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## **INVESTOR ATTITUDE TOWARDS ONLINE AND OFFLINE TRADING**

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### **ABSTRACT**

In the recent days investing has been an activity confined to the rich and business class in present scenario the increasing popularity of investment are due to increase in working population, larger family income and consequent higher savings. Investment is the application of money for earning more return. The opportunities for the investors have increased a lot as there are several investing options available through different modes - Some investors still want to invest in stock through brokers in offline trading and Some Investors prefer online trading because of busy schedule and inconvenience of offline trading as it's time consuming, lack of communication & knowledge etc. This research note examines the trends in the online trading industry, as well as the competing business models of traditional and online brokerage firms. The stock market is one of the gripping determinants of the economy and plays an important role in the country's financial state. In today's dynamic environment billion of people are connected to the Internet. During the last twenty years, the technology revolution has had an intense and irreversible impact on the world and Indian stock market has also witnessed these changes. From its formal inception in the 19th century, the Indian capital market has come a long way and can be said to be in a maturity stage, backed by a developed legal system. The internet has made financial products and services available to more customers and eliminated geographical barriers. Earlier investors were solely dependent on their brokers but nowadays they are participating more in buying and selling of shares with the help of internet. E-trading has saved time, energy and money as it helps to access the market from anywhere at any time. The primary objective of this research paper is to analyse the impact of internet growth on the stock market transactions. The paper also discusses the current state of internet trading in India and particularly the scope of online trading market available in India.

**Keywords:** *Online trade, Share market, Offline operations, Investor, Capital, Stock market.*

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### **1. INTRODUCTION**

Online trading began only in the year 1983. Earlier the investor has to meet or call the stock broker to buy the securities. The stock broker will then go to the stock counter to place the investor's order. And also information regarding the share prices of various companies were given by the Stock broker only. This made a single transaction very time consuming. All of these problems arose due to poor communication systems.

Following which the rapid advancements in technology introduced drastic changes in stock market. Which led to the creation of online trading.

Online trading is an internet-based investment activity which involves buying and selling of financial products and services through electronic communication channel. Both the stock broker and investor are involved in the channel at the same time. Online trading has become very popular in the last couple of years as it's very convenient and easy method of trading.

With new tech- introductions, it has made the broker's and investors job even more easy in the recent times. Using the internet channels, an investor can easily buy and sell stocks, securities, bonds, mutual funds and other securities without any need of physical broker or agent. Using online brokering apps such as Zerodha kite, Upstox pro, Sharekhan, Groww etc., an investor can easily buy and sell securities within few minutes through electronic communication channel such as internet, mobile phones, etc.,

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### **2. OBJECTIVES OF RESEARCH**

1. To differentiate between online and paper trading and understand which is more efficient.
2. To make people aware about the various advantages and disadvantages of trading.
3. To know the awareness level of customers regarding online trading and study the attitude of investors.
4. To know the factors influencing investment decisions.

5. To determine the problem actually faced by the investors with reference to online trading system.

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### 3. TRADING

Trading basically means buying and selling of shares in a particular company. It involves two types namely,

1. Online trading
2. Offline trading

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### 4. ONLINE TRADING

Online trading is an internet-based investment activity which involves buying and selling of financial products and services through electronic communication channel. Using online trading account, you can easily buy and sell stocks, bonds, mutual funds and other securities without need of physical broker or agent.

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### 5. BENEFITS OF ONLINE TRADING

#### 1. Convenience:

When it comes to online trading a person just needs to open a trading account via internet and the investor is not bound by time and place as long as there is an internet connection. Hence online trading is convenient and hassle free and also saves time.

#### 2. Affordable brokerage:

In online trading, stock broker fee which the investors pay is less when compared to the commission charged in the traditional method. If an investor buys large volumes of shares, then he can negotiate the broker's fees.

#### 3. Monitor the investments anytime:

Online trading helps the investor to monitor the investments and see how their money is performing throughout the day, with just a click away.

#### 4. Fewer middlemen:

Online trading almost eliminates the middlemen as it allows you to trade directly and virtually with no direct broker communication. This helps in reducing the overall trading costs, making investment services much more lucrative.

#### 5. Faster transactions:

Online banking is fast and efficient as funds can be transferred between accounts instantly if the two accounts are held at the same bank. This quick exchange of funds also ensures quicker earnings.

#### 6. Paperless transactions:

The share certificate gets deposited in electronic form in your trading account.

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### 6. DEMERITS OF ONLINE TRADING

#### 1. Internet dependent:

The trader always relies on internet connection to constantly monitor the market and place the bets at the right time. The network issues can sometimes delay this process and thereby resulting in a loss of great opportunity.

