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THE INFLUENCE OF FINTECH SHARE TRADING AND INVESTMENT PLATFORMS ON THE PARTICIPATION OF SOUTH AFRICAN PROFESSIONALS IN THE SOUTH AFRICAN EQUITY CAPITAL MARKET

by

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Ethics Declaration

SCHOOL OF ACCOUNTANCY

MASTER OF COMMERCE (ACCOUNTING)

The influence of fintech share trading and investment platforms on the participation of South African professionals in the South African equity capital market.

Saiyuri Ishwarlal

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PLAGIARISM DECLARATION

I understand what plagiarism entails and am aware of the University's policy in this regard. I declare that this research report is my own original work and that all sources have been accurately reported and acknowledged. It is submitted in partial fulfilment of the requirements for the degree of Master of Commerce at the University of the Witwatersrand, Johannesburg. This research has not been submitted for any degree or examination at any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

DISCLAIMER: This study builds on my Honours Research Report, which has been presented at the SAAA National Virtual Conference as Track 2 paper (non-refereed paper).

Saiyuri Ishwarlal _____ 28 March 2023 _____

Signature Date

Abstract

Background: The emergence of revolutionary financial technology as a result of the transition towards the Fourth Industrial Revolution, is transforming the financial services sector. Innovative financial technology, such as fintech share trading and investment platforms has the potential to increase access to the equity capital market, through enhanced user-experience, minimal trading costs and greater convenience.

Purpose: The purpose of this study is to examine the influence of fintech share trading and investment platforms on the participation of South African professionals in the South African equity capital market. This study contributes to the emerging stream of fintech research, through examining the impact of fintech platforms on participation in the equity capital market.

Method: A survey questionnaire was distributed electronically, and responses were received from professionals with various specialisations. The 199 usable responses were analysed using descriptive statistics and non-parametric tests.

Findings: The findings of this study reflect a large percentage of professionals would not engage in the trading and investment of shares in the absence of fintech platforms. This suggests that fintech platforms are positively contributing towards the participation of South African professionals in the equity capital market. An individual's age, level of education and number of years of investment experience show a statistically significant difference in respect of the dependency on fintech platforms for participation in share trading and investment.

Data security and privacy concerns, a low level of trust in fintech platforms and lower levels of awareness of financial products and services are factors that inhibit the use of fintech platforms. Greater ease of use, affordability, efficiency and flexibility are elements that encourage the usage of fintech platforms.

Key words: Equity capital market, fintech, participation, share trading and investment platforms, South African professionals

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Glossary of Terms

Term	Definition
Fintech	Fintech is a neological term which refers to the relation between finance and technology (Gomber, Koch, & Siering, 2017). Fintech encompasses IT enabled financial services as an innovative provision of financial services (Puschmann, 2017). For the purposes of this study the focus will be on the savings and investment sector of the fintech industry.
Fintech share trading and investment platforms	A fintech platform is any digital tool that offers users real-time access to financial markets and the ability to invest or trade, independent of location and eliminating the need for traditional brokers (Tai & Ku, 2013). For the purpose of this study, the term 'fintech share trading and investment platform' refers to both online and mobile share trading and investment platforms.
Fourth Industrial Revolution	The Fourth Industrial Revolution is characterised by a broad range of innovative technologies which is dramatically transforming all aspects of society in terms of size, speed and degree of complexity (Schwab, 2017). The era of digitisation entails technological advancements, such as artificial intelligence, big data, internet of things and robotics (Sutherland, 2020). Individuals utilise this technology to connect and enable movement between the digital and physical spheres of life (Xu, David, & Kim, 2018).

Mobile Trading	Mobile trading is defined as the trading of securities on a mobile device (Gomber et al., 2017).
Traditional platforms	Traditional platforms provide the opportunity to acquire financial products and services through engagement with formal financial intermediaries, such as banks or investment advisors, in person or telephonically.
Retail investors	Retail investors are individual investors, who have a lower degree of investment acumen and attract less attention from professional financial advisors, compared to institutional investors or wealthy individual investors (Black, 2008).
Institutional investors	Institutional investors include pension funds, mutual funds, hedge funds, investment banks and insurance companies (Ouadghiri, Erragragui, Jaballah, & Peillex, 2022). These investors have a dominant presence in the capital markets (Black, 2008).
South African professionals	Professionals refer to individuals who have acquired a degree of skill and discretion in terms of fulfilling specialised technical procedures (Derber, 1983). According to the South African Standard classification of occupations, professionals are individuals who have acquired a university or postgraduate degree (Statistics South Africa, 2012). The skills required to perform the task may be acquired through

	both formal education as well as informal training and experience (Statistics South Africa, 2012). Professionals refer to individuals who exhibit strong levels of expertise and autonomy (Furtmueller, van Dick, & Wilderom, 2011). In keeping with this definition, this study will focus on individuals who have acquired a formal qualification and who are currently employed and earn a salary or some form of income (working professionals).

Chapter I: Introduction

The transition towards the Fourth Industrial Revolution, is disrupting the manner in which the financial services sector operates. The emergence of revolutionary financial technology such as artificial intelligence, robo-advisors, crowdfunding, mobile payment systems and digital trading platforms, challenges financial service providers to reconsider the delivery of financial services and the role of intermediaries (Cai, 2018; Gomber et al., 2017; Panos & Wilson, 2020; Philippon, 2019). For instance, technological advancements reduce the reliance on human judgement, and positions consumers towards automated algorithmic analysis of financial data combined with convenient and user-friendly platforms (Frame, Wall, & White, 2018).

The incorporation of innovative and agile business models (Gomber et al., 2017), is transforming the value proposition of the financial services industry (Puschmann, 2017), democratising access to financial services and blurring traditional industry boundaries (Philippon, 2019).

South Africa is considered to be one of the most developed and advanced countries on the African continent, with above average levels of digital infrastructure (Mavilia & Pisani, 2020). The high level of digital infrastructure is complemented by the country's financial services sector, which is internationally recognised as one of the most sophisticated financial service providers, indicating the potential to achieve great levels of growth in financial inclusion (Genesis Analytics, 2019). However, the issues of income equality (Abrahams, 2017), raises the question on the impetus of financial technology on financial inclusion in South Africa.

The JSE is dominated by institutional investments (Nyakurukwa & Seetharam, 2022a). This design has been cited as one of the contributors to the recent spate of de-listings from the stock exchange (Miller, 2022). The CEO of the JSE, Leila Fourie, as cited by Bechard (2022), has acknowledged the impact of the lack of participation by retail investors - a bias toward the Top 40 companies and an increase in the number of smaller shares that are thinly traded, especially in times of economic distress. Fintech platforms that enable market participation

from retail investors therefore have the potential to increase the strength of the equity capital market.

1.1. Problem statement

The stock market participation puzzle is a phenomenon, where majority of households do not hold ownership of stock market products, such as shares, even though these stocks generate higher than expected returns relative to risk-free assets (Haliassos & Michaelides, 2003; Mankiw & Zeldes, 1991). Entry costs is potentially a barrier deterring individuals from participating in the stock market (Haliassos & Michaelides, 2003). Market imperfections combined with a lengthy process of acquiring traditional intermediary services restricts access to the equity capital market (Barber & Odean, 2001b; Bogan, 2008; Demir, Pesqué-Cela, Altunbas, & Murinde, 2020).

Disruptive financial technologies is an essential element in enhancing the transparency and efficiency of markets, with the aim of reducing market imperfections (Pardo-Guerra, 2012). Prior research reflects the importance of fintech in improving access to financial markets, as a result of the availability of trading platforms, supported with minimal trading costs (Ozik, Sadka, & Shen, 2021). Fintech platforms offer individuals innovative and flexible opportunities which facilitate instantaneous access to share trading and investment, without the need to engage with a broker, and eliminating geographical location barriers (Kim, Park, Lee, & Ahn, 2020; Tai & Ku, 2013).

According to Statistics South Africa (2018), approximately 9.9% of South Africans participate in informal savings, such as stokvels, and 26.9% hold an investment account. The aforementioned statistics indicate a significant percentage of South Africans do not engage with the savings and investment sector. Overall, savings in South Africa increased from 2019 to 2021. The percentage of individuals who do not save decreased from 52% in 2019 to 48% in 2021 (Finmark Trust, 2022). Informal savings increased by 2% from 24% in 2019 to 26% in 2021 (Finmark Trust, 2022). These changes are reflective of the changing financial behaviour

of South Africans. Noticeably, the results of the Finmark surveys were weighted to the South African population (Finmark Trust, 2022), whilst the 2018 Statistics South Africa was based on the 2013 master sample (Statistics South Africa, 2018). In terms of equity capital market participation, 37% of the 1503 South Africans surveyed reported to own shares in 2021 (Binsted, 2021). The increase in share ownership may be attributed to the growth in available fintech platforms, thereby providing greater ease of access to the market (Nyakurukwa & Seetharam, 2022b).

The introduction of disruptive financial technology contributes to greater accessibility to various business activities, in particular, investment management (Chong, Ong, & Tan, 2021; Rand Merchant Bank, 2019). The investment segment in South Africa has traditionally been limited to the higher earning individuals of the population (Genesis Analytics, 2019).

Interestingly, there has been a surge in the proportion of retail investors in financial markets globally (Deloitte Center for Financial Services, 2021; Michels, 2022; Nyakurukwa & Seetharam, 2022b), with the trading of shares through mobile applications increasing significantly (Kim et al., 2020), suggesting that the investment sector in South Africa may no longer be as exclusive as it previously was.

Individuals who participate in the equity capital market through the activities of trading and investment of shares, are presented with the opportunity to earn passive income. The passive income earned from the trading and investment of shares, results in wealth accumulation and leads to future financial stability, contributing towards reducing income inequality (Lee, Kim, & Cin, 2013). Therefore, equity capital markets have the potential to improve economic growth through influencing domestic savings as well as the quantity and quality of investments (Yartey, 2008). An increase in the South African equity capital market participation through greater ease of access may serve as a bridge addressing the high levels of income inequality.

Despite the inclusionary potential of fintech investment platforms, a reluctance amongst individuals to use these platforms still exists. Perceived risk factors such as legal, financial,

security and data privacy risks influence the use of fintech (Maziriri, Mapuranga, & Madinga, 2019; Tai & Ku, 2013; Tang, Ooi, & Chong, 2020). Legal risks arise due to insufficient regulation surrounding fintech, which creates a sense of unease amongst potential consumers (Tang et al., 2020). In terms of financial risks, this relates to the risk of additional costs arising leading to consumers incurring financial losses (Tang et al., 2020). Security and data privacy breaches, reduces the level of trust in fintech platforms, adversely influencing the adoption of fintech by consumers (Frost, 2020; Maziriri et al., 2019; Tai & Ku, 2013).

The advent of the digital era has resulted in easily-available information, complemented with sophisticated investment tools that position retail investors with greater ease of access to the investment sector (Deloitte Center for Financial Services, 2021). Consumers seek intelligent, user-friendly and easily accessible financial services (Gomber et al., 2017). Fintech platforms provide consumers with an opportunity to participate in the equity capital market, through enhanced convenience, improved user experience and minimal trading costs (Michels, 2022; Ozik et al., 2021; Rodima-Taylor, 2022).

1.2. Purpose of the study

The purpose of this study is to examine the influence of fintech share trading and investment platforms on the participation of South African professionals in the South African equity capital market.

1.3. Significance of the study

Innovative financial technology is a key driver in fostering financial inclusion (Tam & Hanh, 2018). Financial inclusion plays an instrumental role in the eradication of poverty and strengthening economic growth (Demirgüç-Kunt & Klapper, 2012; Matsebula & Yu, 2020). In the South African context, financial inclusion is an under-researched field of study (Matsebula & Yu, 2020).

An increase in participation within the South African equity capital market, especially from lower-income earning individuals is tantamount to addressing South Africa's income inequality

(Nyakurukwa & Seetharam, 2022b). It follows that an understanding of the influence of fintech platforms in the equity capital market context, contributes to greater insights on the stock market participation puzzle from a South African perspective.

Prior literature has focused on the exploration of retail investors' sentiment and behavioural biases, in relation to the adoption of mobile share trading applications (Chong et al., 2021; Tai & Ku, 2013). It is key to note these studies were not performed in South Africa, necessitating the need to conduct research in this area. Other studies have explored the business models of fintech trading platforms and the related success factors (Gomber et al., 2017).

Several studies have approached research on financial technology and financial inclusion, with a focus on a variety of financial technologies (Arner, Buckley, Zetzsche, & Veidt, 2020; Demir et al., 2020; Demirgüç-Kunt, Klapper, Singer, Ansar, & Hess, 2018; Tam & Hanh, 2018). Blockchain technology is the most commonly researched financial technology (Takeda & Ito, 2021). The current study has been structured to focus on fintech share trading and investment platforms within the South African context.

Gomber et al. (2017), indicates a gap in research that investigates whether there are differences between individuals who use fintech trading platforms and traditional platforms. Skilled personnel is essential to stimulating socio-economic growth of a country (Mlambo & Adetiba, 2019). This research paper seeks to explore the role of fintech platforms on the equity capital market participation of South African professionals, who are perceived as skilled individuals, earning a form of income and have the potential to drive economic growth (Mlambo & Adetiba, 2019). Therefore, the targeted population of South African professionals is deliberate as this group is perceived as being catalytic to economic growth.

The results of this study contribute to the existing literature by investigating the impact of fintech share trading and investment platforms on South African professionals' participation in the equity capital market, as well as providing insight into financial inclusion which is under-researched in South Africa.

1.4. Research questions

The research questions of the study are as follows:

- **Research question (RQ1):** Are fintech share trading and investment platforms increasing South African professionals' participation in the equity capital market?
- **Sub-question 1 (RQ1.1):** What are the main factors which are considered barriers to the use of fintech share trading and investment platforms?
- **Sub-question 2 (RQ1.2):** What are the main factors that encourage the use of fintech share trading and investment platforms?

1.5. Assumptions, limitations, delimitations

This study uses an electronic survey tool, Qualtrics. The questionnaire is therefore distributed electronically and can be answered by respondents at their convenience. This form of data collection has the inherent limitation of relying on the participants' interpretation of the questions. The researchers have attempted to minimise any ambiguities or variations in the interpretation of the questions by running a pilot study in which feedback on the wording of the questions, amongst others, was considered.

As with survey-based research, a limitation is the dependency on honest responses received from the survey participants.

The study targets participants with diverse income earning capacities. It is acknowledged that low income earning individuals might have access to fintech platforms and might also be aware of these platforms, however these individuals might not have funds available to invest. The researchers acknowledge that many South Africans do not have funds available to invest. Therefore, this research does not focus exclusively on the fintech case for financial inclusivity. It incorporates other factors that influence the use (or non-use) of fintech platforms. The survey questionnaire incorporates other indicators of financial inclusion, such as the number of banking products, the platforms utilised and the reasoning behind not utilising a fintech platform. These questions are included to serve as indicators that the respective individuals

have access to formal financial products, although they may not be participating in share investing, driven by personal choice.

Evidence from prior literature suggests that investment decisions made by retail investors tend to be influenced by psychological biases and heuristics, such as overconfidence bias, herding bias and representativeness (Barberis & Thaler, 2003; Jaiyeoba, Abdullah, & Ibrahim, 2019; Tversky & Kahneman, 1974). Such biases are beyond the scope of this study. In addition, the quality of investment decisions made by the investors is not a focus of the present study.

The remainder of this paper is structured into four chapters. Chapter II examines prior literature on the theoretical framework, financial inclusion in South Africa, the evolution of fintech, fintech share trading and investment platforms as well elements that influence participation in the equity capital market. Chapter III details the methodology for the study. Chapter IV analyses the results of the study, leading to a conclusion in Chapter V.

Chapter II: Literature Review

The era of digitisation leads to an ease of accessibility in various business activities, and in particular, the investment management sector (Chong et al., 2021). This literature review seeks to explore the theoretical framework underpinning the study, the concept of financial inclusion, the evolution of fintech, fintech share trading and investment platforms, as well as barriers that prevent the use of fintech, including elements that influence participation in the equity capital market.

2.1. Theoretical framework

The allocation of ownership of the economy's capital stocks, serves as the primary role of capital markets (Fama, 1970). According to the Efficient Market Hypothesis, an efficient market assumes the absence of transaction costs associated with the trading of securities (Fama, 1970). However, there are market imperfections which exist, such as information costs, transaction costs and matching asymmetries (He, Leckow, Haksar, Mancini-Griffoli, Jenkinson, Kashima, Khiaonarong, Rochon, & Tourpe, 2017). Prior studies highlight the aforementioned market imperfections or frictions, to be a contributing factor towards low participation in the equity capital market (Bogan, 2008; Demir et al., 2020).

An improvement in the equity capital market participation enhances the efficiency of the market in terms of the allocation of resources. The presence of increased competition within the market drives the share prices to be reflective of all available information more swiftly and accurately (Fama, 1970). Disruptive financial technologies is an essential element to enhancing the transparency and efficiency of markets, striving towards reducing market imperfections (Pardo-Guerra, 2012). For instance, innovative technology allows for mass data collection, processing and integration of numerous trades, with little or no human intervention enabling more efficient markets (Harasim, 2022).

Fintech share trading and investment platforms present an opportunity for retail investors to trade shares at minimal transaction costs, thereby encouraging individuals to invest and

accumulate wealth (Da, Fang, & Lin, 2022). Individuals can participate in financial markets, with reduced human intervention, independently of geographical location, thereby encouraging stock market participation (Kim et al., 2020; Tai & Ku, 2013). For instance, individuals can invest or trade shares via a mobile device, instantaneously from various geographical locations.

Matching asymmetries in financial markets, refer to the indivisibility of investment opportunities, of which, retail investors may not be able to, or prefer to not participate in the purchase of such investment opportunities in its entirety (He et al., 2017). Fractional share trading, encompasses the purchasing a portion of a share, playing an instrumental role in the increased participation of retail investors in the equity market (Da et al., 2022; Deloitte Center for Financial Services, 2021). This form of trading enables individual investors greater access to the equity capital market, as investors have the opportunity to purchase a partial share within the confines of their affordability. A major critique to the operation of fractional share trading is that it potentially serves as a catalyst influencing speculative trading as opposed to trading with the intention of generating wealth over time (Deloitte Center for Financial Services, 2021). Speculative trading may lead to lower investment returns (Barber, Huang, Odean, & Schwarz, 2021), potentially discouraging equity capital market participation.

2.2. The evolution of fintech

Fintech is a neological term which refers to the relation between finance and technology (Gomber et al., 2017). The evolution of fintech is not a recent phenomenon, but has occurred over three major eras, namely, ‘FinTech 1.0’ (1866-1967), ‘FinTech 2.0’ (1967-2008) and ‘FinTech 3.0’ (2008 to present) (Arner, Barberis, & Buckley, 2015).

