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"Examining the Role of Market Trends and Trading Services in Balancing Return and Risk for Investors."

***Vani Shrivastava[1], ****Dr Ankit Gupta[2]**

[1] MBA Department of Management ITM Gwalior M.P, India
[2] Associate Professor Department of Management ITM Gwalior M.P, India

ABSTRACT-

In an increasingly dynamic financial landscape, investors seek to balance risk and return through informed decision-making. This study examines the role of marketing trends and trading services in shaping investment strategies, with a special focus on Globe Capital Market Ltd. By analysing how emerging market trends, digital trading platforms, and financial advisory services impact investor behaviour, this research highlights the significance of technological advancements, regulatory frameworks, and customer-centric approaches in mitigating risks and optimizing returns. The paper employs a mixed-methods approach, combining quantitative data from trading patterns and investor portfolios with qualitative insights from industry experts and stakeholders. The findings indicate that evolving market trends and advanced trading services significantly impact investment decisions, risk management, and return optimization. The study provides practical recommendations for leveraging data-driven marketing strategies and trading innovations to enhance investor confidence and financial stability.

Keywords: Investment Strategies, Market Trends, Trading Services, Risk-Return Balance, Investment strategies.

Introduction :

The financial investment and trading services industry is a dynamic and multifaceted sector that plays a critical role in global economies by facilitating wealth creation, capital allocation, and financial stability. In the context of the research topic, this industry profile will explore its key components, participants, trends, and challenges. The financial markets in India have undergone significant transformation in recent years, influenced by various factors such as economic growth, technological advancements, regulatory reforms, and a growing retail investor base. The role of market trends and trading services is crucial in balancing return and risk for investors. This section provides a detailed industry profile, focusing on the dynamics of the Indian financial markets, how market trends are evolving, and how trading services are influencing investors' decision-making and portfolio management.

Key Market Trends Influencing Investor Behaviour in India

- *Digital Trading Platforms*: Online trading platforms like Zerodha, Groww, Upstox, and Angel One have revolutionized retail trading in India. These platforms offer user-friendly interfaces, low transaction costs, and access to a wide range of investment products, making it easier for investors to execute trades.
- *Robo-Advisory Services*: Robo-advisors, which use algorithms to create personalized investment portfolios based on an individual's risk profile and financial goals, have gained popularity in India. Platforms like Scripbox, Kuvera, and Smallcase are making investing accessible and automated for retail investors.
- *Algorithmic Trading*: High-frequency trading (HFT) and algorithmic trading have become more prominent, particularly among institutional investors. Algorithms are used to execute large volumes of trades in fractions of a second, capitalizing on price movements and improving market efficiency.

Risk Management Tools and Strategies

- *Portfolio Diversification*: Investors in India are increasingly recognizing the importance of diversification in mitigating risks. Trading services offer features that allow investors to build diversified portfolios across multiple asset classes—equities, bonds, real estate, and gold, among others.
- *Options and Futures Trading*: Advanced traders and institutional investors often use derivatives like futures and options to hedge risks or speculate on price movements. In India, trading in options on indices (Nifty, Sensex) and stocks is growing, as these tools allow investors to manage risk and potentially increase returns.

- *Risk Profiling and Asset Allocation*: Platforms like Zerodha, Groww, Globe Capital market Ltd and Scripbox help investors assess their risk tolerance and suggest suitable asset allocation strategies. These platforms use algorithms and questionnaires to profile investors and suggest portfolios that are in line with their risk preferences.

Personalized Investment Advice

- *Robo-Advisors*: Robo-advisory services in India are gaining traction as they provide automated portfolio management with minimal human intervention. These services take into account an investor's risk profile and financial goals, making investment decisions tailored to the individual.
- *Human Advisors*: Traditional financial advisors continue to play a role, particularly for high-net-worth individuals (HNIs) and institutional clients. These advisors use market insights, economic analysis, and technical indicators to help investors make informed decisions and balance risk.

Role of SEBI and Regulatory Reforms

- *SEBI's Role*: The Securities and Exchange Board of India (SEBI) regulates the securities market, ensuring transparency, fairness, and investor protection. SEBI has implemented various reforms to improve market efficiency and reduce risks, such as tightening regulations on insider trading, increasing disclosure requirements, and promoting electronic trading.
- *Investor Protection*: SEBI has introduced measures to protect retail investors, such as promoting mutual fund investments through SIPs (Systematic Investment Plans) and mandating investor education programs.

