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Research Paper

A Study on the Impact of Trading Apps Enhancing the Financial Literacy of First-Time Retail Investors

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Abstract	Manuscript Information
The digital revolution has transformed the global financial landscape, particularly in how individuals access and interact with investment opportunities. In India, the rise of mobile-based trading applications such as Zerodha, Groww, Upstox, and Angel One has opened the doors of the stock market to a new generation of first-time retail investors. These apps not only simplify trading processes but also include a range of educational resources—such as tutorials, blogs, and videos—that aim to improve users' understanding of financial markets. The research adopts a descriptive and analytical design to explore the relationship between trading app usage and financial literacy. Primary data were collected from 102 respondents through a structured questionnaire, while secondary data were sourced from journals, articles, and online publications. Various statistical tools—including Percentage Analysis, Chi-square, ANOVA, and Regression—were applied to analyse and interpret the data. The results show that the majority of respondents are students and young professionals who use trading apps to gain basic investment exposure. The findings further indicate that educational resources embedded within these applications have a statistically significant impact on users' willingness to continue using them as tools for financial learning. However, the correlation analysis suggests that the frequency of app usage alone does not necessarily result in improved financial literacy, emphasizing the importance of quality learning content over mere engagement.	▪ ISSN No: 2583-7397 ▪ Received:06-08-2025 ▪ Accepted: 28-09-2025 ▪ Published: 30-10-2025 ▪ IJCRM:4(5); 2025:461-466 ▪ ©2025, All Rights Reserved ▪ Plagiarism Checked: Yes ▪ Peer Review Process: Yes
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KEYWORDS: Financial Literacy, Trading Applications, Retail Investors, Fintech, Investment Decisions, Financial Education, Mobile Trading Platforms, Stock Market.

1. INTRODUCTION

The evolution of financial technology has transformed the way individuals interact with financial markets and manage their investments. The emergence of mobile-based trading applications has revolutionized stock market participation by making trading more accessible, efficient, and user-friendly. These platforms have democratized investment opportunities that were once limited to experienced or institutional investors, enabling even first-time retail investors to participate actively in financial markets. The integration of technology into finance has not only simplified trading activities but has also expanded financial awareness through innovative educational resources available within these applications.

In recent years, India has witnessed a significant surge in the number of new retail investors entering the stock market, largely driven by the convenience and features offered by trading apps. These platforms allow users to buy and sell securities, monitor market trends, and make informed investment decisions directly through their smartphones. Beyond transactional functionality, trading apps incorporate educational content—such as tutorials, blogs, learning videos, and simulated trading tools—that help users understand the fundamentals of investing, market operations, and risk management. This shift represents a move from traditional methods of learning to self-paced, technology-enabled financial education.

Despite this advancement, an important question arises: Do these trading apps genuinely enhance financial literacy among first-time retail investors, or do they merely act as convenient tools for executing trades? Financial literacy is a critical skill that determines an individual's ability to make informed and rational financial decisions. It includes understanding concepts like diversification, risk-return trade-off, market dynamics, and financial planning. A lack of financial literacy can lead to poor investment choices and financial losses, especially for inexperienced investors entering the market for the first time.

This study aims to examine the impact of trading applications on the financial literacy levels of first-time retail investors. It explores how various app features—such as real-time market updates, educational modules, and portfolio analytics—contribute to improving users' financial knowledge and decision-making abilities. The research also seeks to identify the challenges faced by users in utilizing these learning features effectively. The insights from this study are expected to benefit fintech developers, policymakers, and financial educators by highlighting ways to improve the educational value of trading apps and promote responsible investing among the growing population of young retail investors in India.

2. OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

To assess the level of financial literacy among first-time retail investors using trading apps.

SECONDARY OBJECTIVES

- To analyse the features of trading apps that contribute to improving financial knowledge and decision-making skills.
- To evaluate the relationship between trading app usage frequency and improvement in financial literacy.
- To identify challenges and limitations faced by users in learning through trading platforms.
- To provide recommendations for enhancing the educational value of trading apps for retail investors.

3. REVIEW OF LITERATURE

Lusardi & Mitchell (2014), in their study "*The Economic Importance of Financial Literacy: Theory and Evidence*," published in the *Journal of Economic Literature*, highlight that financial literacy plays a crucial role in improving individual investment decisions and overall financial well-being. This study laid the groundwork for understanding the broader economic importance of financial education and its impact on personal financial stability.