‘Fintech 1.0’ reflected finance’s supporting role in the development of technologies underpinning the industrial development, and the initial stages of financial globalisation (Arner et al., 2015).

The period termed ‘Fintech 2.0’ was characterized by the development of traditional digital financial services, such as the emergence of electronic transactions between financial intermediaries, financial market participants and institutions (Arner et al., 2015).

The evolution of the financial services industry is powered by significant developments in digital technology. The transition to ‘FinTech 3.0’ came as a response to the global financial crisis and the increased demand for a diversified banking system, with new entrants being technological companies in the financial sector, introducing new competition and diversity for the financial sector (Arner et al., 2015).

The expansion of MTN and Vodacom into Africa, has resulted in greater market penetration, leading to a broader spectrum of technological and data accessibility (Curwen & Whalley, 2008), therefore more companies are utilising technology to reach a greater spectrum of prospective customers.

Technological innovation includes platforms for the collection of massive amounts of non-financial consumer data, therefore, necessitating the use of ‘big data’ tools, using artificial intelligence and machine learning, for analysing data (Boot, Hoffmann, Laeven, & Ratnovski, 2021). The introduction of smartphones, ‘big data’ analysis, cloud processing and storage complement the evolution of fintech (Gomber et al., 2017). This advancement in technology has the effect of reducing costs associated with holding a bank account as well as minimising trading costs arising from investment platforms.

Fintech encompasses IT enabled financial services which tend to be utilised by start-up companies as a provision of financial services (Puschmann, 2017). Consumers are becoming more familiar with technology and convenient solutions (Coetzee, 2018), driving the need for the provision of diversified financial solutions. The growth in digital bank consumers in South Africa reflects an increase in the use of fintech by South Africans (Genesis Analytics, 2019), which may be attributable to greater efficiency and delivery of financial services, coupled with the benefit of reduced costs associated with digital banks.

The levels of financial innovation which are implemented in a country has an impact on financial inclusion (Ozili, 2020). Innovative financial technology, such as mobile phone innovation is less capital intensive and has the potential to overcome issues within the existing infrastructure to make financial products more accessible to the lower income earning population (Ozili, 2020). Financial innovation is primarily driven by disruptive technology (Philippon, 2016), which challenges the way existing firms create and deliver financial services, whilst providing an opportunity for the creation of more accessible financial products.

Evidence from prior studies suggest the existence of a strong positive relationship between the levels of mobile phone use and financial inclusion (Demir et al., 2020; Senyo & Osabutey, 2020). This indicates the instrumental role of mobile technology in increasing access to formal financial services. South Africa has high levels of mobile penetration (Abrahams, 2017), indicating the potential to utilise mobile interfaces for the promotion of financial inclusion.

On the contrary, the cost of data in South Africa is relatively expensive compared to the income earning levels of the greater population (Phokeer, Densmore, Johnson, & Feamster, 2016). The impact of the cost of data may pose as a barrier to reaching the full potential of fintech platforms.

Communication barriers between financial service providers and consumers, as well as transaction costs present limitations to the access of financial services (Demir et al., 2020). Furthermore, access to digital infrastructure may not be easily available to all parts of society, leading to potential barriers to the use of fintech (Sahay, von Allmen, Lahreche, Khera, Ogawa, Bazarbash, & Beaton, 2020).

2.3. Fintech ecosystem

The fintech ecosystem consists of several technology companies and institutions (Palmié, Wincent, Parida, & Caglar, 2020). It is beyond the scope of this study to identify the individual parties in the ecosystem. The fintech ecosystem comprises of five main elements: fintech start-ups, technology developers, government, financial consumers, traditional financial

institutions (Lee & Shin, 2018). The five elements play a role in innovation, stimulation of the economy, facilitate collaboration and competition, whilst benefiting consumers in the financial services industry (Lee & Shin, 2018).

Fintech is not necessarily restricted to a specific sector (Arner et al., 2015). The South African fintech landscape includes the following dimensions: savings and investments; Regtech; Insurtech; security; blockchain; big data; artificial intelligence; digital platform solutions; crowdfunding; payments and remittances; credit and lending (Genesis Analytics, 2019; Rand Merchant Bank, 2019; Sahay et al., 2020). Regtech refers to the use of technologies that improve regulatory compliance such as the automation and data-driven analysis of internal control systems and external reporting (Arner et al., 2020; Sahay et al., 2020). Continuous technological innovations within the insurance industry is referred to as Insurtech (Palmié et al., 2020; Rand Merchant Bank, 2019).

Palmié et al. (2020), identify three stages of the fintech ecosystem. Stage one involves leading industry maturity, in which there is an opportunity for innovative technology to emerge. Traditional organisations are the dominant players in this stage and seek to enhance their ability to exploit technological innovations that arise. For instance, traditional banks may cooperate with technological companies to enhance their product or service offerings (mobile banking) (Palmié et al., 2020).

Disruptive technology such as cryptocurrency, emerges in the second stage, fuelling the transition from physical money to digital money (Palmié et al., 2020). Traditional organisations aim to coexist in this stage, whilst fintech organisations gains more prominence in the market.

The last stage is characterised by industry resilience and new entrants assuming a larger role in transformation of the financial services industry (Palmié et al., 2020). A key characteristic of this stage is artificial intelligence, which enhances efficiency, resulting in the evolution of customer needs and demands for financial products and services (Palmié et al., 2020). Thus, traditional organisations encounter greater difficulty to maintain their existence in the industry.

2.4. Fintech share trading and investment platforms and retail investors

Recently, retail investing has gained significant momentum, mainly attributed to the growth of digital trading platforms (Deloitte Center for Financial Services, 2021). According to the Fintech Scoping in South Africa report (2019), there are around 200 operational fintech companies. These companies offer various types of financial services. For example, most banks offer digital banking, whilst other financial institutions offer crypto payments.

Approximately 16% of the fintechs in South Africa offer savings and investment services. These fintechs are seen as a rising threat to traditional banks. This is because they enable individuals to access financial markets in real-time, as well as providing the opportunity to trade from various geographical locations (Kim et al., 2020; Tai & Ku, 2013). Fintech that focuses on the design of digital financial markets, promotes greater access to finance and investment, indicating the potential to positively transform the economy, society and financial sphere (Moro-Visconti, Cruz Rambaud, & López Pascual, 2020). Wealth management fintech companies focus on the creation and development of trading platforms for a broad scope of financial assets, including shares (Palmié et al., 2020).

South Africa's investment segment has been recognised as a largely exclusive sector, in which the middle- and upper-income earning South Africans are the traditional participants (Genesis Analytics, 2019). One of the possible reasons for the exclusivity of this sector is the high costs associated with transacting within the traditional capital markets (Genesis Analytics, 2019). Fintech share investment platforms is revolutionising this sector, through enabling affordable access to equity investing for the broader population of South Africa.

Financial literacy positively influences the use of fintech platforms (Kasozi & Makina, 2021). Prior research indicates financial literacy as a catalyst to increase the likelihood of stock market participation (Jappelli & Padula, 2013; Nyakurukwa & Seetharam, 2022b; Van Rooij, Lusardi, & Alessie, 2012; Yamori & Ueyama, 2022). Fintech share platforms enable greater ease of access to the equity capital market, whilst simultaneously increasing the complexity of financial products available (van Rooij, Lusardi, & Alessie, 2011), therefore financial literacy

is as an essential element needed for well-informed investment decisions (Nyakurukwa & Seetharam, 2022b). An individual's level of financial literacy has an effect on the success of their investment decisions (Allie, West, & Willows, 2016).

Retail investors are individual investors, who have a lower degree of investment acumen and attract less attention from professional financial advisors, compared to institutional investors or wealthy individual investors (Black, 2008). Retail investors tend to be discriminated against by brokers, who offer preferential treatment to wealthy investors (Black, 2008).

The key intermediaries of traditional capital markets, comprised of banks, underwriters and brokers. (Harasim, 2022). Previously, retail investors had to incur excessive commission costs relating to intermediary services (Barber et al., 2021; Harasim, 2022), limiting their ability to participate in the equity capital market. The cost of financial intermediation is expected to be reduced as a consequence of financial technology (Philippon, 2019).

Digital share trading investment platforms present the opportunity to engage in the trading of shares without the need to consult an intermediary or broker, thereby reducing the cost of trading and eliminating the element of discrimination. It is imperative that established brokerage firms consider the strategic implications of fintech platforms, as a means to their continued operations (Chong et al., 2021; Deloitte Center for Financial Services, 2021).

Fundamental investment literacy is pivotal to investment decisions (Volpe, Kotel, & Chen, 2002). Traditionally, reliance was placed on brokers to interpret financial information for investment decisions (Black, 2008). Fintech platforms that provide guidance to the process of trading and investing through online courses, videos and tutorials foster investment literacy (Genesis Analytics, 2019; Panos & Wilson, 2020). As part of value-adding activities, fintech platforms may provide users access to formal financial research reports, that have been developed by prestigious financial research organisations (Lee & Shin, 2018). Although South African professionals may indicate an awareness of fintech platforms, this does not

necessarily suggest individuals who have fundamental investment literacy (Buckley & Webster, 2016; Panos & Wilson, 2020).

Prior literature highlights that the introduction of online trading and simplicity offered by fintech platforms may lead to an increase in equity market participation (Barber et al., 2021). Digital trading platforms remain innovative, often incentivising investors by offering no-minimum investment accounts accompanied by zero-commission trading, thereby contributing to greater accessibility for individuals who were previously excluded from the equity capital market (Deloitte Center for Financial Services, 2021). Online share trading and investment platforms have a competitive advantage in that a variety of services are offered at the lowest feasible transaction cost (Lee & Shin, 2018). In addition, these platforms enhance convenience for consumers as the process of trading and investing occurs swiftly with improved data transparency (Maziriri et al., 2019).

2.5. Financial Inclusion

The United Nations have recognised financial inclusion as being instrumental to achieving the goals of sustainable development (Global Partnership for Financial Inclusion, 2020). Financial inclusion is beneficial to low-income households, as it fosters financial stability in emerging economies through the creation of income generating opportunities in respect of savings and investment (Ozili, 2020). South Africa has high levels of poverty and inequality (Abrahams, 2017; Matsebula & Yu, 2020). In order to actively contribute towards strengthening the economy, it is essential for South Africa, as a developing country, to consider the expected benefits to be derived from increasing financial inclusion in the country.

Equity capital markets are capable of improving economic growth through increasing domestic savings as well as the quantity and quality of investments (Yartey, 2008). An increase in investments contributes towards reducing income inequality (Lee et al., 2013). The passive income earned from share investments results in wealth accumulation and leads to future financial stability. According to Statistics South Africa (2018), approximately 9.9% of South

Africans participate in informal savings, such as stokvels, and 26.9% hold an investment account. The aforementioned statistics indicate the remaining 63.2% of South Africans do not engage with the savings and investment sector. A survey of 1503 South Africans reported only 37% of participants to own shares during the 2021 year (Binsted, 2021). This reflects the stock market participation puzzle being a phenomenon, where majority of households do not hold ownership of shares, even though such shares generate higher expected returns relative to risk-free assets (Haliassos & Michaelides, 2003; Mankiw & Zeldes, 1991).

In the South African context, fintech driven financial inclusion has a significantly smaller gender gap as compared to traditional financial inclusion, illustrating the positive role fintech has in terms of narrowing gender inequality (Sahay et al., 2020). The Global Findex Database 2017 highlights an improvement in financial inclusion in South Africa, in that there is no significant gender gap in terms of account ownership (Demirgüç-Kunt et al., 2018). However, Nanziri (2016), notes a disparity in terms of the types of financial products used by South African women and men. Women tend to use a combination of formal transactional products and informal financial mechanisms, whilst men tend to use formal savings products in South Africa. This is consistent with the findings of Statistics South Africa (2018), which indicate that informal savings are more commonly used by females (18.1%) as opposed to males (10.3%).

Financial inclusion has been recognized by the South African Reserve Bank as a key component to their Vision 2025, suggesting a focus on broadening the access to formal financial products and services in South Africa (South African Reserve Bank, 2018). One of the indicators of financial inclusion is the percentage of individuals holding an account at a formal financial institution (Matsebula & Yu, 2020). The Global Findex Database 2017 had reported a total of 69% South Africans who held an account at a formal financial institution (Demirgüç-Kunt et al., 2018). This percentage has increased to 85% in 2021 (Demirgüç-Kunt, Klapper, Singer, & Ansar, 2022). This finding indicates that the majority of South Africans have engaged with at least one form of financial service. It is assumed that the remaining percentage of South Africans are considered financially excluded, if financial inclusion is

defined as having a bank account. This percentage is likely to increase if financial inclusion is defined as having access to savings and investment facilities and platforms.

2.6. Generational shift

A survey conducted by Ernst & Young Global Limited (2017), reported a higher usage and adoption of fintech amongst the younger cohort of consumers (25 to 34 years old). A key characteristic of this age range is the tech-savviness of these individuals as well as a heightened need for financial services (Ernst & Young Global Limited, 2017). Share ownership was previously more concentrated amongst the older generation (King & Leape, 1987; Kreinin, 1959; van Rooij et al., 2011), however the emergence of advanced technology makes it easier for younger generations to participate in the equity capital market.

2.7. Gender gap

A gender gap is identified in the utilisation of fintech products and services (Chen, Doerr, Frost, Gambacorta, & Shin, 2023). Prior studies notes a disparity in the equity capital market participation between men and women (Barber & Odean, 2001a; Kaur & Vohra, 2012). Yet, Nanziri and Olckers (2019), find no statistically significant difference in financial literacy across gender in South Africa. The economic participation of women was historically limited due to gender discrimination, compared to their male counterparts (Hills, 2015). Fintech platforms facilitate greater access to stock markets, therefore bridging this gender gap in the markets.

2.8. Financial Awareness

Financial awareness and financial literacy are key elements for the development of a healthy and effective financial market (Bhattacharjee & Singh, 2017). Equity investment awareness refers to investors being mindful of the advantages and disadvantages of equity investments, enabling investors to make better informed financial decisions (Bhattacharjee & Singh, 2017). A lack of awareness of the available financial products and services, complemented by a low level of confidence and trust, pose as a barrier to participation in the financial markets (Atkinson & Messy, 2013).

It is imperative that informed investors represent the greater portion of market participants in order to build confidence in the capital market (Bhattacharjee & Singh, 2017). An awareness of the various investments in the capital market influences trust in the market, leading to market growth.

Education and financial awareness are essential for positive financial behaviour (Goyal & Kumar, 2021; Hyland, Sebastian, & Seetharam, 2021). Haliassos and Bertaut (1995), highlight that individuals who have not attained a tertiary education are significantly less likely to engage with share trading or investment relative to individuals with a tertiary education. As a result, a higher level of education attained by an individual enhances the likelihood of participation in the equity capital market (Haliassos & Bertaut, 1995; Li, Li, Su, Wang, & Wang, 2020; Nanziri & Olckers, 2019). Therefore, the researcher has utilised the level of education as a proxy for financial awareness.

Prior studies identifies the exposure of fintech as having a combination of varying impacts across different industries (Jiang, Tang, Xiao, & Yao, 2021). For instance, an awareness and understanding of financial technology has become increasingly important for finance professionals stemming from the exposure during their day-to-day activities (Coffi & George, 2022).

An improvement in financial literacy is expected to have a greater impact on developing countries, such as South Africa, as opposed to developed countries in which the population already has high levels of financial literacy (Hyland et al., 2021). Individuals with higher levels of financial literacy are more inclined to utilise fintech services (Yoshino, Morgan, & Long, 2020). Fintech platforms facilitate financial education through its simple and user-friendly design of financial planning processes (Panos & Wilson, 2020). Some fintech share trading and investment platforms go to the extent of providing tutorials to educate users on the process of trading shares (Genesis Analytics, 2019), however, individuals who are averse to technology do not benefit from such financial education provided by fintech platforms (Morgan, 2022).

Cognitive abilities of individuals who are more socially connected are reported to have a greater influence on participation (Christelis, Jappelli, & Padula, 2010). Potential investors gain awareness of available financial products through social interactions (Guiso & Jappelli, 2005; Nyakurukwa & Seetharam, 2022b). Thus, social learning and cognitive skills influences equity capital market participation. The impact of social interactions is beyond the scope of this study.

Guiso and Jappelli (2005), note that a significant portion of informed potential investors do not participate in share investments, therefore this finding suggests that there are other factors which pose as a barrier to participation in the equity capital market. Factors such as a low level of trust in the stock market (Guiso, Sapienza, & Zingales, 2008), varying risk appetite of individuals (Sivaramakrishnan, Srivastava, & Rastogi, 2017), are recognised as inhibitors to stock market participation.

2.9. Traditional intermediaries

Technological advancements are replacing the traditional manner of acquiring financial services, with technology that enables the provision of financial services through the use of software (Barber & Odean, 2001b). Traditionally, the process of acquiring brokerage entailed several telephonic conversations between the individual and a broker, sometimes multiple conversations would occur prior to purchasing or selling a share (Barber & Odean, 2001b). However, the advent of the fourth industrial revolution has resulted in the emergence of online brokerages and applications that enable instantaneous decision making, providing the ability to review a portfolio or trade at any time of the day.

2.10. Investment experience

Prior research suggests inexperienced individuals to be more inclined to seek assistance or guidance in interpreting an organisation’s financial information, as compared to experienced investors (Hodge & Pronk, 2006). Investment decisions are often based on the advice of brokers or family and friends and by information provided in the news (Bhattacharjee & Singh,

2017). Individuals possessing advanced financial literacy are less inclined to rely on informal sources of information such as family and friends, and are more likely to resort to formal sources of information such as the news and financial advisors (van Rooij et al., 2011). Barber and Odean (2001b), suggest that online investors are less likely to acquire investment suggestions from brokers whom the investors may personally know, whilst preferring to seek advice from fundamental and technical market information sources as well as technology-driven advisors.

One of the fundamental risks in markets with inexperienced investors seeking to invest, is the rise of speculative trading which may adversely impact all investors within the market (Barber et al., 2021; Barber & Odean, 2001b). The increased availability of information and data has reduced information costs. However, inexperienced investors encounter the challenge of distinguishing between the quality of information available (Barber & Odean, 2001b).

Robo-advisors is an innovative financial product in which automated algorithms are employed to provide financial advice to investors (Tao, Su, Xiao, Dai, & Khalid, 2021). According to Brenner and Meyll (2020), younger investors tend to seek financial advice from robo-advisors. This may be attributed to the tech-savviness of this generation coupled with minimal financial resources available to seek financial advice from traditional intermediaries.

