

Investigating the Perceptions of Westridge Low income Earners on online Forex Trading as a Business Concept

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DECLARATION

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Signed:

DEDICATION

This study is dedicated to my mother Phindile Sangweni; my fiancée Nozipho; our son Thingo; and lastly our daughter Ndalo. Everything that I achieve is dedicated to you!

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I wish to express my sincere appreciation and gratitude to the following individuals in my life, without their assistance this research study would not have been possible:

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ABSTRACT

Online foreign exchange trading has been growing internationally with the advances in technical trading robots and internet technology. The use of online foreign exchange trading as means of creating employment by novice traders was first studied in the seventies by Richard but not many studies have been conducted in South Africa.

The main aim of this study was to determine if it was feasible to train low-income earning members of the Westridge community to participate in the foreign exchange market by studying the perceptions of low-income members of Westridge community on online foreign exchange trading as a business concept.

The research study was conducted in South Africa at the Westridge community west of Durban. Quantitative data was collected using stratified random sampling method and a sample of one hundred participants was selected from the local stokvels. The analysis of the data collected indicated the limitations that the participants had with regards to online foreign exchange trading.

Relevant academic literature indicated that online foreign exchange trading involves mathematical concepts that require participants to understand statistics. Therefore the research study recommended that the participants should have a minimum of grade twelve mathematics and English. The analysis of data collected indicated the monthly income of participants should not be less than 10 000 ZAR in order to participate in the online foreign exchange market. The research study recommended that the training should include basic understanding of financial systems; basic understanding of main pillars of the South African economy; basic statistical concepts; technical analysis of foreign exchange market; basic understanding of tax systems; and lastly how to open a company.

The most pertinent finding of the research study is that the respondents were trainable in mathematical and statistical concepts that enabled them to conduct online foreign exchange trading as a business concept.

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LIST OF ACRONYMS

FOREX	:	Foreign Exchange
HFT	:	High Frequency Trading
JSE	:	Johannesburg Stock Exchange
USD	:	United States Dollar
GDP	:	Gross Domestic Product
SAMPI	:	South African Multidimensional Poverty Index
ZAR	:	South African Rands
UKZN	:	University of KwaZulu Natal
GSB&L	:	Graduate School of Business and Leadership
Fig	:	Figure

CHAPTER 1: INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

The objective of any company includes continuously diversifying and expanding its product offerings. The researcher intends to enter the growing industry of online investment trading by providing services and tools that are required for novice traders to invest independently. The industry has not yet fully recovered from the 2008 financial market crash; therefore, the importance of conducting an in-depth analysis to establish if market conditions exist for potential services and products. The current market environment needs business to generate services and products that are beneficial to both customers and the bottom line of the business.

The key discussions in this chapter are mainly focused on the motivation of the study; focus of the research study; problem statement; objectives of the study; and the methodology followed in conducting the research study.

1.2 MOTIVATION FOR THE STUDY

The motivation for this study was to evaluate conceptually, through available researched information on the viability of introducing foreign exchange trading to low income earners within the Westridge community as a business concept. The results from this study may be used for developing strategies to implement foreign exchange trading to low income earners in the Westridge community as well understanding the applicability of foreign exchange trading to the broader South African community within the low-income population.

1.2.1 BENEFITS OF THE STUDY

The general public of the Westridge community will benefit from this research study by gaining an opportunity to participate in the financial markets. The general public will increase their understanding of the financial markets, thus, reducing the risk of being exposed to Ponzy and/or Pyramid schemes, which sometimes trade as crypto currencies.

The local government will benefit from the application of foreign exchange trading within the Westridge community through increased economic activity within the community. The foreign exchange trading has low input costs; therefore, more community members can be introduced to the business concept. The limitation to this business concept heavily depends on individual trader skills; therefore, this concept motivates the community to increase its understanding and participation. The financial markets offer vast opportunities to increase the wealth of participants. This situation, therefore, affords low-income earners in the Westridge community the opportunity to participate in and increase their wealth. Participating in this foreign exchange trading will in some measure help in poverty alleviation.

1.2.2 THE CONTRIBUTION OF RESEARCH STUDY TO RESEARCHER DISCIPLINE

Since investment and portfolio management interests the researcher, it is envisaged that the findings of this study will contribute to enhancing this discipline by generating an understanding of how low-income earners perceive online forex trading. The research findings will contribute to this discipline by helping the researcher generate an understanding of how investment and portfolio management can be applied to the benefit of the broader South African poor community. Further, the findings will allow the researcher to broaden the business scope.

1.3 FOCUS OF THE STUDY

The aim of the research study was to generate an understanding of how online forex trading can be introduced to low-income communities by analysing the perceptions of the Westridge low income community.

The dimensions of the researcher discipline are as follows:

- The degree to which the low-income section of the Westridge community's perception of online foreign exchange trading was limiting their involvement in the foreign exchange trading industry.
- The extent to which the perception of hindrance factors to online foreign exchange trading limits the Westridge community's involvement in the Foreign exchange market

The research study focused on all the above three dimensions in order to generate and offer constructive conclusions to the research problem. The research study also looked at the applicability of the proposed solutions to the Westridge community and the low-income population within the broader South African community.

The variations like age group; gender; and marital status within the selected research sample were noted but not analysed in greater detail for the purpose of the research study because the main focus of the research study was on applicability of the research conclusions.

The time period of the research study was also ignored or treated as a constant and the viability of research conclusions was not subjected to changes in the research study period.

The technological changes during and after the research study was also ignored for the purpose of this research study and the applicability of research conclusions or recommendations was not subject to changes in technology which may have occurred during the research study. The impact of the digital divide on participants was also observed during the research study.

1.4 PROBLEM STATEMENT

The concept of foreign exchange trading by novice traders has been well researched in past through studies like turtle trading research conducted by Mr. Richard Dennis; and why is forex trading becoming a big deal in South Africa which was conducted by Mr. Z. Nhlapo. The emphasis of past research studies has been focused mainly on participants who are able to afford the volatility of the foreign exchange markets. To the best of the researcher's knowledge, very few studies have been performed on the perceptions of novice traders on online foreign exchange trading especially with low income earning novice traders. Therefore, the problem statement was to study the most effective manner to introduce online forex trading to the Westridge community by analysing the perceptions of low-income members of the Westridge community on online foreign exchange trading as a business concept. The study utilized both, the opportunity to participate in the financial market place and the ability to increase financial income in order to draw its conclusions (Nhlapo, 2017, p. 1).

1.5 OBJECTIVES OF THE RESEARCH STUDY

This research study analysed trainability of low-income earners from the Westridge community and also analysed the online foreign exchange trading options available for low income earners in the Westridge community in order to generate recommendations for the research study. The dimensions of online foreign exchange trading were analysed with regards to their complexity and their respective applicability in order to generate appropriate trading options for low income earners. This research study also developed recommendations for the training package of low-income earning members of the Westridge community based on the participant's perceptions. The financial services boards of South Africa stipulates that people or companies offering services have to be licensed; and if they are offering financial services without a license, they are contravening the Financial Advisory Services Act and they are liable for a fine or even imprisonment,

therefore research study also aimed to establish the perceptions of online forex trading by low income earners of Westridge community.

Online foreign exchange trading training in South Africa has been on the increase with novice traders making quick profits before they are able to understand and master the art of trading themselves. Therefore, the objectives of the research study are as follows:

- 1.5.1. To establish the perceptions of low-income earners about online foreign exchange trading
- 1.5.2. To identify factors that hinder online foreign exchange trading for low income earners
- 1.5.3. To determine the appropriate options for low income earners
- 1.5.4. To provide recommendations to the low-income earners about appropriate foreign exchange trading options

1.6 RESEARCH QUESTIONS

- a. What are the perceptions of Westridge low income earners on online forex trading as a business concept?
- b. What are the factors that affect Westridge low income earners on engaging on online forex trading?
- c. What are the options available to Westridge low income earners towards online forex trading?
- d. What recommendations can be made towards enhancing online forex trading by the Westridge low income earners?

The research tested the following hypothesis:

Hypothesis testing 1: There is no significant difference between the low income earner's perception and the trainability of low income earners.

Hypothesis testing 2: There is no significant difference between the varying hindrance factors to the participation in online foreign exchange trading by low income earners

Hypothesis testing 3: There is no significant difference between variability of forex trading options to the trainability of low income earners.

1.7 BRIEF METHODOLOGY

The research study utilised the quantitative research methodology where questionnaires were used for the purpose of collecting the primary data. The questionnaires were prepared in two languages, IsiZulu and English. The alternative hypothesis was testing by analysing the frequency statistics and correlations of the collected data.

1.8 LIMITATIONS OF THE STUDY

Limitation - Identifying and targeting respondents: respondents were identified from the community stokvels. This may influence the response from the respondents as these are respondent who are already seeking means to generate income or savings.

Limitation- Administering the questionnaire: some of the questionnaires were administered by the researcher as a result the respondents may have been influenced by the presence of the researcher.

Limitation - The size and scope of the topic: the topic focuses mainly on the respondent's personal emotions towards the topic. Therefore, the respondent's response may be influenced by the respondent's pride. Hence, the data collected may not be accurate.

Limitation - Time to perform the research study: the researcher was under full employment by Inno Textiles whilst undertaking this study. The research study was only performed after work hours (18:00) and during weekends. Therefore, the researcher had to encourage the respondents for early responses. Some questionnaires were administered during the night. The results may not be a true reflection of their responses as the respondents may have been tired.

1.9 CHAPTER SUMMARY

Chapter one looked at clearly defining problem statement and thereafter reviewed the motivation; limitations; benefits; objectives; and focus of the research study. The research study selected to utilize questionnaires to collect primary data. The data from the questionnaires was used to prove hypothesis of the research study. The research study opted to generate questionnaires in both English and IsiZulu due to the demographics of the target population.

Chapter two focuses on theoretical concepts of the research study and provides an academic background for the study.

CHAPTER 2: REVIEW OF RELEVANT LITERATURE

2.1 INTRODUCTION

This chapter defines the variables of the research study, and thereafter provides an academic background to the research problem statement. This chapter also reviews relevant previous research studies with the aim to further define online forex trading.

2.2 AN OVERVIEW OF TRADING IN FINANCIAL MARKETS

There are a variety of financial market instruments available in South Africa in which the low-income earners can participate in (Ducastel & Anseeuw, 2017, pp. 199-209). The main markets are: bond market, currency market, stock market, derivatives market, and physical assets markets (Baker, 2015, pp. 146-156). The stock market is the most common market where investors buy and sell shares and the main source of profit in this market is capital gain and dividends (Liu, 2015, pp. 51-67). In the bond market, investors make profits via the coupon that is issued by the institution's issuing bonds (Sobrun & Turner, 2015, p. 3). In the foreign exchange market, investors make profits via speculating the value of a particular currency against another (Goddard, Kita & Wang, 2015, pp. 79-96). The physical market is the trading of actual items such as gold, meat, etc. and investors make profits by buying low and selling high (Shahidur, 2015). Lastly, the derivatives market is about trading the right to purchase or sell a particular asset and profit is made via the change in the value of the right to purchase and/or sell (Jaeck & Lautier, 2016, pp. 300-313). The financial markets are part of the financial system of the country (Ahmed, 2016, pp. 43-59). The common understanding in trading financial instruments is that markets conform to the efficient market theory, in that most

financial securities are priced with the risk versus return being already taken into consideration (Bodie, 2013, p. 123).

These financial markets are complex and highly competitive (Gourieroux & Jasiak, 2018, p 18). The trading environment involves a variety of differently sized organizations which are looking to capitalize on the same markets as the novice trader (Mishra & Metilda, 2015, pp 228-239). Larger size organizations have the resources to use high frequency trading (HFT) systems to get the best results. This makes the financial markets unfair and tilted in favour of high frequency as high frequency traders respond faster to the market (Angel & McCabe, 2013, pp. 585-595).

Although financial markets may be unfair and complex, their role in society is very important in that they provide liquidity to the market so as to enable economic activity to thrive (Huber & Kim, 2019, pp. 1-18). The financial markets offer services which are common amongst the service providers within the financial market (Löve, Traustadóttir & GordonRice, 2018, pp. 193-207). The service providers differentiate their service by the potential benefit or value that the customer may gain from the service (Ozili, 2018, pp. 329-340). The value of knowledge in the financial markets adds to its complexity in that institutional investors keep on developing financial instruments that is the next market growth driver (Bolton, Santos, Scheinkman & Jose, 2016, pp. 709-736).

The South African population is familiar with trading in the financial markets through the Johannesburg Stock Exchange (JSE) as well as the foreign exchange centres found in malls around the country (Afego, 2015, pp. 243-266). The JSE is a regulated market that makes it possible for traders to trade securities in a safe and reliable manner (Williams, Deodutt & Stainbank, 2016, pp. 120-138). The JSE operates according to international standards and norms; therefore, all traders need to register through an approved brokerage firm in order to trade instruments that are available on the JSE (Mwamba & Pretorius, 2012, pp. 515-526).

The brokers charge traders for using their facilities through price spreads, that is the deference in the price that the broker is selling an instrument to the price the broker is buying the same instrument (Gillbert & Stergiopoulos, 2012, p. 1).

2.2.1 HISTORY OF FOREIGN EXCHANGE TRADING MARKET

The trading of currency first started in ancient period when money changers used to exchange currency of one country for another (Doskov & Swinkels, 2015, pp. 370-389). The early trading of currency was based on the amount of gold in the coins of respective countries, which determined the value of that particular currency. Money changers would gain by chiselling some gold off the currencies which had more gold in order to make profit (Boyle, 2015, p. 38).

The foreign exchange market is commonly referred to as the forex market (Ning, Wang & Su, 2017, pp. 219-226). The foreign exchange market is the market where currencies are bought and sold (Terra, 2015, pp. 31-59). The price at which these currencies are traded is referred to as the exchange rate (Cenedese, Payne, Sarno & Valente, 2016, pp. 1045-1080). The main function of the foreign exchange market is to facilitate foreign trade between countries by allowing for the payment of goods and services between or across countries (Koepke, 2018, p. 50). The trading of currencies dates back to before 1875 when the gold standard was created. The settlement of debts across or between countries was performed using gold and silver before the gold standard was created. Countries then adopted the gold standard where respective countries currency was backed by a certain amount of gold (Jones & Podolsky, 2015, pp. 1502-1503). The major drawback for the gold standard was that there wasn't enough gold for the amount of money that was needed for big projects, like wars and the value of gold was heavily dependent on supply and demand which was controlled by explorers. The value of gold would drop when new exploration resulted in a significant amount of gold being found (Frenkel & Johnson, 2013, pp. 359-360).

The gold standard was later dropped in 1944 for the Bretton Woods system of international monetary management (James & Marc, 2015, pp. 479-511).

The main feature of the Bretton Wood international monetary system was for other countries to replace the gold with the United States Dollar to be the world's reserve currency. Originally, the United States dollar was the only currency to be backed by gold; however, the United States dollar was removed from the gold standard in 1971 due to gold supply issues (Palludeto & Abouchedid, 2016, pp. 53-90).

The removal of the gold standard created volatility within the value of the currencies around the world. This volatility created trading volume for traders thus increasing the demand for the foreign exchange market. The demand of volatile market is driven by the understanding that volatile markets have better returns (Wang & Huang, 2012, pp. 217-242).

