ACTA SCIENTIAE

ISSN: 2178-7727

A Study of Retail Investors' Awareness Regarding Fractional Shares In India

CA Pranav D. Mandke, CFA[1], Dr. Eknath B. Khedkar[2]

[1]Research Scholar, Dr. D.Y. Patil School of Management, Charholi Bk., affiliation: Savitribai Phule Pune University, Pune, India.
Email: theofficialpranavmandke@gmail.com
[2]Research Guide, Director, Dr. D.Y. Patil School of Management, Charholi Bk., affiliation: Savitribai Phule Pune University, Pune, India.
Email: ebkhedkar@gmail.com

ABSTRACT
The Indian stock market has witnessed remarkable growth in retail participation over recent years, with millions of new investors entering the equity markets. Fractional share investing represents an emerging concept that allows investors to purchase portions of individual shares rather than whole units, thereby reducing entry barriers for retail investors. This pilot study examines the awareness levels of retail investors in India regarding fractional shares and explores their perceptions about this innovative investment mechanism. A structured questionnaire was administered to 150 retail investors across different age groups, income levels, and investment experience categories in Pune, Maharashtra. The findings reveal that only 28% of respondents demonstrated adequate awareness about fractional shares, with significant knowledge gaps existing across all demographic segments. Younger investors aged 18-30 years showed relatively higher awareness at 34%, while investors above 50 years exhibited minimal understanding at just 19%. The study identifies key barriers including lack of information, regulatory uncertainty, and preference for traditional investment methods. Educational qualification and investment experience emerged as significant predictors of fractional share awareness. The research provides foundational insights for financial service providers, regulators, and policymakers considering the introduction of fractional share trading in India. Further large-scale studies are recommended to validate these preliminary findings.

KEYWORDS: Fractional Shares, Retail Investors, Investment Awareness, Indian Stock Market, Financial Literacy, Investor Behavior, Equity Market

INTRODUCTION
The democratization of financial markets has been a defining trend of the 21st century, with technology enabling unprecedented access to investment opportunities for ordinary citizens (Barber & Odean, 2013). In India, the retail investor base has expanded dramatically, with over 10 crore registered investors as of 2022, reflecting growing financial awareness and increased disposable incomes among the middle class (Kumar & Singh, 2019). However, despite this growth, several barriers continue to limit broader participation, particularly for small investors with limited capital who find it challenging to build diversified portfolios when individual share prices of quality companies can be prohibitively expensive.

Fractional share investing has emerged globally as an innovative solution that addresses this fundamental challenge by allowing investors to purchase portions of shares rather than requiring them to buy complete units (Hasbrouck et al., 2021). For instance, if a company's share is priced at Rs. 50,000, fractional investing would enable an investor to purchase 0.1 shares for Rs. 5,000, thereby making premium stocks accessible to retail investors with modest capital. This mechanism has gained significant traction in developed markets like the United States, where platforms such as Robinhood, Charles Schwab, and Fidelity have successfully implemented fractional trading, contributing to increased market participation among younger demographics (Barber & Odean, 2020).

In the Indian context, fractional shares remain largely unfamiliar to most retail investors despite growing discussions within regulatory and industry circles. The Securities and Exchange Board of India (SEBI) has been evaluating various proposals to enhance retail investor participation, and fractional shares represent one

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

potential avenue worth exploring (SEBI, 2021). However, before implementing such mechanisms, understanding the current awareness levels among retail investors becomes crucial for designing appropriate educational campaigns and regulatory frameworks.

The significance of this research lies in its timing and relevance to India's evolving capital market landscape. With the government's push toward financial inclusion and the rapid digitization of financial services, fractional shares could potentially serve as a powerful tool for democratizing wealth creation opportunities (Gupta & Sharma, 2018). However, successful implementation requires not just technological and regulatory readiness but also adequate investor awareness and understanding of how such instruments function, their benefits, and associated risks.

This pilot study addresses a critical research gap by being among the first systematic investigations into retail investor awareness regarding fractional shares in India. The research objectives include: (1) assessing the current awareness levels about fractional shares among retail investors, (2) identifying demographic and behavioral factors influencing this awareness, (3) understanding investor perceptions and attitudes toward fractional investing, and (4) documenting barriers that might hinder adoption of fractional shares if introduced in Indian markets. The findings will provide valuable insights for multiple stakeholders including financial service providers contemplating fractional share offerings, regulators designing appropriate frameworks, and educational institutions developing investor awareness programs.

LITERATURE REVIEW

The concept of fractional ownership in financial assets is not entirely new, having existed in various forms through mutual funds, exchange-traded funds, and real estate investment trusts that allow investors to own portions of diversified portfolios (Elton et al., 2014). However, fractional shares of individual stocks represent a more recent innovation that has fundamentally altered accessibility dynamics in equity markets. Academic research on this topic remains limited, particularly in emerging market contexts, though growing evidence suggests significant implications for market participation and investor behavior.

Research from developed markets indicates that fractional share trading has contributed to increased market participation, especially among younger and less wealthy investors who previously faced capital constraints (Barber & Odean, 2020). A study examining the introduction of fractional shares on major U.S. platforms found that it led to a 23% increase in new account openings and a 34% rise in trading activity among retail investors with portfolio values below $5,000. This suggests that fractional shares effectively lower entry barriers and enable portfolio diversification even with limited capital, addressing a fundamental challenge in retail investing.

