

**Investigating factors affecting retail investor awareness of Exchange Traded
Funds (ETFs)**

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Abstract

Research Background: Exchange-traded funds (ETFs) as an investment vehicle are a rapidly expanding industry globally. However, scholars have conducted little research to evaluate the factors influencing retail investor awareness of Exchange Traded Funds (ETFs). Awareness impacts earning, savings, contribution to the economy, proper retirement planning, and mental peace. These have enormous impacts on retail investors. Even so, much ambiguity exists regarding the influence of socio-demographic parameters such as age, gender, education level, investing experience, and subjective financial literacy on investor awareness. Furthermore, there is a shortage of research relevant to influencing factors impacting retail investor knowledge of Exchange Traded Funds. Thus, the present study investigates these key determinants affecting the awareness of Easy Equities investors.

Research Purpose and design: The purpose of this study was to investigate if there was a significant association between five characteristics (age, gender, education, investing experience, and subjective financial literacy) with retail investors' awareness of Exchange Traded Funds (ETFs). The research was a quantitative research method with a sample of 154 retail investors.

Main findings: The main findings of this research revealed that there is a significant relationship between ETF awareness with age, gender, education, and subjective financial literacy. The relationship between investment experience and ETF awareness, on the other hand, based on the researcher's finding, was discovered to be insignificant.

Keywords: ETF, retail investor, awareness

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Chapter 1: Research Problem

1.1 Introduction

This chapter provides a background of the research project and highlights the importance of ETFs and their immense benefits. It further showcases their relevance to research and the modern day. It also covers the objectives and aims of the study conducted, presenting a foundation for understanding the research problem.

1.2 Background

A stock market is the open marketplace where shares, stock derivatives, and other financial products are traded. The main purpose of this financial market segment is to provide investors with liquidity. Liquidity is how quickly an investor can obtain cash when required (Jarosław Morawski, 2009). Investors participating in this market deal in the secondary market (when companies sell new stock and bonds to the public through an initial public offering) and the primary market, which relates to the traditional stock market (Beers, 2021). This market, which consists of the Money Market and the Capital Market, is divided into categories based on investment duration and discretion. The latter is focused with investing for the long term (more than a year). The former entails investments for a brief period (less than a year). Retail investors are those who participate in the stock market, work independently, and have confidence in their talents. (Agrawal & Singh, 2019).

A country's economy advances when its residents, in any position, contribute to capital development through savings and investments by exploiting mutual fund investors, i.e., investors who choose to invest with a company that pools funds from many investors to purchase stock and other assets (Agrawal & Singh, 2019).

An "investment company" is a company that primarily engages in the business of issuing securities. An investing company puts the money it gets to work by grouping capital from investors. Each investor shares in the profits and losses

according to the investor's investment business stake through stocks. Moreover, mutual funds, ETFs, and closed-end funds are the three most common investment products that satisfy the criteria of investment companies. Investors' awareness of the different advantages and disadvantages of equity investing, its methods, and the analysis of the equity to conclude is referred to as equity investment awareness.

The awareness level of retail investors is a significant aspect that determines investment behaviour (Bhattacharjee & Singh, 2017). Investor behaviour is a discipline that aims to comprehend and describe investor actions by merging the themes of psychology and investment on a micro level (i.e., individual and group decision-making) and a country level (i.e., the role of financial markets). Investors' decision-making process includes a quantitative and qualitative component pertaining to the unique qualities of the investment vehicle or financial service. Investor behaviour investigates the cognitive and affective difficulties revealed by people, financial professionals, and traders during the financial planning and investment management processes. People judge based on prior occurrences, personal beliefs, and preferences (Baker, 2008).

Increased awareness leads to growth in financial markets, which allows for better financial related decisions making (Bhattacharjee & Singh, 2017). Moreover, ETFs are the newest and fastest-growing investment vehicle, which currently ranks second in asset classes (D. J. Abner, 2016). Further solidifying the need for retail investor awareness of Exchange-traded funds (ETFs) to be understood for market and industry progress.

Initially, institutional investors largely employed ETFs to carry out complex trading techniques. Individual investors and financial advisors were early adopters of ETFs – the first ETF was created in Canada in 1990 and presented the ability to benefit from pooled investing and providing trading flexibility. ETFs have been one of the most popular in the world financial sector since their launch. ETF assets in Canada now exceed more than \$158 billion, spread across 600 ETFs (Vanguard, 2022).

Industry experts, financial journalists and prevailing market rhetoric have increasingly positioned ETFs as a must-have low-cost anti-establishment

investment (Elain Wiener, 2019). According to Mark Bechard (2022) and figures issued by etfSA, the entire market capitalisation of the South African exchange-traded product (ETP) business increased by 22.5 % to R136 billion in 2021, up from R111 billion at the end of 2020. Within global markets, especially in the United States, there has been a more substantial growth in the uptake of ETFs, where it is estimated that ETFs constitute up to 13% of all fund assets (Elain Wiener, 2019).

In contrast, according to Elain Wiener (2019), in South Africa in 2018, ETFs, as well as index tracking unit funds, constituted around 4% of the over R4 billion under management within the South African investment market. In 2018, when evaluating the CIS (collective investment scheme) industry, it was noted that ETFs made up a shocking 2% of the total pool of investments which brings to the fore that South Africans, when compared to other parts of the world, are considerably behind (Elain Wiener, 2019).

SMP (Stock Market Participation) can yield strong economic results, and exposure to stocks can deliver more favourable results versus less risky asset classes. This may be a significant predictor of the long-run return on individual investments, and not engaging in the stock market might result in considerable welfare loss for a country's citizens (Abreu & Mendes, 2010; Sivaramakrishnan et al., 2017) (Abreu & Mendes, 2010). Most developing countries and Sub-Saharan African nations are rich in natural resources but wait for foreign investment to exploit these natural resources. A country may have an abundance of natural resources which would remain idle and result in no added value or benefit to economic development. The growth (through SMP) and development of a country's capital markets often serve as a stimulus for gross domestic growth, failure to do so could result in nations falling behind compared with developed nations (Acquah-Sam Emmanuel, 2013). The consensus amongst economists is that financial development stimulates investment growth, which relies on investor awareness. Literature has documented a stout relationship between growth and finance: nations that have developed markets grow quicker (Guso Luigi, Jappelli Tullio, Padula Mario, 2004).

However, even in the Western world, there is a wide range of SMP among individuals, with many households holding no stocks (Sivaramakrishnan et al., 2017). While SMP merely determines whether an investor engages in the stock market, the amount of equity in a person's portfolio is also a significant factor. An

investor with a modest shareholding is unlikely to benefit from the stock investment (Sivaramakrishnan et al., 2017). In literature and business, little research has been done in emerging markets concerning investor behaviour (Sivaramakrishnan et al., 2017). As a result, little research has been done into awareness, in this case, ETF awareness, which is a significant factor explaining SMP (Gumbo & Sandada, 2016). This is imperative for emerging markets because for any country to grow and progress, developing savings/investments is pivotal (Dakshayani D.N, 2016). Therefore, if exploited correctly, awareness of ETFs can result in a critical mass of informed investors, boost trust in the market, and lead to market growth and overall financial well-being (Bhattacharjee & Singh, 2017). Within Sub-Saharan Africa, previous studies have examined corporate investors, and none sought to understand financial literacy, gender, education, and age as they relate to awareness for retail investors (Gumbo & Sandada, 2016). This presents an opportunity to increase our understanding of the retail investor, identify where the gaps lie and find ways to create programs that fit the needs of the investors and increase participation in ETFs through increasing investor awareness (Sivaramakrishnan et al., 2017).

1.3 Business problem

The problem is if the determinants of awareness are not understood clearly, this will result in the improper targeting of the unaffected groups and the potential of further expanding ETF penetration in certain groups will go unrealised. (Bhattacharjee & Singh, 2017) reinforced that awareness has tremendous impacts on earning, savings, contribution to the economy, proper retirement planning and mental peace. These are essential results emanating from the awareness of equity investments. The results of such studies will assist brokering houses and asset managers with helpful information for formulating strategies targeting specific segments. In addition to this, the findings can give an understanding to policymakers and stock market managers in South Africa and emerging states to motivate participation in ETFs. The results from the study will also assist in informing essential factors to consider during policy formulation about addressing the barriers to partaking in the stock market and increasing the attractiveness of ETFs (Gumbo & Sandada, 2016). This creates the scene for businesses to have a

huge impact. Growth within this industry can provide substantial economic gains and contribute to the social well-being of investors and the nation.

1.4 Academic Problem

Socio-demographic factors such as age, gender, education level, investment experience, and subjective financial literacy on investment awareness have been explored by researchers like Gumbo & Sandada (2016), who focused on Zimbabwean investors, Bhattacharjee & Singh (2017), who focused on German investors, and Enete et al. (2018) who focused on U.S investors. However, a growing area of interest few studies have been conducted on ETFs, except D'Hondt et al. (2020), who investigated determinants of retail investing in passive ETFs (P-ETFs). The studies were conducted in different geographies and uncovered contradictions in the theoretical understating of these determinants within various asset classes. The exchange-traded fund (ETF) industry has increased in recent decades. As a result, ambiguity must be understood from the perspective of retail investors to provide scholars, regulators, and policymakers with clarity regarding current awareness of ETFs and, as a result, initiate policies and campaigns to increase awareness. Furthermore, the present study will provide practical insights to investors, policymakers, and regulators about the benefits and drawbacks of ETFs and the factors that influence ETF awareness.

1.5 Purpose Statement

The purpose of this study is to gain a deeper understanding of five factors (age, gender, education, investment experience and subjective financial literacy) to determine if there is a significant relationship between these variables and the awareness level of retail investors towards Exchange Trades Funds (ETFs). The paper conducted a systematic evaluation of the literature published on the various elements of equity investment awareness and focused on investigating the strength of the relationship between demographics and subjective financial literacy to awareness among retail investors. Furthermore, data was collected from retail investors utilizing a survey to test for the strength of the relationship between the determinants and ETF awareness.

1.6 Research objective

Objective 1: To test if there is a significant relationship between five factors (age, gender, education, investment experience and subjective financial literacy) with retail investor awareness of ETFs.

Chapter 2: Literature Review

2.1 Introduction

The progress of every nation depends on savings and investments. Middle-class residents' modest investments and savings act as a catalyst for the country's development. The most secure investment option for the typical investor is to deposit funds into an asset and earn interest on it. But everyone has different goals for their investments. They could be to gain financial stability, a steady income with little risks in the future, or to benefit from tax and capital growth (Dakshayani D.N, 2016); (Mandarić et al., 2021). It has been observed that investors generally make investment decisions on the recommendations of their brokers, relatives, and other sources, including financial websites and news channels.

Nevertheless, confident investors are also knowledgeable and prefer to select their investment portfolio. Therefore, investor awareness is a crucial factor that drives investment behaviour (Bhattacharjee & Singh, 2017), and several investing goals are also affected by demographic aspects like the investor's age, gender, employment, qualification, and more (Dakshayani D.N, 2016); (Mandarić et al., 2021). The chapter emphasizes the importance of earlier scholars' efforts concerning the current study, and every investigation is built on examining the literature. This research study draws inferences to investigate the factors affecting retail investor awareness of Exchange Traded Funds.

This chapter starts with a full explanation of ETFs and their workings, including descriptions of ETFs developed over time by different academics and focusing on earlier researchers' research findings concerning investor awareness. In the following section, various forms of exchange-traded funds (ETFs), including their growth and advancement, are also examined. The factors influencing investment decisions are the theme of the third section of the literature review. Finally, the following two sections discuss the advantages and disadvantages of investing in ETFs. The study highlights research gaps and explores how addressing these voids would assist in achieving the report's aims and purposes after carefully examining the literature. This chapter also presents the conceptual model developed from reviews of past research academics' writings.

2.2 Defining ETFs and their mechanisms

In recent decades, the exchange-traded fund (ETF) industry has expanded quickly, and the sector's expansion can be evaluated in many ways. It can be observed that there has been a considerable upsurge in the products offered and the assets under management (AUM) in such products (D. Abner, 2015). During the end of 2014, approximately five thousand products were offered along with assets worth 2.5 trillion dollars worldwide. Furthermore, the US is accountable for most global assets, consequently capturing 70 per cent of the total count (D. Abner, 2015). Investment companies termed ETFs, generate securities regularly traded on open markets. Several ETFs have an open-end investment company legal structure, and almost all try to follow a securities benchmark.

In contrast to mutual funds, ETFs allow individuals to sell their holdings constantly across the trading session, which only permits investors to purchase or exchange securities at the close of the trading day. ETFs incorporate aspects of both closed-end investments and open-end investments. ETFs, allow the purchase and exchange of securities in the portfolio, much like open-end mutual funds do. ETF units are exchanged on platforms like closed-end vehicles (D. Abner, 2015).

Physical and synthetic ETFs are the two primary forms of ETFs and therefore vary in how closely they mirror the underlying asset. Physical ETFs include the entire or a substantial proportion of the indexed equities in their holdings, with proportions that closely resemble those in the indices, to accurately track the performance of their market portfolio (Ben-David & Franzoni, 2017). Synthetic ETFs, in comparison, replicate an index through financial derivatives, including net income swaps on the benchmark portfolio. For physical ETFs and synthetic ETFs, the most common ways to create ETF units are in the form of kind and currency, respectively. In Europe, synthetic ETFs are more common compared to the US.

Nevertheless, multiple perspectives of default risk apply to the two distinct varieties of ETFs. Physical ETFs lend securities, exposing the investment vehicle to the risk of the asset debtor defaulting (Blocher & Whaley, 2016). Additionally, the vulnerability of the borrower defaulting on the derivatives market exists for synthetic ETFs. Naturally, both transactions require collateral (Ben-david & Franzoni, 2017).

2.2.1 Investor's Awareness of ETFs

Awareness is the capacity to instantly recognise, notice, experience, or be a part of occurrences. It is the state or quality of having a wider-ranging awareness of something. In investing, the phrase 'investor awareness' is frequently employed. It can be commonly understood as familiarising one with the investment environment and providing an understanding of financial marketing, particularly benefits and risks, to enable one to make informed judgments (Bhattacharjee & Singh, 2017). Investors are likely to rely on data from colleagues, relatives, and other members of their close social network and occasionally from media sources for their financial choices. However, confident investors choose their investment portfolios as per their preferences. This decision often depends on their awareness of different investment avenues (Bhattacharjee & Singh, 2017).

Polisetty & Manda (2019) affirmed that the expertise of investors with firms, organisations, products, or services is measured by their awareness and knowledge. Equity investment awareness is defined as the shareholders' awareness of the many benefits and drawbacks of equity investing, its process, and the equity assessment to reach a conclusion. Enough knowledgeable investors must be established in the financial market to boost and increase the market's credibility (Bhattacharjee & Singh, 2017). Investors are given a lot of market-related documentation, although not all of it is helpful to investors. The confusion and apprehension impact investors' awareness that this mass of information causes, and informed individuals know which factors are significant to them. Interpersonal relationships are another crucial factor in raising people's knowledge and affecting investment decisions (Bhattacharjee & Singh, 2017; Polisetty & Manda, 2019).

Concerning the investor's awareness of ETFs, D'Hondt et al. (2020) investigated the factors influencing retail investment in passive ETFs (P-ETFs) using a sizable set of account holders. The researchers demonstrated that the P-ETF investors were more educated, had better financial literacy, had higher risk appetite and were less susceptible to overconfidence when compared to non-P-ETF investors. The researchers further demonstrated that the more engaged P-ETF users hold fewer stocks and make more occasional substantial changes to the stock portfolio's structure, suggesting a spill over effect among equities and P-ETFs (D'Hondt et al., 2020).

