

Chapter V

U-Commerce in the Financial Marketspace

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ABSTRACT

The mission of this chapter is to investigate (1) how u-commerce is made available by online brokerage agents and the different interfaces they provide via mobile phone transactions, computer transactions, and/or land-line telephone transactions (either thru broker assisted transactions or interactive voice-response phone systems), (2) how the anytime anywhere demand and supply of financial knowledge and availability or non-availability of ubiquitous trading tools and systems affect the behavior of traders and investors in the financial market, and (3) to what extent ubiquity of information and systems tools are regulated in relation to stock trading, stock manipulation, and global volatility of financial markets.

BACKGROUND OF U-COMMERCE IN FINANCIAL MARKETS

One of the most natural applications for U-Commerce is enabling anytime anywhere transactions, communications, and dissemination of knowledge in electronic financial markets. U-Commerce is a critical and necessary business platform in the arena of financial markets, because financial markets cross international and time-critical boundaries. Global financial markets can affect each other in merely a matter

of seconds and minutes. Any volatile movements in the Dow (USA), FTSE (UK), Nikkei (Japan), NASDAQ (USA), Hang Seng (Hongkong), Dax (Germany), and Shanghai (China) stock indices can almost have an instantaneous effects on the global prices of stocks, options, futures, bonds and other financial instruments. Traders, investors, fund managers, and hedge funds need to react to these price movements anytime anywhere or they could lose a substantial amount of money in a few seconds or minutes. The volume of stocks, options, futures, forex, metals and commodities

traded run in the trillions of dollars worldwide everyday, and ubiquity of information systems is a critical requirement in this area.

The use of Blackberries, Palm Pilots, and mobile phones with good LCD screens in trading stocks has become more prevalent in today's trading environment. The need for instant information anytime anywhere is becoming common. However, one may also question the problems or issues related to ubiquity. Is it really necessary to be trading stocks while you are driving, or on vacation, or when you are not in your office? To what extent can users benefit from ubiquity? What are the effects of ubiquitous computing on the trading behaviors of traders and investors?

RESEARCH APPROACH

The movement of stock prices and options in financial markets are fickle and many traders and investors often need to act quickly when buying and selling stocks, options, and other financial securities. To evaluate applications for u-commerce, three online brokerage systems that have u-commerce interfaces for computers, mobile devices, and land-line phone transactions will be evaluated in this chapter. The researcher has two solid years of experience in the usage of ubiquitous trading systems for Scottrade, Ameritrade, and Interactive Brokers and has qualitative data to illustrate how their ubiquitous trading systems platforms are operationalized. Trading stocks at home, on the road, or even in remote areas are possible due to these u-commerce systems. Each broker has unique solutions and innovations for u-commerce that will be discussed and compared in this chapter.

In addition, the research will also investigate the regulatory issues in financial markets and how u-commerce is affected by these issues. Global financial markets are brutal and billions of dollars can be wiped out in a few seconds due to the combination of program trading and ubiq-

uitous trading capabilities of different systems. Regulatory bodies, such as the US Securities and Exchange Commission (SEC), have tried to regulate financial markets from becoming too volatile or from being too prone to manipulative trading practices. For this research, information on regulatory issues will be obtained from the SEC and linked to issues of u-commerce.

A CONCEPTUAL TREATISE OF U-COMMERCE IN THE FINANCIAL MARKET

For u-commerce to help facilitate the financial marketspace, there are two important components for ubiquitous electronic trading to take place—(1) *demand and supply of financial knowledge*—the demand for instantaneous knowledge or information is critical because knowledge/information appears to be limited most of the time, and (2) *the information systems tools and the appropriate user-interface*—for ubiquitous electronic transactions to happen in the financial marketspace, users demand the proper type of information systems tools and user-interfaces for them to safely execute transactions anytime anywhere. There is a need to look at whether or not the systems capabilities and tools are adequate for the users' needs or not.

Without up-to-date or real-time knowledge of what is happening in the financial marketspace, it is difficult for traders and investors to make informed decisions and act on any ubiquitous financial transactions. And this is where the gap in the demand and supply of knowledge can hamper ubiquitous decision-making. Traders and investors need to make buy/sell decisions anytime anywhere and most of the time they do this with incomplete knowledge or information of the market situation. However, most traders and investors would prefer to get the most accurate picture of the market space before making any decision and transaction ubiquitously. Based on unfounded fear, some traders and investors sell

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