



A STUDY ON STUDENT INVESTORS ATTITUDE ON SERVICE & CHARGES OF DEMAT ACCOUNT WITH REFERENCE TO BANGALORE CITY

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ABSTRACT

This study explores the attitudes of student investors in Bangalore towards the services and charges associated with Demat accounts. With the growing shift towards digital trading, Demat accounts have become essential for investors, offering a paperless and efficient way to manage securities. However, service charges, transaction fees, and account maintenance costs significantly influence investor satisfaction and decision-making. The study aims to assess the awareness levels of students regarding Demat accounts, identify key factors that influence their choice of service providers, and evaluate their satisfaction with existing services. A structured questionnaire was used to collect primary data from student investors in Bangalore. Findings indicate that while students recognize the importance of Demat accounts, a lack of transparency in service charges leads to dissatisfaction among many investors. The study highlights the need for improved financial literacy, greater transparency in fee structures, and enhanced customer service to build trust among young investors.

KEYWORDS: Demat Account, Student Investors, Investment Attitudes, Service Charges, Investor Awareness, Bangalore, Financial Literacy, Investor Satisfaction, Digital Trading.

INTRODUCTION

The financial industry serves as a fundamental pillar of modern economies, facilitating the efficient movement and management of money across individuals, businesses, and governments. Within this landscape, investment in securities has become a crucial component of wealth-building strategies. The introduction of Dematerialized (Demat) accounts revolutionized the investment process by replacing physical share certificates with electronic records, ensuring a seamless, secure, and efficient trading experience. In India, the Depository Act of 1996 laid the foundation for this transition, leading to the establishment of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), which continue to manage and safeguard electronic securities today.

Despite the widespread adoption of Demat accounts, investor awareness and satisfaction regarding their services and associated charges remain critical areas of concern. Factors such as transaction fees, annual maintenance charges, and service quality significantly influence investor decisions, particularly among students and young investors entering the financial markets. This study aims to explore the attitudes of student investors in Bangalore towards Demat account services and charges, shedding light on their level of awareness, satisfaction, and decision-making processes. By analyzing these aspects, the research seeks to provide valuable insights that can enhance financial literacy and help service providers improve their offerings to better cater to the evolving needs of investors.

REVIEW OF LITERATURE

- 1. Rathod (2020)**
Rathod highlights investor dissatisfaction with hidden charges in Demat accounts, particularly transaction and maintenance fees. The study emphasizes the need for clearer communication from service providers to enhance transparency and trust.
- 2. Kumar & Raghav (2021)**
Investors in Bangalore prefer innovative pricing models like tiered fees or waivers. They seek personalized fee structures that match their trading habits. Transparency in pricing builds investor trust and satisfaction. Service providers should adopt clear, flexible pricing to retain clients.
- 3. Srinivas & Rani (2023)**
Digital marketing shapes investor perceptions of Demat service charges. Clear online communication about fees enhances transparency and trust. Investors rely on online research before choosing a service provider. Engaging with audiences and addressing concerns boosts reputation.
- 4. Desai (2024)**
Desai explores how digital advancements influence investor expectations. The study finds that young investors value seamless online services and expect minimal fees for basic account features.
- 5. Iyer & Gupta (2019)**
Iyer and Gupta analyze service charges as a key factor in investor retention. They conclude that excessive fees



drive investors away, but transparent pricing can improve loyalty and trust in financial institutions.

STATEMENT OF THE PROBLEM

Investors in Bangalore face challenges in managing their Demat accounts, particularly concerning service quality, transparency, and fees. The complexity of financial transactions, varying charges across service providers, and regulatory requirements often leave investors uncertain about the value they receive. This is especially relevant for student investors, who may lack sufficient financial literacy to assess service costs effectively. Hidden charges, inconsistent fee structures, and limited awareness further impact their satisfaction and investment decisions. Understanding these factors is crucial to improving transparency, enhancing investor confidence, and ensuring a fair and efficient financial ecosystem.

SCOPE OF THE STUDY

This research focuses on understanding the attitudes of student investors in Bangalore towards Demat accounts, particularly concerning service quality and associated charges. The study examines the level of awareness among students, the factors influencing their choice of service providers, and their overall satisfaction with Demat account services. By analyzing investor preferences and concerns, the study provides insights that can benefit financial institutions in improving transparency, pricing strategies, and customer engagement. Although the findings are specific to Bangalore, they may offer valuable implications for other urban markets with similar investor demographics and financial environments.

LIMITATIONS

- The study is limited to investors based in Bangalore, India, and may not be generalizable to other regions.
- The accuracy of responses depends on the participants' knowledge and willingness to provide truthful information.
- The research is restricted to a six-month timeframe, limiting the depth of analysis.
- Differences in pricing structures and service offerings across financial institutions may affect the consistency of findings.

DATA ANALYSIS AND INTERPRETATION

Table Showing awareness of Demat accounts using Chi-square

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.915 ^a	2	.633
Likelihood Ratio	1.299	2	.522
Linear-by-Linear Association	.846	1	.358
N of Valid Cases	101		

a. 4 cells (66.7%) have expected count less than 5. The minimum expected count is .02.

