

## **An Empirical Study On Investor’s Perception Towards Stock Broker In Mumbai Region**

**Dr. Prasad M. Supekar<sup>1</sup>**

<sup>1</sup> Assistant Professor, Department of MMS, Navinchandra Mehta Institute of Technology & Development, University of Mumbai.

### **ABSTRACT**

Over the past 20 years, the community of individual investors has grown due to the globalization of financial markets, which has made a wide range of market and investment possibilities available. As a result, it complicates their process of making investment selections. Return on investment, market trend or risk, short-term profitability, share price, dividend policy, prior financial performance, company reputation, board reputation, current earnings, and expert opinion are all elements that affect investors' perceptions. The primary elements influencing investors' perceptions are the subject of this study. Demat share trading starts on stock exchanges. Investor participation has increased ever since. The Indian stock market is currently expanding, with a greater emphasis on fintech, digitization, and startup listings. Overall, there have been times of expansion, recession, and recovery as the Indian stock market has changed dramatically throughout time. It is currently among the world's biggest and most active markets. The purpose of the set of questions and in-person interviews with investors is to gain insight into their attitudes, behaviors, and points of view as well as their degree of awareness. The reason for this was that a variety of criteria, including risk discovery, tax advantages, maturity, monetization, and key security, affected the investor's choice. However, a lot of investors think that the return has the most impact on their choice. Compared to combined and outgoing investments, a significant portion of investors favour stock investments. Thus, the goal of this study was to examine how investors behave when it comes to the stock market

**Keywords:** Investor Perception, Stock Market, Broker, Investment Strategy

### **INTRODUCTION:**

An investment services organization that specializes in buying and selling stocks and other financial securities on behalf of its clients in exchange for fees or commissions is known as a stock brokerage. The industry is governed by strict laws designed to safeguard investors. Without securing specific memberships and filing the necessary registrations, a stock brokerage cannot begin operations. A stock brokerage may concentrate on various clientele and investing services. Additionally, it must be able to offer clients a variety of security information for trade and investment research.

According to Section 65(93) of the Finance Act, 1994, "stock-broker" refers to an individual who has either applied for registration or is already registered as a stock broker in compliance with the guidelines established by the Securities and Exchange Board of India Act, 1992. An institutional brokerage may manage significant flows from institutional investors, including mutual funds, while a retail brokerage only serves individual clients.

A stock exchange is a location or platform that serves as a marketplace where buyers and sellers congregate to engage in trading during designated business hours. Stocks, commodities, or even currencies could be traded. There are roughly nine exchanges in India, according to SEBI data from January 2020, although only a small number are permanent and operational. Among emerging economies, the Indian stock market is among the most established and resilient. Trade volume is increasing due to the exchange infrastructure's quick improvement and

the market regulator's (SEBI) improved investor protection. The number of traders and transaction volume has increased recently due to technology advancements like trading using mobile apps.

### **Review of Literature:**

**Ranganathan (2003)** has stated the investor behavior from the marketing world and financial economics has brought together to the surface an exciting area for study and research: behavioral finance. The realization that this is a serious subject is, however, barely dawning. Analysts seem to treat financial markets as an aggregate of statistical observations, technical and fundamental analysis. A rich view of research waits this sophisticated understanding of how financial markets are also affected by the 'financial behavior' of investors.

**Shrotriya (2003)** conducted a survey on investor preferences in which he depicted the linkage of investment with the factor so considered while making investment. He says "There are various factors and their linkage also. These factors help us how to ensure safety, liquidity, capital appreciation and tax benefits along with returns."

**Dijk (2007)** has conducted 25 years of research on the size effect in international equity returns. Since Banz's (1981) original study, numerous papers have appeared on the empirical regularity that small firms have higher risk-adjusted stock returns than large firms. A quarter of a century after its discovery, the outlook for the size effect seems bleak. Yet, empirical asset pricing models that incorporate a factor portfolio mimicking underlying

economic risks proxied by firm size are increasingly used by both academics and practitioners. Applications range from event studies and mutual fund performance measurement to computing the cost of equity capital.

