

Benefits, Costs and Limitations of Online Investing to the Individual Investor

By

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Abstract

The Internet has changed the landscape contours of the financial services industry in ways never ever anticipated. The online approach of conducting commerce has gained more and more acceptance from consumers and suppliers alike. Online Brokerages, when they first came into the scene, attacked mass markets with unbelievable ease, speed and success that it took conventional brokerages like Merrill Lynch, by surprise. In time, conventional brokerages having learnt the advantages of the Internet have moved to create an online presence for themselves. Online trades are accounting for consecutively larger

percentages of total retail trades on established exchanges like the NASDAQ and the NYSE, since its inception. Just as any application in business, online investing has its fair share of not only benefits but also costs and limitations too. The purpose of this article is to enlighten the reader on the above-mentioned aspects of online investing and aid a potential investor to reflect on these aspects before carrying out trades over the Internet.

Introduction

The online brokerage phenomenon came into being in the mid '90's. Since

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