

The Future of Investing: Analysing the Influence of Trading Applications on Investors



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ABSTRACT: Investment is pivotal for the wealth creation of the investors and is equally relevant for the growth and development of the nation. The rapid advancement in financial technology (FinTech) has innovated and updated every sector of the economy, and the evolution of trading applications (apps) perfectly illustrates such advancement. The rapid development, attractive profit ratios, and the huge popularity of trading applications demonstrated the efficiency of the fintech's emergence and growth. Investment trading apps are a platform that provides a click solution to the investor to undertake the investment, organize their portfolio, track its status, and fetch an attractive return. Trading applications receive greater acceptance because of their incredible advantages, such as being a source for easy, quick, hassle-free, round-the-clock access and investment advice with the facility of recent market updates. It acts as a medium for channeling the fund toward different investment options and facilitating capital formation, which is essential for transforming the status of a country from a developing one to a developed one. The study is survey-based research. The study's sample size is 153 respondents. Data collected from the investors through the questionnaire are presented through descriptive statistics, and a chi-square test is applied to the study with the help of the software SPSS. The paper tries to thoroughly understand the status and significance of trading applications and how they differ from the traditional way of investment. It also attempts to analyze the impact of these applications on the investors' investment decisions.

KEYWORDS: Investment, Trading applications, FinTech, Risk and return, Technology.

INTRODUCTION

The rapid advancement in technology has revolutionized the world. In every sphere of life, technology plays a key role in making the lives of individuals and entities smooth and far better than their expectations. The emergence of fintech has reshaped the financial landscape, and the evolution of financial technology is the best example of recent technological advancement. Fintech is the technology that improves the systematic organization, execution, and delivery of financial services. This proves beneficial for the business and the customers as well. It provides a suite of algorithms and specialized software that can be used via systems (computers) or smartphones.

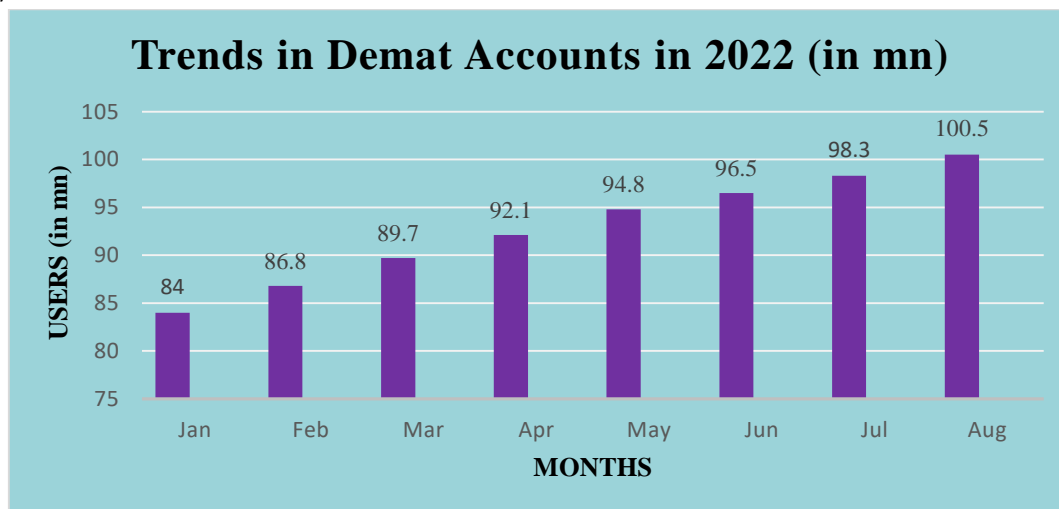
Fintech has completely transformed the way individuals and other entities think and work because of its incredible service performance. The fintech industry conceptualizes smartphones as a medium to target and a way to build interaction. Mobile applications make investors confident enough to venture into the stock market by decreasing the concept of spoon-feeding. It also gives us control and the ability to explore different options in the market. This has greatly boosted the exponential growth of the fintech world. It has not only facilitated payment but also investment through the emergence of several trading applications. Fintech is a dynamic concept that has a far-reaching influence on every sector of the economy, whether it be education, retail banking, e-payment, or investment management. Some examples of fintech areas are crypto apps, payment apps, and investment apps, which are in trend today. Fintech companies offer a bundle of services at nominal rates with many conveniences and round-the-clock facilities under a single umbrella.