Some developing countries around the world adopted inflation targeting to limit the effects of volatility of currency value on the economy (Berganza & Broto, 2012, pp. 428-444). Below is the list of countries that have adopted inflation targeting and their respective target range.

Table 1: List of countries that adopted inflation targeting Source: (Little & Romano, 2009, pp. 53-79)

<u>Country Name</u>	<u>Inflations target (%)</u>
Israel	1-3
Czech Republic	+/- 1.0
South Korea	3.5 – 4.0
Poland	+/- 1.0
Brazil	+/-2.0
Chile	+/- 1.0
Colombia	2-4
South Africa	3-6
Thailand	0-3.5
Mexico	+/- 1.0
Hungary	+/- 1.0
Peru	+/- 1.0
Philippines	4-5

Indonesia	+/- 1.0
Romania	+/- 1.0
Turkey	+/-2.0
Ghana	6-8

The table above lists countries that use the strategy of targeting inflation. Targeting of inflation rate range helps countries control the fluctuations of cost of goods sold within that particular country. There is growing pressure against inflation rate targeting where opponents to inflation rate targeting claim that it is causing unemployment rates to increase. In the case of South Africa; the Reserve Bank of South Africa has set a target of 3% – 6% inflation rate. This means that the Monetary Policy Committee take predictable actions depending on the rate of inflation. Inflation targeting can help the foreign exchange trader better predict the next decision of the country's central bank; thus, allowing the foreign exchange trader to make profit from the currency value movements (Diko, 2017, p. 1).

Currency has been central to all organized economic environments throughout history and has shaped foreign and economic policies of all countries around the world (Davies, 2013, pp. 66-72).

The country's currency plays a pivotal role in the country's competitiveness with respect to export or import of goods or services. As a result countries around the world have been accusing each other of manipulating the value of their respective currencies in order to improve their economic competitiveness (Richard, 2015, pp. 40-64). The most recent is the case between the United States of America accusing China and Japan of manipulating the value of their currencies in order to improve their export sectors of the economy. It is important to note that the International Monetary Fund has indicated that both Japan and China are not currency manipulators (Richard, 2015, pp. 40-64).

The argument of currency value manipulation between countries mainly arises from the fact that, currency value is very volatile and impacts on all the goods that are traded internationally (Menkhoff, Sarno, Schmeling & Schrimpf, 2012, pp. 681-718).

The value of currency can also be manipulated by large organizations such as banks and or large scale investors. In this case, banks use an illegal practice of using their client's information to gain upper of trading currencies. Sometimes banks even share client's information with each other in a practice called collusion, where significant traders in those particular organizations act simultaneously with the aim of influencing the value of certain currencies (Nkosi, 2017, pp. 1-3).

2.2.2 AN OVERVIEW OF FOREIGN EXCHANGE MARKET

Online foreign exchange trading forms part of the financial market, where financial markets are institutional arrangements, mechanisms and/or conventions that exist for trading financial instruments (Terra, 2015, pp. 31-59). There are many types of financial markets such as cash and derivatives; primary and secondary markets; financial exchanges and over –the-counter markets; and interbank markets (Löve, Traustadóttir & GordonRice, 2018, pp.193-207). The foreign exchange market is an international forum for the exchange of currencies and is traded through registered brokerage firms (Connell, 2011, pp. 50-65).

Foreign exchange trading is done through brokers and brokers offer deferent types of accounts. These accounts are normally divided by the deposit size, where a mini account is an account that ranges from \$200 USD to \$2500 USD; standard account is an account that ranges from \$2000 USD to \$10 000 USD; and, lastly the managed accounts usually start from \$10 000 USD onwards and in this account, brokerage firms offer an experienced broker to trade on your account (Macerinskiene & Balciunas, 2015, pp. 552-556).

Investors can trade derivatives in the foreign exchange market as well. Speculation is the big part of foreign exchange trading where investors' hedge against currency fluctuations. There is over 5 trillion USD traded on the foreign exchange market on a daily basis. The United Kingdom makes up the majority of the trading activity being 36%, The United States being 17%, Japan is currently at 6% with the rest of the world making up the remaining 41%. The foreign exchange market is therefore a lucrative environment (Ji, Tee & Li, 2017, pp. 47-62). There is a strong presence of Ponzy and/or Pyramid schemes in South Africa making it very complicated for low income earners to differentiate between legal and illegal financial market

investment vehicle systems to improve their living standards (Detlev, 2012, pp. 69-92).

The concept of using the financial system to improve the standard of living is well known in developed countries like Japan, United Kingdom, Germany and the United States of America (Ji, Tee & Li, 2017, pp. 47-62). However, this concept has not been well studied for the under developed and/or developing countries like African countries particularly South Africa. The main focus has been capital inflow versus outflows (Detlev, 2012, pp. 69-92).

The foreign exchange market offers the most significant opportunities for traders due to its size. Below is a graphical illustration of the size of the foreign exchange market.

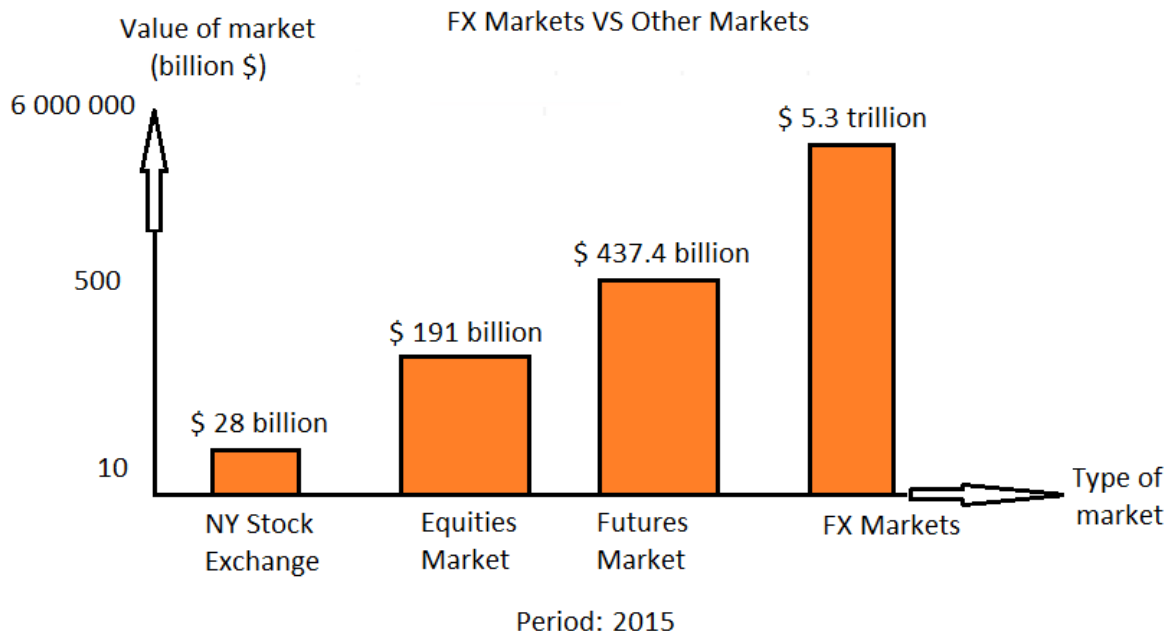


Figure 2.1: Comparing the four major trading markets (Pitterle, Haufler & Hong, 2015, pp. 484-500).

The foreign exchange market is the most traded and most liquid market in the world. The market turns over 5 trillion US dollars daily which is very large in comparison to

other financial markets. The foreign exchange market, therefore, offers better opportunities for the novice trader to participate in the financial markets (Pitterle, Haufler & Hong, 2015, pp. 484-500).

2.2.3 AN OVERVIEW OF INFORMAL FINANCIAL MARKET IN SOUTH AFRICA

The advancement of technology has allowed currencies around the world to be digital. This digital revolution of currency has resulted in the introduction of crypto currencies such as Bitcoin (Chaim & Laurini, 2019, pp 222-232). Therefore, the market currently has both digital money and digital currencies, where digital currency is not issued by the central bank and is not backed in the national currency whilst digital money is issued by the central bank (Böhme, Christin & Edelman, 2015, pp. 213-238). This crypto currency is a relatively modern concept and its implications are not yet fully understood; for instance their impact on the country's financial stability and organized crime (de Albuquerque & de Castro Callado, 2015, pp. 3-16).

Trading of investment instruments on markets like the JSE has for many years been reserved for individuals with excess funds, who could afford to participate in the market as it was expensive (De Beer, Keyser & Van der Merwe, 2015, pp. 1-24).

The advancement of computer technology has revolutionised stock exchanges around the world (Lehmann-Hasemeyer & Streb, 2016, pp. 3558-3576). The need for trading floors has been eliminated, with many traders now being able to trade anywhere around the world where there is internet connectivity (Brummer, 2016, p. 977).

The increase in trading competition and governance has made the market more reliable and has resulted in an increase in the number of trading instruments available in the market. The available technology has made the market international easily accessible; thus, further increasing competition for brokers resulting in a reduction in the cost of commissions. Technology has also increased the speed within which orders are placed, translated into trades with updated reports (Swartz, Beiner & Humbach, 2012, p. 18).

2.3 THE LOW INCOME COMMUNITY DEFINED

Globally, poverty is defined according to financial income which can also be referred to as the lack of means for proper existence. According to the World Bank, those who live under \$1 per day are considered extremely poor and those who live under \$ 1.25 per day are considered poor. Therefore, according to World Bank, being poor means not having enough money to live (Schwittay, 2014, pp. 508-519).

The World Bank's definition of poverty focuses on maximizing income rather than the opportunity of being a participant in the market place, whereas Sen highlights the impact of social opportunities to improve an individual's prospects for a better life where social opportunities include the provision of education and health care (Andrade & Urquhart, 2012, pp. 281-292).

The United Nations adopted the millennium development goals in September 2000 which serves as a guideline and provides proper targets for achieving full development for United Nation member states (Ohiorhenuan, 2011, pp. 7-23).

There is general acceptance internationally that a country's economic performance is strongly linked to the standard of living of its residents. Capital flows to and from a country has been used internationally to measure the performance of the country's economy. It is important to note that this has impacted on the change in macroeconomic policies of many countries after the 2008 financial crises where the flow of capital has been under increasing regulation (Thompson, Van Eyden & Gupta, 2015, pp. 256-274).

The current thinking on poverty alleviation and overall community development in Africa is a broad approach. It looks at economic growth, environmental protection, institutional transformation, gender equality and human rights protection (Rogan, 2013, pp. 1344-1357).

In post-apartheid South Africa, while there has been a steady increase in the wellbeing of former underprivileged households there has also been an increase in income gap between the poor and the rich. The apartheid legacy has left a clear distinct racial line between the rich and the poor, with the rich being mostly white people whilst the poor being black people. The philosophy of apartheid system was to provide unequal systems where the majority black people received less quality with regards to education and economic benefits. The main focus of post-apartheid

government has been on social cohesion, macro-economic integration and political inclusivity (Spaull, 2015, pp. 34-40). The South African government has managed to achieve political inclusivity within the broader community. However, the main institutions of power within the country which impact on the country's education, economic growth, and social cohesion have not yet changed and they continue to function with the same philosophy as they did under the apartheid system (Ocran, 2011, pp. 604-618).

The steady and at times unimpressive economic growth has not resulted in increase in jobs for the poor and this has resulted in the Unions and Communist party increasingly arguing for a more interventionist approach. There is an urgent need to modify the current open market approach that South Africa is currently following (Ocran, 2011, pp. 604-618).

The current approach by the South African government is to establish a national solution which is then applied across poor communities in South Africa. This approach has not yielded concrete results and the communities are increasingly becoming impatient as evidenced with the sharp increase in service delivery protests. The inefficiencies within the South African government such as corruption and inefficient legislation have eroded trust between government and the community at large; thus, making government programs less effective (Rogan, 2013, pp. 1344-1357).

In the case of South Africa, with such high income inequality, it is important for the financial system to be made easily available and affordable in order for the economy to access funds that is invested in innovative projects that improve employment and quality of living (Akinboade & Kinpack, 2015, pp. 459-479). The low income group within South Africa has not been exposed to the financial services that are available in the country. Nevertheless, more people are now increasing their financial literacy with the introduction of the microfinance sector (Shambare & Rugimbana, 2012, pp. 581-589).

2.4 CURRENT PRACTICES OF LOW INCOME EARNING COMMUNITIES IN SOUTH AFRICA

South Africans have a consumption culture which is perpetuated by the media and social networks. The current saving rate is 15.1% of Gross Domestic Product (GDP) compared with our peers such as China which is 50% of GDP and India which is 33.7% of GDP (Cronqvist & Siegel, 2015, p. 33). The low income earners are currently using a group saving method called stockvels. The major banks have created vehicles to take advantage of this particular type of saving by creating group accounts for their clients (Phiri, Molotja & Makelane, 2016, p. 17). However, the traditional stockvels are still the most popular amongst low income earners. Although stockvels have legal protection, the majority of stockvels rely on member goodwill as they cannot enforce monthly contributions when members default. There is a move to formalize stockvels through the National Stockvel Body of South Africa (Mulaudzi, 2015, pp. 1-3).

The general public has recently resorted to engaging with investment initiatives, Ponzi/Pyramid schemes, which are unauthorized by or registered with financial services provider (Rogerson, 2017, p. 21). The legal risks are understood by the low income as word of mouth gets around, but the high investment return promises are too lucrative to ignore, but most importantly there isn't a legal option available. These low income earners in their cell groups then blindly get duped out of their hard earned funds, whilst recruiting others to also join (Eugenie du Preez , 2015, p. 1).

2.5 GENERAL THEORETICAL PERCEPTIONS OF ONLINE FOREIGN EXCHANGE TRADING

The sensitivity of returns on investment directly correlates to investor fear during a period of crises (Smales & Kininmonth, 2016, pp. 659-675). The period of crises increases volatility thus, increasing the value of safe heaven currencies like the Japanese Yen and Swiss Franc (Ronaldo & Soderlind, 2010, pp. 385-407). Nevertheless, it is important to note a negative relationship between volatility and investor confidence, where a study performed by Tse and Zhao (2012, pp. 71-252) there is a relatively strong correlation between returns on foreign exchange markets to returns on the stock market. The above studies indicate that the behaviour of investors during an increased volatility environment, where investors are more likely to hold cash than trade in stocks and bonds. This scenario results in stable currencies and safe heaven commodities becoming more attractive. According to

Lustig, Roussanov & Verdelha (2011, pp. 77-3731) daily returns on investing currencies decreases while increasing investor fear. However, the opposite is true with funding currencies like the United States dollar, Japanese Yen, and Swiss Franc which are seen as safe heavens during high volatility environments (Lustig, Roussanov & Verdelha, 2011, pp. 77-3731).

There has been a rapid growth in online foreign exchange trading market in the past few years (Rogerson, 2017, p. 21). This has also coincided with an increase in blue collar crime; as a result trust issues have also increased over the same period. This is especially true for individual traders who do not have resources to fight or protect themselves against cyber crimes. There are also information risks where individual trader's personal profile is accessed by opportunistic sources. The best way to manage this risk is to use licensed and registered brokerage firms. Firms that provide trading platforms are easier to understand. In addition, the brokerage firm must be able to provide the trader with a separate account in order for the individual trader to be able to protect his/her main account (Eslami & Imomoh, 2016, pp. 118-129).

