

ONLINE TRADING PLATFORMS. A SITUATION ANALYSIS OF 2016

Ioana Iancu

*Electrical Engineering Faculty, Department of Power Engineering and Management,
Technical University of Cluj-Napoca, Cluj-Napoca, Romania
anca.iancu@enm.utcluj.ro*

Abstract: *Competitiveness between financial investment services companies manifests on all levels, including the distribution channels. Therefore, the investment companies are looking for cheaper and easier alternatives for investors to trade. So, online trading platforms have been developed to offer investors the opportunity to make their own transactions without the help of a stockbroker. Online trading platforms offer multiple benefits to users, such as reduced fees, portfolio in real time, transfers of cash or shares in/out to/from their accounts, access to multiple markets (SSIF Broker and Tradeville are offering to their clients access to over 100 exchanges markets), fast transactions, transparency of transactions, access to technical and fundamental analysis, news alerts etc. Assuming that in Romania the number of experienced retail investors is growing and they don't need consultancy in trading, our aim is to discover the strengths and the weaknesses of online trading platforms. We analysed the online trading platforms of 20 Romanian financial investment services companies (SSIF). In essence, on each SSIF Web page and/or online platform we have sought information about: content, minimum amount required to open the account (cost), time (period of time in which the order appear in the system used by Bucharest Stock Exchange - Arena) and the level of platform interactivity. Please note that where the information was not found, its absence was noted. This doesn't necessarily mean that the SSIF doesn't have this element, but it means that we didn't find any information. We found that time criterion was the winner element, and most of the companies described it well. The most neglected element of the platform is interactivity with visitor/ investors (non-stop assistance, alerts, etc.).*

Keywords: *online trading platforms; retail investors; stock market; financial investment services companies (SSIF).*

JEL classification: *M31.*

1. Introduction

Regardless the size or scope of activities, many companies are making efforts to develop businesses on the internet (Berthon et al., 1999). There are studies regarding the influence of the Internet (World Wide Web) on financial services development (Gordon, 1998). Online trading is an important factor that increases volatility and volume of transactions on stock markets (Choi, 2002; D'Avolio et al., 2001; Barber & Odean, 2000; Oh et al., 2007; Davis et al., 1999). All these studies show that online transactions are important in the development of financial markets (Barber & Odean, 2008). There are very few studies in Romanian literature regarding this area (<http://www2.bvb.ro/Investors/files/Survey%20H1%202014.pdf>, Iancu, 2015).

Online platforms use the Internet as a medium for transactions. Experts say that in order to trade online, the investment firm must prove strategic flexibility, ability to be trusted and information technology (Saini & Johnson, 2005).

2. Methodology

We analysed the online trading platforms of 20 Romanian SSIF's. In essence, on each SSIF Web page and/or online platform we have sought information about content, cost, time and

the level of platform interactivity. Please note that where the information was not found, its absence was noted. This does not necessarily mean that the SSIF's do not have this element, but it means that we didn't find any information.

The choice of these criteria came from our experience as stockbroker and marketing specialist. Some of the most important criteria that the evaluators have followed and noted are in Table 1.

Table 1: Most important criteria used for the evaluation of online trading platforms

Content	Cost	Time	Interactivity
Online trading markets	Minimum amount required to open the account	Alerts on the platforms	Possibility of consulting tax liabilities
Order type on online platforms		Portfolio in real time	Forums or chat rooms
Online trading products		Market visualization on all price levels	Non-stop assistance
Services offered on trading platforms		Electronic money transfer	Demo version of the online trading platform
		Voice commands	Platform for smartphones
		SMS alerts	
		Average time of processing orders	

3. Results

3.1. Content

Regarding the content we searched information about:

- The *markets* where the clients can trade (BSE and International markets);

Although the logic tells us that all investment firms that have an online trading platform in Romania, offer the possibility to trade on BSE, our data shows that only 13 SSIF have information about this (Table 2). The other (7) SSIF don't have any information about the facility of online trading on BSE and that could have two explanations: either the stock broker has to be contacted for negotiating the fees or they don't encourage online trading because of the technical issues.

Table 2: Online trading markets, used by Romanian SSIF's

SSIF Market	BSE	International Markets	No details
Super Gold Invest	yes		
Intercapital Invest	yes		
SSIF Broker	yes	yes	
Alpha Finance	yes	yes	
BT Securities	yes	yes	
Confident Invest	yes		
Estinvest	yes		
SSIF Market	BSE	International Markets	No details
Goldring	yes		
leba Trust	yes		

SSIF Market	BSE	International Markets	No details
IFB Invest			yes
Interfinbrok Corporation			yes
Muntenia Global Invest			yes
Oltenia Grup Invest			yes
Prime Transaction	yes		
Raiffeisen Bank	yes		
Romcapital	yes	yes	
S.S.I.F. Vienna Investment Trust			yes
Swiss Capital S.A			yes
Tradeville	yes	yes	

- The type of *orders* used in trades (market, limit, stop loss/take profit, stop, order cancels order, parent & contingent, trailing stop, stop guaranty, others)

Of the 20 SSIF, 12 web pages do not provide information on the types of orders accepted by the online trading platform. The most common orders are market orders, limit and stop loss / take profit. At least three SSIF allow customers to enter all orders through an online trading platform (Table 3.). According to Adrian Pop (Deputy Manager of SSIF Broker), "the number and type of orders (on the online platform) rely only on the imagination of the creator of the online trading platform and the type of customers to whom it is addressed. The costs do not differ, and in terms of technological capabilities, the presence of several types of orders does not require additional efforts. "

Table 3: Online trading orders

Order type on online platforms	The number of SSIF's on which we found information about orders type
Market	7
Limit	8
Stop loss/take profit	6
Stop	3
OCO (Order Cancels Order)	4
Parent & contingent	4
Trailing stop	3
Stop guaranty	3
No data	12

- The *products* which can be traded: shares, futures, options, bonds, fund units, certificates, warrants, FOREX, others).