Maddux & Zhong (2024), in their research "*Effects of Trading Apps on Investor Behaviour: A Longitudinal Approach*," published in the *Journal of Behavioral Finance*, examines how trading app usage influences the behavioural patterns of investors over time. Their study showed that while trading apps have made market participation more convenient, they also influence investors' attitudes.

Shah & Gupta (2023), in their study "*Adoption of Stock Market Apps: Impact of Financial Literacy and Perceived Benefits*," published in the *International Journal of Finance & Banking Studies*, explores how financial literacy influences the adoption of trading apps in emerging markets such as India. The study further emphasized that user-friendly interfaces, transparency, and integrated educational resources increase user engagement and trust.

4. RESEARCH METHODOLOGY

Research methodology refers to the systematic framework and procedures adopted to collect, analyse, and interpret data to achieve the objectives of the study. It provides the blueprint for conducting research in a structured and reliable manner. The present study, titled "*A Study on the Impact of Trading Apps in Enhancing Financial Literacy Among First-Time Retail Investors*," employs a descriptive and analytical research design. This design is chosen to understand the relationship between trading app usage and the improvement in financial literacy levels among new retail investors. The study aims to assess user perceptions, behaviours, and challenges related to learning through mobile trading platforms.

The sample design used in this research is purposive sampling, as the respondents are specifically chosen based on the criterion that they are first-time retail investors who use trading applications. A total of 102 respondents were included in the sample to ensure adequate representation of young and emerging investors.

Primary Data: Primary data refers to the firsthand information collected directly from respondents for this study. The data were obtained through a structured questionnaire, which was distributed among 102 first-time retail investors. The questionnaire included both closed-ended and multiple-choice questions designed to measure users' levels of financial literacy, frequency of app usage, perceived effectiveness of trading apps, and their overall learning experience. The responses were analysed using statistical tools such as Percentage Analysis, Chi-square Test, ANOVA, and Regression Analysis to draw meaningful inferences. Primary data help in understanding real-world investor behaviour and provide empirical evidence to support the study's hypotheses.

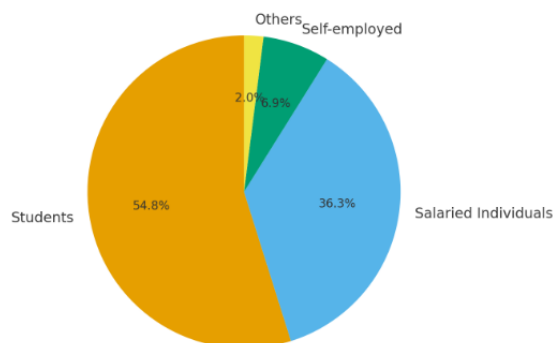
Secondary Data: Secondary data were collected from already published sources to provide background information and theoretical support to the study. These include research journals, books, articles, websites, and existing scholarly work related to financial literacy, fintech adoption, and investor behaviour. Sources such as previous academic studies, financial reports, and online publications were also reviewed to identify trends and gaps in current knowledge. Secondary data helped in framing the conceptual foundation and aligning the findings of the present study with existing literature.

5. DATA ANALYSIS & INTERPRETATION

Percentage Analysis: Percentage analysis is a simple yet effective statistical tool used to understand the proportion or distribution of responses within a data set. In this study, percentage analysis is applied to interpret the demographic profile of respondents and their opinions on various aspects of trading app usage. It helps to convert raw data into meaningful insights by showing how much each response contributes to the total. Through this method, factors such as occupation, frequency of trading app usage, and improvement in financial literacy are represented in percentage form. This enables a clearer comparison among different categories of respondents and highlights the overall trends regarding how trading apps contribute to enhancing financial knowledge among first-time retail investors.

