

# FINTECH ADOPTION AND TRADING BEHAVIOUR: EVIDENCE FROM RETAIL INVESTORS IN INDIA

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## ABSTRACT

This study examines the impact of digital trading platforms on the behaviour of retail investors in India. With the rise of platforms like Zerodha, Groww, Upstox, and Angel One, retail investors have greater access to the stock market, influencing their trading frequency, risk-taking, and decision-making. The study uses primary data collected from 125 active retail investors to analyze the relationship between platform features, income level, and investor behaviour. The findings reveal that low brokerage, app notifications, and real-time information significantly influence trading habits, while income level affects investment amounts. The study highlights the importance of platform usability and investor awareness in promoting responsible investing.

## Keywords

Digital Trading Platforms, Retail Investors, Trading Behaviour, Risk-Taking, Investment Decisions

## INTRODUCTION

The Indian financial market has changed a lot in the few years. This is because of all the digital technology that has come out. Now we have trading platforms like Zerodha, Groww, Upstox and Angel One that make it easy for people to buy and sell stocks. The Indian financial market is getting easier to use because of these platforms. People can use their smartphones and the internet to trade stocks at any time and from any place. They do not need to go to a trading floor or use a traditional broker to buy or sell Indian financial market stocks. The Indian financial market is really changing with the help of technology and online trading platforms

The Indian stock market saw a jump in people using digital trading platforms after the COVID-19 pandemic. This is because these platforms are easy to use and do not cost a lot of money. People like that they can get information about the market away and make trades quickly. The digital trading platforms have a lot of things that people like. For example they have costs and are easy to use. They also give people information about the market in time. This means people can make trades fast. So now the Indian stock market has a lot of investors. These retail investors are. Selling things, like equities and derivatives and other financial things. They are using trading platforms to do this. The digital trading platforms are making it easy for retail investors to participate in the stock market.

Digital trading platforms have made it easier for people to buy and sell things on the market. They have also made the market work better.. They have changed the way people who are not professionals invest their money. It is easy to use these trading apps. People get messages all the time, about what is happening in the market. This can make people trade often and try to make money quickly. They may also take risks. Digital trading platforms and the people who use them are affected by what's happening in the market. They also look at what other people're doing and what they see on social media. This can lead to people

making decisions because they are too confident or they just do what everyone else is doing. Digital trading platforms can influence the behaviour of investors in many ways.

It is important to examine how digital trading platforms affect the behaviour of retail investors in India. Understanding these behavioural changes is essential for investors, platform providers, and regulators to promote informed decision-making and responsible investing. Therefore, the present study aims to analyze the impact of digital trading platforms on retail investors' behaviour in India using primary data collected from active retail investors.

## STATEMENT OF THE PROBLEM

Digital trading platforms have increased retail investor participation in the Indian stock market by offering easy access, low costs and real-time information. While these platforms improve market accessibility, they may also influence retail investors' behaviour. Features like instant trade execution, frequent notifications and continuous market updates can encourage frequent trading, short-term speculation and higher risk-taking. Investors may also be influenced by market trends and peer behaviour, leading to behavioural biases. Since limited studies examine the behavioural impact of digital trading platforms on retail investors in India using primary data, this study aims to analyze their influence on retail investors' behaviour.

## OBJECTIVES

- To examine the usage of digital trading platforms among retail investors in India.
- To analyze the impact of digital trading platforms on the behaviour of retail investors.
- To study the influence of platform features on investors' trading decisions and risk-taking behaviour.

## SIGNIFICANCE OF THE STUDY

This study helps in understanding how digital trading platforms influence the behaviour of retail investors in India. The findings provide useful insights for investors to make informed investment decisions and manage risk effectively. The study is also beneficial for trading platform providers to improve platform design and investor awareness. Further, it offers valuable inputs for regulators and policymakers to promote responsible investing and protect retail investors.

## REVIEW OF LITERATURE

### Digital Trading Platforms and Retail Investor Participation

Digital trading platforms have increased retail investor participation in the Indian stock market. Shivani and Godara (2022) found that online trading applications reduced entry barriers through ease of access and low brokerage, encouraging first-time investors to participate in the market. Similarly, Prakash et al. (2024) reported that mobile trading platforms attracted young investors and increased trading frequency due to real-time information and user-friendly interfaces, though informed decision-making remained a concern.

### Digital Trading Platforms and Behavioural Biases

Singh and Farozan (2023) observed that easy access to market information and instant trade execution led to behavioural biases such as overconfidence and herd behaviour among retail investors. Likewise, Gupta (2024) found that active users of trading apps exhibited higher levels of loss aversion and impulsive trading, indicating that digital platforms intensify behavioural biases, especially among inexperienced investors.

## Digital Trading Platforms and Risk-Taking Behaviour

Mageswari and Sasirekha (2023) found that the convenience of online trading and access to derivative products encouraged higher risk-taking among retail investors. Similarly, Bisht (2025) reported an increase in speculative and short-term trading among retail investors post-pandemic, attributing this trend to frequent platform usage and market-driven alerts.

### SCOPE OF THE STUDY

The study focuses on retail investors in India who use digital trading platforms such as Zerodha, Groww, Upstox and Angel One. It examines the impact of these platforms on investors' behaviour, including trading decisions and risk-taking. The study is based on primary data collected through a structured questionnaire and is limited to the responses of active retail investors during the study period.

