

A Study on the Decision-Making Process of New Demat Account Users

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Abstract- The study titled "A Study on the Decision-Making Process of New Demat Account Users" focuses on understanding the key factors influencing platform selection among first-time Demat account holders in India. The research was conducted during a two-month internship at Bajaj Broking Pvt. Ltd., where the primary goal was to analyze the decision-making criteria, brand perception, and onboarding experience within the competitive retail brokerage market. Primary data was collected through a structured questionnaire distributed to 80 respondents. Data analysis was performed using descriptive statistics and cross-tabulation techniques to identify key relationships between demographic factors and platform preferences. Data analysis was performed using PSPP software, primarily applying cross-tabulation techniques to identify key relationships between demographic factors. The findings indicate that brokerage charges, trust & reputation, and digital experience are the most significant factors influencing platform choice. Zerodha and Groww emerged as the most preferred platforms due to their competitive pricing and user-friendly interfaces, while established brokers like Bajaj maintained trust among conservative investors. Younger investors showed higher sensitivity to mobile app experience and onboarding ease. The study concludes with recommendations for optimizing pricing strategies, enhancing digital platform features, strengthening educational content, and developing targeted marketing communication to improve customer acquisition and retention.

I. INTRODUCTION

1. The New Wave of Indian Retail Investors

The Indian financial landscape is undergoing a radical and historic transformation, marked by an unprecedented surge in retail participation in the stock market. This represents a significant democratization of finance, moving it from a domain dominated by institutional players and a small, affluent urban class to a mainstream wealth-creation activity for millions. This seismic shift is fueled by a confluence of factors: rapid technological advancements, the proliferation of user-friendly,

low-cost discount brokerage platforms, widespread smartphone penetration, government-led financial literacy initiatives (such as the RBI's and SEBI's investor awareness programs), and a profound cultural shift towards seeking alternative avenues for wealth creation beyond traditional real estate and gold. At the heart of this participation lies the Demat (Dematerialized) account—the indispensable gateway that holds securities in an electronic format, enabling seamless trading and investment.

2. The Demat Account Boom: A Quantitative Leap with a Qualitative Gap

Industry reports and data from depositories like NSDL and CDSL frequently highlight the explosive quantitative growth in Demat account openings, with the total number in India crossing 150 million and adding millions of new accounts each month. This metric is often celebrated as a sign of financial inclusion and market maturity. However, behind these impressive numbers lies a significant lack of understanding regarding the qualitative, human aspects of this phenomenon. The motivations, perceptions, and decision-making processes of these new investors remain largely opaque. There is a critical knowledge gap concerning the lived experience of the new retail investor—their anxieties, their sources of information, and their journey from curiosity to active participation.

3. Understanding the New Investor's Journey

The influx of new, often first-time, investors poses fundamental questions that quantitative data alone cannot answer. Who are these new investors in terms of demographics, financial literacy, and risk appetite? What are the primary motivators—whether the fear of missing out (FOMO), the pursuit of financial independence, or the influence of social media—that propel them to take the first step? How do they discover and learn about investing, and what

channels (e.g., fintech apps, social media influencers, friends and family) are most influential? Crucially, what factors—such as brokerage fees, user interface, customer service, brand trust, or educational resources—are paramount in their choice of a specific brokerage platform? Finally, what is their post-onboarding experience, and how does it shape their satisfaction, loyalty, and long-term engagement with the markets?

4. Strategic Imperative for Stakeholders

Answering these questions is not merely an academic exercise; it holds profound strategic importance for a wide range of stakeholders. For financial service providers and brokers, understanding the new investor's decision-making journey is essential to strategically tailor their product offerings, marketing communication, user experience (UX/UI), and customer support systems. For fintech companies, these insights are vital for innovation, feature development, and community building. For policymakers and regulators like SEBI, a deep understanding of new investor behaviour is crucial for framing effective investor protection guidelines, mitigating systemic risks, and promoting sustainable market participation. For financial educators, this knowledge helps in designing targeted and effective financial literacy content that addresses real needs and knowledge gaps.

5. Literature and Theoretical Context

Existing literature on investor behaviour provides a foundational framework for this study. Theories from behavioural finance, such as herding behaviour (where individuals mimic the actions of a larger group) and overconfidence bias, are highly relevant in explaining the decision-making of new retail investors (Kahneman & Tversky, 1979). The Technology Acceptance Model (TAM) can be applied to understand how perceived ease of use and perceived usefulness of brokerage platforms influence adoption (Davis, 1989). Furthermore, consumer decision-making models, like the EBM (Engel-Blackwell-Miniard) model, offer a structure to map the multi-stage journey from problem recognition (need to invest) to post-purchase evaluation (satisfaction with the platform). Prior research in other contexts has established the importance of trust, brand reputation, and social influence in financial decision-making, but their

specific interplay in the context of India's contemporary Demat account boom remains underexplored.

6. The Present Study: An Empirical Investigation

This study aims to address the critical gap identified by conducting a comprehensive empirical investigation into the awareness, influencing factors, decision-making journey, and post-experience satisfaction of new Demat account users in India. It moves beyond aggregate-level data to capture the nuanced voices and experiences of the individuals driving this financial revolution. By focusing on the user's perspective, this research will provide a holistic view of the modern Indian retail investor's onboarding and initial engagement process.