Percentage Analysis of Occupation

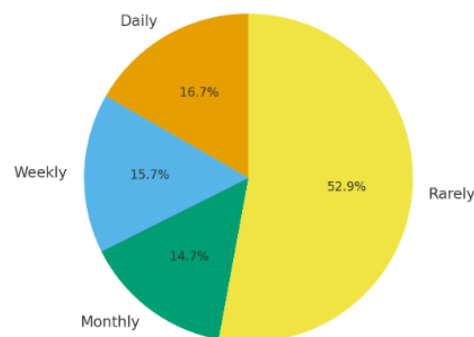
Percentage Analysis of Occupation among Respondents



Inference: The data indicate that the majority of respondents are students, accounting for 54.9% of the total sample. This is followed by salaried individuals, who make up 36.3% of respondents. A smaller proportion of participants are self-employed (6.9%), while only 2% fall under the other category.

Percentage Analysis for Usage Frequency

Percentage Analysis of Trading App Usage Frequency

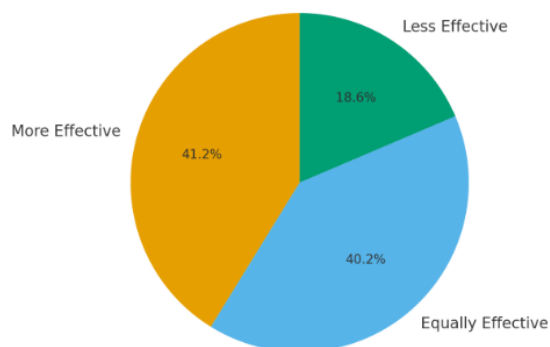


Inference:

The data shows that the vast majority of respondents use trading apps infrequently, with over half (52.9%) indicating they use them rarely. Only a small fraction reports regular usage, with 16.7% using them daily, 15.7% weekly, and 14.7% monthly. This suggests that while trading apps are accessible, most users do not engage in frequent trading activities, and a minority are regular or power users.

Percentage Analysis for Effectiveness

Percentage Analysis of Perceived Effectiveness of Trading Apps



Inference:

The table reveals that 41.2% of respondents believe trading apps are more effective compared to traditional sources of financial education, while 40.2% feel they are equally effective. Only 18.6% consider them less effective. This demonstrates that a strong majority (over 80%) view trading apps as at least as effective as books, seminars, or courses for financial education.

Regression Analysis

It is a statistical technique used to examine the relationship between a dependent variable and one or more independent variables. In this study, regression analysis is applied to assess how factors such as the use of trading app features, educational resources, and user engagement influence the level of financial literacy among first-time retail investors. By developing a regression model, we can quantify the impact of each independent variable on financial literacy, predict outcomes, and identify which app features are most effective in improving users' financial knowledge. This analysis provides actionable insights for enhancing the design and functionality of trading apps to better support financial learning.

Null Hypothesis (H_0): Educational resources in trading apps (tutorials, blogs, videos) do not have a significant impact on users' intention to continue using trading apps as a source of financial learning in the future.

Alternative Hypothesis (H_1): Educational resources in trading apps (tutorials, blogs, videos) have a significant impact on users' intention to continue using trading apps as a source of financial learning in the future.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.125	2	24.125	23.855	.000 ^b
	Residual	101.130	100	1.011		
	Total	125.255	102			

a. Dependent Variable: Do you plan to continue using trading apps as a source of financial learning in the future?

b. Predictors: (Constant), The educational resources (tutorials, blogs, videos) in trading apps help me improve my financial knowledge.

Inference

From the ANOVA table, the F-value is 23.855 with a significance value (Sig.) = 0.000, which is less than 0.05. Hence, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. This means that educational resources provided by trading apps have a statistically significant impact on users' intention to continue using these apps for financial learning in the future.

Correlation Analysis: It is a statistical method used to measure and describe the strength and direction of the relationship between two or more variables. In the context of this study on trading apps and financial literacy, correlation analysis helps to determine how Different factors, such as the use of educational

resources in trading apps, frequency of app usage, and users' financial knowledge are related to each other. By calculating correlation coefficients, we can identify whether these variables move together positively, negatively, or show no significant association, providing insights into the effectiveness of trading apps in enhancing financial literacy among first-time retail investors.

Null Hypothesis (H_0): There is no significant relationship between the frequency of using trading apps and the improvement in financial literacy aspects among users.

Alternative Hypothesis (H_1): There is a significant relationship between the frequency of using trading apps and the improvement in financial literacy aspects among users.