Novice traders in South Africa face a multitude of risks. The major risk faced by South African novice traders is the risk presented by them, which is mainly determined by the individual investor's perceptions of online foreign exchange trading. The rapid increase in the number of Pyramid scheme and crypto currencies in the country suggests that the market for individuals seeking to succeed without significant effort is increasing and the level of risks that these individuals encounter are also increasing. This condition seems unlikely to change anytime soon as it results from the structural conditions of the South African economy. The major contributor to the structural issues within the South African economy is the ever growing inequality between the rich and poor. This is further exacerbated by the increase in the number of people who now use banks and were previously unbanked (Hull & James, 2012, pp. 1-19).

The major external risks that novice traders face is the increase in illegal Ponzy schemes, false investment schemes, and fake brokerage firms. Opportunists who strive in recruiting individuals for these investment vehicles use sophisticated means and they are able to package these investment vehicles in a manner that appear to

empower novice traders. Some of these actually appear to be entrepreneurial tools for novice traders. Novice traders are unable to see the deception involved in these investment vehicles as they are well marketed and some even have track records. Novice traders expose themselves to risks unless they are able to see that deception is the centre of all these opportunistic investment vehicles. The large inequality gap has increased the culture of getting rich quick; while the pursuit of class mobility has meant that those who participate in these investment vehicles are combining success with imminent failure (Krige, 2012, pp. 69-92).

There are formal platforms like the national lottery which present both gambling thrill and a secondary plan for poor communities in South Africa. The national lottery is mostly played by poor communities as it presents an opportunity for class upward mobility. The national lottery's social impact on the poor communities has been minimal due to the low risk in relation to return associated with playing the lottery (van Wyk, 2012, pp. 41-68).

According to the efficient market hypothesis, trading strategy should not generate unusual returns based on the information that is readily available to the market unless the trader takes unusual risks. The efficient market hypothesis states that financial instruments fully reflect all the available information. Adaptive market hypothesis states that trading strategies evolve as traders adjust their respective strategies due to changing market environments (Neely & Willer, 2013, p. 1).

2.6 GENERAL LOW INCOME EARNERS IN SOUTH AFRICA DEFINED

South Africa uses a Multidimensional Poverty Index (SAMPI) to measure poverty and deprivation in the country. According to the SAMPI, poverty has three dimensions which are health; education; and living standards (Lehohla, 2014, p. 1). The study focused primarily on how finance impacts on these indices.

2.6.1 HEALTH

According to the world health organization, non communicable diseases such as heart diseases, stroke and cancers are responsible for approximately 80 percent of global deaths in low to middle income countries (Shisana, Labadarios, Rehle, Simbayi, Zuma, Dhansay, Reddy, Parker, Hoosain, Naidoo, Hongoro, Mchiza, Steyn, Dwane, Makoe, Maluleke, Ramlagan, Zungu, Evans, Jacobs & Faber, 2014, p. 1). The fact that middle to upper class families get better health is clear;

therefore, the country's economic policies have direct impact on the health of the South African population (Mooney, 2012, p. 18). The world health organisation studies show that the family's income has a direct impact on their health (Fusheini & Eyles, 2010, pp. 74-77).

2.6.2 EDUCATION

The education of poor communities in South Africa is highly dependent on government schools. Evidence indicates that the level of education for poor communities is dropping with only 50 percent of pupils enrolled in grade one finish grade twelve. The failing standard of education is even more pronounced for subjects such as Mathematics and Physical Science. The literacy rate for pupils coming out of government school grade twelve is at 35 percent (Modisaotsile, 2012, p. 1).

2.6.3 LIVING STANDARD

The focus of this study was to look at households with income ranging from R2 000.00 per month to R10 000.00 per month. South Africa is one of the most economically unequal countries in the world. A low income worker would have to work 520 years to earn the same gross income of a top bank executive in year 2009. In 2009 low income earners struggled to earn 44 USD per week. The unions were negotiating for approximately 70 USD per week minimum wage (Marais, 2011, p.23).

2.7 GENERAL HINDRANCE FACTORS TO TRADING ONLINE FOREIGN EXCHANGE MARKET

Financial risks are some of the main hindrance factors to participating in the foreign exchange market. There is risk with regards to leveraging where a trader can lose his margin during volatile market conditions. There is interest rate risk which affects the value of investment. There is also transaction risk which is the time it takes for contracts to be settled and in foreign exchange markets this period is usually 24 hours. However, the currency value may change during that period. There is also counter party risks where the broker may default because foreign exchange markets are not guaranteed by an exchange or clearing house. Lastly there is country risk where economic stability is not guaranteed and the currency of that particular country may collapse (Azher & Iqbal, 2016, pp 37-48).

Access to capital in South Africa's low income communities is very limited. The South African government provides very limited funding to registered small businesses through programs like the National Empowerment Fund. Financial institutions require proof of cash flows before partnering with business. Most low income earners in South Africa utilize the stokvel model in order to access funding and to invest (Ghimire, 2013, p. 15)

A digital divide which can be referred to as access to internet in South Africa was studied 2014 which indicated that about fifty percent of households in the country had at least one member who had access to the internet. The highest was Western Cape; Gauteng; and Free State with usage being at 62.1 percent; 59.9 percent; and 48.7 percent respectively with Limpopo and Eastern Cape having the lowest internet access with 32.6 percent; and 37.4 percent respectively. The 2014 study also indicated that a very small percentage of South Africa households have access to the internet at home which was one-tenth of the country's households. It has been established that 95 percent had access to telecommunications and 83.1 percent had access to at least one cellular phone and 12.6 percent had access to both cellular phone and landline. South Africa is part of global initiatives to improve internet connectivity where fibre optic cable is being installed across continents (Velghe, 2012, pp. 203-216).

2.8 GENERAL ONLINE FOREIGN EXCHANGE TRADING OPTIONS

There are generally two deferent methods of conducting trading be it online or in the stock market. The trader can either utilize a fundamental analysis strategy or a technical analysis strategy. The deference in the above strategies is best demonstrated in the securities markets. It is very important for novice traders to understand the deference between the two strategies (Magliolo, 2004, pp 1-145). Technical analysis traders assume that the price of a security already includes the risk of that particular security whilst fundamental analyst's traders aim to understand the intrinsic value of the stock which is impacted by both qualitative and quantitative factors (Bodie, Kane, Marcus & Alan , 2013, p. 123).

2.8.1 FUNDAMENTAL ANALYSIS STRATEGY

Fundamental analysis strategy for foreign exchange market focuses on macroeconomic indicators; political developments of a particular country in relation

to another country; economic growth; interest rates; inflation rate; unemployment rate; country's money supply; foreign exchange reserves; cost of production for local companies amongst other indicators (Piotroski & So, 2012, pp. 2841-2875).

2.8.2 TECHNICAL ANALYSIS STRATEGY

Technical analysis strategy focuses on currency specific information. Technical analysts are sometimes referred to as chartists in that they study the trending nature of price movements; compare this movement to historical data in order to better predict future price movements. Currency price movements are for the most part determined by market participants; therefore, technical analysis is predominantly about studying human behaviour (Cervello-Royo, Guijarro & Michniuk, 2015, pp. 5963-5975).

The basis of trading any instrument is underpinned by the understanding that traders are looking for future value before any trade is executed. Weber defined the act of traders buying at lower value and selling at high value as disposition effect. According to Weber, this disposition effect also applies to risk management in that the risk taken in trading any particular instrument must be proportional to the reward of trading that instrument (Magliolo, 2011, pp. 1-145).

Trading online foreign exchange markets requires that the trader understands terminology that is used when trading. Trading is executed using this terminology which is known and readily available for all traders and non-traders. A trader that does not understand this terminology may not be able to participate in the market (Magliolo, 2011, pp. 1-145).

A trader needs to understand both trading strategies in order to make significant returns from intraday trading. The trader may further simplify his trading strategy to be either scalping or swing trading. Scalping is performing small size trades but more frequently; and swing trading is trading the trend just before it turns. A technical analysis strategy requires that the trader understands technical indicators. The most common indicators are as follows: moving averages; turtle trading; William's %R; RSI/Stochastic; Channels; and Fibonacci retracements or extensions (Magliolo, 2011, pp. 1-145).

2.8.2.1 MOVING AVERAGES

There are various moving average statistical strategies available for trading foreign exchange markets. Moving averages aim to use historical data to forecast future price movements (Neely, Rapach, Tu, Zhou & Guofu, 2014, p. 1).



Figure 2.2: Moving averages of a Meta trader 4 trading platform (Akins, Li, Ng & Rusticus, 2016, pp. 1-28).

The above figure was taken from Meta trader 4 trading platform which indicates price movement by using candle sticks which are the green and red bars. Figure 2.2 also displays moving averages which are the lines drawn in either red, dark blue, and green; and lastly the trading volume is indicated through light red bars at the bottom of Figure 2.2

Candle bars indicate price movement with respect to a given period. Green bar indicates increase in price value (bull market) and red bar indicates a decrease in price value (bear market) of that particular currency (Lu, Shiu & Liu, 2012, pp. 63-68).

Moving averages which are commonly used in trading are simple moving averages and exponential moving averages. The idea behind using both moving averages is that the exponential moving averages is more sensitive to price fluctuations than the simple moving average and where these moving averages converge or diverge may

indicate a particular move in the price of currency (Zarrabi, Snaith & Coakley, 2017, pp. 113-127).

Price volume indicates demand for a particular currency using bars. The size of the bar indicates the level of demand. It is important to note that the volume indicated is only for a particular brokerage company and not the foreign exchange market (Hsu, Taylor & Wang, 2016, pp. 188-208).

2.8.2.2 WILLIAM'S %R; RSI/STOCHASTIC MOVING AVERAGES

Stochastic is an oscillator that helps traders determine the strength on the price trend. Most online trading platforms provide this oscillator as part within their program (Zafeiriou & Kalles, 2013, p. 13).

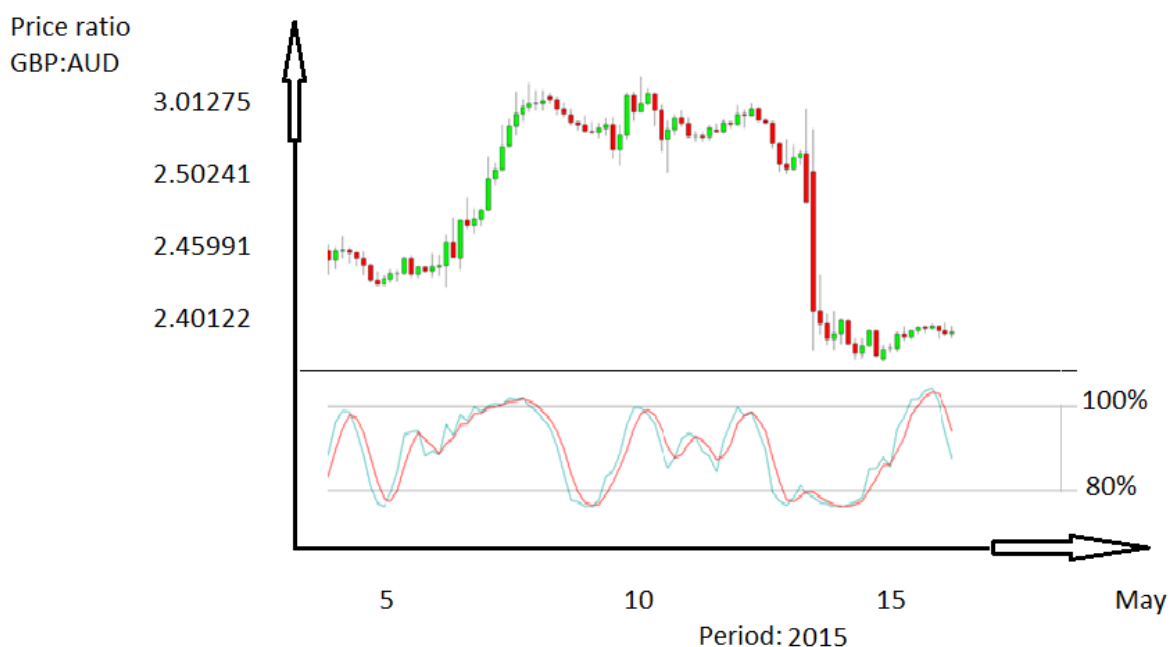


Figure 2.3: Oscillator of a Meta trader 5 trading platform (Frömmel & Lampaert, 2016, pp. 177-183)

Oscillators aim to predict price trend movement changes by using historical data. Oscillators indicate regions where a particular currency may be over bought or oversold. The parameters for these regions are set by individual traders (Coakley, Marzano, Michele & Nankervis, 2016, pp. 273-282).

2.8.2.3 CHANNELS

Channels assist traders in determining a price trend. Channels can either be ascending; descending or horizontal. Channels are also used as support and resistance of price movements (Bajgrowicz & Scaillet, 2012, pp. 473-491).

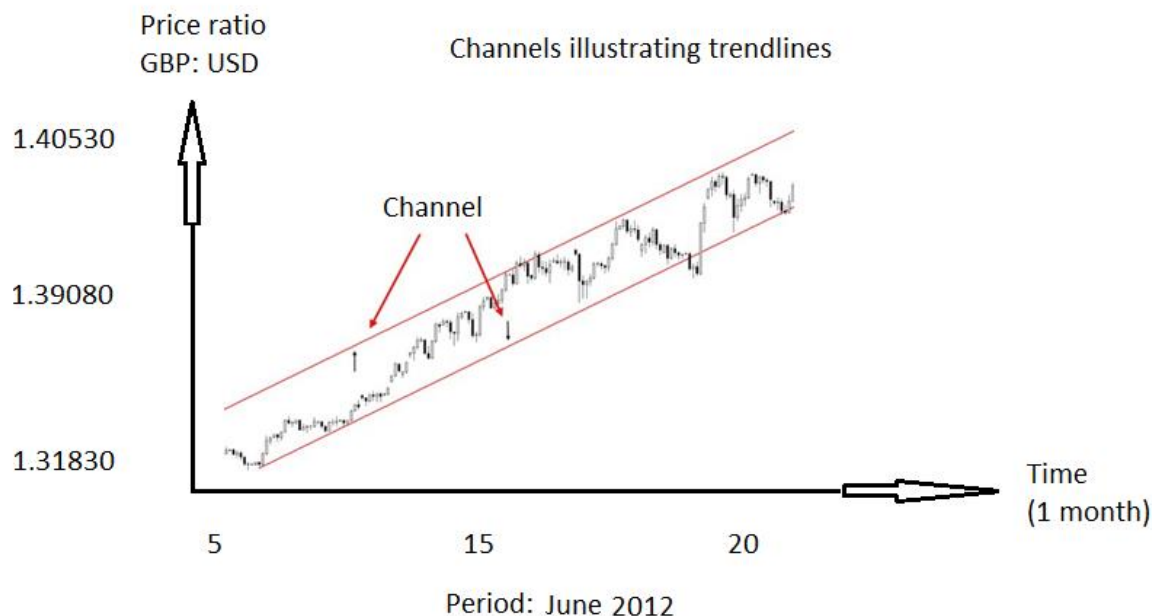


Figure 2.4: Channels of price movement trend (Shynkevich, 2012, pp. 193-208)

Channels are used for eliminating noise of price fluctuations in a particular trend so as to easily identify trend movement. Channels also indicate change in the trend pattern where price movements start moving outside of the drawn channels. Channels are also used for indicating price support and resistance levels; and they can be drawn in either a bull market; bear market and/or where the price stays flat (Chiarella & Ladley, 2016, pp. 119-131).

