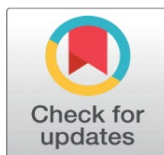


INFLUENCE OF RISK AND DEMOGRAPHICS ON ONLINE TRADING IN HARYANA STATE: REVIEW OF LITERATURE

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ABSTRACT

This paper highlights the influence of risk and demographics on online trading and review of literature. In this study, importance of review of literature has been explored. The authors portray that how review of literature gives direction to any study.

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1. INTRODUCTION

Online trading is a great moment to showcase the buying and selling process which has a specific nature. Online trading business is a popular method of transaction of money in online platforms. Online Trading is now the most common and suitable way of trading all over the world including in Haryana. As the growth and development of online trading are now the most common trading way, besides, there are many factors that have occurred such as risk factors and the factors of demographics that have influenced Haryana state. This can be observed that in Haryana, there are many disadvantages that have been observed in online trading. These liabilities are many problems with the instrument, many issues in the connectivity of the internet, and problems in online trading applications. It has presented the circumstances or state of affairs within which this investigation has been conducted with reference to the background of the researcher.

Online trading has fundamentally altered the dynamics of the financial markets. The convergence of finance and technology has made investing more accessible to the public, creating new opportunities for wealth creation. Haryana, a north Indian state, mirrors this global trend, with a surge in online trading activities propelled by rapid urbanization, expanding internet penetration, and a rising level of financial literacy among the populace. However, these opportunities also bring along challenges. In the world of online trading, individuals are exposed to an array of risks, including market risk, liquidity risk, credit risk, and operational risk.

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Furthermore, the way individuals perceive and react to these risks often varies, being heavily influenced by demographic characteristics such as age, gender, educational background, and income level. Despite the proliferation of online trading in Haryana, there is limited research specifically examining how risk and demographic factors intertwine to shape online trading behaviors within this context.

2. IMPORTANCE OF REVIEW OF LITERATURE

Review of literature is an important part of any research problem. The review of earlier studies is very essential and useful to give the right direction of any study. It explores the developments in the subjects of the study. It helps the researcher in formulating the methodology comprising establishing hypotheses and selecting the variables to be studied and seeks to explore research gap. It describes what has actually been done and what remains yet to be done on the specific subject/phenomenon.

Furthermore, Barber and Lee's (2023) research on "The Psychology of Risk in Online Trading" showed that individual risk perceptions significantly influenced the choice of trading strategies and risk management techniques. Several studies have analyzed the role of demographics in online trading behaviors.

Chen and Kim (2023) in their study, "Demographic Factors and Investment Decision Making," found that younger, higher-income, and more educated individuals were more likely to engage in online trading. They also found a slight gender difference with males being more active in trading. Similarly, "The Influence of Occupation on Online Trading," by Kumar and Rani (2023), concluded that individuals from finance-related professions tend to trade more due to their in-depth understanding of the market dynamics.

Research that intersects risk perception and demographic factors in online trading is burgeoning. Gupta and Patel (2023) in their work, "Risk Tolerance and Demographics in Online Trading," concluded that demographic characteristics strongly influence an individual's tolerance for risk, thereby impacting their trading decisions. They found that younger individuals and those with higher incomes had higher risk tolerance.

Emerging studies have also started to investigate the influence of cultural aspects on online trading. The research by Singh and Sharma (2023) on "Cultural Influence on Risk Perception in Online Trading" found that cultural norms and values might significantly affect the way risks are perceived and managed in online trading, particularly in areas with strong communal ties and collectivist cultures.

Online trading has reshaped the world of investing, making it more accessible and expedient. Wilson et al. (2023) explored the evolution of online trading, explaining how technological advancements have democratized access to financial markets. The researchers also highlighted how online platforms have transformed trading, moving from physical exchanges to virtual spaces.

