



RESEARCH ARTICLE

A STUDY ON STRATEGY OF ONLINE SHARE TRADING INTENTION IN STOCK MARKETS OF SOUTHERN TAMIL NADU

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ABSTRACT

With the influence of the Internet booming and global competition expanding, E-Commerce (EC) is receiving considerable attention worldwide. Currently, most people in this new era are thinking about whether or not EC could bring unlimited business opportunities and new competitive advantages. Among all EC applications, Internet-based stock trading is really one of the best ways to understand the attraction and popularity of EC. The purpose of this paper is to figure out the decision factors that affect the online stock trading system. This study had scrutinized some factors that are related to affect customers decision in adopting an online stock trading system and the level of stock market awareness among the share trading customers with respect to their socioeconomic factor, trading preferences, strategies, evaluations, perception and identified which category people are mostly attracted by the online share trading and the risk factors were analyzed. A sample of 178 online share trading customers was used for the study. In addition, this study provides some useful findings and implications for the academicians, customers, and practitioners in the area of online stock trading.

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INTRODUCTION

Investing in shares has become a profession for many traders to make money. Making your money although it is risk in nature. In an age when the Internet is introduced in all business activities, the technology has defined the way anyone do business and the way of correspond. The exploration in obtaining Internet connectivity has opened many opportunities for online trading. Online trading in shares has been reaching new highs and also firmly overtaking offline trading. Banks and financial institutions also motivate the share traders to trade using internet with many options. The investors now with the use of online share trading has every opportunity to purchase, track and sell shares with a view to minimize losses and maximize profits (Raju, 2004). Online share trading is an interesting and tempting proposition and now even more convenient and easy to perform. Everything is just a few clicks away. This makes online trading most convenient. But there are still investors who prefer offline trading mostly for security reasons.

Strategies of Online Share Traders

A strategy is a long term plan of action designed to achieve a particular goal. Trading strategy has a predefined set of rules to apply in taking financial investment decision by share traders, investment firms, and fund managers to and eliminate the

emotional aspect of trading. A trading strategy is governed by a set of rules that do not deviate. Emotional bias is eliminated because the systems operate within the parameters known by the trader Santhosh kumar (2011). The parameters can be trusted based on historical analysis (back testing) and real world market studies (forward testing) so that the trader can have confidence in the strategy and its operating characteristics

An overview of online share trading

The present study is a significant investigation as it aims at the strategies of stock broking companies for online share trading market and developing awareness of online share trading among the existing share traders. The awareness on online share trading is essential because if respondentance are aware then the day will come soon when the world will become aware on online share trading and protect the world economic to avoid the risk effects like market crash. In Online share trading the trading is done by using computer and internet connection. In other words trading done through computer having internet connection is called online share trading. Instead of going to any share broker you can do trading yourself using online share trading method. In this method you must have a computer and internet connection or else you can make use of internet cafe. Since stock market has created an enormous loss and created a vast impact among the individuals, the investigator felt that it is important to study the impact of online share trading among the share trading customer in three dimensions namely, strategies of online share

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trading, Awareness on online share trading and measures of risk involved in online share trading.

Literature Reviews

The present study is focused on measuring the strategies of stock broking companies for online share trading market and developing awareness of online share trading among the customer. It is pertinent to know that a few researches and theoretical work have been conducted in this area by earlier investigators. Higher prices today mean lower expected returns tomorrow as suggested by Winston (1982). Long term average stock returns are a poor forecaster of the future study by Henry Ford (1990). In the similar lines Simantee Sen (2007) reported that analysis of behavioral finance, an alternative paradigm and studies the influence of psychology on the decision-making process of financial practitioners. Shylajan and Sushama Marathe (2005) found that Attitudes and Trading Behavior is the major factors responsible for stock market investors. Sally Harridge-March (2006) propose can the building of trust overcome consumer perceived risk online to explore the role of trust and risk in consumers apparent reluctance to convert from internet browsers to potential online purchasers. Several studies in market strategy do not distinguish between online and offline share trading but the researchers like Rao (1994) suggested that the Indian equity market responds in an expected direction to firm announcements and supported the semi-strong form of efficient market in India. He projected a cumulative abnormal return of 6.3 percent around the tree days of bonus issue announcement. Sanjiv Sabherwal, Salil K. Sarkar, Ying Zhang (2008) in his study established Online talk: does it matter it is to examine stocks that are most actively discussed by online posters and see if the messages posted about these stocks have information or if they are just noise. Gay (2008) established relationship between share prices and macroeconomic variable is well documented for the United States and other major economies.