Research scholars have often reflected that individuals' investment decisions

depend on their risk perception and income. The annual compensation is regarded as a relevant factor with return and risk that assists an individual in making optimal decisions. (Bride et al., 2019) therefore aimed to comprehend the investor's awareness of different investment vehicles that impact their decisions about investment in share markets. The study was conducted on a sample of 100 individuals in Kerala. The findings revealed that compared to other share market investing alternatives, individuals are more knowledgeable about equity investments. Most consumers believe that stock market investment alternatives are better for diversifying their portfolios. The investing strategy that is appropriate for the individuals depends in large part on their amount of income. The recommendations suggested that their central administration, the SEBI (Securities and Exchange Board of India), and other governing bodies could be more active and take the necessary steps to raise public awareness.

2.3 Evolution of Exchange-traded funds and different types of ETFs

ETFs were first primarily used by institutional investors to execute advanced trading strategies. Among the early users of ETFs were individual investors and financial advisors; the first ETF was developed in Canada in 1990 and offered the opportunity to gain from the pooled investment while also allowing for trading independence. Since their introduction, ETFs have become one of the most well-known financial products around the globe. Now over 600 ETFs in Canada presently hold \$158 billion worth of ETF assets (Vanguard, 2022).

ETFs are among the most significant financial inventions in recent years. As a result, analysts are interested in them, although ETF research is still in its infancy. A common goal of an ETF is to replicate the performance of a particular index, much like an index mutual fund performs. However, an ETF is fundamentally different from a mutual fund. State Street introduced the SPDR (Standard & Poor's Depository Receipt), the first US-listed ETF, in January 1993, intending to track the S&P 500. With 178 billion US dollars as of September 2017, it continues to be the biggest ETF (Lettau & Madhavan, 2018). Following launching of the SPDR, numerous ETFs monitoring broad local and global indices, as well as more specialised industry, location, or country indices, were introduced. Bond ETFs and "smart beta" products, which mimic specific investment options frequently utilised

by actively traded mutual funds and hedge funds, have recently seen significant increases in asset value, diversification, and market importance. As we detail above, these changes can significantly alter the overall investment environment. Excluding hedge funds, ETFs managed 4.3 trillion US dollars in assets worldwide in about 6,300 investment avenues in September 2017 (BlackRock, 2017). These sums should be compared to the more than 160 trillion US dollars in the overall market value of equities and fixed-income assets worldwide (Lettau & Madhavan, 2018).

Enete et al. (2018) confirmed that for the year 2017, there have been approximately 1500 benchmark ETFs and 194 actively managed ETFs with an asset value of 3.3 trillion and 4.5 billion US dollars, correspondingly (Investment Company Institute, 2018). ETFs account for 15 per cent of all US-listed investing companies' asset value worldwide, whereas mutual funds account for 83 per cent of net assets (Investment Company Institute, 2018; da Costa Neto et al., 2019). The net share capital of ETFs reached an all-time high of 471 billion US dollars in 2017 (Investment Company Institute, 2018). Equity market ETF demand is closely trailed by problems with global and worldwide ETFs in terms of growth (Investment Company Institute, 2018). Large-cap domestic equities vehicles have comprised a significant part of ETF assets over its 25-year existence, accounting for about 27 per cent of the assets at the closing of 2017. Bond ETFs (16 per cent of assets) and international ETFs (14 per cent of assets) account for the two following largest groups (Investment Company Institute, 2018, da Costa Neto et al., 2019).

Moreover, the report suggested that 6 per cent of Americans held ETFs in 2017, and 95 per cent of those families also held other types of assets, such as individual equities, mutual funds, or term deposits, based on the reports of the (Investment Company Institute, 2018). ETF investors typically have greater asset values, higher salaries than the median wage, and ownership of retirement funds, in addition to being wealthier and much more knowledgeable. Households that possess ETFs also take on greater risk than the average American purchaser and perhaps even mutual fund owners. Additionally, 52% of ETF owners versus 34% of shareholders of mutual funds were much more inclined to assume significant and much more risk for substantial or higher profits (Enete et al., 2018; Investment Company Institute, 2018).

2.4 Factors affecting investment decisions and Investors' Awareness

Enete et al. (2018) explored the association between personal financial traits and ETF holdings in their research. Even though ETFs have many advantages over conventional mutual funds, just 22 % of investors included them in their stock portfolios. These ETF users were more financially literate than comparable non-ETF-owning peers, which supports the idea that limited rationality influences investment behaviour. Direct or indirect, the origin of the financial skills made no impact. Although the increasing appetite for risk and financial contentment were linked to ETF possession, soliciting financial advice from a financial consultant and a dislike of charges were not essential factors in explicating the variance in ETF shareholdings (Enete et al., 2018).

A few scholarly journals have written about the investing traits of ETF investors. (Bhattacharjee & Singh, 2017) discovered that ETF owners typically are younger, affluent, and have a brief association with their trading business. The researcher looked at the use of ETFs amongst German traders. Additionally, their study's findings demonstrated that the holdings of ETF owners do not outperform those of individuals who do not hold ETFs. This result is an outcome of incorrect scheduling of trades, a shortage of diversity, and an absence of a purchase-and-holds approach. Additionally, Clifford et al. (2014) discovered that ETF owners pursue profits in a manner similar to mutual fund owners.

2.4.1 Determinants of investor awareness

2.4.1.1 Gender

The awareness of individuals regarding financial and investment decision-making is often influenced by several demographic factors like age, gender, education level and income (Dakshayani D.N, 2016). In this context, Bhunia & Siddika (2018) conducted a study to comprehend the awareness regarding investment avenues among women in West Bengal. The study's findings depicted that the awareness of women regarding investments was affected by their education levels and marital status. Moreover, it was also revealed that the women relied on information from different sources like brokers, relatives, and colleagues before undertaking any investment decision. Another similar study conducted by Dannhauser (2017) aimed

to comprehend the impact of gender differences on the investment decisions and awareness of individuals, especially the holding periods and performance outcomes. The study results suggested that women investors outperformed their male counterparts within the market by a prominent margin. However, women tend to be more risk-averse than their male counterparts regarding financial matters (Dellande & Saporoschenko, 2004). This means women are more likely than men to have high economic vulnerability due to shorter work experiences, longer lifespans, and a host of other factors (Bhattacharjee & Singh, 2017). Thus, this results in a concerning gender gap between males and females in financial awareness. Therefore, based on the literature, the researcher expects the following relationship to be observed:

H₁: There is a significant relationship between gender and awareness of ETFs.

H_{1a}: There is no significant relationship between gender and awareness of ETFs.

2.4.1.2 Age

Several research studies have indicated that various socioeconomic factors impact investors' decisions like income, profession, financial literacy, gender, and age (A. C. Worthington, 2008). Ansari (2019) opined that age is the most crucial aspect influencing the investment decision and therefore conducted research to understand the impact of age on the financial decisions of individuals. The study sample involved five hundred investors in India, and the results of the study affirmed that there existed a significant association between age and investment sources, age and knowledge regarding investments and age and investment perceptions. Although, a significant association was not observed between age and investment reasons. In a more recent study conducted by Isidore R et al. (2020), the findings indicated that the individual's age significantly impacts the method of decision-making adopted. Young investors with lower returns tended to employ technical indicators and followed broker suggestions more frequently than market analysis. Notably, the relatively young male investors were much more inclined to follow the broker's advice than to employ market analysis.

Additionally, market research was less frequently used by younger female

investors. Due to their lesser incomes, the middle-aged participants received the largest return—were least inclined to employ technical indicators and broker's suggestions. Notably, the male investors in their middle years were less likely to depend on the broker's advice and technical indicators. However, female investors in their middle age were more inclined to do industry assessments. Therefore, based on the literature, the researcher expects the following relationship to be observed:

H₂: There is a significant relationship between age and awareness of ETFs.

H_{2a}: There is no significant relationship between age and awareness of ETFs.

2.4.1.3 Education Level

Investigations into the determinants of stock market participation in Zimbabwe found that there is a significant difference among various education groups when looking at their awareness levels (Gumbo & Sandada, 2016). Conflicting results were produced by Banumathy (2015), who found that there is no significant relationship between the education level and the awareness level of investors in the stock market. Similarly, (Devi & Joseph, 2017) affirmed the impact of demographic aspects on financial decision-making. The study results indicated that there does not exist any significant relationship between the education level of the respondent and the awareness regarding the investment decisions. Further to this, research has found that less knowledgeable investors held more diversified asset portfolios as compared to their more knowledgeable counterparts owing to a lack of knowledge (Abreu & Mendes, 2010; Morrin et al., 2008; Abreu & Mendes, 2010). In other research, education level has been seen to significantly influence awareness, where individuals with degrees showed greater awareness when compared to those without, and finance and accounting majors had higher general awareness (Nga et al., 2010). Thus, there is still ambiguity regarding the impact of education level on the awareness of individuals as different researchers hold different viewpoints. Therefore, based on the dominant literature, the researcher expects the following relationship to be observed:

H₃: There is a significant relationship between education level and

awareness of ETFs.

H_{3a}: There is no significant relationship between education level and awareness of ETFs.

2.4.1.4 Investment Experience

Cirappa & Punith Kumar (2021) hypothesized that there was no relationship between investment experience and awareness. Subsequently, the results of the research showed that there is a significant relationship between investment experience and awareness. Investors with more than ten years of expertise exhibited the highest levels of awareness. Another recent study by Naranbhai (2018) aimed to comprehend investment awareness among working women in Kachchh. The investigation predominantly focused on understanding the demographic profiles of the respondents and their impact on their investment awareness. However, the results obtained in the study were contrary to those provided by Cirappa & Punith Kumar (2021), as the results indicated that no significant relationship existed between the experience in investing and awareness of investing. This suggests that there is an ambiguity regarding the impact of investment experience on the awareness of individuals, as different researchers hold different viewpoints. Therefore, based on the literature, we expect the following relationship to be observed:

H₄: There is a significant relationship between investment experience and awareness of ETFs.

H_{4a}: There is no significant relationship between investment experience and awareness of ETFs.

2.4.1.5 Subjective financial literacy

Bellofatto et al. (2018) defined financial literacy as the capacity to analyse economic data and make wise choices on debts, retirement, asset accumulation, and financial management. The researchers believed that the aspect of financial literacy could only be built based on three fundamental skills and capabilities: arithmetic and the ability to perform interest rate computations, comprehension of

portfolio diversification and knowledge of inflation.

Arora & Marwaha (2013) conducted a study to comprehend the levels of financial literacy and their influence on awareness regarding stock markets. The outcomes of the investigation affirmed that the traders in Punjab are well-versed in equities or ordinary stock investments as far as investors' knowledge of investing in stock alternatives is involved. Individual stockholders are less knowledgeable about securities, swaps, contracts, futures, swaps, equities, and debt obligations than mutual funds, ULIPs (Unit Linked Insurance Plans), and SIPs (Systematic Investment Plans). These findings suggest that to spark investors' curiosity about these kinds of securities and encourage investment portfolios, financial institutions or agents ought to educate and build more awareness about products, such as ULIPs, SIPs, futures, and securities (Arora & Marwaha, 2013). In addition to this, A. Worthington (2006) argued that older persons (between 50 and 60 years) exhibited higher levels of financial literacy. Further to this, within his research, A. C. Worthington, (2008) also opined that being female decreases one's probability of being highly financially literate. Recent literature has also seen that financial literacy and information is a critical factor in determining if an investor holds a highly diversified portfolio or not (Abreu & Mendes, 2010).

Scholars in academic literature have identified that age, education, and gender as the most critical determinants of awareness. After this investigation, intent, investing ability, and incentives were found to be the least impactful. Literature has also seen that the impacts of awareness are higher earnings, efficient retirement, mental peace and higher savings for investors (Bhattacharjee & Singh, 2017). Therefore, based on the literature, the researcher expected the following relationship to be observed:

H₅: There is a significant relationship between subjective financial literacy and awareness of ETFs.

H_{5a}: There is no significant relationship between subjective financial literacy and awareness of ETFs.

2.5 Advantages of investing in ETFs

Several scholars have indicated the advantages that investors experience while

investing in ETFs. These range from facilities of diversification, lower fees and reinvested dividends to enhanced tax efficiency. Miralles-Quirós et al. (2019) assessed the advantages of incorporating SDG (Sustainable Development Goals) ETFs into an investment portfolio and evaluated the outcomes of four approaches utilising returns and variance estimates. The findings demonstrated that continued investment in ETFs that follow businesses committed to advancing the SDGs could be profitable for investors. This is particularly true of companies concentrating on promoting decent employment and economic expansion. The findings also demonstrated that portfolio effectiveness compared to the original investment portfolio had improved.

Due to their intraday volatility and minimal costs, which short-term traders choose, ETFs have exploded in popularity. This study makes the case that the security architecture of ETFs' tax avoidance and removal characteristics, which are less recognized but lucrative, are essential to their success during the past 20 years. Authorized participants aid ETFs in avoiding the distribution of realised capital appreciation and lowering their tax burden by depending on the in-kind redeeming exemption, mainly through utilising "heartbeat" transactions. According to Miralles-Quirós et al. (2019), protracted shareholders' after-tax profits have increased by an average of 0.92 per cent annually in recent times due to ETFs' higher tax efficiency when compared to mutual funds. The results reveal that tax advantages drive individuals' investment movement from active mutual funds to ETFs.

Moreover, Sherrill & Upton (2018) further highlighted the advantages of ETFs compared to mutual funds. The researchers emphasised that when compared to actively managed investments, which mutual funds typically are, passively administered ETFs have substantially lower expenses. Charges for services like advertising, engaging an executive board, and incurring load charges for selling and distributing, shareholder reporting expenses are often avoided. Additionally, in contrast to benchmark mutual funds, which can vary in their precise date of reinvestment, open-ended ETFs automatically reinvest the earnings of the firms they hold.

Furthermore, Elain Wiener (2019) affirms that ETFs are progressively being promoted as a low-cost anti-establishment option by industry professionals, financial journalists, and general market sentiment. The total market capitalization of the South African exchange-traded product (ETP) industry climbed by 22.5 % to R136 billion after 2021 (Mark Bechard, 2022). However, there has been a

tremendous increase in the use of ETFs in international markets, particularly in the US, where it is believed that ETFs make up to 13% of total fund assets (Elain Wiener, 2019).

2.6 Disadvantages of investing in ETFs

Israeli et al. (2017) investigated the challenges associated with enhanced ETF ownership. More specifically, the researchers affirmed whether a reduction in pricing efficiency for the underlying component assets occurs in tandem with a rise in ETF holdings. According to our analyses, a boost in ETF ownership is linked to increased trading expenses (bid-ask spreads and market liquidity), greater "stock return synchronisation," poorer "future earnings reaction indices," and fewer experts monitoring the company. The research supports the idea that rising ETF ownership may result in higher transaction expenses and diminished informational benefits. Therefore, the underpinning companies' security prices are less salient (Duarte Neves et al., 2019). Their research study contemplated the actual consequences of performance, risk and diversification associated with ETFs for 11 years from 2004 to 2015, including the period of the global recession. The study findings depicted that the ETF as an investment avenue was not imperative in dealing with diversification, especially during such a crisis period, further demonstrating the possibility of spill overs among index funds.