Objective of the study :

With the view to analyse how market trends affect investment decisions, particularly regarding risk tolerance and return expectations and evaluate the role of trading services (e.g., platforms, tools, advisory services) in assisting investors in managing portfolio risks and achieving optimal returns. The primary objective of this study is to examine the influence of market trends and trading services on investors' ability to balance and optimize return and risk.

- ❖ To examine the influence of market trends in balancing return and risk for Investors.
- ❖ To examine the influence of trading services in balancing return and risk for Investors.

Literature review :

- ❖ **Malik. N and Saini. C (2013)**. In his study find it difficult to for investors investing their entire savings in a single security. It emphasis on investing in a group of securities. Such group of securities is called portfolio. When portfolio is created risk is reduced without sacrificing returns. Portfolio management deals with the theory and practice of optimum combining securities into portfolio. An investor who understands the principles and analytical aspects of portfolio management has a better chance of success.
- ❖ **Ray, S. (2014)**. This paper endeavours to study the impact of such crime on the share market. It focuses on the mechanism behind the insider-trading, its impact on the share market and the regulators supervision on the issue. Finally, suggestions have been provided which will contribute towards the dream of every Indian-a fraud-free share market focusing towards the overall development of the country.
- ❖ **Dr Sangeeta et.al (2015)**. The study is based on a rational to understand the basic facts and ideologies an investor is carrying about the stock market in general and in specific. For the purpose of this study, Primary data has been gathered from the cross -section society of Bhopal region using systematic random sampling. Data has been analysed with the help of descriptive analysis and regression analysis.
- ❖ **Velmurugan. G et.al (2015)**. The study on investors' perception towards various investment avenues emphasized that the aged and high incomed investors prefer to invest only in post office and bank deposits for safety investment reason.
- ❖ **Kapoor. K and Singh. J (2015)**. This paper tried to study the attitude of male and female investors towards different investment avenues. The researchers have selected 60 male investors and 40 female investors from Moradabad region. The study uses independent t-test, mean scores to test the hypothesis. The paper concludes that investors whether male or female should look in all avenues while investing their funds. Some investments are risky and some are not, so as per the age of investors they should decide about risky or less risky investments.
- ❖ **Dominique Torre, N (2015)**. The results of this study point out the importance of the trade-off between diversification and externalities. With alternative platforms entry, enhanced competition decreases fees and redistributes informed investors between the foreign market and the domestic one. The increase of domestic platforms' number then has more complex effects on externalities (of information and liquidity). When the liquidity externalities are low, the diversification of financial platforms increases the number of investors on domestic branches.
- ❖ **Poongodi & Gowri (2016).** Discrepancy between financial literacy and saving and investing behavior among working women was investigated in research conducted. The sample group consisted of women who worked in both public and private sector organizations. Only willing participants were included in the survey (a total of 100 people) using convenience sampling methods. According to the study's findings, female respondents showed a high level of financial literacy with respect to both traditional and modern technically risky capital market options, including but not limited to investing in mutual funds, shares, debentures, and bounds of public and private companies.
- ❖ **Mustaba. A et.al (2016)**. This paper helps to determine those variables by constructing a theoretical model. After studying the past researches and theories certain conclusions are drawn whether which are the factors that impacts decision making process. The first part describes relevant literature and devises hypotheses. Section 2 describes the model, methodology, data source and the variables measurement. Section 3 is based on a discussion and concludes and provide with future implications.

- **Naidu. G and Sundira. V (2018)**. The research throws light on the financial behaviour of the citizens based on aspects like savings, spending, borrowing and investments. It also analyses the associated decision-making behaviour. 378 working women serving in information technology services in Bengaluru were administered a structured questionnaire to ascertain their perception levels and habits. Structural equation modelling was employed to analyse the causal relations.
- **Shah. P et.al (2021)**. It states that if investor is investing in whether public or private banking sector then on which basis they should invest and in which bank. And as per secondary data how portfolio is created to invest in different segment. Without portfolio management, investor may face losses in different segment. There is a process of portfolio management.
- **Bhat. G and Lobo. S (2021)**. The study emphasizes the risk-return analysis of selected stocks of the Indian Financial Services sector. Potential investors will benefit from this equity analysis because it will enable them to make more intelligent and accurate investment decisions. The study has brought to light that India Infoline Finance Ltd (IIFL Finance) has provided the highest monthly returns with a high beta value. Further, the tested hypothesis reveals that there exists a significant difference in the monthly returns of the S&P BSE Finance Index and JSW Holdings.

Research Methodology :

Research Design

Explanatory Research - Research aimed at explaining the reasons behind a phenomenon. It focuses on the cause-and-effect relationships between variables.