7. Research Objectives and Hypotheses

The primary objectives of this research are:

- Objective 1: To profile the new Indian retail investor in terms of demographics, financial knowledge, and primary investment motivations.
- Objective 2: To identify and rank the key factors influencing the selection of a Demat and trading account provider.
- Objective 3: To map the decision-making journey of a new investor, from initial awareness to the final account opening decision.
- Objective 4: To measure the post-onboarding satisfaction levels and identify key drivers of user experience and loyalty.
- Hypothesis H1: Perceived ease of use of a brokerage platform is a more significant factor for new investors than brokerage fees.
- Hypothesis H2: Social media and peer recommendations have a stronger influence on the platform selection process than traditional advertising.
- Hypothesis H3: There is a significant positive correlation between the availability of educational resources within a platform and user satisfaction.

8. Strategic Relevance and Expected Contributions

The findings of this study are expected to provide

actionable insights for all stakeholders. Brokers and fintech firms can use the results to refine their customer acquisition strategies, improve product-market fit, and enhance user retention. Policymakers can develop more nuanced regulations and educational campaigns. Academically, this research will contribute to the literature on behavioural finance, fintech adoption, and consumer behaviour in an emerging market context, offering a contemporary and grounded perspective on India's financial evolution.

9. Structure of the Report

The report is organized as follows:

- Chapter II: Provides a comprehensive review of literature on investor behaviour, fintech adoption, and consumer decision-making models.
- Chapter III: Details the research methodology, including research design, data collection methods (e.g., surveys, in-depth interviews), sampling technique, and analytical tools.
- Chapter IV: Presents the results of the empirical analysis, including descriptive statistics, hypothesis testing, and thematic analysis.
- Chapter V: Summarizes the key findings, discusses their implications, offers concrete recommendations for industry practitioners and policymakers, and suggests directions for future research.

II. REVIEW OF LITERATURE

2.1 Introduction: The Complexity of Financial Technology Adoption

The proliferation of discount brokerage platforms in India represents a fascinating case study in financial technology adoption, where traditional investment behaviours intersect with digital transformation. The decision to open and actively use a Demat account—the fundamental gateway to securities markets—cannot be adequately explained through singular theoretical lenses. Rather, it represents a complex interplay of technological perceptions, psychological factors, social influences, and contextual variables that collectively shape investor behaviour. This chapter establishes a comprehensive theoretical framework that integrates multiple established models from information systems, behavioural

finance, and sociology to analyze the determinants of Demat account adoption among India's new investor cohort. By synthesizing these perspectives, we develop a multidimensional understanding of how novice investors navigate the transition from traditional savings instruments to participatory market engagement through digital platforms.

2.2 Technological Determinants: The Technology Acceptance Model (TAM) and Its Evolution

The foundational framework for understanding technology adoption remains the Technology Acceptance Model (TAM) developed by Davis (1985, 1989), which posits that an individual's behavioural intention to use a technology is primarily determined by two core perceptions: perceived usefulness and perceived ease of use. In the context of Demat account adoption, Perceived usefulness refers to the degree to which a prospective investor believes that using a particular Demat and trading platform will enhance their financial outcomes and investment experience. This extends beyond the basic functionality of holding securities to encompass:

- Transactional Utility: The platform's efficiency in executing trades rapidly, accessing multiple asset classes (equities, derivatives, mutual funds, bonds), and participating in initial public offerings (IPOs).
- Informational Utility: The availability of research reports, analytical tools, real-time data, and educational resources that facilitate informed decision-making.
- Financial Utility: The cost-effectiveness of transactions (brokerage fees, transaction charges), access to margin funding, and the potential for portfolio optimization.
- Functional Utility: Features such as automated investing, portfolio tracking, tax documentation, and integration with banking services that create a comprehensive financial management ecosystem.
- Interface Simplicity: The intuitiveness of the mobile application and web platform, including navigation logic, information architecture, and visual design.
- Onboarding Friction: The seamlessness of the account opening process, Know Your Customer (KYC) procedures,

documentation requirements, and verification timelines.

- Cognitive Load: The clarity of financial terminology, transparency of fee structures, and accessibility of customer support when confusion arises.
- Process Fluidity: The efficiency of fund transfer mechanisms, the simplicity of order placement, and the clarity of portfolio reporting.

The evolution of TAM has introduced additional relevant constructs, particularly relevant in the financial context. Venkatesh and Davis (2000) extended the model (TAM2) to include social influence processes (subjective norms) and cognitive instrumental processes (job relevance, output quality). In this study, we operationalize these TAM constructs through specific variables measuring user prioritization of "mobile app experience," "easy account opening process," "research and analytical tools," and "educational resources."

2.3 The Trust Imperative: Mitigating Perceived Risk in Digital Finance

The intangible nature of digital financial services elevates trust from a desirable attribute to a fundamental prerequisite for adoption. As Gefen, Karahanna, and Straub (2003) established, trust becomes particularly critical in environments characterized by uncertainty, information asymmetry, and potential opportunism—conditions that perfectly describe the novice investor's perspective. In the Demat account context, trust operates through multiple distinct yet interconnected dimensions. This dimension encompasses the perceived credibility, stability, and reputation of the brokerage institution itself. Factors influencing institutional trust include:

- Brand Heritage: The length of market presence, parent company associations, and public perception of reliability.
- Financial Stability: The net worth of the institution, visibility in financial markets, and transparency in financial reporting.
- Regulatory Compliance: Adherence to SEBI guidelines, clean regulatory history, and participation in investor protection mechanisms.
- Media Presence: The tone and frequency of media coverage, visibility of leadership, and overall brand recognition.

