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What Is Copy Trading? Difference Between Copy Trade, Social Trade & Mirror Trade

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Copy Trading is a branch of social trading that allows novice traders and investors to **automatically** replicate the trades of a professional trader (**Signal Provider**) in their **own account**.

This process is carried out via dedicated **copy trading platforms** such as **eToro** or **Zulu Trade**; through direct account connections, trades are executed in **real-time** and in **sync**.



Copy trading is one of the passive investment methods

What Is Copy Trading?

Copy trading is a model of **passive investing** in which an investor (**Copier**) replicates the trading decisions of a professional trader (**Signal Provider**) instead of analyzing and executing trades **independently**.

In this method, trades are typically copied **automatically** via specialized platforms.



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Traders' performance on their main account are reflected in the **connected account**.

This trading model is suitable for those who lack the time for active trading or the necessary skills of **technical analysis**.

Advantages and Disadvantages of Copy Trading

In **copy trading**, one gains access to the **experience** and **knowledge** of a **professional trader**; however, failing to thoroughly assess the signal provider's performance or mismanaging risk and capital can lead to **significant losses**. The pros and cons are outlined below:

Advantages	Disadvantages
Quick access to professional traders' experience	Complete dependency on others' performance
No need for technical or fundamental analysis	No guarantee of consistent profitability
Time-saving	Indirect risk-taking
Investment diversification	Hidden fees and charges
Transparent view of traders' historical performance	Trade execution delays on some platforms

How Does Copy Trading Work?

The **copy trading process** starts by registering on a trading platform. After signing up and connecting your account, you must choose from a **list of professional** or **algorithmic signal providers**.

This list displays data such as **past profitability**, **drawdown**, **number of trades**, and **trading strategy** in a **Performance Dashboard**.

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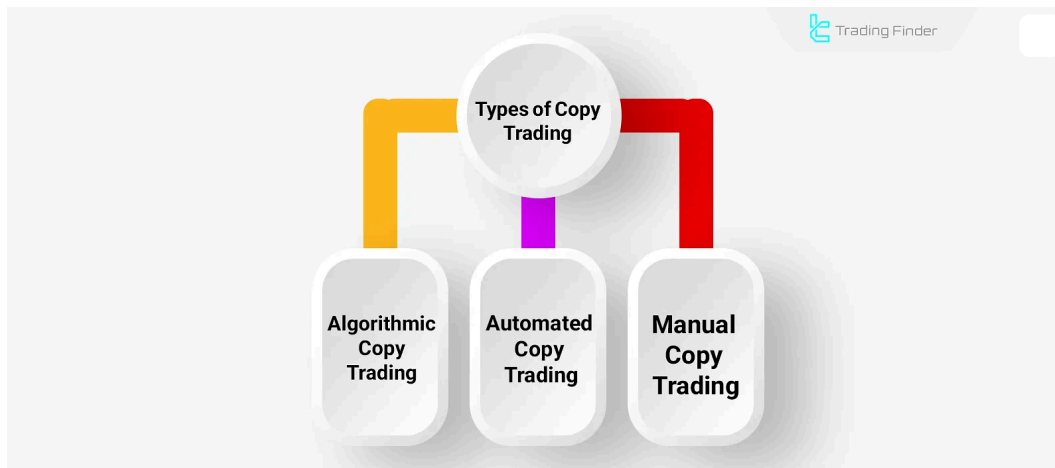
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Some platforms offer tools like **Risk Multiplier** and **Stop Copying**, which allow users to **customize risk levels** and **manage** their portfolio more **flexibly**.

Types of Copy Trading

Copy trading can be categorized into **three** types depending on the investor's involvement and the method of trade execution:



Copy trading can be done manually, automatically, or algorithmically

Manual Copy Trading

In this model, the investor **manually executes trades** after viewing the signals or performance of a professional trader.

This approach is more similar to taking **consultation** from an **expert** than a **fully automated system**.

Automated Copy Trading

In this method, the **Copier's account** is directly connected to the **Signal Provider's account**, and trades are **automatically** and **simultaneously** executed in both accounts.

This is a fully **hands-off passive investment** method that does not require **real-time monitoring** or **manual intervention**.

Algorithmic Copy Trading

Instead of copying a trader's activities, **algorithmic copy trading** executes trades based on coded strategies using APIs.

This method allows setting custom parameters for **risk control** and **position sizing**.

Best Copy Trading Platforms

Among the many copy trading platforms, only a few deliver **acceptable quality** in terms of **technical structure, data transparency, and risk control**.

Key factors in evaluating copy trading platforms include account **integration, execution models, customization features, and trader ranking systems**.

eToro

The **eToro platform** launched in 2007 and is regulated by institutions such as **ASIC, FCA, and CySEC**. Copy trading is a core service offered on this platform.