Objectives

This study aims to investigate the stock market integration in the context of online stock market. Where by these stock market have a different economic and financial structure and political back ground and if these stock markets are independent investors can make a diversified of risk effects. The present study contributes to the level of stock market awareness among the online share trading customers with respects to their socio-economic factors. The strategies and purpose of online share trading shall be investigated the customers preferences and decision making element, risk components shall be examined. The basic objective of the paper is to find the strategies among online share trading.

MATERIALS AND METHODS

Data base

The data on various online share trading customers is collected from the official companies regards. The details are collected through questionnaires. It is given to share trading customers and brokers of Tirunelveli district. The filled up questionnaires were then collected. Questionnaire prepared by the investigator

is the research tool. The strategies are classified into four dimensions having a number of items, online share trading - Introduction, strategies of online share trading, Awareness on online share trading and Measures of risk involved in online share trading.

Methodology

Questionnaires were the statistical techniques used for analyzing the data were the weighted average, anova, chi - square test for large independent samples. The population consists of share trading customer and brokers of Tirunelveli district and randomly thirty five share trading companies were selected. The sample for the present study comprises 178 share trading customers.

DISCUSSION

Table 1. Demographic Characteristics of Sampled Respondents

Demographics	No of Respondents	Percentage
Sample	178	100
Sex		
Male	168	94
Female	10	6
Age groups		
Below 20	16	9
20- Below 30	34	19
30- below 40	100	56
Above 40	28	16
Marital status		
Married	148	83
Unmarried	30	17
Education		
Under graduate	60	34
Graduate	68	38
Post graduate	30	17
Professional	20	11
Monthly family income		
Below 10000;	40	22
10000-Below 20000	56	31
20000-Below 30000	52	30
30000-below 40000	30	17
Mode of saving		
Savings bank	15	8
Land/Building	15	8
Fixed deposits	23	13
Shares	30	17
Bonds/ securities	80	45
Gold	15	9
Stock Trading Experience		
Below 5years	40	22
5- 10 years	45	25
10- 15 years	52	30
Above 15 years	41	23
Stock Trading Preference		
NSE cash segment	151	85
BSEL cash segment	0	0
NSEF & O cash segment	27	15
HSEL cash segment	0	0

Respondents Profile and Distribution of Investor

This analysis is used to give an overall idea of the profile of the respondent on the basis of their Sex, Age, Education, Occupation, Marital Status, Number of family members, Monthly family income, annual savings, mode saving, stock trading experience, stock trading preference and investment details of the customers.

Table 2. Sex on the basis of trading preferences of the stock market

S.No	Sex	Trading preferences		Number of respondents	χ^2	Remarks
		NSE cash Segment	NSE F & O Segment			
A	Male	142	26	168	0.54	NS
B	Female	9	1	10		
Total		151	27	178		

(Table value at 5% of significance = 3.841, df = 1)

H₀ - There is no significant relationship between the Sex and Trading preferences That means there is a no relationship between Sex and Trading preferences in the stock market. Hence the result of experiment support the hypothesis.

Table 3. Family monthly income on the basis of Decision

S.No	Income	Take decision			N.R	χ^2	R
		S.A	A	N			
A	Below 10,000	8	25	17	50	32.3	NS
B	10000 – below 20000	10	20	26	56		
C	20000 – below 30000	20	25	7	52		
D	30000- below 40000	12	8	0	20		
Total		50	78	50	178		

S.A-Strongly Agree A-Agree N-Neutral N.R-Number of respondents R-Remark

H₀- There is no significant relationship between the family monthly Income and Take decision

Anova:						
Groups	Count	Sum	Average	Variance		
Strongly Agree	3	38	12.66667	41.33333		
Agree	3	70	23.33333	8.333333		
Neutral	3	50	16.66667	90.33333		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Income	174.2222	2	87.11111	1.866667	0.234244	5.143253
Take decision	280	6	46.66667			
Total	454.2222	8				

Table 4. Purpose of online share trading

S.No	Purpose of online share trading	S.A	A	N	D	S.D	W.A	R
1	Better return facilities	50	50	58	20	0	3.7	4
2	Reducing risk	0	108	70	0	0	3.6	6
3	Avoid barriers	0	100	78	0	0	3.5	8
4	Time consuming	98	25	55	0	0	3.6	6
5	Less expensive	50	90	0	38	0	3.8	3
6	Reducing mental tension	8	60	100	10	0	3.3	9
7	Safety of documents	28	80	50	20	0	3.6	6
8	Access from any where	76	62	40	0	0	4.2	1
9	Cash liquidity	0	0	118	60	0	2.6	10
10	Convenient	98	25	55	0	0	4.2	2