Investor awareness and financial literacy constitute critical determinants of investment behavior and product adoption in financial markets (Lusardi & Mitchell, 2014). Research consistently demonstrates that individuals with higher financial literacy make better investment decisions, participate more actively in markets, and achieve superior long-term returns. However, financial literacy levels in India remain relatively low compared to developed economies, with significant variations across demographic groups based on age, education, income, and geographic location (Agarwalla et al., 2015). This literacy gap suggests that introducing sophisticated financial products like fractional shares requires substantial educational efforts to ensure informed decision-making.

The behavioral finance literature provides valuable insights into how investors process information about new financial products and make adoption decisions (Kahneman & Tversky, 2013). Studies indicate that familiarity bias, status quo preference, and information processing limitations often lead investors to stick with traditional investment methods even when superior alternatives become available. For fractional shares to gain traction in India, overcoming these behavioral barriers through effective communication and education becomes essential. Research also suggests that peer effects and social learning play significant roles in financial product

DOI: 10.22178/acta.27.1.23

adoption, particularly among younger investors who rely heavily on digital platforms and social networks for investment ideas.

The technology-driven transformation of financial services, often termed fintech revolution, has created an ecosystem conducive to innovations like fractional shares (Gomber et al., 2017). Digital platforms have dramatically reduced transaction costs, enabling economically viable implementation of fractional trading that would have been impractical in traditional broker-dealer models. Studies examining fintech adoption in India highlight rapid growth in digital payment systems, mobile trading applications, and robo-advisory services, suggesting infrastructure readiness for fractional share implementation (Patwardhan et al., 2018). However, the same research also identifies trust, security concerns, and regulatory uncertainties as potential obstacles to widespread adoption.

International experiences with fractional shares offer relevant lessons for Indian markets. The Australian Securities Exchange introduced a fractional share scheme that faced initial challenges due to regulatory complexities and limited investor awareness but eventually gained moderate adoption through targeted educational campaigns (ASX, 2019). Similarly, several European markets have experimented with fractional ownership mechanisms with varying degrees of success, often dependent on regulatory clarity and broker support. These international examples underscore the importance of comprehensive stakeholder engagement and phased implementation approaches.

The portfolio theory perspective suggests that fractional shares could enable retail investors to construct better-diversified portfolios aligned with modern portfolio theory principles (Markowitz, 1952). By removing minimum investment constraints, fractional shares allow investors to allocate capital precisely according to desired portfolio weights rather than being constrained by share prices. Research demonstrates that better diversification leads to improved risk-adjusted returns over long investment horizons, particularly benefiting retail investors who often hold concentrated portfolios due to capital limitations.

Research on investor demographics and investment preferences reveals significant heterogeneity in awareness, attitudes, and behaviors across different population segments (Graham et al., 2009). Younger investors typically demonstrate greater openness to technological innovations and alternative investment mechanisms, while older investors tend to prefer familiar, traditional approaches. Income and education levels strongly correlate with financial sophistication and willingness to adopt new products. Gender differences in investment behavior have also been documented, with studies finding varying risk preferences and information-seeking patterns between male and female investors. Understanding these demographic variations becomes crucial for designing targeted awareness campaigns for fractional shares.

The regulatory framework governing securities markets plays a pivotal role in enabling or constraining financial innovations (Coffee, 2015). Fractional shares raise unique regulatory questions regarding voting rights, dividend distribution, corporate actions, and custodial arrangements that require careful consideration. International regulatory experiences suggest that clear guidelines addressing these issues facilitate smoother implementation and greater investor confidence. In the Indian context, SEBI's approach to fractional shares will significantly influence both supply-side willingness of brokers to offer such services and demand-side investor adoption.

METHODOLOGY

This pilot study employs a quantitative research design utilizing a structured questionnaire to assess awareness levels and perceptions regarding fractional shares among retail investors in Pune, Maharashtra. The research was conducted during January-February 2025 using a convenience sampling approach to recruit participants from various investment forums, brokerage offices, and online investor communities.

ISSN: 2178-7727

3.1 Research Design and Sampling

The target population comprised active retail equity investors aged 18 years and above who had made at least one equity investment transaction in the past 12 months. A sample size of 150 respondents was determined appropriate for this pilot study, balancing statistical requirements with resource constraints typical of exploratory research. Participants were recruited through multiple channels including physical visits to brokerage offices, investor awareness programs, and online investor groups to ensure reasonable demographic diversity.

The sampling strategy aimed to include representation across key demographic variables including age groups (18-30, 31-40, 41-50, above 50 years), educational qualifications (up to graduation, post-graduation, professional degrees), monthly household income brackets (below Rs. 50,000, Rs. 50,000-1,00,000, Rs. 1,00,000-2,00,000, above Rs. 2,00,000), and investment experience levels (less than 2 years, 2-5 years, 5-10 years, more than 10 years). While not claiming statistical representativeness of the entire Indian retail investor population, this diversity enables preliminary exploration of awareness patterns across different segments.