When we come to the "Investment," it refers to a total fund that was blocked or deposited somewhere to get a return on it. So, the investors need to accumulate a good return on the ideal fund by investing it in the different schemes or options as per their tolerance level and risk appetite, and simultaneously it was equally important for the economy as a whole because a good

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investment flourishes the growth of the nation. The investment decision is a relevant concern for investors because it involves their years of hard-earned money.

Rapid advancement has been observed in the investment mechanism of investors in society. As per the recent data published by the Indian share, the market has attained the \$ 3 Trillion benchmark in 2021 which is expected to grow in near future. Indian stock market has held eight positions in the top ten stock exchanges in the world. Along with this, the number of retail investors has witnessed an exponential increase. Digitalization has revolutionized everything. As per the data published by the SEBI, it was found that the addition in the number of the Demat account has reached its all-time high record of 10.7 million between April 2020 to January 2021. In the latest report country's Demat account tally topped the 100 million mark for the first time, in August 2022. About 2.2 million new accounts mostly in four months were opened, this is data that takes the cumulative figure to around about 100.5 million, which is released by depository firms National Securities Depository Limited (NSDL) and Central Depository Services (CDSL).



Source: CDSL and NSDL

The reason for all these positive developments has been crowned to the rapid emergence of technology and the evolution of trading applications. The investment trading app provides a one-click solution and easy functioning for existing and novice investors as well. It provides the trading platform to both investors and traders, facilitates 24*7 access, and provides a personalized dashboard for the investors and graph-based data for different stocks. Investors can also search for different stocks, mutual funds, bonds, IPO, currency markets, and derivatives and get sufficient and reliable information about them. Advancement in technology is the source for the emergence of trading apps but the easy availability and enormous use of the mobile phone have added a cherry on top because the use of trading applications became very viable and handy with mobile phones. Mobile phones provide a way through which investors can manage all their investment decisions, get updated about market trends immediately on a real-time basis, get investment guidance instantly, and keep investors in sync with market changes so that investors can organize their portfolio mix and take the best advantages of the market changes which increase the returns on the investment and results in wealth appreciation.

The trading application applications like – Upstox, Grow, Angel broking, Zerodha, Motilal Oswal, and many others are gaining wide acceptance and tremendous popularity because of the several advantages it has over the traditional way of trading like-

- Trading applications provide a cost-effective way of investment because it does not involve brokerage charges or very fewer charges in comparison to trading done through a traditional medium or with the help of brokers.
- Buying and selling can be done at the convenience of the investors, they can buy if they expect good profit potential by evaluating the trend of the market and the performance index of the particular stock or the derivatives. It makes trading easy, hassle-free, and more lucrative.
- Emergence of the trading apps has vanished the significance and the involvement of middlemen or brokers in the transaction system which usually exploited investors by charging high brokerage or commissions.
- It facilitates the faster execution of the transactions which was quite faster in comparison to trading via the old method because earlier investors have to maintain proper contact before undertaking any action regarding the acquisition, holding, and disposal of the investment. Hence such applications remove external interferences and provide greater autonomy to the investors.

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- Apart from all this, it helps the investor by developing a better insight regarding the market because the investor himself trades actively and tracks the trends in the market and this all makes him financially educated, sound, and smart.

Although being endowed with numerous advantages there were some problems which are associated with the trading applications— it was generally observed that some trading apps have limited access to market information. Hence the application sometimes fails and gives narrow or limited information regarding the different investment options available. Good internet connectivity is the prerequisite for using the trading application, which seems to be difficult in remote areas. Sometimes technical glitch also seems to be a hurdle in placing and executing the order. Generally, people are in the habit of using the application via their mobile phones and the small screen view restricts the amount of data and sometimes the relevant information misses the attention of the investors. However, this issue can be resolved by using PCs or laptops for using trading applications. One of the important concerns associated with the use of trading applications is the knowledge of investors regarding the market also. People are aware but have zero knowledge of the stock positioning and buy/sell options. The other problem attached to trading applications is that such apps generally work on sophisticated technology and their systematic use seems to be a little difficult for the investors of the old generation or those investors who are not well versed in the use of such applications and their functioning and significance.