2.11. Affordability

Maslow (1954), suggests a hierarchy of human needs, in which basic needs should be met to a certain extent prior to pursuing higher needs. South Africa's middle income-earning individuals tend to view investment products as a secondary financial product (Genesis Analytics, 2019). This perception of investment products may possibly influence participation in share trading and investment, as individuals may be averse to utilising passive income generating streams. Prior studies highlight that affordability is a fundamental consideration in stock market participation, as minimal entry, transaction and participation cost, have the

potential to influence rational investors from participating in the market (Haliassos & Michaelides, 2003; Vissing-Jorgensen, 2002).

A reduction in costs has eased the process of accessing the equity capital market, resulting in several investors who are inexperienced and new to the equity capital market (Barber & Odean, 2001b). Fintech platforms that offer simplicity and greater ease of use play an important role in assisting inexperienced investors to navigate through the investment sector (Genesis Analytics, 2019).

2.12. Trust

The level of trust in technology differs by age group, which influences the adoption of fintech (Frost, 2020). According to prior research, trust is recognised as one of the main barriers to the use of fintech platforms, with a strong preference for traditional platforms (Ernst & Young Global Limited, 2019). Traditional firms who incorporate fintech within their service offerings are able to leverage off pre-existing consumer trust (Ernst & Young Global Limited, 2019).

Individuals are noted to have a higher level of trust in traditional financial service providers regarding long term investment (Genesis Analytics, 2019). Data breaches also adversely affects the level of trust in fintech, resulting in individuals being hesitant to make use of available services (Frost, 2020). There is a need for fintech service providers to address the level of trust consumers have regarding their platforms, in order to improve the quality of service provided by these organisations, thereby enticing consumers to adopt fintech platforms (Roh, Yang, Xiao, & Park, 2022).

2.13. Regulation

The regulation of fintech entities is necessary to protect the financial system which has been in operations for several years (Takeda & Ito, 2021). In the South African context, Financial Advisory and Intermediary Services Act (FAIS) regulates financial service providers (South African Government, 2002), however greater transparency is required in terms of the ambit of FAIS and fintechs (Genesis Analytics, 2019). It is key to note, an absence of a Fintech

regulatory framework in South Africa (Didenko, 2017). Research on fintechs around the world has indicated that these entities seek to utilise regulation as an enabling tool to enhance consumer trust (Takeda & Ito, 2021).

Gai, Qiu and Sun (2018), has indicated a fundamental concern associated with fintech is data security and privacy for both financial institutions and consumers. The introduction of the Protection of Personal Information (POPI) Act may assist to alleviate the risk of data privacy breaches (South African Government, 2013).

2.14. Internet connectivity

Stock market participation is influenced by frictions in the market, such as transaction and information costs (Bogan, 2008). Historically, the process of communicating, collecting and processing of information was lengthy and time-consuming, resulting in high information costs (Karagiannopoulos, Georgopoulos, & Nikolopoulos, 2005). However, developments in technology, such as the advent of the Internet has enabled expedient and greater access to information with lower information costs (Barber & Odean, 2001b). Internet connectivity with high-speed properties significantly alters the acquisition and processing of information (Wang, Niu, Zhou, & Lu, 2023). Bogan (2008) indicate a significant increase in stock market participation by households utilising the Internet relative to households without the Internet. Similarly, the availability of high-speed internet significantly increases the probability of households engaging with the equity capital market (Wang et al., 2023).

2.15. Conclusion

The financial services sector and specifically investment sector is continuously impacted by technological advancements (Gomber et al., 2017). The implementation of innovative technology within the investment sector results in greater accessibility to the stock market through lower trading costs (Deloitte Center for Financial Services, 2021; Lee & Shin, 2018), ultimately leading to retail investing becoming a fast-growing segment (Genesis Analytics, 2019). However, the lack of proper investor protection poses a risk for retail investors, who

have limited market knowledge and investment experience (McCamy, 2021). Data privacy and cyber security concerns are factors which may prevent the use of fintech platforms, leading to a loss of trust in fintech platforms by retail investors (ACCA, 2022; Frost, 2020; Sahay et al., 2020).

Chapter III: Research Methodology

The study aims to examine the influence of fintech share trading and investment platforms on South African professionals' participation in the equity capital market. A quantitative research design with a descriptive nature was applied in order to address the research questions being:

- RQ1: Are fintech share trading and investment platforms increasing South African professionals' participation in the equity capital market?
- RQ1.1: What are the main factors which are considered barriers to the use of fintech share trading and investment platforms?
- RQ1.2: What are the main factors that encourage the use of fintech share trading and investment platforms?

3.1. Population and study sample

The primary data was sourced through an online structured survey questionnaire targeting South African professionals. The population surveyed comprised of South African working professionals, who are above 18 years of age, having financial resources available. The availability of skilled personnel is instrumental to the socio-economic development of a country (Mlambo & Adetiba, 2019). Therefore, the rationale behind the selection of South African professionals as the targeted population is due to professionals being considered skilled individuals who have the potential to influence growth in South Africa and earn an income.

Prior literature has highlighted the diversity of skills and demographics amongst retail investors (Jones, Shi, Zhang, & Zhang, 2020), as such the present study seeks to target a variety of professional groups. Professionals for the purposes of this study is categorised, according to the standard classification of occupations set out by Statistics South Africa (2012). These professionals comprise of science and engineering professionals (including actuarial) professionals; health professionals; education professionals; business and administration professionals (including finance professionals); information and communications technology professionals and legal professionals.

The researcher attempted to ensure that the survey participants consist of professionals from diverse demographic backgrounds, contributing to the external validity of the study as well as attempting to minimise sampling bias.

3.2. Sample size and Sampling Technique

The survey questionnaire is based on prior studies, which adopted factor analysis as the preferred approach for data analysis (Chong et al., 2021; Senyo & Osabutey, 2020). In addition to the questions from prior studies, the researcher has included additional questions that collect demographic information about the respondents. Comrey and Lee (1992), recommends for a study comprising of factor analysis, a sample size of 300 would be considered a good sample size. The researcher acknowledges that gathering a response from 300 participants may be far fetching, thus, the researcher aimed to target as many professionals as possible. The present study did not use factor analysis as not all of the questions require Likert-scale responses. Nonparametric statistics may be utilised for smaller sample sizes (Siegel, 1957). Therefore, the use of nonparametric tests in the analysis significantly reduced the sample size requirements.

A pilot study was performed with five “participants”. The pilot study added value in refining the survey questionnaire, with the intention to minimise any ambiguity or variations in the interpretation of the questions. Section 3.6 includes further details on the pilot study.

In terms of the main study, the researchers’ personal and professional networks was used extensively to reach as many professionals as possible. The technique of snowballing was also applied to reach out to professionals, namely, the researcher requested participants to suggest another individual willing to complete the survey. The survey was posted on LinkedIn and re-shared by the researchers’ LinkedIn connections.

These data collection efforts resulted in a total of 222 questionnaires being completed, of which eight questionnaires were removed as these were completed by Non-South African citizens and do not form part of the targeted population. The study targeted professionals who

earned a form of income, thus seven questionnaires were removed as a result of these respondents indicating no income at present. Three questionnaires were removed as these were completed by students and not professionals. Five questionnaires were removed as these were erroneously completed. Table 1 indicates the aforementioned calculation of usable responses.

Considering the above exclusions, the result of the study is based on the remaining 199 responses, allowing for the calculation of meaningful descriptive statistics as well as non-parametric testing.

Table 1: Usable responses

Category	**Number of responses**
Completed survey questionnaires	222
Exclusions:	
Non-South African citizens	8
No income at present	7
Students	3
Erroneously completed	5
Total usable responses	**199**

3.3. Data collection

The survey, included in Appendix A, comprises of 32 multiple choice questions and two open-ended questions. A high response rate for survey data contributes to more accurate insights associated with the underlying population (Sauermann & Roach, 2013). As the response rate to survey questionnaires tend to be low, the questionnaire was designed to include a majority of closed-ended questions as opposed to open ended questions, in an attempt to ease the task of completing the questionnaire for participants and increasing the response rate.

The survey was created and electronically distributed on Qualtrics, which is an online software for survey questionnaires. An online survey format is preferred due to its cost-effectiveness, and expedient data collection.

The survey questionnaire was circulated by means of various platforms, such as LinkedIn, WhatsApp Messenger and email, with the aim of accessing participants representing a diverse demographic composition of South Africa. The survey was also distributed via email to the University of the Witwatersrand academic staff from the following schools: Accountancy, Business Sciences, Civil and Environmental Engineering, Physiology, Mathematics, Statistics and Actuarial Science, Anatomical Sciences.

All responses captured was exported to Microsoft Excel for in-depth analysis.

3.4. Ethical Considerations

Online survey questionnaires are an efficient and convenient research enabling tool (Buchanan & Hvizdak, 2009). The level of ethical standards applied to online surveys should be equivalently stringent as physical research methods (Leedy & Ormrod, 2021). The current research was performed with due care and consideration, as the applicable ethical policies of the University of the Witwatersrand was adhered to, therefore ensuring the ethical standard of the research was at an appropriate level.

The research proposal was submitted for approval by the research committee comprising of a panel of well-established academic researchers. Subsequent to the approval, an ethics clearance application was submitted. The ethics clearance protocol number for the study is SOA-2022-07-07. The survey questionnaire was circulated on LinkedIn upon completion of the approval process. In accordance with the ethical procedures, formal permission was requested from the Head of Schools for the respective schools at the University of the Witwatersrand prior to distributing the survey to the academic staff.

Fundamental research ethical issues associated with online survey research include, privacy, informed consent and anonymity (Buchanan & Hvizdak, 2009). Simsek and Veiga (2001),

suggest the inclusion of the purpose of the survey, use of the data collected and a statement indicating the strict confidentiality of the responses, in order to facilitate trust with participants. Thus, disclaimers indicating the aim of the study, confidentiality and anonymity of responses, and the option to withdraw at any time from the survey has been included within the introduction of this survey questionnaire, reflected in Appendix A. The questions included in the survey were carefully phrased to prevent positioning any individuals to risk.

Participants to the research willingly completed the survey questionnaire, without any incentive or obligation. In terms of informed consent, a disclaimer was included in the introduction indicating that participants who selected the option “next”, are assumed to have consented to participation in this research, which is supported by the suggestion of prior literature (Kraut, Olson, Banaji, Bruckman, Cohen, & Couper, 2004).The data collected was kept confidentially and securely, without compromising the anonymity of the respondents.

3.5. Data Analysis

The responses to question 1 to 32 of the survey questionnaire was analysed on a statistical basis through descriptive and inferential statistics. Any incomplete responses were excluded from the analysis. Questions 33 and 34 are open-ended questions. The responses to question 33 and 34 and instances where the option “other” had being selected, was thematically analysed.

3.5.1. Descriptive Statistics

In analysing the data, descriptive statistics, such as the mean, median, variance and standard deviation, was referred to summarise the characteristics and nature of the data (Leedy & Ormrod, 2021).

3.5.2. Inferential Statistics

Inferential statistics assisted to draw inferences about the South African population by examining the data collected from the selected sample (Leedy & Ormrod, 2021). The data collected comprised of ordinal, binary and continuous data therefore the data does not

constitute a normal distribution, influencing the application of nonparametric statistics. The following nonparametric statistics was conducted:

- Kolmogorov-Smirnov test
- Kruskal Wallis

The sample for the survey was based on professionals who agreed to participate, thus a 95% confidence level has been applied in analysing the results of the study.

A Kolmogorov-Smirnov test was performed to test if the data is significantly different from a normal distribution. The Kolmogorov-Smirnov test tends to have more power relative to the Mann-Whitney U test, when sample sizes are less than 25 per group (Field, 2018). The Kruskal Wallis test was performed to compare three or more groups in terms of ordinal data (Leedy & Ormrod, 2021).

3.6. Validity and Reliability

As per the guidance of Leedy and Ormrod (2021), and consistent with prior studies, a pilot study was conducted amongst five participants (Jaiyeoba et al., 2019). These initial participants were purposefully chosen so that feedback could be obtained across profession, age and experience.

The feedback arising from the pilot study was used to refine the survey questionnaire to achieve credible data collection. This feedback included suggestions to rephrase some of the questions for clarity, inclusion of more options to broaden the scope of the question and implementation of decision paths based on a prior answer to increase the response rate and minimise the time it takes to complete the questionnaire. The usage of a pilot study reduces the likelihood that the survey questionnaire will be misinterpreted and strives towards maintaining validity.

The pilot study assisted to determine the minimum length of time required to complete the questionnaire, which will encourage a higher response rate. On average, participants completed the survey within five to ten minutes.

The questions included in the survey are based on a combination of surveys which have previously been conducted for the purpose of analysing financial inclusion, financial technology and fintech platforms. Therefore, the research method selected strives towards supporting the reliability and validity of the study.

Questions 1 to 9 have been included to define the demographics of the sample. Questions 5 to 8, 13, 14 and 21 have been adapted from a comparable study conducted in Malaysia (Chong et al., 2021). Questions 10 has been adapted from The Telegraph (2017). Questions 11 to 22 have been included to identify the participant's awareness and usage of fintech share trading and investment platforms. Question 15 has been adapted from Ernst & Young Global Limited (2019). Questions 20, 23 to 25 and 27 to 29 are adapted from the Intellidex Top Securities Brokers South Africa 2021 Survey Report and have been included to collect the perceptions of users of fintech share investment platforms in South Africa (Intellidex, 2021). Question 31 has been adapted from a fintech survey conducted by ACCA (2022).

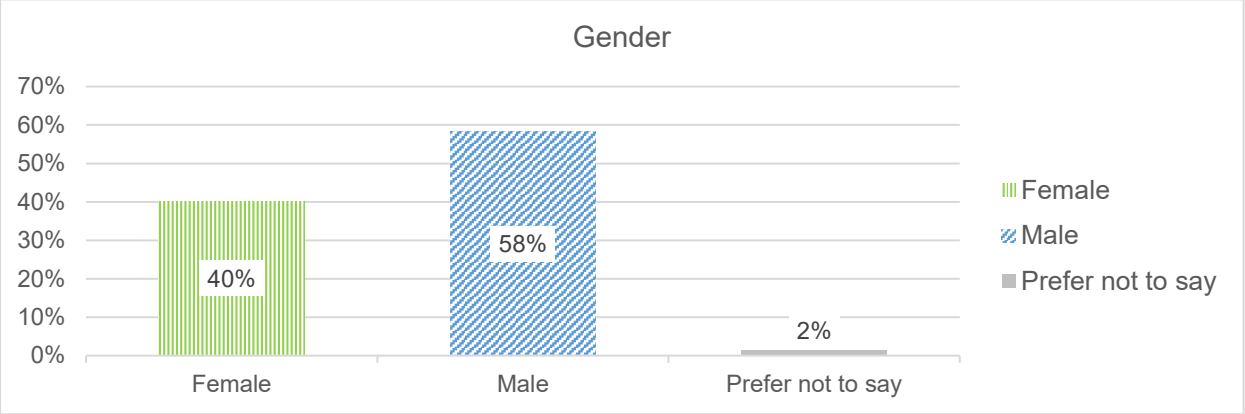
Chapter IV: Data Analysis and Presentation of Results

Chapter IV analyses the results of the study, through descriptive and inferential statistics. This chapter is structured into four sections. The first two sections outline the demographics and financial well-being of the respondents, whilst the remaining sections explore the participation of South African professionals in the equity capital market and factors influencing the use of fintech platforms.

4.1. Demographics

The survey comprised of 40% female professionals and 58% male professionals as illustrated in Figure 1 below.

Figure 1: Gender of respondents



The study was conducted amongst a diverse age group of participants ranging from 19 to 62 years old, with the average age of the respondents being 31 years old as reflected in Table 2.

Table 2: Age of respondents

N	Mean	Variance	Standard deviation
199	30.50	78.08	8.84

The majority of respondents (99%) have attained a tertiary education, as illustrated in Figure 2 below. This follows that respondents of the study constitute skilled individuals, who are

deemed instrumental to the transformation and growth of South Africa (Mlambo & Adetiba, 2019).

Figure 2: Highest level of education

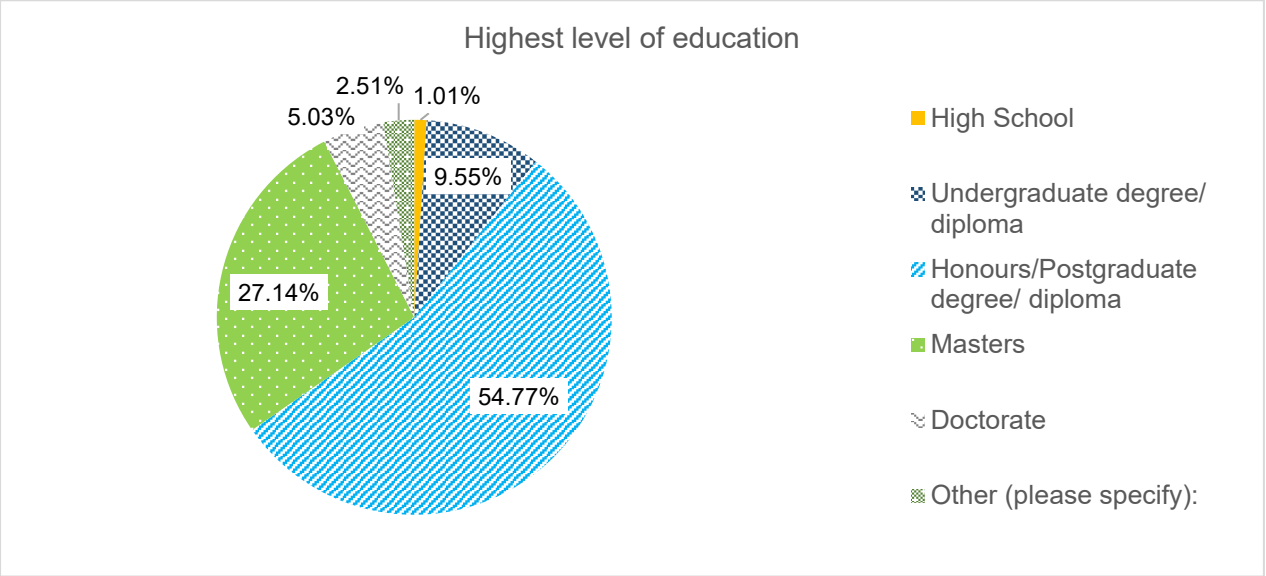


Table 3 illustrates the composition of the various areas of professional expertise, which the study is aimed at. Business and administration (including finance) professionals comprised 56% of the respondents, followed by science and engineering (including actuarial) professionals being 14%.