3.2 Data Collection Instrument

A structured questionnaire consisting of 28 questions was developed following extensive literature review and consultation with investment professionals. The questionnaire comprised four main sections: (1) demographic and investment profile information, (2) awareness assessment questions testing knowledge about fractional shares, (3) perception and attitude questions using Likert scales, and (4) open-ended questions capturing barriers and suggestions. The awareness section included both direct questions about fractional share familiarity and scenario-based questions testing conceptual understanding.

The questionnaire was pilot-tested with 20 investors not included in the final sample, and modifications were made based on feedback to improve clarity and relevance. Both English and Hindi versions were prepared to accommodate language preferences, though most respondents opted for the English version. Data collection occurred through a combination of in-person surveys (62%) and online surveys (38%) distributed via Google Forms to reach geographically dispersed participants.

3.3 Data Analysis Approach

Data analysis employed descriptive statistics including frequencies, percentages, means, and standard deviations to characterize the sample and summarize awareness levels. Cross-tabulation analysis examined relationships between demographic variables and awareness scores. Chi-square tests assessed statistical significance of observed associations. An awareness score was calculated for each respondent based on correct responses to knowledge questions, with scores categorized as low (0-33%), moderate (34-66%), and high (67-100%) awareness levels.

Table 1: Sample Demographics and Investment Profile

Characteristic	Category	Frequency	Percentage
Age Group	18-30 years	47	31.3%
	31-40 years	56	37.3%
	41-50 years	32	21.3%
	Above 50 years	15	10.0%
Gender	Male	98	65.3%
	Female	52	34.7%
Education	Up to Graduation	38	25.3%
	Post-Graduation	76	50.7%
	Professional Degree	36	24.0%
Monthly Income	Below Rs. 50,000	41	27.3%
	Rs. 50,000-1,00,000	62	41.3%

DOI: 10.22178/acta.27.1.23

	Rs. 1,00,000-2,00,000	34	22.7%
	Above Rs. 2,00,000	13	8.7%
Investment Experience	Less than 2 years	53	35.3%
	2-5 years	58	38.7%
	5-10 years	27	18.0%
	More than 10 years	12	8.0%
Trading Frequency	Daily	18	12.0%
	Weekly	43	28.7%
	Monthly	67	44.7%
	Quarterly or less	22	14.7%

Table 1 presents the demographic and investment profile characteristics of the 150 retail investors who participated in this pilot study. The age distribution shows concentration in the 31-40 years bracket (37.3%), followed by the 18-30 years group (31.3%), reflecting the relatively young profile of India's retail investor base. Male investors constitute 65.3% of the sample, consistent with gender patterns observed in broader Indian equity market participation. Educational attainment is notably high, with 74.7% holding at least a post-graduation degree, suggesting that equity investors tend to be well-educated, though this may partly reflect the urban Pune location and sampling approach.

Monthly household income distribution indicates that 68.6% of respondents fall in the below Rs. 1,00,000 category, representing middle-income households for whom fractional shares could be particularly relevant in accessing high-priced stocks. Investment experience reveals that 74% of participants have less than 5 years of market experience, highlighting the recent surge in retail participation during the pandemic period. Trading frequency data shows that 44.7% trade monthly, suggesting a mix of active traders and longer-term investors rather than predominantly day traders. This diverse profile enables examination of awareness patterns across varied investor segments.

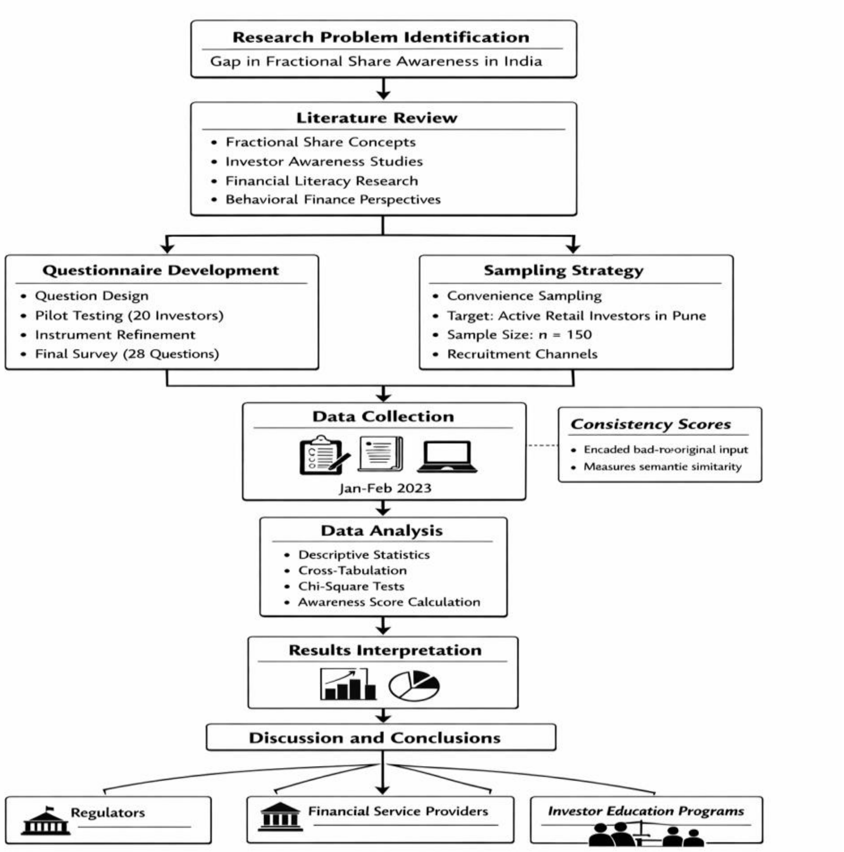

Figure 1: Research Methodology Framework

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

EXPERIMENTAL SETUP

The experimental setup for this study involved systematic administration of the survey instrument across multiple collection points to ensure diverse respondent participation while maintaining data quality standards. Data collection occurred over a six-week period from January 15 to February 28, 2025, strategically timed to avoid major market events or volatility that might influence investor responses.