2.8.2.4 FIBONACCI RETRACEMENTS AND EXTENSIONS

Fibonacci retracements are static price levels that are used to develop both support and resistance for price movements. Retracements are used to determine where price movement retrace to however extensions are used to determine new price level when price movement breaks through support and/or resistance (Kuang, Schroeder & Wang, 2014, pp. 192-205).

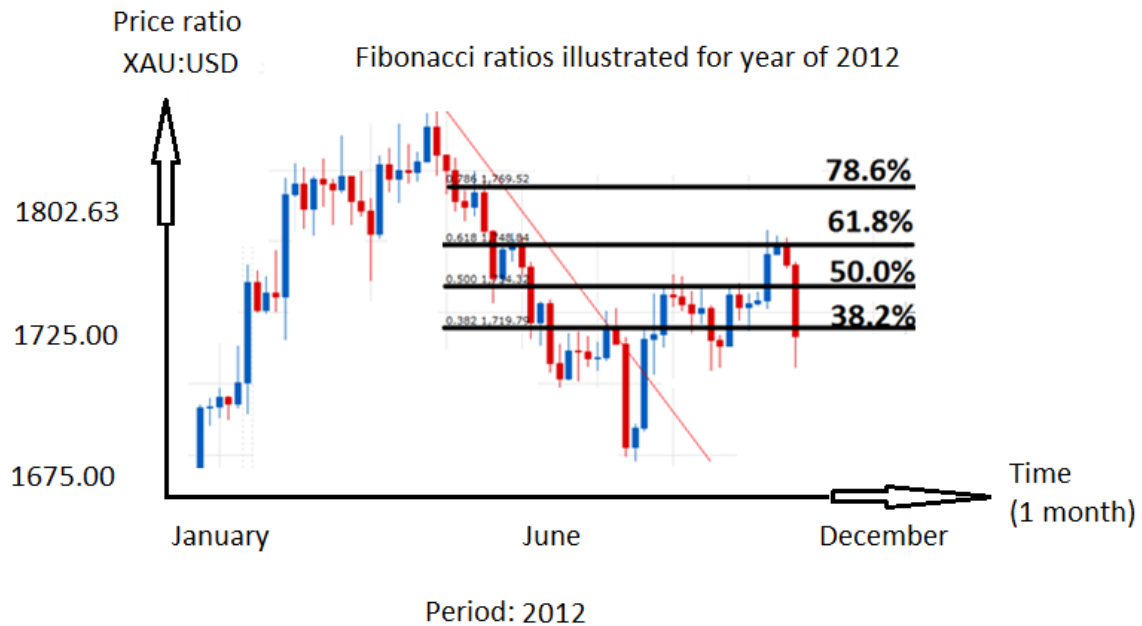


Figure 2.5: Fibonacci ratios for technical analysis (England, 2012, p. 1)

Fibonacci ratios are used for determining support and resistance as well tries to predict future price retracement level. Fibonacci retracements are for determining both support and resistance levels on horizontal price movement. The resistance and support levels are also determined by using Fibonacci arcs. The Fibonacci ratios are also used in determining possible trend steepness of a particular trend by applying Fibonacci fans, which is support and resistance of either bear or bull market. The Fibonacci ratios are further used for determining periods of significance where possible trend movement might occur by applying Fibonacci time zones and circles (Gradojevic & Gençay, 2013, pp. 578-586).

2.9 SUMMARY OF IDENTIFIED GAPS

The 2007–2008 financial crises have increased the need for all governments and citizens to better understand the impact of financial markets on the economy and the lively hoods of the general public.

The impact of foreign exchange trading has been studied in-depth and has made a positive contribution to the living standards of people as in the United Kingdom. Foreign exchange is also used by companies to hedge against currency fluctuations and low income earners are also impacted by currency fluctuations. Hence, the introduction of foreign exchange trading can be beneficial. Studies like the turtle

study performed by Richard Dennis in 1983 have been performed in the United States of America with positive results. The available literature such as become your own stockbroker conducted by Mr. J. Magliolo, the study of introducing foreign exchange trading to low income earners in the broader South African community has not been thoroughly investigated. Therefore, this research study will contribute in generating an understanding of how to introduce services and products that are beneficial to both business and the community.

2.10 CHAPTER SUMMARY

The theories used in chapter two to define target population explained criteria used for determining what is low-income community. The statistical technical theories used for analysing stock and currency price actions were used to show available tools for trading foreign exchange market online. These statistical technical theories prove that online foreign exchange trading requires understanding of mathematical concepts. The literature review provided information on how to improve participant's knowledge of online foreign exchange trading.

The next chapter provides details of the research methodology that was utilised to collect the primary data.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Generating an understanding of how the research study was conducted; and utilising known theories when conducting the study is important for comparing research outcomes. This chapter describes the research methodology employed to fulfil the study. The location and respondents are described and explained. The study design is outlined along with the data collection methods and relevant instrument used to collect the data. Methods implemented to maintain validity and reliability of the instrument are presented.

3.2 AIM AND OBJECTIVE OF THE STUDY

3.2.1 THE AIM OF THE RESEARCH STUDY

The aim of the study is to establish the feasibility of introducing online foreign exchange trading to low income earners of the Westridge community as a business concept. Feasibility in this case applies to both individual respondents and the broader community. This research study looked at whether respondents are able to apply foreign exchange trading as a business concept and whether foreign exchange trading can be implemented by the broader Westridge community.

3.2.2 OBJECTIVES OF THE FIRST OF THE RESEARCH STUDY

Chapter three will be guided by the objectives as stated in chapter one:

- 3.2.2.1. To establish and analyze the perceptions of low income earners about online foreign exchange trading
- 3.2.2.2. To identify factors that hinder online foreign exchange trading for low income earners
- 3.2.2.3. To determine the appropriate options for low income earners
- 3.2.2.4. To provide recommendations to the low income earners about appropriate foreign exchange trading options

3.3 RESEARCH DESIGN AND METHODS

3.3.1 RESEARCH METHODOLOGY

There is a general lack of business research study protocol on which methodology to follow when conducting the research study; this puts pressure on the validity of the research results for future reference. The level of contact that the researcher may have during the interview process may result in the manipulation of results. Biasness also plays a significant role in the research process as the researcher may have interests towards a certain direction or outcome, and he/she consciously or unconsciously influence the results of the research (Yin, 2009, pp. 69-71).

The aim of this research study was to generate an understanding and applicability of the findings to a broader society. It is not empirical for this research study to generate a holistic method. The interest of this study was to develop a determination, observe behavior and measure that observation or behavior. Therefore, for this research study the researcher selected to use the quantitative research methodology.

Quantitative research methodology involves collecting data and converting the collected data to numerical form so as to apply statistical calculations. Quantitative method generally works hand in hand with positivist methods which test theories by examining relationships between selected variables. The selected variables are then measured using numeric instruments. It is important to build protection against biasness so that the findings can be replicated in the future. It is important for researchers to critically evaluate their methodology of research for any possible biasness. Researchers may achieve objectivity by continually changing the situation being researched or by influencing respondents to behave differently. Lastly, it is important for researchers to ensure that their presence and/or behavior do not influence the results of the research study. It is also important for researchers to note that their appearance be it race; ethnicity; wealth or physique has an impact on the respondents (Bryman, 2016, p. 23).

The number of variables being analyzed is reduced by finding correlations between them. The quantitative data analysis can be performed using computer data analysis software (Punch, 2014, p. 38).

Quantitative research methodology involves addressing a hypothesis that the researcher has developed. These hypotheses generally come from variables that the research has predicted to influence the outcome of the research study. It is

important for the researcher to develop a research plan in order to address the questions using various instruments like computer checks, paper questionnaires and/ or observation checklists. Quantitative data collection follows a set procedure and is a formal fixed method where questionnaires are not adjusted from one respondent to another or as conditions change during questioning. It is very important for researchers to measure what they aim to measure by preparing and controlling their generated variables in advance. It is also very important to control external factors that influence the results and factors that cannot be controlled must be acknowledged by the researcher in the report (Cohen, Manion & Morrison, 2011, p. 53).

It is impossible for researchers to get to the all the members of the target population. Hence, it is crucial for the researcher to select a representative sample population for the research. A representative sample greatly influences the extent to which generalization can be made from the analysis of collected data. Using either a random sample or selecting respondents with specific characteristics must be determined by the needs of the study. The probability value is how a quantitative method measures the results of the collected data (Wahyuni, 2012, pp. 69-80).

3.3.2 PHILOSOPHICAL WORLDVIEWS

Philosophical ideas influence the manner in which the research study was conducted; therefore, it is important to clarify the philosophical view the researcher has adopted. There are four philosophical world views that are common in research studies which are postpositivism; constructivism; transformative; and lastly pragmatism (Creswell, 2014, pp. 28-31).

3.3.2.1 POSTPOSITIVISM WORLDVIEW

Postpositivism is an amendment of positivism worldview. Positivism assumes independence of respondents to the researcher whilst Postpositivism acknowledges the influence of researcher on the respondents and also recognizes the effect of biasness in the research study. Postpositivism also has the ability to reduce the research study ideas into a set of variables that can be tested through research questions (Jones, Torres & Arminio, 2014, p. 78).

3.3.2.2 CONSTRUCTIVISM WORLDVIEW

Constructivism believes that respondents try to develop subjective understanding of the changes in their environment. These meanings may lead data collected to reflect complexity of the respondent's views; meaning that the researcher needs to narrow the meanings into practical ideas. It is important for researchers to recognize that their own background may influence the manner in which they interpret the collected data. Constructivism works best when the research study aims to understand how respondents understand their environment (Kiraly, 2014, p. 63).

3.3.2.3 THE TRANSFORMATIVE WORLDVIEW

The transformative worldview aims to advocate for historically marginalized members of society and for actions that may improve the lives of respondents. A transformative worldview also links political and social action to the inequalities of the respondents (Creswell, 2014, 28-31).

3.3.2.4 THE PRAGMATIC WORLDVIEW

The pragmatic philosophy is not limited to a particular worldview. It is generally used in conjunction with mixed methods research methodology. Therefore, the researcher may choose a philosophy based on the need of the research study (Martela, 2015, p. 8).

3.3.2.5 SELECTED RESEARCH PHILOSOPHY FOR THE RESEARCH STUDY

The aim of the research study was to collect data and try to apply the results to a larger population group. The quantitative method has been selected for the purpose of this research study and the selected research philosophy is postpositivism. This research philosophy enabled the researcher to develop practical hypotheses.

3.3.3 RESEARCH DESIGN

The research design can either be experimental or non-experimental. This research study utilized a non-experimental quantitative research design to answer the research problem. The research study utilized a correlation design to measure the strength of association between variables or question scores. The research study

utilized surveys in collecting data and utilized correlation statistics to analyze the data.

3.4 RESEARCH PARADIGM

Bayern (2014, p. 1) wrote an online essay entitled Online Essay of Bitcoins, Independently Wealthy Software, and the zero members (LLC). In this study Shawn interrogated how software technology has made it possible for some degree of autonomous financial systems. The essay also looked at the legal implications of such an autonomous financial system which is normally under a limit liability company. It also looked at consumer recourse in case of failure of semi autonomous financial systems. Bitcoin was initially conceived between 2007 and 2009 by Satoshi Nakamoto as an open source program. Shawn does not follow a particular theory in answering the research questions of the legality of autonomous institution; however, he follows available legal instruments and tries to expend this theory to the new Bitcoin trading system (Bayern, 2014, p. 1)

(Evans, Pappas & Xhafa (2013, pp. 1249-1266) wrote a journal article entitled Utilizing artificial neural networks and genetic algorithms to build an algo-trading model for intra-day foreign exchange speculation where they concluded with 95% significant level that foreign exchange currency rates changes are not randomly distributed but follow some kind of trend. They used an experimental research design to answer their research problem (Evans, Pappas & Xhafa, 2013, pp. 1249-1266)

Oberlechner & Osler (2012, pp. 91-113) wrote a journal article entitled Survival of Overconfidence in Currency Markets where they concluded that experienced traders' confidence is not deferent from junior traders and those overconfident traders are not generally driven out of the market. They used a quantitative research methodology for this study and also utilized the non-experimental research approach (Oberlechner & Osler, 2012, pp. 91-113) .

Dennis and William Eckhardt performed an experiment in 1983 to determine if novice traders can succeed in trading by following turtle trading rules. The experiment was called Turtle trading. The name turtle arose from Dennis calling the study participants turtles however the strategy was to get small group of novice traders to trade together in a small trading floor (Chen, 2014, p. 23).

The theory that the research study used was turtle trading. The theory was developed by Dennis and Eckhardt and the theory was used for studying the ability of novice traders to be trained to trade in a group setting. This theory indicates that novice traders can be trained to be successful day traders.

3.5 RESEARCH STUDY SETTING

The location of the research study was Newlands West; Westridge community. Westridge is a low income neighbourhood which is a section of the Newlands West community. Newlands West community is a few kilometres west of Durban, South Africa. The community was selected because of low cost factors and the fact that it provided a broad range of residents where low income earners exist amongst middle income earners.

The research study was conducted in three different places: respondent's home; stockvel meeting gatherings; and lastly some questionnaires were administered via email and telephonically. Administering questionnaires in stockvel meeting gatherings allowed the researcher to administer questionnaires to multiple respondents' simultaneously. The stockvel meetings were located in Westridge at one of the participant's home.

3.6 POPULATION AND SAMPLE OF THE STUDY

3.6.1 POPULATION SIZE OF THE RESEARCH STUDY

The target population is residents of Westridge, a small low-income community in Newlands West, Durban, South Africa. Westridge has 12100 residents according to 2011 census therefore the population size is 12100 (Frith, 2011, p. 1).

3.6.2 SAMPLE SIZE OF THE RESEARCH STUDY

The research study originally drew 123 members from the population however only 100 members responded therefore the sample size was 100 elements.

3.7 SAMPLING METHOD

The sampling method used for the purpose of this research study was stratified random sampling. This sampling method was utilised because the study differentiated participants according to set parameters.

3.8 CONSTRUCTION OF THE INSTRUMENT

The research questionnaire was accompanied by a participant's consent form; letter of approval from local authorities; and lastly the ethical clearance form from the University of KwaZulu Natal. This was to ensure that participants are guaranteed of their confidentiality and they are aware of the recourse available to them should they have a grievance.

The questionnaire indicated the purpose of the study and the details of the researcher. The first section of the questionnaire focused on generating differentiated information of the participants according to their parameters. The second section was to analyze the perceptions of Westridge low income earners on online foreign exchange trading as a business concept. The third section was to identify the factors that affect Westridge low income earners in engaging on online foreign exchange trading. The fourth section was to explore the options available to Westridge low income earners towards online foreign exchange trading.