#### 2. Risky:

Online trading is risky. Though profitable, there are chances that the investor may make a wrong choice and a problem may arise due to which it may create a problem for all investors. So, an investor should avoid depositing higher amount of capital lest you lose it.

#### 3. Hidden costs:

Some online agents have complicated fee structures which is hard to understand for a beginner. Unfortunately, no investor is safe from the hidden charges.

#### 4. Technical knowledge:

Since online trading runs on a computer system those who do not have knowledge of computer has to spend a lot of time on the internet to learn it.

## 7. OFFLINE TRADING

Offline trading means when an investor physically tells the broker to buy or sell the shares on the behalf of the investor. Offline trading is likely to take more time than online trading. As it's a slow process, during the transaction the stock price might increase and move in the direction which is not favourable to the investor.

### DIFFERENCE BETWEEN ONLINE AND OFFLINE TRADING:

SI NO.	BASIS OF DIFFERENCE	ONLINE TRADING	OFFLINE TRADING
1.	Meaning:	Internet based investment activity involving buying and selling of shares using electronic means.	Investor physically tells the broker to buy and sell the shares on behalf of the investor.
2.	Security:	Online trading is much more secure as the investor has complete control over transactions.	In offline trading the broker may carry of the transactions without the knowledge of the client.
3.	Convenience of trading:	Trade on the go with the mobile device connected through internet.	One needs to approach brokers office for trading or place a phone call.
4.	Trading fees	A brokerage charge is less.	A brokerage charge is high.
5.	Ease of trade:	Online trading is done individually with the own will of the investor	Offline trading requires to approach the broker personally.
6.	Processing of transactions:	Automatic	Manual
7.	Accessibility:	24*7*365	Limited time (9.15am – 3.30pm)
8.	Scope of business	Worldwide network and reach	Limited reach

## 8. REVIEW OF LITERATURE

This paper has been sourced from various literatures, articles and research papers and review of few of few of the following has been given below and the link of the same has been attached in the bibliography section.

**1. Dr. A Abdhul Rahim (2013):**

He discovered the pitfalls related to online trading. He suggests that investors should be protected from all hassles and problems so as to remain confident while trading online.

**2. Brad M. Barber and Terrance odean (2001):**

He studied the deep relationship between the investor and his major weapon the internet, suggesting that a combination of internet and shareholders voting could become a new tool for organisations promoting special society welfare like corporate social responsibility environmental actions and consumer help.

**3. Rajagopalan, V:**

He expressed the problem faced by him on online shares trading. What he cannot stomach is how his ID number was interchanged with another client, and his account debited to pay for derivatives, while he did not order. Worse his scripts were sold to cover losses which he had not incurred. Luckily, the broker admitted his mistake and compensated him.

**4. Mandakini Garg and Kamna katiyar (2013):**

The author stated that Indian stock market is gaining lot of popularity in the recent years. People are aware about trading of shares in stock market. But some investors are more focused towards offline share trading and they believe as a safer mode of investment. The main aim of the study is to identify customer perception towards online share trading the following research. The study concludes that factors affecting disinterest among investors towards online share trading are given.

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**9. RESEARCH METHADODOLOGY**

The data is secondary in nature and is collected from various sources in bibliography and sourced from the internet.

**RESEARCH FINDINGS:**

After brief research and study of the secondary data the paper has been worthy of finding the different factors which influence the investment decisions which therefore impacts the stock market, overcoming which can help the reader in potential success in trading and investing.

**1. Supply and Demand:**

If a company is doing an excellent work and everyone wants to buy the shares of the same company, then there will be shortage of shares so there will be more demand which will in turn skyrocket the share prices. And if the opposite happens then there will be too many shares available so the prices of the stock will go down.

**2. Current events:**

Current events can affect the stock market which includes war, political turmoil, natural calamities etc., All these events can drastically affect the stock market.

**3. Gold prices and Bonds:**

Usually, stocks are considered as risky investment whereas gold is considered as a safe investment. At times of crisis the investors prefer to invest in gold and bond prices which will increase while the stock market tumbles as they are inversely related to each other.

**4. Exchange rates:**

Value of Indian rupee keeps fluctuating vis-à-vis other currencies. When the value of rupee increases it causes Indian goods to become more expensive in foreign market. Companies which are highly affected are the ones who deal with overseas operations. Thus, there is a drop in demand for the goods so the revenue from exports decline and the stock prices of such companies fall.

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**10. CONCLUSION**

The online trading system is more beneficial to stock exchange, investors, and companies to access the required information and to know the status of stock market in detail at any time. It also helps the investor to take hassle free decisions and also understand the actual position of the listed companies. It is also very transparent in its activities.

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Online trading plays a vital role in the economy by mobilizing savings and investing them in capital market, thus establishes a link between savings and capital market. Now slowly more and more investors are attracted towards online trading for high returns, tax concession etc.

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