Source: Primary Data

- The study primarily relies on self-reported data, which may be influenced by personal biases and perceptions.
- Convenience sampling may not provide a fully representative sample of all student investors in Bangalore.

OBJECTIVE OF THE STUDY

- To study about the extent of awareness about the Dematerialisation accounts among the students in the city of Bengaluru.

HYPOTHESIS OF THE STUDY

- Null Hypothesis (H_0): There is no significant association between students educational qualification and their awareness of Demat accounts.
- Alternative Hypothesis (H_1): There is a significant association between students educational qualification and their awareness of Demat accounts.

RESEARCH METHODOLOGY

This study employs a **descriptive research design** to analyze student investors' attitudes toward the services and charges of Demat accounts in Bangalore. **Primary data** was collected through a structured questionnaire from **101 student investors**, while **secondary data** was gathered from research papers and financial reports. The study utilized **non-probability convenience sampling** to ensure easy access to respondents. The **research instrument** was a structured questionnaire comprising **closed-ended and multiple-choice questions** to assess investor awareness, factors influencing investment decisions, and satisfaction levels. Conducted exclusively in **Bangalore City** over a **six-month period**, the study provides insights into students' perceptions of Demat accounts and service charges. However, the findings are **limited to Bangalore**, and **convenience sampling may introduce bias**. Despite these limitations, the study offers valuable insights into financial literacy and transparency in investment services, aiding both investors and financial institutions.



Interpretation

The Chi-Square Test table assesses whether there is a statistically significant relationship between educational qualification and awareness of Demat accounts. The Pearson Chi-Square value is 0.915, with a p-value of 0.633. Since the p-value is greater than 0.05, there is no statistically significant relationship between educational qualification and awareness of Demat accounts. This suggests that awareness of Demat accounts is independent of the respondent's educational background. However, it is important to note that 66.7% of the cells in the table have an expected count of less than 5, which may impact the reliability of the test results. Therefore, while the findings indicate no significant association, caution should be exercised in interpreting the results due to the low expected frequencies in certain cells.

FINDINGS

- **No Significant Relationship Between Education and Awareness** – The Chi-Square test results indicate that educational qualification does not significantly impact awareness of Demat accounts.
- **Lack of Transparency in Service Charges** – Many student investors are unaware of various charges such as **transaction fees, annual maintenance fees, and processing costs**, leading to dissatisfaction.
- **Hidden Fees Create Negative Perceptions** – Investors express frustration over **undisclosed charges**, which reduces trust in financial service providers.
- **Importance of Digital Accessibility** – The ease of using **mobile applications and online platforms** plays a crucial role in investor satisfaction.
- **Customer Support Affects Experience** – Efficient customer assistance **significantly influences investor confidence and engagement** with Demat services.
- **Need for Greater Financial Literacy** – Many students lack **sufficient knowledge about investment options, service fees, and the benefits of Demat accounts**.
- **Preference for Cost-Effective Plans** – Student investors prefer **low-cost or customized service plans**, such as zero annual maintenance charges and reduced brokerage fees.

SUGGESTIONS

- **Enhance Financial Literacy** – Educational institutions and financial firms should collaborate to improve **awareness about Demat accounts, service charges, and investment benefits** among students.
- **Ensure Transparent Fee Structures** – Service providers should clearly communicate **all associated costs upfront** to avoid investor dissatisfaction and build trust.
- **Improve Digital Accessibility** – Develop **user-friendly mobile applications and online platforms** to enhance the overall investor experience.
- **Introduce Student-Friendly Pricing Plans** – Offer **zero annual maintenance charges, discounted**

brokerage fees, or flexible pricing models to encourage student participation.

- **Strengthen Customer Support** – Implement **AI-driven chatbots, dedicated helplines, and prompt issue resolution** to assist student investors effectively.
- **Promote Investment Awareness Campaigns** – Conduct **workshops, webinars, and interactive sessions** to educate students on financial markets and the benefits of Demat accounts.
- **Increase Market Competition and Regulation** – Encourage **fair pricing policies and regulatory oversight** to ensure better service quality and affordability for young investors.

CONCLUSION

The study highlights that while student investors in Bangalore recognize the importance of Demat accounts, **a lack of transparency in service charges, limited financial literacy, and inadequate customer support** remain significant barriers to investor satisfaction. The findings indicate that **educational qualification does not significantly impact awareness of Demat accounts**, suggesting that financial literacy efforts should be targeted at a broader audience. Hidden charges and unclear fee structures contribute to **negative perceptions of service providers**, emphasizing the need for greater transparency. Additionally, **user-friendly digital platforms and affordable pricing models** can enhance the investor experience and encourage greater participation in financial markets. By addressing these challenges through **improved education, clear pricing policies, and better customer support**, financial institutions can build trust among young investors and foster a more inclusive investment ecosystem.

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