### RESEARCH DESIGN

This study adopts a descriptive research design to examine the impact of digital trading platforms on retail investors' behaviour in India. The design is suitable for understanding patterns, trends and relationships among variables such as platform usage, trading frequency, risk-taking and behavioural biases. The study uses primary data collected through a structured questionnaire from active retail investors and the data are analyzed using statistical tools to draw meaningful conclusions.

### OVERVIEW OF THE STUDY

- India's stock market has seen a rapid rise in retail investor participation, with millions of new investor accounts opened in recent years, partly due to digital access and ease of trading.
- The Securities and Exchange Board of India (SEBI) has promoted financial inclusion and investor protection, while also noting gaps between awareness and actual participation among households.
- Digital trading platforms have lowered entry barriers, simplified onboarding and made markets accessible to a broader population beyond traditional investors.
- These platforms influence trading habits and decision-making, as investors react faster to market information and social cues, potentially affecting risk perceptions and behaviour.
- Understanding how digital platforms shape retail participation and investor behaviour helps policymakers, platform developers, and SEBI take steps to support responsible investing.

### ANALYSIS AND INTERPRETATION

TO EXAMINE RETAIL INVESTORS' BEHAVIOUR ON DIGITAL TRADING PLATFORMS - DO YOU TAKE HIGHER RISKS BECAUSE TRADING IS EASY ON DIGITAL PLATFORMS?

S.NO	ACCEPTANCE LEVEL	NO OF RESPONDENTS	PERCENTAGE
1	YES	60	48
2	NO	65	52
		125	100

### INTERPRETATION

Concerning risk-taking behaviour, 60 respondents (48%) said they take higher risks because trading is easy on digital platforms, whereas 65 respondents (52%) said they do not take higher risks. This reflects that ease of trading encourages risk-taking in some investors, but a slightly higher number remain cautious.

## INCOME LEVEL INFLUENCES THE INVESTMENT BEHAVIOUR

To find the income level with investment behaviour of the respondent chi-square test is used and result is given below. So the income level with investment behaviour of the respondent was tested with the help of the following hypothesis

**H0:** There is no significant relationship between income level and investment behaviour of respondents.

**H1:** There is a significant relationship between income level and investment behaviour of respondents.

FACTORS	CALCULATED VALUE	TABLE VALUE	DEGREE OF FREEDOM	SIGNIFICANTS
INCOME LEVEL WITH INVESTMENT BEHAVIOUR	9.48	7.815	3	0.05

### INTERPRETATION:

- The Chi-Square test was conducted to examine whether income level influences the investment behaviour of retail investors.
- The calculated  $\chi^2$  value = 9.48 is greater than the table value = 7.815 at degree of freedom = 3 and  $p = 0.05$ .
- Since the calculated value exceeds the critical value, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted.
- This confirms that the income level of respondents significantly affects their investment decisions, with higher-income respondents investing larger amounts, while lower-income respondents tend to invest smaller amounts.

### FINDINGS OF THE STUDY

- Majority of the respondents are influenced by low brokerage, which encourages them to trade more frequently on digital trading platforms.
- Majority of the respondents are influenced by app notifications, which prompts them to trade more frequently.
- Majority of the respondents rely on real-time market information while making trading decisions, indicating that instant market updates play a crucial role in investor behaviour.
- Majority of the respondents acknowledge that platform features such as ease of use, real-time information, low brokerage, and notifications positively influence their trading behaviour, risk-taking, and following trends.

### SUGGESTIONS

- Trading platforms should enhance user-friendly interfaces and notifications to support informed decision-making.
- Retail investors should be educated about risk management and avoiding impulsive trading based on notifications or peer behaviour.
- SEBI and other regulators can provide guidelines for safe and responsible digital trading to protect new investors.
- Platforms should maintain clear information on brokerage and fees, as low costs strongly influence trading frequency.
- Investors should use real-time market information wisely and avoid over-reliance on herd behaviour or trends.

## CONCLUSION

The study emphasize the digital trading platforms have a significant impact on the behaviour of retail investors in India. Majority of the respondents trade more frequently due to low brokerage and are influenced by app notifications and real-time market information. While some investors tend to take higher risks and follow peer trends, others remain cautious, showing a balance between proactive trading and risk awareness. The income level of investors significantly affects their investment decisions, with higher-income investors investing larger amounts. Overall, the study highlights that platform features, cost factors, and investor awareness collectively shape trading behaviour, emphasizing the need for responsible trading practices and informed decision-making.

## REFERENCES

- **Prasad Rao & Bhanotu (2025)** examined how digital trading platforms reshape retail investment behaviour, highlighting the role of platform features and investor engagement. [The Fintech Revolution: How Digital Trading Platforms Reshape Retail Investment \(2025\)](#)
- **Gupta (2025)** investigated behavioural biases influencing investment decisions among retail investors, noting the impact of digital media and mobile trading on investor psychology. [A Study on Behavioral Biases Influencing Investment Decisions Among Retail Investors in Bengaluru City \(2025\)](#)
- **Mageswari & Sasirekha (2025)** explored retail investors' trading behaviour in derivative markets, showing how attitudes toward risk and financial literacy affect trading decisions. [Pragmatic Trading Behaviour of Retail Investors in the Derivative Market \(2025\)](#)



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