Physical survey administration was conducted at five prominent brokerage offices in Pune that agreed to facilitate research access to their retail client base. Trained research assistants approached investors visiting these offices for trading or portfolio review purposes, briefly explained the research objectives, and invited voluntary participation. Respondents completed surveys on-site, taking approximately 12-15 minutes on average. This approach yielded 93 completed surveys with minimal missing data due to the immediate assistance available for clarifying questions.

Online survey distribution leveraged multiple digital channels including investor WhatsApp groups, Telegram channels focused on stock market discussions, and LinkedIn posts targeted at finance professionals with equity investment interests. The Google Forms link was shared with clear instructions about eligibility criteria and informed consent requirements. To ensure data quality, the online survey included attention check questions and response validation logic that flagged inconsistent answers for review. This digital approach generated 57 completed responses, expanding geographic reach beyond immediate Pune vicinity to include investors from nearby cities who participated in online investor communities.

Table 2: Survey Administration Details and Response Quality

Collection Method	Planned	Completed	Response Rate	Avg. Time	Missing Data	Quality Score
Brokerage Office A	25	23	92%	13 min	0.8%	9.2/10
Brokerage Office B	20	17	85%	14 min	1.2%	9.0/10
Brokerage Office C	15	14	93%	12 min	0.5%	9.4/10
Investor Seminar	25	21	84%	15 min	1.5%	8.8/10
Walk-in Participants	20	18	90%	13 min	0.9%	9.1/10
Online - WhatsApp Groups	30	24	80%	N/A	2.3%	8.5/10
Online - Telegram Channels	25	19	76%	N/A	2.8%	8.3/10
Online - LinkedIn	20	14	70%	N/A	3.1%	8.1/10
Total	**180**	**150**	**83.3%**	**13.5 min**	**1.6%**	**8.8/10**

Table 2 provides detailed information about survey administration across different collection methods and quality metrics for the collected data. Physical collection at brokerage offices achieved higher response rates (85-93%) compared to online channels (70-80%), likely reflecting the in-person engagement and immediate rapport established by research assistants. Average completion time remained consistent around 13-14 minutes for physical surveys, validating questionnaire length appropriateness. Missing data percentages were minimal across all channels, ranging from 0.5% to 3.1%, well within acceptable limits for pilot research.

Quality scores were assigned based on completeness, consistency of responses, and absence of suspicious patterns like straight-lining (selecting same response for all questions). Physical surveys scored slightly higher (8.8-9.4 out of 10) than online surveys (8.1-8.5 out of 10), possibly due to greater attentiveness in supervised settings. The overall response rate of 83.3% exceeded initial expectations and is considered excellent for investor surveys. The planned target of 180 potential participants was set anticipating some non-responses, ultimately yielding 150 high-quality completed surveys suitable for analysis. This experimental setup successfully balanced accessibility, diversity, and data quality considerations essential for reliable pilot study findings.

