ABSTRACT

The Indian financial services sector accounts for a significant share in the economic activity of the country. The sector is recognized for its contribution towards long-term growth and efficiency given and its intermediate role in channeling resources to all the sectors of the economy. The Indian stock market faces a lot of challenges such as the market infrastructure have to be improved, the court system and legal mechanism should be enhanced to better protect small shareholders’ rights and their capacity to monitor corporate activities, the trading system has to be made more transparent and India may need further integration of the national capital market through consolidation of stock exchanges.

The securities market has essentially three categories of participants, *viz.*, the issuer of securities, investors in securities and the intermediaries. These intermediaries pack and unpack securities to help both the issuers and investors to achieve their respective goals. The regulator ensures a high service standard from the intermediaries.

The share brokers are trying to identify the behaviour of the customer, but in most of the critical occasions their behaviour is unpredictable. In many cases, customers behave irrational and greedy. The investors felt that they are not cared properly and they are not informed appropriately so their earn money may vanish in no time and many may go as
bankrupt. At this juncture the integration of customers and brokers would be beneficial for both of them and also for the share markets’ prospective.

The research is intended to study the service quality dimensions provided by the share brokers and the perception of investors on the service quality dimensions, to analyze the satisfaction of services provided by share brokers and the services received by the investors, to examine the relationship between the investment behaviour and the influence of investment behaviour on monthly transactions of investors, to study the strengths, weaknesses, opportunities and threats so as to identify the strategies for better services provided by the share brokers and to examine the service gap between the investors and the share brokers.

Coimbatore District has been selected for this research. Among the regional stock exchanges located in India, Coimbatore Stock exchange is the youngest stock exchange in Tamil Nadu and Coimbatore District is one of the leading business centers in south India. The share brokers and the investors have been selected by adopting simple random sampling technique with pre-tested, structured interview schedule through direct interview method. The data and information have been collected from 150 share brokers and 450 investors. The data and information collected from share brokers and investors during the year 2009-2011.
It is apparent from the research that there is an excellent business opportunity for the share brokers because of the increased income of the investors followed by increasing investment interest of the investors and current economic situation. The results also show that monetary policy of the government and advanced technologies are the other opportunities for the share brokers.

Maintaining accurate accounts and transactions, safe and secure transactions and providing adequate and timely information are the major strategies adopted by the share brokers for the retention of existing customers. The superior services at reasonable charges, effective advertisement and simplified procedure, policies, advanced technology and public relation campaign are the important strategies adopted by the share brokers for attracting new customers.

The results show that satisfaction is positively influencing the average monthly transaction of investors at five per cent level of significance. The investor’s expertise and experience and confidence are positively influence the average monthly transactions of investors. The locus of control negatively influences the average monthly transaction of investors at one per cent level of significance. Share brokers should pay particular attention to the investor’s experience and expertise because it directly affects the investor’s level of satisfaction with the stockbroker and his/her behavioural intentions.
It is quite alarming that there is a huge GAP between share brokers and investors in a few service quality dimensions like competence, technology used, features of services offered, services conditions, Promotional incentives and integrated service facilities. The research reveals that there is an unpleasant signal in some service quality dimensions to the share brokers and they need to address it immediately.

An ideal brokerage firm should provide a platform to meet the individual needs of a long-term investor, the active trader or a professional trader. The stock broker should provide a web-based trading platform featuring a trading center with real-time quotes and charts, daily, weekly or monthly scheduled investment services, streaming watch lists, free dividend investment possibilities, free ACH electronic deposits and withdrawals accessible behind any firewall.

An ideal stockbroker should provide customizable scheduled investment tools that allow the investor to build a satisfying portfolio over a period of time and save it for the future. With such customizable tools, an investor can create a custom portfolio of stocks, specify an investment amount and schedule the account automatically. With huge amounts of customer money held in its trust, the brokerage firm should provide tools for protection against the possible frauds through the arrangement of some kind of reliable insurance for a sizeable amount.