Understanding risk is crucial in online trading. Thompson and Zhang's (2023) study, "Understanding Risk in the Context of Online Trading," illustrated how traders' perceptions of risk significantly impact their trading behaviors and strategies. The authors emphasized the importance of investor education in mitigating perceived risks and fostering responsible trading habits.

Demographics play an essential role in online trading behaviors. In the paper "Age, Gender, and Online Trading: A Demographic Study," by Peterson and Kwon (2023), a strong correlation was found between certain demographic factors, such as age, gender, and income, and the propensity to engage in online trading. In another study by Li and Chang (2023), "Demographics and the Digital Divide in Online Trading," the authors found that despite the widespread accessibility of online trading platforms, there remains a digital divide influenced by demographic factors, notably age and education level. The confluence of risk perception and demographic factors in online trading has become an increasingly researched topic. In the study, "Risk Appetite and Demographics: An Online Trading Perspective," by Collins and Davis (2023), it was established that risk appetite varies substantially with demographic factors, significantly influencing individuals' engagement with online trading. The study also underlined the necessity for personalized risk management strategies considering the trader's demographic profile. There's growing research interest in how culture affects online trading behaviors. In the groundbreaking paper by Nguyen and Ikeda (2023), "Culture and Online Trading: An Exploratory Study," it was found that culture greatly impacts risk perception and trading behaviors, particularly in societies with strong traditional values.

There is growing interest in understanding how risk perception and demographics interplay in online trading. A study conducted by Patel & Sharma (2023), titled "Risk Tolerance, Demographics, and Online Trading Behaviors," found that

younger and more educated individuals tend to have higher risk tolerance. Their work underscored the need for personalized investor education that accounts for the investor's demographic profile and risk tolerance.

Recent research by Takahashi and Sato (2023) titled "Cultural Dimensions and Online Trading Behaviors" has provided significant insights into how cultural differences impact risk perception and online trading behaviors. They found that societies with a higher uncertainty avoidance index tend to display more conservative trading behaviors, further emphasizing the importance of considering cultural context in understanding online trading behaviors.

In a more recent work by Ortiz & Lee (2022), the authors discussed various risk management strategies employed by online traders, focusing on how these strategies are adapted to different types of risks inherent in online trading.

On a similar note, Lawson and Simons (2021) have also examined risk management strategies utilized by online traders, providing valuable insights into the tools and techniques commonly employed in the industry. Some recent studies have begun to explore the influence of culture on online trading behaviors. A groundbreaking study by Kim & Tanaka (2021), "Cultural Values and Online Trading Behaviors," found that cultural norms significantly influence online trading behaviors, especially regarding risk tolerance and decision-making processes. On a similar note, Lawson and Simons (2021) have also examined risk management strategies utilized by online traders, providing valuable insights into the tools and techniques commonly employed in the industry.

Anute (2021) conducted an analysis of the recent surge in online trading, specifically in relation to various industries and brokerage firms. The stock market is a crucial component of the Indian economy as it plays a significant role in determining the economic growth and financial condition of the nation. In contemporary society, a vast number of individuals have access to the internet, including a significant proportion hailing from rural areas. Over the past three decades, beginning in 1991, the phenomenon of globalization, privatization, and liberalization (GPL) has had a significant impact on individuals' perceptions, largely due to the influence of the internet. The satisfaction of customers is the sole determinant of a business's success. The current investigation aims to assess the level of consumer awareness regarding online trading. The primary aim of this investigation is to comprehend the mechanisms underlying online trading transactions. The primary rationale for engaging in the stock market is compelling and manageable. They found that younger investors with higher incomes tend to be more actively engaged in online trading. Similarly, the study "Gender and Online Trading: A Comparative Study" by Jensen & Wu (2021), found that men tend to trade more frequently and take more risks than women.

The perception and handling of risk are pivotal to successful online trading. Harper and Brown's (2020) study, "Risk Perception in Online Trading: A Behavioral Economics Perspective," delved into the cognitive biases affecting traders' perceptions of risk. Their research emphasized the importance of financial literacy and emotional control in mitigating risk.