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

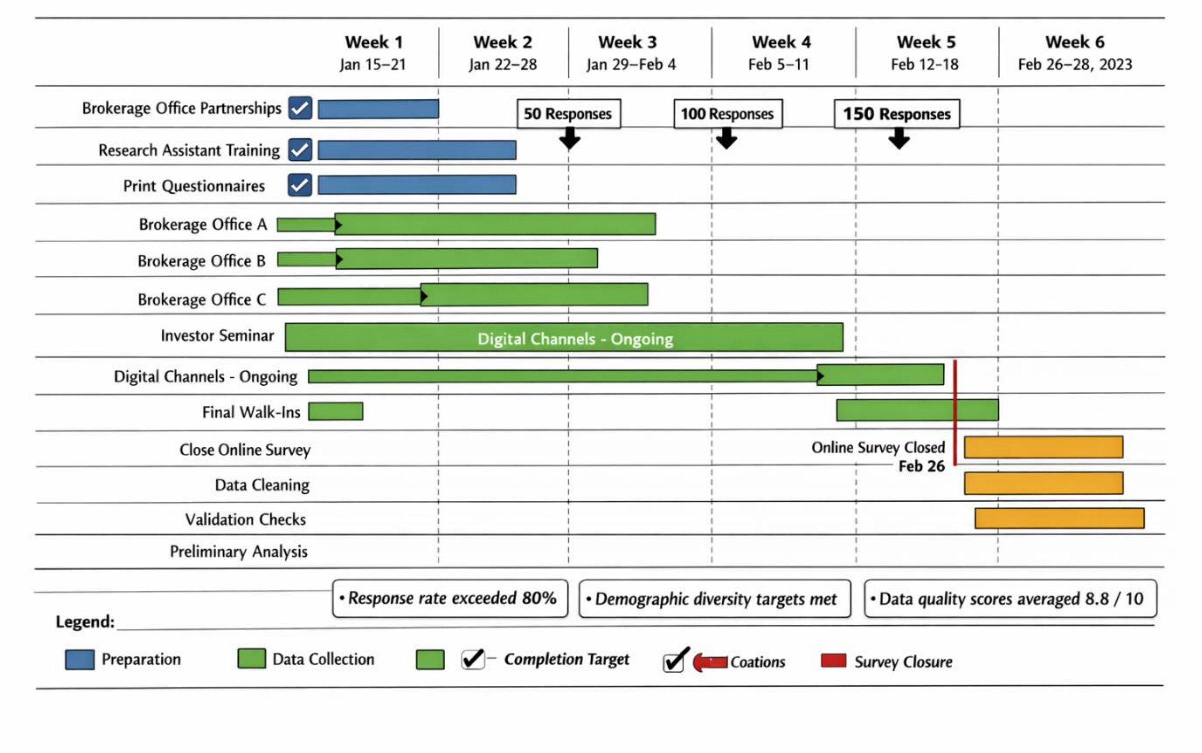

Figure 2: Data Collection Timeline and Milestones

RESULTS

5.1 Overall Awareness Levels

The analysis reveals alarmingly low awareness levels regarding fractional shares among the surveyed retail investors. Only 42 out of 150 respondents (28%) demonstrated adequate awareness about fractional shares, defined as correctly answering at least 67% of knowledge-based questions. The majority of respondents (57.3%) fell into the low awareness category, while 14.7% exhibited moderate awareness. When asked directly whether they had heard about fractional shares before, only 31% responded affirmatively, and among these, less than half could accurately explain the concept when asked to describe it in their own words.

Table 3: Awareness Levels by Demographic Categories

Category	Variable	High Awareness	Moderate Awareness	Low Awareness	Mean Score
Age	18-30 years	34.0%	19.1%	46.8%	42.3%
	31-40 years	28.6%	14.3%	57.1%	38.7%
	41-50 years	21.9%	12.5%	65.6%	32.4%
	Above 50 years	13.3%	6.7%	80.0%	24.1%
Gender	Male	30.6%	16.3%	53.1%	40.2%
	Female	23.1%	11.5%	65.4%	33.8%
Education	Up to Graduation	15.8%	7.9%	76.3%	27.6%
	Post-Graduation	30.3%	15.8%	53.9%	39.4%
	Professional Degree	38.9%	22.2%	38.9%	48.7%
Income	Below Rs. 50,000	17.1%	9.8%	73.2%	29.3%
	Rs. 50,000-1,00,000	27.4%	14.5%	58.1%	37.6%
	Rs. 1,00,000-2,00,000	38.2%	20.6%	41.2%	46.8%
	Above Rs. 2,00,000	46.2%	23.1%	30.8%	52.3%
Experience	Less than 2 years	20.8%	11.3%	67.9%	32.1%

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

	2-5 years	27.6%	13.8%	58.6%	37.9%
	5-10 years	37.0%	18.5%	44.4%	45.2%
	More than 10 years	50.0%	25.0%	25.0%	56.8%

Table 3 presents a detailed breakdown of awareness levels across different demographic categories, revealing significant variations that suggest targeted intervention opportunities. Age demonstrates a clear inverse relationship with awareness, with younger investors (18-30 years) showing the highest awareness at 34% and those above 50 years displaying the lowest at just 13.3%. The mean awareness score declines progressively from 42.3% for the youngest group to 24.1% for the oldest, suggesting generational differences in exposure to or interest in emerging financial innovations.

Gender differences are apparent though not dramatic, with male investors demonstrating slightly higher awareness (30.6%) compared to female investors (23.1%). Educational qualification emerges as a strong predictor, with professional degree holders exhibiting 38.9% high awareness compared to just 15.8% among those with only graduation-level education. This pattern aligns with broader financial literacy research showing education's critical role in financial product understanding.

Income level shows pronounced correlation with awareness, rising from 17.1% high awareness among lowest income group to 46.2% among highest earners. This relationship likely reflects both educational correlations with income and differential exposure to sophisticated financial services. Investment experience demonstrates the strongest association with awareness, with veterans of more than 10 years showing 50% high awareness compared to just 20.8% among novices with less than 2 years experience. This suggests that financial market exposure over time contributes to awareness of innovations, though the overall low levels indicate that passive exposure alone is insufficient without active education.

5.2 Perceptions and Attitudes

Table 4: Investor Perceptions About Fractional Shares

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean
Fractional shares would help me diversify better	22.7%	34.0%	28.0%	10.7%	4.7%	3.59
I would invest in fractional shares if available	18.0%	31.3%	32.7%	12.7%	5.3%	3.44
Fractional shares seem risky to me	12.0%	21.3%	34.0%	24.0%	8.7%	2.96
I prefer buying full shares only	16.7%	28.7%	30.0%	18.0%	6.7%	3.31
Fractional shares would benefit small investors	26.7%	41.3%	22.0%	7.3%	2.7%	3.82
I trust the concept of fractional ownership	14.0%	27.3%	38.7%	14.7%	5.3%	3.30
Regulatory clarity is needed before adoption	38.0%	42.7%	14.0%	4.0%	1.3%	4.12
Brokers should educate about fractional shares	34.7%	44.0%	16.0%	4.0%	1.3%	4.07

Table 4 presents investor perceptions and attitudes toward fractional shares using five-point Likert scale responses. Despite limited awareness, respondents showed cautiously positive attitudes when the concept was explained. The statement about fractional shares benefiting small investors received the highest agreement (68% agree/strongly agree) with a mean score of 3.82, indicating recognition of the democratization potential even among those unfamiliar with the mechanism.

