

**IMPACT OF THE VIRTUAL CASH ECONOMY ON INFORMAL CROSS BORDER
TRADERS' LIVELIHOOD OUTCOME IN GWERU, ZIMBABWE**

by

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*Impact of the virtual cash economy on informal cross border traders' livelihood outcome in
Gweru, Zimbabwe*

I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

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DATE 1 November 2020

Dedication

I dedicate this thesis to my husband *Makomborero Mhofu* and my son *Makomborero Junior*. It was not easy but each one of you played a very crucial role like a perfect symphony. Thank you for your love and encouragement, and mostly for increasing your burden to lighten mine. I will love you forever.

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Abstract

Informal cross-border trade (ICBT) is a viable economic activity that many in Zimbabwe depend upon for survival. It has provided many people with a livelihood since the 1990s. Despite its crucial role in the livelihood of many, the fiscal policy of Zimbabwe has had a negative impact on ICBT. In 2016, a virtual cash economy was adopted by Zimbabweans owing to cashflow shortages in the country. While studies focusing on specific facets of ICBT have been conducted in Zimbabwe, fewer studies have documented the impact of a virtual cash economy on the livelihood outcomes of informal cross-border traders (ICBTs). To address this, the thesis analysed the impact of the virtual cash economy on ICBTs' livelihood outcomes in Gweru, Zimbabwe. The study targeted 972 ICBTs. Triangulation was employed, using quantitative and qualitative methods to gather data over six months. Quantitative techniques comprised closed-ended questionnaires and qualitative methods included semi-structured interviews, open-ended questionnaires, focus groups, observations and secondary data. Data analysis was done using both qualitative and quantitative methods. Changing trends in livelihood outcomes were assessed for the period of 2009 to 2015 (i.e. before extensive use of virtual cash occurred) and the period of 2016 to date (after the increased use of virtual cash as a method of payment). Results showed that prior to more extensive use of virtual cash, ICBTs earned more income and acquired more assets. But, when virtual cash became a common method of payment, ICBTs experienced a negative impact on their income and livelihood outcomes. The study further investigated the economic challenges that the virtual cash economy posed to these traders. The results revealed that the virtual cash economy affected the ICBT business through the exchange rate, accessibility of cash and accessibility to the plastic money infrastructure. The study concluded with a framework that was developed to highlight the importance of cash in the success of ICBT and its sustainability in Gweru. The study demonstrated the need to integrate ICBT in policy-making to address issues that affect ICBT to ensure future sustainability by providing a livelihood to traders and those who depend on ICBT for their survival.

Keywords: informal cross-border trade; livelihood outcomes; Gweru; Zimbabwe; triangulation; virtual cash economy; plastic money; cash economy; informal sector; sustainability.

Tshobokanyo (Setswana)

Kgwebisano e e seng mo molaong ya go kgabaganya meelwane (ICBT) ke tiragatso e e atlegileng ya ikonomi e bontsi jwa Zimbabwe bo ikaegang mo go yona go tshela mo pakeng e e bokete ya ikonomi. E tlametse batho ba le bantsi ka mokgwa wa boiphediso go tloga ka dingwaga tsa bo1990. Mme le fa e ntse e na le seabe sa botlhokwa mo boiphedisong jwa bontsi, pholisi ya ditšhelete ya Zimbabwe e nnile le ditlamorago tse di sa siamang mo ICBT. Fa gautshwane, Mazimbabwe a ne a amogetse ikonomi ya madi a dijitala ka bophara ka ntlha ya tshaelo ya kelelo ya madi a a seatleng mo nageng. Le fa go nnile le dithutopatlisiso di le mmalwa tse di totileng dintlha tse di rileng tsa ICBT kwa Zimbabwe, ke dithutopatlisiso di se kae fela tse di kwadileng ka ditlamorago tsa ikonomi ya madi a dijitala mo dipoelong tsa boiphediso tsa bagwebi ba go kgabaganya meelwane (diICBT). Ka jalo, go samagana le ntlha eno, patlisiso eno e lokotse ditlamorago tsa ikonomi ya madi a dijitala mo dipoelong tsa boiphediso jwa bagwebi ba ICBT kwa Gweru, Zimbabwe. Go dirisitswe mekgwa e e fetang bongwe, go dirisiwa mokgwa o o lebelelang dipalopalo le mokgwa o o lebelelang mabaka go kokoanya *data* mo dikgweding tse thataro. Dithekeniki tse di lebelelang dipalopalo di ne di akaretsa makwalopotsolotso a a nang le dipotso tse di batlang karabo ya *ee* kgotsa *nnyaa* mme mekgwa e e lebelelang mabaka e akareditse dipotsolotso tse di batlileng di rulagane, le makwalopotsolotso a a nang le dipotso tse di batlang tlhaloso, ditlhopho tse di totilweng, kelotlhoko le *data* ya bobedi. Tokololo ya *data* e dirilwe go dirisiwa mekgwa ya dipalopalo le e e batlang mabaka ka bobedi. Go sekasekilwe mekgwa e e fetogang mo dipoelong tsa boiphediso mo pakeng ya 2009 go ya go 2015 (k.g.r. pele ga tiragalo ya tiriso e e tseneletseng ya madi a dijitala) le paka ya 2016 go fitlha ga jaana (k.g.r. morago ga koketsego ya tiriso ya madi a dijitala jaaka mokgwa wa tuelo). Dipholo di bontshitse gore pele ga tiriso e e tseneletseng ya madi a dijitala, bagwebi ba ICBT ba ne ba na le letseno le le kwa godimo mme ba kgona go ikgobokanyetsa letlotlo. Fela e rile fa madi a dijitala e nna mokgwa o o tlwaelegileng wa tuelo, bagwebi ba ICBT ba itemogela ditlamorago tse di sa siamang mo dipoelong tsa letseno le boiphediso jwa bona. Thutopatlisiso gape e batlisisitse dikgwetlho tsa ikonomi tse di bakilweng ke ikonomi ya madi a dijitala mo bagwebing bano. Dipholo di senotse gore ikonomi ya dijitala e amile kgwebo ya ICBT ka seelo sa thefosanyo, go nna teng ga madi a a seatleng le phitlhelesego ya mafaratlhatlha a madi a polasetiki. Thutopatlisiso e konoseditse ka letlhomeso le le diretsweng go sedifatsa botlhokwa jwa madi a a seatleng mo katlegong ya ICBT le go tswelala go nnela ruri ga yona kwa Gweru. Gape thutopatlisiso e bontshitse tlhokego ya go akaretsa ICBT mo go tlhamiweng ga dipholisi go samagana le dintlha tse di amang ICBT gore go netefadiwe gore tiragatso eno ya ikonomi e tlaa tswelediwa go nnela ruri mo isagong ka go tlamela bagwebi le ba ba ikaegileng ka ICBT ka boiphediso.

Mafoko a botlhokwa: kgwebisano go ralala meelwane; dipelo tsa boiphediso; Gweru; Zimbabwe; mekgwa e e fetang bongwe; ikonomi ya madi a dijitala; madi a polasetiki; ikonomi ya madi a a seatleng; lephata le e seng la semmuso; go tswelediwa go nnela ruri

Ngamafuphi (IsiZulu)

Uhlelo olungahlelekile lokuhweba ngaphesheya kwemingcele (*ICBT*) wuhlelo lwezomnotho olunenzuzo kwiningi labantu baseZimbabwe abaziphilisa ngalo ngezinkathi ezibucayi zomnotho. Loluhlelo seluhlinzeke iningi labantu ngamathuba okuziphilisa kusukela ngeminyaka yo-1990. Ngisho namanje, naphezu kwendima esemqoka yokuphilisa iningi labantu, umgomo wezimali zezwe (*fiscal policy*) > laseZimbabwe selunomthelela omubi phezu kohlelo lwe-*ICBT*. Ezikhathini ezingekudala, uhlelo lwezimali lomnotho oqhutshwa nge-inthanedi selamukele ngokubanzi yizwe laseZimbabwe ngenxa yokwe ntuleka kwezinga lemali ezweni. Ngakho-ke izifundo zocwaningo ezimbalwa ezigxile kwizigaba ezithile ze-*ICBT* sezenziwe eZimbabwe, izifundo zocwaningo ezimbalwa sezibhale umthelela wohlelo lwezimali zomnotho oqhutshwa nge-inthanedi phezu kwemiphumela yokuziphilisa ngemiphumela yabahwebi bohlelo olungahlelekile lokuhweba ngaphesheya kwemingcele (*ICBTs*). Ukuxazulula lolu daba, ithesisi ngalokho ihlaziye umthelela wohlelo lwezimali lomnotho oqhutshwa nge-inthanedi phezu kwemiphumela yezimpilo zabantu basesigodini saseGweru, eZimbabwe. Izindlela ezahlukeni zokuqoqwa kwedatha (*Triangulation*) zisetshenziwe, ngokusebenzisa indlela eyencike kumanani (*quantitative*) nendlela eyencike kwingxoxo (*qualitative*) ukuqoqa idatha esikhathini esingangezinyanga eziyisithupha. Izindlela ezencik ekumanani ziqukethe imibhalo yemibhuzo evalekile kanti izindlela ezencike kwizingxoxo ziqukethe izinhlolovo ezihlelekile, imibhalo yemibuzo evulekile, amaqembu aqondiwe, ulwazi olubonwe ngamehlo kanye nedatha yesigaba sesibili. Ukuhlaziywa kwedatha kwenziwe ngokusebenzisa zombili izindlela zokuqoqa idatha; indlela eyencike kumanani nendlela eyencike kwizingxoxo. Izimpawu zezenzo ezejwayelekile kwimiphumela yempilo ihloliwe ukusukela esikhathini sonyaka ka 2009 ukufikela kunyaka ka 2015. (kuchaza isikhathi esingaphambi kokusetshenziswa kohlelo olubanzi lokusetshenziswa kohlelo lwemali oluqhutshwa nge-inthanedi) kanti nakwisikhathi sonyaka ka 2016 ukufikela manje (kuchaza isikhathi esingemuva kwezinga eliphezulu lokusetshenziswa kwemali eqhutshwa nge-inthanedi njengendlela yokubhadala). Imiphumela ikhombise ukuthi ngaphambi kwesikhathi sezinga eliphezulu lokusetshenziswa kwemali eqhutshwa nge-inthanedi, izinhlelo zama-*ICBT* zizuze kakhulu futhi zingadla enye impahla eyigugu. Kanti-ke, uma imali eqhutshwa ngendlela ye-inthanedi iphenduka indlela eyejwayelekile yokubhadala, izinhlelo zama-*ICBT* zihlangabezane nomthelela omubi kwimali zawo eziyingeniso kanye nakwimiphumela yempilo. Ucwanningo luye lwaqhubeka nokuphenya izinselelo zomnotho ezidalwa yilolu hlelo lwemali eqhutshwa nge-inthanedi kubahwebi. Imiphumela iye yaveza ukuthi imali yomnotho we-inthanedi ibe nomthelela phezu kwebhizinisi yohlelo lwe-*ICBT* ngenxa yezinga lokushintshiselana ngezimali, lokutholakala kwezimali kanye nokungena kwinqalasisizinda semali yeplastiki. Ucwanningo luthethe ngesakhiwo esakhiwe ukuveza ukubaluleka kwemali mayelana nokuphumelela kohlelo lwe-*ICBT* kanye nokusimelela kwalo esigodini saseGweru. Ucwanningo futhi lukhombise isidingo sokuhlanganisa uhlelo lwe-*ICBT* ohlelweni lokwakhiwa komgomo ukuxazulula izindaba ezithinta uhlelo lwe-*ICBT* ukuqinisekisa ukusimelela kwezomnotho esikhathini esizayo, ngokuletha impilo kwizinhlaka zombili okungabahwebi kanye nalabo abaziphilisa ngokuncika phezu kohlelo lwe-*ICBT*.