- Security Perceptions: Belief in the effectiveness of encryption protocols, data protection measures, and account safety features.
- System Reliability: The platform's historical uptime, execution speed during volatile markets, and error frequency.
- Data Privacy: Assurance that personal and financial information will not be misused or improperly shared.
- Process Transparency: Clear communication of costs, settlement procedures, and potential risks.
- Error Resolution: The perceived fairness and efficiency of mechanisms to address erroneous trades or technical glitches.
- Fund Safety: Confidence in the segregation of client funds, insurance protections, and withdrawal reliability.

In this study, we hypothesize that for novice investors navigating complex financial decisions with significant perceived risk, "Trust & reputation of brand" constitutes a more significant adoption driver than purely economic factors like transaction costs. This aligns with the proposition that in high-stakes environments, risk mitigation often supersedes cost optimization in decision hierarchies.

2.4 Social Influence Mechanisms: Navigating Uncertainty Through Collective Wisdom

Behavioural decision-making in ambiguous situations frequently relies on social cues as cognitive shortcuts. The dual-process theory of social influence (Deutsch & Gerard, 1955) distinguishes between normative influence (conforming to gain social acceptance) and informational influence (accepting information from others as evidence of reality). Both mechanisms operate powerfully in investment decisions:

- Peer Validation: The comfort derived from using platforms that friends, family, or colleagues successfully use.
- Social Proof: The psychological phenomenon where people assume the actions of others in an attempt to reflect correct behaviour for a given situation.
- Community Belonging: The desire to participate in investment communities, discussion forums, or social trading features.
- Knowledge Transfer: Leveraging the

research and experience of others when personal expertise is limited.

- Experience Sharing: Learning from the successes and failures of peers in similar financial situations.
- Recommendation Networks: Structured referral programs that formalize word-of-mouth endorsements.

The contemporary Indian context has amplified these social influences through digital channels. Social media platforms, online investment communities, finfluencer (financial influencer) content, and digital referral programs have created extensive networks for financial information sharing. This study specifically measures the impact of "Friends and Family recommendations" and "Referral/Word-of-mouth" as primary discovery channels and decision factors, positioning social influence as a potentially dominant factor in platform selection.

2.5 Behavioural Economics Perspectives: Bounded Rationality in Investor Decisions

Traditional economic models assuming perfectly rational actors fail to capture the realities of investor behaviour, particularly among novices. The insights from behavioural economics provide crucial complementary explanations:

- Availability Heuristic: Investors judge the quality of a platform based on how easily examples come to mind (recent advertising, prominent user testimonials).
- Anchoring: Initial impressions about a platform (often formed through first experiences with the interface) disproportionately influence subsequent evaluations.
- Status Quo Bias: The tendency to stick with familiar options, making customer acquisition in the early stages critically important.
- Loss Aversion: The pain of losing money feels more intense than the pleasure of gaining the same amount, making trust and security particularly salient.
- Framing Effects: How information about fees, risks, and returns is presented significantly impacts decision-making.
- Mental Accounting: Investors may categorize money differently (savings vs. investment money), affecting their platform expectations.

2.6 Contextual Specificity: The Unique Indian Financial Landscape

The Indian financial ecosystem presents distinctive characteristics that moderate how universal adoption factors manifest. India's investor base is notably younger than global averages, with a significant proportion under 35. This digital-native cohort exhibits different expectations regarding user experience, communication styles, and service delivery compared to traditional investors.

- Collectivist Orientation: The stronger emphasis on family and community alignments amplifies social influence effects.
- Hierarchical Trust Structures: Greater deference to institutional authority and brand reputation compared to more mature markets.
- Price Sensitivity: Despite the hypothesis that trust supersedes cost, Indian consumers remain highly value-conscious, creating tension between premium positioning and competitive pricing.
- Mobile-First Dominance: Unlike Western markets with stronger desktop traditions, India's adoption is overwhelmingly mobile-native.
- Regional Diversity: Language preferences, financial literacy levels, and technological comfort vary significantly across geographic and socioeconomic segments.

While reports from Prime Database, NSE, and brokerage analysts have meticulously documented the quantitative explosion in Demat accounts, academic literature focusing on the behavioural psychology, detailed demographics, and decision journeys of these new Indian investors remains remarkably scarce. This research contributes precisely to this gap by moving beyond aggregate metrics to provide a holistic, theoretically grounded understanding of the underlying motivations, barriers, and experiences shaping India's retail investment revolution.

2.7 Conceptual Integration: Toward a Comprehensive Adoption Framework

By synthesizing these theoretical perspectives, we develop an integrated framework for understanding Demat account adoption among new Indian investors. This framework positions technological perceptions

(TAM) as the foundational drivers, moderated by trust considerations (institutional, technological, transactional), amplified by social influence mechanisms (normative, informational), and contextualized within India's unique financial ecosystem. The following chapters will operationalize this framework through empirical investigation, examining how these theoretical constructs manifest in the actual decision-making processes of India's new investor cohort and their relative importance in platform selection and satisfaction.

III. RESEARCH METHODOLOGY

3.1 Introduction

This chapter delineates the comprehensive methodological framework employed to investigate the awareness, decision-making processes, and post-experience satisfaction of new Demat account users in India. The study is grounded in a positivist research philosophy, which operates on the assumption that social phenomena can be observed and measured objectively through empirical data collection and statistical analysis. This philosophical stance aligns with the study's objective to identify and quantify patterns, relationships, and trends within the new investor population, moving beyond subjective interpretations to derive evidence-based conclusions about their behaviors and preferences.

A systematic, multi-stage approach was designed and executed to ensure the reliability and validity of the research findings. This chapter provides a detailed exposition of the research design, instrument development, sampling strategy, data collection procedures, and analytical techniques, thereby establishing a transparent and replicable framework for the empirical investigation.