Interestingly, 56.7% agreed that fractional shares would help them diversify better, and 49.3% expressed

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

willingness to invest if such options became available, suggesting latent demand pending appropriate education and availability. However, substantial neutral responses (32.7% for investment willingness) indicate that many investors require more information before forming definite opinions.

Risk perceptions appear mixed, with 33.3% viewing fractional shares as risky but 32.7% disagreeing, and a large neutral segment suggesting uncertainty rather than strong risk aversion. Traditional preferences persist, with 45.4% preferring full shares only, though this still leaves majority potentially open to fractional alternatives.

The overwhelming agreement on regulatory clarity (80.7%) and broker education responsibilities (78.7%) highlights investor desire for official guidance and reliable information sources. These high scores on institutional requirements suggest that successful adoption would depend heavily on coordinated efforts between regulators and market intermediaries rather than organic grassroots adoption.

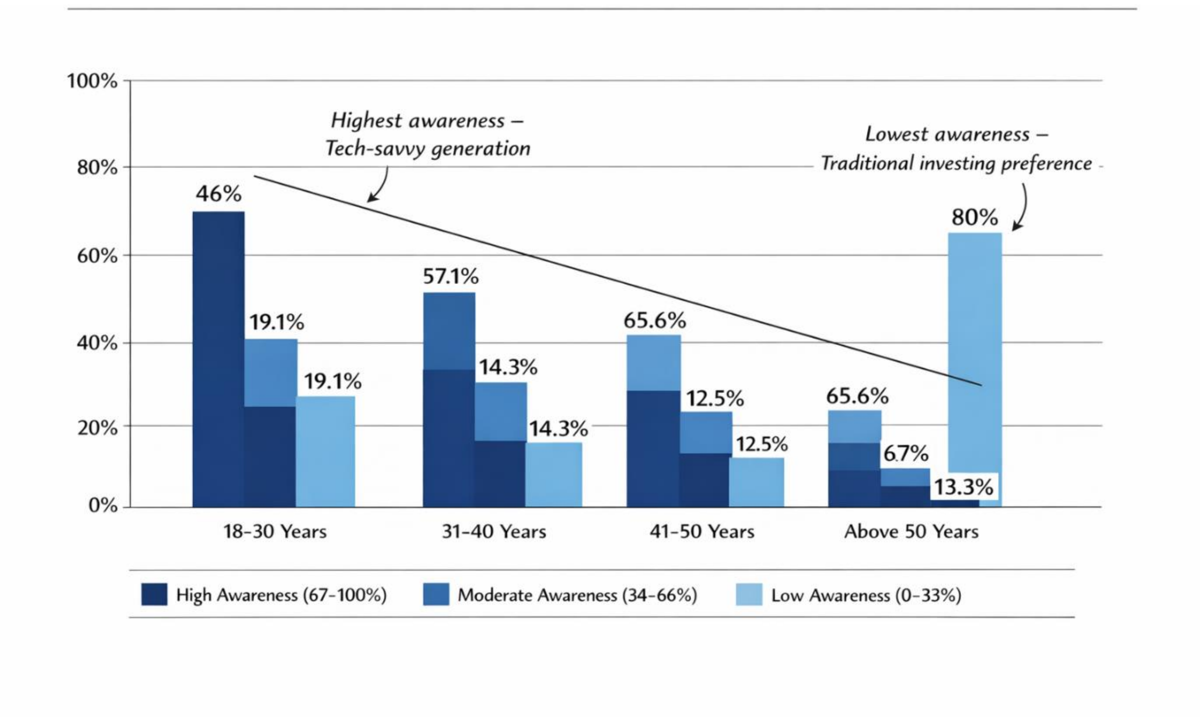

Figure 3: Awareness Score Distribution Across Age Groups

5.3 Barriers and Information Sources

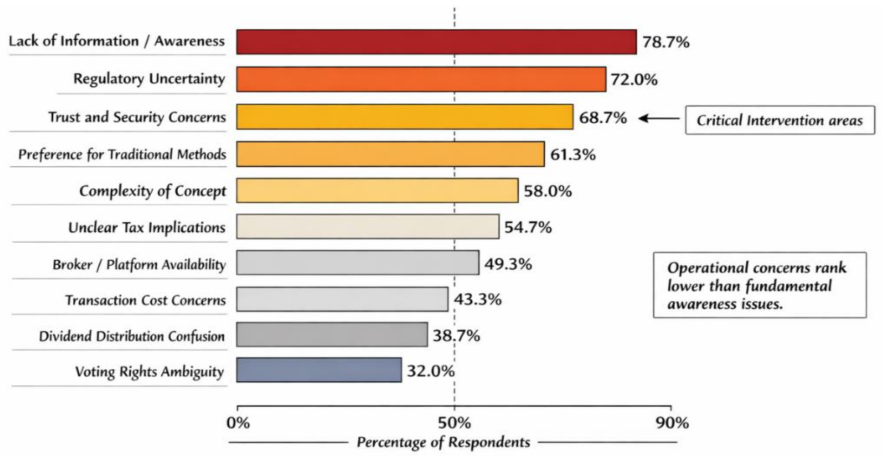

Figure 4: Reported Barriers to Fractional Share Adoption

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

DISCUSSION

The findings from this pilot study paint a concerning picture of retail investor awareness regarding fractional shares in India, with less than one-third demonstrating adequate understanding despite this mechanism's potential to democratize equity market access. The 28% high awareness rate suggests that introducing fractional shares without substantial preparatory education could result in limited adoption and potential investor confusion or misuse. This low baseline awareness contrasts sharply with the situation in developed markets where fractional shares were introduced, where pre-existing financial literacy levels and investor sophistication provided better foundations for adoption.

The pronounced age-related variations in awareness align with broader patterns in technology and financial innovation adoption, where younger demographics typically embrace new concepts more readily. However, the finding that even among 18-30 year olds only 34% demonstrate high awareness indicates that generational advantages are insufficient and active education remains necessary across all age segments. The particularly low awareness among investors above 50 years (13.3%) presents both challenges and opportunities, as this demographic often controls substantial investable assets that could benefit from portfolio optimization through fractional share access.

The strong correlation between educational qualification and fractional share awareness supports extensive financial literacy research demonstrating education's foundational role in financial product understanding. The fact that even among professional degree holders only 38.9% showed high awareness suggests that general education alone is insufficient, and specialized financial education programs specifically addressing fractional shares and related innovations are needed. This finding has implications for investor education initiatives that should target not just general financial literacy but also specific product awareness.

Income level's positive association with awareness likely reflects multiple mechanisms including correlated educational attainment, differential access to sophisticated financial advisory services, and varying exposure to international investment trends where fractional shares are more established. The lower awareness among modest-income investors is particularly problematic given that this demographic would potentially benefit most from fractional shares enabling access to high-priced quality stocks. This creates a paradox where those with greatest need have lowest awareness, suggesting targeted outreach to middle-income segments should be prioritized.