Amagama asemqoka: uhlelo olungahlelekile lokuhweba ngaphesheya kwemingcele; imiphumela yempilo; i- Gweru; ngaseZimbabwe; izindlela ezahlukeni zokuqoqa idatha idatha; umnotho wemali eqhutshwa nge-inthanedi; imali yohlelo lweplastiki; umnotho wemali; umkhakha ongahlelekile; ukusimelela

Pfupiso (Shona)

Bhizimusi rokutenga zvinhu kunze kwenyika nokuzozvitengesa (zvisina magwaro ehurumende okuribvumidza), rinoitwa navanhu vakazvimiririra vomuZimbabwe, rinovapa pundutso neraramo yakakura zvikuru apo nyika painenge iri mumatambudziko ezveupfumi. Bhizimusi irori rabatsira vanhu vazhinji kwazvo nokuvapa raramo kubvira makore okuma1990. Kunyange zvazvo bhizimusi iri rakakosha zvikuru mukusimudzira upenyu hwavanhu vazhinji, mamiriro ezvemari noupfumi hwomunyika pazvinenge zvisina kumira zvakanaka munyika muno, zvinorwisana zvikuru nebhizimusi iri. Urongwa hweupfumi hwenyika hunoshandisa mari yomumhepo, isingabatiki namaoko, ndihwo hwavakunyanya kushandiswa navanhu vomuZimbabwe nokuda kokushomeka kwakanyanya kwemari yebepa inobatika namaoko. Kunyange zvazvo paine zvidzidzo zvine chitsama zvetsvakurudzo zvakaitwa pamusoro pebhizimusi rokutenga zvinhu kunze kwenyika nokuzozvitengesa muZimbabwe, panongova nezvidzidzo zvishomanana zvakanangana zvakanangana nokushanda kweupfumi hunoshanda nemari yomumhepo, isingabatiki. Takanangana nenyaya iyoyi, tsvakurudzo ino yakaitwa iine chinangwa chokunyatsonzvera zvakajeka maererano nokushanda kwemari yomumhepo muraramo yavanhu vanoita bhizimusi rokutenga zvinhu kunze kwenyika nokuzozvitengesa muguta reGweru, muZimbabwe. Pakashandiswa nzira mbiri dzetsvakurudzo kuti dzibatsirane kuunganidza ruzivo rwuri pamusoro pebhizimusi iri mumwedzi mitanhatu. Nzira mbiri idzi nedezinoti: kuunganidza uwandu rweruzivo urwu uye kuunganidza tsanangudzo dziri pamusoro pebhizimusi irori. Nzira yokuunganidza uwandu rweruzivo yaishandisa mibvunzo yaiteverwa nemhinduro. Munhu ainge abvunzwa mubvunzo aisarudza mhinduro paaidavidza mubvunzo waainge abvunzwa. Nzira yokuunganidza tsanangudzo yaiva ichitevedza gwara rokuti munhu ainge abvunzwa mubvunzo, ndiye aiudavidza achitaura zvaafunga kuti ndizvo zvaikodzerana nomubvunzo waainge abvunzwa. Mibvunzo yakapiwa kumapoka avanhu vakanga vasarudzwa. Munhu aiita tsvakurudzo aizvionerawo iye pachake zvainge zvichiitika uyewo rumwe ruzivo akaruwana muzvinyorwa zvetsvakurudzo dzakaitwa navamwe. Tsoropodzo yezvakawanikwa mutsvakurudzo ino yakaitwa kuchishandiswa nzira mbiri dzataurwa nezvadzo pamusoro. Ongororo yezvakawanikwa mutsvakurudzo pamusoro pokushanduka-shanduka kweraramo yayitwa navanhu mumakore anobvira 2009 kusvikira 2015 yakaitwa. Munguva iyi kwaiva kusati kwanyanya kushandiswa mari yomumhepo, uye kubvira mugore ra2016 kusvikira pari nhasi, pava nokunyanya kushandiswa kwemari yomumhepo senzira yokubhadharana mukutengeserana. Zvakabuda mutsvakurudzo zvinotaridza kuti kusati kwava kunyanya kushandiswa mari yomumhepo iyi, vanhu vaiita bhizimusi rokutenga zvinhu kunze kwenyika vachizozvitengesa muZimbabwe, vaiwana mari yakati wandei chose kudarika yavari kuwana pari zvino, uye vaikwanisa kutenga midziyo yakawanda, zvekare vaine raramo yakanaka. Kwakazoti kwava kushandiswa mari yomumhepo senzira yokutengeserana nokubhadharana nayo, vanhu vaiita bhizimusi iri muZimbabwe vakatanga kuva neraramo yakaoma zvikuru, sezvo zvinhu zvakanga zvashanduka mukuipa uye mari yavakanga vavakuwana yakanga yava shoma chose. Tsvakurudzo iyi yakaenderera mberi mukutsvaka zvigozhero zvakasanganwa nazvo navanamuzvinabhizimusi ava zvaikonzerwa nokuuya kwakaita mari yomumhepo. Zvakabuda mutsvakurudzo zvataridza kuti kushandiswa kwemari yomumhepo munyaya dzezveupfumi rwenyika nomumabhizimusi kwakavhiringa bhizimusi ravanhu vaitenga zvinhu kunze kwenyika vachizozvitengesa munyika muno, zvichiburikidza nomuchinangwa chokuda kuenzanisa mari yomuZimbabwe neyokunze kwenyika, kuwanikwa kwemari yebepa inobatika uye kukwanisa kuwanikwa kwemidziyo inoshandisa mari yomumhepo. Tsvakurudzo iyi yakazopetera nhorondo yayo ichibuda nourongwa hwokunyatsojekesa kukosha kwemari yebepa inobatika kuitira kuti bhizimusi rokutenga zvinhu kunze kwenyika zvichizotengeswa munyika muno ribudirire, uye kuti bhizimusi irori rikwanise kupa pundutso kuvanhu vomuguta reGweru. Tsvakurudzo iyi yakataridza zvakare kuti panodiwa kuti zvido zvavanhu vanoita bhizimusi iri zvipinzwewo mukuumbwa kwebumbiro rezvichemo kuitira kuti bhizimusi iri rive rinoendeka uye kuti rive nechimuko nokupararamo kuvaiti varo naavo vanorarama nezvinobuda mariri.

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Abbreviations/ Acronyms

AGRIBANK	Agricultural Bank of Zimbabwe
ATM	Automated Teller Machines
CABS	Central African Building Society
CBD	Central Business District
CSE	Certificate of Secondary Education
DFID	Department for International Development
EAC	East African Countries
EFTs	Electronic Funds Transfer
ESAP	Economic Structural Adjustment Programs
FAO	Food Aid Organisation
GCE	General Certificate of Education
GoZ	Government of Zimbabwe
ICBT	Informal Cross Border Trade
ICBTs	Informal Cross Border Traders
ILO	International Labour Office
ILO	International Labour Organisation
IMTT	Intermediated Money Transfer Tax
LFSP	Livelihoods and Food Security Program
MPs	Monetary Policy Statement
POS	Point Of Sale
RBZ	Reserve Bank of Zimbabwe
RTGs	Real Time Gross Settlement
SADC	Southern Africa Development Commission
SAPs	Structural Adjustment Programs
SEDCO	Small Enterprise Development Corporation
SI	Statutory Instrument
SLA	Sustainable Livelihoods Approach
SMEs	Small and Medium Enterprises
UNECA	United Nations Economic Commission for Africa
UNISA	University of South Africa
US	United States
VCCZ	Venture Capital Company of Zimbabwe
ZCBTA	Zimbabwe Cross Border Traders Association

ZIMALLOYS	Zimbabwe Alloys Company
ZIMCAST	Zimbabwe Castings Limited
ZIMCODD	Zimbabwe Coalition on Debt and Development
ZIMRA	Zimbabwe Revenue Authority
ZIPIT	Zimswitch Instant Payment Interchange Technology
ZRP	Zimbabwe Republic Police

Chapter One: Informal cross border trading and the use of virtual cash economies, arguing case of Gweru, Zimbabwe

1.1 Introduction

This Chapter provides the background of the research by presenting informal cross border trading (ICBT) and the use of virtual cash economies from a global perspective through to the regional context followed by a national context, and finally a presentation of the study area. The Chapter also presents the problem statement followed by the overall aim of the research and the objectives to achieve the specified aim. A brief explanation of the methodology and data analysis, together with a discussion of the relevance of the research as a contribution to the discipline of geography makes up the remaining part of the Chapter that is concluded by an outline of the thesis.

1.2 Background

ICBT is any industry that functions in commodities and services and has no official export or import license, nor a permit within a defined threshold or frequency and that trades across the border (SADC, 2010; Kahiya and Kadirov, 2020). Livelihood on the other hand, refers to the means of gaining a living and is comprised of a number of assets, capabilities (tangible and intangible) and activities that would be required to generate a means of living (WWF Nepal, 2008; Khatiwada et al. 2017; Liu et al. 2018). Livelihood outcomes are achieved for household members through their various livelihood activities and strategies and these outcomes would vary from income, improved food security, asset accumulation, increased well-being and improved health within a community (Khatiwada et al. 2017; Mchopa and Jeckoniah, 2018). Unsuccessful livelihood outcomes would include food insecurity, income insecurity, loss of assets, high vulnerability to economic shocks and impoverishment. The virtual cash economy is an emergent economy that involves exchanging money using electronic platforms such as mobile banking, online banking and debit card machines (Ullah et al. 2014; Sharma and Kulshreshtha, 2019). In a virtual cash economy, the exchange of physical currency is limited. According to Manivannan (2013), plastic money refers to the debit and credit cards used to purchase goods and services in place of cash. In Zimbabwe, these cards are generally

referred to as ATM (Automated Teller Machines) cards due to their major use for withdrawals at ATM.

All economies in the world have some sort of an informal element (Fondevila and Navarette, 2019; ILO, 2018a). The informal sector plays a vital role in most countries, particularly in the global south. The persisting socio-economic crisis in the global south has resulted in the shrinking of the formal sector, as people increasingly move towards the informal sector for economic activities that support the livelihoods of many citizens (Chikanda and Tawodzera, 2017), and these included activities related to the ICBT. Chen and Carre (2020) argued that it is only in countries of the global north where 82% of most workers are formally employed whilst 90% of workers in the global south countries are informally employed. In many countries in the global north, for example Central Europe, ICBT decreased towards the end of 1990s when these nations joined the European Union, mainly because the nations were using the same currency (Euro) and most prices in these nations were almost the same (Ama et al. 2014). Although ICBT decreased in many of the economies of the global north, it remains a prominent pattern of entrepreneurship within Central Asian countries and South-Eastern Europe (Egbert, 2006; Dhliwayo, 2017). It has also made a significant impact on the livelihood outcome of all the regions. For instance, a study conducted by Winston (2009) revealed that income generated from ICBT activities between Sweden and Myanmar became one of the major sources of income in these nations. Sheikh (2019) concurs to this by arguing that the informal economy is distinctively pervasive in both the global north and south.

The trend of decreasing activities in ICBT in the global north is not replicated in many global south economies, particularly African countries, where ICBT remains a vital form of trade that provides for the livelihood of many households in these countries. This is evidenced by statistics revealed by International Labour Organisation (ILO, 2015) that informal employment, including that of ICBT, makes up a large percentage of non-agricultural employment, that is, 51% in Latin America, 65% in Asia, 48% in North Africa and 72% in Sub Saharan Africa. It can thus be deduced that ICBT has a major impact in Africa when compared to other regions in the global south, and particularly in Sub Saharan Africa where the study area (Zimbabwe) is located.

In Africa, many nations experienced a phase of economic development immediately after obtaining their independence from colonial powers. However, shortly after independence, the majority of African countries experienced a decline in their formal economies and this was

possibly due to the lack of strategically infused policies of the newly appointed governments in terms of their respective economies. International Labour Office (ILO,2018a) assert that the outcomes of Economic Structural Adjustment Programs (ESAP) in Zimbabwe and many Sub-Saharan nations generally led to falling standards of living, skyrocketing of prices of goods, steep devaluation of local currencies, retrenchment and rising inflation to record levels.ILO (2018a) argued that in Zimbabwe, the ESAP program failed to produce industrial dynamism and efficiency just like in most other developing African nations where it was implemented and this led to deindustrialisation and informalisation. For Zimbabwe the economic situation was further negatively impacted upon through the imposition of stricter terms of trade and ongoing drought. The impact of the declining economies in Africa ranged from hunger, declining per capita incomes, and the accelerating ecological degradation especially over the last decade (Nkoroi, 2016). The decline in the formal economies can be regarded as the major catalyst in the rising trend of cross border trading in the region. Nkoroi (2016) further argued that in many East African countries cross border trade is mainly informal, and this is most likely true for the rest of the continent.