Table 3: Area of professional expertise

Area of professional expertise.	**Percentage**
Business and administration (including finance)	56.3%
Education	8.5%
Health	6.0%
Information and communications technology	7.0%
Legal	6.0%
Science and engineering (including actuarial)	13.6%
Other (please specify):	2.5%

80% of respondents utilise fibre at home, whilst 16% of respondents utilise mobile data/ LTE, which indicates that the majority of respondents have access to digital infrastructure. 5G is reported to be another form of internet connection utilised by respondents at home. The aforementioned results reflects the appetite of the respondents for enhanced efficiency and greater speed of internet connectivity, which influences equity capital market participation (Wang et al., 2023). Only 1% of respondents indicated the absence of internet connectivity at home. This finding is supported by prior studies that highlight the broader spectrum of technological and data accessibility (Curwen & Whalley, 2008).

Table 4: Type of internet connection at home

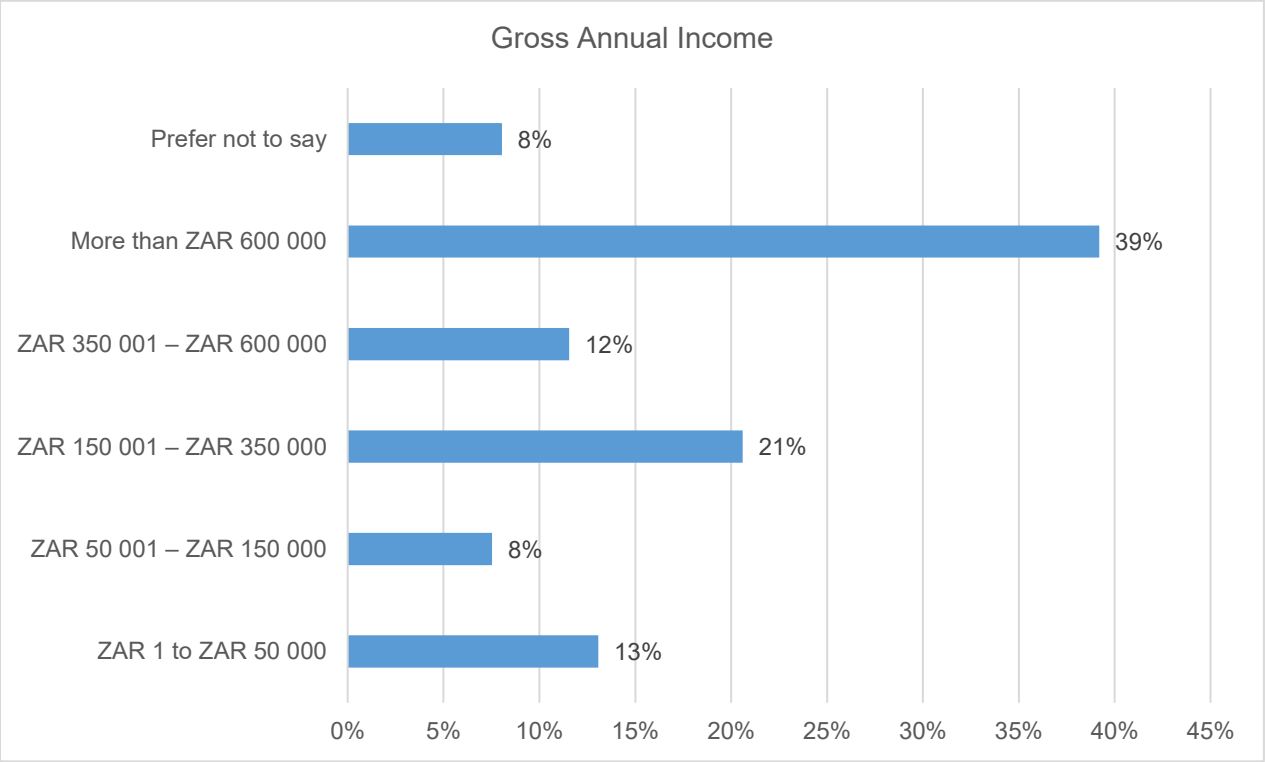
The type of internet connection in use at home	Percentage
Mobile data/ LTE	16%
Fibre	80%
ADSL	2%
I do not have internet connectivity at home	1%
Other (please specify):	1%

96% of respondents indicated to be employed, 3.5% indicated self-employment, whilst 0.5% were not employed at the time of completing the survey.

95% of respondents indicate the main source of income is a salary, whilst 5% indicate their main source of income is income generated from their own business. An exception to the aforementioned is the 5% of individuals who indicate their main source of income as generated from their own business, comprise a combination of self-employed, employed and not employed. The researcher is cognisant of the varying interpretation of the term employment by the various respondents. Respondents with a main source of income being, no income at present, has been excluded from the analysis of the study.

Figure 3 below, illustrates the gross annual income categories of the respondents. 8% of respondents preferred to not disclose their gross annual income category earned.

Figure 3: Gross annual income category



4.2. Financial well-being

75% of respondents engage in trading and investment of shares (refer to Table 5). In the sample, 99% of respondents hold a tertiary qualification, these results correlate to the literature suggesting individuals with a higher-level of education are more likely to participate in the stock market (Jappelli & Padula, 2013; Van Rooij et al., 2012; Yamori & Ueyama, 2022). In addition to the level of education, 99% of respondents utilise an internet connection at home, this is regarded as an enabling contributor to the high participation in share trading and investment, as suggested by Bogan (2008).

Amongst the respondents who indicate participation in share trading and/or investment, the average age that participants purchased their first share is 23 years old. This is a relatively young age, reflective of the greater accessibility to the investment sector which was historically characterised by older individuals (King & Leape, 1987; Kreinin, 1959; van Rooij et al., 2011).

Table 5: Share trading and investment participation

Do you participate in the trading or investment in shares?	No	Yes
Total	25.1%	74.9%
Female	45.0%	55.0%
Male	12.1%	87.9%
Prefer not to say	-	100%

According to Table 5 above, there is a gender gap in the participation in the equity capital market, as 55% of females participate in trading or investment of shares, whilst 87.9% of males.

Figure 4: Aggregate number of banking products utilised by respondents

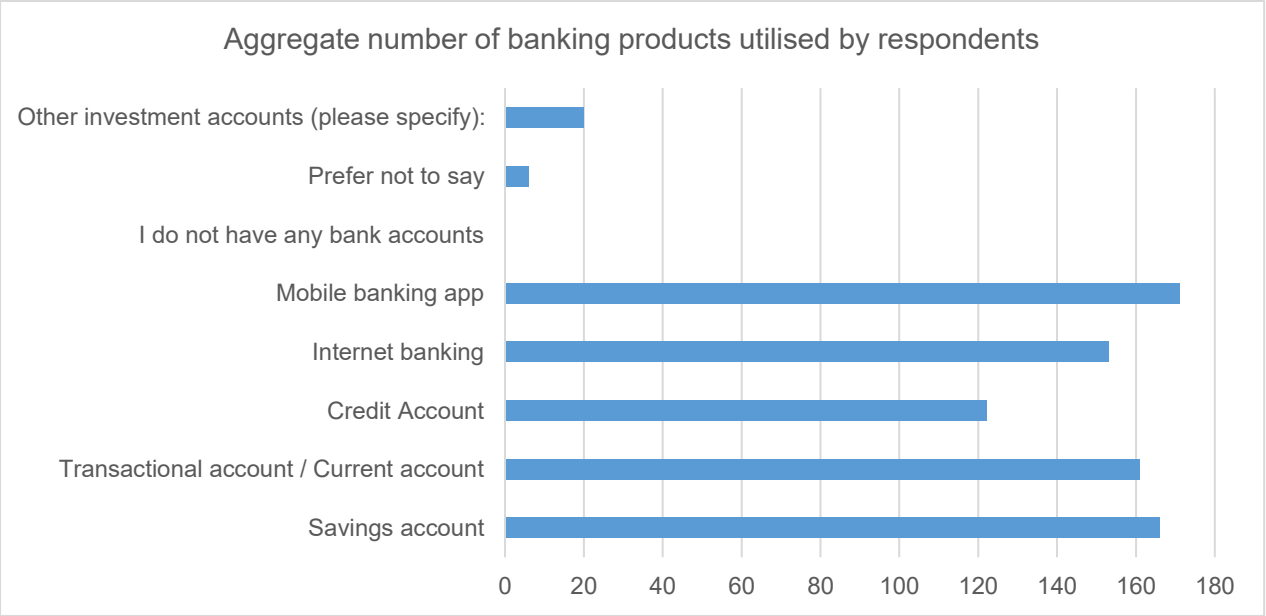
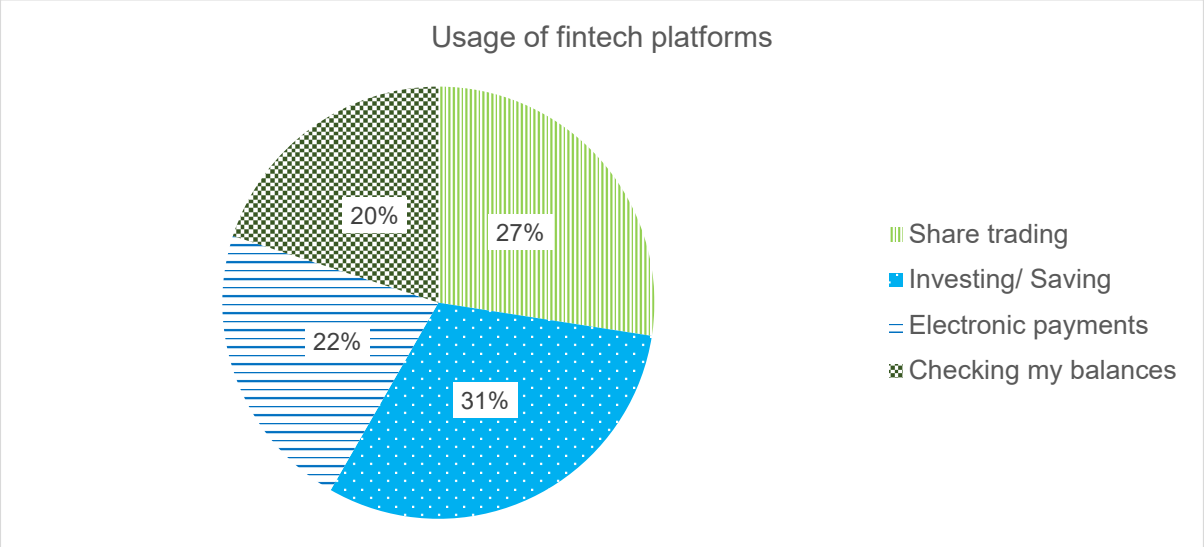


Figure 4 illustrates the various banking products held by participants. The most prevalent banking product held by respondents is a mobile banking app, followed by savings account and transactional/ current account. 90% of participants hold at least one banking product, whilst 45% reported to have five banking products (Refer to Table 11 in Appendix B). These

findings reflect the respondents as individuals who are actively engaging with the financial services sector. The following other investment accounts were reported by respondents:

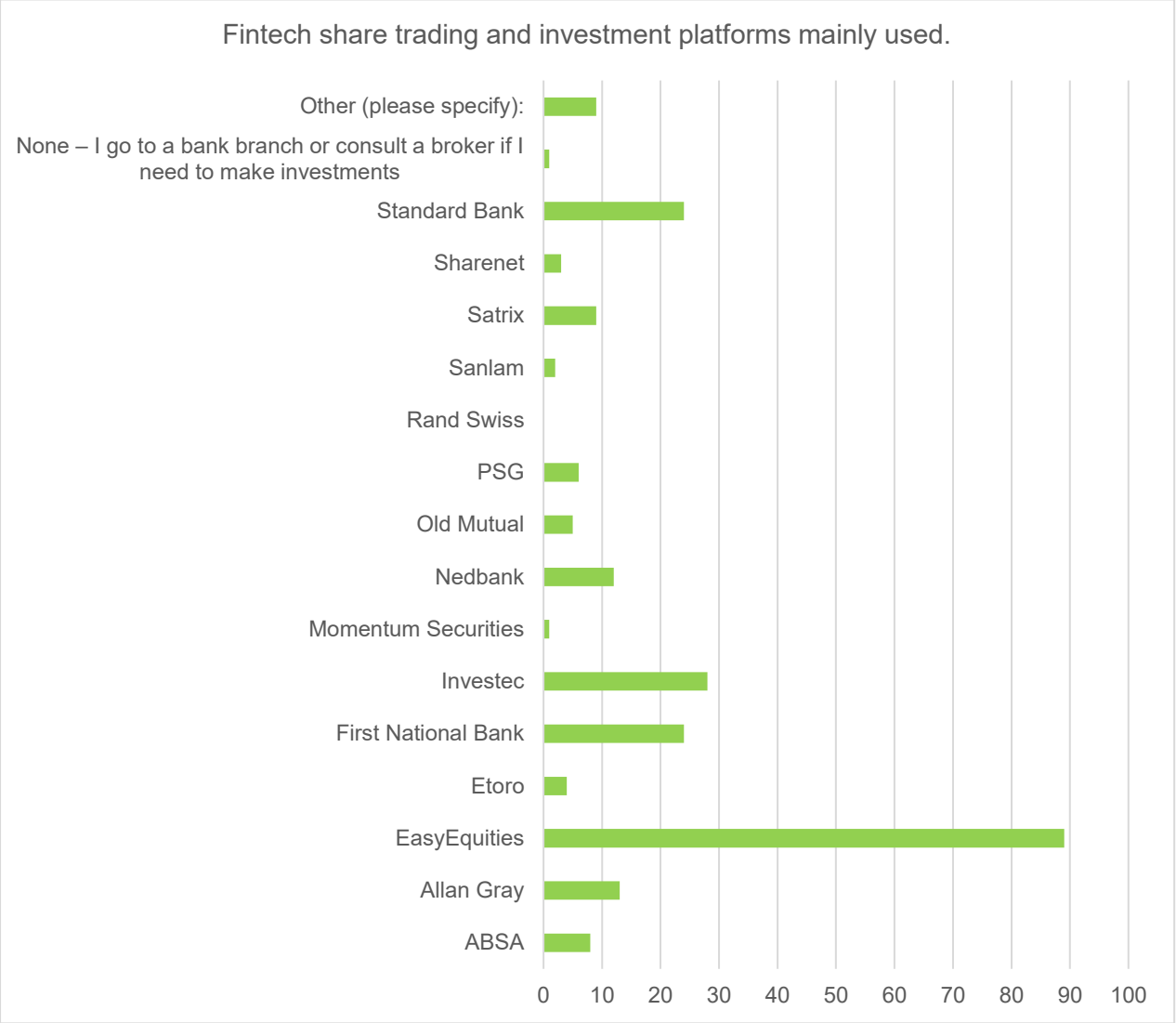
- Fixed Deposit
- Tax free investments
- Retirement
- Unit Trusts
- Money market account
- Share Trading Equity Account
- Pension Fund
- Global account
- Private Investment
- Exchange Traded Fund account
- Endowment plan
- Cryptocurrency account
- Global Endowments
- Equity investments

Figure 5: Usage of fintech platforms



According to Figure 5 above, fintech platforms are mainly used for investing and/or saving. Table 12 (included in Appendix B) illustrates 29% of respondents utilise fintech platforms for all four purposes: share trading, investing/ saving; electronic payments and checking balances.15% respondents indicated to only use fintech for share trading, and 15% indicated to use the platform for both share trading and investing/ saving.

Figure 6: Fintech share trading and investment platforms mainly used



As illustrated in Figure 6, EasyEquities is the most commonly used fintech platform for share trading and investment by respondents to this study. EasyEquities is recognised as the most affordable platform in South Africa, with the lowest brokerage fees as a percentage of investment (Genesis Analytics, 2019). The findings on the popularity of Easy Equities affirm the anecdotal evidence cited in Khumalo and Mahlangu (2023). In relation to the forthcoming IPO of Premier Foods, the authors quote the CEO of Anchor Capital who mentions that Easy Equities has the potential to increase the participation of retail investors in South Africa (Khumalo & Mahlangu, 2023). EasyEquities offers consumers the opportunity for fractional share trading, complemented with a low-cost policy. The platform has also partnered with well-

established brands, namely, Discovery Bank, Capitec Bank and Telkom (EasyEquities, n.d.), which contributes to increasing consumer confidence in the platform and enhances convenience in accessing the platform. An analysis of the respondent's views on the ease of access and affordability to the equity capital market, reflects factors such as cost effectiveness and differentiated service offerings like fractional share trading, being elements influencing consumers' choice of platforms.

Other platforms utilised include:

- Coronation Online Platform
- Peresec
- VALR
- Liberty
- Luno
- Ninety One
- GT247
- International products
- Discovery

One respondent indicated their preference to engage directly with investment management companies through their own platforms.