Similarly, by analysing 17 international ETFs trading in 6 emerging economies, Thanakijssombat & Kongtoranin (2018) offered an in-depth evaluation of the risk-return characteristic factors, behaviour, and advantages of international diversification an undiscovered, quickly expanding section of the worldwide ETF industry. The research showed that the sampled ETFs registered in these countries fail to perform, offering traders in emerging markets significant overall and structural risks while generating low profits. Such ETFs are also more susceptible to potential losses, making them somewhat more vulnerable to economic slowdowns. While foreign equities exchange-traded funds (ETFs) are intended to offer investors complete international diversification advantages, the research revealed that this is not the case and that these factors make these funds inefficient international diversification instruments.

While some researchers also indicate the disadvantages of ETFs, which include less diversification. Because of the small number of stocks in the market indices,

investors may only have access to large-cap shares for particular industries or overseas companies. Traders in ETFs may not be able to capitalise on likely growth prospects due to a lack of coverage for mid and small-cap enterprises. Additionally, long-term investors might not always profit from intraday price swings because they could have a timeframe of ten to fifteen years. Confident investors may engage in additional trading due to these lagging changes in regular pricing. A large swing over a few hours might lead to a transaction where the closing price prevents excessive worries from affecting an investing goal (Baiden, 2011). Also, generally, individuals equate trading ETFs to trading similar vehicles, but the expenses are more significant when comparing trading ETFs to buying a particular share. There is no administration charge for a stock, even though the actual fee given to the broker may be identical.

Additionally, specialised ETFs are much more inclined to mirror a low-volume benchmark as much more of them are produced. Consequently, there can be a wide bid/ask gap. Investors might be able to get a better deal by purchasing the underlying shares (Baiden, 2011).

2.7 Research Gap

The previous studies highlighted that the exchange-traded fund (ETF) industry has expanded quickly (Abner, 2015; Ben-David et al., 2017; D'Hondt et al., 2020). However, little research has been done to assess the factors affecting retail investor awareness of Exchange Traded Funds (ETFs). Moreover, the study results indicated that a lot of ambiguity exists regarding the impact of socio-demographic factors like age, gender, education level, investment experience and subjective financial literacy on investment awareness. For instance, Gumbo & Sandada (2016) affirmed that there existed significant differences among various education groups when looking at their awareness levels, while Banumathy (2015) revealed that no significant relationship existed between the education level and the awareness level of investors in the stock market. From the analysis of the studies conducted by previous research scholars, it was observed that there is a shortage of research about the impact of factors affecting retail investor awareness of Exchange Traded Funds. Thus, the current study will be the first of its kind to be performed in South Africa and will try to bridge this research gap, adding new insights to this research topic.

2.8 Conceptual Framework

A conceptual framework reveals how the study variables are expected to relate to one another. It outlines how the research study's pertinent objectives fit together to provide logical findings. Based on the hypothesis developed, the following conceptual framework is viable for the current research.

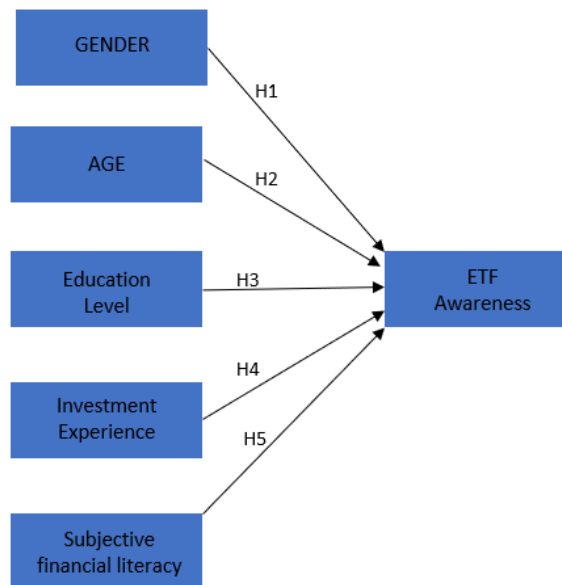


Figure 1: Conceptual framework for factors affecting retail investor awareness towards Exchange Traded Funds

Table 1: Independent and Dependent Variables of the study

Independent Variables	Gender
	Age
	Education Level
	Investment Experience
	Subjective Financial Literacy
Dependent Variable	ETF Awareness

The current conceptual framework displays how the independent variables, gender, age, education level, investment experience and subjective financial literacy, impact the dependent variable, ETF awareness. Gender, age, education level, investment experience and subjective financial literacy act as the independent variables (IV), while ETF Awareness is the dependent variable (DV). The viability of this conceptual framework is assessed using hypothesis testing in chapter 5.

2.9 Conclusion

An ETF is a type of collective investment vehicle that operates identically to a mutual fund. ETFs frequently track a particular sector, index, commodity, or other assets; nevertheless, in contradiction to mutual funds, they can be exchanged on a stock market like regular equities. An ETF can track anything, from the value of a specific asset to an extensive and diverse range of securities. ETFs might even be created to adhere to particular trading approaches. The current study aimed to investigate factors affecting retail investor awareness of Exchange Traded Funds (ETFs). This chapter of the literature review provides a foundation for the study, as it highlights the works done by previous scholars and indicates the prevalent gaps in the study domain that this research will fulfil whilst utilising a contextual lens of ETFs. The study primarily focused on acknowledging the impacts of gender, age, education level, investment experience and subjective financial literacy on ETF

awareness. The preceding chapter described the research study's rationale, goals, and objectives. The purpose of this chapter is to give a literature review on factors affecting retail investor awareness of ETFs. The section begins with defining ETFs and their mechanisms, followed by investors' awareness of ETFs which expands on information covered under investors' knowledge, adoption, and awareness of ETFs. The chapter also discussed the factors and determinants that impact the investor's investment decision, followed by the advantages and disadvantages of ETFs. After a crucial literature assessment, five hypotheses were developed, which were subsequently examined in the following chapters to accomplish the study goals. Also, after discussing the literature about the current study domain, the chapter highlighted the research gaps propounded, which motivated the researcher to accomplish the purposes of the present study. Furthermore, the next chapter will highlight the hypotheses and the methodology used in the current study domain.

Chapter 3: Research Questions/ Propositions/ Hypotheses

3.1 Introduction to Hypothesis

This research aimed to investigate five characteristics (age, gender, education, investing experience, and subjective financial literacy) to determine if there is a statistical significance link between these variables and retail investors' awareness of Exchange Traded Funds (ETFs). The study performed a systematic review of the literature on the many aspects of equity investing awareness, particularly determining the strength of the association between demographics and subjective financial literacy and awareness among retail investors.

3.2 Detailed Hypotheses

3.2.1 Hypothesis One

H₁: There is a significant relationship between gender and awareness towards ETFs

H_{1a}: There is no significant relationship between gender and awareness towards ETFs

3.2.2 Hypothesis Two

H₂: There is a significant relationship between age and awareness towards ETFs

H_{2a}: There is no significant relationship between age and awareness towards ETFs

3.2.3 Hypothesis Three

H₃: There is a significant relationship between education level and awareness towards ETFs

H_{3a}: There is no significant relationship between education level and

awareness towards ETFs

3.2.4 Hypothesis Four

H₄: There is a significant relationship between investment experience and awareness towards ETFs

H_{4a}: There is no significant relationship between investment experience and awareness towards ETFs

3.2.5 Hypothesis Five

H₅: There is a significant relationship between subjective financial literacy and awareness towards ETFs.

H_{5a}: There is no significant relationship between subjective financial literacy and awareness towards ETFs.

3.3 Summary of hypotheses

The hypotheses in this research were obtained by drawing from the literature covered in chapter 2 and were refined based on the findings, limitations of earlier investigations and expected results. Age, gender, education, investment experience, and subjective financial literacy were all included in the study and investigated by the researcher.

Previous research in Sub-Saharan Africa focused on corporate investors, but none investigated financial literacy, gender, education, and age as they relate to retail investor knowledge (Gumbo & Sandada, 2016). This provides a chance to improve our understanding of the retail investor and identify deficiencies. Whole numbers denote the alternate and null hypotheses as alphanumeric, respectively.

Chapter 4: Proposed research methodology and design

This chapter's main goal is to provide and explain the approach used to test the hypotheses discussed in chapters 2 and 3 and detailed in chapter 1. A mono-methodological strategy was chosen for this investigation due to the time limit.

There is similar existing research on determinants affecting mutual funds, stock, corporate bond markets and share market awareness conducted by Cirappa & Punith Kumar (2021), Nga et al. (2010) and Mandarić et al. (2021). This prior research was leveraged to understand the topic, and the methodologies applied, which was integrated into the development of this research.

The descriptive and correlation research designs were used for the investigation, with consideration of the research objectives in mind. The research questionnaire and hypotheses were adapted from Cirappa & Punith Kumar (2021), Bellofatto et al. (2018) and Nga et al. (2010), adopting relevant questions to the research topic. The statistical research (descriptive) selected was ideal for this study as it is used to define everyday phenomena, which this research qualifies for. It was used to identify and collect data on the characteristics of a particular issue, such as a community, group, or people (Creswell & Creswell, J. D., 2017). The descriptive research design is a fact-finding process that seeks sufficient information, where the researcher observes variables and does not manipulate or control them (Kadariya et al., 2016). From Chapter 2 and the in-depth literature review conducted, the resulting conceptual model is presented in figure 1.

4.1.1 Philosophy

This research is positivist, where a series of hypotheses were developed and tested. In positivist approaches, the researcher remains neutral and removed from the research and data to avoid influencing the findings. Positivism involves quantifiable data collection, much like what has been proposed in this research and includes questionnaires amongst many other data collection methods (Saunders et al., 2007). This is reflective of the ideal philosophical choice for the researcher. This ensured that the research would be replicable, where the chosen observable social

reality (retail investors) and the hypotheses were developed through existing theory, as covered in chapter 2 (Saunders & Lewis, 2018).

4.1.2 Approach selected

The selected approach was inductive reasoning, as the proposed information-gathering strategy tests if there are trends and then uses this to draw broader generalisations and lead to the development of theory. Inductive reasoning begins with specific observations and measurements, followed by formulating a speculative hypothesis or assertion based on what has been observed, which can then be investigated. All of this is done in the hopes of arriving at some broad conclusions or theories (Saunders & Lewis, 2018). This aligned with the research project objective as a set of hypotheses were formulated, and results were investigated to determine the strength of the relationships between variables.

4.1.3 Methodological choices

A monomethod quantitative study has been selected as there will only be a single data collecting tool (a survey) and related quantitative analytical procedures will be utilised in the research design (Saunders & Lewis, 2018).

4.1.4 Strategy

The selected research strategy will be a questionnaire guided by the research question(s) and objectives, as well as its coherence to the various elements of the research design philosophy, i.e., research approach, and purpose (Messaoudene, 2010). For the objectives and scope of this research, as well as the time constraints mentioned, a questionnaire was the most appropriate methodological strategy. A survey in this research provides a quick, efficient, and low-cost method of collecting data from a large sample size (Saunders & Lewis, 2018). Following the intended outcomes, a questionnaire was created and circulated to allow for a collection of data from a broad sample and was distributed online for ease of reach to diverse respondents. The approach to the questionnaire design was based on a framework

built from a review of the academic theory and adapted to ETFs, as no ETF-specific questionnaires existed.

A pilot questionnaire was sent out to a select group of 10 people to ascertain if there were any technical issues or problems with unclear questions. Following their responses, the questionnaire was restructured with the suggestions made by the pilot group in mind. It was discovered that the Google form created could only allow people within the university to respond due to the form's settings. This was amended, and the settings were altered to allow any individual to respond outside the university.

4.1.5 Time horizon

The selected time horizon for this research was cross-sectional. Cross-sectional studies are better suited for survey strategies and align well with the research design chosen, in this regard, as it will be a “snapshot” looking at a point in time for the respondents (Messaoudene, 2010). The selected hypotheses did not deal with change over time and did not require measurements to be measured more than once or variables to be manipulated and, therefore cannot be longitudinal (Bono & McNamara, 2011). In addition to the reasons provided and considering the time frame available to conduct the research, only a cross-sectional view was practicable.

4.1.6 Population & Unit of Analysis

The population that was selected and identified as relevant for this study were retail investors, i.e., independent investors who have faith in their capability and are participants in the stock market. The selected population size was unknown, and to circumvent this limitation, a sample frame was defined to create boundary limits for the study.

In addition to this, the unit of analysis was on the individual level, and investors who work on their own, have faith in their abilities and participate in the stock market (purchase and sell shares) are classified as retail investors as defined by (Agrawal & Singh, 2019) were the subject of this research.

4.1.7 Sampling method and size

Within this research, non-probability sampling was the most practicable means to collect the data as probability sampling, which is a technique that involves selecting a sample at random from a comprehensive list (Saunders & Lewis, 2018) - was not possible. Non-probability sampling was used in this instance as there was no complete list, and a sample could not be selected at random from a population (Saunders & Lewis, 2018). The sample consisted of people who have access to the internet on social media, specifically on platforms like LinkedIn, Twitter, Telegram, WhatsApp, and Facebook (as this is where the questionnaire was distributed) and are active Easy Equities members. Easy Equities is an online platform; therefore, the population could be limited to internet users as the platform is only accessible online. The selected sample frame was only Easy Equities active subscribers, chosen because, according to Rangongo (2019), it is the largest, fastest growing and number one rated platform offering the lowest fees and best user experience in South Africa. The sampling method choice made was a combination of self-selection sampling and snowball sampling. This was ideal as the sample members identified themselves and were requested to suggest other participants (Saunders & Lewis, 2018). The selected choice was mainly driven by the foreseeable difficulty the researcher would face in attaining members of this population, the advantage of the reduction in time it provided in locating individuals and ensuring that participants are committed to taking part in the study and would be more willing to offer deeper insights (Sharma, 2017).

According to Niekerk (2022), there are about 1 400 000 million registered users on the investment platform, and 750 000 active users will be the targeted group. To ensure the sample as defined by the sample frame is adhered to within the questionnaire, respondents must confirm if they are Easy Equities members.

The most important aspect from a design perspective was ensuring that samples and procedures were coherent with the research question. Where the line of questioning and insights you seek can be attained from the selected group (Bono & McNamara, 2011). According to Niekerk (2022), the population size is 750 000 active users on Easy Equities. Kaur & Kaushik (2016) suggested that for sample

sizes this large, greater than 100 000, based on Cochran's formula and (The Research Advisor, 2006), a sample size at 95% confidence level with 0.05 margin of above 100 000 population be 384. When analysed critically, though, with a review of previous research, it is noted that a sample size of no more than 500 has been utilised for similar analysis, in which researchers have used to conclude (Bhattacharjee & Singh, 2017). Similar studies conducted by Gumbo & Sandada (2016) and Naranbhai (2018) utilised 108 and 100 respondents respectively. For that reason, the 154 respondents (obtained in the data collection phase of this research) will be deemed a fitting sample size to undertake the study.

4.1.8 Measurement Instrument

To capture responses, the researcher utilised a questionnaire as a means of data collection.