Research undertaken by the African Development Bank (Afrika and Ajumbo, 2012) on ICBT estimated that in 2009 informal trading provided an income source of 43% for the total African population. During the last decade, the importance of ICBT has grown as this economic activity contributes substantially to the economies of many African countries. A number of other studies conducted on ICBT in Africa have recognised the activity as a vital activity in improving the livelihood outcomes of the traders. The research undertaken by Nkoroi (2016) between Kenya and Uganda revealed that ICBT was a major source of livelihood for people living in these two nations. Eltayeb and Hassan (2015) undertook research in Eastern Sudan and their findings found that ICBT had become a successful economic option for Eastern Sudanese people who had lost their main sources of livelihood as a result of drought and political instability. More specifically, a study by Titeca and Kimanuka (2012) on ICBT in the Great Lakes Region argued that ICBT permits informal traders in Burundi, Uganda and Rwanda to earn a living against the harsh conditions of economic hardships. They further asserted that informal traders rely on ICBT as their major means of subsistence. Given the range of research consulted, it is apparent to the researcher that ICBT is a crucial activity that contributes to the improved livelihood outcomes of many people living in the Sub-Saharan Africa. Nkoroi (2016) argued that traders used the income generated to pay for their household basic needs, education and health. According to Nkoroi (2016) ICBT played a vital role on

poverty alleviation through employment and increasing incomes of a large part of the population in Africa which made it an important source of livelihood.

According to Intracen (2014), Southern Africa ICBT's proportion of the total trade was valued at twenty billion US dollars a year. Zimbabwe is located in Southern Africa sub region and ICBT probably contributes significantly to the economy of the country especially when within worsening socio-economic conditions. Okuru and Ama (2013) acknowledged that Zimbabwe faced a huge employment problem like all nations in the global south. ICBT in Zimbabwe is therefore viewed as a feasible activity that supplements income, generates employment, improves food security by households and seen as a means for improving living standards. Peberdy et al. (2015) argued that ICBT is a source of employment for the traders and their families. ICBT make it possible for traders to acquire decent shelters for themselves and their families with the income generated from trading. ICBT also has a multiplier effect on health care and education of traders; and those who depend on them as well. According to Kachere (2011) and Chikanda and Tawodzera (2017) households that participated in ICBT sustained their families using incomes earned from the trade and poor families were progressively absconding poverty. ICBT became a vital aspect of the national psyche and economy since the authorized implementation of the Economic Structural Adjustment Programme (ESAP) by the Zimbabwean Government in 1991 (Muzvidziwa, 2015; Dumbu, 2018). These authors argued further that the ICBT of Zimbabweans had become the single most money making strategy adopted by many to earn a living. The studies also revealed that many traders in Zimbabwe utilized the excess income to invest and ascend out of poverty.

In 2009 the government of Zimbabwe introduced the multi-currency regime, a system of trading in multiple currencies, wherein the US dollar was mainly used as the official currency (ZIMCODD, 2016). The adoption of the American currency (US dollar) as local currency in 2009 not only stabilised the economy of Zimbabwe but was also very advantageous to those involved in ICBT and a variety of vending activities. The advantage of using the American currency was that the currency had improved international value than when compared to the Zimbabwean dollar and this resulted in a growth of the ICBT business during the period that the economy was driven by the US dollar. According to the Reserve Bank of Zimbabwe (RBZ, 2015) the major advantage to dollarization in Zimbabwe was that inflation was stabilized and in turn the overall economy was stabilized thereby sustaining the buying power of the Zimbabwean people. The researcher contends that during the period of dollarization in Zimbabwe ICBT traders relied on interaction with neighbouring countries to enhance their

livelihoods. This assertion is on par with findings of Chikanda and Tawodzera's (2017) that many households continued to rely on the informal economy to sustain their livelihoods. This reliance allowed the country to experience significant economic growth, despite severe economic and political instability within the country itself. Zimbabwe Coalition on Debt and Development (ZIMCODD, 2016) asserted that the spending power of Zimbabweans in purchasing imported goods and services was maintained by dollarization. In other words, dollarization increased the power of ICBTs and in turn boosted the economic possibilities of those involved in ICBT as their main source of livelihood.

Zimbabwe has been mostly a cash economy and since the hyperinflation of 2009 it has largely depended on the US dollar according to ZIMCODD (2016). However, since 2015 Zimbabwe faced liquidity challenges that raised the need to embrace the use of plastic money after the US dollar was taken out of circulation. The Zimbabwean economy has been experiencing cash shortages since the US dollar was taken out of circulation (RBZ, 2016a). This affected the social and economic wellbeing of the citizens in Zimbabwe. In 2009, informal cross border traders were able to survive using the US dollar as a strong currency that reduced the value of cross border remittances; however that safety net was removed in 2016. In 2016, RBZ introduced solutions in response to the cash crisis that included the introduction of the Zimbabwean Bond Note and the increased and extensive use of electronic platforms for monetary transaction. ZIMCODD (2016) argued that the introduction of the Zimbabwean Bond Note that was meant to be at par with the US dollar did not assist in alleviating the acute shortage of cash and this resulted in consumers spending lengthy periods in bank queues. RBZ then promoted the use of plastic money and electronic means of payment since Bond Notes and coins introduced were in shortage of supply (RBZ, 2016b). This was facilitated through Point of Sale (POS) machines, on-line banking, transfers, mobile banking and other electronic banking systems. Given the liquidity challenges, the Zimbabwean economy faced due to the disappearance of the US dollar as the main currency, the ICBT could no longer continue to rely on cash transactions and hence they had to adopt the use of plastic money and mobile money as the alternative. The change in fiscal policy was also addressed by Ogalo (2010) in his study of ICBT in East African Commission when he asserted that changes in fiscal policy had an influence on the scale of ICBT.

Since 2016, the banks in Zimbabwe reduced the daily withdrawal limits of cash and this has resulted in endless bank queues for clients to access as little as \$50 or \$30 Bond Notes (depending with the bank), while the ATM were not stocked with cash for withdrawals. The

availability of debit card machines in Zimbabwean cities increased and if there was no card reading machines available, customers were asked to text payments on their cell phones, a method of payment known as mobile payment. This greatly affected the ICBT as they needed cash to undertake their respective business and many of them could not access the POS machines. Kachembere and Majaka (2017) argued that Zimbabwe's economy continued on its steep decline with the disappearance of the much-sought US dollars from the market and this had devastating consequences for the country. The major question for ICBTs regarding the change in the cash economy was that would they be able to utilise the Bond Notes in cross border countries for trading as they were able to do so with the US dollar (ZIMCODD, 2016). Although the US dollar is available on the black market via currency traders, it is normally traded at a premium rate with the Bond Note and is more expensive than when trading with plastic money. This challenge was also revealed by ICBTs in Kenya who indicated that foreign exchange traders charged high commissions for exchanges (Alouch, 2014). This resulted in a greater loss for the informal traders as it affected their profit and thereby significantly impacted on their livelihood outcome.

Most research on ICBT to date in the urban areas in Zimbabwe focus on the pre-dollarization and dollarization era and are related to local economic development, women participation, the impact on food security, and/or challenges encountered by those participating in informal trading. The fiscal economy has a direct impact on ICBT since traders largely depend on it to operate in the business. This is because it involves the need to exchange foreign currency, importing and exporting through buying and selling of products, therefore any changes in the fiscal economy have a significant impact on trading as well thereby affecting the livelihood outcome as a result. Research on the impact of the virtual cash economy on ICBTs in Zimbabwe is limited, and this research therefore aims to contribute to the presently limited literature on the impact of virtual cash economy and the disappearance of US dollar on ICBT and in turn how this has impacted on the livelihoods of informal traders.

1.3 Research Problem

Persistent economic crisis in Zimbabwe since the introduction of Structural Adjustment Programmes (SAPs) in 1990 has continued to cause a reduction of formal employment in the country. Unemployment together with the ever-rising cost of living has resulted in many of

those involved in the informal sector to opt for cross border trading to provide them with a means of earning a living sustainably. The unemployment statistics of Zimbabwe was measured at 4.92% in 2018 and the unemployment rate of the youth was measured at 8.16% (Plecher, 2019). However, depending on various sources, the unemployment rate of Zimbabwe has been estimated to be as high as 95% and as low as 4%, and has been fluctuating since independence in the 1980s (Rusvingo, 2014; ILO, 2016). Given the parlous state of the economy of Zimbabwe, unemployment levels are certainly enormously high and this has driven many people to engage in ICBT for their livelihoods. Since the 1980s ICBT has had a positive impact on traders' livelihoods according to Chikanda and Tawodzera (2017). ICBT addresses crucial livelihood issues leading to positive livelihood outcome in many developing countries more particularly in Zimbabwe. The dollarization of the Zimbabwean economy in 2009 has had a tremendous impact on the growth of the informal sector in general and ICBT in particular thereby contributing immensely to positive livelihood outcomes. Dzawanda et al. (2021) argued that ICBTs in Gweru, Zimbabwe acquired a positive livelihood outcome during the cash economy and dollarization era. According to Marapira (2013) the dollarization of the Zimbabwean economy resulted in an exponential hike in the number of informal vendors in the urban area of Masvingo many of which are ICBTs. Dzawanda et al. (2021) also indicated that the Gweru urban landscape experienced an increase in ICBT during the dollarization era from 2012 to 2015.

However, in 2016, the Zimbabwean economy faced fiscal challenges which resulted in the shortage of the US dollar in circulation, the introduction of Zimbabwean Bond Note and the use of plastic money and mobile payment system. ICBTs depended on the US dollar for cross border trading when it was used as a currency in Zimbabwe in 2009, due to its high value and constant rate on both formal and parallel markets. The cash shortage crisis and extensive use of plastic money and mobile payment system affected the business of ICBTs. Majority of the traders did not own electronic payment ('swipe') machines and it was expensive for them. Within a parallel market, they had to convert plastic money or mobile money to cash (Zimbabwean Bond Note) at a premium rate and then later to a foreign currency, that would be either the US dollar or the currency of the nation that they would be trading with, since cash and foreign currency could not be accessed in formal banks. More so, when trading Zimbabwean Bond Notes for the US dollar in parallel markets, the former was not on par with the dollar. In turn, this placed immense strain on ICBTs when trying to make a profit within the prevailing economic circumstances, thereby affecting the livelihood outcome of their trading.

The extensive use of plastic and mobile money transactions opened new opportunities for the government to tax the informal sector, as each online transaction generates a 2% tax into the government reserves. Many authors (Chibisa and Sigauke, 2008; Makombe, 2011; Rogerson, 2016; Chikanda and Tawodzera, 2017) described the lack of government will as the major setback in the implementation of a variety of support policies for ICBT and this further complicated the situation for ICBTs.

After considering the above, the researcher raised the following questions:

- Does ICBT as a livelihood strategy have the same impact as it had when the US dollar was extensively used in the country and before the introduction of virtual cash economy?
- What are the changing trends in livelihood outcome being experienced by ICBTs as a result of the virtual cash economy?
- What are the economic challenges being faced by ICBTs since the introduction of the virtual cash economy?
- Do those participating in ICBT have the same motivation to continue ICBT despite the changes in currency and are they adapting to the challenges introduced by these changes in trading?
- Does the 2% tax levied on each electronic transaction, have any effect on the business of trading?

From the researcher's preliminary search of the literature on the topic, it would appear these questions remain largely unanswered or at the most partially answered. Therefore, there is a critical need to find the answers to these questions in order to maintain sustainability of ICBT business and to introduce measures, if necessary, that would mitigate the challenges faced by traders due to the now dominant virtual cash economy.

Many studies have been undertaken by different authors such as Kachere (2011), Mwaniki (2011), Chilya et al. (2012), Manjokoto and Ranga (2017), Chikanda and Tawodzera (2017) and Dumbu (2018), Sommer and Nshimbi (2018) and Nshimbi and Moyo (2017) on ICBT focusing on challenges faced by the traders, how this activity has resulted in poverty reduction and the perceptions of traders on banking, albeit virtual in nature. Despite the works of these researchers, a gap in knowledge still remains specifically on the changes in livelihood outcome of ICBT due to the modification of currency that has significant impact on how trading takes

place. There is need to address this gap so that, if possible, future policies can look into this, since it has been noted that ICBT contributes greatly to the economy of Zimbabwe. More so, other countries in Global South which are likely to go through the same transition will be guided on the necessary actions to take to protect ICBT as a livelihood strategy through policy formulation and implementation. It is against this background and realization that this study seeks to analyse the impact of the virtual cash economy on ICBTs livelihood outcome in Gweru, Zimbabwe.

1.4 General aim and specific objectives

1.4.1 General Aim

To analyse the impact of the virtual cash economy on ICBTs livelihood outcome in Gweru, Zimbabwe.

1.4.2 Specific objectives

To achieve the aim specified above, the following objectives guide the research to achieve the aim:

Objective 1: To establish the livelihoods outcome of ICBTs before the increase in the virtual cash economy.

Objective 2: To determine the changing trend in livelihoods outcome being experienced by ICBTs since the inception of the virtual cash economy.

Objective 3: To examine the economic challenges being faced by ICBTs since the introduction of the virtual cash economy.

Objective 4: To evaluate the impact of the taxation on ICBTs livelihood outcome

Objective 5: To develop an ideal ICBTs Adaptable and Sustainable framework that ensures sustained livelihood outcome.