Sample Design

Sampling unit

Individual Investors - Retail investors actively participating in financial markets.
Institutional Investors - Investment professionals working in firms or managing portfolios.

Sample size

Due to time constraints sample size taken for survey work is 110 persons only, which represents the target population. Investors and potential investors in the stock market would make up this sample.

Sampling technique

Sampling Techniques for Individual Investors –
a) Snowball Sampling to Start with a small group of investors and ask them to refer others in their network.
b) Stratified Sampling to Divide the population into subgroups (e.g., based on demographics, trading preferences) and sample proportionally from each group.

Data collection and statistical tools :

Sampling Techniques for Institutional Investors
Purposive Sampling by Selecting participants deliberately based on specific criteria (e.g., Individual Investors, Retail investors Institutional Investors portfolio managers, analysts with >3 years of experience.
A structured questionnaire was used to collect the primary data for this project. An online questionnaire, including questions based on a 5-point Likert scale, was prepared using Google Forms. The survey link was sent to respondents via social media. This type of sampling is also known as sample capture or sample discovery.
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Data analysis techniques and statistical tools

- Quantitative Data Analysis (Primary Data via Google Forms)
- Measures of central tendency (mean, frequency) for numerical data (e.g Gender, Income, Type of Investment and Investment period).
- A reliability analysis was conducted to assess the internal consistency of the scale using Cronbach's alpha.
- Factor Analysis
  The Kaiser- Oklin (KMO) test measures the sampling suitability for factor analysis, or adequate the sample responses to examine the underlying structure of the data and to determine its suitability for this analysis.
- Regression Analysis
  To Determine the collective impact of independent variables (market trends, trading services) on dependent variables (return and risk).
  Using SPSS Software and MS Excel.

Scaling measures

Sample characteristics ae analysed in order to identify the demographic variables and two sample individuals are divided according to each variable. For this study questionnaire is used as tool foe data collection. The measure of the market trends, Trading Platform services and Risk and Return was adopted based on prior work by Myer and South (2000). All items were measured on a 5point Likert (1 =Strongly Disagree, 2=Disagree, 3= Neutral, 4=Agree, 5= Strongly Agree).

Hypothesis

Hypothesis is a clear, specific, and testable statement that predicts the relationship between two or more variables. It serves as the foundation for research studies and helps guide the research process by providing a focus for data collection and analysis. The null hypothesis posits no significant association between variables, whereas the alternative hypothesis proposes a substantial relationship.

Null Hypothesis

(H_0): 1 There is no significant relationship between market trends and the ability of investors to balance return and risk.

(H_0): 2 There is no significant relationship between trading services and the ability of investors to balance return and risk.

Alternative Hypothesis

(Ha): 1 There is a significant relationship between market trends and the ability of investors to balance return and risk.

(Ha): 2 There is a significant relationship between trading services and the ability of investors to balance return and risk.

Variables

Independent Variables

1. Market trends

market trend 1- Consideration of market trends (bull, bear)

Market trend 2- Regulatory compliances

2. Trading platform services

Trading platform services1- Experience of trading platform services

Trading platform services 2- Transparency provided by trading platform services

Dependent Variable

1. Balancing risk and return

Risk and return1- return expectations

Risk and return2-risk taking capacity

Risk and return3-Preference for diversified portfolio

Risk and return4-Prference for assured returns

Data Analysis and Interpretation :

Descriptive Statistics

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	51	46.4	46.4	46.4
	Female	59	53.6	53.6	100.0
	Total	110	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stock market	32	29.1	29.1	29.1
	Mutual Funds	42	38.2	38.2	67.3
	Commodity	21	19.1	19.1	86.4
	Others	15	13.6	13.6	100.0
	Total	110	100.0	100.0	

Type of Investment

Reliability Test

A reliability analysis was conducted to assess the internal consistency of the scale using Cronbach's alpha. The scale, consisting of 10 items, demonstrated an acceptable level of reliability, with Cronbach's alpha = .7. This suggests that the scale has moderate internal consistency.

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.605
Bartlett's Test of Sphericity	Approx. Chi-Square	21.082
	df	6
	Sig.	.002

Interpretation

The Kaiser- Oklin (KMO) test measures the sampling suitability for factor analysis, or adequate the sample responses was conducted to examine the underlying structure of the data and to determine its suitability for this analysis. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.605, which exceeds the minimum acceptable threshold of 0.50 (Kaiser, 1974), indicating that the sample size was adequate for factor analysis. Additionally, Bartlett's test of sphericity was significant, $\chi^2(6) = 21.08$, $p = .002$, confirming that the correlation matrix was not an identity matrix and that the data were appropriate for factor extraction (Bartlett, 1954).

