

Influence of Automated System on Performance of the Nairobi Securities Exchange

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Abstract

Securities exchange markets play a vital role in the development of commerce and industry within a particular country which ultimately affects the economic growth of the host country. Technological advancement has played a key role in creating change within the securities trading. This study sought to examine the influence of automated system on performance of the NSE. Specifically this study examined the influence of electronic clearing and settlement, electronic ordering and electronic security transfer on performance of the NSE. The study was informed by Socio-Technical Systems Theory of Acceptance. It adopted a survey research design. The target population consisted of top executive and middle management staff/supervisors of 18 licensed brokerage firms and stratified random sampling techniques was used to select 96 respondents. Primary data was collected using questionnaire and it was analyzed using descriptive and inferential analysis. The results revealed that of electronic clearing and settlement, electronic ordering and electronic security transfer had significant positive effect on the performance. Further, electronic clearing and settlement significantly accounted for 67.1%, electronic ordering, 27.1% and electronic security transfer, 71.2% of variance in performance of NSE. It was therefore recommended that investors and traders should be allowed to access any information from the automation system that is deemed crucial and critical to their decision making process, thus improving on market efficiency and share volume traded.

Key Words: *Automated System, Electronic Clearing and Settlement, Electronic Ordering, Electronic Security Transfer, NSE performance*