

India Algorithmic Trading Market Assessment, By Component (Solution, Services), By Mode (Cloud, On-Premises), By Function (Programming, Debugging, Data Extraction, Back-Testing and Optimization, Risk Management), By Type (Stock Market, Foreign Exchange Market, Exchange-Traded Funds, Bonds, Cryptocurrencies, Others), By End-user (Short-Term Traders, Long-Term Traders, Retail Investors, Institutional Investors), By Region, Opportunities and Forecast, FY2018-FY2032

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Report description:

India algorithmic trading market is projected to witness a CAGR of 11.65% during the forecast period FY2025-FY2032, growing from USD 1.08 billion in FY2024 to USD 2.61 billion in FY2032. Factors such as increased adoption of cloud-based solutions, rising demand for fast and efficient order execution, growing demand for AI-based services and market surveillance, rising disposable income of individuals, and declining transaction costs are responsible for the growth of algorithmic trading in the country. Algorithmic trading is a technological advancement in the stock market sector. It is a process programmed to perform a set of specific instructions, that is, an algorithm for placing an order to generate profits at a high speed and frequency exceeding human power. The data set plays a significant role in the stock market, wherein every statistic is evaluated and used for the benefit of all the parties involved. It enables the investor to discover possibilities of liquidity and make more informed trading choices. Through trading choices, the transaction cost is reduced while improving trade processes, reducing market volatility, and increasing profit potential.

According to the report, 57 percent of financial organizations agree that AI will give them a competitive edge in the markets. Streak Zerodha has recently introduced a new feature Streak Scanner which allows one to create and run scans across equities, futures, and options using technical indicators and math operators. The pre-built scanners are based on segments such as top

gainers and losers, candlestick patterns, range breakouts, long and short build-up for options, and many more. All these scanners run on a 1-minute data.

Increasing Internet Usage Fueling the Market Growth

Increasing Internet usage is driving the growth of algorithmic trading market. The rising penetration of the internet helps consumers gain access to online platforms where they can increase their knowledge and information about online trading. Online trading is highly dependent on the internet, boosting the growth of the algorithmic trading market.

According to the DataReportal 2024 report, 751.5 million internet users were there in India in January 2024. The internet penetration rate in India stood at 52.4 percent of the total population at the start of the year. Also, earlier investors were purely dependent on their brokers for trading but now they are participating more in buying and selling shares with the internet help. It has saved time, energy, and money by trading online. According to the Times of India, the rural region recorded 442 million active internet users exceeding the urban region which saw 378 million users in 2023. Therefore, increasing internet penetration will fuel the growth in the algorithmic trading market.

Need for Market Surveillance Boosts the Market

Market or trade surveillance includes capturing, analyzing, and monitoring trade data to reveal market abuse and other financial crimes such as rogue trading and insider trading. National regulations govern trade surveillance to prevent insider trading, market manipulation, and unauthorized trades, which could harm investors and disrupt the smooth functioning of financial markets.

High-frequency occasions have provoked concerns about market stability and integrity. Surveillance of voice, video, and other electronic communication is necessary to identify fraudulent behavior among traders.

AI-based tools can contextualize information based on tone, jargon, phrases, and code words to reveal the true intent of traders. They generate alerts during abnormal spikes in order placements and cancellations. They identify money laundering techniques, such as excessive trading, with the same counterparties and inaccessible booking. ALGO Alot - an advanced remote monitoring solution by CMS powered by AI and IoT and driven by robotic process automation. It monitors footage and easily detects threats while saving on costs and complexity. The increasing need for market surveillance demands algorithmic trading systems with surveillance capabilities, propelling market growth.

Western India to Dominate the Market Share

Western region is expected to dominate India algorithmic trading market share as many investors participate in two biggest and only stock exchanges of India, i.e., National Stock Exchange and Bombay Stock Exchange situated in Mumbai. There are many agencies based here that have access to limited amounts of personal data making it easier for them to funnel funds into their businesses and thus enable them to grow at a faster rate than usual. The extensive use of algorithmic trading in financial institutions and banks is promoting growth in the industry. Moreover, the increasing deployment of algo-trading technology by trading companies is introducing lucrative opportunities in the market.

Cloud Dominates the Market

Cloud computing has become important in the financial industry, as digitalization is becoming heavily dependent on it. Traders use cloud services for backtesting, trading strategies, and run-time series analysis. They chose cloud computing as it is capital-intensive to build one's data center for services like storing data, backup and recovery, and trading networks. Cloud-based trading offers the benefits of remote servers for trade execution which are generally accessed over the internet. It reduces onsite IT infrastructure costs and expands the cloud's power to test and model trades.

One of the significant benefits of the cloud is business agility, leveraging the ability to easily access technology, and continuous innovation provided by cloud service providers, along with a pay-as-you-go model, which allows a trader to experiment and go for new technologies and solutions without high investments. Flexibility and availability are two characteristics of cloud-based algorithmic trading that are anticipated to fuel the development of an algorithm trading market in the future. Algo Bulls is an AI-supported algo trading platform with approx. 10 thousand plus cloud-based servers, it provides hassle-free trading with 500 plus AI-driven algo trading strategies.

Stock Market to Dominate India Algorithmic Trading Market Share

The stock market segment dominates India algorithmic trading market share with around 80% of equity transactions carried out through algorithmic trading. The stock market is considered one of the leading asset classes for trading in a controlled environment. Algorithms are gaining online popularity, and many big customers are demanding them. These algorithms examine

every price and trade in the stock market, identifying liquidity opportunities, and transforming information into trading results. It reduces trading costs and helps stock traders manage their trading processes.

Cryptocurrencies are projected to grow significantly. The main advantage of algorithmic trading is that it will allow users to execute certain crypto trades at an electrifying speed on multiple indicators. Algorithmic trading offers returns for firms with the ability to absorb the prices and gain profits.

Future Market Scenario (2025 - 2032F)

Algorithms will advance in grace and power as technology advances, changing the way financial markets are going to operate.

Due to its high speed, efficiency, data-driven decision-making, and risk-management skills, algorithm trading software has a significant advantage in a market where trading is extremely competitive. As observed, algorithmic trading is the future of the stock market.

Robo trader is India's most advanced algo trading SaaS Platform which is reliable and easily accessible. It speeds up the trading profit cycle by customizing the strategies based on market behavior. Robo trading allows one to place two more orders while placing the first intraday order. Among these two orders, the role of the first is to ensure speculated profit, and the second is to protect you from incurring high losses due to erratic price swings in the market.

Key Players Landscape and Outlook

The algorithmic trading market is highly competitive as the top players expand their geographical boundaries by strategically collaborating and acquiring local players to gain a strong regional grip. Innovation in technology and new product launches attract a huge customer base which in turn increases the revenue. The growing trading volume is expected to create great opportunities for market players in the algorithmic trading market. Leading players focus on mergers, acquisitions, and partnerships to remain competitive.

Leading algorithm-based trading firm Graviton Capital Research LLP consolidates its grip on the market growing its revenue by 70-100% in 2023. It uses complex algorithms and powerful computers for trade execution. Their key strategy is trade execution at lightning speeds.

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