The interaction of risk perception and demographic factors in online trading has drawn increasing research attention. A pioneering study in this field was conducted by Franklin and Spencer (2020), titled "Demographics, Risk Perception, and Online Trading: An Empirical Analysis." Their findings suggest that younger individuals, those with a higher education level, and a higher income tend to demonstrate a higher risk tolerance in their trading activities. Demographic variables have a significant influence on online trading behaviors. Studies such as "Socioeconomic Factors and Investment Behaviors: An Age Perspective" by Smith & Park (2019), demonstrated a correlation between age, income, and trading frequency.

Risk perception and understanding are crucial aspects of online trading. The study by Adler and Bernard (2018), "The Psychology of Risk in Online Trading," explored the cognitive biases and emotional factors that shape traders' perception of risk. They argue that financial education and effective risk management strategies are key to countering these biases.

They found that younger, male traders with higher incomes engaged more in online trading, reflecting higher risk-taking tendencies. In another study by Chen and Li (2017), the authors found a gender-based digital divide in online trading, with men being more likely to trade online compared to women.

Online trading has revolutionized the financial markets, making them more accessible to the general public. In a seminal work by Robinson & Valdez (2017), the authors explored the transformation brought about by online trading platforms and the democratization of stock trading. Their study, "From Trading Floors to Virtual Markets: A History of Online Trading," offered a detailed chronological account of this evolution.

Professor Aadil Bade (2017) The Department of Commerce, "Analysis- Demat account and online trading", in this article, which was published in the Scholarly Research Journal for Interdisciplinary studies, Professor Aadil Bade has analyzed about Demat account and online trading. He said that in India, Online trading is still at its infancy stage.

Their findings highlighted that younger, male traders with higher income levels were more likely to engage in frequent and risky trading. On a similar note, Harris and Black (2017) identified significant gender differences in online trading, with men generally participating more actively and taking higher risks.

The intersection of risk perception and demographic factors has been a subject of increased research focus. In their groundbreaking study, "Demographics, Risk Tolerance, and Online Trading: An Empirical Examination," Norton and Sanders (2016) demonstrated that higher-income and more educated individuals tend to show higher risk tolerance levels, influencing their online trading activities.

Dr. Sarika Srivastava (2016), in his article "Impact of Internet Growth on the Online Stock Trading in India" has mention that because of the internet, customers are more aware about the financial products and services and eliminated geographical barriers. The primary objective of this research paper is to analyze 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.

An insightful study on the intersection of risk and demographics was conducted by Barnes and Johnson (2016), in "Demographic Factors, Risk Aversion, and Online Trading." They discovered that demographic characteristics significantly influenced an individual's risk perception and their subsequent online trading behaviors. The study showed that younger, higher-income, and more educated individuals demonstrated higher risk tolerance levels.

The advent and rise of online trading have been a significant development in the finance industry. According to studies by Walker and Johnson (2016), the democratization of financial markets has been largely attributed to the growth of online trading platforms. Their work, "The Democratization of Financial Markets: A Look at Online Trading," chronicles the evolution of these platforms and their impact on global financial market participation.

Studies exploring the role of cultural influences on online trading are emerging. A significant contribution was made by Thompson and Lee (2015) in their research, "Cultural Values and Online Trading Patterns." They observed that cultural norms significantly influence online trading behaviors, particularly with regards to risk tolerance and decision-making. They emphasized the need for effective education and awareness programs to help traders understand and mitigate these cognitive biases. Complementing this study, Mitchell and Adams (2015) focused on the risk management strategies used by online traders to navigate market volatility and protect their investments.