As shown in Table 4, 9 out of 20 SSIF's which provide online trading platforms do not provide information about the products traded, and most companies offer the possibility to trade shares online.

Table 4: Online trading products

Online trading products	The number of SSIF's on which we found information about trading products
Shares	11
Future	5
Options	6
Bonds	6
Indices	4
CFD	5

Online trading products	The number of SSIF's on which we found information about trading products
ETF	6
Warrants	3
FOREX (C4.9.)	4
No data	9

- The *services* offered on trading platforms: technical analysis, fundamental analysis
 We considered the existence of elements such as technical analysis, fundamental analysis and the possibility to customize the online trading platform extremely important. Why? The results of a study on Romanian investor behaviour (Iancu, 2015) shows that subjects consider as important and very important those two types of analysis. Therefore, access to technical and fundamental analysis should be easy. Our study shows that only 8 SSIF provide fundamental analysis, and 7 SSIF provide technical analysis. On 12 trading platforms, there was not found any information about these services. Regarding the possibility of personalizing the trading platform in accordance with the wishes of investors, our analysis shows that only 6 SSIF do.

3.2. Costs

- Minimum amount required to open an account
 Data about this criterion was found on only eight SSIF webpages (Table 5). We observe that the amount required to open an online account, is between 0 (two SSIF's) and 10 000 lei. Tradeville requests the highest value. We can say that there is a big difference (within the minimum cost required), even though, at least in theory, costs of development and maintenance platforms are identical. However, Tradeville could justify higher initial cost by the fact that the company carries out an aggressive promoting campaign and has one of the most complex platforms.

Table 5: Minimum amount required to open an online account

SSIF's	Minimum amount required to open an online account (lei)
Prime Transaction	0
SSIF Broker	0
BT Securities	1500
Super Gold Invest	3000
Romcapital	3000
Alpha Finance	3500
Intercapital Invest	3500
Tradeville	10000

3.3. Time

Time management criterion is best described in SSIF's web pages (Table 6). We searched for information about: alerts on the platforms, real time portfolio, and market visualization on all price levels, electronic money transfer, voice commands, SMS alerts, and average time for processing orders.

We observe that most of the SSIF provide information about real-time viewing portfolio. Two SSIF provide information about average speed of processing orders (2 seconds).

There is no official information about the gap between the time an order is placed in the "Arena Trading System" and when the order appears on the market. From personal experience, we can say there is no gap between them.

From our point of view, an important role in reducing the trading time is played by "SMS alert". With such alerts, clients can be warned about changes in the market. Only two SSIF provide this type of alerts.

Time management criterion is best described in SSIF Broker and Tradeville web pages and worst in Confident Invest (2 Point), Interfinbrok Corporation (1 Point) and Prime Transaction (1 Point)

Most of the information about time is linked to real time portfolios, alerts on the platform and personalized platforms.

Table 6: Time criterion

	Alerts on the platform	Real time portfolio	Market visualization on all levels	Electronic money transfer out /in the stock market	Voice Commands	SMS Alerts	Average speed of processing orders	Total
BT Securities	1	1	1	1	0	0	0	4
Confident Invest	0	1	0	1	0	0	0	2
Estinvest	0	1	1	0	0	0	0	2
Goldring	1	1	0	0	1	0	0	3
Intercapital Invest	1	1	1	1	0	0	0	4
Interfinbrok Corporation	0	1	0	0	0	0	0	1
Prime Transaction	0	1	0	0	0	0	0	1
SSIF Broker	1	1	1	1	0	1	2 sec	6
Super Gold Invest	1	1	1	0	0	0	2 sec	4
Tradeville	1	1	1	1	1	1	0	6
Total	6	10	6	5	2	2	2	

3.4. Interactivity

Interactivity criterion is analysed using information about the possibility of consulting tax liabilities, forums or chat rooms, non-stop assistance, demo version of the online trading platform and trading platform for smartphones (Table 7).

Table 7: Interactivity criterion

SSIF	Tax liabilities	Forum/chat	Non-Stop Assistance
BT Securities	0	0	1
Tradeville	1	1	1
Estinvest	0	0	1
Goldring	1	0	0
SSIF Broker	1	1	0

Our analysis (Table 7) confirms the results of previous empirical studies (Petric, 2011), namely, the criterion "interactivity" is the most neglected in the SSIF web pages design. The possibility of consulting tax liability, although very important, exists only at: Tradeville, Goldring and SSIF Broker. Finally, about chat rooms / forums we found information only on Tradeville and SSIF Broker.

The existence of *demo version* of online trading platform;

By creating a demo platform, the customer is given the opportunity to find the product that suits him better and see real platform capabilities. Our analysis led to the observation that only 6 out of the 20 SSIF's offer a demo platform: Intercapital Invest, SSIF Broker, Estinvest, Goldring, and Tradeville Romcapital (Table 8).

Table 8: Trading platform for smartphones

	Trading platform for smartphones
BT Securities	0
Confident Invest	0
Estinvest	0
Goldring	0
Intercapital Invest	1
Interfinbros Corporation	0
Prime Transaction	0
SSIF Broker	1
Super Gold Invest	0
Tradeville	1

4. Conclusion

Online traders are a presence increasingly evident on the stock market. Therefore, SSIF should take into account when designing marketing strategies for achieving flexible platform tailored to the needs and desires of investors and supported by cutting-edge technological capability. None of the online trading platforms we studied meets these conditions. The time criterion is best described on SSIF Webpages. The most neglected element of the platform is the interactivity with the visitor.

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