

# : *What is an algorithmic system?*

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An algorithm (pronounced AL-go-rith-um) is a well-defined procedure for solving a problem, based on conducting a sequence of specified actions. A computer program is a set of instructions, an elaborate algorithm. In mathematics and computer science, an algorithm usually means a "small" procedure that solves a recurrent problem, cf., <https://whatis.techtarget.com/definition/algorithm>. Algorithms resemble recipes, for example, an ordered set of steps to "bake a cake".

An example of an algorithmic system is algorithmic trading, also called automated trading, black-box trading or simply algo-trading. Algorithmic trading is the process of using computers programmed to follow a defined set of instructions (an algorithm) for placing a trade in order to perform at a speed and frequency that would be impossible for a human trader. The algorithmic system makes better trades and generates greater profits.

An algorithmic decision system makes and implements decisions. Sensors and databases provide the inputs for the program to process.

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