REVIEW OF LITERATURE

Sandeep Sharma et al (2021) their study found that customers' awareness regarding online trading was enhanced after 2015. The pandemic has also changed the perspective of trading as young and new investors are added to the list of investors. The main cause behind trading is convenience and ease to use. There is less awareness of online trading in India.

Anish et al (2021) this paper deal with the effect of trading apps on investors' decisions mainly focusing on Robinhood apps. This app has a big role in providing safe trading and financial inclusion. The main focus was on the behaviour of investors through which certain criteria were checked i.e., disposition effect (keep assets whose value is dropped and sell those whose value is increased), investors who were interviewed told that they are above average skill set while investment which shows their overconfidence, their sociability, and the current status of the market. This results in this app being problematic for trading, providing excessive activity in the market, which will be dangerous. Thus, the aim of these apps should be to provide investors with improving behavioural practices with better education to investors.

Terrence et al (2021) the study found that FinTech emerges as the game changer of future events which still have to be worked on. Technological advancement pushes forward the progress of everyone concerned with it. The emergence of FinTech in business and research has created an opportunity for the fast pace development. This paper deals with issues that are directly concerned with fintech and its coming events which is still in the infancy stage.

Sangmin Lee (2017) states that those who want to continue the business of FinTech should maintain their ability of technology. If they will grow into larger firms and will be able to maintain their operations more quickly, this will make them move on to new technology i.e., Bleeding Edge Technology. This paper deals with the trends that will be used in fintech.

Deepak Kalra's (2019) study examined that FinTech was earlier part of the back office of every bank's process but now the scenario is changed completely. Now, the work done through FinTech is based on technological advancement. The public seems to be interconnected because of the major changes which are occurring in the digital world. It will connect them to the world in several versions such as - card innovations, interbank transactions, online banking, Bitcoin and blockchain, etc.

Objectives of the Study

- To study the concept of investment applications in India.
- To study the impact of trading apps on the decisions of investors.
- To study the challenges that the investor faces while using such apps.
- To study the advantages that such trading has over traditional trading.

Hypotheses

- Ha1: There is a significant relationship between the age of investors and the investment done by the trading apps.
- Ha2: The trading apps have a significant influence on the investment decisions of the investor.
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RESEARCH METHODOLOGY

The study will be based on the primary data collected with the help of the questionnaire created based on a five-point Likert scale from the respondent of different age groups. The sample size of the survey is 153 respondents selected on a random basis. The primary data collected will be further supplemented by secondary data from various websites and research articles.

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The data collected from the respondents are analysed with the help of a chi-square test and a descriptive statistic is used to facilitate better presentation and interpretation. An in-depth study is undertaken to test the hypotheses.

DATA ANALYSIS & INTERPRETATION

The analysis of data and its interpretation have been done based on the information collected from the open as well as a close-ended questionnaire. The questionnaire has been divided into five sections namely:

Section A: Investor's demographic profile

Section B: Investor's Awareness regarding stock market

Section C: Investor's investment decision.

Section D: Traditional vs modern medium of investment

INVESTOR'S DEMOGRAPHIC PROFILE

Questions that were related to demographic profiles are asked in the opinion survey which contains the information regarding age, gender, and profession of the respondents. The majority of the respondent (79.1%) are between the age -group 20 to 40 years, with a small handful outside this range. Most respondents (58.2%) came from the 20-30 years age group. The participation of both male (63.4%) and female (36.6%) respondents does not seem to be equal in the survey. However, the study comprises respondents from different occupations like 'Research Scholar' (27.5%), 'CA' (19.6%), 'Academician' (20.3%), and 'other' (32.7%) which provides the scope for the better perspective of the investors with the different occupational background. The graphical presentation of Age, Gender showed in the table below.

