

Chapter 2

Trading Anytime Anywhere with Ubiquitous Financial Information Systems

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ABSTRACT

Trading anytime anywhere ubiquitously is rapidly becoming a popular trading practice in the financial marketplace. When highly volatile financial global markets are becoming a normal phenomenon, trading stocks, options, and futures requires the flexibility to trade anywhere, anytime. Investors or traders who keep track of the financial market on a daily or hourly basis do so because they want to be able to make immediate buy and sell decisions wherever they are and whenever they see fit. Ubiquitous financial systems empower traders to limit risk or take advantage of trading opportunities by providing the capability to 'time' trading executions. Millions and billions of dollars are either lost or gained in a few seconds, and timing is key.

BACKGROUND OF UBIQUITOUS SYSTEMS IN FINANCIAL MARKETS

One of the most natural applications for ubiquitous systems is U-commerce (ubiquitous commerce) in financial markets. Enabling anytime anywhere transactions, commerce, communications, and dissemination of knowledge in electronic financial markets is becoming an increasing practice. 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), Nikkie (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

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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?

MISSION OF THIS CHAPTER

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.

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 ubiquitous 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 marketplace, 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 knowledge/information appears to be limited most of the time.
2. **The information systems tools and the appropriate user-interface:** For ubiquitous

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