3.2 Research Design

The study employs a quantitative, descriptive, and cross-sectional research design, selected for its efficacy in addressing the research objectives.

- **Quantitative Approach:** This paradigm facilitates the collection of numerical data from a sample of the population, enabling statistical analysis to describe variables, examine relationships, and test preliminary hypotheses. It allows for the transformation of subjective investor experiences into quantifiable metrics, suitable for robust

analysis.

- **Descriptive Nature:** The primary aim is to accurately describe the characteristics of the population under study. This includes profiling the demographic composition of new investors, mapping their journey from awareness to adoption, identifying the key factors influencing their platform selection, and measuring their post-onboarding satisfaction levels.
- **Cross-Sectional Data Collection:** Data was gathered at a single point in time from respondents who had opened a Demat account within a specified recent period. This "snapshot" approach is both time-efficient and cost-effective, providing timely insights into the current landscape of new investor behaviors without the resource intensiveness of a longitudinal study.

This tripartite design is particularly suited for establishing correlational relationships and generating foundational knowledge that can inform future longitudinal or experimental research.

3.3 Data Collection Instrument Development

A structured, self-administered online questionnaire was developed as the primary data collection instrument using Google Forms. The development process followed a systematic sequence to ensure content validity, clarity, and reliability. The questionnaire was segmented into five distinct sections, flowing logically from general background to specific experiences and future intentions. The use of closed-ended questions was strategic, serving to minimize respondent burden, standardize responses for comparative analysis, and reduce ambiguity in interpretation.

Section A: Demographic Profile

This foundation section captured key socio-economic variables to enable demographic segmentation of the data:

- Age
- Gender
- Occupation (e.g., Student, Salaried Professional, Business Owner, Homemaker)
- Annual Income (Categorical brackets)
- City/Tier of Residence

Section B: Investment Awareness and Discovery Journey

This section investigated the pre-decision phase:

- Self-assessed prior knowledge of stock markets (5-point scale from 'Novice' to 'Expert')
- Primary motivation for opening a Demat account (e.g., Long-term wealth creation, Short-term trading, Learning, Peer influence)
- Channels of discovery: "Through which channel did you FIRST learn about Demat accounts?" (Social Media, Friends/Family, Online Ads, Financial News, Bank, Other)

Section C: Decision-Making Process Evaluation

This core section delved into the platform selection criteria:

- Extent of research conducted before deciding (5-point scale from 'No research' to 'Extensive research')
- List of platforms considered during research (Multiple-select)
- Final platform chosen.
- Ranking of key decision factors (e.g., Brokerage Fees, User Interface, Brand Trust, Referral Offers, Research & Analytical Tools, Educational Content)

Section D: Post-Onboarding Experience and Satisfaction

This section measured the user's actual experience with the chosen platform using a 5-point Likert scale (1=Very Dissatisfied to 5=Very Satisfied) across critical service dimensions:

- Mobile Application Interface & Usability
- Website Platform (if used)
- Ease and Speed of Account Opening & KYC Process
- Quality and Responsiveness of Customer Support
- Perceived Security of the Platform and Funds
- Overall Confidence in Making Investment Decisions post-onboarding

Section E: Behavioral Loyalty and Future Intentions

The final section gauged long-term engagement and

advocacy potential:

- Net Promoter Score (NPS) question: "On a scale of 0-10, how likely are you to recommend your Demat provider to a friend or colleague?"
- Propensity to switch providers and the primary reasons for potential churn (e.g., High costs, Poor service, Better alternative found).

A pilot test was administered to a small, representative group (n=10) comprising individuals who had recently opened Demat accounts. The pilot aimed to assess:

- Clarity and Wording: Ensuring questions were unambiguous and easily understood.
- Logical Flow: Verifying the sequence of sections was intuitive.
- Completion Time: Ensuring the survey could be completed within a reasonable timeframe

Feedback from the pilot study led to minor refinements in question phrasing and the restructuring of a few multiple-choice options for improved comprehensiveness.

3.4 Sampling Strategy and Data Collection Procedure

A non-probability, convenience sampling method was employed. This technique was deemed appropriate for this exploratory study due to the absence of a definitive, accessible sampling frame of all new Demat account holders in India. The objective was to gather data from a readily available and relevant subset of the target population to generate initial insights.

Inclusion Criteria:

To qualify for participation, individuals had to meet two criteria:

1. Be a resident of India.
2. Have opened their first-ever Demat account within the preceding 12 months. The survey was disseminated exclusively through digital channels to efficiently target the tech-savvy demographic of new investors. The dissemination strategy involved:

- Posting the survey link on professional networking platforms (LinkedIn).
- Sharing in relevant online communities

and forums focused on investing, personal finance, and fintech.

- Utilizing social media platforms (Twitter, Facebook groups) and messaging applications (WhatsApp).
- Leveraging personal and professional networks for snowball sampling.

This multi-channel approach was designed to maximize reach and capture a diverse, though not statistically representative, sample of the new investor base.

3.5 Sample Size and Respondent Profile

The data collection phase yielded 80 complete and valid responses after the exclusion of incomplete or inconsistent submissions. While this sample size is moderate, it is considered sufficient for conducting meaningful descriptive analyses and exploratory inferential statistics, providing a solid foundation for identifying key trends and patterns. The sample, though not generalizable to the entire population of India, offers a valuable cross-sectional view of active, digitally-engaged new investors.