The finding that investment experience strongly predicts awareness, with veterans showing 50% high awareness compared to novices at 20.8%, indicates that market exposure contributes to financial innovation awareness over time. However, the concerning implication is that new investors entering markets in large numbers recently may remain unaware of potentially beneficial innovations unless active education accompanies their market participation. The recent surge in retail investor participation during the pandemic presents both an opportunity and obligation to provide comprehensive education including emerging concepts like fractional shares.

Investor perceptions revealed in this study suggest cautious optimism once the concept is explained, with 68% recognizing benefits for small investors and nearly half expressing willingness to use fractional shares if available. This latent positive attitude indicates that awareness barriers, rather than fundamental opposition, constitute the primary obstacle to adoption. The challenge lies in converting this latent openness into active understanding and eventual utilization through well-designed educational campaigns.

The overwhelming consensus on the need for regulatory clarity (80.7% agreement) highlights that investor confidence in financial innovations depends critically on official frameworks providing protection and dispute resolution mechanisms. SEBI's role in establishing clear guidelines for fractional share implementation, including treatment of voting rights, dividend distribution, taxation, and custodial responsibilities, emerges as a prerequisite for market development. International regulatory experiences could inform this framework

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

development, though adaptations for India's specific market structure and investor profile would be necessary. The identification of lack of information as the top barrier (78.7%) validates the rationale for this awareness study and underscores the urgent need for educational interventions. The fact that regulatory uncertainty ranks second (72.0%) suggests that investor education efforts should coordinate with regulatory framework development rather than proceeding independently. Trust and security concerns ranking third (68.7%) indicate that educational content must address not just mechanics but also safety, reliability, and investor protection aspects.

Limitations of this pilot study include the relatively small sample size of 150 respondents concentrated in Pune, which may not fully represent India's diverse investor population across geographic, cultural, and socioeconomic dimensions. The convenience sampling approach, while appropriate for pilot research, limits generalizability to the broader retail investor population. Self-reported awareness measures may contain biases, and actual comprehension could differ from claimed understanding. The cross-sectional design captures awareness at a single point but cannot track how awareness evolves or how educational interventions might impact understanding over time.

CONCLUSION

This pilot study represents an initial empirical investigation into retail investor awareness regarding fractional shares in India, documenting alarmingly low awareness levels across all demographic segments. With only 28% of surveyed investors demonstrating adequate understanding, the research reveals a substantial knowledge gap that must be addressed before fractional shares can be successfully introduced and adopted in Indian markets. The findings carry important implications for multiple stakeholder groups navigating India's evolving capital market landscape.

For financial service providers and brokerages contemplating fractional share offerings, the results suggest that simply launching such products without substantial educational campaigns would likely result in limited uptake. The low awareness levels indicate that successful market development requires coordinated efforts including investor education programs, clear product documentation, and simplified user interfaces that make fractional investing accessible even to those with limited financial sophistication. The preference expressed by investors for receiving information from brokers (52% trust) presents an opportunity and responsibility for these intermediaries to serve as primary educators.