3.9 DATA COLLECTION MECHANISMS

The research study administered questionnaires in order to collect primary data. The questionnaires were administered through face-to-face interviews. The interviews were conducted during stockvel meetings in order to save cost of visiting each respondent's home.

The research study followed a structured type of face-to-face interviews which were conducted during stockvel gatherings as well as visiting respondent's homes. The researcher projected professionalism and confidence in order to motivate participants to respond during interviews as well as to create credibility of the research study. Only Westridge community members were selected for the purpose of the interview, as stockvel gatherings included members from other communities around Durban. Sources of biasness were reduced during the interviews by

conducting interviews before the stockvel meetings so as to ensure that participants do not rush to return home. Administering questionnaires at respondent's homes allowed the researcher to eliminate the influence of groups on the respondent.

Open ended questionnaires were selected due to the fact that they allowed respondents to answer in a manner that was best suitable to them thus giving research study more reliable data.

3.10 DATA ANALYSIS

The data collected from the questionnaires was transferred onto SPSS program and analyzed for the following:

- Percentages: in percentages the study looked at proportions of respondents to questions.
- Measures of central tendency: in measures of tendency the study looked at common responses to questions that helped to establish central position of data.
- Frequency distribution: the study looked at the frequency of various outcomes from the participants
- Measures of dispersion: the study looked at how spread out the responses was from the mean.
- Reliability: the study looked at the reliability of the measuring instruments so as give reliable data analysis. Data analysis instruments need to give the same outcomes when the same conditions are met.

3.11 RELIABILITY AND VALIDITY OF STUDY

3.11.1 VALIDITY OF THE QUESTIONNAIRE RESULTS

The threats to the validity of the study were the selection of respondents; and the availability of the respondents. Selection of respondents could have influenced the outcome of research study as respondents were mostly selected from stockvel groups. The availability of the respondents was a threat because some respondents drop out of the research study before the questionnaires could be concluded. The

research study selected a larger group of participants in order to mitigate the issue of availability of respondents. The research study sourced other respondents either by telephone or email or social media in order to mitigate the threat arising from selection of respondents.

3.11.2 RELIABILITY OF STUDY RESULTS

Reliability of results was determined by comparing questionnaire results to the results of the turtle study which was conducted by Richard Dennis and why is forex trading becoming a big deal in South Africa which was conducted by Mr. Z. Nhlapo. The reliability of the questionnaires results was tested for major deference's to the two above mentioned studies.

3.12 BIASNESS

The research study did not take into consideration the gender of respondents in order to eliminate biasness towards a particular gender.

3.13 ETHICAL CONSIDERATION

The research study excluded participants who were children; mentally impaired; under stressful circumstances; in captivity; dependents; and living in vulnerable circumstances. Participants were informed of their rights and guarantee of confidentiality.

3.14 HYPOTHESIS STATISTICAL ANALYSIS

The research study used alternative hypothesis for statistical decision of hypothesis testing. The research study observed collected data using frequency statistics; and correlations.

3.15 CHAPTER SUMMARY

The quantitative data was generated through research questionnaires. The research questionnaire was written in both English and IsiZulu. The questionnaire was divided into four sections, first section was sample profiling, and other three sections were for hypothesis testing. All three hypothesis were tested using indirect variables.

Chapter four presents' details of the data collected through the research questionnaires.

CHAPTER 4: PRESENTATION OF SURVERY RESULTS

4.1 INTRODUCTION

The main foundation of the research study was to analyze the impact of age; level of education; gender; marital status; number of dependents; and lastly employment

status on the perception that the low-income earning members of the Westridge community have towards online foreign exchange trading.

4.2 FREQUENCY STATISTICS

The data collected was presented through frequency statistics. The respondent's statistic characteristics are first presented and thereafter, the hypothesis testing is presented.

The frequency statistics describing the characteristics of respondents are presented below:

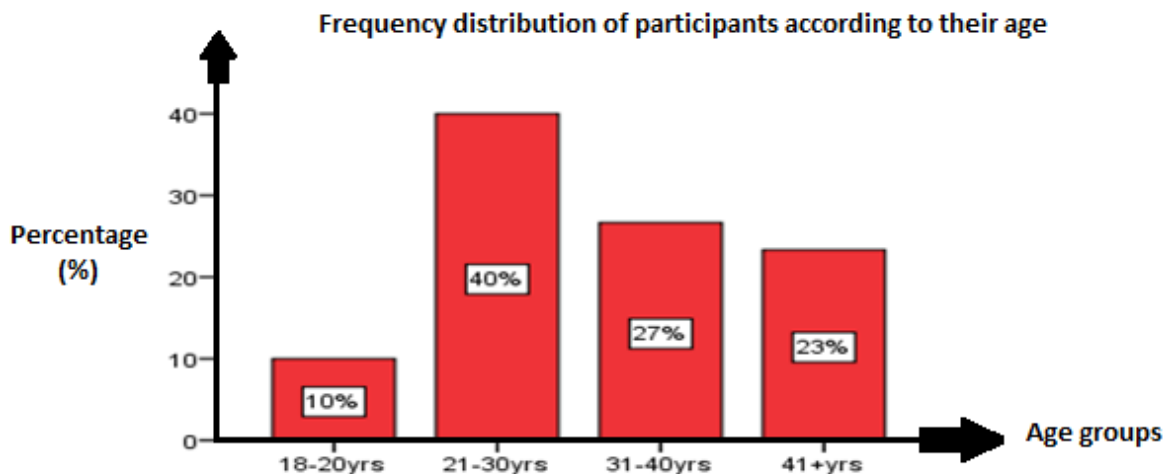


Figure 4.1 Ranking Frequency Distribution Describing Participants According to their Age Group

The data shows that the research study was able to source forty percent respondents of between the ages of 21 to 30 years old; twenty seven percent of the respondents were between thirty one and forty years old; and lastly twenty three percent were above forty one years old. The frequency distribution indicated that the interest in online forex trading was with the age group of 20 years old to 40 years old.

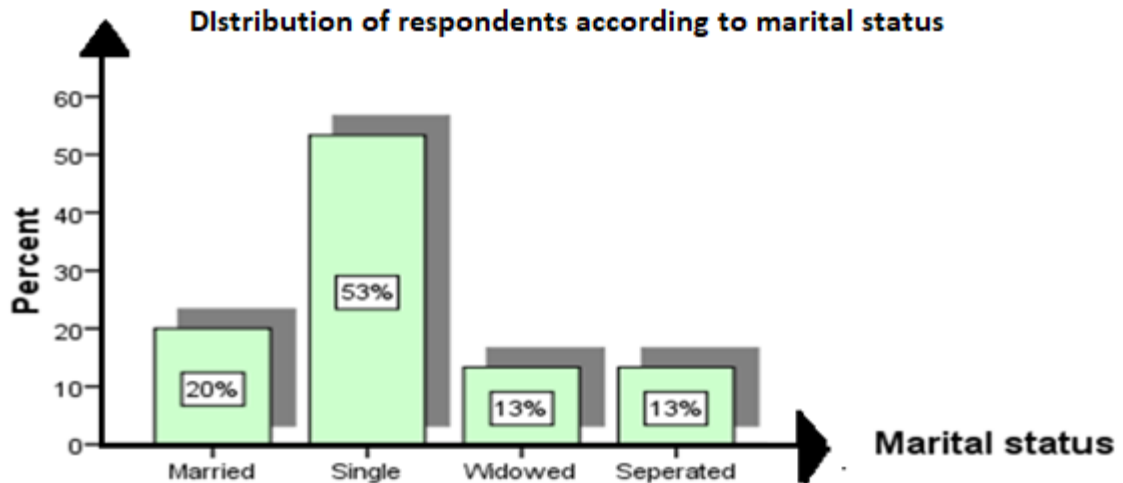


Figure 4.2 Marital statuses of respondents

Seventy nine percent of the total respondents were single and of the seventy nine, twenty six percent were previously married of which half of those were either separated or widowed. Only twenty percent of the respondents were married. This indicated that single respondents were more willing to take financial risks.

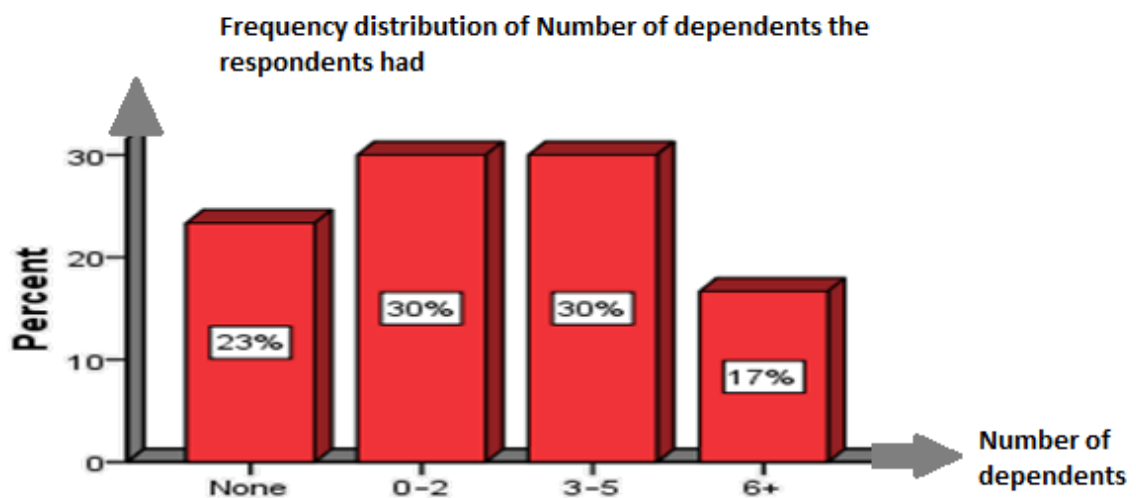


Figure 4.3 Number of dependents the respondents had

The number of dependents helped the researcher ascertain the level of responsibilities that the respondents may have. Seventy seven percent respondents had some level of responsibilities in their respective homes with seventeen percent of the respondents having more than six dependents. Only twenty three percent did not have dependents.

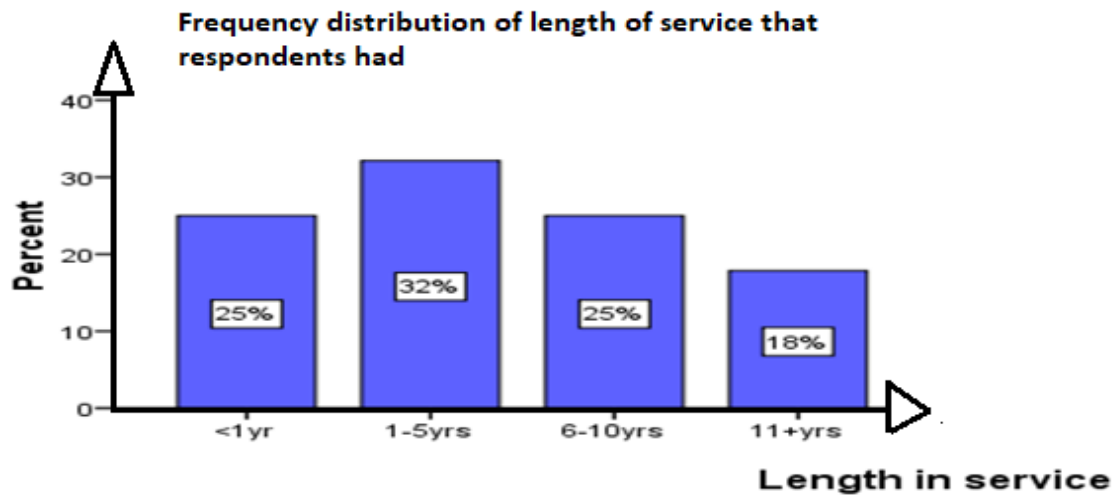


Figure 4.4 the length of service that the respondent had in their respective places of employment

Only twenty five percent of the respondents were employed for a period of less than a year, which was also equivalent to the respondents who had an employment record of between six and ten years. Only thirty two percent of the respondents had an employment history of between one and five years; and lastly eighteen percent of the respondents had over eleven years of work experience. This indicated that most respondents would not have sufficient time to conduct forex trading during the day.

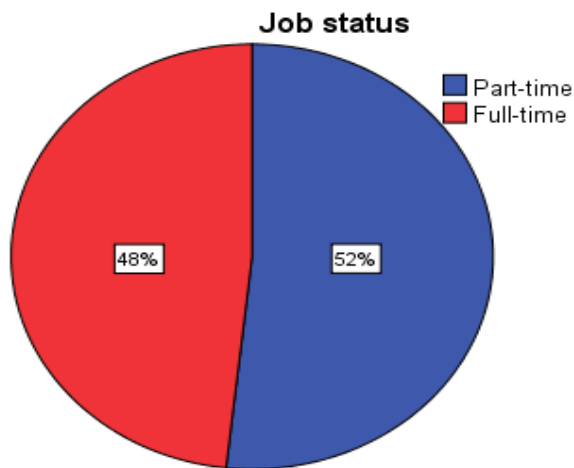


Figure 4.5 Job statuses of respondents

The respondent's employment status was equally split between those who had permanent employment and those who had part time jobs. This indicated the respondent's potential cash flow available to trade.

4.2.1 HYPOTHESIS 1: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE LOW-INCOME EARNERS'S PERCEPTION AND THEIR TRAINABILITY.

4.2.1.1 CORRELATION OF CATEGORIES

The correlations provided the relationships between the variables. The relationship could have been described as weak or strong (as indicated by stars (*)). Positive correlations meant that the two variables influenced each other in that as one variable increased and so did the other variable. Negative correlation meant that as one variable increased the other variable decreased.

The correlation of categories that were used for analysing the perceptions of the Westridge community towards the online foreign exchange market are presented in the table below:

Table 4.1: Correlations of categories for analysing the target population's perception towards the forex market

		A	B	C	D	E	F	G	H	I	J	K
A	Correlation	1	.478**	.224	.276	-.396*	.021	.481	.501**	.096	-.010	-.098
B	Correlation	.478**	1	.100	.103	-.390*	.098	.230	.533**	-.056	-.097	.090
C	Correlation	.224	.100	1	.338	-.049	-.055	.308	.060	-.117	.195	.105
D	Correlation	.276	.103	.338	1	.270	.356	.545**	.118	.585**	.324	.484**
E	Correlation	-.396*	-.390*	-.049	.270	1	.393*	.019	-.200	.301	.117	.433*
F	Correlation	.021	.098	-.055	.356	.393*	1	.471*	.290	.339	.265	.221
G	Correlation	.481**	.230	.308	.545**	.019	.471*	1	.365	.443*	.434*	.315
H	Correlation	.501**	.533**	.060	.118	-.200	.290	.365	1	-.062	-.104	-.054
I	Correlation	.096	-.056	-.117	.585**	.301	.339	.443*	-.062	1	.513**	.505**
J	Correlation	-.010	-.097	.195	.324	.117	.265	.434*	-.104	.513**	1	.314
K	Correlation	-.098	.090	.105	.484**	.433*	.221	.315	-.054	.505**	.314	1

Where A is Make profit from investing in forex

B is Able to control losses when trading forex online

C is Take chances when trading forex online

D is Trading forex requires a lot of money

E is Trading forex online cannot be a business

F is Need to spend a lot of time when trading forex online

G is Need specialised training to trade forex online

H is Able to continuously develop understanding of trading forex

I is Trading forex is for wealthy people

J is Trading forex cannot be done after work

K is Trading forex is a pyramid scheme

4.2.1.1.1 CATEGORY A: I CAN MAKE PROFIT FROM INVESTING IN FOREX

Respondents who believed in their ability to make profit from trading the foreign exchange market were strongly positively correlated with those who believed in their ability to continuously develop their understanding of trading in the foreign exchange market. They were also strongly negatively correlated with respondents who believed that trading foreign exchange markets online cannot be a business. Therefore, according to the data collected respondents who believed in their ability to continuously increase their understanding of the foreign exchange market also believed that the market was profitable and a viable business.