It provides a **transparent dashboard** displaying trader performance including **returns, risk level, follower count, and trading strategy**.

The **minimum investment** to start copy trading on this platform is **\$200**, and tools like **stop copying** and **custom risk management settings** are also available.

indication of future results.

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COPYTRADER - INVEST LIKE eToro'S TOP INVESTORS

Replicate the investment moves of other traders in real time, automatically

Start Copying

Why copy top-performing traders?

Invest like our best-performing traders: simply choose an investor to copy, and when they trade, so do you.

On eToro, trades can be copied without complex account setups

ZuluTrade

This platform operates as a **dedicated marketplace** for traders, where investors and signal providers interact without broker intermediaries.

It features **ZuluRank**, a trader ranking system that evaluates performance based on factors like **return consistency, drawdown, trade duration, and risk management** style.

Another notable feature is **ZuluGuard**, an automatic protection system that disconnects your account if the trader exhibits **unusual behavior or excessive risk**.

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The Social Intelligence Platform that helps you invest in a smart way

Go long or short? Go Zulu!

ZuluTrade brings CopyTrading to your fingertips! Copy the actions of experienced Leaders and begin your trading journey.

Join Now

On Zulu Trade, if a trader's behavior shifts unexpectedly, the copy process stops automatically

Covesting

A component of the **PrimeXBT exchange**, **Covesting** offers a **transparent structure** for signal providers to compete.

Its core feature is the **Leaderboard**, a public, real-time index showing trader performance and updated strategies across multiple timeframes.

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Covesting.io is a trading software solution that focuses on providing advanced trading strategies shared by experienced traders.

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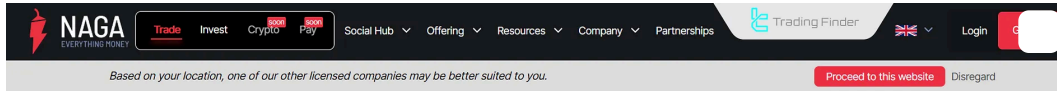
Digital account opening within minutes

Covesting offers the most transparent trader ranking system

NAGA

NAGA Platform combines **copy trading** with a **financial social network**. Traders share their experiences in a social setting and engage with others.

Its main feature is **Auto-Copy**, if a trader's analysis or trade idea interests a user, they can copy it **instantly** into their account via a single click.



When they trade, you trade

NAGA Autocopy — is the ultimate tool developed by NAGA for copy trading. Find another trader, click **Autocopy** and mirror their trading activity. They trade, you trade!

[Create an account — It's free](#)

Autocopy trading is risky



With a built-in social network, NAGA enables close interaction with traders

What Is the Difference Between Mirror Trading and Copy Trading?

In **copy trading**, the investor directly replicates the trades of a professional trader. This means every trading decision is mirrored **live** from the signal provider's account into the copier's account.

In this method, the investor has control over **trader selection, capital allocation**, and even **stopping the copy process**.

On the other hand, **mirror trading** typically operates based on one or more **predefined algorithmic strategies** developed by companies or trading system developers.

The following table compares the two methods:

Feature	Mirror Trading	Copy Trading
Basis of Operation	Follows pre-programmed trading strategies	Replicates live trades of a real trader
Decision-Making Nature	Algorithmic, based on backtested models	Human, real-time decisions

Ability to Change Trader/Strategy	Not available	Available
User Control Level	Low; no direct access	Medium; ability to stop or adjust capital
Human Behavioral Risk	Limited; algorithm-driven behavior	Present; subject to human error

What Is the Difference Between Social Trading and Copy Trading?

In **social trading**, users enter a **social environment**, where they can observe analyses, trades, ideas, and opinions from other traders.

Here, the user makes the **final trading decision**, unlike in copy trading, where once the accounts are connected, all trades are executed **automatically** by the **signal provider**.

Comparison table of copy trading and social trading:

Feature	Copy Trading	Social Trading
Nature of Execution	Automatic execution based on another trader's activity	Observation and personal decision-making
Trade Execution	Instant and without manual intervention	Executed manually by the user
User Involvement Level	Low	High
Social Interaction	Limited to trader selection and performance viewing	Extensive; includes analysis sharing, discussions, etc.

Control Over Trades	Low	Full
Main Objective	Simplify investing without the need for analysis	Learn from the community and enhance personal decision-making

Risks of Copy Trading

Copy trading involves various **systematic and behavioral risks**, primarily due to the **lack of direct control** over trades and platform limitations. Key risks include:

- ⚡ Strategy misalignment with the investor's risk profile;
- ⚡ Sudden fluctuations in trader performance;
- ⚡ Lack of true transparency in platforms;
- ⚡ Concentration of capital in a single trader;
- ⚡ Platform or technical infrastructure risk;
- ⚡ Limited full control over the trading account.