1.5 Justification of the research

Many studies (Kachere, 2011; Jamela, 2013; Muzvidziwa, 2015; Moyo and Nicolau, 2016, Chikanda and Tawodzera, 2017; Gudzinhirai and Tanga, 2017b; Manjokoto and Ranga, 2017; Nshimbi and Moyo, 2017; Sommer and Nshimbi, 2018) have been undertaken on ICBT in relation to their contribution to food security, poverty reduction and challenges they face in Zimbabwe. ICBT is directly affected by the cash economy of the nation since it involves the buying and selling of goods. Henceforth there is need to exchange currency to acquire goods from cross border nations. Studies by (Kachere, 2011; Chikanda and Tawodzera, 2017; Dzawanda et al. 2021) have been undertaken on ICBT during the dollarization era and they revealed that the US dollar contributed significantly to the proliferation and success of ICBT thereby boosting household economic development of informal traders. Given such an argument it is apparent that a change in the cash economy can alter the way in which ICBT operate thereby affecting the trading business not to mention the livelihood outcome of traders. Given the research questions, this research could contribute to an improved understanding of the importance of ICBT to livelihood outcome of traders, and thus will provide all stakeholders with sufficient information to address the challenges that arise from ICBT due to the changes away from a cash economy. By identifying and addressing the challenges experienced by ICBTs in particular and the ICBT in general, all stakeholders would be able to provide a positive contribution in supporting the ICBT, which is a crucial component of the economy of Zimbabwe, as it creates employment opportunities for many and is the livelihood strategy of many households. Thus, by addressing the challenges related to ICBT due to virtual cash economy, both traders and governments can benefit from this economic activity. For ICBTs, a more secure operating environment would likely lead to greater trade opportunities and thus more positive livelihood outcomes; whilst the government, can experience increased revenue.

1.6 Study area

Gweru city is found in Gweru district near the geographical centre of Zimbabwe (refer to figure 1.1) and it lies in the savannah agro ecological region 3 with little rainfall averaging 700mm distributed from November to April (Matsa and Tapfuma, 2015). It is the administrative capital of the Midlands Province, one of the ten provinces in Zimbabwe and it is Zimbabwe's third largest city. It is located -19.45 latitudes and 29.82 longitudes, and it is situated at elevation 1412 meters above sea level. Gweru can have maximum temperatures as

high as 37 degrees Celsius in summer while in winter they can drop to 6 degrees Celsius. Gweru has a population of 158 233 making it the biggest city in the Midlands and majority of people resides in high density suburbs of Mkoba which has 21 Villages or separate suburbs according to the central Statistical Office and based on the 2012 National Census.

Situated along the road and railway between Harare and Bulawayo cities and near the rail spur to Maputo, Mozambique, Gweru has become a busy trade centre. The downsizing and closure of industries like Zimbabwe Alloys Company, Zimbabwe Glass Company and Bata Shoe Company resulted in the loss of many employment opportunities in the formal employment sector of Zimbabwe. Those affected by job losses, turned to the informal sector, more specifically street vending, ICBT, flea markets and tuck shops, urban agriculture and foreign currency trading to improve their household income. As the third largest city in Zimbabwe and the biggest city in the Midlands Province, Gweru has experienced an increase in the number of ICBTs, and this is the underlying reason for selecting this city to address the aim of the study.

1.7 Methodology used in the study

The research employed triangulation methodology whereby both qualitative and quantitative methods and researcher verification and validation, were utilised to collect the data in order to achieve the aim and objectives of the research. Qualitative research design focused on people's opinions, understanding and personal experiences pertaining to virtual cash economy and livelihood outcome from informal cross border trading. Quantitative research model was used in order to quantify and measure social phenomena to come out with statistical graphs to help explain and clarify qualitative data. The researchers observations during the data collection process were used to cross validate the quantitative and qualitative data.

Target population of the study included all the flea markets in Gweru that had a high incidence of ICBT amounting to an approximate total population of 972. Gweru Council officials, private owners of flea markets, money changers at black markets and the leader of the Zimbabwe Cross Border Traders Association (ZCBTA) in Gweru were also part of the target population. A sample of the population was used, method of sampling and sampling types chosen for this study are explained in detail in Chapter Three of this research. Research

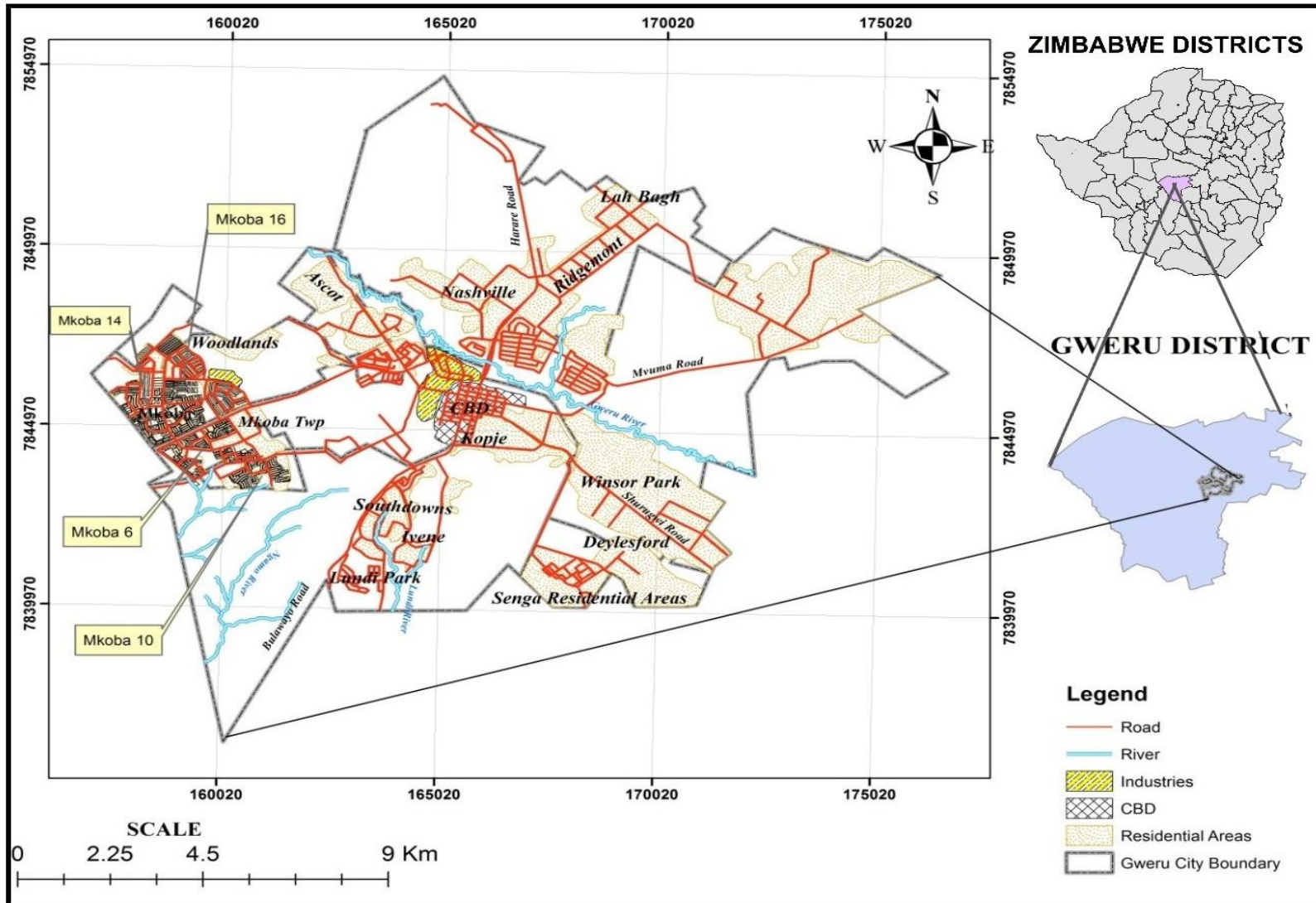


Figure 1.1 Map of Gweru, Midlands Province, Zimbabwe

tools that were used in this study include the questionnaire, interviews, focus group discussions, observations and secondary data. Questionnaires were administered to ICBTs and consisted of both open and close ended questions.

The researcher obtained ethical clearance (Appendix1) from the University of South Africa and also obtained informed consent from all participants in the study after clearly explaining the aim and objectives of the research. Participants were informed that they had the right to withdraw from the study at any time, and that necessary level of confidentiality in reporting the research would be maintained. The thesis was subjected through plagiarism software to determine the similarity index of the work presented in the thesis with existing references (Appendix 2).

1.8 Outline of the research thesis

Chapter One outlines background of the study, problem statement, aims and objectives of the study, justification of the study and the study area. Chapter Two outlines the literature review which is presented in many sub topics covering information on concepts defining the study, theoretical framework and how it is linked to the study. It also explains the livelihood outcome achieved from informal cross border trading and the importance of ICBT to the peoples livelihood. It also outlines the situation of Zimbabwe in relation to informal cross border trading, virtual cash economy and the respective policies. The Chapter also presents the research gap. Chapter Two addresses aim and objectives of the study by providing relevant literature on the objectives from other studies and case studies that are similar to the research and also by providing the research gap related to the objectives of the study.

Chapter Three outlines the methodology of the study, explains how the study was carried out, the instruments used to carry out the study and the justification of the tools, the sample size of the study, ethical considerations and how the data was analysed. This Chapter addresses the aim and objectives of the research by providing the relevant research design and data collection instruments that were used to acquire the relevant data from field. Chapter Four and Five outlines the data presentation. In these Chapters all relevant data collected in the field from different data collection instruments is presented according to the themes from objectives 1 and

2 for Chapter Four and objectives 3 and 4 for Chapter Five. These Chapters address aim and objectives by answering or providing data to the objectives.

Chapter Six provides data analysis and discussion. In this Chapter the data that was presented in Chapter Four and Five is critically analysed, examined and discussed to get meaning out of it. This is also where new information is presented and the research gap identified in Chapter Two is addressed within the context of the aim and objectives of the study. Chapter Seven outlines conclusion and recommendations. This Chapter brings out major outcomes of the study according to the aims and objectives and provides what should be done which can also bring out research gaps for future studies.

1.9 Contribution this research will make to the discipline of Geography

This study falls in the realm of human geography, which is a sub discipline that focuses on people, and the places they live in, why they live in those certain places and how they make a living (King, 2012). Within human geography there are many sub branches which include economic geography, political geography, social geography, population geography among others. This research is necessary in the discipline of Geography as it merges various sub branches and provides a holistic view of the ICBT and how this activity impacts on society. Although this research focuses on ICBT in Zimbabwe, the research can contribute to related global issues facing our society today and would vary from livelihood issues, migration, fiscal policies and trade, and the linkages between them. The discipline of Geography is distinctively placed to contribute to society by providing a holistic and balanced discussion that would be valuable in assisting stakeholders in important policy developments (King and Skeldon, 2010). This research focuses much on spatial trends by involving the process of migration which is a spatio-temporal process in relation to livelihood outcomes. The dynamics of place and space has long been the centre defining framework of both human and physical characteristic of the discipline of geography (King, 2012).

1.10 Summary

Chapter One provided a brief background of research and the aim and objectives together with an indication of the importance of the research in the discipline of Geography and who will benefit from the study. The study generally seeks to assess the impact which was caused by virtual cash economy to the livelihood outcome of ICBTs in Zimbabwe through studying the ICBTs in Gweru urban area. A brief explanation of the methodology used in the research was provided and the outline of the research thesis. The next Chapter provides an explanation and a discussion on literature review in relation to the topic and specific objectives from a general (global level) to a specific (local level) perspective. It also discusses the theoretical framework of the study and explains how it is linked to the study.

Chapter Two: Literature related to the theories of informality, the virtual cash economy, informal cross border trading, livelihood outcomes of traders and respective policies.

2.1 Introduction

Chapter Two outlines the theoretical framework of the study and explains how it is related to the study. It identifies literature related specifically to the research objectives by discussing the topic globally, continentally, regionally, nationally and locally. The Chapter also identifies the research gap within the literature.

2.2 Theory of informality

To understand informality, informal trading and ICBT in particular there is need to know theories of informality which shed light on the complex informal economy phenomenon. Theories of informality are diverse depending on how the informality is viewed (Chen, 2012; Gilboa, 2010; Rizzo, 2016). Theories of informality include the legalist, structuralist, dualist, rational legalist and rational choice.