To test financial literacy, it was found that many of the scales proposed within the literature are unreliable. Despite their great importance, there is still no consensus on the tool to measure financial literacy (Rieger, 2020). To resolve this issue, Rieger (2020) argued and recommended using a short (six-item) scale with significant predictive strength. The suggested scale is the Cumurovic-Lusardi (CL) - "CL scale". Rieger (2020) argued in his study that, following a comparison run against five other scales, it was found that the scale was superior in measuring actual financial attitudes and behaviours and has six items enabling easy measurement. The scale was adapted to a South African context as the scale references Euros, this was converted to Rands to avoid confusion. The question will be as follows (Rieger, 2020):

Table 2: Six items of the C-L scale

Item
"Buying a single share is safer than buying an equity fund. True or false?"
"You have R100 on your savings account with 2% interest per year. How much will you have after five years if you let your money grow?"
"Your savings account earns 1% interest per year, and inflation amounts to 2% per year. How much can you buy after one year with

the money in your savings account? More than today/The same as today/Less than today.”
“Which investment normally has the largest fluctuations? Savings account/Fixed-interest securities/Shares.”
“Which of the following statements best describes the main task of the stock market? The stock market predicts stock profits/The stock market leads to an increase in stock prices/The stock market brings together potential buyers and sellers/None of the three statements.”
“Which of the following statements is correct? Once you have invested in a mutual fund, you cannot withdraw the money in the first year /Investment funds can invest in several assets, e.g., shares and bonds /Investment funds pay a guaranteed return, which depends on the past performance /None of the three statements.”

The sociodemographic questions were adapted from Mandarić et al. (2021) paper on consumer awareness and adapted to the research, where education levels were interpreted. This was used to inform the various categories, namely age, gender, and education level.

Table 3: The sociodemographic factors

Sociodemographic Factors	
Gender	Male Female
Age	18-26 36-44 45-53 54-62 More than 63
Education Level	Primary School High School Diploma/Certificate Graduates (Degree/ B-Tech) Postgraduate Specialist Study

	Postgraduate Masters Doctorate
Investment Experience	Less than one year 1-5 years 5-10 years

To accurately measure awareness, a five-point Likert scale will be used. Observations and attitudes are frequently measured using Likert-type scales. According to Rahi, (2017), Likert proponents of the five-point Likert-type scale assert that it was employed to better response rate and quality, with precise attention taken to lowering respondent annoyance levels. Previous research conducted in the field and assessments of existing literature Bhattacharjee & Singh (2017) argues for the use of a Likert five-point scale to measure awareness. It is for this reason that the researcher will adopt the same practice. The question will be:

- What is your level of awareness of ETFs (Exchange Traded funds)?

The scale will move from FA-Fully Aware, A-Aware somewhat, JA-Just Aware a little, NA-Heard but Not Aware, and FNA- Not at all heard (Cirappa & Punith Kumar, 2021).

The accompanying consent form is attached in appendix A with questionnaire.

Table 4: Data types of response variables

Variable	Data Type
Gender	Binary variables: 1=male and 0=female
Age	Ordinal
Education Level	Ordinal
Investment Experience	Ordinal
Subjective Financial Literacy	Nominal
ETF Awareness	Interval

4.1.9 Data gathering process

The primary data was collected through a questionnaire which is a widely used method to collect data. Here each respondent received the same set of questions in the same sequence. The questionnaire was circulated via the internet (google forms), allowing respondents to read and answer questions digitally. The fast growth of social media has created a new and potentially valuable avenue to attain individual-level data for business and society academics (Crane et al., 2018). For this reason, this process was selected and ultimately resulted in a broad reach and produced promising results. An effort was made to send the questionnaire to diverse groups of respondents concerning location, age, race, and background.

To ensure that the process ran smoothly, the researcher identified specific groups, their network, and platforms online, i.e., LinkedIn, Twitter, and Facebook (as this is where the questionnaire was distributed) where retail investors share information/knowledge, and the researcher used these platforms to circulate the questionnaire to the target population and ensure congruence to the chosen sampling techniques. The researcher joined ten investment “groups” across Telegram and Facebook, where the survey was posted.

Initially, members of these groups were apprehensive about clicking on the survey link as they feared being scammed due to the sensitive nature of the research topic. Initially, massive amounts of traction were gained through LinkedIn, mainly by tagging Easy Equities and Purple group (the parent company) to ensure members would have more comprehensive visibility of the research and survey being conducted. The greatest traction received in responses to the survey was by requesting a Twitter financial influencer to share the study, which created enough attention to draw in the targeted number of respondents.

4.1.10 Analysis approach

The analysis of the surveys will be quantitative, with the study used to analyse the significance of the relationship between demographic variables and awareness on a five-point Likert scale. Data was analysed with the use of descriptive statistics, and

to test the relationship, inferential hypothesis-testing techniques were performed. SPSS was used as the tool for data processing and a One-way ANOVA to prove the hypothesis. For H1, H2, H3, H4 and H5, which refers to testing the significance of the relationship between gender, age, educational level, investment experience, subjective financial literacy against ETF awareness because it involves the comparison between categorical data and continuous data. Therefore the selected test was correct. The variables were arranged in more than three distinct groups, which meant a one-way Anova was best suited for the task (Saunders et al., 2007). A one-way ANOVA test is used to assess whether or not there is a statistically significant difference between the means of different groups. The variances are used by the test to evaluate whether the means are equal or not (Evans, 1966). Scrutiny of the data and the relationships uncovered were used in combination with secondary data to explain findings in Chapters 5 and 6 to respond to the research objectives.

4.1.11 Reliability and validity

The questionnaire was developed by assessing previous designs and research conducted by Cirappa & Punith Kumar (2021), Nga et al. (2010) and Mandarić et al. (2021) to ensure consistency in the set framework. This provides the gender, age bracket selection, education level, and subjective financial literacy questions are valid and have been previously tested. The source of awareness was also added to the awareness questioning drawing from Cirappa & Punith Kumar (2021) similar research. The proposed financial literacy scale will be used to test financial literacy as per Rieger (2020), who identified the superiority of the scale in relation to others and argued for greater result accuracy.

The researcher ensured content and construct validity by collecting and analysing primary data through an extensive literature review of papers that used questionnaires. The secondary data was gathered from journals, textbooks, and relevant websites to assist and satisfy the recency requirement of the institution.

Reliability was pursued through the formulation of the questionnaire based on literature to ensure consistency. A detailed explanation accompanied the questionnaire to avoid confusion among participants and certify that all participants

have a common understanding of what is required, and the research is understood in a standard way. In this instance, a reliability test will not be necessary as there is only one Likert scale question. Reliability is not needed to test the hypothesis as there is only one factor to be compared, thereby not affecting the quality of the hypotheses proven.

4.1.13 Research ethics

A written description of the intent of the research was attached to the questionnaire detailing the purpose, scope, and desired outcomes of the investigation (see Appendix A). A strict policy of anonymity and confidentiality was employed, and a clear outline of the nature of data necessary for the research was provided. The study was carried out in a way that would guarantee the anonymity of all respondents. The participants were not named, and the questionnaires did not hold any details which would compromise the respondents' identity. No individuals under eighteen were interviewed to maintain the required ethical standards.

Chapter 5: Results and Findings

5.1 Introduction

In this regard, the previous chapter was focused on exposing the process by which the fundamental goals of the current study were achieved. In light of this, the goal of the current chapter is to present the questionnaire's results and their SPSS analysis.

5.2 Descriptive Statistics

The changes in the collected data are effectively represented by descriptive statistics. It can be emphasized that descriptive statistics is helpful in identifying the underlying trends, patterns, and consequences within the data in a clearer and more exact way. In order to familiarize itself with the obtained replies, the current study used descriptive statistics to illustrate the data's mean, median, mode, standard deviation, and frequency.

5.2.1 Normality and Descriptive Statistics

To ascertain if a dataset is typically distributed in statistics, normality tests are used. The data must be regularly distributed, or nearly so, in order to analyse correlations between the variables in the data set using several statistical techniques. The two tests that are used to highlight the distribution's form and hence normalcy are kurtosis and skewness. While Skewness describes how symmetrical or non-symmetrical the dataset is, Kurtosis is helpful in describing how peaked a distribution is. As a result, it offers a better perspective on the dataset's normalcy. As a result, multivariate kurtosis was performed for the current investigation.

Table 5: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Are you an Easy Equities Member?	154	1	1	1.00	.000
Have you made investments into your account?	154	1	2	1.05	.223	4.078	.195	14.820	.389
Gender	154	1	2	1.43	.496	.292	.195	-1.940	.389
Age	154	1	6	2.36	.877	.749	.195	1.667	.389
What is your highest education level?	154	1	6	3.35	1.301	-.082	.195	-.920	.389
What is your investment experience	154	1	3	1.99	.524	-.017	.195	.728	.389
Buying a share is safer than buying an equity fund.	154	1	2	1.86	.351	-2.061	.195	2.279	.389

What is your level of Awareness of ETFs Valid N (listwise)	154	1	5	2.18	1.038	.622	.195	-.177	.389
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In the above diagram, the depiction of the values for overall descriptive statistics. It can be observed that all values of multivariate kurtosis were less than 1.96 for all items. As a result, all the items in the data were considered for further analysis. But the questions “Have you made investments into your account?” and “Buying as a share is safer than buying an equity fund” have a higher level of kurtosis; as it is taken for the hypothesis analysis, we can move forward with the analysis.

5.2.2 Demographic and General Inquiries

Frequency analysis was done to determine which question and option had the highest count. This was performed across the range of questions and displayed below.

Table 6: Are you an Easy Equities member?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	154	100.0	100.0	100.0

The table above indicates that 100.0 % of respondents were an Easy Equities member; this fell in line with what was intended in chapter 4. All the respondents matched the researcher's sample frame requirements.

In addition to being easy equities members, the researcher inquired if the participants had made investments into their accounts. The table below indicates that 94.8% of respondents have made investments in their account.

Table 7: Have you made investments into your account?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	8	5.2	5.2	5.2
Valid Yes	146	94.8	94.8	100.0
Total	154	100.0	100.0	

According to the table above, 146 retail investors who make up 94.8% of the respondents have placed investments in their accounts. The taller bar corresponding to the same is also displayed in the following bar graph.



Figure 2: Investments into your account

The gender distribution of respondents showed that 88 respondents were males, and 66 respondents were female retail investors.

Table 8: Gender distribution of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	88	57.1	57.1	57.1
Valid Female	66	42.9	42.9	100.0
Total	154	100.0	100.0	

According to the preceding table, 57.1% of respondents are men and 42.9% are women.

A taller bar corresponding to the same is also seen in the following bar graph.

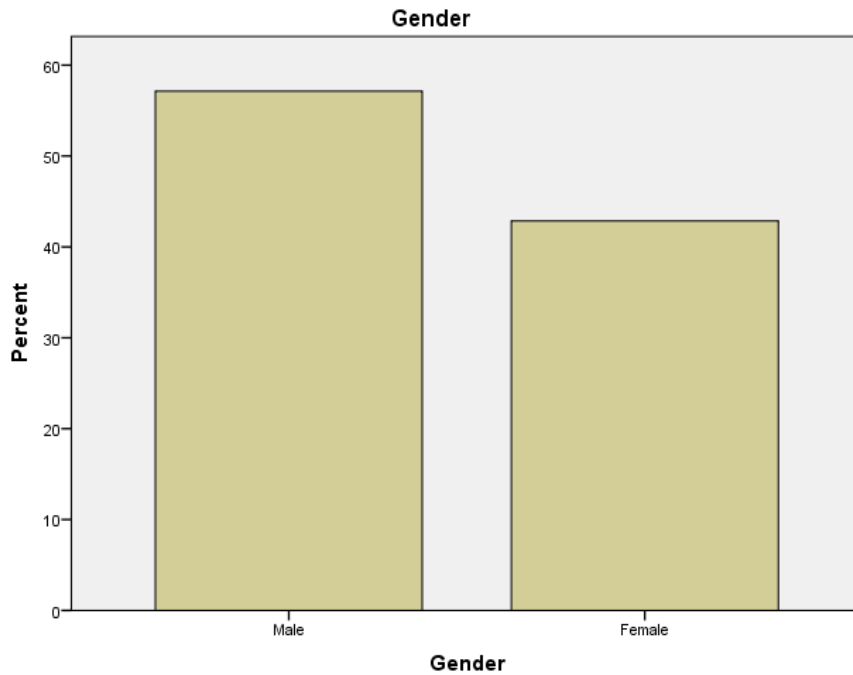


Figure 3: Gender distribution

Concerning the age distribution of respondents, we see that the between the ages of 18-44 received the greatest response from retail investors. A more detailed view of the distribution can be noted in table 8.

Table 9: Age distribution of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-26	21	13.6	13.6	13.6
27-35	71	46.1	46.1	59.7
36-44	51	33.1	33.1	92.9
45-53	8	5.2	5.2	98.1
54-62	2	1.3	1.3	99.4
More than 63	1	.6	.6	100.0
Total	154	100.0	100.0	

The table above indicates that 46.1% of respondents are in the age group of

around 27 - 35 years, and the second largest group of respondents is aged between 36-44. The split of the other age groups is provided in the table below.

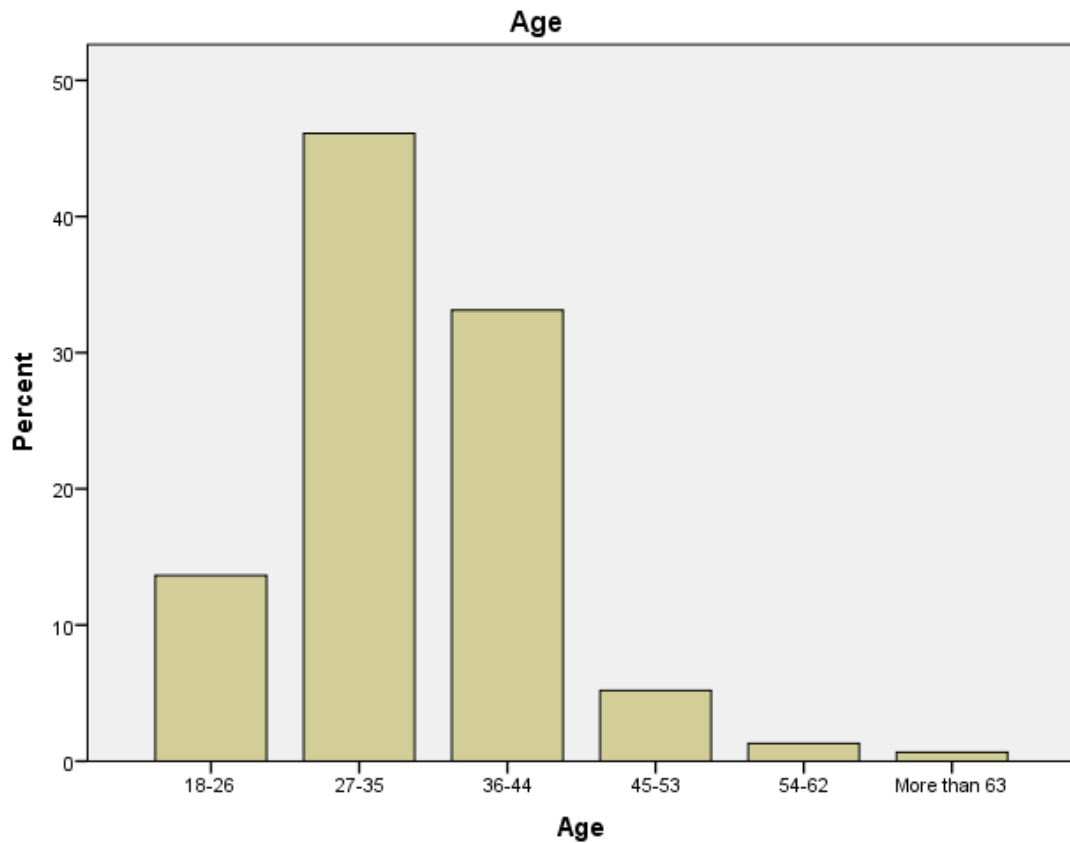


Figure 4 : Age distribution of respondents

The ethnic group distribution of respondents shows that 120 respondents were, in fact, African which represents most of the respondents of the survey circulated.