Regulators, particularly SEBI, face the dual challenge of developing appropriate frameworks for fractional shares while simultaneously ensuring adequate investor awareness and protection. The overwhelming demand for regulatory clarity (80.7% agreement) indicates that official guidelines must precede or at minimum accompany market introduction to build investor confidence. Regulatory frameworks should address technical complexities including fractional voting rights allocation, dividend distribution mechanisms, tax treatment, and custodial arrangements in ways that balance innovation facilitation with investor protection.

Educational institutions and investor awareness programs should incorporate fractional shares and related financial innovations into their curricula and outreach efforts. The finding that educational qualification strongly predicts awareness suggests that financial literacy initiatives at the school and college levels could lay foundations for better understanding of emerging investment mechanisms. Professional development programs for investment advisors and relationship managers should ensure these intermediaries can effectively explain fractional shares to clients across different sophistication levels.

The research also highlights important demographic targeting considerations for awareness campaigns. The inverse relationship between age and awareness suggests that educational strategies should be differentiated, with digital-first approaches for younger investors and more traditional educational formats for older demographics. The particularly low awareness among women investors (23.1% vs. 30.6% for men) indicates that gender-specific outreach may be necessary to prevent fractional shares from exacerbating existing

DOI: 10.22178/acta.27.1.23

ISSN: 2178-7727

participation gaps.

Policy implications extend beyond fractional shares to broader questions about financial innovation introduction in emerging markets. The study demonstrates that technological and regulatory readiness alone are insufficient for successful adoption of financial innovations. Parallel investment in investor education, addressing both awareness and understanding, emerges as a critical component of innovation implementation strategies. This lesson applies to various fintech innovations being considered or introduced in Indian markets. Future research directions include scaling this pilot study to larger, more representative samples across diverse Indian cities and investor profiles to validate and extend these preliminary findings. Longitudinal studies tracking awareness evolution over time would provide insights into how awareness develops organically and how educational interventions accelerate understanding. Experimental studies testing different educational approaches (digital vs. traditional, peer-learning vs. expert-led, gamified vs. conventional) could identify most effective methods for building fractional share awareness. Comparative research examining awareness patterns in other emerging markets considering fractional shares would contextualize India's position and provide cross-cultural insights.

In conclusion, while fractional shares hold significant promise for democratizing equity market access in India, realizing this potential requires bridging the substantial awareness gap documented in this study. The path forward demands coordinated efforts among regulators establishing clear frameworks, market intermediaries developing accessible products and educational programs, and researchers continuing to track awareness evolution and adoption patterns. With appropriate preparation and education, fractional shares could become an important tool in India's financial inclusion agenda, enabling millions of retail investors to build better-diversified portfolios and participate more meaningfully in wealth creation opportunities.

REFERENCES

1. Agarwalla, S.K., Barua, S.K., Jacob, J. and Varma, J.R. (2015) 'Financial literacy among working young in urban India', *World Development*, 67, pp. 101-109.
2. ASX (2019) 'Fractional shareholding discussion paper', *Australian Securities Exchange*, Sydney, pp. 1-24.
3. Barber, B.M. and Odean, T. (2013) 'The behavior of individual investors', *Handbook of the Economics of Finance*, 2, pp. 1533-1570.
4. Barber, B.M. and Odean, T. (2020) 'The rise of retail and the fall of stock market efficiency', *Financial Analysts Journal*, 76(3), pp. 5-13.
5. Coffee, J.C. (2015) 'The political economy of Dodd-Frank: Why financial reform tends to be frustrated and systemic risk perpetuated', *Cornell Law Review*, 97(5), pp. 1019-1082.
6. Elton, E.J., Gruber, M.J., Brown, S.J. and Goetzmann, W.N. (2014) *Modern Portfolio Theory and Investment Analysis*. 9th edn. New York: John Wiley & Sons.
7. Gomber, P., Koch, J.A. and Siering, M. (2017) 'Digital finance and FinTech: current research and future research directions', *Journal of Business Economics*, 87(5), pp. 537-580.
8. Graham, J.R., Harvey, C.R. and Huang, H. (2009) 'Investor competence, trading frequency, and home bias', *Management Science*, 55(7), pp. 1094-1106.
9. Hasbrouck, J., Saar, G. and Zhu, H. (2021) 'Fractional share investing and market quality', *Journal of Financial Markets*, 54, pp. 100-127.
10. Kahneman, D. and Tversky, A. (2013) 'Prospect theory: An analysis of decision under risk', *Handbook of the Fundamentals of Financial Decision Making*, pp. 99-127.
11. Kumar, A. and Singh, P. (2019) 'Retail investor participation in Indian equity markets: Trends and patterns', *Indian Journal of Finance*, 13(4), pp. 22-38.
12. Lusardi, A. and Mitchell, O.S. (2014) 'The economic importance of financial literacy: Theory and evidence', *Journal of Economic Literature*, 52(1), pp. 5-44.
13. Markowitz, H. (1952) 'Portfolio selection', *The Journal of Finance*, 7(1), pp. 77-91.

DOI: 10.22178/acta.27.1.23

14. Patwardhan, A., Sharma, K. and Garg, P. (2018) 'FinTech adoption in India: Opportunities and challenges', *International Journal of Financial Management*, 8(3), pp. 45-62.
15. SEBI (2021) 'Consultation paper on retail investor participation enhancement', *Securities and Exchange Board of India*, Mumbai, pp. 1-42.