Figure 7: Quality of the fintech share trading and investment platform mainly used

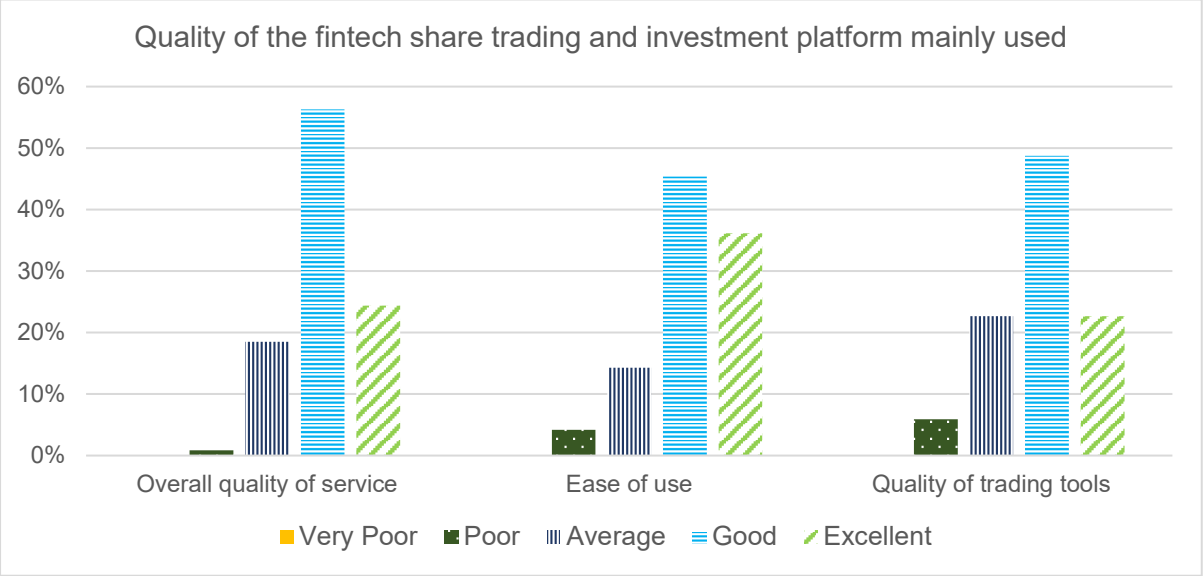
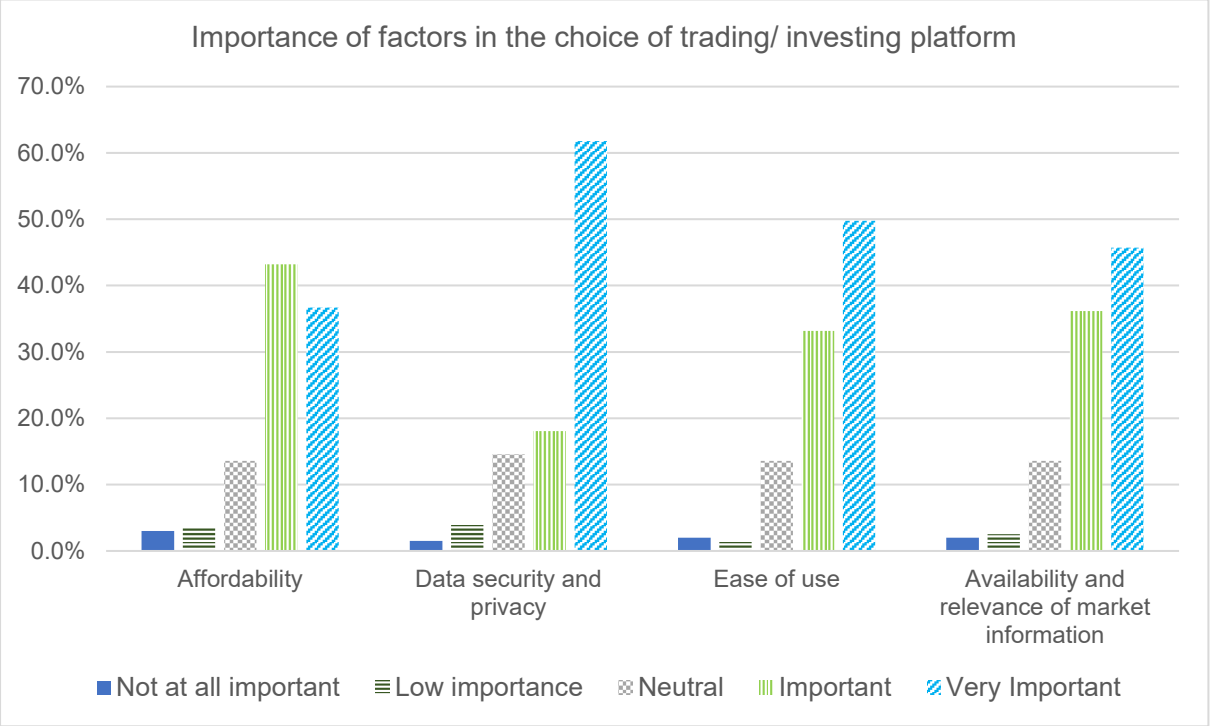


Figure 7 above, illustrates the rating of the fintech platforms utilised by the categories of quality of service, ease of use and quality of trading tools. Interestingly the ratings range between poor, average, good and excellent, and noticeably, there is no very poor rating. This is reflective of the role of fintech platforms in providing greater ease of use and enhanced quality of financial services (Chong et al., 2021; Genesis Analytics, 2019). Evidently, good is the overarching rating in each of the categories, indicating a satisfaction in the level of quality of service, ease of use and quality of trading tools, provided by fintech platforms. In analysing the results on the basis of a good and excellent rating collectively, ease of use is ranked the highest (81.5%), closely followed by overall quality of service (80.7%).

According to Table 13 (included in Appendix B), 68.1% of respondents who rated the fintech platforms on the aforementioned criteria indicate a rating of good or excellent in all three categories. 0.8% of respondents have indicated a poor rating for all three categories. 11.8% of respondents have indicated two of the three categories with a rating of good or excellent. These statistics align to the findings of prior literature indicating fintech platforms achieving a high rating for the ease of use, quality of financial services and trading tools (Intellidex, 2021).

Figure 8: Importance of factors in the choice of trading and/or investing platform



Data security and privacy is reported to be the most important factor in terms of very important, followed by ease of use, availability and relevance of market information, and affordability in influencing the choice of trading and investment platforms. Data security is of great importance for consumers (ACCA, 2022; Gai et al., 2018; The Telegraph, 2017), due to the rise of fraud and cybercrimes, individuals are wary of sharing sensitive personal information. In analysing the rating very important and important collectively, ease of use is reported to be the most important factor, which corresponds to ease of use being ranked the highest in terms of the quality of fintech platforms utilised (refer to Figure 7).

Figure 9: Geographical location of performing personal trading and/or investing activities

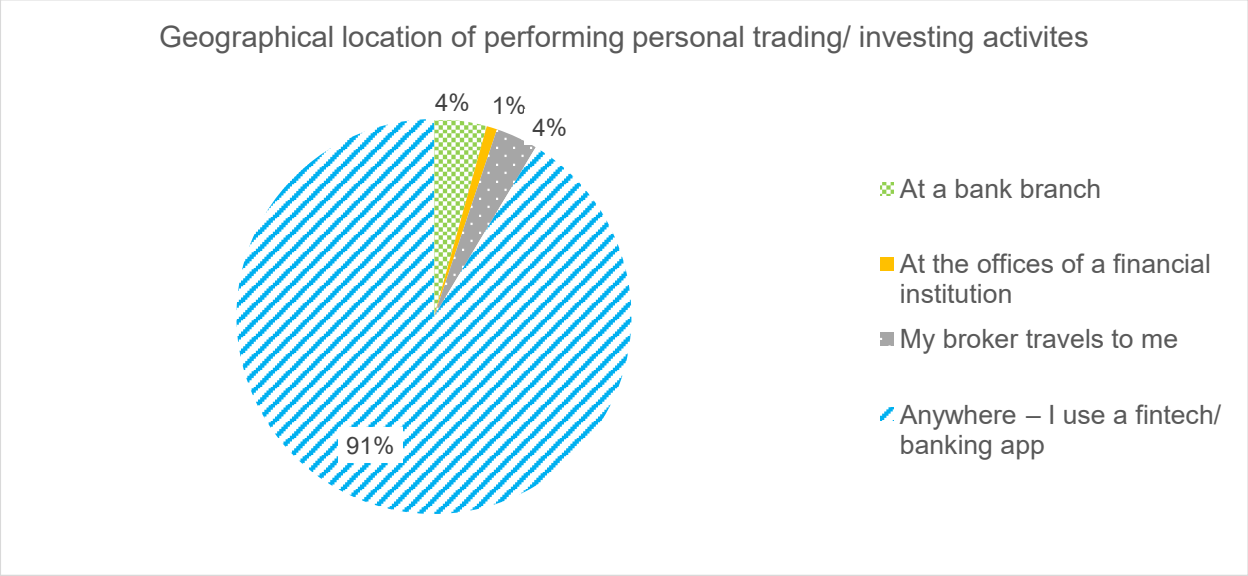
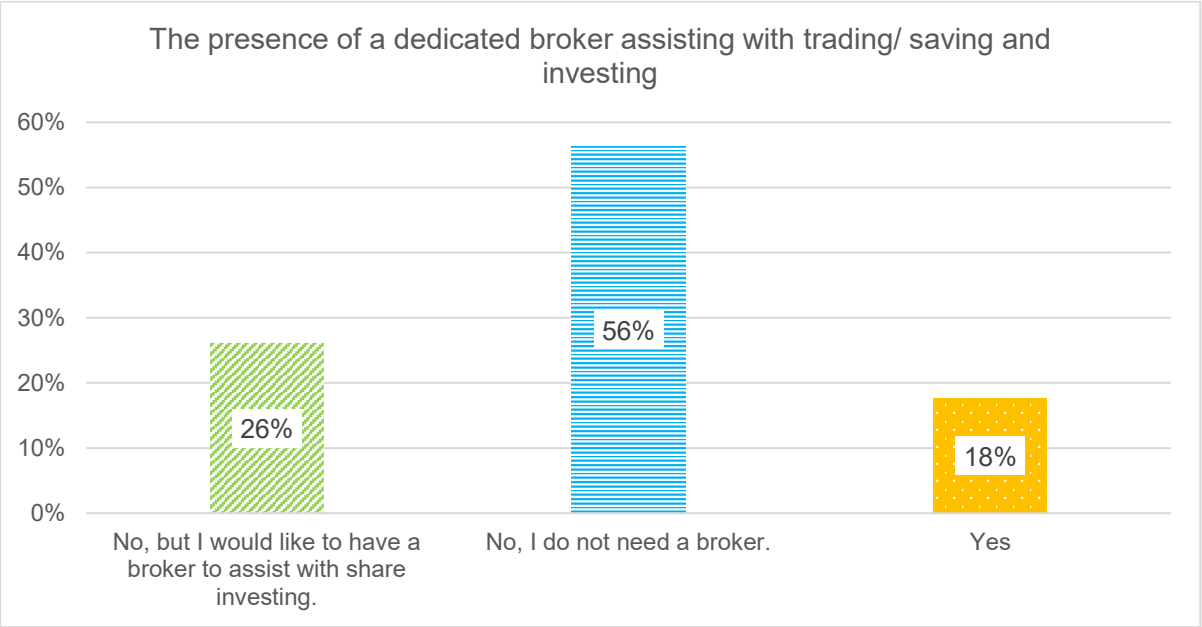


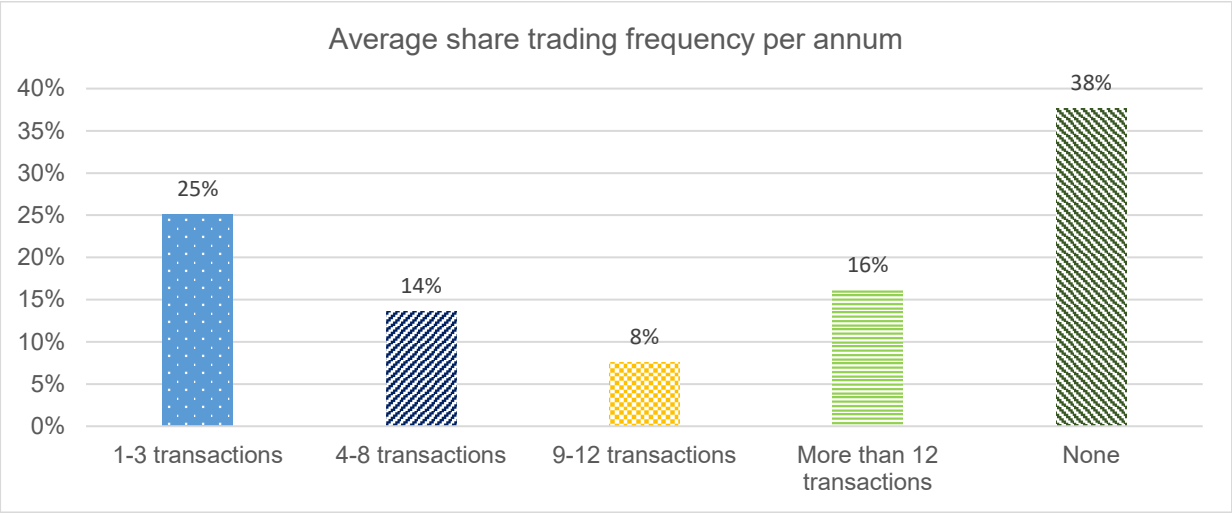
Figure 9 above reflects the geographical preference for use of fintech platforms. As illustrated, 4% of respondents visit a bank branch, whilst 1% visit the offices of a financial institution and 4% prefer a broker to travel to them. 91% of respondents use a fintech or banking app to perform personal trading and investing activities from any geographical location. These statistics align with the current trend to shift away from physical financial institutions towards virtual systems (Coetzee, 2018; Takeda & Ito, 2021).

Figure 10: The presence of a dedicated broker assisting with trading/ saving and investing



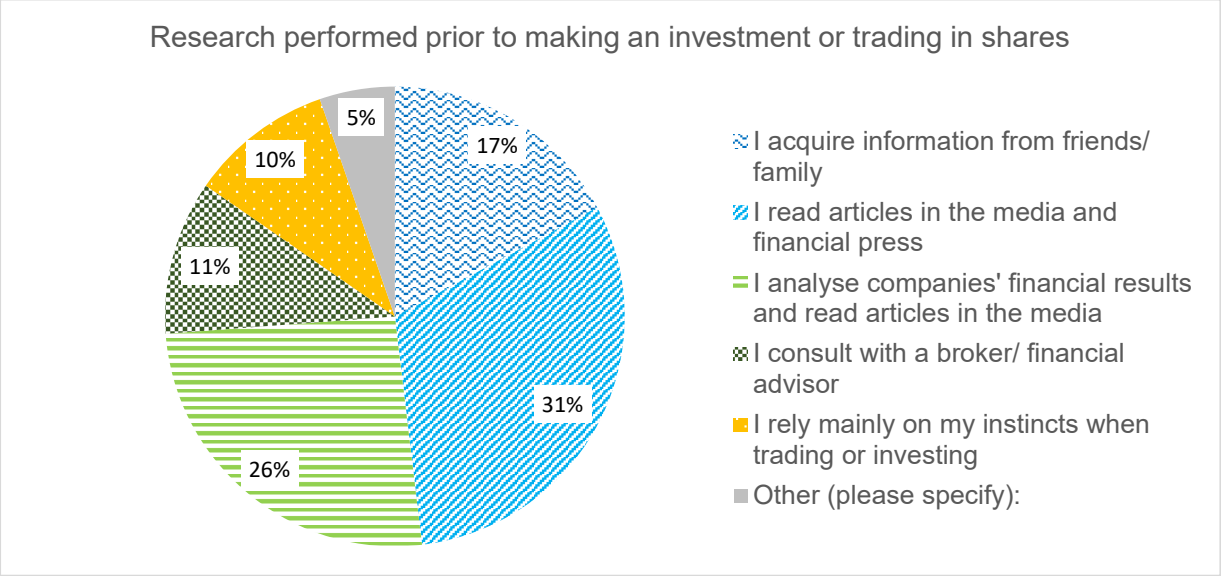
56% of respondents have reported to not require the assistance of a broker in their trading and investing activities, highlighting a greater percentage of respondents who are not dependent on traditional intermediaries for financial services, which is consistent with the findings of a prior study (Intellidex, 2021). This implies that traditional brokerages or intermediaries should consider the impact of fintech platforms on their relevance to drive their sustainable operations (Chong et al., 2021; Deloitte Center for Financial Services, 2021). For instance, the incorporation of agile business models (Gomber et al., 2017), and innovative value-adding services may contribute to the sustainability of traditional intermediaries (Chong et al., 2021).

Figure 11: Average share trading frequency per annum



As illustrated in Figure 11, 25% of respondents trade on average, one to three transactions per annum, 14% trade on average four to eight transactions and 8% trade on average nine to twelve transactions per annum, whilst 16% of respondents trade on average more than 12 transactions per annum. 41% of respondents who trade on average more than 12 transactions per annum earn a gross annual income of more than ZAR 600 000. 32% of respondents who indicated to trade on average more than 12 transactions per annum earn between ZAR 150 001 and ZAR 600 000. Overall, these results indicate that middle-income earning and higher-income earning individuals tend to trade more frequently than lower-income earning individuals, and this can be attributed to a higher level of disposable income. The lower frequency of trading could also be indicative of the risk appetite of investors who are not trading speculatively but rather engaging in value investing for a longer term. The findings on investment research (Figure 12 in this study) appear to affirm this assertion.

Figure 12: Research performed prior to making an investment or trading in shares



Investment decisions tend to be based on information provided by the media and the advice of brokers, friends and/ or family (Bhattacharjee & Singh, 2017). 31% of respondents read articles in the media and financial press, which is the most predominant form of research performed by respondents prior to making an investment or trading decision, as illustrated in Figure 12. 17% of respondents acquire information from friends and/ or family members, whilst 26% of respondents analyse companies' financial results and read articles in the media.

Table 14 (included in Appendix B) indicates 37.7% of respondents performing two types of research, of which the most common combination is reading articles in the media and analysing companies' financial results and read articles in the media.

An analysis of the alternative forms of research conducted reflects the following:

- Technical analysis, such as examining the trend in share prices
- Margin of safety and scenario analysis of individual's intrinsic valuation
- Restrictions arising due to independence conflicts through working in a specific professional environment
- Share investment is restricted to shares awarded.

The aforementioned results correspond to prior literature indicating individuals with high levels of financial literacy are more inclined to resort to formal sources of information as opposed to informal sources such as family and friends (van Rooij et al., 2011).

4.3. Participation of South African professionals in the equity capital market

Table 6 below analyses the participation of South African professionals in the equity capital market using inferential statistics.

In order to answer RQ1, a series of questions were posed in the survey. Notably, participants were asked whether they would still trade even if there were no fintech trading and investment platforms (Question 17). Although the majority (57%) of participants answered “Yes”, a large proportion (43%) answered “No”. This represents 85 participants out of the 199 professionals surveyed and shows the extent of dependency on fintech platforms.

In analysing the factors that contribute to this dependency on fintech platforms, the researcher conducted a series of non-parametric tests with the response to Question 17 being the dependent variable and various independent variables, as indicated in Table 6 below. The Kruskal-Wallis test was applied in instances where there were more than two groups of the independent variable and the Mann-Whitney U test was applied where two groups of the independent variable existed.

Table 6: Independent variables

Independent variable	Significance level
Professional expertise	0.423
Current Age	<0.001
Age purchased first share	0.007
Income category	0.200
Level of education	0.045
Years of experience investing	<0.001

According to Table 6 above, the following factors have been identified as significant determinants ($p < 0.05$): current age; age purchased first share; level of education and number of years of experience in investing.

The results of the Kruskal-Wallis Test indicate that there is no significant difference across professional expertise, in terms of continued participation in share trading/ investment with the absence of fintech platforms.

An individual's age significantly influences the participation of professionals in the equity capital market, as highlighted by the results of the Kolmogorov-Smirnov Test. A statistically significant difference exists in terms of the age at which the first share is purchased. These findings are aligned to the younger generation having greater exposure to digitisation from an earlier age and is consistent with prior studies indicating a higher fintech adoption rate amongst the younger generation (Ernst & Young Global Limited, 2017).