2.2.1 Legalist theory

Supporters of this theory are of the opinion that the informal sector is created as a result of inefficient and excessive government regulations that make it difficult for businesses to comply with unreasonable (perceived) bureaucracy and for this reason businesses end up being involved in informal activities (Chen, 2012; Hudik, 2019; Chen and Carre, 2020). This approach is closely aligned to the neo-liberal school of thought. The legalist theory argues that there is a need to promote the liberalisation of the economy and in so doing permit the market to control the economy and thus reduce chances of informal sector growth. According to this theory there is a clear distinction between the informal and the formal economies (Jamela, 2013). The informal economy is further perceived in this theory as an occurrence that will ultimately be absorbed by the formal sector once it becomes more efficient and effective. This theory focuses more on the negative side of the informal economy by emphasizing the illegal aspects thereof (Gardener, 2008).

2.2.2 Structuralist theory

The structuralist theory argues that the informal sector is subordinated to the interests of capital development by providing cheap labour and goods (Chen, 2012; Jamela, 2013). The theory recognizes that linkages exist between informal and formal sectors and that these linkages are inter-dependent and inter-connected and in this way makes the informal sector an indispensable component of the national, international and global economy. According to Davey and Valodia (2009) the structuralist approach is influenced by class based assumptions of the neo-marxist economic theories. The Marxist economic theory contends that the poor are exploited by capitalists who focus on advancing their personal financial interests (Chen, 2012; Chen and Carre, 2020). This contention informs the view that those who apply the structuralists theory will often explore the connections that exists between formal and informal sector (Gardener, 2008).

2.2.3 Dualist Theory

The dualist school argue that the informal sector comprise of marginal activities, which are separate from and not related to the formal sector, that provide income for the poor and a safety net in times of crisis (Chen, 2012; Matsongoni and Mutambara, 2018). The theory asserts that the informal sector results from the unavailability of enough formal jobopportunities being created to take up surplus of labour (Matsongoni and Mutambara, 2018; Chen and Carre, 2020). Informal sector is likely to expand when unemployment rates go up, therefore according to this theory the economic crisis is considered to be the booster for the growth of the informal economy. It is identified by the government as one ofthe pillars for potential employment in the country (Chen, 2012). The theory is of the view that once economicgrowth starts to be experienced, the informalsector will automatically shrink and reduce in size (Matsongoni and Mutambara, 2018; Huang et al. 2020).

2.2.4 Rational legalist

This theory combines the legalist theory (refer to Section 2.2.1) and the rational choice theories (refer to the following Section 2.2.5), and argues that before going through the process of formalisinga business, individuals should first consider all the costs involved in formalisation

(Gardener, 2008; Hudik, 2019). This theory attempts to predict the outcome that the informal economy would have on a countries overall economic growth. The theory further includes an explanation on how one's decision can be influenced by the benefits that are offered by the prevailing economic environment and often perceive the informal economy to be a start-up business that will be formalized later and in this way will lead to economic growth (Jamela, 2013). The theory explains how decisions to create a business could be influenced by the constraints of a prevailing economic environment to enter into the informal economy, simply as an attempt to avoid the constraints of formalising a business, and in so doing this choice could result in stagnant economic growth.

2.2.5 Rational choice theory

Rational choice theory is defined as a process through which an individual's choice is grounded in the choice of a preferred viable option amongst other alternatives. The theory provides a valuable framework for understanding economic and social behaviour. In general, the theory describes choice as rational when it is based on reason or drawn on logical inferences. The theory further presumes that individuals constantly act to capitalize on utility after considering the available information on the benefits and costs of such an action (Gardener, 2008; Hudik, 2019; Weyl, 2019). According to Vlaev (2018) the rational choice theory proposes that there are several reasons that inform the decisions of an individual to either formalise a business or to continue the business activities within the informal sector. The supporters of the rational choice theory propose that there are many reasons for entry into the informal sector and these often are a result of factors that range from social (often personal) to economic factors. The rational choice theory argues that individuals make personal choices that enable them to capitalize on the utilisation of the environment they find themselves in (Hands, 2013; Rizzo, 2016; Matsongoni and Mutambara, 2018; Hudik, 2019). Figure 2.1 shows how personal factors or judgement on what is of more benefit to the traders combined with economic factors result in individuals entering either the informal or formal sectors that are considered to be separate entities (sectors).

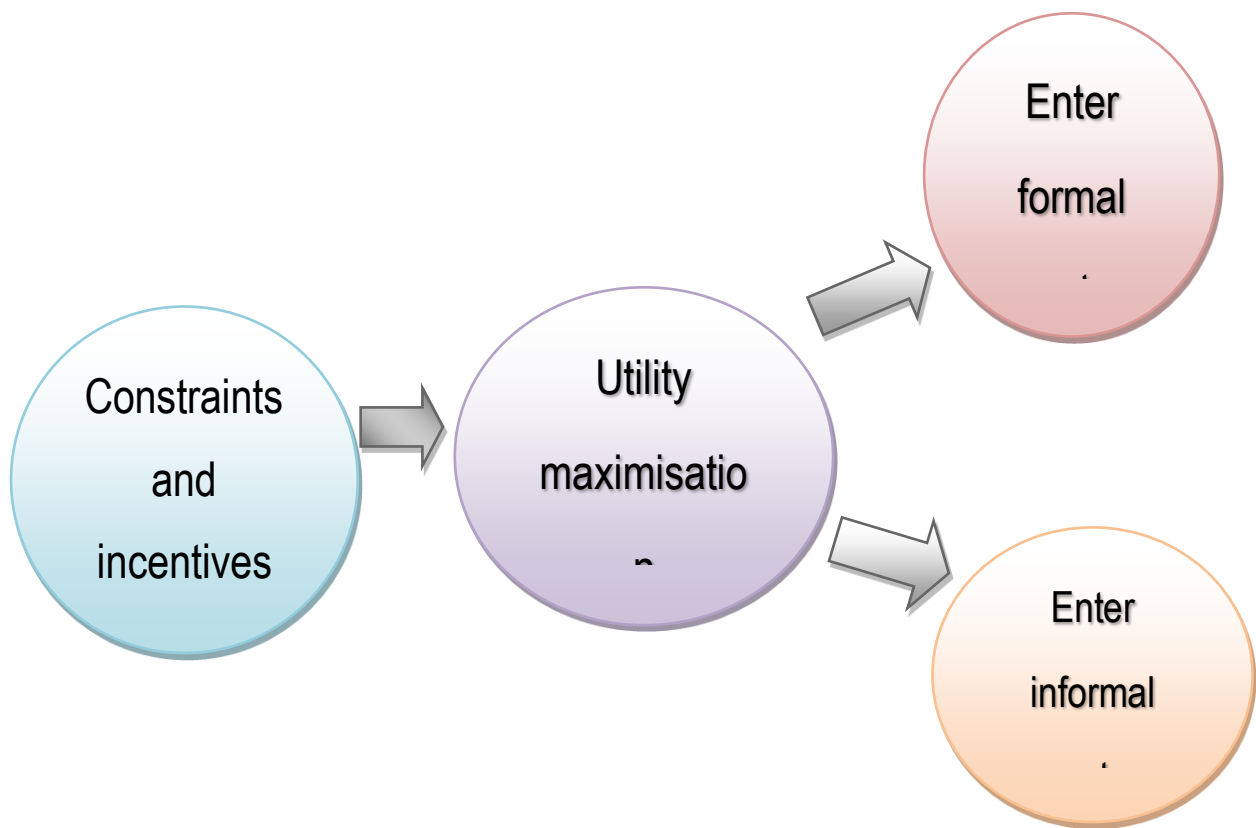


Figure 2:1 Rational choice view of informality (Source: Gardener, 2008)

In the standard view, the theory contends that the procedure of determining what alternatives are on hand and then selecting the most preferred one according to some reliable criterion is fundamental (Lovett, 2006; Hudik, 2019). In this way the theory can be described as an optimization-based approach. When applied to the research in this thesis, ICBTs make an informed choice of conducting their business of trading informally after considering all factors available to them in their prevailing environment, and they come to the conclusion, after conducting a cost benefit analysis, that ICBT is the most preferred option to generate a livelihood. The focal point of rational choice theory is on actors who are perceived as being purposive (Giboa, 2010; Herfeld, 2018). Within the context of this research, it would mean that the traders, in their actions, aim to earn a sustainable livelihood by engaging in ICBT. The major assumption of rational choice theory is that any action by the ICBTs is considered to be purposive behaviour that will provide some benefit for the individual (Aguilar and De Francisco, 2009; Matsongoni and Mutambara, 2018; Weyl, 2019).

Applied to the ICBTs, the theory would contend that the traders in this study have preferences among the wide choice of alternatives available to them and this allows them to select the best option to achieve their goals (Herfeld, 2018). In the context of this study the success of ICBT depends on customers or consumers buying products from the traders in order for the traders to earn a profit. Applied to this research, the use of electronic money transfers have in many ways altered ICBTs original preference on the mode of payment that they would accept from consumers. Lovett (2006) argues that the theory commences with the idea that individuals have preferences and their final selection would be guided by such a preference. Rational choice theory assumes that the preferences are complete, that is, traders can always state an alternative if they consider their preferable choice amongst others (Vlaev, 2018). This implies that they would select the option that is likely to grant them their desired endgoal at the minimal cost. For instance, ICBTs can say they prefer the cash method over electronic money transfers from consumers. It also assumes that preferences are transitive, that is, if alternative A is preferred over alternative B and alternative B is preferred over alternative C, then A is preferred over C (Aguiar and De Francisco, 2009; Hudik, 2019).

The rational choice approach is based on the fundamental principle that sellers and buyers make choices that help them best to achieve their objectives, given all applicable factors that are beyond their control (Hands, 2013; Rizzo, 2016). The fundamental idea behind this theory is that people do their best under prevailing circumstances. In the context of this study “seller” refers to ICBTs selling cross border goods in their country of origin and the “buyers” also refer to ICBTs buying goods in cross border countries and consumers who buy cross border goods from ICBTs in their country of origin. Given the virtual cash economy traders as sellers make choices on the prices of goods and choose the best method of payment from customers that help them achieve their objectives, and in this context the major objective is achieving a positive livelihood outcome. ICBTs as buyers in the cross border countries also make choices on the best type of goods to buy for re-sale to achieve their own objectives, which in this case is significant profit, given all the factors beyond their control. Hence, some individuals have a full set of alternative choices from which they can choose the best option. According to the rational choice theory individuals should foresee the result of different courses of action and choose the alternative that gives them the best outcome (Lovett, 2006).

The theory sees the behaviour of actors as motivated by their needs, wants and goals which in this study are the livelihood outcome of informal cross border trading. The actor is assumed to take into account the likelihood of events, accessible information and potential benefits and costs in determining preferences, and to act consistently in selecting the self-determined best choice of action (Vlaev, 2018). This encouraged rational choice theorists to identify two types of decision making namely, event decisions and involvement decisions. Involvement decisions are those in which alternatives are made to become involved in behaviour or act, and the recoil or continuity from such act or behaviour depend on the weight of benefits and costs of it, while event decisions are those in which the strategies of carrying out an action are determined (Aguilar and De Francisco, 2009; Weyl, 2019). If these strategies are intricate, such course of action or behaviour will not be taken.

ICBTs are rational beings who choose what works best for them in the prevailing environment. This research draws much from the rational choice theory because the study focuses on impacts of virtual cash economy on livelihood outcome of ICBTs which has a lot to do with market like choices. More so, the argument of this study is also anchored on the concept that economic activity of informal cross border trading is embedded in rational choice theory as any person before choosing informal cross border trading, would have weighed the pros and cons of such choice. Given the prevailing environment of the fiscal economy which directly affect trading business the ICBTs will have to make best decisions aimed at achieving their goals in the most possible way given all factors that are beyond their control. That will help explain why ICBTs persist in ICBT despite the difficulties and challenges that may be posed by changes in the fiscal economy.

2.2.6 Conclusion of theories of informality within the context of this research

In conclusion to the section on theories of informality, it is specified that this research will be grounded within the rational choice theory as the theory focuses on the variety of factors that drive one to act informally in order to achieve the main goal of generating a livelihood. More so, this study focussed on the impacts of the virtual cash on livelihood outcome of traders which makes the theory more suitable as it emphasizes on rational decisions of individuals. Rational choice theory was the most applicable theory for this research as it is aligned to the fact that the ICBT is selected as the means to produce specific outcomes/goals that would provide the

ICBTs with the greatest benefit and satisfaction, and that their choice was made from a variety of available option (Hudik, 2019; Weyl, 2019).