4.2.1.1.2 CATEGORY B: I AM ABLE TO CONTROL MY LOSSES WHEN TRADING FOREX ONLINE

Respondents who believed in their ability to control losses were strongly positively correlated with respondents who believed in their ability to continuously develop understanding of trading foreign exchange market. They were also negatively correlated with respondent who believed that trading foreign exchange market online cannot be a business. This indicated that respondents who believed in their ability to control losses in the market also believed that the foreign exchange market can be a business.

4.2.1.1.3 CATEGORY C: I CAN TAKE CHANCES WHEN TRADING FOREX ONLINE

Respondents who believed that they could take chances when trading the foreign exchange market were strongly correlated with respondents who believed that trading forex requires a lot of money and were negatively correlated with respondents who believed that trading forex is for wealthy people. This indicated that respondents who believed that trading required a lot of money also believed that trading was for wealthy people and also believed that they could take chances when trading the forex market.

4.2.1.1.4 CATEGORY D: TRADING FOREX REQUIRES A LOT OF MONEY

Respondents who believed that trading forex required a lot of money were strongly positively correlated with respondents who believed that trading forex is for wealthy people.

4.2.1.1.5 CATEGORY E: TRADING FOREX ONLINE CANNOT BE A BUSINESS

Respondents who believed that trading forex markets cannot be a business were strongly correlated with respondents who believed that trading forex was a pyramid scheme and they were also strongly negatively correlated with respondents who believed that they could make profit from investing in forex. This indicated that those who believed that the forex market was a pyramid scheme did not believe that the forex market can be a business and that they could make a profit from trading the forex market.

4.2.1.1.6 CATEGORY F: NEED TO SPEND A LOT OF TIME WHEN TRADING FOREX ONLINE

Respondents who believed that they needed a lot of time to trade in the forex market were strongly positively correlated with respondents who felt that they needed specialised training to trade forex online and they also negatively correlated with respondents who believed that they could take chances when trading forex online.

4.2.1.1.7 CATEGORY G: I NEED SPECIALIZED TRAINING TO TRADE FOREX ONLINE

Respondents who believed that they needed specialised training were strongly positively correlated with respondents who believed that the forex market required a lot of money.

4.2.1.1.8 CATEGORY H: I AM ABLE TO CONTINUOUSLY DEVELOP MY UNDERSTANDING OF TRADING FOREX

Respondents who believed that they were able to continuously develop their understanding of trading forex were strongly positively correlated with respondents who believed in their ability to control losses when trading forex online and they were also negatively correlated with respondents who insisted that trading forex online cannot be a business.

4.2.1.1.9 CATEGORY I: TRADING FOREX IS FOR WEALTHY PEOPLE

Respondents who believed that trading was for wealthy people were strongly positively correlated with respondents who believed that trading forex required a lot of money and they also negatively correlated with respondents who believed that they could take chances when trading forex online

4.2.1.1.10 CATEGORY J: TRADING FOREX CANNOT BE DONE AFTER WORK

Respondents who believed that trading cannot be done after work were strongly positively correlated with respondents who believed that trading forex is for wealthy people and were also negatively correlated with respondents who believed in their ability to continuously develop their understanding of trading forex.

4.2.1.1.10 CATEGORY K: TRADING FOREX IS A PYRAMID SCHEME

Respondents who believed that trading was a pyramid scheme were strongly positively correlated with respondents who believed trading forex was for wealthy

people and they were negatively correlated with respondents who believed that they could make profits from investing in forex.

4.2.2 HYPOTHESIS 2: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE VARYING HINDRANCE FACTORS TO THE PARTICIPATION IN ONLINE FOREIGN EXCHANGE TRADING BY LOW-INCOME EARNERS

The hindrance factors observed were monthly income; education; internet access; and computer hardware.

4.2.2.1 MONTHLY INCOME

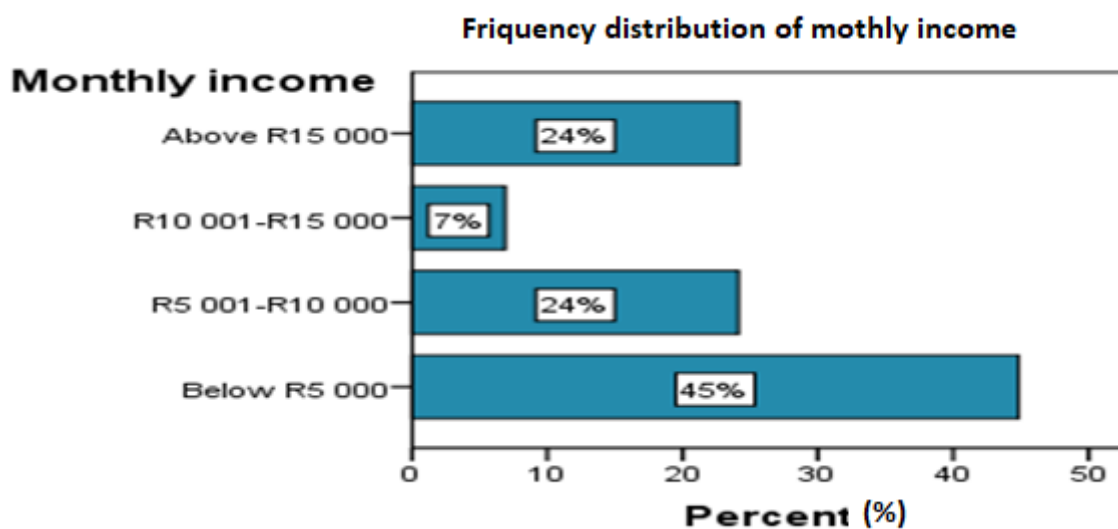


Figure 4.7 Monthly incomes of respondents

The research study focused on the low-income group of the Westridge community. The research target population's income bracket was between 5000 ZAR and 15000 ZAR; therefore, only thirty one percent of the respondents were within the defined target population. The forty five percent of the respondents were below the defined target population. Nevertheless, they were classified as part of the low-income members of the community. Twenty four percent of the respondents were above the target population of low-income group and did not form part of low-income members of the Westridge community because their monthly earnings were above 15000 ZAR.

Table 4.2 Respondent's attitude towards making profit from investing in foreign exchange markets according their monthly income

	Monthly income				Total
	Below R5 000	R5 001- R10 000	R10 001- R15 000	Above R15 000	
Strongly Disagree	6.9%	6.9%	3.4%		17.2%
Disagree	6.9%			6.9%	13.8%
Neutral	6.9%	3.4%		3.4%	13.8%
Agree	17.2%	6.9%		10.3%	34.5%
Strongly Agree	6.9%	6.9%	3.4%	3.4%	20.7%
Total	44.8%	24.1%	6.9%	24.1%	100.0%

Just over seventeen percent of the thirty one percent that was earning between R5000 and R15000 had a positive attitude towards trading foreign exchange markets which was fifty percent of the target population. Chi square was used for testing statistical deference and was found to be 78.6 which were above the probability of 21.026 given by the critical value table in Appendix I for a degree of freedom of 12.

4.2.2.2 EDUCATIONAL LEVEL

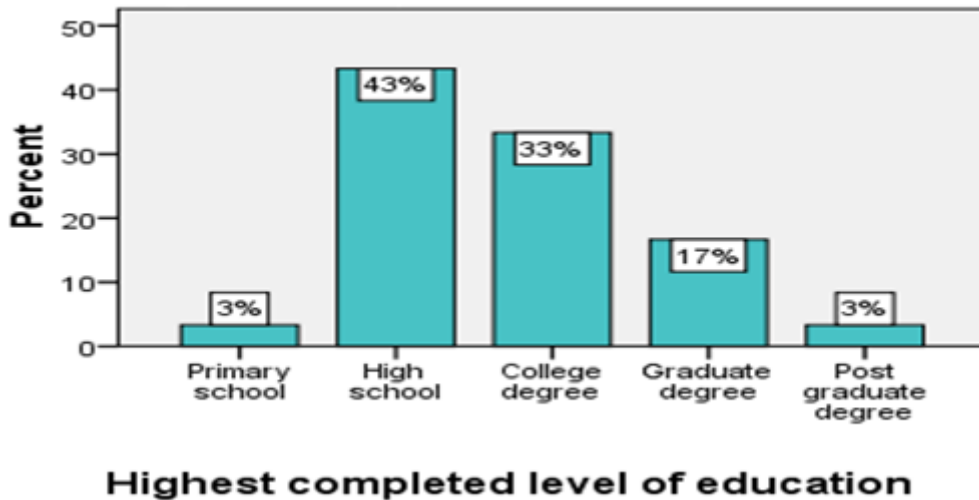


Figure 4.8 Educational levels of respondents

Forty three percent of all the respondents had completed grade twelve. Thirty three percent of the respondents had completed college degree. Seventeen percent had a graduate degree; and only three percent had only primary school qualification or post graduate degree. This indicated that the potential to grasp technical knowledge required conducting forex trading.

4.2.2.3 INTERNET ACCESS

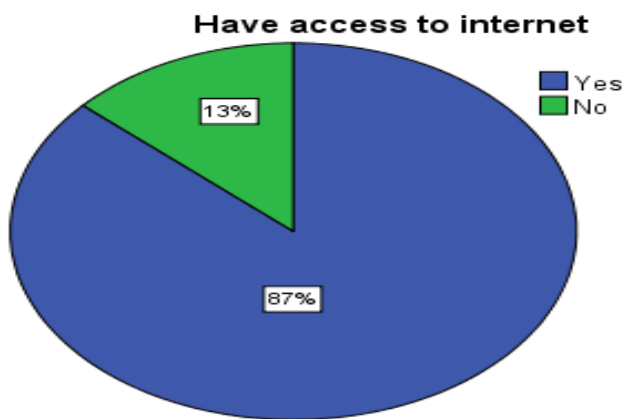


Figure 4.9 Respondents who had access to internet

The collected data indicated that an overwhelming number of respondents had access to the internet with eighty seven percent indicated that they had some level of access to the internet in comparison to the thirteen percent of respondents who did not have access to the internet.

4.2.2.4 ACCESS TO COMPUTER HARDWARE



Figure 4.10 Respondents who had access to smart phone

The collected data indicated that ninety percent of the respondents accessed the internet through their respective smart mobile phones.

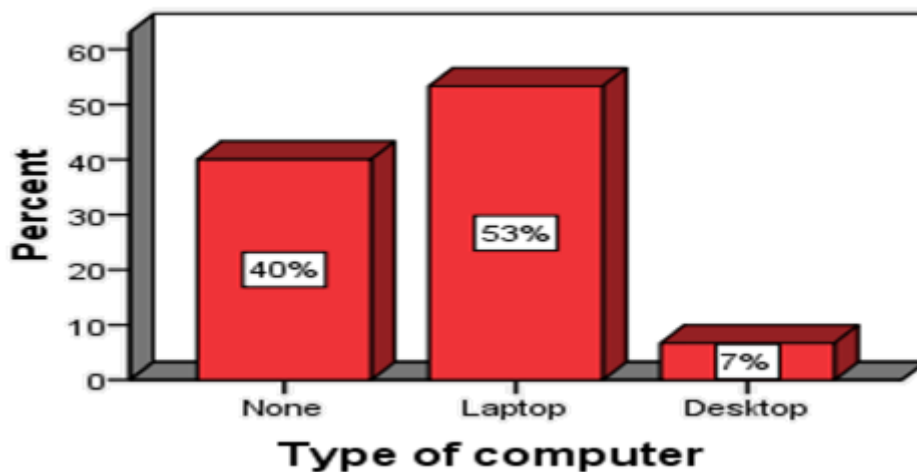


Figure 4.11 Respondents who had access to computer hardware

From the collected data only sixty percent of the respondents had access to computer hardware of which fifty three percent had laptops as opposed to seven percent who had desktops. Only forty percent of the respondents did not have access to either laptop or desktop.

4.2.3 HYPOTHESIS 3: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN VARIABILITY OF FOREX TRADING OPTIONS TO THE TRAINABILITY OF LOW-INCOME EARNERS.

4.2.3.1 OPTION 1: TRADING AFTER WORK DAY

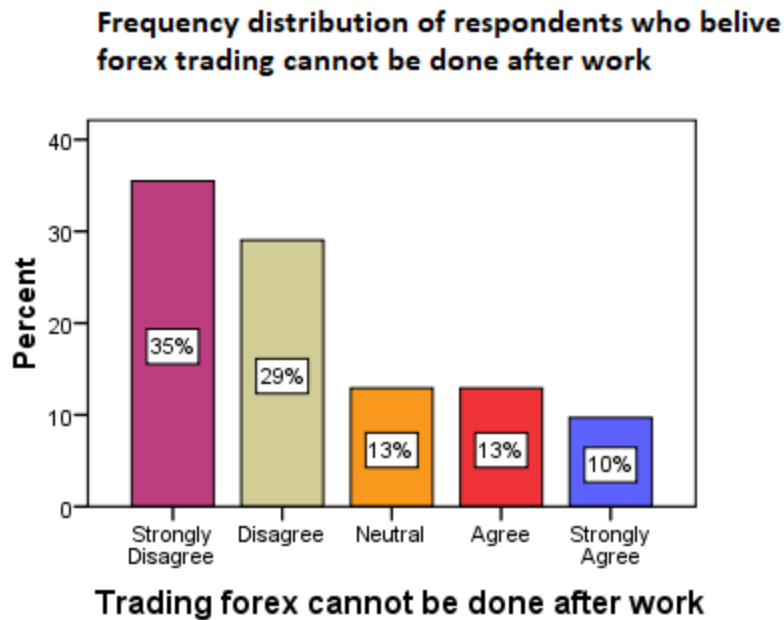


Figure 4.12 Respondent time available for trading foreign exchange market

Approximately sixty four percent of the respondents indicated they were able to conduct trading in the foreign exchange market after work.