Interestingly, there is no significant difference between the income categories of the professionals in terms of continuing to participate in share trading and investment with the absence of fintech platforms. This may possibly be as a result of selecting only working professionals. It may be of interest for future research to extend the study towards the greater South African population.

Individuals with higher levels of financial literacy are more inclined to utilise fintech services (Yoshino et al., 2020). There is a statistically significant difference in the level of education of respondents in response to whether or not professionals would continue to participate in share investment and trading in the absence of fintech platforms. This finding suggests that individuals with a higher level of education are less likely to invest or trade in shares in the absence of fintech platforms. Consequently, individuals with higher levels of education are less likely to rely on traditional platforms for share investing and trading.

Fintech platforms that offer simplicity and greater ease of use are essential to inexperienced investors to navigate through the investment sector (Genesis Analytics, 2019). The number of

years of investment experience significantly influences the likelihood of professionals to continue to invest or trade in the absence of fintech platforms. Therefore, fintech platforms enable individuals with limited investment experience to engage with share trading and investment.

Table 7: Participation in Equity Capital Market

Question	No	Yes
Prior to this study, were you aware of any fintech share trading and investment platforms?	24%	76%
Have you used a fintech platform before?	40%	60%
Do you use a traditional platform for share trading or investing?	62%	38%

Table 7 reflects 76% of respondents were aware of a fintech share trading and investment platform prior to the study. The majority of each professional group was aware of fintech share trading and investment platforms prior to this study, with the exception of legal professionals, as reflected in Table 8. Two-thirds of the legal professional respondents had reported a lack of awareness prior to this study.

83% of business and administration (including finance) professionals and 71.4% of information and communications technology professionals were aware of fintech share trading and investments platforms prior to this study. The greater percentage of these professionals who are aware of fintech platforms, may be driven by the nature of their day-to day professional activities (Coffi & George, 2022), requiring a combination of finance and information technology skills (Jiang et al., 2021).

Table 8: Awareness of fintech platforms prior to this study amongst professionals

Prior to this study, were you aware of any fintech share trading and investment platforms?	**No**	**Yes**
Business and administration (including finance)	17.0%	83.0%
Education	35.3%	64.7%
Health	50.0%	50.0%
Information and communications technology	28.6%	71.4%
Legal	66.7%	33.3%
Science and engineering (including actuarial)	18.5%	81.5%
Other (please specify):	0.0%	100.0%

62% of respondents reported to not use a traditional platform for share trading or investing, which highlights the phasing out of traditional platforms (refer to Table 7).

Figure 13: Main reasons for not using a fintech platform

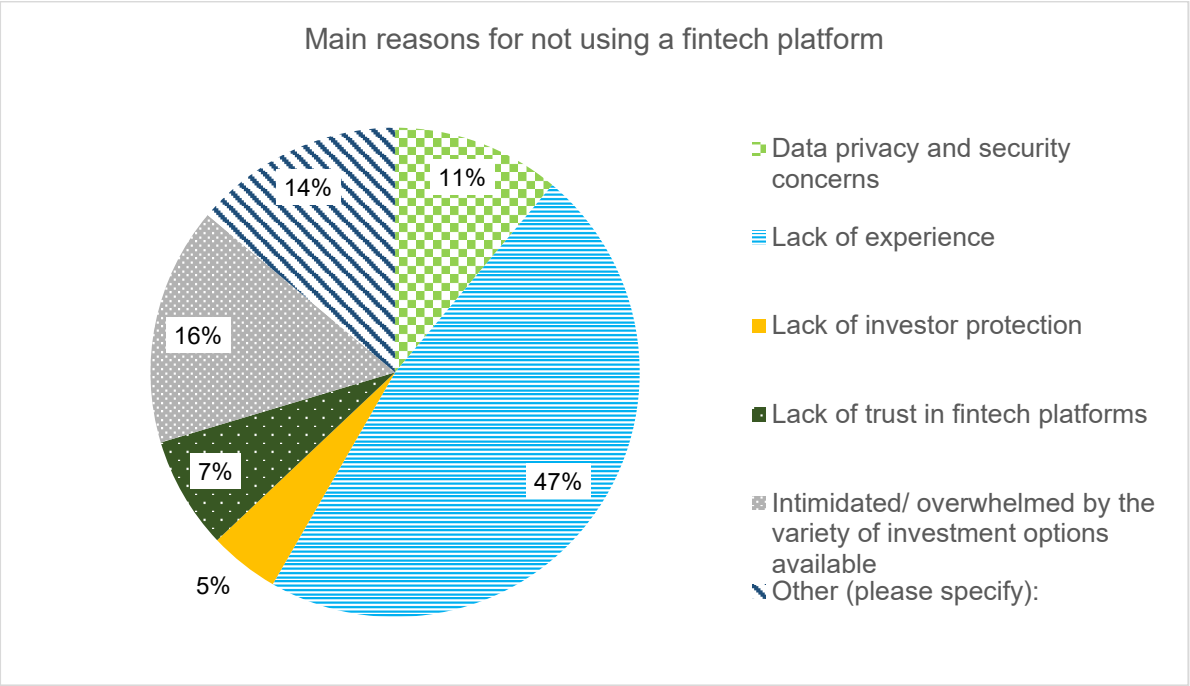


Table 7 indicates 60% of respondents having previously used a fintech platform. The remaining respondents have indicated a lack of experience as the main reason for not using

a fintech platform, as illustrated in Figure 13. As a result of disruptive technology, the spectrum of investment options continues to broaden, increasing the complexity of available financial products (van Rooij et al., 2011) and highlights the need for financial literacy for well-informed decision making (Nyakurukwa & Seetharam, 2022b). The increased availability of financial products may possibly lead to the individuals feeling intimidated or overwhelmed.

According to Table 15 (included in Appendix B), 78.75% of respondents indicate a single reason for not using a fintech platform, of which the dominant reason stands out as being a lack of experience (45%).

The following other reasons were reported by respondents who do not use a fintech platform:

- Lack of awareness
- Lack of extra funds due to insufficient income
- Restrictions arising due to independence conflicts through working in a specific professional environment (financial services industry)
- Not the preferred platform
- A female respondent indicated their spouse manages investments.

Table 9: Participation in share trading and investment in the absence of fintech platforms

Would you still trade or invest in shares, if there were no fintech share trading and investment platforms available?	**No**	**Yes**
Total	42.7%	57.3%
Female	50.0%	50.0%
Male	38.8%	61.2%
Prefer not to say	-	100%

57% of respondents have indicated to continue to pursue the trading or investment of shares, in the absence of fintech platforms. However, fintech share trading and investment platforms is contributing towards deepening South African professionals' participation in equity capital

market, as the remaining 43% of respondents would not trade or invest in shares in the absence of fintech platforms (refer to Table 9).

Table 9 above, reflects the influential role of fintech in facilitating participation in the financial market, as 50% of females would not participate if there were no fintech platforms available, whilst 39% of males would not participate.

Figure 14: Perceived cost of overall service received from platforms

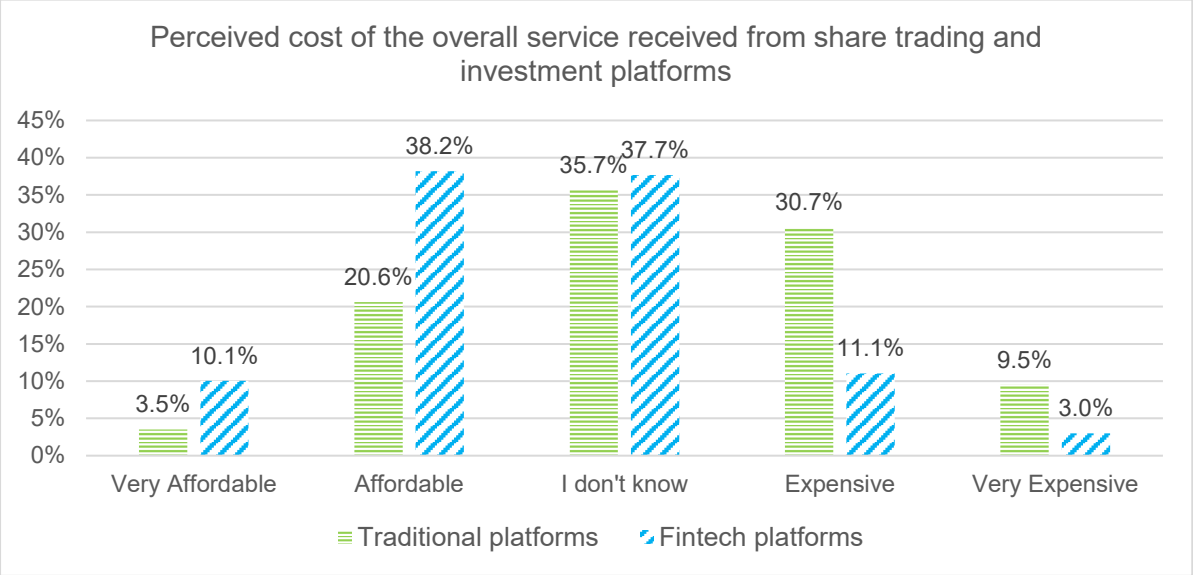


Figure 14 above illustrates the cost effectiveness of fintech platforms compared to traditional platforms. 48.2% of respondents collectively, reported fintech platforms to either be affordable or very affordable, whilst only 24.1% of respondents collectively reported traditional platforms to be either affordable or very affordable. This is indicative of the lower costs of trading associated with fintech platforms, which is in accordance with prior literature (Deloitte Center for Financial Services, 2021; Philippon, 2019).

Affordability is a fundamental consideration in stock market participation, due to the presence of minimal entry and transaction costs (Haliassos & Michaelides, 2003; Vissing-Jorgensen, 2002). Transaction costs which are associated with share trading and investment pose as a barrier towards achieving an efficient market (Bogan, 2008; Demir et al., 2020). A lower cost of trading and investing implies a reduction in market imperfections, which stimulates

participation in the equity capital market. It follows that individuals would be inclined to utilise fintech platforms to pursue share trading and investment, as a result of the lower costs synchronising to their hierarchy of needs (Maslow, 1954). 35.7% of respondents indicated to not know the perceived cost of the overall service received from traditional platforms whilst 37.7% of respondents indicated to not know the cost of fintech platforms. This reflects a gap in awareness of the associated costs for share trading and investment and emphasises the need for greater transparency in terms of cost structures.

Figure 15: Expected costs for share trading or investing

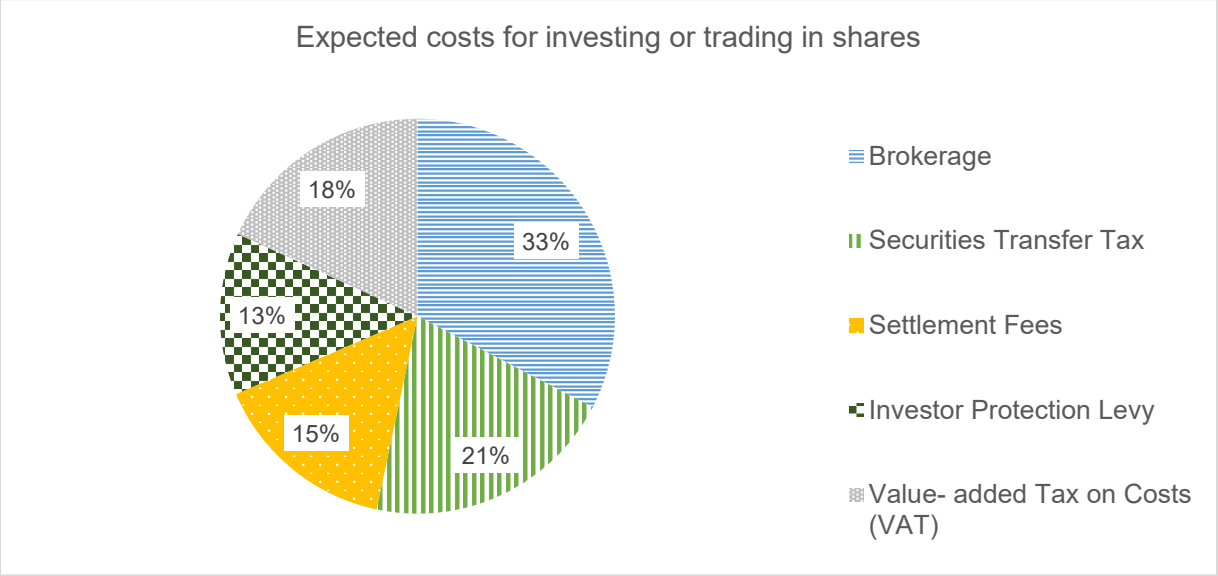
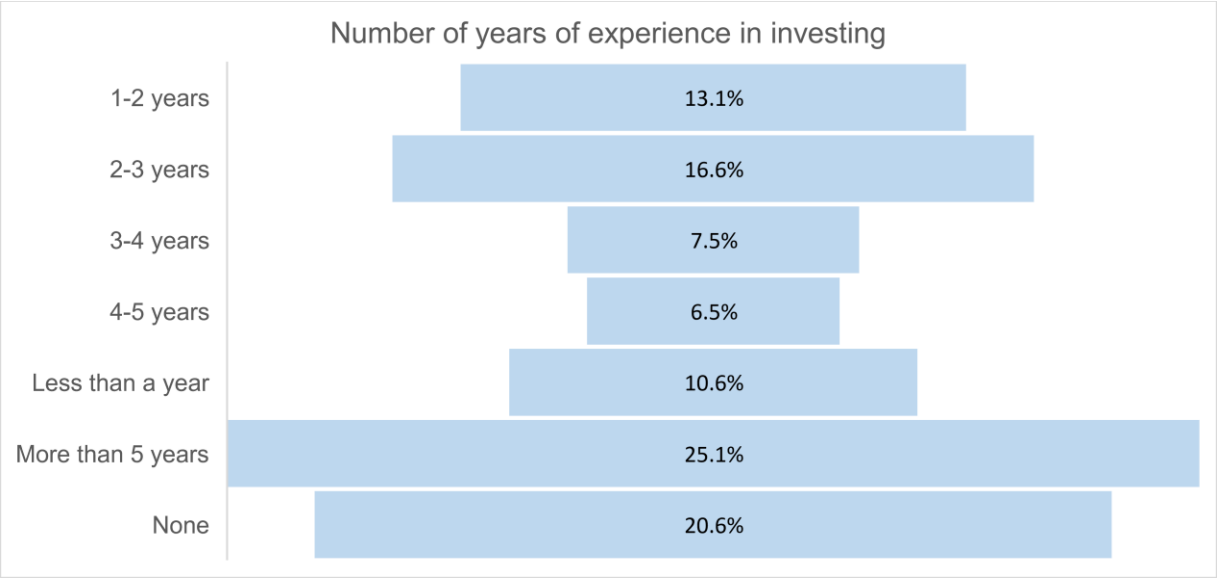


Figure 15 illustrates the variation in the expected costs associated with share trading and/ or investment indicating a lack of awareness in the cost structures of financial products and services amongst the respondents. 15% of respondents expect to pay for all five costs when investing or trading in shares as indicated in Table 16 (included in Appendix B).

Figure 16: Number of years of experience in investing



A quarter of the respondents have more than five years of experience in investing, whilst the remaining 75% of respondents range between no investment experience to five years of experience in investing (Refer to Figure 16). Therefore a larger percentage of respondents constitute retail investors with minimal investment experience, which reflects positively on the ease of access to the equity capital markets (Barber & Odean, 2001b). This finding amplifies the notion that the simplicity and enhanced user experience of fintech platforms, enables individuals with limited or no investment experience to engage in the investment sector (Genesis Analytics, 2019). As a result of majority of the respondents having minimal experience in investing, it follows that there is a risk of speculative trading occurring in the market (Barber et al., 2021; Barber & Odean, 2001b). Speculative trading may lead to lower investment returns (Barber et al., 2021), which may discourage participation in the equity capital market.

4.4. Factors influencing the use of fintech platforms

Figure 17 illustrates the factors that motivate or influence motivated participants to utilise fintech share trading and investment platforms. Fintech platforms that offer simplicity and greater ease of use are integral in assisting inexperienced investors to navigate through the

investment sector (Genesis Analytics, 2019). The ease of use of platforms is reported to be the most influential factor towards the use of fintech platforms, whilst affordability and efficiency are indicated to be of equivalent influence. Table 17 (included in Appendix B) indicates 41% of respondents to be motivated to use a fintech platform by a combination of four factors, of which the most common combination was affordability, ease of use, efficiency and flexibility.

Other motivating factors reported by respondents include:

- Data protection
- Trust in fintech providers
- Agility to transact
- Availability and access to product offerings.