3.6 Data Analysis Framework

The collected data was systematically processed and analyzed using a combination of software tools, including PSPP (an open-source statistical software) and Microsoft Excel. The analytical process was conducted in sequential stages:

- **Cleaning:** The dataset was reviewed for inconsistencies, duplicates, and incomplete entries.
- **Coding:** Numerical codes were assigned to categorical responses to facilitate statistical analysis (e.g., Gender: Male=1, Female=2; Satisfaction: Very Dissatisfied=1 to Very Satisfied=5).
- **For categorical variables (demographics, platform choice):** Frequencies and percentages were calculated.
- **For scaled variables (satisfaction scores, likelihood scales):** Measures of central tendency (Mean, Median) and measures of dispersion (Standard Deviation, Range) were computed.
- **Bar Charts:** To compare frequencies across different categories (e.g., popularity of different platforms).
- **Pie Charts:** To illustrate proportional distributions (e.g., percentage of users from different occupational backgrounds).

- **Histograms:** To visualize the distribution of scaled data (e.g., the spread of overall satisfaction scores).
- **Stacked Bar Charts:** To show the composition of responses (e.g., satisfaction levels broken down by age group).
- **Cross-Tabulation with Chi-Square Tests of Independence:** Used to examine if a significant relationship exists between two categorical variables. For example, testing if the "Primary Motivation for Investing" is independent of "Occupation."
- **One-Way Analysis of Variance (ANOVA):** Employed to test for statistically significant differences in the mean scores of a continuous variable (e.g., overall satisfaction) across three or more groups of a categorical variable (e.g., Income Groups). Post-hoc tests (e.g., Tukey's HSD) were planned in case of significant ANOVA results to identify which specific groups differed.
- **Correlation Analysis:** Pearson's or Spearman's correlation coefficient was calculated to explore the strength and direction of the linear relationship between two continuous or ordinal variables. For instance, analyzing the correlation between the "Importance of Low Fees" and "Satisfaction with the Platform."

3.7 Ethical Considerations and Methodological Limitations

- **Ethical Considerations:** Participation in the survey was entirely voluntary. An informed consent statement was presented at the beginning of the questionnaire, assuring respondents of the anonymity and confidentiality of their data. The statement clarified that the data would be used solely for academic research purposes.
- **Methodological Limitations:** The study acknowledges certain limitations. The use of convenience sampling restricts the generalizability of the findings to the broader population of all new Indian investors. The cross-sectional design captures perceptions at one point in time and cannot establish causality or track evolution in user sentiment. Furthermore, self-reported data is subject to biases such as recall bias and social desirability bias.

3.8 Conclusion

This chapter has detailed the rigorous methodological pathway undertaken for this research. The quantitative, descriptive, and cross-sectional approach, operationalized through a carefully designed online survey and a multi-faceted analytical plan, provides a robust framework for investigating the nuanced decision-making journey of India's new Demat account users. The subsequent chapter will present the empirical findings derived from the systematic application of these methods.

IV. DATA ANALYSIS & INTERPRETATION

The data collected from 80 respondents was analyzed using descriptive statistics and cross-tabulation techniques. The primary goal was to identify key relationships between demographic profiles and the decision-making factors for new Demat account users. The analysis reveals a clear profile of the modern investor and the critical elements that influence their choice of platform.

Analysis of Key Influencing Factors

The study identified that the decision-making process for new Demat users is multifaceted, hinging on a combination of rational financial factors and digital user experience.

Brokerage and charges (35%) emerged as the single most significant factor shaping the final choice of a Demat platform. This indicates a highly price-sensitive user base that is actively seeking cost-effective solutions for entering the stock market. Closely linked to this is the Trust & Reputation of the brand (21.3%), showing that while cost is king, it cannot come at the expense of reliability and security, especially in a domain involving financial assets.

The Mobile App Experience (10%) and Easy Account Opening Process (10%) were also crucial determinants. This underscores the digital-native nature of the new investor demographic, for whom a seamless, intuitive, and hassle-free digital onboarding and trading experience is a non-negotiable expectation. Promotional Offers, however, had a relatively low influence, with an average rating of 3.42 out of 5, suggesting that long-term value propositions trump short-term incentives.

Demographic and Behavioral Insights

Cross-tabulation of demographic data with behavioral responses revealed distinct patterns:

- **Age and Occupation:** The user base is overwhelmingly young, with 78.8% of respondents aged between 21 and 30. A further 70% are Salaried Employees. This cohort is digitally savvy, has a steady income, and is beginning its wealth-creation journey. Their preferences align with this profile, favoring platforms known for low costs and a superior digital interface.
- **Information Channels:** The most significant channel for first encountering the concept of a Demat account was Social Media (50%), dwarfing traditional sources like Friends and Family (10%). This highlights the transformative role of digital content creators and online communities in driving financial literacy and platform acquisition.
- **Research Behavior:** A significant 43.8% of users only researched platforms "To some extent," while 35% did so actively. This indicates that a substantial number of new investors may rely on a few key recommendations or top-of-mind brand awareness rather than conducting exhaustive comparative analyses.
- **Platform Choice and Loyalty:** The market is competitive, with Zerodha (28.8%) and Groww (28.7%) emerging as the most popular choices. However, a striking 55% of users stated they would "Yes" or "Maybe" consider switching to another provider in the future. This, coupled with the fact that only 35% are in the "Probably Yes" or "Definitely Yes" category for recommending their current platform, points to a concerning lack of brand loyalty and a user base that is pragmatic and willing to migrate for a better value proposition.