**Kukreja, G. (2012)**, the aim of research is to identify the factors influencing investor's perception towards investment in Indian capital market, The study is conducted based on primary and secondary data, primary data is collected from majority Metropolitan cities in Delhi and secondary data from journals, books, magazines etc, The research analysed through Bartlett's test, explanatory factor analysis using principal component analysis, chi-square test and Cronbach's Alpha test is used throughout the research, This study conclude that investor has huge scope for current earnings and capital appreciation in emerging market like India, but this can be possible only if the elements like trust, guidance, and regulations were exist steadily in the capital market among the brokers and investors.

**Agrawal, S., & Singh, D. S. (2020)**, The aim of the study is to analyse the factor dominating the investors in the equity market which includes use of predictive skills to outperform the market, purchase price of stock, trading on NSE, the study conducted is based on primary data analysis and it include sample size, exploratory and descriptive design throughout the research, this research conclude that the behaviour of the retail investors is guided by their predictive skill, purchase price of stock as a reference volatile.

**Prabu, A., & Gajendran, A. (2021)**, the main objective of the study is to identify observe and analyse the factors which influence investment awareness in the stock market. And to examine the connectivity between stock market investment awareness, stock market investment sources of information, stock market investment preference, and stock market investment decision, the present work is based on data collection through a well-structured research questionnaire. Four distinct scales have been used for the dependent and independent variable of this study.

**Bhuyan, R., Singh, R., & Bhattacharjee, J. (2021)**, the main goal of the research is to create awareness regarding investments to retailers, the research is based on primary data collected using a structured questionnaire. However, secondary data is also obtained from relevant sources such as journals, official reports, newspaper, etc. for providing necessary background information of the study area, all stock market legal, environmental, awareness and technical issues and the process of equity investment different than that of other investments therefore call for adequate awareness.

**Pawar, L. S., Byahatti, C. G., & Desai, V. (2022)**, the motto of this research is to know the risk levels involved during stock market factors that women take into consideration while investing in the stock market, to ascertain the reasons for not investing in the stock market and to analyse what should be done, so that more women start investing in the stock market, The researchers prepared a questionnaire, which would help them to gain more insight into perceptions of women towards investments in the stock market.

#### List of Stocker broker in Mumbai:

The energy of a thousand dreams, many of which are powered by the stock market, pulsates across Mumbai, the financial center of India. The city offers a plethora of investment prospects, from the famous BSE building to the numerous bustling trading terminals. However, managing the market's intricacies calls for a trustworthy and dependable partner—a competent stock broker. Selecting the appropriate stock broker company can make the difference between a fruitful and unsuccessful investment journey. Consider it similar to picking a good coach for your cricket team; in order to help you score big, they must be aware of your talents, weaknesses, and the subtleties of the pitch!

By taking into account aspects that are pertinent to the typical Indian investor, this article seeks to cut through the clutter and provide you a clear picture of some of the best stock broker companies in Mumbai. We'll examine their advantages and disadvantages, brokerage fees, trading platforms, and general fit for various investment philosophies.

The below mention list are number of broker in Mumbai region, Zerodha Upstox, Angel One (Angel Broking), ICICI Direct, ICICI Direct, HDFC Securities, Motilal Oswal Securities Ltd, Groww, Anand Rathi Share & Stock Brokers, Sharekhan, Arcadia Share & Stock Brokers Pvt. Ltd. Prarup Shares & Stock Brokers Pvt. Ltd. Emkay Share & Stock Brokers Pvt. Ltd. R R Nabar & Co. Share Brokers Pvt Ltd Ajmera x-change, ICICI Direct, HDFC Securities, Kotak Securities, 5Paisa, TradeSmartOnline, India Infoline (IIFL)

#### What to Consider When Choosing a Stock Broker?

Let's go over the important things to think about before we get into particular companies. Recall that there isn't a single solution that works for everyone. The "best" broker is the one who best meets your unique requirements and financial objectives.

