

Andreas Polycarpou - The Future of Algorithmic Trading

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One of the things technology has done is to make high-end algorithms more essential to us than ever before. It is pertinent to realize that algorithms already dominate almost every operation in today's digital world.

From your Facebook newsfeed, traffic lights, stock market, among several others. The emphasis lies on how algorithms are now employed to reshape the nature of trading in today's market. Andreas Polycarpou puts together his opinion to provide answers to salient questions about the future of algorithmic trading.

How many percents of the Algorithmic trading market has grown in recent years?

Andreas Polycarpou says "The algorithmic trading market has grown quite tremendously in recent years, and especially in the last decade. Without even noticing it, algorithms are already controlling our lives and day to day activities. And as we advance further in our existence, they will be playing a much bigger role. After gaining popularity with the individual trader/investor, this rise has been accompanied by a combination of tools and services to both test and trade using algorithms. After saying this, one thing is certain: The future of algorithmic trading starts with resource allocation, which is considered as the key factor in its performance."

How do you describe Algorithmic trading? What does it consist of?

"Well, algorithmic trading is known as a method of stock trading, which uses intricate mathematical models and formulas to initiate high-speed, automated financial transactions. While the goal of algorithmic trading is to help investors execute on specific financial strategies as quickly as possible to bring higher profits, there are also a few key benefits and drawbacks to consider. One thing that you should always remember in algorithmic trading is that devising strategies is the single most significant measure relating to it." Explains Andreas Polycarpou.

Will there be a time when humans will not interfere in this trade at all?

Andreas Polycarpou answers, "I am not sure if there will be a certain point in time where humans will not interfere at all in this type of trade. For instance, the aspect of risk management is always something that required the intervention of real people, regardless of the level of sophistication that's currently embedded in algorithmic trading. While securities trading has become so replete with information, that knowing how to code and how to game the algorithm is as important as understanding the ebbs and flows of the markets themselves. The modern demands of trading require a speed of execution that humans are unable to replicate. However, I believe that real people will still be required to be involved in the process."

Is this a stage before the entry of robots into the fields of commerce and economics?

"To be perfectly honest, algorithmic trading is only the tip of the iceberg when it comes to robots involvement in different industries and fields. The entire role of machine learning might shape the algorithms that will eventually be able to pick any technique, process, or activity and imitate it to perfection. The same way as 'robots' can play a significant role in algo-trading, they can also easily rule the future of our lives. Nowadays, key players in the technology field are continually striving to make their algorithms interpret every aspect of our lives. And hoping to give us the impression that they can help us with our decisions." Andreas Polycarpou concluded.

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