2.3 Definitions

2.3.1 Informal cross border trade

ICBT is an activity that entails the buying and selling of goods across national boundaries usually conducted on a small scale with traders that generally operate as unregistered sole traders (Peberdy, 2002; Peberdy et al. 2015; Nkoroi, 2016; Kahiya and Kadirov, 2020). Unlike the formal sector trade, informal trade does not benefit from any preferential tariff agreements. Hence policies such as the Southern African Development Community (SADC)'s protocol on trade of 2000 and SADC free trade area launched in August 2008 does not provide any benefit to the ICBT. ICBT is also defined as involving legally produced goods and services that might escape the government regulatory framework and thus would evade certain taxes and regulatory burdens, thereby partly or fully escaping payment of charges and duties (Ama et al. 2013; FAO, 2017). Such trade can consist of those that pass through official routes yet could be involved in illegal practices and could be those that pass through unofficial routes and in this way would avoid the various custom controls at the borders. These illegal practices include misclassification of products through the classifying of products in such a way as to lower the import tariffs paid and due to the declaration that goods are of a lower value and less in quantity. ICBTs engage in these illegal practices to avoid the charges which are perceived to affect the profit of the business and is in this way aligned to the rational choice theory as the individual chooses to use either an unofficial or official routes, and depending on this choice would be practicing illegality in order to achieve their desired outcome. In this study the desired outcome of ICBTs is improved livelihood outcome which largely depends on increase in income through the profits they acquire from informal cross border trading. More so, the decision to engage in ICBT itself is based on rationality after considering all alternatives to earn a living.

2.3.2 Livelihood outcome

In order for one to understand "livelihood outcome" there is need to first understand the meaning of "livelihood". Livelihood can generally be described as means of supporting or securing the necessities of life. The word livelihood refers to the means by which people make

a living based on a variety of assets, capabilities and activities (WWF Nepal, 2008; Moyo et al. 2016, Moyo and Nicolau, 2016; Khatiwada et al. 2017; Liu et al. 2018; Moyo et al. 2018). ICBT is an activity or a strategy undertaken by informal traders to earn a living. Livelihood outcomes are what household members achieve through their livelihood activities or strategies such as levels of income security, food security, asset accumulation and health in the community according to Mchopa and Jeckoniah (2018). Unsuccessful outcomes include food insecurity, income insecurity, loss of assets, high vulnerability to shocks and impoverishment. According to the rational choice theory in relation to this study “livelihood outcome” refers to the objectives or goals which individuals (ICBTs) want to achieve after making rational choices or decisions. In other words livelihood outcomes are the needs of the ICBTs which push them to engage or to choose this type of business so that these needs can be met. For instance, it is the anticipation that income will be generated that is the driving force behind individuals who choice to engage in ICBT (Chikanda and Tawodzera, 2017; Nshimbi, 2017).

2.3.3 Virtual cash economy

Virtual cash is a form of money that can be considered truly digital and it involves cashless transactions or payments. A virtual cash economy is an emergent economy which involves exchanging money online using internet, mobile banking, debit and credit card machines (Ullah et al. 2014; Manivannan, 2013; Sharma and Kulshreshtha, 2019). In Zimbabwe, the virtual cash economy is mainly dependent on the use of plastic cards and mobile banking and this has been the case since the shortage of cash in the country in 2016. However, it should be noted that the use of plastic cards and mobile banking had also been in use in Zimbabwe prior to 2016, and as such the only difference was that cash was available in the country and cards and mobile banks were mainly used for transferring money and not merely for purchases, however the use thereof was not extensive. However, since 2016 when the cash crisis impacted negatively on the Zimbabwean economy it became mandatory for almost everyone to make use of plastic money (debit and credit cards) or mobile wallets for any kind of business as cash was no longer as accessible as it used to be. In Zimbabwe these are generally referred to as ATM cards due to their major use for withdrawals at Automated Teller Machines (ATM). According to the rational choice theory in relation to this study the emergence of the virtual cash economy is a factor that influences the rational choices made by individuals to achieve

their goals. This is because the fiscal economy has a direct impact on ICBT as trade is largely dependent on it for the success of its business. Hence, any change in the fiscal economy also directly has a significant impact on the outcome of ICBT since it is greatly associated with the need to exchange foreign currency for trading purposes. This means due to the change in fiscal policy, ICBTs had to make rational choices in terms of the forms of payment to use in order to earn profit.

2.4 ICBT and livelihood outcome

Globally, ICBT is informal in its nature and can take place across continents, in a region or sub-region. ICBT is seen as a crucial livelihood opportunity in many global south economies of the world and has a higher occurrence in these economies compared to the developed world as noted by Ama et al. (2014) who asserts that in many global north countries like central Europe ICBT decreased at the end of 1990s. These authors go further explaining that ICBT addresses essential livelihood issues in global south nations particularly in Africa. According to the rational choice theory this is the major reason why this type of economic activity is predominant in global south nations as this economic activity is able to meet the major objective of the people that is to earn a livelihood. Nshimbi (2019a) noted that although ICBTs activities are not captured in official statistics they make a positive contribution to society. Jaleha (2014) indicated that in the absence of ICBT the economic conditions of households in Entikong, Indonesia would be worse, suggesting that ICBT is a vital livelihood strategy in this region.

Mwakisale and Magai (2015) also argue that in Africa ICBT features significantly among individual strategies for self-employment, poverty reduction and wealth creation. In the absence of sufficient formal economic opportunities, ICBT can address crucial issues of poverty alleviation, employment creation and income generation especially for the most vulnerable people (Sommer and Nshimbi, 2018). Therefore, it is certain that ICBT is an activity engaged in by different people to earn a livelihood. According to the rational choice theory ICBT becomes the best option upon which traders choose, from various alternatives, to earn a living.

USAID (2016) asserted that general economic hardships in Southern Africa is a significant push factor that encourage people of all education levels to engage in ICBT as either a wealth

accumulation or a survival strategy. Karama et al. (2017) also states that ICBT has been ongoing for several years and is one of the activities undertaken to supplement livelihoods in continents where the prospects for formal employment are shrinking or are very limited. Chikanda and Tawodzera (2017) argue that in Zimbabwe the post-2000 economic collapse led to the closure of many industries and this provided market opportunities for the further growth of ICBT. All sources cited above agree that ICBT is an activity which people undertake with the aim to improve their livelihood outcomes or to earn a better living. ICBT plays a crucial role as a livelihood of informal traders in employment creation, poverty reduction, income opportunities, education and health services. This is noted by Nshimbi (2017) who argues that ICBT is essential in addressing important issues of income generation, food security and job creation, especially for Africa's most vulnerable people, such as women and youth, who generally make up the majority of ICBTs. More so, a study by Chikanda and Tawodzera (2017) concluded that ICBT is a crucial pillar of the Zimbabwean economy and as such is more than a survivalist strategy.

2.4.1 ICBT as a source of employment

ICBT has been known for its potential to create employment. Karama et al. (2017) postulated that the major key benefit of ICBT is the employment creation potential. The highest unemployment rate in Indonesia encouraged Indonesian traders to engage in informal cross border trading activities, so that they could help in sustaining their family needs (Awang et al. 2013). Being able to gain high profit from the trading activities had encouraged traders to routinely cross the borders. In South Asia, for example, 95% of employed women are in the informal sector, ICBT in particular (UN Women, 2015). Studies from Bangladesh, Pakistan, India, Turkey, Mexico, Korea, Madagascar and other countries found that ICBT increased female employment and wages (Fontana and Wood, 2000; Ozler, 2000; Seguino, 2000; Artecona and Cunningham, 2002; Baslevent and Onaran, 2004; Hazarika and Otero, 2004; Chamarbagwala, 2006; Glick and Roubaud, 2006; Pradhan, 2006; Siddiqui, 2009; Aguayo-Tellez et al. 2010; The World Bank, 2012; Rahman, 2014).

ICBT has been estimated to offer employment to 75% of populations in most African countries according to United Nations Economic Commission for Africa (UNECA) (2010). A study by ILO in 2004 showed that informal trade is the main source of employment in Sub-Saharan Africa providing 60% of non-agricultural self-employment (Mwakisale and Magai, 2015). This

percentage seems to have increased specifically for ICBT as the study by Karama et al. (2017) noted that ICBT offers an estimated 70% employment rates in Sub-Saharan Africa. Mwakisale and Magai (2015) also postulated that in West and Central Africa ICBTs employ an average of 1.2 people in their home businesses. This means the employment offered by ICBT can be in two forms, first one to the traders themselves and secondly these ICBTs can also employ other individuals in their business. Nshimbi (2019a) argued that ICBTs are self-employed hence they create work for themselves and some employ relatives, family members and even other people such as porters and drivers to help load and transport goods. In East African countries, ICBT offered employment to people who were retrenched following economic restructuring by Structural Adjustment Programmes (SAPs) (Mwakisale and Magai, 2015). This means ICBT is a crucial activity which employs people and in turn improves their livelihood since they earn income from it. By serving as a source of employment ICBT becomes a livelihood strategy that people choose to undertake in to earn a living. Given the high unemployment in the formal sector of global south nations as according to Khan et al. (2013), ICBT has served to be the best alternative upon which traders choose from different alternatives to earn a living.

Case studies undertaken by Ayadi et al. (2013) and Gallien (2017) revealed that ICBT is the largest employer in North Africa's borderlands which are characterised by low levels of industry and formal employment. Ayadi et al. (2013) and Gallien (2015) revealed that ICBT between Tunisia and Libya was employing many people who depended on it for survival. A study by Ama et al. (2014) in Botswana indicated that the ICBTs were mainly unemployed and educated which mean that ICBT must have served them as a means of employment after finishing their educational careers. In Malawi, Swaziland, Botswana and Zimbabwe many educated people are involved in ICBT, indicating a lack of formal employment and economic hardships in the region (USAID, 2016). ICBT has generated considerable employment opportunities in Zimbabwe where 90% unemployment rate has been estimated when considering only the formal economy. In 2017, an estimation of 5.7 million people were employed in the informal economy where ICBT is part of according to Karama et al. (2017). A study by Chikanda and Tawodzera (2017) revealed that ICBT played a significant role in Zimbabwe's economy through job creation with 77% of people surveyed in the study indicating that they were in paid positions. Jawando et al. (2012) observed that the major reasons for people's engagement in ICBT are economic reasons due to low levels of employment opportunities in the formal sector. Given the economic situation in Zimbabwe where

employment was difficult to find ICBT turned out to be the dominant activity most people engaged in for survival. Dumbu (2018) argued that Zimbabwe is leading in the phenomenon of ICBT in Southern Africa supporting the argument by Chikanda and Tawodzera (2017) who argued that ICBT is an entrepreneur activity that is well established and accounted for about 30 to 40 % of intra trade in SADC with Zimbabwe being the leader. Henceforth ICBT plays a fundamental role by being a source of employment which ultimately reduces household poverty, complementing African states development objectives in the process.

2.4.2 Source of income

One of the most crucial implications of ICBT is in relation to income. Profitability is typically the principal objective of all business enterprises, without profitability a business cannot survive for a long time according Ama et al. (2013). Profitability is calculated using the expenses and income from the business. This is the same with ICBT for it to be sustained the income must be high compared to expenses due to the profits incurred. For ICBTs to be able to earn a living from ICBT it should provide profits, that is, expenses or investment should be less than the income gained for the business to be sustained. Revenue obtained from informal cross border trade is often the major source of income for families of ICBTs.

Lower prices and costs can increase the profitability of ICBT relative to formal trade (Lesser and Moisé-Leeman, 2009). First, evasion of import and export duties lowers the relative price of informally traded goods allowing informal traders to undercut the formal market and sell greater volumes. Second, avoidance of transaction costs associated with formal trade increases informal traders' margins. These costs include the direct costs of compliance with trade-related regulations (payment of border agency fees, documentation/ certification costs), as well as the indirect costs associated with waiting times and unpredictable procedures at the border. The profit differential between informal and formal trade is very significant in North Africa. Tariff duties levied on formal intra-regional trade are high relative to other regions and this makes ICBT very profitable in North Africa (Verdier-Chouchane et al. 2016).

A study undertaken by Awang et al (2013) on ICBT between Sarawak (Malaysia) and Kalimantan (Indonesia) revealed that Indonesian traders frequently crossed the border to earn higher profits, and they priced higher than they would have in their home countries. In this study some respondents indicated that the estimated monthly average profit was MYR 2,000

(USD500). The Ukrainian-Romanian (Cassidy, 2011), India-Bangladesh (Sikder, 2005), and Uganda (Titeca, 2009) informal cross-border traders also profitted from the price differences across borders. Jaleha (2014) revealed that ICBT participation boosted income and improved the household's economic prosperity in the Entikong region of Indonesia.