- **Brokerage Charges:** This is the most obvious factor. How much will you pay per trade? Look for competitive rates, especially if you're a frequent trader. Many brokers now offer discounted or even zero brokerage for certain types of trading.
- **Trading Platform:** A user-friendly and reliable trading platform is crucial. Does it offer real-time data, charting tools, and easy order placement? Mobile accessibility is also essential in today's fast-paced world.
- **Investment Options:** Does the broker offer access to all the investment options you're interested in? This could include equities, derivatives (futures and options), mutual funds, IPOs, bonds, and even international stocks.
- **Research and Advisory Services:** Access to research reports, market analysis, and investment recommendations can be invaluable, especially for beginners. However, remember that these are just suggestions, and you should always do your own due diligence.
- **Customer Service:** Responsive and helpful customer support is essential, especially when you encounter problems or have questions. Check online reviews and see how quickly the broker responds to queries.

- **Reputation and Reliability:** Choose a broker with a solid reputation and a proven track record. Look for firms that are regulated by SEBI (Securities and Exchange Board of India) and adhere to strict ethical standards.
- **Account Opening Process:** Is the account opening process smooth and hassle-free? Can you complete it online, or do you need to physically visit a branch?

**Research Methodology:**  
**Research Objectives**

1. To analyze investor perception towards stock brokers in Mumbai.
2. examine the impact of brokerage charges and service quality on investor satisfaction

**Research Hypotheses:**  
**Hypothesis 1:**

H0: Brokerage charges do not have a significant impact on investor preference.

H1: Brokerage charges have a significant impact on investor preference.

**Hypothesis 2:**

H0: Service quality does not significantly affect investor satisfaction.

H1: Service quality significantly affects investor satisfaction.

**Research Design:**

The study adopts a **empirical research design**, as it aims to describe and analyze the perception of investors towards stock brokers in the Mumbai region. Descriptive research is suitable for understanding attitudes, opinions, and behavior patterns of respondents in a systematic manner.

The study is **quantitative in nature**, focusing on numerical data collection and statistical analysis to test hypotheses and draw conclusions.

**Nature and Sources of Data:**

The research is based on both **primary and secondary data**:

• **Primary Data:**

Collected through a structured questionnaire administered to investors dealing with stock brokers in Mumbai. Questionnaires help capture investor attitudes, satisfaction, and perceptions effectively.

• **Secondary Data:**

Collected from research journals, books, financial reports, websites, and previous studies related to investor behavior and stock brokerage services.

**SPSS Output (Chi-Square Test)**

Test Statistics	Value
Chi-Square	12.45
Df	4
(p-value)	0.014

**Interpretation**

The p-value (0.014) is less than the significance level of 0.05. Therefore, the null hypothesis ( $H_{01}$ ) is rejected and the alternative hypothesis ( $H_{11}$ ) is accepted. This indicates that brokerage charges have a significant impact on investor preference. Investors tend to prefer brokers offering lower and transparent charges.

**Sampling Design:**

The population of the study includes **individual investors in Mumbai who trade through stock brokers (online or offline platforms)**.

A total of **100 respondents** are selected for the study, which is consistent with similar perception-based studies in finance research.

The study uses **convenience sampling**, as respondents are selected based on accessibility and willingness to participate. This method is widely used in investor perception studies due to practical constraints.

**Data Collection Procedure:**

Questionnaires were distributed both **online (Google Forms)** and **offline**. Respondents were briefed about the purpose of the study. Responses were collected over a defined period. Only complete and valid responses were included for analysis.

**Statistical Tools for Analysis:**

The collected data is analyzed using statistical tools such as:

**Percentage Analysis** – for demographic data, **Mean and Standard Deviation** – to measure perception levels, **Chi-square Test** – to test association between variables, **Correlation Analysis** – to identify relationships, **Regression Analysis** – to measure impact of independent variables

These statistical methods help in examining relationships and testing hypotheses effectively. The study uses statistical software such as **SPSS** to test hypotheses. Appropriate tests (Chi-square, correlation, regression) are applied to determine significance levels and relationships between variables.

**Scope of the Study:**

The study is limited to Mumbai region investors. It focuses on perception towards stock brokerage services (online & offline). It considers behavioral and service-related factors influencing investor decisions.

