Investors Knowledge on Trading Applications: ODIN and NEST

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Abstract

In derivative markets, the investors are participated based on their own knowledge, past experiences and with the help of financial experts. The derivative exchanges have been performing various functions such as trading applications, back office process and settlement of the trade and so on. The sub brokers also provide value added services to their clients such as payment gateway, online trading, mobile trading, short message service alert and so on. his study aims to find out the capability of the investors proficiency in trading applications. The researcher has made a survey from various brokering firms' retail investors in Madurai. In this study the data have been analysed by using statistical tools such as percentage, chi square test and one-way anova.

keywords: investors, trading parameter, brokers, online services.

Introduction

Introduction

The share trading is updated from the traditional system. All the share market tradingm activities are changed into online. The online trading services help to minimise the trading time and cost, immense trading order and providing informative trading practices. It is providing an organised share trading system and that system make easier the speculators and investors to trade in the market. Hence, all the exchanges encourage and appropriate the online trading activities. The exchanges allow the brokers to undertake the share trading with their convenient software through online trading services which may differ from brokers to brokers. The services are differing from the High Net Worth Client (HNC) and retail investors. The brokering concern offering the different services, through the trading applications. The trading application differ from one concern to another concern. Most of the brokering firms are provided the trading platform on ODIN or NEST application. The services are such as margin limit, range of brokerage, trading tips, online fund transfers, different types of orders, trade confirmation, Chart forecasting, hedging trade, position verification and so on.

Objectives of the study

1. To study the socio economic profile of the investors
2. To identify the investors familiarity in trading parameters.

3. To find out the investors accessibility of handling the trading applications

Hypotheses of the study

H0 = There is no relationship between investors educational qualification and investors familiarity on trading parameter.

H0 = There is no difference between age of the respondents and their accessibility of the trading applications.

Methodology

The study is mainly focused on primary data which are collected from the share brokering retail investors of the Madurai city. The primary data are collected through structured questionnaires. The questionnaire is designed in accordance with the objectives of present research work. The relevant secondary data are gathered from the books and websites.

Sampling Design

The researcher has been chosen 195 respondents through the snowball sampling method in Madurai city. The respondents are segregated on the basis of active client. All the required information have been collected from the investors of the share brokering concerns, based on their technical knowledge on the applications.

Result and Discussion

Profile of the investor: Percentage Analysis

The background of the study is based on the knowledge of the investors towards the access the trading platform. In this study the researcher has categorized the profile of the investors age, educational qualification, occupation and annual income.

Table.1
Profile of the respondents

Factors		No. of. respondents	Percentage to Total N=195
Age of the Investors	18-28	39	20.0
	28-38	56	28.7
	38-48	73	37.5
	48-58	24	12.3
	Above 58	3	1.5
Educational qualification	School level	32	16.4
	Diploma	24	12.3
	Graduate	114	58.5
	Postgraduate	25	12.8
Occupation	Business	80	41.0
	Professional	7	3.6
	Government servant	11	5.6
	Private employee	93	47.7
	Housewife	4	2.1
Annual Income	Below 100000	10	5.1
	100000-300000	80	41.0
	300000-400000	77	39.5
	400000-500000	25	12.8
	Above 500000	3	1.5

Source: Primary data

From the table.1 it is inferred that 37.4 percent of the respondents are concerned with the age group of 38 to 48 years. 58.5 percent of the respondents are having the educational qualification of graduate, 47.7 percent of the respondents are belonging to private employment and 39.5 percent of the respondents are having the annual income between three lakhs to four lakhs.

Investors Familiarity On Trading Parameters

The null hypothesis is that, there is no relationship between the educational qualification and trading parameter familiarity of the respondents. The trading parameters are such as lot size, tick size, chart, contract specification of the script and settlement procedure. Table 2 shows that the relationship between the educational qualification and market familiarity of the respondents.

Table.2
Investors Education and Familiarity of Trading Parameter

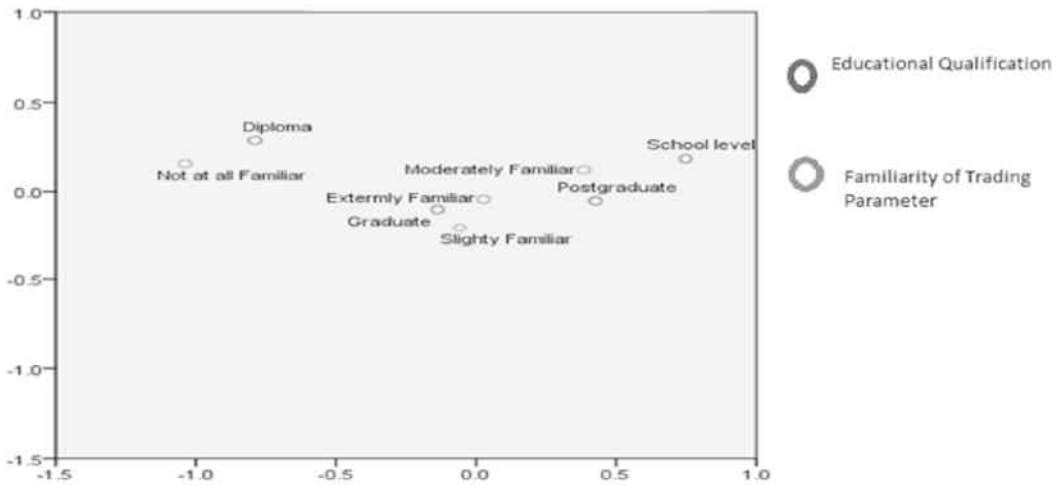
Educational Qualification and Trading Parameter					
Educational Qualification	Trading Parameter				Total
	Not at all Familiar	Slightly Familiar	Moderately Familiar	Extremely Familiar	
School level	6	7	12	7	32
Diploma	6	7	6	5	24
Graduate	17	33	41	23	114
Post Graduate	5	6	9	5	25
Total	26	56	76	37	195