Table 10: Ethnic Group distribution of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
African	120	77.9	77.9	77.9
Asian/Indian	6	3.9	3.9	81.8
Coloured	5	3.2	3.2	85.1
White	23	14.9	14.9	100.0
Total	154	100.0	100.0	

The table above indicates that 77.9% of respondents were Africans, followed by 14.9% being white. The split of the other ethnic groups is provided.

The next bar graph includes a detailed breakdown of the percentages for the other ethnic groups as well as taller bars that correlate to the same percentages.

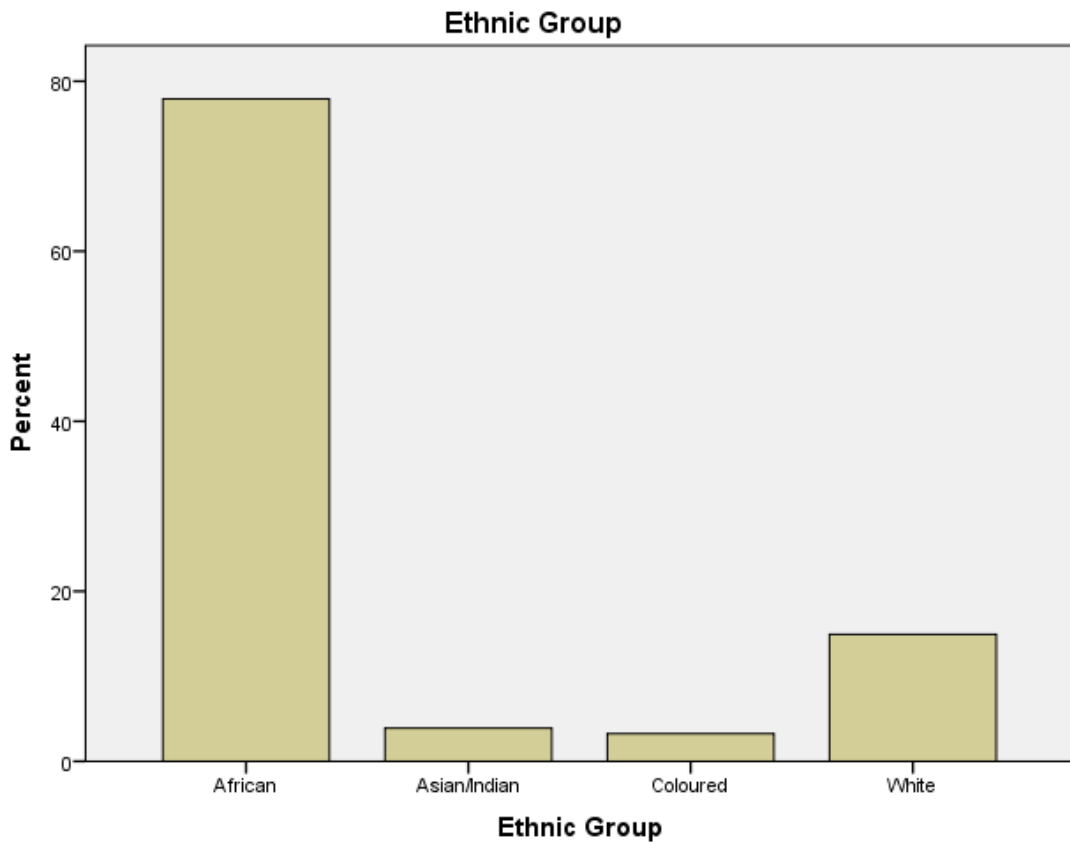


Figure 5: Ethnic group

The level of education of respondents to the survey is presented below. What is shown is that 40 of the respondents were graduates holding a degree, followed by postgraduate masters' individuals. The total distribution of respondents is seen below.

Table 11: Highest education level

	Frequency	Percent	Valid Percent	Cumulative Percent
High School	13	8.4	8.4	8.4
Undergraduate (Diploma/Certificate)	30	19.5	19.5	27.9
Graduate (Degree/B- Tech)	41	26.6	26.6	54.5
Postgraduate Specialist Study	33	21.4	21.4	76.0
Postgraduate Masters	34	22.1	22.1	98.1
Doctorate	3	1.9	1.9	100.0
Total	154	100.0	100.0	

The table above indicates that 26.6% of respondents were graduates (Degree/B-Tech), followed by 22.1% for postgraduate master's studies. The split of education levels is provided. A taller bar corresponding to the same is also seen in the following bar graph.

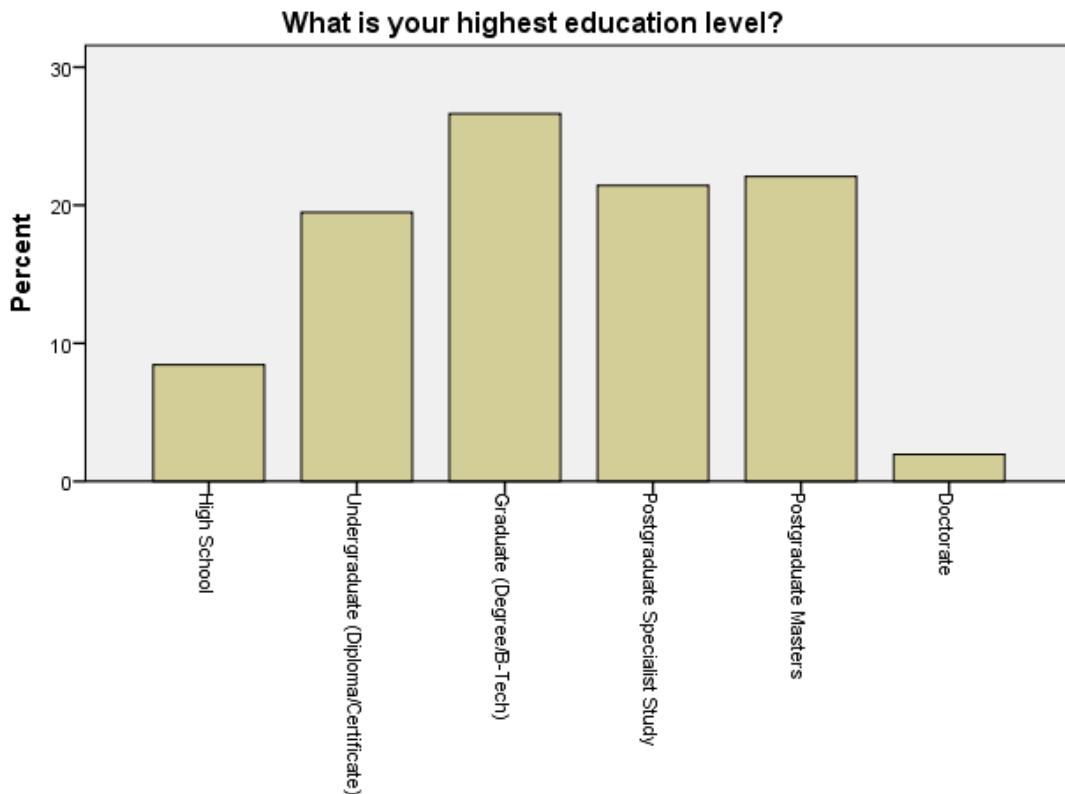


Figure 6: The highest level of education

The level of experience of retail investors was also recorded via the survey, showing that many of the investors (112) had investment experience between 1 to 5 years. Following this was 22 who revealed that they have less than one year of investment experience.

Table 12: Investment Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than one year	22	14.3	14.3	14.3
Valid 1 to 5 years	112	72.7	72.7	87.0
5 to 10 years	20	13.0	13.0	100.0
Total	154	100.0	100.0	

The table above indicates that 72.7% respondents have 1 to 5 years of investment

experience followed by less than one year. The split of education levels is provided. A taller bar corresponding to the same is also seen in the following bar graph.

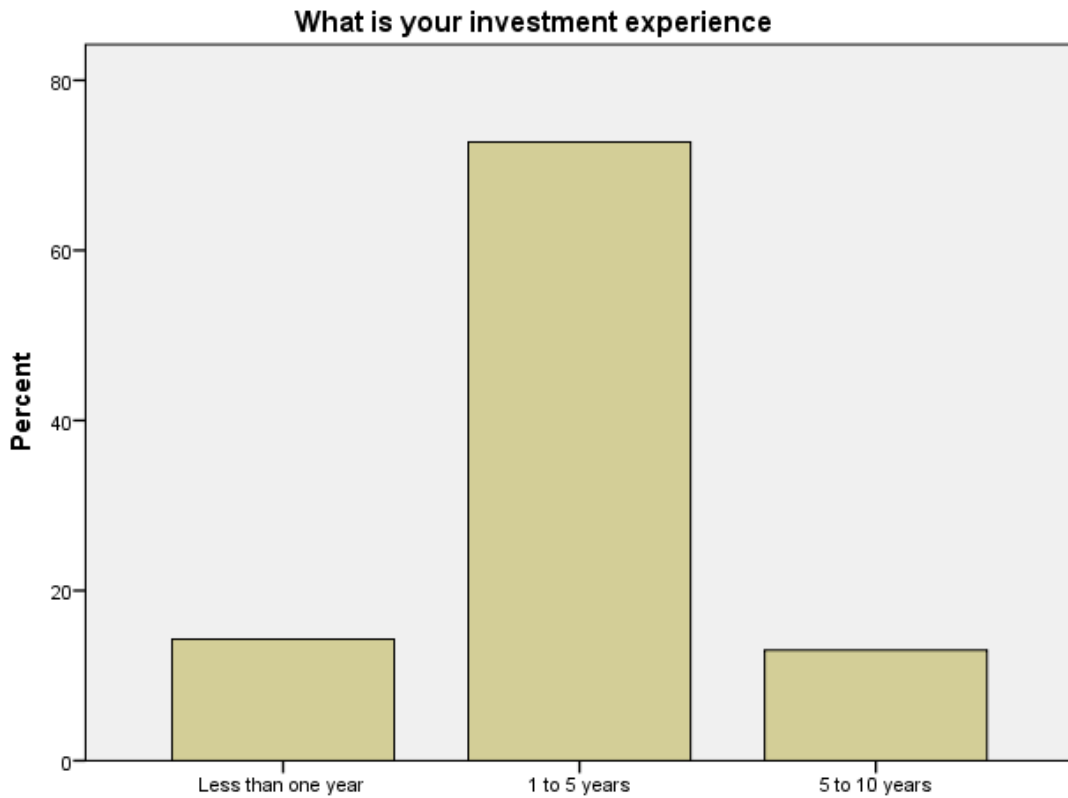


Figure 7: Investment Experience of respondents

Most respondents who were asked whether they thought purchasing a single share was safer than purchasing an equity fund gave the right answer. A total of 132 respondents indicated that purchasing equity funds is much safer than purchasing a single share.

Table 13: Buying a single share is safer than buying an equity fund

	Frequency	Percent	Valid Percent	Cumulative Percent
True	22	14.3	14.3	14.3
Valid False	132	85.7	85.7	100.0
Total	154	100.0	100.0	

The table above indicates that 85.7% of respondents have stated the statement as false, which is the correct answer to the question.

A taller bar corresponding to the same is also seen in the following bar graph.

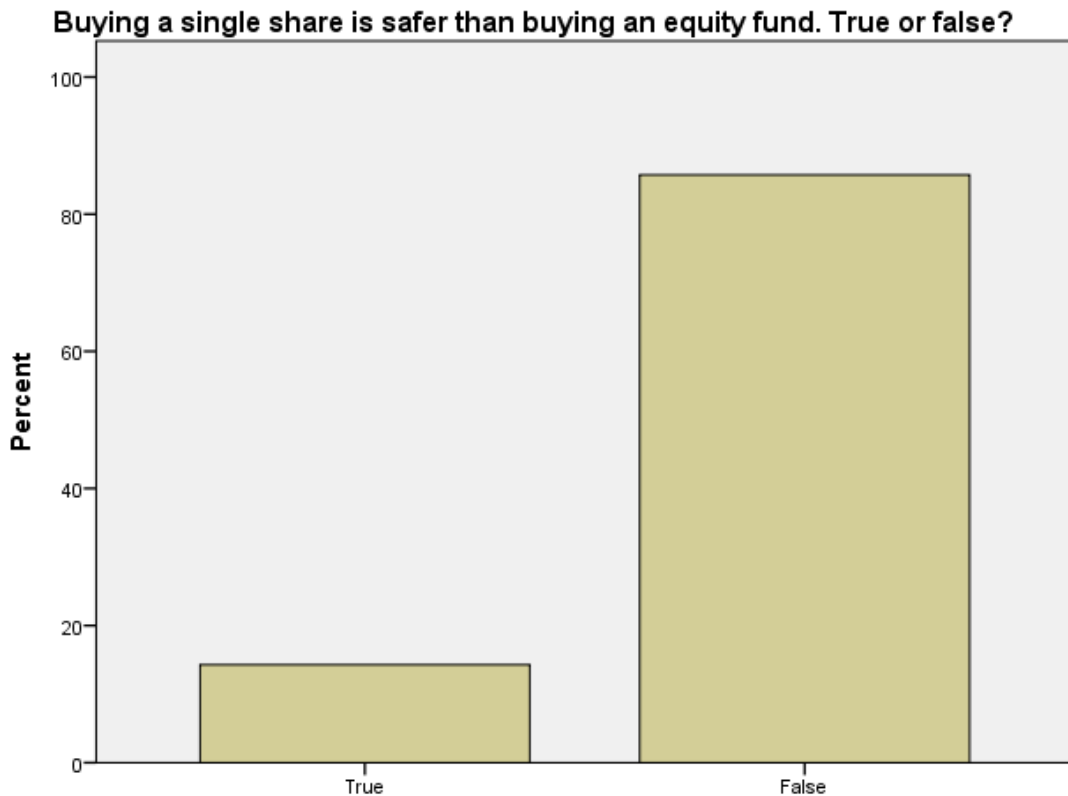


Figure 8: Buying a single share is safer than buying an equity fund

Furthermore, respondents were tested on their knowledge of compound interest, and it was found that 121 out of 154 responded correctly to the question. Showing an understanding of how compounding works.

Table 14: You have R100 on your savings account with 2% interest per year (compound). How much will you have after five years if you let your money grow?

You have R100 on your savings account with 2% interest per year (compound). How much will you have after five years if you let your money grow?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid R110.0	1	.6	.6	.6
0	32	20.8	20.8	21.4
R110.41	121	78.6	78.6	100.0
Total	154	100.0	100.0	

The table below indicates that 78.6% of respondents have stated R110.41, which is the correct answer to the question. A total of 20.8% of the respondents answered incorrectly, saying R110.00. The taller bar representing the same in the following bar graph is also displayed.