Figure 17: Factors that motivate or influence motivated participants to use fintech platforms

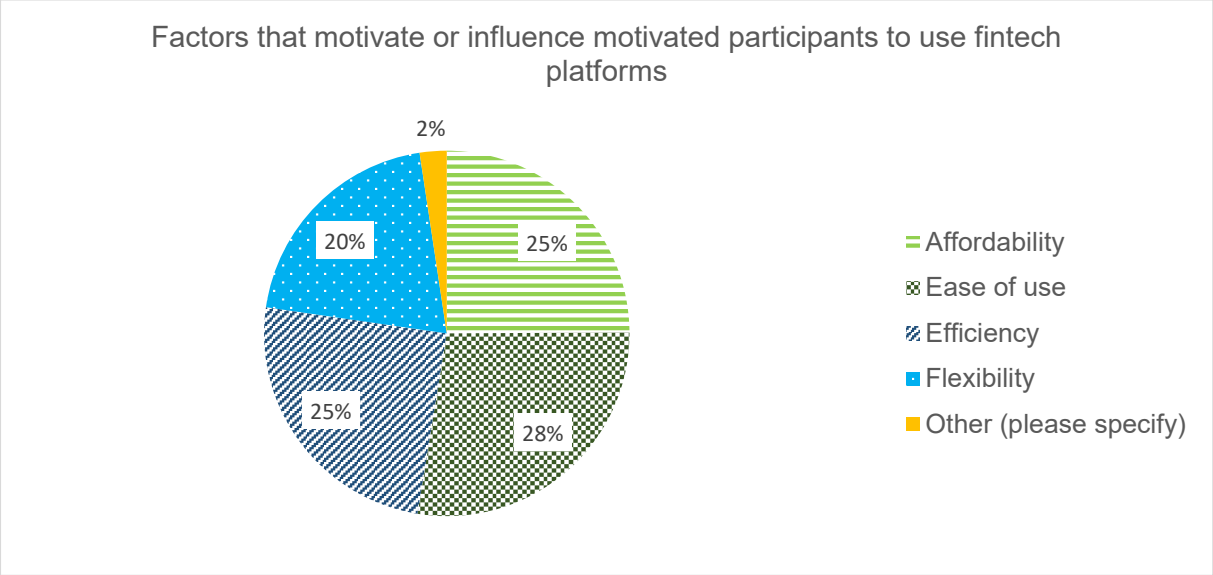


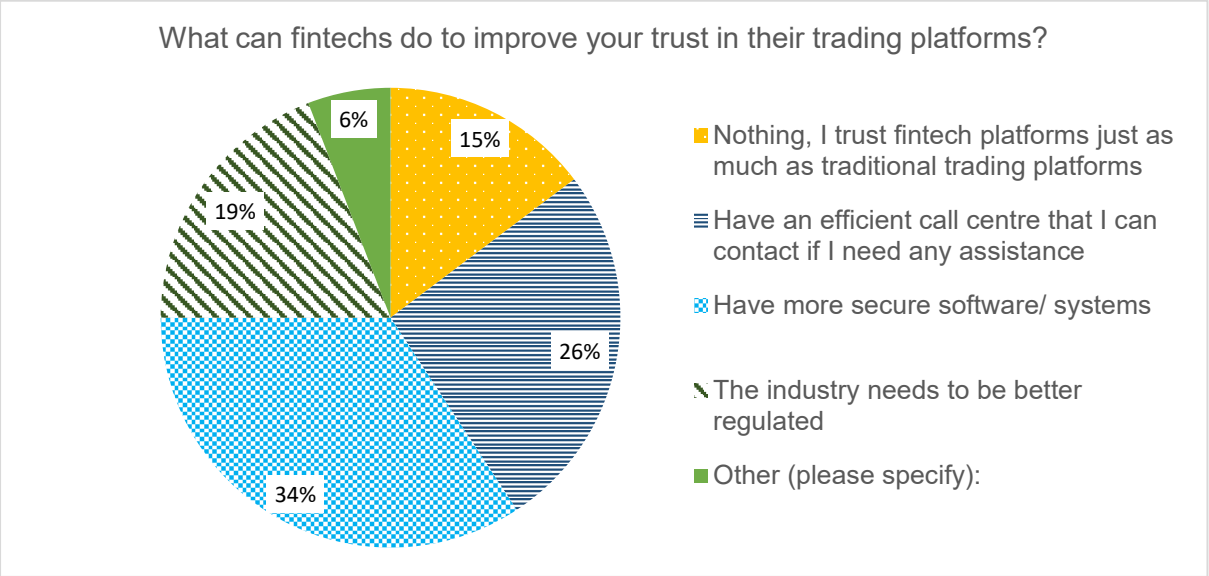
Table 10: Trust in fintech platforms compared to traditional platforms

Compared to traditional share trading and investment platforms, do you trust fintech platforms more or less?	**Percentage**
Much less	0.5%

Bit less	11.6%
Neutral	59.8%
Bit more	21.1%
Much more	7.0%

According to Table 10, 60% of respondents reported to be neutral in terms of the levels of trust between fintech and traditional platforms. 21% of respondents have indicated to trust fintech platforms more than traditional platforms, which may possibly be attributed to the elimination of biases previously present in brokerages (Black, 2008). 86% of respondents who indicated to trust fintech platforms a bit more or much more than traditional platforms were of the age 35 years old and below. This finding is consistent with prior studies suggesting younger individuals are more likely to be inclined towards fintech (ACCA, 2022).

Figure 18: Strategies to improve respondents trust in fintech trading platforms



Ernst & Young Global Limited (2019), identify the lack of trust as a key barrier to the use of fintech platforms. Therefore, it is of importance that fintech providers identify strategies that may be incorporated to improve the level of trust in their platforms. An improvement in security is reported to be the most significant contributor towards cultivating trust in fintech platforms,

which is supported by prior studies in which data breaches has impaired the level of trust in fintech (Frost, 2020).

Fintech providers may implement the following alternative strategies to improve trust in their platforms:

- Increase credibility and reputation of the platform through brand awareness, greater market presence and certification
- Placing emphasis on security safeguards active on the platform
- Creating awareness and educating individuals with limited experience
- Increasing the efficiency of trading

An analysis of the respondent's views on the key reasons for South African retail investors reluctance to use fintech platforms for personal trading and investment, broadly reflects the following themes:

- Lack of knowledge or awareness (38%)
- Data security and privacy concerns (25.5%)
- Lack of trust in fintech platforms (12.5%)
- Preference for traditional platforms (2.6%)
- Limited disposable income (8.3%)
- Lack of experience and fear of new technology (8.3%)
- Lack of accessibility in terms of digital resources (3.1%)
- Other (1.6%)

Data security and privacy concerns are identified as a recurring theme arising in the results of the study and in prior literature (Gai et al., 2018; Sahay et al., 2020). 25.5% of respondents reported the fear of cyber-risks to be a key reason for their reluctance to the use of fintech platforms. These concerns stem from the lack of regulation surrounding fintech (Didenko, 2017), and the increase incidents of fraud and data breaches, culminating in a lower level of trust in fintech platforms.

The levels of trust in fintech platforms is a crucial element inhibiting the use of fintech platforms (Frost, 2020). A fear of new technology and individuals preferring traditional platforms (Genesis Analytics, 2019), coupled with a lack of experience and confidence contribute to the low levels of trust in fintech platforms. Consequently, individuals who are averse to technological developments are not able to benefit from financial education facilitated by fintech platforms (Morgan, 2022).

Maslow (1954), suggests a hierarchy of needs in which basic needs are met to a certain extent prior to pursuing higher needs. The high cost of living in South Africa, accompanied with limited disposable income inhibits the use of fintech platforms. Investment products tend to be regarded as secondary financial products (Genesis Analytics, 2019), suggesting a lower propensity to generating passive income.

38% of respondents indicated a lack of awareness of fintech as well as a lack of exposure to investment processes and jargon poses a challenge to the use of the platforms. One of the respondents reported language as a potential barrier to the use of fintech platforms.

A lack of competing fintech platforms in South Africa compared to other countries has been indicated by a single respondent. It may be of interest for future research to explore the number of available fintech platforms across a spectrum of countries and the influence thereof in participation.

The lack of accessibility to technological resources poses as a challenge to the use of fintech platforms (Sahay et al., 2020). However as market penetration in the sphere of mobile technology grows, it is expected with the onslaught of this growth, greater usage of fintech platforms would ensue in this vein (Chong et al., 2021; Kim et al., 2020).

A further analysis of the respondents' perceptions on the ease of access and affordability to invest in the South African equity capital markets for personal wealth creation reflects the following themes:

- Improvement in ease of access (39%)

- Limited or difficult access to the equity capital market (12.5%)
- Affordable (12.5%)
- Costly to transact and limited disposable income for investment (10%)
- Increased education on fintech and investments is necessary (13%)
- Opportunity for fintech platforms to collaborate with traditional platforms (2.5%)
- Returns generated are low for wealth creation purposes (1.5%)
- Cyber risks and lack of trust (1.5%)
- Other (7.5%)

39% of respondents indicate greater ease of access are offered by the use of fintech platforms. Fintech platforms were reported to offer enhanced convenience, user-friendly experience and investment support through tutorials, demo-accounts and financial insights, which assist the transacting process. This finding reinforces prior literature indicating fintech platforms facilitating financial education with certain fintech platforms providing additional benefits to users such as access to financial research (Genesis Analytics, 2019; Lee & Shin, 2018; Panos & Wilson, 2020).

Individuals who reported limited or difficult access to the equity capital markets, indicated this to be mainly driven by a lack of education on fintech and lower levels of financial literacy amongst the larger population of South Africa. This implies a greater need to improve the awareness of innovative fintech solutions amongst South Africans in order to stimulate stock market participation.

Traditional firms who incorporate fintech within their service offerings are able to leverage off pre-existing consumer trust (Ernst & Young Global Limited, 2019). The opportunity for collaboration between fintech and traditional platforms has been highlighted by respondents indicating a preference to trade directly from a banking application. This is reflective of consumers seeking financial solutions that offer greater convenience, ease of use and are easily accessible (Coetzee, 2018; Gomber et al., 2017).

In terms of affordability, respondents indicated a need for greater transparency on the cost structures of fintech platforms. 1.5% of respondents indicated the returns generated from the equity capital market for wealth creation are low, which may be attributed to the costs of investing outweighing the return on investment. It may be of value for future research to explore the influence of fintech platforms on stock market performance.

Section 4.1 and 4.2 of this chapter explores the demographics and financial well-being of respondents to the survey. In addressing the main research question (RQ1), section 4.3 analyses the participation of South African professionals in the equity capital market. Lastly, section 4.4 presents the findings to address the sub-questions RQ1.1 and RQ1.2.

Chapter V: Conclusion

5.1. Summary

Technological advancements are transforming the manner in which the financial services sector operates. Innovative financial technology has the potential to increase access to the equity capital market, through enhanced user-experience, minimising trading costs and providing greater ease of access.

The current research aims to examine the influence of fintech share trading and investment platforms on the participation of South African professionals in the South African equity capital market.

The research questions of the study are as follows:

- RQ1: Are fintech share trading and investment platforms increasing South African professionals' participation in the equity capital market?
- RQ1.1: What are the main factors which are considered barriers to the use of fintech share trading and investment platforms?
- RQ1.2: What are the main factors that encourage the use of fintech share trading and investment platforms?

The primary data was sourced through an online structured survey questionnaire targeting South African professionals. Descriptive and inferential statistics were applied in analysing the data collected, and a thematic analysis was applied to analyse open-ended questions.

5.2. Conclusion and Areas for Further Research

75% of the respondents engage in trading and investment of shares. A relatively young age activism is evident in respect of the average age of participants purchasing their first share, reflecting the greater accessibility to the investment sector which was historically characterised by older individuals. 56% of respondents have indicated to not require the

assistance of a broker in their trading and investing activities, highlighting a greater percentage of respondents who are not dependent on traditional intermediaries for financial services.

The results of the study reflect a large percentage of professionals would not engage in the trading and investment of shares in the absence of fintech platforms, which suggests that fintech platforms are positively contributing towards the participation of South African professionals in the equity capital market. This finding is aligned to prior research indicating that disruptive financial technology contributes to the efficiency of the market (Pardo-Guerra, 2012), through the reduction of market imperfections such as transaction costs as well as the presence of increased competition, driving the share prices to be more reflective of all available information swiftly and accurately (Fama, 1970).

An individual's age, level of education and number of years of investment experience show a statistically significant difference in respect of the dependency on fintech platforms for participation in share trading and investment. These results reflect on the younger generation being less likely to participate in share trading and investment in the absence of fintech platforms, indicating a dependency on fintech platforms.

A statistically significant difference in relation to the number of years of investment experience implies that fintech platforms enable individuals with limited years of investment experience to participate in the financial market.

The participation of professionals in the equity capital market is experiencing a generational shift, as an individual's age significantly influences the trading in shares. A statistically significant difference exists in terms of the age at which the first share is purchased. These findings are aligned to the younger generation having greater accessibility to digitisation from an earlier age.

A significant difference in the level of education suggests that individuals with a higher level of education are less likely to invest or trade in shares in the absence of fintech platforms.

Interestingly, there is no statistically significant difference amongst professional expertise and the income category of respondents in relation to the continued investment and trading of shares in the absence of fintech platforms. The impact of this finding implies that the area of professional expertise and income earning category has limited bearing on an individual's participation in the trading and investment of shares in the absence of fintech platforms. This may possibly be as a result of selecting only working professionals. It may be of interest for future research to extend the study towards the greater South African population.

Fintech platforms have the potential to foster greater inclusion in the equity capital market, however a reluctance exists amongst individuals to use these platforms. The findings of the present study identify factors that pose as barriers to the usage of fintech platforms. These results may be of significance to existing fintech platforms, in terms of addressing the elements inhibiting the usage of fintech platforms. The reluctance to the use of fintech platforms is driven by the following factors: data security and privacy concerns, a low level of trust in fintech platforms, as well as a lack of awareness in the trading and investment process and the various financial products available.

Ease of use has been identified as a predominant factor encouraging the use of fintech platforms. An enhanced ease of access, user-friendly experience and investment support through tutorials, demo-accounts and financial insights, assist the transacting process, thereby encouraging the usage of fintech platforms. In terms of affordability, the cost of utilising a fintech platform is lower in comparison to traditional platforms, however a lack of awareness of the cost of share trading and investment platforms is reported, with respondents indicating a need for greater transparency on the cost structures of fintech platforms.

The focus of the present study did not explore the quality of investment decisions made by retail investors, which are influenced by psychological biases and heuristics. Future research may consider the potential to examine the influence of fintech platforms on the quality of investment decisions of individual investors.

This study contributes to the emerging stream of fintech research, through examining the impact of fintech platforms on South African professional's participation in the equity capital market. It may be of interest for future research to extend the scope of the study to explore the influence of fintech platforms on equity capital market participation across a broader spectrum of countries. A cross-country extension of the current study would assist to identify fintech country-specific factors impacting equity capital market participation.

In conclusion, the analysis of the results, reflects fintech platforms as positively contributing towards increasing the participation of South African professionals in the South African equity capital market.

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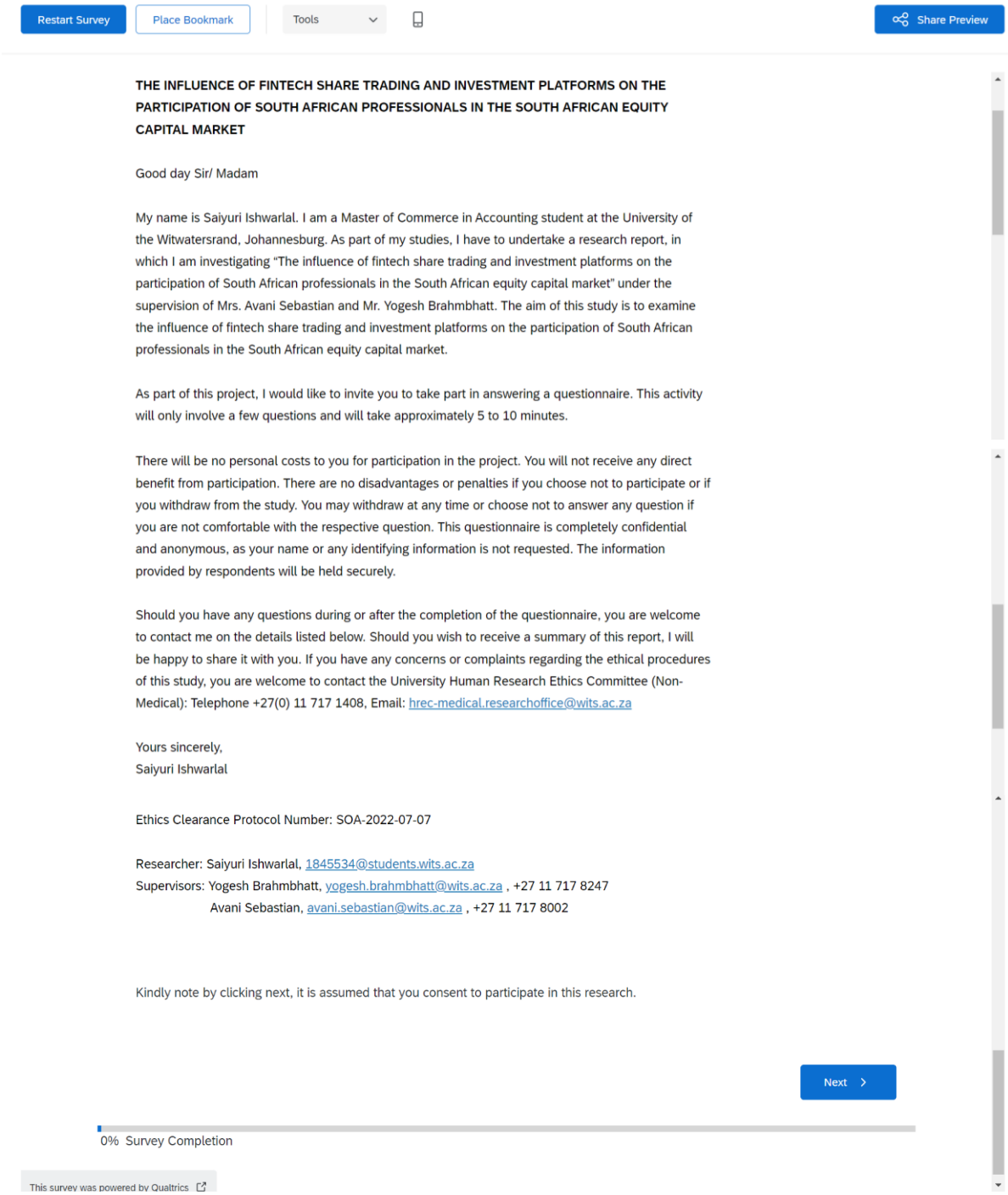
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Appendix A: Survey Questionnaire



Restart Survey | Place Bookmark | Tools | Share Preview

THE INFLUENCE OF FINTECH SHARE TRADING AND INVESTMENT PLATFORMS ON THE PARTICIPATION OF SOUTH AFRICAN PROFESSIONALS IN THE SOUTH AFRICAN EQUITY CAPITAL MARKET

Good day Sir/ Madam

My name is Saiyuri Ishwarlal. I am a Master of Commerce in Accounting student at the University of the Witwatersrand, Johannesburg. As part of my studies, I have to undertake a research report, in which I am investigating "The influence of fintech share trading and investment platforms on the participation of South African professionals in the South African equity capital market" under the supervision of Mrs. Avani Sebastian and Mr. Yogesh Brahmbhatt. The aim of this study is to examine the influence of fintech share trading and investment platforms on the participation of South African professionals in the South African equity capital market.

As part of this project, I would like to invite you to take part in answering a questionnaire. This activity will only involve a few questions and will take approximately 5 to 10 minutes.

There will be no personal costs to you for participation in the project. You will not receive any direct benefit from participation. There are no disadvantages or penalties if you choose not to participate or if you withdraw from the study. You may withdraw at any time or choose not to answer any question if you are not comfortable with the respective question. This questionnaire is completely confidential and anonymous, as your name or any identifying information is not requested. The information provided by respondents will be held securely.

Should you have any questions during or after the completion of the questionnaire, you are welcome to contact me on the details listed below. Should you wish to receive a summary of this report, I will be happy to share it with you. If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical): Telephone +27(0) 11 717 1408, Email: hrec-medical.researchoffice@wits.ac.za

Yours sincerely,
Saiyuri Ishwarlal

Ethics Clearance Protocol Number: SOA-2022-07-07

Researcher: Saiyuri Ishwarlal, 1845534@students.wits.ac.za
Supervisors: Yogesh Brahmbhatt, yogesh.brahmbhatt@wits.ac.za , +27 11 717 8247
Avani Sebastian, avani.sebastian@wits.ac.za , +27 11 717 8002

Kindly note by clicking next, it is assumed that you consent to participate in this research.