**Limitations of the Study:**

The Sample size is limited to 100 respondents. Use of convenience sampling may limit generalization. Its depend on the Responses may be subject to personal bias. Due to Time constraints restricted wider data collection.

**Data Analysis and Interpretation:**

**Hypothesis 1: Impact of Brokerage Charges on Investor Preference**

**Hypothesis 2: Impact of Service Quality on Investor Satisfaction SPSS Output (ANOVA Test)**

Source of Variation	Sum of Squares	Df	Mean Square	F Value	Sig.
Between Groups	18.72	3	6.24	5.68	0.002
Within Groups	105.30	96	1.10		
Total	124.02	99			

**Interpretation**

The p-value (0.002) is less than 0.05, indicating statistical significance. Hence, the null hypothesis (H<sub>0</sub>) is rejected and the alternative hypothesis (H<sub>1</sub>) is accepted. This shows that service quality has a significant effect on investor satisfaction. Higher service quality leads to greater investor satisfaction.

**Conclusion, Suggestions and Recommendations:**

Brokerage charges significantly influence investor preference. Service quality has a strong impact on investor satisfaction. Investors prefer cost-effective and reliable brokerage services. Efficient customer service enhances investor trust. The study concludes that brokerage charges and service quality are key determinants of investor perception towards stock brokers. In a competitive market environment, brokerage firms must focus on affordability and high-quality services to attract and retain investors. Improving technological platforms and maintaining transparency will further enhance investor satisfaction. Brokerage firms should offer competitive and transparent pricing. Improve service quality and customer support systems. Enhance user-friendly trading platforms. Build trust through ethical practices and transparency..

**REFERENCES**

- Charles (1999). Economic Policy, Astonishing growth in Americans' stock portfolios. *The Icfai Journal of Stock Market*, 6 (3): 43-60. Available at <http://papers.ssrn.com/sol3/results.cfm>
- Dijk (2007). Economic Policy, The Size Effect in Equity Returns. *Empirical Research Findings. Journal of Financial Management and Analysis*, 21(1). Available <http://papers.ssrn.com/sol3/results.cfm> at last accessed on July5, 2009.
- Johnson (2008). The Value of Quality: Stock Market Returns to Published Quality Reviews. *The Icfai Journal of Applied Economics*, 7(3):7 22. Available <http://papers.ssrn.com/sol3/results.cfm>
- Introduction on Online Investors & Traders available at <http://www.traderji.com/> last accessed on November 17, 2009
- Kukreja, G. (2012). Investors' perception for stock market: evidence from national capital region of India. *Interdisciplinary journal of contemporary research in business*, 4(8), 712-72
- Akhter, A., & Sangmi, M. U. D. (2015). Stock market awareness among the educated youth: a micro-level study in India. *Vision*, 19(3), 210-218.
- Sakthi, R. S., & Robert, P. W. (2017). A Study on Investors Awareness of Stock Market. *IJARIE-ISSIN* (0)-2395-4396 Vol-3 Issue-6.
- Vijay, S., & Rao, B. (2018). A study on Investors Perception towards Share market in share Khan Ltd. *International Journal of Trend in Scientific Research and Development (IJTSRD)*, 2(6), 103-111.
- Agrawal, S., & Singh, D. S. (2020). Retail Investors Awareness towards Equity Investment–With Reference to Bhopal City. *International Journal of Management*, 10(3), 2019.
- Prabu, A., & Gajendran, A. (2021). Descriptive study on investors stock market awareness and their perception towards investment pattern (with special reference to Tamil Nadu). *Nat. Volatiles & Essent. Oils*, 8 (4), 14318–14330.
- Bhuyan, R., Singh, R., & Bhattacharjee, J. (2021). Level of awareness regarding equity investment of retail investors: evidence from India.
- Pawar, L. S., Byahatti, C. G., & Desai, V. (2022). WOMEN'S PERCEPTION OF THE STOCK MARKET-A STUDY OF TIER III DISTRICT: VIJAYAPUR. *Phronimos*, 2(4), 86-94.
- <https://zerodha.com>
- <https://www.bseindia.com>