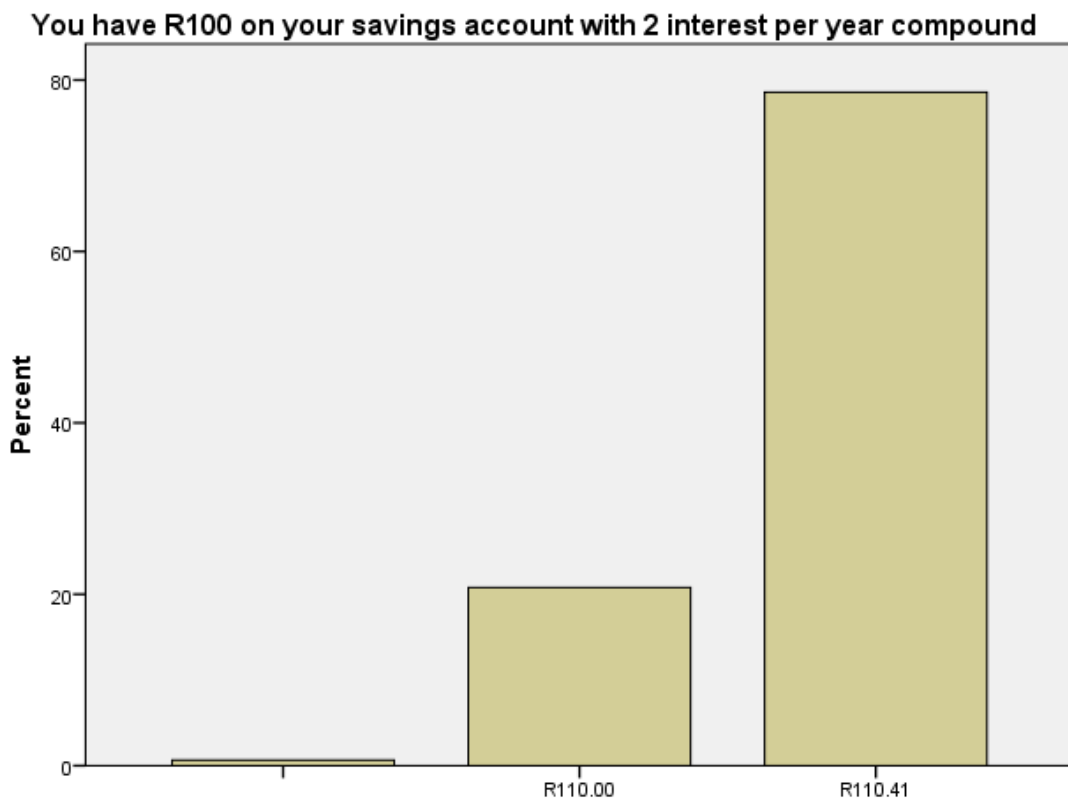


Figure 9: What is R100 compounded over five years at 2%

The respondents were also required to show an understanding of inflation. It was witnessed that 138 respondents selected the correct answer, followed by 16 who

responded incorrectly to the question posed in the questionnaire.

Table 15: Your savings account earns 1% interest per year, and inflation amounts to 2% per year. How much can you buy after one year with the money in your savings account?

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than today	138	89.6	89.6	89.6
More than today	11	7.1	7.1	96.8
Valid Same as today	5	3.2	3.2	100.0
Total	154	100.0	100.0	

The table above indicates that 89.6% of respondents have stated Less than today, which is, in fact, the correct answer. A total of 10.3% of respondents said they would have more than today and the same as today, which was the incorrect answer. The taller bar representing the same in the following bar graph is also displayed.

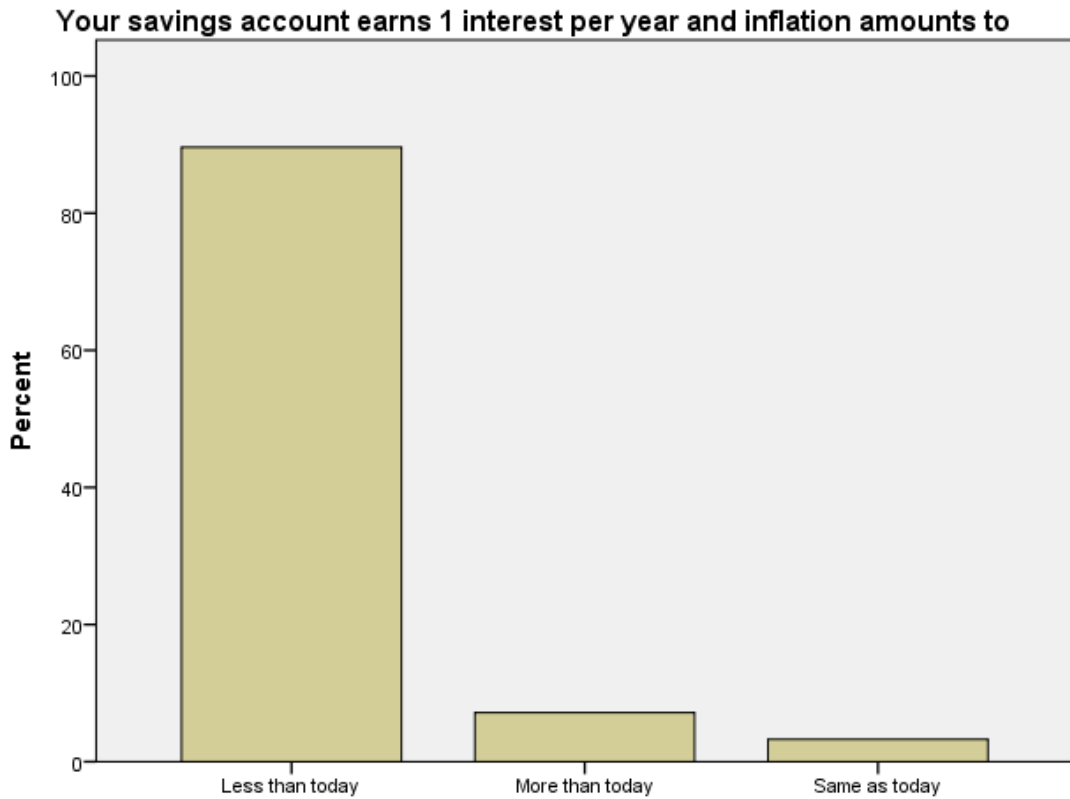


Figure 10: Buying power of savings after inflation

When questioned on the volatility of the asset class, 147 respondents responded correctly to the question. Individuals were able to select shares as the correct answer, whereas 7 people selected the incorrect answer.

Table 16: Which investment normally has the largest fluctuations?

	Frequency	Percent	Valid Percent	Cumulative Percent
Fixed interest	1	.6	.6	.6
Securities				
Valid Savings	6	3.9	3.9	4.5
Shares	147	95.5	95.5	100.0
Total	154	100.0	100.0	

The table below indicates that 95.5% of respondents opted for option shares, which

is the correct answer. A total of 4.5% of respondents chose fixed-interest securities and savings, which were the incorrect options. The taller bar representing the same in the following bar graph is also displayed.

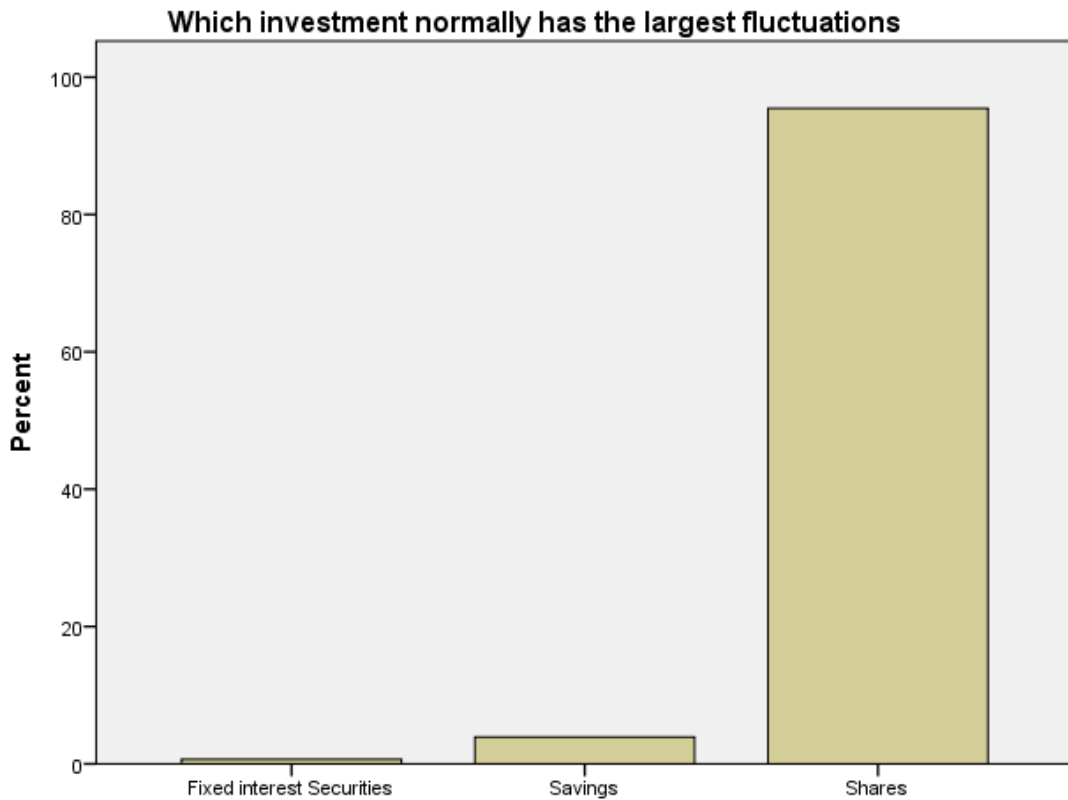


Figure 11: Investment type with the largest fluctuations

When asked which statement best describes the stock market, a total of 124 respondents could select the correct answer. A total of 30 respondents answered incorrectly.

Table 17: Which of the allowing statements best describes the main task of the stock Market?

	Frequency	Percent	Valid Percent	Cumulative Percent
None of the three statements	27	17.5	17.5	17.5
The stock market brings together potential buyers and sellers	124	80.5	80.5	98.1
The stock market leads to an increase in stock prices	1	.6	.6	98.7
The stock market predicts stock profit	2	1.3	1.3	100.0
Total	154	100.0	100.0	

According to the table above, 80.5% of respondents selected the choice. The stock market brings buyers and sellers together, which is the right response. 19.4% of respondents chose the wrong answers to the question. A taller bar corresponding to the same is also seen in the following bar graph.

Which of the allowing statements best describes the main task of the stock market

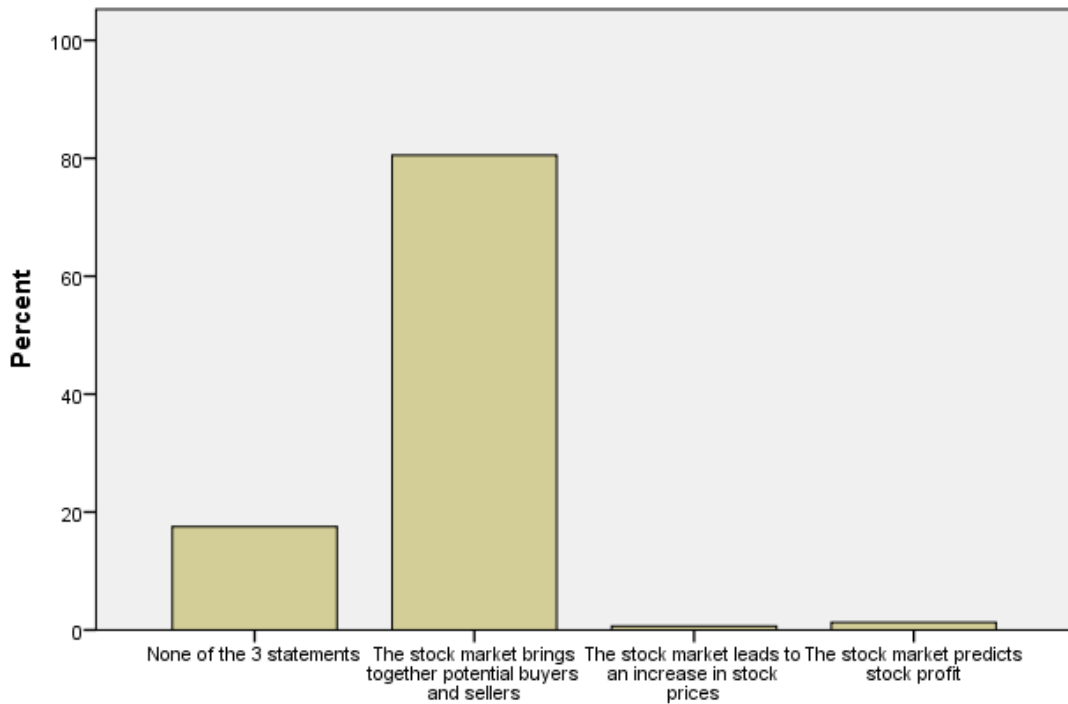


Figure 12: Best description of the stock market

When asked to describe investment funds, a total of 125 respondents were able to answer the question correctly. A total of 29 respondents responded incorrectly to the question.

Table 18: Which of the following statements is correct

	Frequency	Percent	Valid Percent	Cumulative Percent
Investment funds can invest in several assets, e.g., shares and bonds	2	1.3	1.3	1.3
Investment funds pay a guaranteed return, which depends on the past performance	125	81.2	81.2	82.5
None of the three statements.	9	5.8	5.8	88.3
Once you have invested in a mutual fund, you cannot withdraw the money in the first year	14	9.1	9.1	97.4
Total	4	2.6	2.6	100.0
	154	100.0	100.0	

According to the data above, 81.2% of respondents chose the right response, which was Investment funds can invest in numerous assets, such as shares and bonds. 18.8% of respondents picked the wrong answers to the question.

A taller bar corresponding to the same is also seen in the following bar graph.

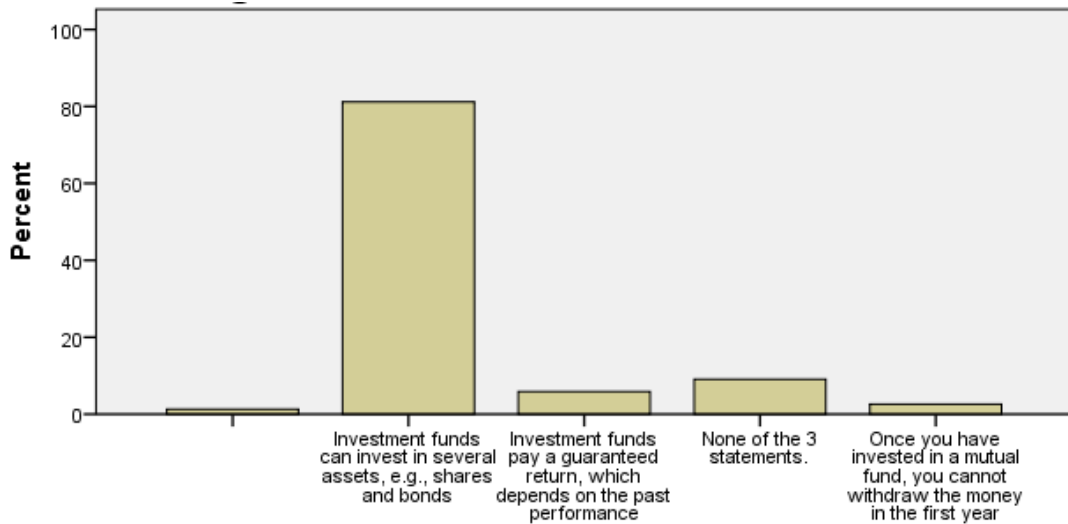


Figure 13 : Retail investor perception of investment funds

The retail investors were also required to comment on the level of awareness they had of ETFs. A total of 52 investors indicated that they were aware of ETFs, followed by a7 who stated that they were fully aware.

