

# TRADING SOFTWARE

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Every year I receive hundreds of emails from people who have bought a software programme that will supposedly enable them to make money trading foreign exchange (Forex), shares or derivatives. These people have realised that it is not as easy to make money as they were led to believe and they would like my opinion on the matter. Sadly most of these people have been sold a dream that will not be realised - why are so many people caught by these software peddlers?

## YOU CAN MAKE MONEY BY TRADING

Let me state at the outset that you can make money as a trader of shares, Forex or derivatives. This is not a critique of trading as a business, I am pointing the finger at those companies that sell dreams to people who do not have the knowledge to distil the nonsense from the facts. It is rather obvious but worth pointing out - trading is very difficult. Successful traders have years of practice and experience in this arena. Almost all of them are no longer youngsters and they are usually not smooth talking, well groomed salesmen. In addition, trading is not a part-time hobby; you need to watch your trades constantly. You should be researching your market all the time to ensure that you are not caught off-guard by new events. This is the problem I have with peddlers of trading software; they are not telling their customers the full story.

## IF IT IS SO EASY TO MAKE MONEY WITH THE SOFTWARE WHY SELL IT?

Software salesmen are usually young, well groomed smooth talkers. Most of them are also not qualified to wash your car let alone discuss complex financial matters. They sell you the dream of being able to sit at home and spend a few hours a week trading on your computer in order to make extra money. People who find this proposition appealing are usually cash strapped already and will gladly pay thousands of rands to fulfil their dreams. If these peddlers are really convincing, they might sell you the idea that you could even retire early and become rich by using their software to make your millions. If it is so easy - why on earth would they be selling the software to other people? Surely it would be better to keep their software to themselves and make millions on their own?

## PAST EXAMPLES ARE GARBAGE

Part of the sales process is to show you some examples of trades that you could have made using their software and the trading information that they supply for an additional monthly fee. All these examples show you situations where profits were made; they don't show the situations where you could have lost money. If history has taught us anything about investing, it is this: even great investors make many, many mistakes. Showing a novice investor a few examples of great trades without explaining that there were thousands of times you could have lost money is unethical at best.

## THE SUPPORT THEY OFFER IS NOT AS GOOD AS THEY PROMISE

These peddlers often sell you an additional service where they sell you the insights of "experts" who will give you regular trading ideas or pointers. Again, if these experts were so good why on earth would they share their knowledge with others? If you are a cynic, you may argue that it is worth sharing their knowledge once they have made their own trades in an attempt to drive the market in their desired direction however; there are few other legitimate reasons to share trading ideas. If these experts were that good, they would be trading for their own account or they would be managing funds on behalf of clients.

## CONCLUSION

Any software, no matter how good it is, only provides you with one of the many tools required to make a success of trading. You need many other tools and you need to have the aptitude for trading. I am very pleased that FNB Online does not sell trading software, they provide their clients with proper education on investing instead. This seems like a better alignment of interests because clients will not trade for long if they constantly lose money, therefore it is in the company's interests to ensure that their clients make money. Personally, I think there are people who will make a success of trading even if they have not worked in the industry before. Before you start, I think you should spend a few months educating yourself prior to making your first trade. Education on markets includes: reading books about trading, going on courses and speaking to people who have been investing successfully for years. If you feel that this is too much work then don't rely on a piece of software to make money, it will be of no help to you.