Copy Trading Fees

Depending on the platform and integration model, **fees and charges** in copy trading **vary**. These directly affect **investment returns**.



Copy trading fees can be charged in five different ways

Types of Copy Trading Fees:

- ⚡ **Performance Fee:** The most common fee model where the platform or trader charges a **percentage of net profits**;
- ⚡ **Monthly Subscription Fee:** Instead of profit-based fees, some platforms charge a **fixed monthly fee** for access to trading signals;
- ⚡ **Increased Spread or Broker Commission:** Many copy trading, platforms apply **higher spreads or commissions** to copied trades;
- ⚡ **Withdrawal or Internal Transfer Fees:** Some platforms charge extra for-profit **withdrawal or internal** fund transfers, often beyond the user's control;

⚡ **Hidden Infrastructure Costs:** On platforms lacking proper execution **speed** or **server quality**, **slippage** or execution delays may cause pricing differences between the trader and copier - considered a **hidden cost**.

Important Notes Before Starting Copy Trading

Before connecting your account, consider the following to avoid unnecessary losses:

- ⚡ Analyze the trader's historical performance
- ⚡ Review **drawdown levels**
- ⚡ Diversify capital across **multiple traders**
- ⚡ Examine the trader's **trading duration** and **experience**
- ⚡ Carefully assess the **trader's profile**
- ⚡ Use a **demo account** before risking real capital
- ⚡ Set an overall **stop-loss limit**

Comparison of Copy Trading with Other Passive Investment Methods

Methods

Copy trading falls under the category of **variable-return investments**. Instead of investing in a specific asset, the investor is essentially investing in a **person's performance**.

Compared to methods like **ETFs**, **crypto staking**, or **robo-advised portfolios**, copy trading carries **higher risk**.

The following table compares copy trading with other passive investment options:

Feature	Copy Trading	ETF (Exchange-Traded Funds)	Crypto Staking	Robo-Advised Portfolios
Return Potential	High (variable, trader-dependent)	Medium (market index-based)	Low to Medium (stable, long-term)	Medium (controlled risk)
Overall Risk	High	Medium	Relatively Low	Relatively Low

User Control Level	Medium (choose trader, define capital)	Low	Very Low	Low
Liquidity	High (on most platforms)	High	Depends on blockchain network	High
Technical Knowledge Need	Medium	Low	Medium	Very Low
Predictable Performance	Low (high volatility)	High	High (in defined periods)	High (algorithm-based)
Fees and Costs	High (performance fees, spread)	Low	Very Low	Medium

Conclusion

Copy trading is a form of **passive investing** that allows **inexperienced or time-constrained individuals** to benefit from the expertise of professional traders.

However, this model requires **thorough analysis, platform understanding, and risk management.**

Before starting, one should understand the **differences between mirror trading and copy trading**, as well as **social trading and copy trading**, and be aware of **hidden fees** and other important platform aspects.

Platforms like **eToro, ZuluTrade, Covesting, and NAGA** are among the best **copy trading platforms**, offering high-quality services in this domain.

FAQs

- Does copy trading require a large amount of capital? ▼
 No; Many platforms like **eToro** or **ZuluTrade** allow users to start with as little as **\$100 to \$200**. However, using a larger capital is better for managing risk.
 Is copy trading guaranteed to be profitable? ▼
- No; Even professional traders go through losing periods. There's no guarantee of profit in copy trading, and success depends on **analyzing trader history**.
 Can I stop the copy trading process? ▼
- Yes; Most platforms provide an option to **immediately stop copying** or **withdraw funds**, but depending on market volatility, spreads may affect the final withdrawn amount.
 What should I look for when evaluating a trader's history? ▼
- Consider **profitability, drawdown, number of followers, trading style**, and **active period**.
- Can I copy multiple traders at the same time? ▼
 Yes; Most platforms support copying **multiple traders simultaneously** to reduce risk and diversify trades.
- Is copy trading available on mobile? ▼
 Yes; Most platforms offer **mobile applications** for account monitoring and management.
- Can I avoid copying some trades from the signal provider? ▼
 In **automated copy trading**, trades are mirrored **instantly and entirely** in your account.
- Do platforms charge additional fees? ▼
 Yes; Most charge a **percentage of profits**, and some require **monthly subscriptions** to access signals.
- Is it possible to lose more than your invested capital? ▼
 Most platforms are designed to **limit losses to available capital**, but using **leverage** can result in losses exceeding your investment.
- Is identity verification mandatory on copy trading platforms? ▼
 Yes; Most **regulated platforms** (especially in Europe) require **KYC verification**. However, some **decentralized services** in the crypto space offer copy trading without KYC.



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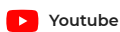


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