Regression analysis

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.992[a]	.983	.982	.06748	.983	852.989	7	102	<.001	1.910

a. Predictors: (Constant), REGR factor score 1 for analysis 4, REGR factor score 1 for analysis 1, REGR factor score 2 for analysis 1, REGR factor score 2 for analysis 2, REGR factor score 3 for analysis 1, REGR factor score 1 for analysis 3, REGR factor score 1 for analysis 2

b. Dependent Variable: Mean_Rnr

The regression analysis revealed a strong predictive model for the dependent variable, Mean_Rnr. The model's R value was 0.992, indicating a very strong correlation between the predictors and the dependent variable. The R^2 value was 0.983, suggesting that 98.3% of the variance in Mean_Rnr was explained by the predictors. After adjustment for the number of predictors, the Adjusted R^2 was 0.982, confirming the robustness of the model. The standard error of the estimate was 0.06748, reflecting highly accurate predictions. The Durbin-Watson statistic was 1.910, indicating minimal autocorrelation in the residuals.

ANOVA

The analysis of variance (ANOVA) demonstrated that the regression model was statistically significant, $F(7, 102) = 852.989$, $p < .001$. The regression sum of squares was 27.186, while
the residual sum of squares was only 0.464, further highlighting the model's strong fit.

Findings :

- The data suggests that mutual funds and stock market investments dominate participant preferences, likely due to their accessibility or perceived returns.
- The income distribution indicates a moderate-income population with a notable portion earning between 25,000 and 40,000.
- Female participants slightly outnumber males in this study, which could influence the interpretation of investment preferences and income trends.
- Investment decisions are heavily influenced by market conditions, highlighting the need for more robust market analysis tools for investors.
- Perceptions of regulatory effectiveness might require targeted communication or reforms to improve investor confidence.
- The weak relationship for return expectations indicates the need to explore additional factors influencing investment outcomes.
- A moderate recognition of portfolio diversification as a risk management strategy suggests a need for further investor education.
- The findings demonstrate that the identified factors (predictors) are critical drivers of the dependent variable (Mean_Rnr).
- The p-value is less than 0.001, demonstrating that the model is highly statistically significant indicates that alternative hypothesis follows.

Suggestions and Recommendations :

1.Focus on Diversification

- Since market trends and trading services may not significantly influence risk-return balance, investors should prioritize diversification to mitigate risk.

2. Rely on Fundamental Analysis

- Encourage investors to base decisions on asset fundamentals (e.g., financial ratios, growth potential) rather short-term market trends.

3. Evaluate Trading Services

- Critically Suggest that investors assess trading platforms based on reliability, fees, and user experience rather than expecting them to directly improve returns or reduce risks.

4. Adopt Risk Management Strategies

- Recommend using strategies like stop-loss orders, portfolio rebalancing, and hedging to manage risk effectively.

5 Enhance Educational Features

- Develop tools and resources to help users understand market dynamics and manage risks effectively offer webinars or tutorials on balancing return and risk.

6 Improve Decision-Support Tools

- Introduce advanced analytics features, such as Predictive models for market trends. Customized risk assessments.

7. Promote Transparency

- Clearly communicate the limitations of trading platforms and tools in guaranteeing returns or managing risks.

Limitations and Scope for further research :

- Limited Institutional Investor Participation- Institutional investors might be underrepresented due to challenges in accessing this group, limiting generalizability to this population.
- Simplistic Risk and Return- Metrics Defining risk and return may oversimplify complex investment dynamics, such as non-linear relationships or portfolio interactions.
- Dynamic Market Conditions - Market trends and trading services evolve rapidly, and the data collected might not reflect current or future conditions.
- Regulatory and Economic Changes- New regulations, macroeconomic shifts, or technological advancements may affect the validity of the findings.

Conclusion :

The factor analysis revealed that the data were moderately suitable for factor extraction, as indicated by the KMO value and the significant result of Bartlett's test. However, the low communalities of some variables, particularly "Getting more than expected return from current investments?", suggest that these variables may not strongly contribute to the underlying factor structure. Future studies may consider revising or excluding such variables to improve the overall model fit.

The findings emphasize that market trends and portfolio diversification are significant considerations for investors. Regulatory confidence plays a moderate role, while unexpected returns appear to be influenced by additional, unexplored factors. Policymakers and investment advisors should focus on enhancing regulatory transparency and promoting awareness of diversification strategies to strengthen investor confidence and decision-making processes.

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