Correlations ^a			
		How frequently do you use trading apps?	Which aspect of financial literacy has improved the most for you through frequent app use?
How frequently do you use trading apps?	Pearson Correlation	1	-.148
	Sig. (2-tailed)		.137
	N	102	102
Which aspect of financial literacy has improved the most for you through frequent app use?	Pearson Correlation	-.148	1
	Sig. (2-tailed)	.137	
	N	102	102

Inference

From the correlation table, the Pearson Correlation coefficient (r) is -0.148 , and the Sig. (2-tailed) value is 0.137 , which is greater than 0.05 .

Hence, the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_1) is rejected.

This indicates that there is no statistically significant relationship between how frequently users use trading apps and the improvement in their financial literacy.

ANOVA (Analysis of Variance)

It is a statistical method used to compare the means of three or more groups to determine whether there are significant differences. Differences among them. In the context of this study, ANOVA is applied to examine differences in financial literacy levels among first-time retail investors based on factors such as age, educational background, and frequency of trading

app usage. By analysing the variance between groups, ANOVA helps identify

Which factors have a statistically significant impact on financial knowledge, providing insights into how different demographic or behavioural segments benefit from trading apps?

Null Hypothesis (H_0):

There is no significant difference among the groups regarding the belief that portfolio analytics and performance insights offered by apps improve investment decisions.

Alternative Hypothesis (H_1):

There is a significant difference among the groups regarding the belief that portfolio analytics and performance insights offered by apps improve investment decisions.

ANOVA					
Portfolio analytics and performance insights offered by apps improve my investment decisio					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.182	3	2.394	3.177	.027
Within Groups	73.838	99	.753		
Total	81.020	102			

Inference

The ANOVA test produced a significance value ($p = 0.027$), which is less than the standard significance level ($\alpha = 0.05$). According to the decision rule, when $p < 0.05$, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Therefore, we conclude that there is a statistically significant difference among the groups regarding their perception that portfolio analytics and performance insights offered by apps improve investment decisions.

6. FINDINGS

Awareness and Usage of Trading Apps: Most first-time retail investors are aware of popular trading apps and actively use them for learning about financial markets. The frequency of app usage positively correlates with improvement in financial literacy.

Educational Resources in Apps: Features such as tutorials, blogs, and videos significantly help users enhance their financial knowledge. Users who engage with these resources regularly show higher confidence in making investment decisions.

Impact on Financial Literacy: Correlation and regression analyses indicate that app usage and engagement with educational content have a measurable positive impact on users' understanding of investment concepts, risk management, and portfolio diversification.

Demographic Insights: ANOVA results show variations in financial literacy improvement across different age groups and educational backgrounds, suggesting that younger users or those

Those with higher educational qualifications benefit more quickly from app-based learning.

User Retention and Learning Motivation: Users who plan to continue using trading apps as learning tools tend to maintain and gradually improve their financial literacy over time.

7. SUGGESTIONS

Enhance Educational Content: Trading apps should expand interactive tutorials, webinars, and quizzes to make learning more engaging and practical for beginners.

Personalized Learning Paths: Apps can incorporate AI-driven recommendations based on users' knowledge level and investment goals to provide tailored learning experiences.

User Engagement Features: Introducing gamification, progress tracking, and community forums can motivate users to learn consistently and apply knowledge in real scenarios.

Focus on Underrepresented Groups: Special campaigns or simplified learning modules can help investors with lower educational backgrounds or older age groups to improve their financial literacy.

Periodic Feedback and Updates: Apps should collect feedback from users and update content regularly to reflect market trends, new financial products, and regulatory changes.

8. CONCLUSION

The study on "*The Impact of Trading Apps in Enhancing Financial Literacy Among First-Time Retail Investors*"

highlights the significant role digital platforms play in improving financial knowledge. The findings indicate that regular usage of trading apps, particularly engagement with educational resources such as tutorials, blogs, and videos, positively influences investors' understanding of financial markets, investment strategies, and risk management. Demographic factors like age and educational background also affect the extent of learning, with younger and more educated users showing higher gains in financial literacy. Overall, trading apps serve as effective tools for empowering first-time investors, promoting informed decision-making, and fostering a culture of continuous financial learning. The study suggests that further enhancement of app features, personalized learning, and targeted support for diverse user groups can maximize the benefits of these platforms.

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