Table 19: What is your level of awareness of ETFs

	Frequenc y	Percent	Valid Percent	Cumulative Percent
Fully Aware	47	30.5	30.5	30.5
Aware	52	33.8	33.8	64.3
Just aware a little	39	25.3	25.3	89.6
Valid Heard but not aware	12	7.8	7.8	97.4
Not at all heard	4	2.6	2.6	100.0
Total	154	100.0	100.0	

The table above indicates that 33.8% of respondents regarded themselves as being aware of ETFs. This was followed by 30.5% who felt fully aware of ETFs. The following bar chart also shows a taller bar corresponding to the same.

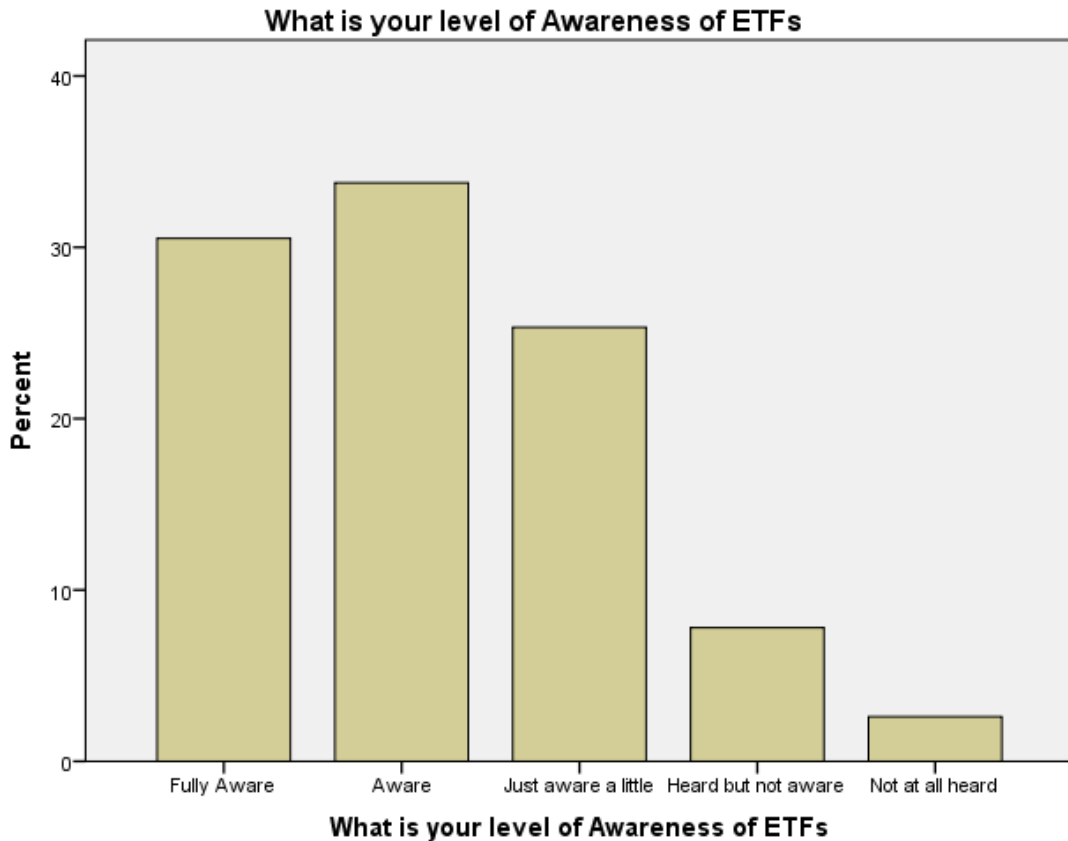


Figure 14: Awareness level of ETFs

5.3 Hypothesis Testing

A one-way ANOVA was conducted to test the hypotheses as more than two population means were compared to ensure equality. These were carried out to see if the response variable and the factor had a statistical relationship.

5.3.1 Hypothesis one

H₁: There is a significant relationship between gender and awareness of ETFs.

H_{1a}: There is no significant relationship between gender and awareness of ETFs.

Table 20: Hypothesis One ANOVA

ANOVA

Gender

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.860	4	.215	.869	.484
Within Groups	36.854	149	.247		
Total	37.714	153			

The statistical significance of the model is shown in the ANOVA table. Here, the total regression model is statistically significant in predicting the outcome variables with a p-value of .484, which is higher than 0.05. The study adopts the null hypothesis that there is a significant relationship between gender and awareness of ETFs because there is not enough data to support the H1 (alternative hypothesis).

5.3.2 Hypotheses two

H₂: There is a significant relationship between age and awareness of ETFs.

H_{2a}: There is no significant relationship between age and awareness of ETFs.

Table 21: Hypothesis two ANOVA analysis

ANOVA

Age

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.039	4	1.010	1.324	.264
Within Groups	113.598	149	.762		
Total	117.636	153			

The statistical significance of the model is shown in the ANOVA table. Here, the total regression model is statistically significant in predicting the outcome variables with a p-value of .264, which is higher than 0.05. The study adopts the null hypothesis that there is no significant relationship between age and awareness of

ETFs since there is insufficient evidence to reject H2 (alternative hypothesis).

5.3.3 Hypothesis three

H₃: There is a significant relationship between education level and awareness of ETFs.

H_{3a}: There is no significant relationship between education level and awareness of ETFs

Table 22: Hypothesis three ANOVA analysis

ANOVA

What is your highest education level?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.877	4	.969	.566	.688
Within Groups	255.188	149	1.713		
Total	259.065	153			

The statistical significance of the model is shown in the ANOVA table. Given that the p-value in this case is .688, which is higher than 0.05, the overall regression model's ability to predict the outcome variables is statistically significant. The study accepts the null hypothesis that there is a substantial association between education level and awareness of ETFs because there is insufficient evidence to reject H3 (alternative hypothesis).

5.3.4 Hypothesis four

H₄: There is a significant relationship between investment experience and awareness of ETFs.

H_{4a}: There is no significant relationship between investment experience and awareness of ETFs.

Table 23: Hypothesis four ANOVA analysis

ANOVA

What is your investment experience

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.095	4	1.274	5.147	.001
Within Groups	36.879	149	.248		
Total	41.974	153			

The statistical significance of the model is shown in the ANOVA table. Here, the total regression model is statistically significant in predicting the outcome variables with a p-value of .001, which is less than 0.05. The study adopts the null hypothesis, which states that there is no significant association between investment experience and awareness of ETFs, because there is not enough information to support the alternative hypothesis, H₄ (alternative hypothesis).

5.3.5 Hypothesis five

H₅: There is a significant relationship between subjective financial literacy and awareness of ETFs.

H_{5a}: There is no significant relationship between subjective financial literacy and awareness of ETFs.

Post intense review of the C-L scale as argued by (Rieger, 2020) as the best measure of financial literacy when compared to other scales. The researcher noted that the scale is qualitative, and significant sample means cannot be derived when compared to the Likert-type scale as proposed by Cirappa & Punith Kumar (2021). However, the researcher will present the data similarly as showcased by (Rieger,

2020) in Table 24 and note this as a limitation and recommendation in Chapter 7. The analysis of the data and how it is intended to be interpreted is covered in chapter 6.

Table 24: Percentage of correct answers for six items of C-L scale

Item	Correct answers
“Buying a single share is safer than buying an equity fund. True or false?”	85.7%
“You have R100 on your savings account with 2% interest per year. How much will you have after 5 years if you let your money grow?”	78.6%
“Your savings account earns 1% interest per year, and inflation amounts to 2% per year. How much can you buy after one year with the money in your savings account? More than today/The same as today/Less than today.”	89.6%
“Which investment normally has the largest fluctuations? Savings account/Fixed-interest securities/Shares”	95.6%
“Which of the following statements best describes the main task of the stock market? The stock market predicts stock profits/The stock market leads to an increase in stock prices/The stock market brings together potential buyers and sellers/None of the 3 statements.”	80.5%
“Which of the following statements is correct? Once you have invested in a mutual fund, you cannot withdraw the money in the first year /Investment funds can invest in several assets, e.g., shares and bonds /Investment funds pay a guaranteed return, which depends on the past performance /None of the 3 statements.	81.2%

Chapter 6: Discussion of Results.

This chapter will cover the findings that were reported in chapter 5, as well as a triangulation of findings from related earlier studies that takes into account the results of this study and the investigation's proposed hypotheses.

6.1 Introduction

The current study investigates factors affecting retail investor awareness towards Exchange Traded Funds (ETFs). For this purpose, a questionnaire survey was circulated and responded to by 154 retail investors to comprehend their perceptions and levels of awareness of ETFs. The data collected was then exposed to several statistical tests and hypothesis testing using SPSS to draw critical inferences. This section of the thesis intends to offer an analysis of the statistical tests, the study results, the degree to which the present results are consistent with the research studies of the previous scholars, conclusions, suggestions, limitations, and the scope of future research.

6.2 Descriptive statistics

All the respondents in the present study were Easy Equities members, and 94.8 per cent of the respondents had made investments in their accounts. Additionally, 57.1% of those who responded are Males, and 42.9% are females. Also, most of the respondents (that is 46.1 per cent) are around 27 - 35 years old. Followed by 33.1 per cent of the respondents belonged to 36-44 years of age. Moreover, 77.9 % of people who answered the survey were Africans, while 14.9% of the respondents were White. Moreover, 26.6% who answered the survey were graduates, while 22.1 per cent of the respondents held a postgraduate degree. Lastly, most of the respondents that are 72.7% had 1 to 5 years of investment experience.

6.3 Factors affecting investment decisions and Investors' Awareness

The awareness of individuals regarding financial and investment decision-making is often influenced by several personal and demographic factors like age, gender, education level and income. As contemplated by Bhattacharjee & Singh (2017), investors base their investing selections on advice from their brokers, family, and friends, as well as other sources such as financial webpages and news networks.

However, some investors are also knowledgeable and choose their investment portfolios. Thus, Investor awareness is a crucial aspect that influences investment behaviour. As observed in the Literature review chapter, Dakshayani D.N (2016) and Mandarić et al. (2021) also state that demographic factors, including the investor's age, gender, employment, qualification, and more, also influence several investment goals. The following segments provide valuable insights into the impact of demographic factors on individuals' awareness of ETFs.

6.3.1 Relationship between gender and awareness towards ETFs

The ANOVA test was used in the current investigation, and the p-value, which is greater than 0.05, was discovered to be 0.484. (Refer to Table 20). As a result, the alternate hypothesis was adopted, and it was found that "There is a substantial association between gender and awareness of ETFs." The null hypothesis was thus rejected. This study finding is aligned with that of Bhunia & Siddika (2018), indicating that gender had a significant effect on the level of awareness of investors. The study further revealed that women used data from various sources, including brokers, family members, and colleagues, before making any financial decisions. Also, education and marital status significantly impact women's understanding of investments.

Similarly, Dannhauser (2017) understood the effects of gender variations on people's awareness of and investing decisions, particularly the holding periods and goal achievement. According to the report, female investors generally beat their male counterparts in the market by a significant margin. Demographic factors such as age, gender, education level and income have been investigated and found to affect the behaviour of the consumer, especially in the marketing of financial services and were argued as being significant (Nga et al., 2010; A. C. Worthington, 2008).

6.3.2 Relationship between age and awareness towards ETFs

The ANOVA test was used in the current investigation, and the results showed that the p-value was 0.264, which is higher than 0.05. (refer to Table 21). As a result, the alternate hypothesis was adopted and it was shown that "There is a substantial association between age and awareness of ETFs." The null hypothesis was thus

rejected. The current study's findings, however, differ from those of Ansari (2019), who showed that there is no statistically significant relationship between age and the sources of investments, age and investing expertise, and age and investment opinions. However, the findings of the Isidore et al. (2021) study are comparable to those of the current study because the researchers found that an individual's age significantly affects the decision-making strategy used. It was also found that young individuals who earned low returns used technical indicators and broker suggestions more frequently than focussing on market analysis. In the context of the association between age and ETF awareness Bhattacharjee & Singh (2017) contemplated that ETF owners typically are younger, affluent, and have a brief association with their trading business.

6.3.3 Relationship between education level and awareness towards ETFs

The ANOVA test was used in the current investigation, and the p-value, which is greater than 0.05, was discovered to be 0.688 (refer to Table 22). As a result, the alternate hypothesis was accepted, and it was shown that "There is a substantial association between education level and awareness of ETFs." The null hypothesis was thus rejected. Gumbo & Sandada (2016) also found that there is a substantial variation between the education categories in terms of investing awareness levels. Although the study's findings are in contrast to those of Banumathy's (2015) study, the researcher understood that there was no significant correlation between investors' stock market knowledge and their level of education. We can observe that academics are still arguing a lot. Similarly, Devi & Joseph (2017) hypothesized that there is no connection between respondents' education levels and their knowledge of investing decisions. As a result, Devi & Joseph's (2017) research findings do not agree with those of the current study. The current study's findings, which show a strong correlation between education level and knowledge of ETFs, are consistent with those of Enete et al. (2018), who found that people who owned ETFs had higher levels of financial literacy than people with comparable levels of education who did not. This finding lends credence to the idea that education level influences retail investor awareness. The source of the financial skills, whether direct or indirect, had no bearing. Although having an ETF was associated with a greater willingness for risk and a sense of financial security, seeing a financial advisor for guidance and disliking fees were not significant factors in explaining the

variation in ETF shareholdings. Other studies have found that education level has a substantial impact on awareness, with persons with degrees showing better awareness than those without and finance and accounting majors having higher overall awareness (Nga et al., 2010). Therefore, based-on dominant literature the researcher expected to see a significant relationship between education level and ETF awareness and coincides with the results obtained.

6.3.4 Relationship between investment experience and awareness towards ETFs

In the current study, the ANOVA test was implemented, and the p-value was found to be 0.001, which is lesser than 0.05 (refer to Table 23). In this instance, the alternate hypothesis not accepted, and resultingly, the null hypothesis was accepted and it was revealed that “There is no significant relationship between investment experience and awareness of ETFs”. Cirappa & Punith Kumar (2021) in their research hypothesized that there was no relationship between investment experience and awareness. Contrary to their expectations, the research results showed a significant association between investment experience and awareness in their research; investors with more than a decade of experience had the most awareness. Another recent study by Naranbhai (2018) aimed to comprehend the awareness of women in Kachchh and investment experience. The investigation predominantly focused on understanding the demographic profiles of the respondents and their impact on their investment awareness. However, the results obtained in the study were contrary to those provided by Cirappa & Punith Kumar (2021), as the results indicated no significant relationship existed between the experience in investing and awareness of investing. This suggests that there is an ambiguity regarding the impact of investment experience on the awareness of individuals, as different researchers still hold different viewpoints.

6.3.5 Relationship between subjective financial literacy and awareness of ETFs.

The claim that purchasing a single share is safer than purchasing an equity fund was rejected by about 85.7% of respondents. The findings of this study are

consistent with those of numerous other researchers. Within the literature review chapter, Miralles-Quirós et al. (2019) found that the advantages of investing in ETFs range from facilities of diversification, lower fees and reinvested dividends to enhanced tax efficiency. Similarly, Sherrill & Upton (2018) further highlighted the advantages that ETFs hold compared to mutual funds. It was discovered that passively managed ETFs have significantly lower expenses as compared to actively managed investments, which mutual funds normally are.