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 20 to 30	89	58.2	58.2	58.2
	Between 31 to 40	32	20.9	20.9	79.1
	Between 41 to 50	11	7.2	7.2	86.3
	Between 51 to 60	16	10.5	10.5	96.7
	Above 60	5	3.3	3.3	100.0
	Total	153	100.0	100.0	

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	97	63.4	63.4	63.4
	Female	56	36.6	36.6	100.0
	Total	153	100.0	100.0	

1) Ha1: There is a significant relationship between the age of investors and the investment done by the trading apps.

AGE:	Asymptotic significant relationship χ^2 (2-tailed)
1) Use of Trading application	0.313
2) Merits of applications	Economical
	Time-Saving
	Convenient
3) Trading applications enhance investments	0.414

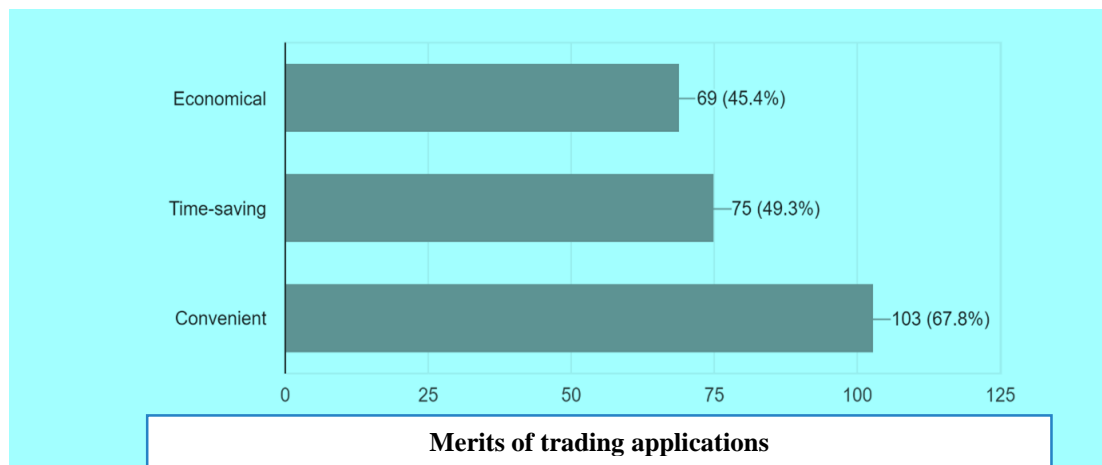
Thus, the table above shows the trading applications' uses, and its description is below.

1) There is no significant influence between age and the use of trading applications as the p-value (0.313>0.05).

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- 2) There are different opinions regarding the significance of trading apps. (45.4%) of respondents find it Economical, (49.3%) considered it Time-saving, and (67.8%) of respondents find it convenient. Thus, economical [p-value 0.282>0.05], time-saving [p-value 0.159>0.05], and convenient [p-value 0.542>0.05]. Hence, the benefits which the trading apps possess doesn't have any significant influence on investors of different age group.



- 3) Trading apps have made it extremely easy and convenient for investors, traders, and even beginners to trade in different financial instruments of their choice. Despite having several benefits, it doesn't have any significant impact on increasing the investment of the investors. The null hypothesis is accepted because the p-value is greater than 0.05 i.e., 0.414.

		Trading apps induce your investment		Total
		Yes	No	
Age	Between 20 to 30	73	16	89
	Between 31 to 40	28	4	32
	Between 41 to 50	9	2	11
	Between 51 to 60	11	5	16
	Above 60	3	2	5
Total		124	29	153

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.944 ^a	4	.414
Likelihood Ratio	3.584	4	.465
Linear-by-Linear Association	1.979	1	.160
N of Valid Cases	153		

