A STUDY ON CUSTOMER AWARENESS TOWARDS FINANCIAL DERIVATIVES FUTURE AND OPTION AT SUNSHARE INVESTMENTS

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Abstract

Easwari Engineering College(Autonomous), Ramapuram, Chennai The derivatives market is the financial market for financial instruments called derivatives, which are developed from other asset classes like options or futures contracts. Exchange-traded derivatives and over-the-counter derivatives are the two segments of the market. Despite the fact that many market players are active in both, the legal status of these products and the way they are exchanged are substantially different. The results of this study will help to understand how customers perceive risk and reward, as well as why they pick Sunshare Investments Financial Derivatives Futures and Options. All of these would be helpful in developing suggestions for enhancing Sunshare Investments' marketing initiatives and growing their business.

Keywords: Financial derivatives, futures andoptions, and investments.

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1. Introduction

A derivative is a type of financial contract whose value is determined by the performance of the underlying asset. It's common to use the word "underlying" to indicate

With the aid of derivatives, one can increase exposure to price fluctuations for speculative purposes, gain access to markets or assets that would otherwise be impossible to trade, or hedge against price changes. Forwards, futures, options, swaps, and derivative equivalents such collateralized debt obligations, credit default swaps, and mortgage-backed securities are some of the most widely used derivatives. Trading occurs over-the-counter (off-exchange) or on exchanges like the Chicago Mercantile Exchange for the majority of derivatives, commodities, and exchange-traded insurance contracts. The other two major categories of financial products are equities, also referred to as stocks or shares, and debt, which includes mortgages and bonds. One of these categories is derivatives. A futures contract (also known as a futures contract) is an agreement between two parties to buy or sell a specific item of standardised quantity and quality for a price decided upon today (the futures price). An agreement known as a financial option grants the buyer (the owner) the freedom to buy or sell the underlying asset or instrument at a fixed strike price on or before a given date. Sunshare Investments, which provides comprehensive financial solutions for every part of life, is one of the financial companies with the fastest pace of development.

Objectives of Study

The Objective of this Study include:

• The primary objective of the study is to assess customer knowledge of financial futures and alternatives for Sunshare investments.

• To comprehend how customers see risk and return as well as how they like the futures and options contracts that Sunshare Investments offers.

• To determine whether Sunshare Investments' financial derivatives meet the client's need for the greatest possible return on investment. to evaluate the influencing factors and investing strategies for Sunshare Investments' futures and options on financial derivatives.

• Offering insightful suggestions for improving Sunshare Investments' financial derivatives future and option investments.

• Determining the segment's preferred trading activity for equity derivatives.

2. Literature Review

In 1966, William F. Sharpe put up a set of standards for rating portfolio performance. Based on the results of portfolio research, economist Jack L. Treynor has proposed a novel predictor of financial derivatives and option performance. This predictor differs from virtually all others by simply but effectively combining the volatility of a fund's return. Michael C. Jensen developed Jensen's alpha, a risk-adjusted measure of portfolio performance, in 1967 to determine the percentage of fund returns that a manager's forecasting abilities are responsible for.[1] According to Statman (2000), the SDAR of a fund portfolio is the excess return of the portfolio above the return of the benchmark index when the portfolio is leveraged to have the standard deviation of the benchmark index. S. Narayan Rao and collaborators assessed the performance of Indian financial derivatives and options in a bear market using a relative performance index, risk return analysis, Treynor's ratio, Sharpe's ratio, Sharpe's measure, and Sharpe's ratio. sizes that Jensen and Fama took 269 open-ended designs out of a total of 433 were employed in the study to compute the relative performance index. After selecting funds with returns that are lower than risk-free returns, we use 58 schemes for additional analysis. According to the outcomes of performance indicators, the majority of the 58 Financial Derivatives and Option Schemes in the sample were able to surpass customer expectations by producing excess returns over projected returns based on both premium for systematic risk and overall risk.[2]. In the context of India, the effects of incorporating lagged information variables in the valuation of financial derivatives and the effectiveness of option managers are investigated. The results show that conditioning lagging information elements improve the performance of financial derivatives and option schemes by shifting alphas to the right and lowering the number of negative timing coefficients. Mishra et al. used the lower partial moment to assess the performance of options and financial derivatives in 2002 measures of lower partial moments produced in this research and applied to evaluate the performance of a portfolio. Risk from the lower partial instant is assessed by only considering circumstances where the return is less than a predefined "target rate," such as the risk-free rate. Kshama Fernandes (2003) analysed the use of index funds in India. This article measures the tracking inaccuracy of index funds in India. Low levels of tracking error are possible under Indian conditions, according to the consistency and amount of tracking errors obtained by several well-managed index funds. While this is happening, some index funds seem to occasionally stray from the indexation discipline.[3]. Kshama Fernandes (2003) analysed the use of index funds in India. This article measures the tracking inaccuracy of index funds in India. Low levels of tracking error are possible under Indian conditions, according to the consistency and amount of tracking errors obtained by several well-managed index funds. While this is happening, some index funds seem to occasionally stray from the indexation

discipline[4].