SA- Strongly agree A- Agree N-Neutral D-Disagree SD-Strongly Disagree W.A- Weighted average

Table 5. Customer evaluation of brokers

S.No	Customer evaluation	V.G	G	N	B	W	W.A	R
1	Encourage me to trade	50	50	28	20	0	3.7	5
2	perceived risk	10	98	70	0	0	3.6	3
3.	trust in trading	0	108	70	0	0	3.6	3
4	Avoid investment barriers	0	65	98	15	0	3.2	7
5	Avoid market volatility	0	0	108	70	0	2.6	11
6	Motivation	0	178	0	0	0	4	1
7	Guidelines	0	18	160	0	0	3.1	9
8	Timely purchases	0	150	28	0	0	3.8	2
9	Issuing of notice	0	100	10	68	0	3.1	9
10	Issued of settlement details	0	50	128	0	0	3.2	7
11	More return facilities	0	70	108	0	0	3.3	6

V.G-Very good G-Good N-Neutral B-Bad W-Worst W.A- Weighted Average R-Rank

Table 5. Risk Involved in Online Share Trading

S.No	Risk	S.A	A	N	D	S.D	W.A	R
1	Misuse of password	28	25	50	50	25	2.8	9
2	Internet frauds	25	25	78	50	0	3.1	8
3	Mistakes and errors	25	128	25	0	0	4	1
4	Technology risk	50	50	58	20	0	3.7	5
5	Risk of new announcement	58	75	25	10	10	3.9	2
6	Withdrawal facility	25	25	50	50	28	3.3	7
7	Higher volatility	68	40	20	20	20	3.4	6
8	System risk/ Network congestion	40	25	78	25	10	3.8	4
9	Risk Reducing orders	50	68	60	0	0	3.9	2

SA- Strongly agree A- Agree N-Neutral D-Disagree SD-Strongly Disagree W.A- Weighted average

Demographic Profile

The analytic results helped to develop the characteristic profile for each group by describing each group in term of the total population (N = 178), it found that the majority respondents are male customers such as (94 %) male customers and (4 %) of females customers are participated in share market events having trading experience below 5 years were 22% Above 10 years are 25% , the respondent with the experience of 10- 15 years are 30% and the 23% of them above 15 years, as high as 30% investors having trading experience above 10 -15 years.19% of investors aged below 30 years. whereas, most of the investors 56% aged above 30- below 40 years. Most of the salaried respondents' income level 20000-Below 30000 and 10000-Below 20000. On the other hand, most of the Graduate (32%) was trading. At the same time 85% of the investors Stock Trading Preference only on NSE cash segment rest of the 15% of the investors Trading Preference were NSE F & O cash segment.

The calculated value of chi-square test is much higher than the table value hence the result of experiment does not support the hypothesis. That means there is a significant relationship between Income and decision making. The result given in table 4 shows the values through weighted average method it shows most of the respondents are agrees the purposes given by the researcher trading. Based on the weighted average method the values are assigning ranks according to the importance of the online share trading. It may be seen in table 5 shows the values through weighted average method it shows most of the respondents having good approaches of their brokers. This analysis is used to give an overall idea about the evaluation and decisions of online share trading investments and how the respondents are take the decision for investing stock broking companies for online share trading on the basis of their evaluation of share trading activities in the stock market. It is inferred from the table 5 shows the values through weighted average method it shows most of the respondents are agrees that the risk involved in online share trading.

FINDINGS

- There is no significant difference of the Sex and Trading preferences of the stock market events.
- There is relationship between family income and individual decision making
- The male respondents are highly participated in the stock market events of stock market and the awareness among 30-40years old customer is good.
- The married respondents are highly participated in the stock market and most of them are graduate peoples. the income level is 10000 – below 20000
- The respondents are highly agrees the purpose and preference of online share trading because all the respondents are trading online once in two days and neutrally agree the customer evaluation of brokers.

- The customers are highly agrees that the stock market activities are having more risk involving in the online share trading. they are choosing share trading business for the purpose of generating more income and amusement knowledge
- The stock brokers encourage online share trading because more number of customers is willing to trading in stock market through online and other financial activities also access through online.

Conclusion

This study is useful to know the difficulties face by the stock brokers and online share trading customers. It is helps to know the ability and concentration of online share traders. It helps to include the relationship between share brokers and online share trading customer and also its help to develop the stock market strategy.

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