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.264a	9	0.413
N of Valid Cases	195		

Source: primary data

There are four rows and four columns which makes the (4-1) * (4-1) = 9 degrees of freedom. The chi square table shows the significant value is 0.413. which is higher than the significant value at 0.05 level. The chi square value is higher than the significant value at five per cent level the null hypothesis is accepted. At the 0.05 level of significance, there is evidence of no relationship between educational qualification and the familiarity of trading parameter.

Relationship between Investors educational qualification and familiarity of trading parameter.



The educational qualification and familiarity of trading parameters are related to each other; the nature of the relationship can be displayed in Figure 1. The pattern of the relationship appears to be that the graduate and the post graduate respondents both tend to extremely familiar and moderately familiar about the trading parameters. The rest of educational qualified respondents are slightly familiar and few of them only not at all familiar about trading parameters. Hence the null hypothesis has been accepted. Finally, the researcher has been concluded there is no relationship between investors educational qualification and the familiarity of market parameters.

Investors Accessibility of the Trading Application

The organized derivative exchanges are offering their products and services through the online platform. The exchange sub brokers are providing their trading services by various applications like ODIN and NEST. Most of the sub brokers are used either ODIN or NEST. These applications have unique trading components such as order terminology, hedging technique, trade book accessibility, trade alert, online fund transfer, net position verification, span margin, trade alert, obligation report and contract note. Hence the researcher has analysed the differences between investors age and their accessibility of the trading application by using ANOVA. The null hypothesis that age do not influence investors accessibility of the trading application.

Table.3

Investors Accessibility of Trading Application

Particulars		Sum of Squares	d.f	Mean Square	F	Sig.	Result
Online accessibility	Between Groups	9.896	4	2.474	5.923	.000	Significant
	Within Groups	79.366	191	.418			
	Total	89.262	195				
Buy order	Between Groups	7.165	4	1.791	3.979	.004	Significant
	Within Groups	85.523	191	.450			
	Total	92.687	195				
Sell order	Between Groups	6.750	4	1.687	3.975	.004	Significant
	Within Groups	80.665	191	.425			
	Total	87.415	195				
Stop loss order	Between Groups	7.997	4	1.999	4.959	.001	Significant
	Within Groups	76.598	191	.403			
	Total	84.595	195				

Hedging	Between Groups	9.149	4	2.287	6.532	.000	Significant
	Within Groups	66.523	191	.350			
	Total	75.672	195				
Trade book access	Between Groups	11.063	4	2.766	7.615	.000	Significant
	Within Groups	69.009	191	.363			
	Total	80.072	195				
Net position checking	Between Groups	13.230	4	3.308	8.062	.000	Significant
	Within Groups	77.949	191	.410			
	Total	91.179	195				
Fund transfer	Between Groups	17.069	4	4.267	10.771	.000	Significant
	Within Groups	75.270	191	.396			
	Total	92.338	195				
Span margin	Between Groups	17.360	4	4.340	11.759	.000	Significant
	Within	70.127	191	.369			
	Groups						
	Total	87.487	195				
Flash	Between Groups	17.360	4	4.340	11.759	.000	Significant
	Within Groups	70.127	191	.369			
	Total	87.487	195				
Trade alert	Between Groups	15.947	4	3.987	10.722	.000	Significant
	Within Groups	70.648	191	.372			
	Total	86.595	195				
Obligation report	Between Groups	15.947	4	3.987	10.722	.000	Significant
	Within Groups	70.648	191	.372			
	Total	86.595	195				
Contract note	Between Groups	15.947	4	3.987	10.722	.000	Significant
	Within Groups	70.648	191	.372			
	Total	86.595	195				

Source: primary data

Table 3 explicit the investors age and their accessibility of the trading application. It is noted that the hull hypothesis has been rejected for all the factors. Because of the p value is more than the significance level of 0.05. Hence, there is a difference between investors age and the accessibility of trading application.

Conclusion

Trading application knowledge is varying from investor to investor its depends on their practical experience and educational level. The study has focused the ability of the investors to operating the trading platform. The researcher has concluded, from this study the educational qualification is not influence the investors to know the trading parameter and the age is important factor which is decide the investors to access of the trading application.

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