Data Collection

For this study, 150 people participated in a random sampling survey. A mixed survey strategy was used to gather the data, with 150 Sunshare Investments clients from all across Chennai being questioned. 250 genuine samples were gathered.

The survey is divided into five sections.

Part 1 gathers the respondent's personal data, including gender, education, travel-related inquiries, and the reason for traffic jams.

Part 2 compiles their views on the effects of traffic congestion on the economy. Trading in Sunshare Investments has increased.

The data for Part 3's "Influenced to Invest in Sunshare Investments" section is gathered.

Part 4 Respondents' Equity Derivatives Market Experience.

3. Methodology

The purpose of this study is to estimate how traffic congestion impacts the economy, health, and environment. The relationship between congestion parameter and impact factors has been analysed to understand the responder's opinion. SPSS tool is used to analyse the parameters. Chi-square analysis, Correlation, One-way ANOVA, and Independent Ttest are used to analyse the impact factors.

Characteristics Of Respondents

In order to find the characteristics of respondents, the respondents have been asked certain questions to classify themselves accordingly. Some of them are Gender, age group, and Occupation. The results for these questions are presented in tables 1 to 3. Table 1shows that 48% of respondents are male, 32% are female.

Table 1 Gender of respondents

GENDER	NO. OF RESPONDENTS	PERCENTAGE(%)
Female	48	32.0
Male	102	48.0

Table 2 shows that 32% of respondents are below the age group of 20 Years, 48% are between 22-30 years, 13 % are between 30-40 Years, 7% are above50 Years of age.

Table 2 Age of the respondents

Factors	No of respondents	Percentage
Below 20	48	32
22 – 30	72	48
30 – 40	20	13
50 above	10	07
Total	150	100

Table 3 shows that 33% of respondents are school students, 19% of respondends have own Business, 25% are Private Customers, 15% are Government customers and 9% are Other Customers.

Table 3 Occupation of respondents

OCCUPATION	NO. OF RESPONDENTS	PERCENTAGE(%)
Student	49	33
Own Business	28	19
Private customer	37	25
Govt customer	22	15
Others	14	9
Total	150	100

4. Results and discussion

This section contains the findings and analyses of Sunshare Investments' Customer Awareness Survey on Future and Optional Financial Derivatives. The analysis of the Chi Square Test, Karl Pearson's Correlation, and One Way Anova:tool yielded the study's findings.

Statistical tool and analysis:
Chi-Square Test I: ($\psi 2$)
Chi-square is calculated as the product of the squared difference between the observed data (o) and the expected data (e), also known as the deviation (d), and divided by the expected data over all conceivable categories.

(Ho) The null hypothesis:
The occupation and knowledge of financial derivative futures and options from Sunshare Investments are unrelated.

Other possibility (H1):
The occupation and knowledge of Sunshare Investments' financial derivatives, including futures and options.

	Cases					
	Valid		Missing		Total	
	N	%	N	%	N	%
OCCUPATION * AWARENESS ABOUT SUNSHARE INVESTMENTS FINANCIAL DERIVATIVES FUTURE AND OPTION	150	100.0%	0	.0%	150	100.0%

Occupation Awareness about Sunshare Investments Financial Derivatives Future and Option
Crosstabulation

OCCUPATION * AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION Crosstabulation

			AWARENESS ABOUT SUNSHARE INVESTMENTS FINANCIAL DERIVATIVES FUTURE AND OPTION				
			High	Medium	Low	Not aware	Total
OCCUPATION	Student	Count	49	0	0	0	49
		% within OCCUPATION	100.0%	.0%	.0%	.0%	100.0%
		% within AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION	84.2%	.0%	.0%	.0%	32.7%
		% of Total	32.7%	.0%	.0%	.0%	32.7%
	Own Business	Count	3	25	0	0	28
		% within OCCUPATION	10.7%	89.3%	.0%	.0%	100.0%
		% within AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION	5.8%	43.1%	.0%	.0%	18.7%
		% of Total	2.0%	16.7%	.0%	.0%	18.7%
	Private customer	Count	0	33	4	0	37
		% within OCCUPATION	.0%	89.2%	10.8%	.0%	100.0%
		% within AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION	.0%	56.9%	18.2%	.0%	24.7%
		% of Total	.0%	22.0%	2.7%	.0%	24.7%
	Govt customer	Count	0	0	18	4	22
		% within OCCUPATION	.0%	.0%	81.8%	18.2%	100.0%
		% within AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION	.0%	.0%	81.8%	22.2%	14.7%
		% of Total	.0%	.0%	12.0%	2.7%	14.7%
	Others	Count	0	0	0	14	14
		% within OCCUPATION	.0%	.0%	.0%	100.0%	100.0%
		% within AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION	.0%	.0%	.0%	77.8%	9.3%
		% of Total	.0%	.0%	.0%	9.3%	9.3%
Total		Count	52	58	22	18	150
		% within OCCUPATION	34.7%	38.7%	14.7%	12.0%	100.0%
		% within AWARENESSABOUTSUNSHARE INVESTMENTSFINANCIALDERIVATIVESFUTUREANDOPTION	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	34.7%	38.7%	14.7%	12.0%	100.0%

