: An empirical investigation” In 2021, Niche Wail and Reminder Kumar's research report examined the investors' preference for traditional trading and online trading, investor's perception on Online trading & comparing current usage of online trading and offline trading. This study reveals that out of every 100 investors only 28 trade online, which points out a question as why investors were not able to realize the importance of technology in stock trading. The major findings of the study are the Indian investors are more conservative, they do not change brokers for trading, whereas net traders are more comfortable with online trading for its transparency and complete control of the terminal

TRADING

Trading is defined as buying and selling shares in stock exchanges. There are two types of trading i.e. online trading (via internet) and offline trading (via broker or call). Gone are the days when the investor must have a stock broker to deal in stocks and make investments. In this age of internet, when everything is going online, stock trading has also gone online. Just like the offline stock trading investor can now buy or sell stocks online with just a few clicks of the mouse. There are obviously some advantages and some disadvantages of both these form of trading.

ONLINE TRADING: INDIAN SCENARIO

In the Indian context, online trading can be rightly called as a recent phenomenon, which took with the change of century i.e. April 2021, and even till day online trading is not much popular among investors for which a list of factors can be blamed. This fact is more clearly from the information available that while number of stock exchanges in India has grown from 7 exchanges in 1946 to total 53 exchanges till 2020 Only 2 stock exchanges are providing online share trading. Indian stock exchanges have started adopting technology because it provides the necessary edge and ensure timeliness and satisfaction in customer service. However mainly 5 companies control 90 % of the market in internet trading, ICICI direct.com has around 50% market share, whereas? India Bullshold 26% share, other dominant players are Kodak Securities and Share khan. ICICI has been able to gain its dominant presence in Internet trading because they have strong connectivity of stock trading, demat account, bank account, etc., ICICI Direct has recorded 6, 75,000 registered customers and has become 19th larger online broker in US whereas Share khan and 5 paisa are loosing their way.

III.ONLINE TRADING PATTERN

Trading Pattern of the Indian Stock Market

Trading in Indian stock exchanges is limited to listed securities of public limited companies. They are broadly divided into two categories, namely, specified securities (forward list) and non-specified securities (cash list).. Two types of transactions can be carried out on the Indian stock exchanges: (a) spot delivery transactions "for delivery and payment within the time or on the date stipulated when entering into the contract which shall not be more than 14 days following the date of the contract": and (b) forward transactions "delivery and payment can be extended by further period of 14 days each so that the overall period does not exceed 90 days from the date of the contract". The latter is permitted only in the case of specified shares.

The brokers who carry over the outstanding pay carry over charges (cantango or backwardation), which are usually determined by the rates of interest prevailing. A member broker in an Indian stock exchange can act as an agent, buy and sell securities for his clients on a commission basis and also can act as a trader or dealer as a principal, buy and sell securities on his own account and risk, in contrast with the practice prevailing on New York and London Stock Exchanges, where a member can act as a jobber or a broker only. The nature of trading on Indian Stock Exchanges are that of age old conventional style of face-to-face trading with bids and offers being made by open outcry. However, there is a great amount of effort to modernize the Indian stock exchanges in the very recent times.

Over The Counter Exchange of India (OTCEI)

The traditional trading mechanism prevailed in the Indian stock markets gave way to many functional inefficiencies, such as, absence of liquidity, lack of transparency, unduly long settlement periods and benami transactions, which affected the small investors to a great extent. To provide improved services to investors, the country's first ring less, scrip less, electronic stock exchange - OTCEI - was created in 1992 by country's premier financial institutions - Unit Trust of India, Industrial Credit and Investment Corporation of India, Industrial Development Bank of India, SBI Capital Markets, Industrial Finance Corporation of India, General Insurance Corporation and its subsidiaries and Can Bank Financial Services. Trading at OTCEI is done over the centers spread across the country.