More so, a survey undertaken in 2017 of more than 600 ICBTs in Rwanda and Democratic Republic of Congo revealed that ICBT activities provided the main source of family income for three out of four traders (Nshimbi and Moyo, 2017). According to Africa and Ajumbo (2012) a 2009 African Development study on ICBT estimated that 43% of African population depended on ICBT as source of income. ICBT started in the 1990s according to literature and increased in operation since then which makes one conclude that ICBT is profitable and has high income which attracts people to engage in it. For instance, a study by Ama et al. (2013) revealed that the mean monthly profit of ICBT in Botswana was P5554.80 (US \$694). Given this profit and income it was apparent that ICBT played a significant role in increasing the income levels of ICBTs thereby improving their livelihoods. More so, Winston (2009) argued that income generated from ICBT in Myanmar, South-east Asia had become one of the major sources of income in the country.

Nkoroi (2016) asserted that ICBTs in Kenya obtained a monthly net income, on average as estimation, equivalent to more than five times the minimum salary waged in the formal sector. These findings were similar to the findings of Tekere et al. (2002) cited in Nkoroi (2016) between South Africa, Zambia and Zimbabwe where it was concluded that ICBT provided an opportunity for unemployed people to earn an income significantly that was higher than the minimum salary in the formal sector. More so, in the study Nkoroi (2016) 85 percent of respondents indicated that the major reason for engaging in ICBT was to earn income since it was their major source of livelihood for survival. Aligned to the rational choice theory this would be the reason why most people choose ICBT amongst all other alternatives as a livelihood option. Ogalo (2010) argued that judging from the monthly values of income of traders from ICBT in East African Countries (EAC), most of these participants survived on more than US\$ 2 a day which a number of them would never have earned in formal employment considering the shrinking economies of EAC at the time.

Increase in income has a multiplier effect on the livelihood outcome of ICBTs as they utilise this income to cover necessities. Karama et al. (2017) asserted that ICBT income expenditures on education, health and food and nutrition made a positive contribution to livelihood outcomes. According to Ama et al. (2013) many families depended on income from ICBT for school fees and other expenses. Mwakisale and Magai (2015) stated that income earned from ICBT in Tanzania was used to meet requirements at household levels and include accommodation, improved social services, acquisition of clothes and services to name a few. In Zimbabwe ICBT was known for providing income to poor households and playing a vital role in the well-being and upkeep of many families (Gudzinhirai and Tanga, 2017a). All those cited above agree that ICBT provided a source of income for ICBTs however they failed to explain how this income could be affected given changes in the fiscal economy facing the world due to technology especially in global south nations. This gap in knowledge is what the researcher aims to cover in this research.

2.4.3 Poverty reduction

When basic requirements are met by income accrued from ICBT the outcome is an improved living standard for people leading to poverty alleviation. Africa and Ajumbo (2012) argued that income gained from small scale trading was a key in poverty reduction. Nshimbi and Moyo (2017) noted that ICBT played a crucial role towards the achievement of the continent's poverty reduction and structural transformation objectives contained in the African Union's Agenda 2063. Brenton et al. (2014) stated that in Africa informal trade was essential for welfare and poverty reduction, as the poor were actively involved in trading of goods and services across African borders. This could imply that most ICBTs were poor and this could be the reason why some avoided passing through official routes and the payment of taxes and other import charges, as these charges were costly to them and negatively impacted on an already small profit margin. Mwakisale and Magai (2015) asserted that ICBT played a significant role in poverty alleviation by meeting necessities which were critical issues intimidating most people in Tanzania. In Malawi all the ICBTs interviewed stated that they could provide basic requirements for their households, thereby leading to poverty alleviation according to USAID (2016).

Ama et al. (2013) argued that ICBT was observed as a drive back of the frontiers of poverty in Botswana as households engaging in ICBT were able to support their families using their income

they derived from ICBT and thus enabling poor families to increasingly lift themselves from poverty. The authors went further to state that income earned by ICBTs was higher than the prevailing official poverty threshold. In Zimbabwe the majority of people took part in ICBT with the purpose of lifting themselves out of poverty and ensuring household food security (USAID 2016). In the past ICBT was more reactive to food crises and economic shocks when compared to formal trade (Africa and Ajumbo, 2012). It is agreeable that ICBT was crucial for poverty reduction as it improved the lives of the poor and the unemployed in society as noted by different authors. However, it is vital to know whether the livelihood outcome of ICBT will continue to exist given changes in the fiscal economy that it largely depended upon for trading purposes. This research will attempt at contributing to this body of knowledge.

2.4.4 Source of revenue

ICBT contribute significantly to the revenue of countries where it is practiced and this revenue is later used to provide services to the people. Nshimbi and Fioramonti (2013) asserted that in the SADC region ICBT produced roughly US\$18 billion per year, accounting for up to 40% of intra-SADC trade. A study undertaken by the United Nations in 2012 estimated that nearly three quarters of ICBTs contributed to revenue of governments through payment of license and duty fees (Nshimbi and Fioramonti, 2013).

However, on the other hand, from a finance, law, and national accounting point of view, ICBT can lead to lower government revenues as a result of the unrecorded activities, which occur outside the country's regulation or taxation frameworks (Bernabe, 2002). More so, a study undertaken by Gallien (2017), on ICBT along the northern part of the Morocco-Algeria border, revealed that despite the border's closure to formal trade in 1994 a thriving smuggling economy remains active. With a thriving smuggling economy there is no way a government can gain revenue from ICBT. In this sense, ICBT undermines the government's ability to intervene in the economy, provide social security, and invest in public goods. ICBT erodes government revenues due to both the customs duties and value-added tax forgone. Ayadi et al. (2013) estimated that the loss of public revenues due to ICBT in Tunisia is significant at 1.2 billion TND (approximately one sixth of total customs duties collected). Therefore, there is need for governments to consider formalisation of this sector so that they can also benefit from revenue collection whilst at the same time the ICBTs benefitting from services provided by the government.

2.5 The diversity of virtual cash economy globally

Ullah et al. (2014) defined the virtual cash economy as an emergent economy that involved the exchange of money online by using the internet, mobile banking and/or debit card machines. Virtual cash replaced the cash currency as the former is an electronic representation of monetary value. In a cash-based economy, the predominant mode of transfer is cash but in a virtual cash economy the society is generally cash currency starved.

Sultana and Hasan (2016) argued that the record of financial innovations, and specifically, means of payment, is inherently related to economic progress. The authors went further to explain that this is a two-way relationship where historically the development of payment systems favoured economic growth. A reverse link was produced such that the modernisation of payment systems was forced by the economy. This is the major reason why many nations have done away with cash transactions due to advanced technology economic development. In Sweden, for example, financial institutions and stores started the initiative of not processing cash transactions as some bank branches and many stores refuse to accept cash (Patel and Amin, 2012). More so, Israel announced severe legal restrictions for commercial transactions using cash in an attempt to fight tax evasion. However, although this may be true for other nations, for countries like Zimbabwe such financial innovations were not intrinsically linked to economic progress. Rather it significantly impacted on the economy and in particular affected the business of ICBT which largely depends on a strong and stable fiscal economy for it to operate successfully.

However, a study undertaken by Jaleha (2014) in Entikong region, Indonesia revealed that the informal work is more resilient against economic crises than the formal work. As a matter of fact during Indonesia's monetary crisis in 1997, Entikong did not experience its negative impacts (Jaleha, 2014). Instead of loss and economic struggles due to the depreciation of the local currency, the border residents experienced advantages from their cross-border trading activities since in this area foreign currency is used as the means of exchange. The foreign exchange attracted local traders as they saw the opportunity to market their goods in Malaysia. Therefore, Entikong was recognized as "the area without the economic crisis" (Siburian, 2002; Raharjo, 2013).

2.5.1 Plastic Money

Patel and Amin (2012) asserted that debit cards, credit cards and ATM cards all fall in the category of plastic money. Plastic money, more specifically debit or credit cards are used as a substitute to cash when making payments for goods and services (Mukaria, 2018), and in this way facilitates a process of disbursement in the exchange of goods and services to lessen the handling of cash by reducing cash transactions (that is, making the payment system cashless). Credit and later debit cards were introduced in the 1900's when the first plastic card was used in the United States of America (Sharma, 2012).

While plastic cards were introduced and highly adopted in global north countries decades ago, their introduction in the global south countries was slower due to some challenges in their adoption and thus general use by the population (Sultana and Hasan, 2016). For example, when plastic money was introduced in India they were not popular among Indian consumers at the time of their introduction, and thus resulted in a continued dominance of cash transaction in Indian consumer expenditure (Mukaria, 2018). Ullah et al. (2014) stipulated that despite introducing plastic money in Pakistan in 1990, transactions related to debit and credit cards are fewer than cash exchange even after two decades from its introduction. Americas Market Intelligence (AMI) (2018) revealed that in Latin America the credit card, in many ways, is not yet considered a payment method. It is instead a form of access: access to finance, rewards and inspirational lifestyle. The credit card is comfortably positioned for high-ticket transactions, not for everyday purchases. To illustrate, credit card spend made up only 11% of Brazilian consumer spending in 2017, while in Mexico it accounted for a mere 4% (AMI, 2018). Despite banking advancements throughout Latin America, cash remains unequivocally the foremost payment method, particularly in Mexico, Colombia and Peru. Cash represents 70% to 97% of all retail purchases in the region (AMI, 2018).

2.5.2 Mobile or telephone banking

Mobile banking refers to a variety of mobile phone based financial transactions that includes using a mobile phone to access a variety of banking services, including payments (Banda, 2011). Christensen (2012) defined mobile banking as the availing and provision of banking services with the assistance of mobile telecommunication devices. Mobile wallets have become

one of the vital financial facilities for making payments electronically (Sharma and Kulshreshtha, 2019). According to Sardar (2016) mobile wallet is simply a mobile application users download onto their mobile phones, consumers then register on the application and are then able to raise fixed amounts of money and recharges with the service provider. This application thus functions as a virtual wallet for performing cashless payments.

AMI (2018) indicated that Apple Pay in the US represents 90% of all mobile payments. A study undertaken by Evans and Pirchio (2015) revealed that 8 countries in the Global South had launched mobile money schemes with success and amongst these 7 countries were found in Africa. These countries were Bangladesh, Cote D'Ivoire, Kenya, Rwanda, Somaliland, Tanzania, Uganda and Zimbabwe. However, the same study revealed that mobile money schemes had failed in countries like Nigeria, South Africa, Mexico, Haiti, Madagascar, Indonesia, India and Burkina Faso. From this study it is clear that many success stories of mobile money schemes in the global South were experienced in Africa region. Kufandirimbwa et al. (2012) found that the use of mobile banking was more prominent in Africa when compared to other regions of the world and further found that the impact of mobile banking was changing the very essence of banking in Africa. This notion is supported by Christensen (2012) who estimated a total of 52% of payments using mobile phones around the world were derived from Africa. The high rate of mobile money penetration in Africa is mainly attributed to the high number, particularly rural population, which did not have bank accounts (Kufandirimbwa et al. 2012). A good example is the "M-Pesa" mobile payment system that was launched successfully in Kenya in 2007 and later exported to other regions in Africa (Kufandirimbwa et al. 2012).

Cross-border payments for trade-related transactions and two key areas of migrant remittances are the major causes for the demand for mobile banking services in Southern Africa (Christensen, 2012). Although ICBT is commonly associated with economic activities that are legal but unregulated, the use of mobile banking in transactions is convenient (Christensen, 2012).

2.5.3 Electronic funds transfers (EFTs)

This refers to the electronic transfer of funds between a buyer, seller and their relevant financial institution (Brooks, 2011). EFT permits parties to transfer money from one account to another substituting cash collection procedures and traditional cheque writing. In other words it can be

argued that EFTs involves the exchange of funds or money electronically. With raised interest in internet business, more and more businesses and customers have started using EFTs services although they have been available for about two decades (Singh, 2009). Electronic payment systems can be classified into two categories which are online electronic cash system, smart cards based electronic payment system, electronic cheque and online credit card payment system Bohle (2002).

