

A STUDY ON THE PREFERENCE OF THE MALAYSIAN RETAIL INVESTORS TOWARD ONLINE STOCK TRADING AND ITS IMPACT ON THE LOCAL STOCK BROKERAGE INDUSTRY

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ABSTRACT

The explosive advents of networking and information technology in recent years have resulted in an abundance of solutions being created and introduced to help businesses become more efficient, effective and productive. This effect can also be seen in the stock trading industry. The impact of e-commerce in the stock trading industry has accelerated the development of a new trading service, online stock trading. Enterprising Malaysian companies have begun setting the stage for the country to join the worldwide surge in stock trading over the internet.

As this industry is still relatively a new one in Malaysia, this research will attempt to find out the preference of the local investors toward this new facility. Besides this, this research also intends to analyze the impact arising from the introduction of online stock trading towards the local brokerage industry. As Internet trading is seen to be the long term replacement of the local remises and dealers, it would be interesting to see how their future stands.

Before this is done, this research attempts to provide a better understanding of this new phenomenon. This is done by looking at the way it works, benefits as well as the significant barriers, which are holding its growth in many countries. All this is compared to the conventional of trading. In order to obtain the required data to assist in his research, this research used both the primary and secondary data. The secondary data provides general facts on the research subject. As for the primary data, it is used to study preference and profile of investors regarding web based trading. It also serves the purpose to attain opinions and information on the current online trading development in Malaysia.

Then based on the findings and analysis, the researcher attempts to recommend feasible suggestions in order to improve the current online trading situation in Malaysia. These suggestions are directed to the various participants in this industry.

In conclusion, it is hoped that this research will provide the investors and other participants in the stock trading industry a better understanding of this new trading system.