
Basic Concepts III: History and Recent Trend of Online FX Market

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The recently technology advancement has broken down the barriers that used to stand between retail clients of FX market and the inter-bank market.

The online forex trading revolution was originated in the late 90's, which opened its doors to retail clients by connecting the market makers to the end users.

With the high-speed Internet access and powerful central processing unit, the online trading platform at home user's personal computer now serves as a gateway to the liquid FX market. Retail clients can now trade together with the biggest banks in the world, with similar pricing and execution. What used to be a game dominated and controlled by major inter-banks is becoming a common field where individuals can take the same opportunities as big banks do.

Technology breakthroughs not only changed the accessibility of the FX market, they also changed the way of how trading decisions were made. Research showed that, as opposed to unable to find profitable trading methodologies, the primary reason for failure as a speculator is a lack of discipline devoted to successful trading and risk management. The development of iron discipline is among the most challenging endeavors to which a trader can aspire. With the help of modern trading or charting softwares, traders can now develop trading systems that are comprehensive, with detailed trading plans including rules of entry, exit, and risk management model.

Furthermore, traders can do backtesting and forward testing of a particular strategy on a demo account before commitment of capital.

When the system trading softwares were first introduced into the store of trading tools, traders would need programming skills and a strong background in mathematical technical analysis. With the effort of system trading software companies making their products more adaptable to mass market, the system trading softwares are now more user-friendly and simpler to use. At this point, non-programmers with basic understanding of mathematical technical analysis can enjoy the amusement of system trading.

While system trading might not provide the 'holy grails' of trading, it offers as prototypes or guidelines for beginners to starting trading with sound mathematical model and risk management. Over time, traders can develop trading systems that match their individual personality.