Securities traded on the OTCEI are classified into:

- _ Listed Securities
- _ Permitted Securities

_ Initiated debentures

OTC has a unique feature of trading compared to other traditional exchanges. That is, certificates of listed securities and initiated debentures are not traded at OTC. The original certificate will be safely with the custodian. But, a counter receipt is generated out at the counter, which substitutes the share certificate and is used for all transactions. In the case of permitted securities, the system is similar to a traditional stock exchange. The difference is that the delivery and payment procedure will be completed within 14 days. Compared to the traditional Exchanges, OTC Exchange network has the following advantages:

_ OTCEI has widely dispersed trading mechanism across the country, which provides greater liquidity and lesser risk of intermediary charges.

_ Greater transparency and accuracy of prices is obtained due to the screen based scrip less trading.

_ since the exact price of the transaction is shown on the computer screen; the investor gets to know the exact price at which s/he is trading.

_ Faster settlement and transfer process compared to other exchanges.

Thus, with the superior trading mechanism coupled with becoming aware of the manifold advantages of the OTCEI.

National Stock Exchange (NSE)

With the liberalization of the Indian economy, it was found inevitable to lift the Indian stock market trading system on par with the international standards. On the basis of the recommendations of high-powered Pherwani Committee, Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India, all Insurance Corporations, selected commercial banks and others incorporated the National Stock Exchange in 1992.

Trading at NSE can be classified under two broad categories:

(a) Wholesale debt market and

(b) Capital market

Wholesale debt market operations are similar to money market operations - institutions and corporate bodies enter into high value transactions in financial instruments such as government securities, treasury bills, public sector unit bonds, commercial paper, certificate of deposit, etc.

There are two kinds of players in NSE:

(a) Trading members and

(b) Participants.

Recognized members of NSE are called trading members who trade on behalf of themselves and their clients. Participants include trading members and large players like banks who take direct settlement responsibility. Trading at NSE takes place through a fully automated screen-based trading mechanism, which adopts the principle of an order-driven market.

Trading members can stay at their offices and execute the trading, since they are linked through a communication network. The prices at which the buyer and seller are willing to transact will appear on the screen.

When the prices match the transaction will be completed and a confirmation slip will be printed at the office of the trading member. NSE has several advantages over the traditional trading exchanges. They are as follows:

_ NSE brings an integrated stock market trading network across the nation. Investors can trade at the same price from anywhere in the country.

_ Delays in communication, late payments and the malpractice's prevailing in the traditional trading mechanism can be done away with greater operational efficiency and informational transparency in the stock market operations, with the support of total computerized network. Unless stock markets provide professionals service, small investors and foreign investors will not be interested in capital market operations. And capital market being one of the major sources of long-term finance for industrial projects, India cannot afford to damage the capital market path.

In this regard NSE gains vital importance in the Indian capital market system.

Bombay Stock Exchange (BSE) – Sensex

For the premier Stock Exchange that pioneered the stock broking activity in India, 128 years of experience seems to be a proud milestone. A lot has changed since 1875 when 318 persons became members of what today is called "The Stock Exchange, Mumbai" by paying a princely amount of Re1.

Since then, the country's capital markets have passed through both good and bad periods. The journey in the 20th century has not been an easy one. Till the decade of eighties, there was no scale to measure the ups and downs in the Indian stock market. The Exchange, Mumbai (BSE) in 1986 came out with a stock index that subsequently became the barometer of the Indian stock market. SENSEX is not only scientifically designed but also based on globally accepted construction and review methodology. First compiled in 1986, SENSEX is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of SENSEX is 1978-79 and the base value is 100. The index is widely reported in both domestic and international markets through print as well as electronic media. The Index was initially calculated based on the "Full Market Capitalization" methodology but was shifted to the free-float methodology with effect from September 1, 2003. The "Free-float Market Capitalization" methodology of index construction is regarded as an industry best practice globally.



IV. NEED OF THE STUDY

Now a day's most of the people are interested in investment in shares by through online terminals. So most of the people are expecting more facilities in the online portals the company, so that online trading is consider as important area for this study. The online trading user's expectations and opinions are varying from one to another because based on the facilities of online trading platform of the company. So the purpose of the study is to evaluate the online trading facilities which are offered to the customers, from this study to find the customer's opinion and satisfaction level on the online trade facilities.