4.2.3.2 OPTION 2: TRADING TRAINING

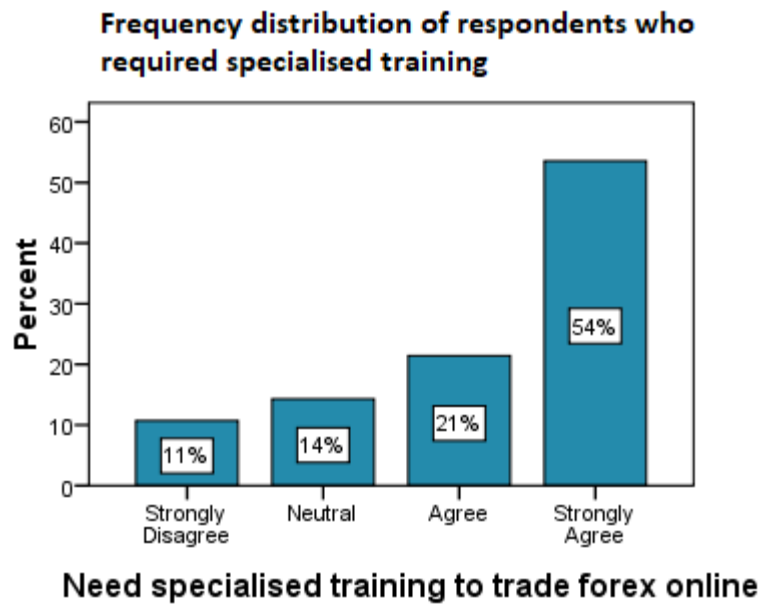


Figure 4.13 Respondents that needed specialised training

Over seventy five percent of the respondents needed specialised training in order to participate in the forex market.

Table 4.3 Respondents who felt they were able to develop understanding of forex market continuously according to their monthly income

	Monthly income				Total
	Below R5 000	R5 001- R10 000	R10 001- R15 000	Above R15 000	
Strongly Disagree	3.6%	10.7%		3.6%	17.9%
Disagree	14.3%			7.1%	21.4%
Neutral	21.4%	3.6%	3.6%	10.7%	39.3%
Agree	3.6%	3.6%	3.6%		10.7%
Strongly Agree	3.6%	7.1%			10.7%
Total	46.4%	25.0%	7.1%	21.4%	100.0%

Just over thirty two percent of the participants were within the target population of an income ranging from R5000 to R15000 of the target population; just over fourteen percent felt that they were able to work independently.

4.3 CHAPTER SUMMARY

Chapter four presented the collected data according to both descriptive and frequency statistics. The data was presented firstly according to respondent's characteristics and, thereafter the data was presented according to the research study hypothesis testing.

Chapter five focuses on relevant theoretical information to support or refute the current findings.

CHAPTER FIVE: DISCUSSION

5.1 INTRODUCTION

The main purpose of the research study was to ascertain the possibility of low-income earners of the Westridge community utilizing foreign exchange trading as a business concept. The applicability of results to the broader South African community was also discussed from the collected data.

The discussion of collected data was centred on the selected hypotheses to be tested.

5.2 THE RESEARCH STUDY VARIABLES

This chapter aims to use relevant theory to explain the relationship amongst the variables being tested. This research study measured the following independent variables:

- Respondent's educational level
- Respondent's marital status
- Respondent's responsibilities
- Respondent's employment status
- Respondent's earning bracket
- Respondent's access to internet
- Respondent's access to a personal computer

The above independent variables have the ability to influence the outcomes of the rest of variables being studied. These are the variables that the researcher modified in order to observe the behaviour of dependent variables.

The research study also measured the perceptions of respondents using the following dependent variables:

- Respondent's belief in their capacity to make profit through online foreign exchange trading
- Respondent's belief in their capacity to control losses
- Respondent's belief in the repeatability of foreign exchange trading strategies
- Respondent's belief in their ability to finance the business
- Respondent's understanding of foreign exchange as a business concept
- Respondent's understanding of capital required to perform online foreign exchange trading
- Respondent's understanding of trading required cycle time
- Respondent's belief in their trainability
- Respondent's belief in their ability to independently continuously improve
- Respondent's understanding of barriers of entry to online foreign exchange trading

The dependent variables are directly influenced by the independent variables.

The above variables can be influenced by the first variables listed as independent variables. The list of variables that have the capacity to mediate the influence of independent variables on dependent variables are referred to as moderating variables.

These are:

- Respondent's educational level may influence respondent's belief in their trainability.
- Respondent's responsibilities; earning bracket; and employment status may influence their belief in capacitating the business.
- Respondent's access to both hardware and software may influence their belief in controlling loses in foreign exchange trading business.

The research study also looked at the following moderating variables to verify the strength between independent and dependent variables:

- Respondent's educational level
- Respondent's responsibilities
- Respondent's access to internet

The research study utilized the following control variables:

- Respondent's age
- Respondent's gender
- Respondents' access to smart cellular phone

5.3 HYPOTHESIS TESTING

5.3.1 HYPOTHESIS TESTING 1: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE LOW-INCOME EARNERS'S PERCEPTION AND THEIR TRAINABILITY.

Rural communities as well as peripheral communities in South Africa seem to have greater expectations with regards to community improvement projects. These communities depend heavily on government intervention, and in the past government has been the leading employment provider to these communities through small medium enterprise projects that force service providers to employ local community members. These communities also seem to demonstrate general inability to read, write, and listen to mathematical concepts proficiently enough to function at an economic level. The current emphasis, both internationally and within South Africa is to increase technical skills of the youth in low-income communities by introducing the Technical and Vocational Training Institutions (Marope, Chakroun & Holmes, 2015, pp. 23-55)

Training of poor communities' mathematical subjects has been poor in the past with many students giving up the subject due to lack of resources. The student's initial interaction with mathematical subjects is negative; those students tend to stop studying mathematics due to frustration. Studies also indicate that students who are given attention by the educator perform similar to their urban counter parts (Kitchen, DePree, Celodon-Pattichis & Brinkerhoff, 2013, pp. 213-500).

Below is the descriptive statistics from the collected data of the respondents' perceptions to trading in the foreign exchange market. The collected results are presented as averages of the total respondents.

Table 5.1: Descriptive statistics of perceptions of respondents

	Mean
Make profit from investing in forex	3
Able to control losses when trading forex online	1
Take chances when trading forex online	3
Trading forex requires a lot of money	4
Trading forex online cannot be a business	2
Need to spend a lot of time when trading forex online	4
Need specialised training to trade forex online	5
Able to continuously develop understanding of trading forex	3
Trading forex is for wealthy people	3
Trading forex cannot be done after work	2
Trading forex is a pyramid scheme	2

From the above table, on average most respondents felt that they needed specialised trading in order to participate in the forex market. A mean of 1 revealed that only a few respondents felt that they were able to control their losses in the forex market. Based on this, the following hypothesis is proposed:

HT1: There is no significant difference between the low-income earner's perception and the trainability of low-income earners.

5.3.2 HYPOTHESIS TESTING 2: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE VARYING HINDRANCE FACTORS TO THE PARTICIPATION IN ONLINE FOREIGN EXCHANGE TRADING BY LOW-INCOME EARNERS

The access and ability to use the instruments available for online forex trading can be divided by gender, age, education, and income. For the purpose of this study, the sample population was limited on the basis of age, education level, and earnings. The gender of sample population was recorded but not taken into consideration. The sample population age was limited to not older than 40 years and not younger than 20 years. The sample population educational level was limited to not lower than grade twelve with basic mathematics as forex traders need to be able to understand mathematical concepts. The sample population earnings level was limited to not lower than five thousand rands per month and not more than fifteen thousand rands per month.

The hindrance factors to online forex trading can be of a very wide range. For the purpose of the study the following hindrance factors were observed:

- Finance: ability to raise required capital and operational funds
- Hardware: ability to source the required tools
- Software: ability to source the required programs
- Connectivity: ability to connect to system from trader's location
- Digital divide: ability to utilize current technology
- Time: ability to set aside required time to train and trade

Saving and investing is co-integrated in some African countries like Gambia and Burkina Faso (Onwuka & Obiefuna, 2013, pp. 299-316). However, South Africans are more materialistic and they tend to save less. The debt levels in South Africa are currently at 1.44 trillion Rands meaning that South African consumers are more willing to consume products available on the market; thus, leaving fewer funds for investing and saving (Duh & Struwig, 2015, pp. 89-101). According to First National Bank (FNB) chief economist, Sizwe Nxedlana, inflation causes the value on money to constantly decrease. Therefore, consumers have to be more sophisticated in saving their hard earned money in order to beat the inflation. 73% of South Africans who do not save name high cost of living as the main reason for not saving. By understanding that

inflation erodes the purchasing power over a period of time, consumers were able to establish a plan to create savings. The mobile and fixed broadband infrastructure is increasing in South Africa, particularly the mobile broadband. However, the performance of both mobile and fixed broadband is not well understood. Studies also indicate that users are not getting the advertised broadband; thus, making guarantee of performance limited. South Africa like other African countries is currently experiencing the digital divide leapfrogging where internet users are skipping the personal computer based method of internet access and leapfrogging to the cell phone based internet access (Napoli & Obar, 2013, p. 1)

Table 5.2 Respondent’s attitude towards making profit from investing in foreign exchange markets according to their education level

	Highest completed level of education					Total
	Primary school	High school	College degree	Graduate degree	Post graduate degree	
Strongly Disagree		10.0%	3.3%		3.3%	16.7%
Disagree			6.7%	6.7%		13.3%
Neutral		10.0%	3.3%			13.3%
Agree	3.3%	16.7%	6.7%	6.7%		33.3%
Strongly Agree		6.7%	13.3%	3.3%		23.3%
Total	3.3%	43.3%	33.3%	16.7%	3.3%	100.0%

Respondents who had completed high school; college degree; and graduate degree had a positive attitude towards trading foreign exchange markets; while respondents who finished primary school; and respondents with post graduate degree did not give proper response. Chi square was used for testing statistical deference and was found to be 37.9 which was above the probability of 21.026 given by the probability critical

value table in Appendix I for a degree of freedom of 12. Based on the above the following hypothesis is proposed:

HT2: There is no significant difference between the varying hindrance factors to the performance of online foreign exchange trading by low-income earners

5.3.3 HYPOTHESIS TESTING 3: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN VARIABILITY OF FOREX TRADING OPTIONS TO THE TRAINABILITY OF LOW-INCOME EARNERS.

The range of methods of trading forex online is very wide and they are constantly improving. Ability to learn and apply industry best practices may give the forex trader an advantage over other traders in the same market. The forex traders are also expected to develop their own method which best suits their respective trading style. The ability of the trader to stick to a predefined trading plan taking into consideration the availability of a wide range of trading options can have an impact on the traders' long term stabilized growth potential. Online forex trading is mostly done using technical analysis as opposed to fundamental analysis. Fundamental analysis is mostly done by fund traders as it requires extensive resources which individual traders may not have. Technical analysis uses past price movements, trading volumes and open interest to determine or predict futures prices movements of a particular currency (Yu, Nartea, Gan & Yao, 2013, pp. 356-371).

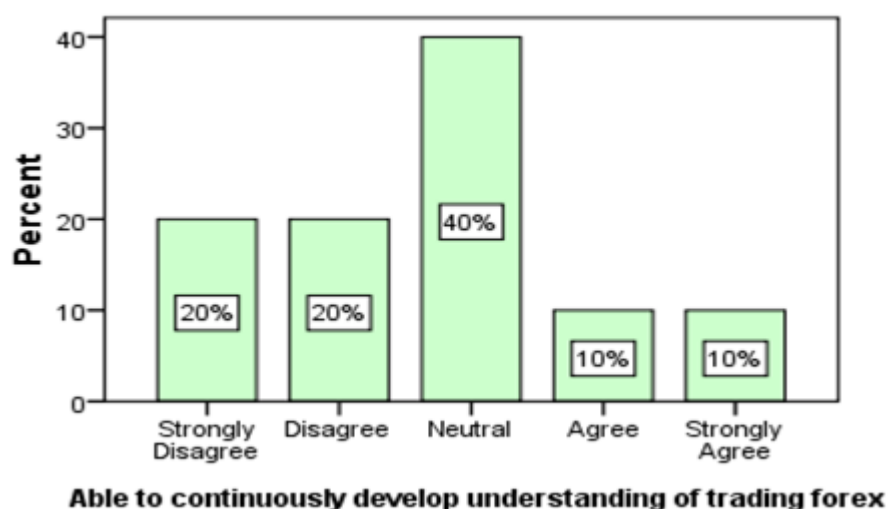


Figure 5.1 Respondents that were able to develop understanding of forex market independently

Only twenty percent of the respondents felt that they were able to develop an understanding of the foreign exchange market independently compared to the forty percent that felt they were not able to work independently. From the above information the following hypothesis is generated:

HT3: There is no significant difference between variability of forex trading options to the trainability of low-income earners.

5.4 RESEARCH STUDY OBJECTIVE

The aim of the research study was to establish the feasibility of introducing foreign exchange trading to the Westridge community by establishing prior knowledge of the respondents; number of dependents; earning bracket; respondent's perception towards online foreign exchange trading; and lastly the time resource available to respondents.

5.4.1 PRIOR KNOWLEDGE OF RESPONDENTS AND TIME AVAILABLE TO PARTICIPATE IN THE FOREIGN EXCHANGE MARKET

Approximately ninety three percent of respondents had a minimum of grade twelve qualifications; of which thirty three percent had a college degree; and seventeen percent had a graduate degree. Three percent of the respondents had a post graduate degree and also three percent had primary school qualifications.

According to Dunne, Shneiderman, Gove, Klavans, and Dorr (2012, pp. 2351-2369) keeping up with rapidly growing fields such foreign exchange trading requires substantial effort. The field of foreign exchange trading involves multidisciplinary fields which require understanding of integrated statistics

5.4.2 NUMBER OF DEPENDENTS AND EARNING BRACKET

The number of dependents helped determine if the participant has other priorities that may take priority over trading in the foreign exchange market. The earning bracket is strongly influenced by gender with male counterparts earning more than female counterparts (Angelov, Johansson & Lindahl, 2013, p. 1). In western countries where foreign exchange trading has been implemented successfully, Habbema Eijkermans, Leridon & te Velde (2015, pp. 2215-2221) indicated that the numbers of dependents per family are much less than the number of dependents that the research participants had with European countries. The average is between 0.35 and 0.71 dependents per family whilst forty seven percent of research participants had over three dependents (Habbema, Eijkermans, Leridon & te Velde, 2015, pp. 2215-2221).

5.4.3 PERCEPTION TOWARDS ONLINE FOREIGN EXCHANGE TRADES

The perception that the research study focuses on is perceived gain or loss as a result of the foreign exchange market. The theory was that when participants make profits they experienced an increase gap between expectation and perception thus resulting in an increased perceived gain. The perceived gain can turn to perceived loss expectation decreases with decrease in returns. Just over thirty percent of the respondents had a positive attitude towards trading in the foreign exchange market of which just over three percent were within the target population (Sivakumar & Dong, 2014, p. 17).

The second aim of the study was to establish the sustainability of using online foreign exchange trading through developing an understanding of the financial status of participants to be able to acquire the required resources, and also by studying the participant's ability to participate in the foreign exchange market without supervision and the importance of support groups. Academic literature indicated that low-income families around the world consumer goods and services that do not help alleviate poverty. Low-income earners earning above 3000 South African Rands in 2012 had

the capacity to save; however, only if their propensity to save increased (Moav & Neeman, 2012, pp. 933-956).