Figure 1: Occupation Awareness of SunShare Investments Future and Option Financial Derivates Crosstabulation

One Way Anova Classification

Before starting to trade in equities derivatives and being induced to invest in financial future and option contracts offered by Sunshare Investments, there was a discernible difference between the brokerage businesses (Ho).

Other possibility (H1):

Before beginning trading in, there was no discernible difference between the broking businesses. Finance equity derivatives and future and option investments in Sunshare Investments.

BROKINGFIRMSBEFORESTARTINGTRADING INEQUITYDERIVATIVES

ClassificationTest of Homogeneity of Variances

BROKINGFIRMSBEFORESTARTINGTRADING INEQUITYDERIVATIVES

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Friends	32	1.00	.000	.000	1.00	1.00	1	1
Relatives	16	1.00	.000	.000	1.00	1.00	1	1
Media	58	1.00	.000	.000	1.00	1.00	1	1
Brokers	38	1.84	.370	.060	1.72	1.96	1	2
Others	6	2.00	.000	.000	2.00	2.00	2	2
Total	150	1.25	.436	.036	1.18	1.32	1	2

Levene Statistic	df1	df2	Sig.
30.750	4	145	.000

ANOVA BROKINGFIRMSBEFORESTARTINGTRADINGINEQUITYDERIVATIVES

	Sum ofSquares	df	Mean Square	F	Sig.
BetweenGroups	23.321	4	5.830	167.314	.000

WithinGroups	5.053	145	.035		
Total	28.373	149			

Tabulated value = 3.32 Calculated value= 167.314
F = F cal >F tab F= 167.314> 3.32

Hence, the Alternate hypothesis [H1] is accepted.

Analysis Using Karl Pearson's Correlation
The statistical technique used to assess how linearly connected two variables are to one another is correlation analysis. The degree of relationship between two variables is measured by correlation.
H0, the null hypothesis
Customer risk perceptions of Sunshare Investments' financial derivatives and customer risk apprehension in the equities derivative market are positively correlated.

Other possibility (H1):
Customers' perceptions of risk with regard to Sunshare Investments' financial derivatives and their level of worry with regard to risk are negatively correlated.

Correlations

		CUSTOMER RISK PERCEPTION ABOUT SUNSHARE INVESTMENTS FINANCIAL DERIVATIVES	CUSTOMERS RISK IS MOST CONCERN IN THE EQUITY DERIVATIVE MARKET
MPLOYEERISKPERCEPTION ABOUTSUNSHARE INVESTMENTSFINANCIALD ERIVATIVES	Pearson Correlation	1	.939**
	Sig. (2-tailed)		.000
	N	150	150
CUSTOMERSRISKISMOSTCO NCERNINTHEEQUITYDERIV ATIVEMARKET	Pearson Correlation	.939**	1
	Sig. (2-tailed)	.000	
	N	150	150

5. Conclusion

We may learn more about Sunshare Investments Financial Derivatives' plans, level, structure, advantages, and superiority when compared to other investments and mutual funds thanks to a study on investors' perceptions of these products.
This study includes 250 different types of investors as a sample. The investors' opinions were gathered through a standardised questionnaire, and the survey was only conducted in certain districts of Chennai. Most of the investors are satisfied with the profits and the performance of the investment scheme, and they have excellent knowledge of Sunshare Investments Financial Derivatives Investment and other investment plans. Investors are aware that money may be built both long and short term very readily, and this is a plan that is disciplined, offers a good return, and shields investors from market declines
Conclusion: The vast majority of investors are happy with the returns and the effectiveness of the programmes. Based on the research's findings and analysis, it can be said that investors are happy with Sunshare Investments Financial Derivatives' performance and superiority to other mutual fund firms' investment plans in terms of returns and performance.

6. References

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