V. DATA INTRPRETATION AND DATA ANALYSIS

The data after collection has to be processed and analyzed in accordance with the outline lain down for the purpose at the time of developing the research plan. This is essential for a scientific study and for ensuring that we have all the relevant data. A processing implies editing coding, classification and tabulation of collected data so that they acquiescent to analysis.

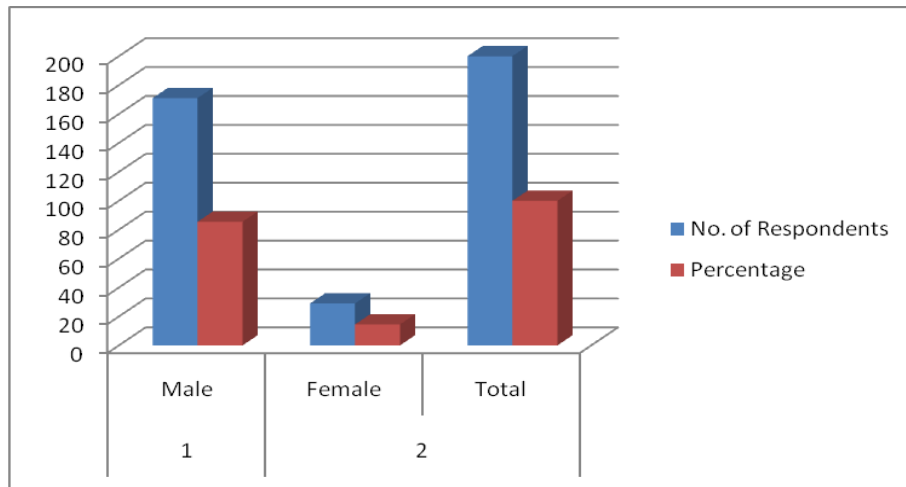
The term analysis refers to the computation of certain measure along with searching for pattern of relationship that exists among data groups thus “the process of analysis relationships or difference supporting or conflicting with original or new hypothesis should be subjected to statistical test of significance to determine with what validity data can be set to indicate any conclusion.

Analysis of data in general way involves a number of closely related operation that or perform with purpose of summarizing the collected data and organizing them in such a manner.

The Gender of the respondents

SI.No	Gender	No. of Respondents	Percentage
1	Male	171	85.50
2	Female	29	14.50
	Total	200	100.00

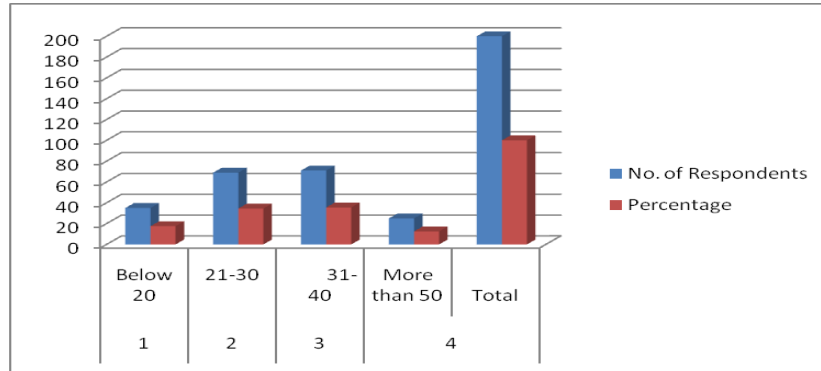
The Gender of the respondents



The Age of the respondents

SI.No	Age	No. of Respondents	Percentage
1	Below 20	35	17.50
2	21-30	69	34.50
3	31-40	71	35.50
4	More than 50	25	12.50
	Total	200	100