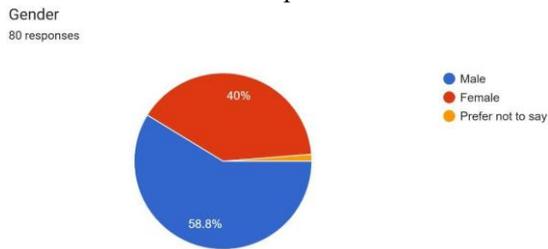
User Experience and Confidence

The user experience was generally positive. The account registration and KYC process was rated as "Easy" or "Very Easy" by a combined 66.3% of users, which is a critical success factor for onboarding. Satisfaction with the app/website interface was moderately high (Avg. Rating: 3.66/5).

A critical insight, however, lies in user confidence.

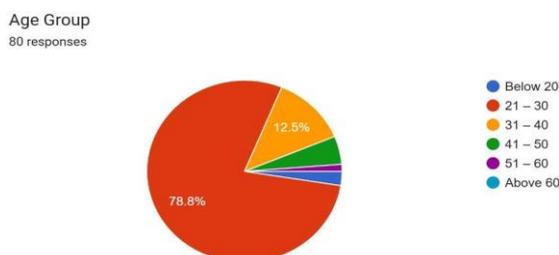
The average confidence level in making investment decisions is relatively low (3.40/5), correlating with the finding that 56.3% of users had only "Slight" or "No" familiarity with the markets before opening an account. This presents a significant opportunity for platforms to integrate educational resources and build user competence, which could, in turn, foster greater loyalty.

Gender Distribution of Respondents



The gender distribution of respondents reveals a significant skew, with male users (58.8%) substantially outnumbering female users (40%). This 18.8-percentage-point gap indicates that the initial wave of new Demat account adopters is predominantly male. This disparity likely stems from a combination of factors, including historically gendered differences in risk appetite, financial literacy exposure, and the targeting of early marketing campaigns. However, the 40% female user base is itself a significant and engaged segment. For Demat platforms, this data highlights a major untapped growth opportunity. By developing more inclusive marketing, creating tailored educational content that addresses the financial goals of women, and fostering supportive investment communities, platforms can bridge this adoption gap and drive more inclusive financial participation.

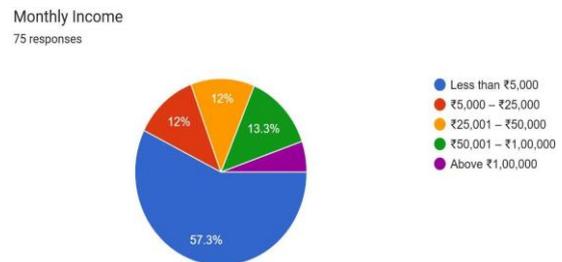
Age Distribution



The age distribution data reveals an overwhelmingly young user base, with the 21-30 age group constituting a dominant 78.8% of all new Demat account users. This clearly identifies millennials and Gen Z as the primary drivers of India's retail investing revolution. This trend is fueled by their

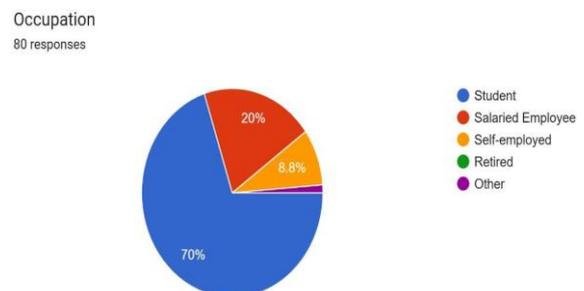
digital nativity, rising disposable income, and exposure to financial information through social media and online influencers. Their dominance dictates that product design, marketing, and user experience must be mobile-first, intuitive, and engaging for a tech-savvy generation with a long-term investment horizon. This demographic shift represents a fundamental change in how younger Indians are approaching wealth creation, moving beyond traditional savings to actively participate in capital markets.

Monthly Income Distribution



The monthly investment capacity data reveals a highly price-sensitive user base, with a significant majority (57.3%) having less than ₹5,000 available to invest. This profile underscores the deeply retail nature of the new investor wave and explains why low brokerage fees are the paramount factor in their platform choice. This trend highlights the critical importance of features like micro-investing, systematic investment plans (SIPs), and zero-commission models, which align perfectly with the financial reality of this emerging investor segment, enabling participation even with modest capital.

Occupational Profile



The occupational profile shows that salaried employees form the overwhelming majority (70%) of new Demat account users, followed by students (20%). This indicates that the retail investing boom is primarily driven by young professionals with a

stable, regular income, for whom investing is a key wealth-creation strategy. The significant student segment further highlights that financial market participation is now beginning much earlier in life. This demographic reality necessitates that platforms offer features like seamless SIPs and educational resources tailored for employed individuals and young beginners entering the market.

Pre-Existing Knowledge and Digital Discovery

A critical insight into the user's journey reveals their starting point. When asked about their familiarity with stock markets before opening an account, a combined 56.3% reported being only "Slightly familiar" (35%) or "Not at all familiar" (21.3%). This highlights a significant trend: Demat platforms are successfully onboarding a large segment of financial beginners. This places a considerable onus on these platforms to not only provide trading services but also to integrate robust educational resources and user-friendly interfaces that demystify investing for novices.

The most influential channel for discovery was unequivocally Social Media, accounting for 50% of first-time awareness. This dwarfs traditional sources like Friends and Family (10%) and formal environments like School or Workplace (16.2%). This finding underscores the transformative power of financial influencers, online investment communities, and fintech content on platforms like YouTube, Instagram, and Twitter in shaping financial behavior and driving user acquisition in the modern era.

