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ONLINE TRADING: ISSUES AND SYARIAH PERSPECTIVE

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1.0 Introduction

Before online trading existed, people used the offline trading as one of the way for them to make the stock transaction happened. This is because, there are used with the traditional way to have the stock transactions besides there also don't have internet that were provided for them to run with the online transactions. One of the example of offline trading is the transaction that were carried by the brokers on behalf of their client. However, the offline trading is not easy and practical to people because people need to spend a lot of time for it. So, online trading had been created for people to ease them. Online trading is the conducting stock transaction on the websites through the internet (Laveena M, Jindal S, Dhiman M, 2015). The number of online trading have increase time by time during this modern era. At this time, a lot of people choose the online trading way because it's more easy and practical. People just need to make a transaction through the internet. What they need just a mobile phone and the internet. There are a lot of example of online trading platform that existed in this world and one of that is Forex.

2.0 Facts and Discussions

What is Forex?

Forex is the abbreviation from the words foreign exchange which means the exchange of the same type of currency or the change of different type of currency (Nadiatul Athirah Sobri, Azlin Alisa Ahmad, 2022). This platform which is Forex are used globally all around the world that makes this online trading as one of the biggest currency in the world financial market that existed in this world. This online trading is conducted for 24 hours because of the times difference between the countries in this world. Forex operation will be begin in the Australasia are including Australia, New Zealand and New Guinea island followed by continent Europe and finally North America (Nik Rahim bin Nik Wajis, Nurliyana Shahira binti Baharli, 2021). The number of people that have join the Forex trading is increasing because of a lot of factors. There are people that choose this online trading to make their own side income to have a better and more comfortable life. There are also people that have the financial problem to support their life so, they decide to start to do online trading. People also choose this online trading because it is easy for them to manage and control it via the phone, laptop or other device anytime and anywhere as long as they have the internet sources.

Online and offline trading

The GPL (Globalization, Privatization, Liberalization) of the internet has impacted people's perceptions. Customer satisfaction is the only thing that makes a business successful. This has been true for consumers in the financial space as well. Online trading has brought a revolutionary change in the world of stock trading. It is catering to the demand to purchase and sell shares at your fingertips at any geography and at the best prices. In contrast, offline trading involves contacting a broker to place an order.

Online trading is the most prevalent trading form currently. Simply put, it is the digitalized equivalent of offline trading. Here, you can buy, sell and make other investment transactions in internet-based trading platforms. These platforms are typically provided by your brokerage. Through these platforms, you can invest in several assets, namely, stocks, bonds, mutual funds, futures and currencies (Spaisa, 2022). If you would like to do online share trading then you should have a computer, internet connection and online trading account.

Doing share trading with the help of a broker or through phone is called offline trading. In other words, trading will be done by another person on your behalf based on the instructions given by you, and then the other person can be a broker; the broker will do buying and selling of shares on your behalf depending on the instructions given by you. If you want to do offline share trading then you need to open the Demat (it is nothing but an electronic form of share) account (Nd, 2012).

Difference between online and offline trading

First of all, easy of trading. Online trading allows you to conduct all transaction per you wishes with limited involvement from the broker. Online trading happens on an individual basis, and each transaction is carried out according to the individual's wishes. While in offline trading, a broker is used to perform all trades. therefore, you are fully reliant on a brokers services. You go to the broker's office and make extensive phone calls to conduct deals and this makes offline trading costlier as brokers demand a huge fee to complete these transactions.

Then, the convenience. Online trading is a fantastic alternative if you have a laptop or mobile device, constant internet connectivity, then you are knowledgeable enough to understand the stock markets anywhere with ease. however, in offline trading, people who desire individual services and need advice when considering any type of transaction can consider offline trading (sharkhan, 07 April 2022). But, advice from a professional in the industry might be reassuring at times. However, it is highly depends greatly on the type of broker with whom you are associating.

Next, flexibility. In the case of online trading, traders can operate and execute a trade from their home only, there is no need to go to the brokers' house. Travelling time and cost is absent here. Apart from this, they can execute a trade from anywhere, from their phone, laptop, or computer. Nowadays, the mobile app becomes popular enough among traders for quick and easy execution of the trade. While in offline trading, there is no facility of working from home here. Traders need to be routed through brokers. Therefore, online trading is more flexible than offline. Traders need to visit brokers' house for trading while online traders can trade from home only.

Last but not least, time and energy. Online transactions can also save time and energy for users. This is because users do not need to travel to far away places to buy essential goods, instead users only need to order the necessary goods or services online (Syahir, 2022). Users can also save time because every information about online purchases is provided. All orders and payments can be made via the internet or other electronic lines. However, given the amount of manual interaction in office trading, transaction processing speed is substantially slower.