As observed in the review of literature, financial literacy, according to Bellofatto et al. (2018), is the ability to analyse economic facts and make informed decisions about indebtedness, pension, ownership of assets, and financial planning. The researchers held that three core talents and skills—arithmetic and the capacity to compute interest rates, an understanding of portfolio diversification, and an understanding of inflation—could only be used to construct the element of financial literacy. Therefore, to test the respondents' financial literacy, their understanding of calculating interest rates and comprehension of inflation was tested. Thus, the statement “You have R100 on your savings account with 2% interest per year. How much will you have after five years if you let your money grow?” found that 78.6% of respondents answered R110.41.

Table 25: Table 25: Your savings account earns 1% interest per year, and inflation amounts to 2% per year. How much can you buy after one year with the money in your savings account?

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid		1	.6	.6	.6
	R110.00	32	20.8	20.8	21.4
	R110.41	121	78.6	78.6	100.0
	Total	154	100.0	100.0	

Similarly for the statement, “Your savings account earns 1% interest per year, and inflation amounts to 2% per year. How much can you buy after one year with the money in your savings account?”, 89.6 per cent of the respondents revealed that inflation is less than today. Additionally, 95.5 per cent of the respondent suggested that option shares normally have the most considerable fluctuations.

Table 26: Your savings account earns 1% interest per year, and inflation amounts to 2% per year. How much can you buy after one year with the (Bride et al., 2019)money in your savings account?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than today	138	89.6	89.6	89.6
More than today	11	7.1	7.1	96.8
Same as today	5	3.2	3.2	100.0
Total	154	100.0	100.0	

Also, several respondents (that is 80.5%) revealed that the stock market brings together potential buyers and sellers. Furthermore, 82.2% of the respondents suggested that the investment funds can invest in several assets, e.g., shares and bonds. In this context, Bride et al. (2019) suggested that the consumers believe that stock market investment alternatives are better for diversifying their portfolios.

In the present study, most of the respondents that is 33.8 per cent were aware of ETFs. This implies that subjective financial literacy has a significant relationship with awareness of ETFs. In this context, as revealed in the literature review segment, D'Hondt et al. (2020) tried to comprehend the factors that affected the investors' awareness and investment decisions in ETFs. It was found that financial

skills, financial encounters, and behavioural biases like overconfidence and local bias impact the investor's perception of risk level, trading volumes, and awareness levels while investing in ETFs. In this context, Polisetty & Manda (2019) confirmed that investors' awareness expertise with the products and services is measured by their awareness and knowledge levels. For the financial market to gain credibility, there must be a sizeable number of competent investors. A plethora of market-related information is provided to investors, but not all of it is beneficial to them. Uncertainty and anxiety brought on by this deluge of information influence investors' consciousness. An informed person is aware of their important aspects (Bhattacharjee & Singh, 2017).

The current study finding, which contemplated that subjective financial literacy has a significant relationship with awareness of ETFs, is verified by the results of Arora & Marwaha (2013), who stated that financial institutions or agents should educate the public and raise knowledge of products like ULIPs, SIPs, futures, and securities to pique investors' interest in these types of securities and promote investment portfolios.

6.4 Updated conceptual model

An updated conceptual model can be presented based on the findings presented in this chapter. The results prove that gender, age, education level and subjective financial literacy have a statistically significant relationship to ETF awareness. Furthermore, it was discovered that investor experience has no statistically significant relationship with ETF awareness. Figure 15 presents an updated conceptual model to denote the relationships observed.

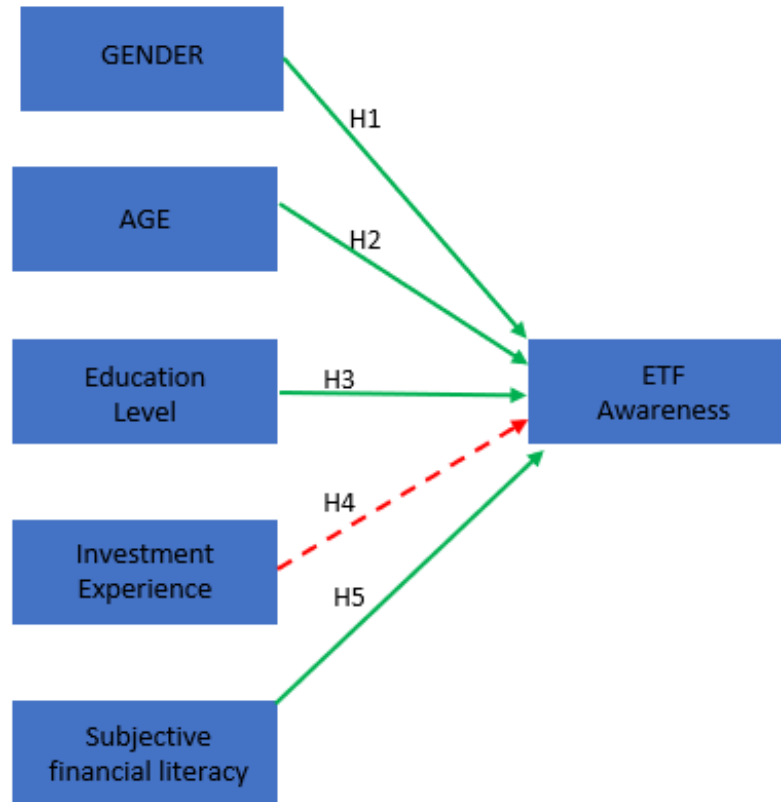


Figure 15: An updated conceptual model

6.5 Summary

The current study tried to understand the relationship between five factors (age, gender, education, investment experience and subjective financial literacy) with retail investor awareness of ETFs. The results of the study depicted that a significant association existed between awareness regarding ETFs and age, gender, education, and subjective financial literacy. However, the relationship between investment experience and awareness of ETFs was found to be insignificant. This chapter of results and discussions aimed to highlight the significant findings of the current study, address the research objectives, and compare the current research findings with that of the previous research scholars. The following section of the conclusions will emphasize the key research findings, point out the present study's shortcomings, and then offer suggestions for future research directions.

Chapter 7: Conclusions and Recommendations.

7.1 Introduction

ETFs are still a relatively new investment vehicle, and it is anticipated that as public awareness grows, so will their appeal. Several of the requirements that investors have identified as essential to them may be satisfied by ETFs. The present study, therefore, aimed to investigate the factors affecting retail investor awareness of the Exchange Traded Funds. The broad scope of this study was to investigate if there was a significant relationship between five characteristics, namely age, gender, education, investing experience, and subjective financial literacy, with retail investors' awareness of Exchange Traded Funds. This chapter of conclusions provides the study's overall results, thus addressing the research aim and objectives. It has been divided into several sub-segments to cover all critical aspects. The first segment of principal conclusions depicts the significant findings, the second segment provides recommendations, the third segment deals with the practical contributions of the current study, the implications for the relevant stakeholders follow this segment and finally, the study provides suggestions for future research.

7.2 Principal conclusions

The current study primarily investigated factors affecting retail investor awareness of Exchange Traded Funds (ETFs). The ANOVA test was implemented for testing the central hypotheses, and the following results were depicted:

7.2.1 Relationship between gender and awareness towards ETFs

The purpose of this study was to determine whether there was a significant relationship between gender and awareness of ETFs. Based on the dominant literature, the researcher expected to see a sign in the relationship between these variables. In the statistical test conducted for the first hypothesis, the p-value was

found to be 0.484, which is greater than 0.05. Thus, the null hypothesis was rejected, and resultingly, the alternate hypothesis was accepted, and it was concluded that there is a significant relationship between gender and awareness of ETFs. This was following similar research conducted by Cirappa & Punith Kumar (2021), who noted a significant relationship between gender and the corporate bond market. This indicates that there is a congruence between this current study and previous studies performed by other scholars.

7.2.2 Relationship between age and awareness towards ETFs

With respect to age, this study aimed to investigate if there was a significant relationship between age and awareness towards ETFs. In line with what previous scholars had noted, the researchers expected to see a significant relationship. With the statistical analysis conducted for the second hypothesis, the p-value was found to be 0.264, which is greater than 0.05. Thus, the null hypothesis was rejected and resultingly, the alternate hypothesis was accepted, and it was concluded that there is a significant relationship between age and awareness of ETFs. This coincides with previous studies by Ansari (2019), who also found a significant relationship. These results showcase an alignment between this research and what previous researchers have investigated.

7.2.3 Relationship between education level and awareness towards ETFs

Whether there was a statistically significant association between education level and awareness of ETFs was the third hypothesis that the study sought to test. The p-value for the third hypothesis was discovered to be 0.688, which is higher than 0.05. Therefore, the alternate hypothesis was accepted, and the null hypothesis was rejected. It was then discovered that there is a significant relationship between education level and knowledge of ETFs. These results align with findings from Nga et al. (2010), who found that education level significantly influences awareness through their study. Moreover, according to their study's findings, Bhunia & Siddika (2018) saw a high correlation between investor education level and awareness level. The results obtained by this study further support the expectations from previous literature, even within an ETF context.

7.2.4 Relationship between investment experience and awareness towards ETFs

The fourth hypothesis sought to determine whether gender and awareness of ETFs had a significant relationship. The literature in this regard showed ambiguity, where studies conducted by Cirappa & Punith Kumar (2021) discovered that there is a significant relationship between investment experience and awareness. Contrary to this, a recent survey conducted by Naranbhai (2018) concluded that there is no significant relationship opposing the results from the current study. The analysis showed that the p-value was 0.001, which is less than 0.05. Thus, the alternate hypothesis was rejected, and resultingly, the null hypothesis was accepted, and it was revealed that there is no significant relationship between investment experience and awareness of ETFs. The results obtained in this test further support the view that there is still much room for scholars to explore if the experience of an investor is tied to his awareness level.

7.2.5 Relationship between subjective financial literacy and awareness of ETFs.

While measuring the relationship between subjective financial literacy and awareness of ETFs, it was found that most of the respondents believed that buying a single share is safer than buying an equity fund is not valid. Also, the respondents were asked to solve two questions, and most of the respondents answered correctly. The respondents confirmed that the stock market brings together potential buyers and sellers, and the investment funds can invest in several assets, e.g., shares and bonds. Moreover, most of the respondents were aware of ETFs, which implies that subjective financial literacy has a significant relationship with awareness of ETFs. This coincides with D'Hondt et al. (2020) research, which argued that financial skills impact awareness levels while investing in ETFs.

7.3 Theoretical contribution

The current study findings might have a variety of pragmatic ramifications for academics, investors, regulators, and policymakers. On the one hand, the study tries to clarify the ambiguity regarding the impact of socio-demographic factors like age, gender, education level, investment experience and subjective financial literacy on investment awareness. In recent decades, the exchange-traded fund (ETF) industry has continued to expand quickly. As a result, ambiguity must be comprehended from the viewpoints of retail investors to give regulators and policymakers clarity regarding the current awareness regarding ETFs and accordingly initiate policies and campaigns to enhance awareness. Therefore, the present study will offer practical insights to the investors, policymakers and regulators industry regarding the advantages, and disadvantages of ETFs and factors that affect ETF awareness.

7.4 Implication for management and stakeholders

The review of literature depicted that, at times, people are aware of certain products but generally do not utilise them. On the other hand, individuals often lack financial knowledge and therefore fail to explore the immense opportunities different financial products offer. Thus, regarding the implications for relevant stakeholders, it must be noted that this study combines the perspectives of retail investors to understand how demographic factors impact retail investor awareness of Exchange Traded Funds. The study findings revealed that a significant association existed between awareness regarding ETFs and age, gender, education, and subjective financial literacy. However, the relationship between investment experience and awareness of ETFs was found to be insignificant. This study, therefore, presents crucial insights for policymakers, regulators, and investors, regarding the impact of different demographics, which will guide the policymakers to consider various demographic factors when designing an ETF awareness campaign. Additionally, the study will be imperative for future scholars who can conduct investigations based on similar ideas and address the issues regarding ETF and its awareness.

7.5 Limitations of the research

Although the current study tried to accomplish the objectives of the research to its full potential and followed all the ethical norms pertinent to the research conducted, there still exist certain limitations concerning the present study. Firstly, the study involves the collection of primary data which is often a complex process and is pertinent to both financial and time constraints. Moreover, the current study uses a quantitative approach for data collection, limiting the respondents' capacity to reveal their perceptions as the respondents need to select the most appropriate answer from the given scale. Additionally, it must be noted that the current study only analysed the demographic factors that impacted the awareness regarding ETFs. However, other factors like socioeconomic and psychological factors also play an essential role in identifying the awareness and investment decisions. Thus, future research studies must also consider these factors.

7.6 Suggestions for future research

ETF awareness is influenced by a variety of circumstances and is constantly evolving. Future research can focus on a cross-sectional and longitudinal investigation which must take into consideration the socioeconomic and psychological factors along with the demographic factors to evaluate this. Additionally, future research studies must also crucially understand the perceptions of policymakers, regulators, and other relevant stakeholders along with retail investors to gather different viewpoints regarding ETF investments and awareness from a wide range of audiences which can be accomplished using a mixed research approach.

There is no complete list of retail investors available which shifts the sampling type from probability to non-probability sampling which means each participant doesn't have an equal chance of being selected. For this reason, no statistical inferences can be made by the whole population. Although, this presents an opportunity for future researchers to address in subsequent studies.

Future research would need to be conducted to examine whether an individual's background family) (e.g., race), family background or marital status determinants to

observe if it would have a significant impact on their awareness levels. This is not a consideration for this research but may present unique results depending on geography and historical context of a region.

Post review of the selected C-L scale, it would be suggested for future research to select a Likert type scale for the financial literacy construct, this will allow for greater manipulation of data with regards to the findings. Although Rieger (2020) had argued for the use of the scale as a superior measurement tool, applications may be limited when intending to conduct quantitative analysis.

7.8 Conclusion

The purpose of the current study is to investigate variables influencing retail investors' awareness of exchange-traded funds (ETFs). This research topic aids in creating an objective picture of the current level of ETF awareness. It is important for investors, regulators, and academics who want to expand the use of various financial instruments and raise public understanding of them in order to increase profits and discover new investment opportunities. This study provides information on how retail investors perceive the benefits, drawbacks, and influencing variables of ETF awareness.

It will serve as a solid foundation for more research of a similar nature that must be conducted to advance and address the numerous benefits, risks, concerns, and challenges related to the field of ETFs.

Moreover, it must be concluded that the findings of this study will advance research knowledge and be very helpful to policymakers in terms of providing solutions to enhance ETF awareness and recommend the best practices to improve the awareness of different financial instruments among individuals for exploring new possibilities. This research will add to the corpus of knowledge and make an effort to add new insights into which factors directly affect awareness and strategies can be crafted to ensure that a critical mass of investors can be achieved for economic gains and national prosperity.

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9. Appendix

9.1 Appendix A: Consent form and questionnaire

Investigating factors affecting retail investor awareness of Exchange Traded Funds (ETFs)

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on the factors affecting retail investor awareness towards Exchange Traded funds (ETFs). With a specific focus on demographics, education level, retail investor experience and subjective financial literacy of Easy Equities' investors.

To that end, you are asked to complete a questionnaire, consisting of four sections, that will help us understand these relationships. This survey should take you between 5 minutes of your time to complete. Your participation is voluntary, and you can withdraw at any time without penalty.

Your participation is anonymous and only aggregated data will be reported. By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact my supervisor or me.

Our details are provided below.

Researcher name: Sandile Khumalo

e-mail: 21828408@mygibs.co.za

Supervisor name: Sonja Fourie

email: sonja@customersciencelab.com

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9.2 Appendix B – Ethical clearance certificate

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear Sandile Khumalo,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.