

Listicle

Four Preventive Steps To Avoid Getting Scammed While Investing Your Money

Introduction

With the rapid digitisation of the financial sector, investing has become easier and more accessible than ever before. The advent of online trading platforms has enabled a new level of transparency in the financial ecosystem. It has encouraged more people to participate in financial markets. Online stock trading and investing have garnered huge traction, with 12.7 crore demat account holders in India currently.

However, this has also made investors more vulnerable to investment scams. As per a report by the Reserve Bank of India (RBI), investment frauds in India amounted to over ₹60,000 crore in 2022. While there is no foolproof way to avoid investment scams, there are certain preventive steps that investors can take to protect themselves. Here are 4 ways to stay safe from scams:

1. Red Flags: Charm Offensive, Over-the-Top Promises, and Unwanted Attention

If an investor receives an unsolicited offer, they must be wary. Legitimate investment firms and online trading platforms reach out to investors and traders after seeking permission. To avoid scams, they should rely on objective analysis. Consulting financial advisors is helpful. They have a deep understanding of market trends, price movements, and a lot of stock market knowledge. It is also beneficial to use safe, secure online trading platforms.

2. Do Your Research Before Investing

Before investing in any scheme, investors must conduct thorough research. This involves checking the legitimacy of the investment firm, the track record of the scheme, and understanding risks involved. Investors should also be aware of phishing emails, fake websites and platforms, and social media scams. Investing through a reliable source, such as online trading platforms like Shoonya by Finvasia, Zerodha, Upstox, etc. can be useful.

3. Be Suspicious Of High-Return Promises

If an investment scheme promises high returns with little or no risk, it is most likely a scam. Legitimate investment schemes will always have some degree of risk involved. Investment schemes that have little or no risk and promise investors high returns are most likely scams. Some degree of risk is always involved. Trading platforms like Shoonya by Finvasia offers various tools for technical analysis, charts, historical data, and more. By providing proper investor education, these tools help users make informed trading decisions.

4. Ponzi Schemes

The basic rule of personal finance is, "Don't invest if you don't understand." Investors should avoid schemes that are difficult to understand. Such schemes are more likely to be fraud. Ponzi schemes are a notable example of how scammers trick investors by using new investors' money to pay old

ones. This makes it seem like they are making lots of money. Investors should seek investments based on logic for safety and financial success.

Conclusion

By following the preventive steps highlighted here, investors can reduce their risk of falling victim to investment scams. Online trading platforms in India, like Uptox, Zerodha, Shoonya by Finvasia, Angel One, and Groww, are also playing a role in transforming investing by making it safer, more secure, and more accessible. Investors should never share personal or financial information with strangers. This includes bank account details, credit card numbers, and other relevant information.