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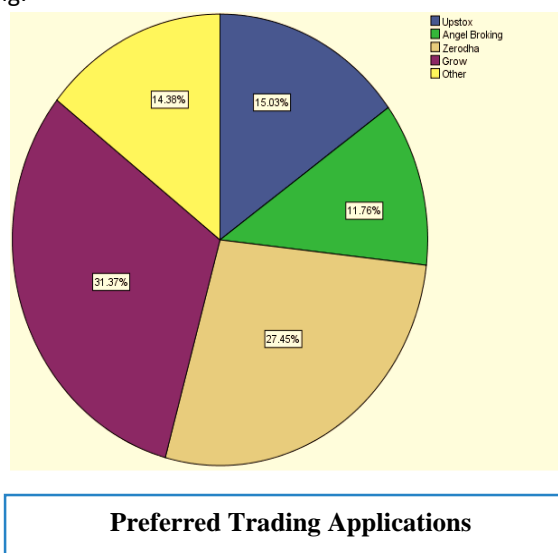
Therefore, the null hypotheses have been accepted as the p values shown above in the table exceed 0.05.

INVESTOR'S AWARENESS REGARDING THE STOCK MARKET

The table attached below represented that people are well aware of trading applications. (93.4%) of the respondent say that they are aware of the apps and the remaining (6.6%) respondents were found to be unaware of such applications.



There are various trading applications used by investors for trading and investing. However, the study focuses on some of the best-performing and famous trading applications. Through the responses, it was found that (31.37%) of the respondent use Grow app while (27.45%) Zerodha (11.76%) Angel Broking (15.03%) uses Upstox, and (14.36%) uses the others. It was found that more than one-fourth of investors prefer to Grow apps. Hence it can be said that Grow App is the most popular among the investors followed by Zerodha and Angel Broking.



INVESTOR'S INVESTMENT DECISION

2) Ha2: The trading apps have a significant influence on the investment decisions of the investor.

From, the below table we can conclude that the as mode is 4 because its frequency is the highest. The Median is the value is (N+1/2) th or (153+1/2) th or 77th item. All the items from 67 onwards up to 132 have a value of 4. Thus, the median is 4 i.e., Agree. Arithmetic average or $\bar{x} = \frac{\sum fx}{\sum f}$ where $\sum fx$ represents the sum of the products of the size of items and corresponding frequencies. $\bar{x} = 540/153 = 3.53$

Thus, it can be concluded that most respondents agree that trading apps facilitate good investment decisions. From the below table, we can say that curve will be skewed to the left and in it, the value of mode is greater than the value of median and the median will be greater than the value of the mean, i.e., mean < median < mode. So, it will be a negatively skewed curve whose value is -0.686. Thus, the range is the difference between the extreme items, and above highest value is 5 and the lowest is 1. So, the below figure indicates the variability of investment decisions between the highest and lowest value i.e., (5-1=4).

Trading apps facilitate good investment decisions				
(x)		Frequency (f)	Fx	Cumulative Frequency
Valid	Strongly disagree 1	8	008	008
	Disagree 2	10	020	018

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Neutral	3	49	147	067
Agree	4	65	260	132
Strongly agree	5	21	105	153
Total		153	540	

Trading apps facilitate good investment decisions		
N	Valid	153
	Missing	0
Mean		3.53
Median		4.00
Mode		4
Std. Deviation		.987
Variance		.974
Skewness		-.686
Std. Error of Skewness		.196
Range		4
Minimum		1
Maximum		5

TRADITIONAL VS MODERN MEDIUM OF INVESTMENT



The survey found that trading via application is getting tremendous acceptance and appreciation from investors. As we can see from the above figure it can be observed that more than 90 percent of the respondent finds trading through trading applications a better way of investment than traditional mediums. This indicates how fintech innovation is transforming the outlook of investors and digitalization is modifying their old mechanism of investment.

CONCLUSION

Trading application is a proven example of wide acceptability and remarkable presence of the fintech industry. Trading applications like- Groww, Zerodha, and Upstox have caught the attention of a large number of customers and inculcated the investing habit by providing them with a user-friendly and convenient platform for trading with a wide variety of investment avenues. It derives the attention of all age groups of investors because of the advantages it offers over the traditional way of investment. The reason behind the mass acceptance of trading applications is that these apps simplified the investment processes by furnishing information about the profile and the return performance and potential of the particular company or stock in which one is interested to invest. Hence it can be concluded that trading applications provide us with the safest way to multiply investors by getting money in minimum time with high convenience and transparency that will help them in realizing their financial dreams.

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