Chapter 6
Improved Financial Trading:
Secure Data Systems Using Brain–Computer Interaction

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ABSTRACT

Brain-Computer Interface (BCI) technology has the potential to revolutionize the decision-making processes and interactions of traders with markets when it is integrated into financial trading platforms. BCI technology allows traders to directly interact with financial software using brain impulses, thereby eliminating the necessity for traditional input devices. This is made possible by real-time neural feedback. By disclosing cognitive insights into trader behavior, emotions, and risk tolerance, this technique improves the speed and accuracy of decision-making. The implementation of adaptive trading methods in real time, optimization of risk management, and enhanced responses to volatile markets can all be facilitated by the use of BCI in

DOI: 10.4018/979-8-3373-5122-3.ch006

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trading. This paper investigates the potential of BCI to enhance financial trading systems, encompassing its benefits and drawbacks. Additionally, it accentuates the necessity of rigorous security protocols to prevent the exploitation or modification of neurological data and emphasizes the ethical implications.

INTRODUCTION

The integration of Brain-Computer Interface (BCI) technology into financial trading systems is a major advancement in the quest for better decision-making in the quick-paced financial markets (Lakshmi, K. V. N. et al., 2024). Technology for brain-computer interfaces has been shown to have the ability to provide direct communication between the brain and outside devices (KVM, S. et al., 2024). Cognitive skills including paying attention, identifying patterns, and reacting fast have all shown this potential (Maheshwari, R. U. et al., 2024). Because of the great demand for making judgments in real time (Pandey, D. et al., 2024) and instantaneously on a consistent basis, these characteristics are very necessary in the trading industry (Swapna, H. R. et al., 2023).

Participants in the market are under constant pressure to monitor and rapidly respond to movements in the financial markets, which are influenced by enormous quantities of data (JayaLakshmi, G. et al., 2024). This pressure varies from market to market (Abdullahi, M. et al., 2024). Unfortunately, typical trading methods that rely on mathematical models (Pandey, B. K. et al., 2024) or manual interventions frequently fail to take into account human intuition and cognitive flexibility when it comes to data processing (Pandey, B. K. et al., 2022). As a result of integrating BCI, the objective is to bridge this gap by providing traders with the ability to directly use their cognitive skills. This will ultimately lead to the promotion of a mutually beneficial interaction between human intelligence and AI-driven financial goods (Muralidhar, L. B. et al., 2024). When trading systems are enhanced with basic cognitive interfaces (BCIs), the trading experience can be optimized by reducing the cognitive strain and improving the precision of decision-making. By analyzing brain signals in real time, traders are able to keep their focus for longer periods of time, which ultimately leads to an improvement in their understanding of the market and an optimization of trade execution. This digital technology (Pandey, B. K. et al., 2024a) makes it possible to construct individualized trading strategies by studying the cerebral activity of an individual and altering trading models in accordance with the findings (BR, S. R. et al., 2023).

A further point to consider is that the implementation of BCI in the realm of financial transactions has the potential to completely transform risk management. By detecting cognitive exhaustion, tension, or emotional bias in real time, BCI sys-

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