The Decision-Making Calculus: Cost, Trust, and Digital Experience

The factors influencing the final choice of platform reveal a pragmatic and value-conscious user. Brokerage and Charges emerged as the paramount concern for 35% of respondents, reflecting a highly price-sensitive market where users actively seek cost-effective trading solutions. However, low cost alone is not enough. Trust and Reputation of the brand was the second most critical factor (21.3%), indicating that new investors seek a safe and reliable partner for their financial journey, unwilling to compromise security for slightly lower fees.

The digital experience is a key differentiator. The Mobile App Experience (10%) and an Easy Account Opening Process (10%) were significant decision

drivers. For this digitally-native demographic, a seamless, intuitive, and hassle-free onboarding and trading experience is a non-negotiable expectation. The influence of Promotional Offers was moderate, with an average rating of 3.42 out of 5, suggesting that while welcome, short-term incentives are less impactful than long-term value propositions centered on low costs and a superior product.

Market Landscape, Loyalty, and Future Intentions

The platform choice among respondents indicates a competitive and fragmented market. Zerodha (28.8%) and Groww (28.7%) are the clear leaders, collectively capturing over 57% of the market share among new users. Their success can be directly linked to their strong alignment with the key decision drivers: pioneering low-cost brokerage, building a reputation for reliability, and offering highly-rated, user-friendly digital platforms.

However, a deep dive into user sentiment reveals a significant challenge for all service providers: customer loyalty is fragile. When asked about their willingness to recommend their current platform, a vast 40% of users were "Neutral," showing neither strong satisfaction nor dissatisfaction. More alarmingly, when probed on switching, a combined 75% of respondents stated they would "Yes" (20%) or "Maybe" (55%) consider moving to another provider in the future. This indicates a market with low switching barriers and a user base that is highly pragmatic, constantly evaluating if their current provider offers the best value. This transforms customer retention into an activity as critical as new customer acquisition.

User Experience and Confidence: A Foundation to Build Upon

The operational experience provided by most platforms is generally positive. The account registration and KYC process was rated as "Easy" or "Very Easy" by a combined 66.3% of users, a crucial achievement as a cumbersome onboarding process can be a major deterrent. Satisfaction with the core product—the app or website interface—was moderately high, with an average rating of 3.66 out of 5.

Despite this smooth operational experience, user confidence remains an area for development. The average confidence level in making independent investment decisions was a relatively low 3.40 out of

5. This correlates directly with the high percentage of beginners and highlights a critical opportunity for platforms. By integrating advanced yet accessible educational content, virtual trading tools, and personalized insights, platforms can empower their users, build deeper engagement, and potentially foster the long-term loyalty that is currently lacking.

V. FINDINGS, STRATEGIC IMPLICATIONS & CONCLUSION

1. Demographic Profile: The Vanguard of India's Retail Investment Revolution

- **The Millennial and Gen Z Mandate:** The data presents an unequivocal picture: the new wave of investors is overwhelmingly young, with a staggering 78.8% of respondents aged between 21 and 30. This is not merely a trend but a fundamental demographic shift. This cohort, digital natives who have grown up with smartphones and instant access to information, is leveraging its comfort with technology to bypass traditional financial advisors and take control of its financial future. Their long investment horizon means they are more open to equity and other growth-oriented assets, shaping market dynamics for decades to come. For platforms, this dictates a mobile-first, visually engaging, and socially integrated product strategy.
- **The Salaried Core: Stability as a Springboard for Investment:** The occupational profile solidifies this picture, with Salaried Employees constituting 70% of the user base. This indicates that the retail investing boom is not driven by speculative day-traders but by young professionals with a stable, predictable cash flow. For them, a Demat account is a tool for systematic wealth creation—a modern alternative to traditional recurring deposits and provident funds. This underscores the critical importance of features like seamless Systematic Investment Plans (SIPs) in stocks and mutual funds, automated tracking, and goal-based investing modules within platform apps.
- **A Pronounced Gender Disparity: An Untapped Growth Frontier:** The 18.8-

percentage- point gap between male (58.8%) and female (40%) adoption is a significant finding. While the 40% figure itself is substantial and growing, the gap suggests potential barriers. These could include differences in risk perception, a lack of targeted financial communication for women, or socio-cultural factors. For forward-thinking platforms, this represents the single largest demographic opportunity. The winner in this space will likely be the platform that develops inclusive marketing campaigns, creates educational content addressing specific life goals (e.g., saving for entrepreneurship, children's education, retirement planning), and fosters safe, supportive female-investor communities.

- **The Modest Investor: Redefining "Retail":** The fact that 57.3% of users have a monthly investment capacity of less than ₹5,000 is a profound insight. It defines the "new retail" investor not as a high-net-worth individual but as a mass-market participant. This makes features like fractional investing (allowing purchase of high-value stocks in parts), zero brokerage on equity delivery trades, and small-ticket SIPs not just attractive add-ons but absolute necessities. The business model, therefore, must be built on volume and customer lifetime value, not high per-transaction revenue.

2. The Onboarding Journey: From Apprehensive Novice to Registered User

- **A Market of Financial Beginners:** The finding that a combined 56.3% of users had only "Slight" or "No" familiarity with markets before signing up fundamentally changes the role of a Demat platform. These are not seasoned traders; they are learners. This places a tremendous onus on platforms to be educators and guides. A platform that merely offers a trading terminal is failing its users. The user experience must be designed to demystify jargon, explain concepts in simple language, and prevent costly beginner mistakes, thereby building trust from the very first interaction.
- **The Supremacy of Social Media and Digital Influence:** The dominance of Social Media (50%) as the primary discovery channel—

five times more influential than Friends and Family (10%)—marks a paradigm shift. Financial literacy and brand marketing are now being decentralized from corporate boardrooms to the screens of financial influencers. This means a platform's marketing strategy must include robust influencer partnerships, authentic content creation, and a strong community management presence on platforms like YouTube, Instagram, and Telegram. The "trust" factor is now heavily influenced by third-party validation from these online personalities.