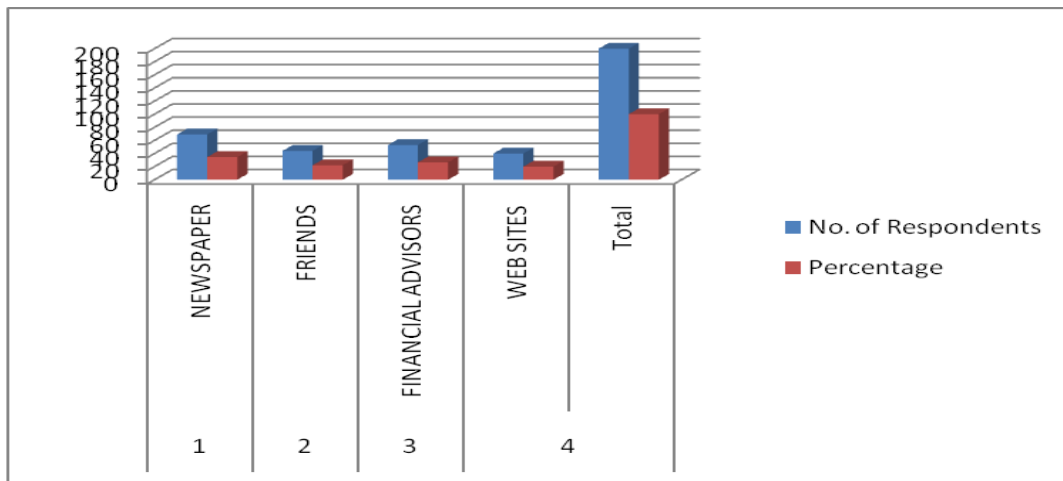
The Age of the respondents



The awareness on online trading

Sl.NO	particulars	no. of respondents	percentage
1	newspaper	69	34.50
2	friends	44	22
3	financial advisors	53	26.50
4	web sites	40	20
	total	200	100.00

The awareness on online trading

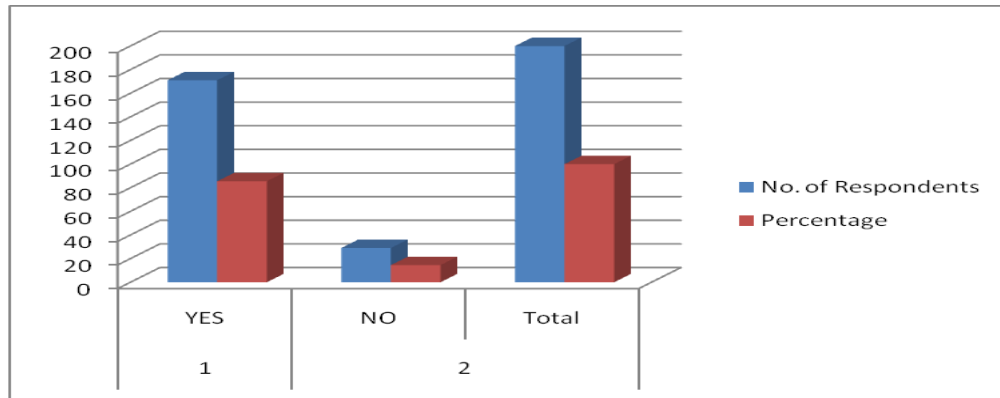


The online trading is secured

Sl.No	Particulars	No. of Respondents	Percentage
1	YES	171	85.50

2	NO	29	14.50
	Total	200	100.00

The online trading is secured



VI. BENEFITS OF THE STUDY

Many online stock trading companies came but initially due to the lack of online trading facilities and ineffective services the companies are closed, but some of the companies are survived. The company which is survived are getting the good profit with well return and also attracting the foreign investment companies. So this study helps the organization to understand the customer’s perception and satisfaction level in online trading facilities and also what type of product the customer deal while doing the online trading. This study helps the company to make new strategy for the online facilities for further improvement.

VII. CONCLUSION

Online trading is the new concept in the stock market. In India, online trading is still at its infancy stage. Online trading has made it easy to trade in the stock market as now people can trade while sitting at their home. Now stock market is easily accessible by the people. There are some problems while doing the trade through the internet. Major problem faced by online trader is that the investors are loyal to their traditional brokers; they rely upon the suggestions given by their brokers. Another major problem is that the some people don’t have full knowledge regarding online trading. Nevertheless to say that online trading has the bright future as the percentage of the trade done through online trading is increasing day by day.

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