The research determines sustainability of trading by evaluating the participant's resources, sustainability of income, and ability to learn new concepts. According to Downes (2007, pp. 1-16) open educational resources comprise of course work, software, support structures, and ability to adopt new concepts.

5.5 CHAPTER SUMMARY

This chapter presented the detailed analysis and discussion for the quantitative component of the study. The quantitative approach involved inferential statistics. The primary findings are justified by select literature from Chapter 2. Using the current findings several hypotheses were formulated.

The next chapter presents the conclusions and recommendations arising from the study.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The research study focuses on the perception that respondents have regarding the use of online forex trading to improve the standard of living for the broader community. The research study assumes the position that increasing earning income within the low-income earners contributed towards improving the standard of living for the respondents. It also sheds light on the applicability of the research conclusions to the general Westridge community.

The research study also assumes that the ever increasing forex trading schools as well as the introduction of crypto-currencies increases the likelihood for Ponzy schemes to take advantage of the low-income earners. Therefore, the research study aims to better understand how the respondents differentiate between online forex trading and Ponzy schemes.

This chapter focuses on the conclusions and recommendations arising from the findings of the study. The recommendations cover both recommendations from the collected data as well as recommendations on how to conduct similar studies in the future.

6.2 CONCLUSIONS

6.2.1 HYPOTHESIS TESTING 1: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE LOW-INCOME EARNER'S PERCEPTION AND THEIR TRAINABILITY.

The collected data depicting the perceptions of the respondents was presented using correlations in Table 2 where a positive correlation meant that the relationship was directly proportional and a negative correlation meant that the relationship was inversely proportional. Category A (I can make profit from investing in forex) indicated that respondents who believed in their ability to increase their understanding of the forex market also believed that the forex market was profitable and also a viable business. Category B (I am able to control my losses when trading forex online) indicated that respondents who believed in their ability to control losses also believed that the forex market was a viable business. Category C (I can take chances when

trading forex online) indicated that respondents who believed that they can take chances also believed that forex trading required a lot of capital. Category D (Trading forex requires a lot of money) indicated that respondents who believed that forex trading required a lot of capital also believed that forex trading was for rich people. Category E (Trading forex online cannot be a business) indicated that respondents who believed forex trading was a pyramid scheme did not believe they could make a profit from forex trading. Category F (Need to spend a lot of time when trading forex online) indicated that respondents who believed that they needed specialised training did not believe they could take chances in the forex market. Category G (I need specialized training to trade forex online) indicated that respondents who believed they required specialised training also believed forex required a lot of capital. Category H (I am able to continuously develop my understanding of trading forex) indicated that respondents who believed in their ability to control losses also believed in their ability to continuously develop their understanding of forex. Category I (Trading forex is for wealthy people) indicated that respondents who believed that forex was for wealthy people did not believe they could take chances in the market. Category J (Trading forex cannot be done after work) indicated that respondents who believed that forex trading could not be done after work also believed they could not increase their understanding of the forex market. Category K (Trading forex is a pyramid scheme) indicated that respondents who believed forex was for wealthy people also believed forex was a pyramid scheme.

From the above correlations the research study concludes that the perceptions of respondents were not misplaced. There is enough academic literature to support that, poor communities and novice traders were trainable in mathematical concepts. The correlations above indicated that the respondents that believed they could make profit from the business of online foreign exchange trading were trainable and respondents who believed they could not make profit from the market were not trainable. Therefore, the research study rejects the null hypothesis and concludes that there is significance between the low-income earner's perception and the trainability of low-income earners. The research study also concludes that the respondents had a positive perception towards online forex trading.

6.2.2 HYPOTHESIS TESTING 2: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE VARYING HINDRANCE FACTORS TO THE

PARTICIPATION IN ONLINE FOREIGN EXCHANGE TRADING BY LOW-INCOME EARNERS

The hindrance factors that were analysed by the research study were monthly income; attitude towards forex trading; educational level; access to the internet; and access to computer hardware.

From Figure 4.7 the data collected indicated that only twenty four percent of the respondents were within the earning bracket of between 5000 and 10 000 ZAR of which according to Table 4.2 only fourteen percent had a positive attitude towards forex trading. The academic literature indicated that most brokerage firm's small trading account starts from 2000 USD till 2500 USD. The Chi square obtained in Table 4,2 indicated that the results of the survey are reflective of the sample population and the overall target population.

From Figure 4.8 the data collected indicated that only three percent of the participants had maximum primary school qualification. From Figure 4.9 the data collected indicated that eighty seven percent of the respondents had access to the internet. From Figure 4.10 the data collected indicated that ninety percent of the respondent had access to smart phones. From Figure 4.11 the data collected indicated that sixty percent of the respondents had access to computer hardware of which fifty three percent had access to laptop.

The collected data indicated that respondents had access to the internet and the hardware such as computers and smart phones. However, the collected data also indicated that most respondents did not have the finance required to participate in the forex market. The academic background also indicated that the savings rate in South Africa was very low when compared to similar countries like India.

Therefore, the research study rejected the null hypothesis and concluded that there is significant difference between varying hindrance factors to the performance of online foreign exchange trading by low-income earners.

6.2.3 HYPOTHESIS TESTING 3: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN VARIABILITY OF FOREX TRADING OPTIONS TO THE TRAINABILITY OF LOW-INCOME EARNERS

The research study analysed available time to trade from respondents; expectation of respondents with regards to training; and lastly respondent's ability to continuously develop their understanding of the forex market independently. From Figure 4.1 the data collected indicated that sixty four percent of the respondents were able to conduct forex trading after work. Figure 4.2 indicated that seventy five percent of the respondents believed they needed specialised training. From Table 4.1 the collected data indicated that about ten percent of the respondent believed they were able to develop forex trading concepts independently.

Therefore, the research study accepted the null hypothesis and concluded that there is no significance between variability of forex trading options to the trainability of low-income earners.

6.3 IMPLICATIONS OF THIS STUDY

This research study contributed to scholarship work by generating an understanding of the applicability of by Mr. Richard's turtle study in the broader Westridge low-income community. The research study stakeholders benefited from the study through information sharing where participants gained education and the researcher gained knowledge of market conditions.

6.4 LIMITATIONS OF THE STUDY

Limitation - Identifying and targeting respondents: respondents were identified from the community stokvels. This may influence the response from the respondents as these are respondent who are already seeking means to generate income or savings. This limitation was mitigated by sourcing respondents from other areas within the Westridge community.

Limitation- Administering the questionnaire: some of the questionnaires were administered by the researcher as a result the respondents may have been influenced by the presence of the researcher. This limitation was mitigated by ensuring that body language during the administering of questionnaires was neutral.

Limitation - The size and scope of the topic: the topic focuses mainly on the respondent's personal emotions towards the topic. Therefore, the respondent's response may be influenced by the respondent's pride. Hence, the data collected may

not be accurate. This limitation was mitigated by sharing other research study outcomes with the respondents.

Limitation - Time to perform the research study: the researcher was under full employment by Inno Textiles whilst undertaking this study. The research study was only performed after work hours (18:00) and during weekends. Therefore, the researcher had to encourage the respondents for early responses. Some questionnaires were administered during the night. The results may not be a true reflection of their responses as the respondents may have been tired. This limitation was mitigated by allowing respondents to drink refreshments and take breaks where they needed.

6.5 RECOMMENDATIONS TO SOLVE RESEARCH PROBLEM

Based on the collected data and the academic literature the research study recommends the following:

Participants to foreign exchange trading should be literate with basic understanding of both Mathematic and English. The monthly income of participants should not be less than R10 000.

The training package should include the following:

- Training participants on basic financial systems (both local and international systems)
- Basic understanding of main pillars of the South Africa economy
- Basic statistical concepts
- Technical analysis of the foreign exchange market
- Basic understanding of tax implications
- How to open a company

Based on the above, the research study concluded that there is no significance between the target population's perception and their trainability. The study also concluded that an educational package can be designed to train the target population; however, the trained respondents would have to participate in the market as a group as recommended by the turtle trading study conducted by Richard (2015, pp. 40-64).

6.6 RECOMMENDATIONS FOR FUTURE STUDIES

6.6.1. The research study collected quantitative data from stockvel members.

The stockvel members could have been influenced by the presence of others members. Administering questionnaires in respondents' homes will eliminate the influence of stockvel members.

6.7 CHAPTER SUMMARY

Chapter six identified the conclusions of the research study based on both the collected data and the literature review. The chapter presented the implications; limitations; and assumptions made during the research study. Lastly the chapter reviewed mitigation factors for the indicated limitations; and offered recommendations for both the research study and the participants.

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APPENDIX I: THE PROBABILITY CRITICAL VALUE TABLE

v	Probability less than the critical value				
	0.90	0.95	0.975	0.99	0.999
1	2.706	3.841	5.024	6.635	10.828
2	4.605	5.991	7.378	9.210	13.816
3	6.251	7.815	9.348	11.345	16.266
4	7.779	9.488	11.143	13.277	18.467
5	9.236	11.070	12.833	15.086	20.515
6	10.645	12.592	14.449	16.812	22.458
7	12.017	14.067	16.013	18.475	24.322
8	13.362	15.507	17.535	20.090	26.125
9	14.684	16.919	19.023	21.666	27.877
10	15.987	18.307	20.483	23.209	29.588
11	17.275	19.675	21.920	24.725	31.264
12	18.549	21.026	23.337	26.217	32.910
13	19.812	22.362	24.736	27.688	34.528
14	21.064	23.685	26.119	29.141	36.123
15	22.307	24.996	27.488	30.578	37.697
16	23.542	26.296	28.845	32.000	39.252
17	24.769	27.587	30.191	33.409	40.790

APPENDIX II: RESEARCH STUDY QUESTIONNAIRE

Greetings,

My name is S'bonginkosi Praise-God Sangweni. I am currently engaged in a project for Ophis Nevets Investments. I am interested in establishing how best to introduce on line forex trading as a business concept to law income earners. I would like you to fill out the following short questionnaire. It will take not more than five minutes to fill out the questionnaire. Thank you for your time.

Warm regards

S'bonginkosi P. Sangweni

Section One: About Yourself

Please circle the number next to your most appropriate response in the following questions.

1. Your age

- 1 18 – 20
- 2 20 – 30
- 3 30 – 40
- 4 Over 40

2. Your highest completed level of education

- 1 Primary school
- 2 High school
- 3 College degree
- 4 Graduate degree
- 5 Post graduate degree

3. Your gender

- 1 Female
- 2 Male

4. Your marital Status

5. Number of dependents

6. Job status

- | | | |
|-------------|---------------|--------------------|
| 1 Married | 1 None | 1 Less than 1 year |
| 2 Single | 2 0 – 2 | 2 1 - 5 years |
| 3 Widowed | 3 .2 – 5 | 3 5 - 10 years |
| | | More than 10 |
| 4 Seperated | 4 More than 5 | 4 years |

Section Two: This section is to analyze the perceptions of Westridge low-income earners on online forex trading as a business concept

Please circle the number next to your most appropriate response in the following questions.

		I		I		
		strongly		strongly		
		disagree		agree		
7	I can make profit from investing in forex	1	2	3	4	5
8	I am able to control my losses when trading forex online	1	2	3	4	5
9	I can take chances when trading forex online	1	2	3	4	5
10	Trading forex requires a lot of money	1	2	3	4	5
11	Trading forex online cannot be a business	1	2	3	4	5
12	I need to spend a lot of time when trading forex online	1	2	3	4	5
13	I need specialised training to trade forex online	1	2	3	4	5
14	I am able to continuously develop my understanding of trading forex	1	2	3	4	5
15	Trading forex is for wealthy people	1	2	3	4	5
16	Trading forex cannot be done after work	1	2	3	4	5
17	Trading forex is a pyramid scheme	1	2	3	4	5

Section three: This section is to identify the factors that affect Westridge low-income earners on engaging on online forex trading

Please tick next to your most appropriate response in the following questions.

18. Do you have a part or full time Job?

- Part-time
- Full-time

19. What is your earning bracket?

- Below R5 000
- R5 000 – R10 000
- R10 000 – R15 000
- Above R15 000

20. Do you have access to internet?

- Yes
- No

21. Do you have a smart phone?

- Yes
- No

22. Do you have a computer?

- None
- Laptop
- Desktop

Section Four: This section is to explore the options available to Westridge low-income earners towards online forex trading

Please explain your view of how online forex trading can be used as a business concept

.....
.....
.....
.....
.....
.....
.....

..... This was the last question of this questionnaire. Once again, thank you for your participation



APPENDIX III: ETHICAL CLEARANCE





31 May 2017

Mr S'bonginkosi Praise God Sangweni (214580260)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Sangweni,

Protocol reference number: **HSS/0271/017M**

Project title: Investigating the perceptions of Westridge low income earners on online forex trading as a business concept

Full Approval – Expedited Application
In response to your application received on 29 March 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and FULL APPROVAL for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Emmanuel Mutambara
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee
Dr Shenuka Singh (Chair)
Westville Campus, Govan Mbeki Building
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APPENDIX IV: TURN IT IN REPORT

Report corrections

ORIGINALITY REPORT

2%	1%	1%	1%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	iiespace.iie.ac.za Internet Source	<1%
2	Joseph Hair, Jr.. Marketing Research: Within a Changing Information Environment, 2003 Publication	<1%
3	Submitted to Varsity College Student Paper	<1%
4	Felix Hufner. "Foreign Exchange Intervention as a Monetary Policy Instrument", Springer Nature America, Inc, 2004 Publication	<1%
5	Submitted to The University of Manchester Student Paper	<1%
6	futur.upc.edu Internet Source	<1%
7	www.scribd.com Internet Source	<1%
8	www.bizmag.co.za Internet Source	<1%

APPENDIX V: LETTER OF APPROVAL

Westridge community counselor

Mrs. B. G. Zulu

To: Mr. S. P. Sangweni

Student number: 214580 260

Ref: Permission to conduct a study on forex trading in the Westridge community

Mr. S. P. Sangweni has indicated to me that he under the directorship of his supervisor, Professor E Mutambara will be conducting a study which will look at the perceptions of Westridge low-income earners on online forex trading as a business concept.

As a counselor of ward... I give Mr. S. P. Sangweni permission to conduct study in the Westridge community which is under my counsellorship. This permission is limited to Mr. S. P. Sangweni ensuring that participants are not victimized in any manner and that participants' confidentiality is respected.

We hope after finishing the study, Mr Sangweni will report the findings to Westridge community.

We thank you in advance for showing interesting in developing our community

Regards

.....

Counselor B. G. Zulu

Stamp

APPENDIX VI: LETTER OF PROOF READER

Pro Edit...

37 Dunnottar Avenue, Asherville
Durban, South Africa, 4091
Phone: 031 207 7994
Mobile: 083 786 2461
E-Mail: roshmaharaj1@gmail.com

To WHOM IT MAY CONCERN
26 June, 2018

Please be advised that I have edited the MBA dissertation of Mr. S'bonginkosi Sangweni to the best of my ability in the limited time frame. I have not fabricated and or manipulated any information. The emphasis has been on ensuring academic correctness, and coherence. In the main I have respected the supervisor's guidance and advised on enhancing the overall quality of the submission.

Yours sincerely



Dr. R. D. Maharaj (Prof)

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