3. The Decision-Making Calculus: A Hierarchy of Needs for the New Investor

- **The Paramourcy of Price (Brokerage & Charges - 35%):** In a market with multiple players offering similar core services, price becomes the primary differentiator. The success of zero-commission models for equity delivery has made this a non-negotiable expectation for new users. This has conditioned users to be highly sensitive to any charges, making transparency in all fees—from transaction costs to account maintenance—critical for maintaining trust.
- **The Foundation of Trust (Trust & Reputation - 21.3%):** While users seek low costs, they are not willing to trade security for savings. This "Trust" factor is a composite of several sub-factors: the perceived financial stability of the parent company, data security protocols, regulatory compliance, and a track record of reliable order execution. Brands with a legacy in financial services or those that have built a reputation for technological robustness (like Zerodha) have a distinct advantage here.
- **The Digital Imperative (Mobile App & Easy Onboarding - 20% combined):** For a demographic that manages its life through a smartphone, the quality of the digital interface is synonymous with the quality of the service. A clunky app or a cumbersome KYC process is a direct reflection on the brand. The Easy Account Opening Process is the first major test of a platform's user-centricity; a failure here leads to immediate

abandonment. The Mobile App Experience is the daily touchpoint; its speed, intuitiveness, and stability directly impact user satisfaction and retention.

- **The Limitation of Promotional Gimmicks (Avg. Influence: 3.42/5):** The relatively low impact of promotional offers indicates a maturing user base. While free stocks or cashbacks can provide an initial nudge, they are insufficient to retain users if the core value proposition—low cost, a great app, and trust—is weak. This suggests that marketing budgets are better spent on improving the core product and educational content rather than on short-term customer acquisition costs.

4. Market Landscape and the Profound Crisis of Loyalty

- **Leadership through Alignment:** The dominance of Zerodha (28.8%) and Groww (28.7%) is a direct consequence of their perfect alignment with the key decision drivers. Zerodha pioneered the low-cost, high-tech model, while Groww mastered the art of simplicity and beginner-friendliness. Their market share is a testament to their understanding of the user's hierarchy of needs.
- **The Retention Emergency:** The most alarming finding for the industry is the fragility of the customer relationship. A staggering 75% of users are potential flight risks ("Yes" or "Maybe" to switching). This is compounded by the 40% who are "Neutral" advocates. This creates a market where customer churn is the single biggest threat to profitability. The relationship is largely transactional because the platforms have, so far, competed primarily on transactional metrics (price, speed). The user feels no strong emotional or functional attachment beyond the basic utility of placing trades.

5. The Confidence Gap: The Strategic Battleground for the Future

- **The Core Vulnerability and Opportunity:** The low user confidence (3.40/5) amidst a satisfactory operational experience (KYC

ease: 66.3%, App Interface: 3.66/5) is the central paradox revealed by this study. Platforms have successfully solved the "how" of investing (the mechanics) but have largely failed to address the "what" and "why" (the knowledge and strategy). This "confidence gap" is the root cause of the loyalty crisis. An unsure investor is an inactive, disengaged, and promiscuous investor.

Strategic Recommendations

Based on these detailed findings, the following strategic recommendations are proposed for Demat platforms:

1. Transition from Trading Platforms to Financial Empowerment Partners:
 - Integrate Gamified Learning: Move beyond static articles to interactive courses, video tutorials, and quizzes with micro-rewards to educate users.
 - Develop Advanced, Yet Simple, Analytics: Provide tools that help users analyze their portfolio's health, diversification, and risk exposure in an easy-to-understand format.
 - Offer Virtual Trading (Paper Trading): Allow beginners to practice strategies with virtual money to build confidence without financial risk.
2. Implement Hyper-Personalization:
 - Use data analytics to offer personalized news, stock alerts, and content recommendations based on a user's portfolio and browsing behavior.
 - Develop AI-driven nudges that guide users toward better financial habits, like rebalancing or understanding a stock's fundamentals before purchase.
3. Build Community to Foster Loyalty:
 - Create official, moderated forums or social features within the app where users can learn from each other in a controlled environment. This builds a sense of belonging that a transactional relationship lacks.
4. Develop Segmented and Inclusive Marketing:
 - Launch targeted campaigns and content series specifically designed for women, salaried professionals, and students, addressing their unique financial aspirations and pain points.

Conclusion

In conclusion, this study delineates the arrival of a new, powerful demographic force in the Indian capital markets: the young, salaried, digital-native investor. Their preferences have created a market where low cost, robust technology, and trust are the foundational pillars for success, as evidenced by the dominance of platforms that have mastered this trifecta.

However, the industry stands at a critical juncture. The initial land-grab phase, focused on customer acquisition through competitive pricing and seamless onboarding, is reaching its saturation point. The next phase of growth and profitability will be determined by a platform's ability to solve the "confidence gap." The future market leader will not be the one with the lowest brokerage or the fastest app alone, but the one that most effectively transforms its users from apprehensive novices into confident, knowledgeable investors. By evolving from a utility to a mentor and a community, platforms can unlock profound loyalty, increase user lifetime value, and secure a sustainable competitive advantage in this fiercely contested and vital sector of the Indian economy.

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