Next >

0% Survey Completion

This survey was powered by Qualtrics

1.	Please select your age? o Please select the age from the drop-down list provided
2.	Please specify your gender. o Female o Male o Other o Prefer not to say
3.	Are you a South African citizen or a permanent resident in South Africa? o Yes o No
4.	What is your main source of income? o No income at present o Salary o Dividend income o Monthly stipend from family members o Income from own business
5.	What is the income category that best describes your gross annual income before deductions and including all sources of income? (ZAR: South African Rand) o No income o ZAR 1 to ZAR 50 000 o ZAR 50 001 – ZAR 150 000 o ZAR 150 001 – ZAR 350 000 o ZAR 350 001 – ZAR 600 000 o More than ZAR 600 000 o Prefer not to say

6.	What is your highest level of education? o Primary School o High School o Undergraduate degree/ diploma o Honours/Postgraduate degree/ diploma o Masters o Doctorate o Other: Please specify in the text box provided
7.	Please specify your occupation. o Employed o Self-employed o Not in employment o Retired
8.	Please select the area of your professional expertise. o Science and engineering (including actuarial) o Health o Education o Business and administration (including finance) o Information and communications technology o Legal o Other: Please specify in the text box provided
9.	What type of internet connection do you have at your home? o Mobile data/ LTE o Fibre o ADSL o I do not have internet connectivity at home o Other: Please specify in the text box provided

10.	Please select all the banking products that you have. More than one option may be selected. o Savings account o Transactional account/ Current account o Credit account o Internet banking o Mobile banking app o I do not have any bank accounts o Prefer not to say o Other investment accounts: Please specify in the text box provided
11.	Do you participate in the trading or investment in shares? o Yes o No
12.	At what age, did you purchase your first share? o Please select the age from the drop-down list provided.

13.	Fintech platforms provide users with mobile banking, share trading and investment services. Prior to this study, were you aware of fintech share trading and investment platforms? Examples of fintech platforms include but are not limited to: EasyEquities, Etoro, Rand Swiss, Satrix and Sharenet o Yes o No
14.	Have you used a fintech platform before? o Yes o No
15.	What are the main reasons for not using a fintech platform? More than one option may be selected. o Data privacy and security concerns o Lack of experience o Lack of investor protection o Lack of trust in fintech platforms o Intimidated/ overwhelmed by the variety of investment options available o Other: please specify in the text box provided

16.	Traditional platforms provide the opportunity to acquire financial products or services through engagement with formal financial intermediaries such as banks or investment advisors, in person or telephonically. Do you use a traditional platform for share trading or investing? o Yes o No
17.	Would you still trade or invest in shares, if there were no fintech share trading and investment platforms available? o Yes o No
18.	What do you typically use fintech platforms for? More than one option may be selected. o Share trading o Investing/ Saving o Electronic payments o Checking my balances

19.	Please select the fintech share trading and investment platform mainly used. More than one option may be selected. o ABSA o Allan Gray o EasyEquities o Etoro o First National Bank o Investec o Momentum Securities o Nedbank o Old Mutual o PSG o Rand Swiss o Sanlam o Satrix o Sharenet o Standard Bank o None – I go to a bank branch or consult a broker if I need to make investments o Other: Please specify in the text box provided

<table>
<tr>
<td>20.</td>
<td>
Please rate the quality of the fintech share trading and investment platform mainly used on the following criteria.

a. Overall quality of service
o Scale:
<table>
<tr><td>1.Very Poor</td><td>2. Poor</td><td>3.Average</td><td>4.Good</td><td>5.Excellent</td></tr>
</table>
b. Ease of use
o Scale:
<table>
<tr><td>1.Very Poor</td><td>2. Poor</td><td>3.Average</td><td>4.Good</td><td>5.Excellent</td></tr>
</table>
c. Quality of trading tools
o Scale:
<table>
<tr><td>1.Very Poor</td><td>2. Poor</td><td>3.Average</td><td>4.Good</td><td>5.Excellent</td></tr>
</table>
</td>
</tr>
<tr>
<td>21.</td>
<td>
Please specify the number of years of experience in investing.
o Less than a year
o 1-2 years
o 2-3 years
o 3-4 years
o 4-5 years
o More than 5 years
o None
</td>
</tr>
</table>

22.	Which of the following costs would you expect to pay for investing or trading in shares? More than one option may be selected. o Brokerage o Securities Transfer Tax o Settlement Fees o Investor Protection Levy o Value- added Tax on Costs (VAT)
23.	Do you have a dedicated broker assisting you with your trading/ saving and investing? o Yes o No, I do not need a broker. o No, but I would like to have a broker to assist with share investing.
24.	How frequently do you trade shares on average per year? Please note trading of shares would include both buying and selling of shares. o None o 1-3 transactions o 4-8 transactions o 9-12 transactions o More than 12 transactions

25. Where do you usually carry out your personal trading/ investing activities?

- At a bank branch
- At the offices of a financial institution
- My broker travels to me
- Anywhere – I use a fintech/ banking app

26. What research do you do before making an investment or trading in shares?
More than one option may be selected.

- I acquire information from friends/ family.
- I read articles in the media and financial press.
- I analyse companies' financial results and read articles in the media.
- I consult with a broker/ financial advisor.
- I rely mainly on my instincts when trading or investing.
- Other: please specify in the text box provided.

27. How do you perceive the cost of the overall service you receive from **fintech share trading and investment platforms**?

Very affordable	Affordable	I don't know	Expensive	Very expensive

28. How do you find the cost of the overall service you receive from the **traditional share trading and investing platform**?

Very affordable	Affordable	I don't know	Expensive	Very expensive

29.

How important were the following factors in your choice of trading/ investing platform?

a. Affordability

- Scale:

1. Not at all important	2. Low importance	3. Neutral	4. Important	5. Very Important

b. Data security and privacy

- Scale:

1. Not at all important	2. Low importance	3. Neutral	4. Important	5. Very Important

c. Ease of use

- Scale:

1. Not at all important	2. Low importance	3. Neutral	4. Important	5. Very Important

d. Availability and relevance of market information

- Scale:

1. Not at all important	2. Low importance	3. Neutral	4. Important	5. Very Important

30.	Which of the following factors motivated or would motivate you to use a fintech share trading and investing platform? o Affordability o Ease of use o Efficiency o Flexibility o Other: please specify in the text box provided.
31.	Compared to traditional share trading and investment platforms, do you trust fintech share trading and investment platforms more or less? Much less | Bit less | Neutral | Bit more | Much
32.	What can fintechs do to improve your trust in their trading platforms? More than one option may be selected. o Nothing, I trust fintech platforms just as much as traditional trading platforms. o Have an efficient call centre that I can contact if I need any assistance. o Have more secure software/ system. o The industry needs to be better regulated. o Other: please specify in the text provided.

33.	In your opinion, what are the key reasons that South African retail investors may be reluctant to use fintech platforms for personal trading and investment? o Please specify in the text box provided.
34.	Please share your thoughts on the ease of access and accessibility to invest in the South African equity capital market for personal wealth creation. o Please specify in the text box provided.

Appendix B: Tables relating to a combination of options selected

Table 11: Number of banking product combinations utilised by respondents

Number of Banking Product combinations	Percentage
All Banking Products	**4.0%**
Savings account, Transactional/ Current account, Credit account, Internet banking, Mobile banking app, Other investment account	4.0%
Five Banking Products	**45.2%**
Savings account, Transactional/ Current account, Credit account, Internet banking, Mobile banking app	39.7%
Savings account, Transactional/ Current account, Credit account, Mobile banking app, Other investment account	1.0%
Savings account, Transactional/ Current account, Internet banking, Mobile banking app, Other investment account	3.5%
Savings account, Credit account, Internet banking, Mobile banking app, Other investment account	0.5%
Transactional/ Current account, Credit account, Internet banking, Mobile banking app, Other investment account	0.5%
Four Banking Products	**24.6%**
Savings account, Transactional/ Current account, Credit Account, Internet banking	2.0%
Savings account, Transactional/ Current account, Credit Account, Internet banking	3.5%
Transactional/ Current account, Internet banking, Mobile banking app, Other investment account	0.5%
Savings account, Transactional/ Current account, Internet banking, Mobile banking app	11.6%

Savings account, Credit account, Internet banking, Mobile banking app	3.0%
Transactional/ Current account, Credit account, Internet banking, Mobile banking app	4.0%
Three Banking Products	**10.6%**
Transactional/ Current Account, Internet banking, Mobile banking app	1.5%
Transactional/ Current account, Credit account, Mobile banking app	0.5%
Savings account, Internet banking, Mobile banking app	5.0%
Savings account, Credit account, Mobile banking app	1.0%
Savings account, Transactional/ Current account, Mobile banking app	2.5%
Two Banking Products	**5.5%**
Savings account, Credit account	1.0%
Savings account, Transactional/ Current Account	0.5%
Savings account, Mobile banking app	2.0%
Transactional/ Current account, Internet banking	0.5%
Savings account, internet banking	0.5%
Transactional/ Current account, Mobile banking app	1.0%
One Banking Product	**7.0%**
Savings account	2.0%
Transactional/ Current account	4.0%
Credit account	0.5%
Mobile banking app	0.5%
Prefer not to say	**3%**

Table 12: Usage of fintech platforms combinations

Usage of fintech platforms combinations	Percentage
All	**28.6%**
Share trading, Investing/ Saving, Electronic payments, Checking my balances	28.6%
Three options	**18.5%**
Share trading, Investing/ Saving, Electronic payments	3.4%
Share trading, Investing/ Saving, Checking my balances	1.7%
Share trading, Electronic payments, Checking my balances	0.0%
Investing/ Saving, Electronic payments, Checking my balances	13.4%
Two options	**25.2%**
Share trading, Electronic payments	3.4%
Electronic payments, Checking my balances	3.4%
Investing/ Saving, Checking my balances	1.7%
Share trading, Investing/ Saving	15.1%
Share trading, Checking my balances	0.8%
Investing/ Saving, Electronic payments	0.8%
One option	**27.7%**
Electronic payments	0.8%
Investing/ Saving	11.8%
Share trading	15.1%

Table 13: Quality of the fintech share trading and investment platform mainly used

Overall quality of service	Ease of use	Quality of trading tools	Percentage
Poor	Poor	Poor	0.8%
Average	Average	Average	10.1%

Average	Average	Good	0.8%
Average	Average	Poor	1.7%
Average	Good	Good	1.7%
Average	Good	Poor	0.8%
Average	Good	Average	1.7%
Average	Poor	Poor	1.7%
Good	Poor	Average	1.7%
Good	Average	Average	0.8%
Good	Average	Good	0.8%
Good	Good	Good	29.4%
Good	Good	Poor	0.8%
Good	Good	Average	7.6%
Good	Good	Excellent	1.7%
Good	Excellent	Average	0.8%
Good	Excellent	Good	11.8%
Good	Excellent	Excellent	0.8%
Excellent	Good	Good	0.8%
Excellent	Good	Excellent	0.8%
Excellent	Excellent	Good	3.4%
Excellent	Excellent	Excellent	19.3%

Table 14: Combination of research performed prior to making an investment or trading in shares

Combination of research performed prior to share trading and investment	**Percentage**
Five types of research	**1.50%**

I acquire information from friends/ family, I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, I consult with a broker/ financial advisor, I rely mainly on my instincts when trading or investing	1.5%
Four types of research	**6.0%**
I acquire information from friends/ family, I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, I consult with a broker/ financial advisor	2.0%
I acquire information from friends/ family, I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, I rely mainly on my instincts when trading or investing	3.0%
I acquire information from friends/ family, I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, Other	0.5%
I acquire information from friends/ family, I read articles in the media and financial press, I consult with a broker/ financial advisor, I rely mainly on my instincts when trading or investing	0.5%
Three types of research	**18.6%**
I acquire information from friends/ family, I read articles in the media and financial press, I analyse companies' financial results and read articles in the media	7.0%
I acquire information from friends/ family, I read articles in the media and financial press, I consult with a broker/ financial advisor	1.5%
I acquire information from friends/ family, I analyse companies' financial results and read articles in the media, I consult with a broker/ financial advisor	0.5%

I acquire information from friends/ family, I analyse companies' financial results and read articles in the media, I rely mainly on my instincts when trading or investing	0.5%
I acquire information from friends/ family, I read articles in the media and financial press, I rely mainly on my instincts when trading or investing	3.5%
I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, I consult with a broker/ financial advisor	3.0%
I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, I rely mainly on my instincts when trading or investing	2.0%
I read articles in the media and financial press, I analyse companies' financial results and read articles in the media, Other	0.5%
Two types of research	**37.7%**
I acquire information from friends/ family, I read articles in the media and financial press	6.0%
I read articles in the media and financial press, I analyse companies' financial results and read articles in the media	19.1%
I read articles in the media and financial press, I consult with a broker/ financial advisor	2.5%
I read articles in the media and financial press, I rely mainly on my instincts when trading or investing	3.0%
I read articles in the media and financial press, Other	0.5%
I acquire information from friends/ family, I analyse companies' financial results and read articles in the media	1.0%

I acquire information from friends/ family, I consult with a broker/ financial advisor	0.5%
I acquire information from friends/ family, I rely mainly on my instincts when trading or investing	0.5%
I analyse companies' financial results and read articles in the media, I consult with a broker/ financial advisor	2.5%
I analyse companies' financial results and read articles in the media, I rely mainly on my instincts when trading or investing	2.0%
One type of research	**36.2%**
I acquire information from friends/ family	5.5%
I read articles in the media and financial press	5.5%
I analyse companies' financial results and read articles in the media	6.0%
I consult with a broker/ financial advisor	7.0%
I rely mainly on my instincts when trading or investing	3.5%
Other	8.5%

Table 15: Combination of reasons for not using a fintech platform

Combination of reasons for not using a fintech platform	**Percentage**
Five Reasons	**1.3%**
Data privacy and security concerns, Lack of experience, Lack of investor protection, Lack of trust in fintech platforms, Intimidated/ overwhelmed by the variety of investment options available	1.3%

Four Reasons	**2.5%**
Lack of experience, Lack of investor protection, Lack of trust in fintech platforms, Intimidated/ overwhelmed by the variety of investment options available	1.25%
Data privacy and security concerns, Lack of experience, Lack of investor protection, Lack of trust in fintech platforms,	1.25%
Three Reasons	**5.0%**
Data privacy and security concerns, Lack of experience, Intimidated/ overwhelmed by the variety of investment options available	3.75%
Data privacy and security concerns, Lack of investor protection, Lack of trust in fintech platforms,	1.25%
Two Reasons	**12.5%**
Lack of experience, Intimidated/ overwhelmed by the variety of investment options available	6.25%
Data privacy and security concerns, Intimidated/ overwhelmed by the variety of investment options available	3.75%
Lack of experience, Lack of investor protection	1.25%
Lack of experience, Lack of trust in fintech platforms	1.25%
One Reason	**78.75%**
Intimidated/ overwhelmed by the variety of investment options available	7.50%
Lack of trust in fintech platforms	3.75%
Lack of experience	45.00%
Data privacy and security concerns	3.75%
Other	18.75%

Table 16: Combination of expected costs for share trading or investing

Combination of expected costs for share trading and investment	Percentage
All	**15.1%**
Brokerage, Securities Transfer Tax, Settlement Fees, Investor Protection Levy, Value-added Tax on costs (VAT)	15.1%
Four Costs	**10.6%**
Brokerage, Securities Transfer Tax, Settlement Fees, Investor Protection Levy	3.5%
Brokerage, Securities Transfer Tax, Settlement Fees, Value-added Tax on costs (VAT)	4.0%
Brokerage, Securities Transfer Tax, Investor Protection Levy, Value-added Tax on costs (VAT)	2.0%
Brokerage, Settlement Fees, Investor Protection Levy, Value-added Tax on costs (VAT)	0.5%
Securities Transfer Tax, Settlement Fees, Investor Protection Levy, Value-added Tax on costs (VAT)	0.5%
Three Costs	**19.6%**
Brokerage, Securities Transfer Tax, Settlement Fees	4.5%
Brokerage, Securities Transfer Tax, Investor Protection Levy	4.5%
Brokerage, Securities Transfer Tax, Value-added Tax on costs (VAT)	5.5%
Brokerage, Settlement Fees, Value-added Tax on costs (VAT)	3.0%
Brokerage, Investor Protection Levy, Value-added Tax on costs (VAT)	0.5%
Brokerage, Settlement Fees, Investor Protection Levy	1.5%
Two Costs	**26.1%**
Brokerage, Securities Transfer Tax	7.5%

Brokerage, Settlement Fees	3.0%
Securities Transfer Tax, Settlement Fees	1.5%
Securities Transfer Tax, Investor Protection Levy	1.0%
Securities Transfer Tax, Value-added Tax on costs (VAT)	1.5%
Investor Protection Levy, Value-added Tax on costs (VAT)	0.5%
Settlement Fees, Value-added Tax on costs (VAT)	1.0%
Brokerage, Investor Protection Levy	3.0%
Brokerage, Value-added Tax on costs (VAT)	6.5%
Settlement Fees, Investor Protection Levy	0.5%
One Cost	**28.6%**
Brokerage	19.1%
Securities Transfer Tax	2.0%
Settlement Fees	0.5%
Investor Protection Levy	1.0%
Value-added Tax on costs (VAT)	6.0%

Table 17: Combination of factors that motivate or influence motivated participants to use fintech platforms

Combination of factors that motivate or motivated the use of fintech platforms	Percentage
All	**1.5%**
Affordability, Ease of use, Efficiency, Flexibility, Other	1.5%
Four factors	**40.7%**
Affordability, Ease of use, Efficiency, Flexibility	40.2%
Affordability, Ease of use, Efficiency, Other	0.5%
Three factors	**13.6%**
Affordability, Ease of use, Efficiency	6.5%
Affordability, Ease of use, Flexibility	2.0%
Affordability, Efficiency, Flexibility	1.0%
Affordability, Flexibility, Other	0.5%
Ease of use, Efficiency, Flexibility	3.0%
Ease of use, Efficiency, Other	0.5%
Two factors	**19.1%**
Affordability, Ease of use	8.5%
Affordability, Efficiency	3.0%
Affordability, Flexibility	1.0%
Ease of use, Efficiency	3.5%
Ease of use, Flexibility	1.5%
Efficiency, Flexibility	1.5%
One factor	**25.1%**
Affordability	3.5%

Ease of use	8.0%
Efficiency	6.5%
Flexibility	3.5%
Other	3.5%