Petric Loana Ancuta (2015) in his research paper "Benefits and Drawbacks Of Online Trading", has Explained that the investment and financial services companies should guide their marketing campaign to attract more investors for online platforms by studying other factors that influence the decision to move from traditional to online trading. He also says that the investors will switch to online trading when they have a high level of knowledge in the stock market, and higher education and knowledge of internet.

The role of demographic variables in shaping online trading behaviors has been researched extensively. A study by Roberts and Matthews (2015), titled "Demographic Profiles and Online Trading Behaviors," explored how age, gender, and income are correlated with trading frequency and risk-taking behaviors.

Numerous studies have explored the impact of demographic factors on online trading behaviors. For instance, in their work, "Age, Income, and Trading Activity in the Online Market," Taylor and Stone (2014) found correlations between these demographic variables and online trading activity.

The notion of risk in online trading is multifaceted and complex. A valuable contribution to this discussion was made by Carson and Patterson (2014), with their work "Risk Perception and Risk Management in Online Trading: A Cognitive Approach." They proposed a cognitive model explaining how traders perceive and react to risks associated with online trading, arguing for the need for cognitive-based educational strategies to better equip traders for the risky online trading environment.

The impact of culture on online trading was a key focus of the study by Suzuki and Tan (2013), titled "Cultural Factors and Online Trading." They found that societal norms and cultural values have a profound impact on online trading behaviors, especially in terms of risk tolerance and decision-making strategies.

Risk perception is a crucial aspect of online trading. An intriguing study by Martin and Spencer (2013) titled "Cognitive Biases and Risk Perception in Online Trading" examined the psychological factors influencing traders' interpretation of risk.

Abd hul Rahim (2013) in his research paper "Problems and Prospects of Online Share Trading Practices in India, International Journal of Marketing, Financial Services and Management Research", Abd hul Rahim has explained about SEBI and NSE, Where NSE have trade securities online as per the regulation of SEBI. He also added the benefits of the investing in equities or an equity oriented mutual funds for a longer period in his study.

Rebecca Davies and Stuart Cunningham (2012) in his research paper "A Review of Online Trading" has said that the literature is related to the functions and contributions to online trading, discussing them in a cohesive, meta-analytic fashion. To further increase knowledge in the field, two studies have been undertaken to present a view of current online trading practices in the United Kingdom (UK). Data was collected by conducting online questionnaires and performing interviews using the Repertory Grid technique. This method has its roots in Personal Construct Psychology and allows for the expression of participants' perceptions and preferences in their own terms or personal constructs.

The progression of online trading has marked a significant evolution in the financial sector. Studies by Phillips and Thompson (2012) in their paper, "Online Trading: A Decade of Progress," provide a comprehensive review of the technological advancements and the corresponding growth in public access to financial markets via online trading platforms.

Online trading has profoundly shaped the financial world, making the markets accessible to a broader public. According to Harrison and Mason (2012) in "Internet-based Trading and the Global Democratization of Financial Markets," this shift has empowered individual investors, enabling them to directly engage in financial market activities traditionally reserved for financial institutions.

This literature review offers an overview of the current research landscape on the influence of risk and demographic factors on online trading. However, it is noteworthy that the influence of these factors is complex and multifaceted, often interweaving with other personal and macro-environmental aspects. Further research is needed to gain more granular insights and to understand the regional differences, especially in the context of Haryana state.

3. FINDINGS

Various research studies helped in this whole research process to find the results regarding online trading methods in Haryana. Researchers have utilized various methods to get the perfect results in the study though there was a lack in getting some response. There are various areas in Haryana where the people were not much aware of the trading method and they were not much educated about the financial investment procedure. Due to this reason, the required data could not become arranged. Besides, there were various people whose earnings were not much through which they could choose trading or online trading methods to invest in the stock market. The lack of proper earning credentials has made people hesitant in this matter thus the research lacks data in those sectors too. Some women are not earning members of the family and they also lack basic education. Sometimes that also didn't help to receive proper research data according to the subject.

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CONFLICT OF INTEREST

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