2.6 Challenges of virtual cash economy

2.6.1 Lack of vibrant plastic money infrastructure

Sultana and Hasan (2016) in their study of plastic money in Bangladesh stated that the complacency of using plastic money can be directly related to the lack of relevant technology especially in terms of the plastic money infrastructure at purchase points. However, a study undertaken by AMI (2018) revealed that in Latin America more than half of consumers are underbanked and up to 90% of retail payments still take place in cash. Almazan and Frydrych (2015) also revealed that, despite efforts to deepen financial inclusion, approximately half of all adults in Latin America and Caribbean remain unbanked ranging from more than 80% in Haiti and Nicaragua to less than 35% in Brazil, Jamaica and Costa Rica. This means that the major setback is that many customers do not own a bank account and as a result the use of plastic money becomes a challenge. More so, AMI (2018) revealed that on the card acceptance side, low POS terminal penetration contributes to low plastic usage. POS terminals have infiltrated the region's modern retail establishments. But in small neighbourhood stores (where over half of retail spend is conducted), POS penetration is negligible. In Brazil, the most advanced country in Latin America for card acceptance; there are 2,438 POS terminals per 100,000 people (compared to 4,223 POS terminals per 100,000 people in the US) and in Colombia and Mexico, these numbers reach only 500 and 681, respectively (AMI, 2018). This means in Latin America negligence to the use of plastic money is the biggest challenge.

Mukora (2017) asserted that the major challenge is that Zimbabwe does not yet have vibrant plastic money infrastructure to assist all the needs of plastic money users. In the formal sector some businesses do not have point of sale (POS) machines (including swipe machines) hence they still rely largely on cash for payments from their customers although the availability of cash in the country is limited. One should consider that if a business in the formal sector is not in a position to obtain a POS machine, it can be assumed that those involved in the ICBT in

particular and the informal sector in general would largely depend on cash payments. This factor, according to the rational choice theory, largely influences the choice that traders would make in their preferred method of payment from customers due to lack of POS facilities, and the ability (or inability) of the customers to transact in cash would in turn have an impact on the success of the ICBT business.

2.6.2 Network problem

In Pakistan transactions or purchases done through use of plastic money have been largely affected by poor banking services and network according to Ullah et al. (2014). The authors further stated that mostly on weekends, any special occasion and beginning of the month, the number of transactions is higher resulting in higher traffic on the network, and this sometimes slows down the access to the internet, or in some instances results in the network going offline. In instances when access to the network is slow or impossible, the implication is that no transactions are possible when plastic money is the only way to transact. Taheem et al. (2016) in their study also noted that one of the challenges that inhibited the approval of mobile wallets by a number of people were the prevailing poor network connections. In Zimbabwe, the traders that do own POS machines are often hampered by networks that are offline and this negatively impacts on the running of business (ZIMCODD, 2016). Practically, when networks go offline or are slow, potential customers are not able to purchase their goods until the POS machines go back online and this imposes a major inconvenience for traders and customers in the ICBT. In cases where mobile banking is used the network of the service providers can be intermittent, and customers who would want to use this mode of transaction are not able to do so, resulting in loss of sales for the traders. The challenge of networks that go offline or are intermittent is further aggravated when using inter-bank electronic transfer which can take days or even a week before the successful transfer is reflected in the receiving (traders) account, while in normal situations it should not take more than two days to process such transactions. All these act as hindrances to the success of ICBT since transactions need to be immediate at point of sale, and the aforementioned challenges negatively impact on traders certainty that monetary money will be received for the goods, albeit, at a delayed rate.

2.6.3 Extra charges and increase in commodity prices

An additional challenge in the use of plastic money is that this type of transaction could result in an increase of the prices of products that in turn would affect the turnover of goods in the market. Firstly, the bank charges are incurred when using plastic money to purchase goods, traders transfer the costs of these transactions by raising the price of goods and this practise discourages customers. Ullah et al. (2014) argued that in Pakistan many respondents showed negative attitudes towards plastic money use due to the increase in price of goods if they utilised plastic money as opposed to a cash transaction. The respondent in the research in Pakistan further explained that bank charges related to plastic money are not transparent and these charges, perhaps hidden charges, are always included in the cost of the purchased good. Taheam et al. (2016) argued that premium pricing was another challenge that hindered the approval of mobile wallets by a number of people.

More so, when customers are using cash to purchase products the price remains the same, however, on cashless transactions when using mobile money or POS machines retailers charge extra money (Gwanyanya, 2017). ICBT have also engaged in the system of increasing the price when it involves cashless transactions, and this has discouraged customers. The major reason for the extra charge on cashless transactions is that traders would later want to change the plastic money into cash when crossing borders for trading and they would then be charged more money when exchanging cash in parallel markets. According to the rational choice theory an individual always prefers option *A* over option *B*, which is why ICBTs prefer selling their products in cash rather than through plastic or mobile money due to the extra charges involved with using the latter.

ICBTs need foreign currency to import goods into the country. The major challenge faced by ICBTs when exchanging currency is the charges charged by foreign exchange traders at parallel markets which in turn affect the profitability and income of the business. A study by Alouch (2014) in Kenya revealed that ICBTs complained about the high charges when exchanging currency. In Zimbabwe, however, the inaccessibility of foreign currency poses a big challenge to them especially given that the Zimbabwean Bond Note replaced the US dollar. Phiri (2017) argued that although RBZ said that the Bond Note should be at par with the US dollar however, the informal traders still face challenges with the exchange rates as in parallel market this is not necessarily the case. Worse still, when the money is in plastic form exchange rates are higher when traders want foreign currency. More so, when using plastic money there are certain bank charges and mobile money costs during transaction that in turn affect the profitability of

the business (ZIMCODD, 2016). Sommer and Nshimbi (2018) noted that insecurity in financial related matters is one of the challenges faced by ICBTs in their business.

2.7 Policy making, taxation and ICBT

Given that policymakers in African governments commonly consider ICBT as an illegal activity, the possibility and scope for developing ICBT linked finance opportunities have not been sufficiently considered (Afrika and Ajumbo, 2012). Gauthier (2009) noted that the cross-border trade of used clothing between US-Mexico borders had little support from public policy. As a result the importation of used clothing that occurred was through a complex system of smuggling, which is locally called *fayuca*. Although used clothing was a restricted import in Mexico, it was sold everywhere in urban markets and this shows the importance of this ICBT to the livelihoods of the traders. Aung (2009) also argued that although the Myanmar government has promoted formal/official crossborder trade, informal cross-border trade activities have still been significant due to a number of factors, in particular the complexities of the trade licensing system. Such a lengthy process in trade licensing and restrictions on imports and exports imposed from time to time, depending on the market and economic situation in Myanmar, have led to increased informal cross-border trade activities. This means that governments have not fully taken action to fully support and incorporate ICBT into formal economy and this gap needs to be addressed.

Generally investment in formalisation (firm registration, regulatory compliance, production upgrading) is costly (Timmis, 2017). Even when the return on this investment is net positive, most ICBTs cannot access credit because they are individuals lacking tangible business assets. Equally, information on regulatory requirements (quality standards and customs documentation) and formal market opportunities, as well as the skills required for compliance/access, are often difficult for ICBTs to obtain. These supply-side constraints are significant in North Africa (Gatti et al. 2014 and Timmis, 2017). For example, a 2008 survey of micro- and small- firms in Morocco and Egypt by World Bank found that a lack of capital and information were among the biggest obstacles to formalisation for ICBTs (Gatti et al. 2014). There is need for policy makers to look into this when formulating policies and provide conditions of formalisation that can be met by all ICBTs.

More so, the governments in Kenya, Somalia and Ethiopia, have generally overlooked the economic importance of ICBT, and according to Getu et al. (2014), this is due to lack of information on the economic contribution of ICBT. As a result of overlooking this economic activity, that takes place in the region, it does not receive the policy support that is relative to its contribution to the economies of the respective countries (Getu et al.2014). Some countries criminalise ICBT treating it the same with the way they treat underworld activities such as trafficking in small arms, drugs and humans (Nshimbi, 2019a)

Within the case of the SADC Region, the Zimbabwe Business Directory (2017) argued that this region has expressed the strategic intent of promoting political, social and economic integration, however in contradiction Africa Union policies and the Agenda 63 that promotes inter-Africa formal trade, is silent on their position related to ICBT. The Directory further asserted that SADC protocols do not articulate on the provisions of ICBTs, yet it seeks to abolish illegal trade within communities. Given all the contributions discussed in this Chapter of informal cross border trade to the betterment of a nation's economy, particularly in Zimbabwe, and the estimated number of people operating in this sector it is apparent that there is potential for this type of trade to produce more meaningful resource base if strongly supported by policy makers. ICBT must be conducive to the policy environment, have various support mechanisms and this will enable traders to create a sustainable livelihood outcome around this economic activity.

If appropriately harnessed, ICBT has the potential of supporting on-going efforts of Africa in terms of poverty alleviation (Afrika and Ajumbo, 2012) and in turn this can help achieve Sustainable Development Goal (SDG) 1 and 2. Sommer and Nshimbi (2018) noted that if supported ICBT can offer significant opportunities in terms of value addition, the development of competitive cross border value chains and economic diversification. As a point of reference, China and India holds the largest number of Small and Medium Enterprises (SMEs) that includes ICBT in the world, with the sector accounting for 40% of India's employment rate and the necessary support is provided to the sector by the government (ZIMCODD, 2016). Sommer and Nshimbi (2018) noted that ICBTs face many challenges that prevent the full developmental potential of ICBT from being realised. This is why ICBTs of Southern African Development Community have called on their respective governments to introduce flexible ICBT policies and in this way eradicate the political and socio-economic challenges, the reduction of miscellaneous import taxes that presently restrict ICBTs from participating

successfully in the economic growth of their nations (Zimbabwe Business Directory, 2017). The widespread credence that ICBT should be criminalized highlights the failure of policy makers to fully comprehend ICBT as a relevant economic activity that potentially has a positive impact on regional and national economies. For instance, the Zimbabwean government, through the rebate policy, has erred in the manner it is trying to generate revenue from ICBTs while at the same time not nurturing nor providing for a conducive environment for the activity (SARDC, 2008). Some international financial institutions and corporations, other African governments and Zimbabwean government in particular consider ICBTs as an anathema which renders them to offer no little or no support to the traders.

To move forward, it is vital for African countries to fortify ICBT data collection and analytical competence in order to successfully determine ICBT's contribution to their own economies and design suitable policy responses (Afrika and Ajumbo, 2012). Therefore, research and data generation on the role of CBT, principally ICBT, in the region is critical to foster well-versed policy making (Getu et al. 2014). This study is not an exception to this as it will help policy makers on how they can assist ICBT to boost their trading business under prevailing economic challenges. Since ICBT remain side-lined in the economic plans by policy makers they are bound to suffer the most under any serious economic challenges thereby significantly affecting their livelihood outcome and undermining the economic benefits which they bring to the nation at large. A study undertaken by Aung (2009) in Myanmar revealed that existing trade policies should be tilted to incorporate measures favorable to the poor, so that ICBT can not only contribute to economic development but also to poverty alleviation, opening up more opportunities for the ethnic minorities and disadvantaged in the border areas.

Many global south nations started showing an interest in taxing small-scale traders in both the policy arena and academic literature (Dube and Casale, 2016a). In Zimbabwe, the government has shown a lot of interest to tax this sector of the economy through different initiatives despite the fact that it does not offer support to maintain or grow the sector. This interest emanated from the significant rise in the number of informal small scale traders and a decrease in formal tax revenue due to slowdown in economic activities (Bird and Zolt, 2008; ZIMRA, 2016; Munjeyi et al. 2017; Ligomeka, 2019). It has been noted by Medina and Schneider (2018) that 60.6% of Zimbabwe's economy is engaged in small scale businesses, making it the second largest informal sector as a percentage of its total economy in the whole world. Ligomeka (2019) argued that flea market traders pay taxes through the payment of their market fees,

storage fees, bribes, toilet fees and custom duty. Custom duty is a formal tax paid by the ICBTs for the importation of goods into Zimbabwe and it depends on the type and value of goods imported. However, it should be noted that very few ICBTs pay this form of tax since a large percentage of them smuggle the goods using the settling drivers that they refer to as “*Omalaitscha*” (Ligomeka, 2019). The tax which the majority of ICBTs in Zimbabwe pay is the presumptive tax on rental fees. City Councils and private owners of flea markets charge rental fees that include the presumptive tax which is supposed to be remitted to ZIMRA (Dube and Casale, 2016b; Ligomeka, 2019). The presumptive tax is simply 10% of the rental fee.

The government of Zimbabwe with time noted that majority of the informal sector was now operating in streets as street vendors evading payment of rental fees. More so, with the extensive use of the virtual cash, the government decided to find ways of taxing the informal sector through the online transactions. It then introduced the 2% tax per each online transaction performed by any individual. Although this method literally targeted everyone its major aim was to include the informal sector in payment of tax since it is the sector with business that is unaccounted for hence difficult to tax. This meant that even the ICBTs were not exempted from this.

2.8 The Zimbabwean Situation

2.8.1 Introduction of virtual cash economy in Zimbabwe

Like many other countries the Zimbabwean government together with the financial sector, have been searching for ways to promote the use of plastic money (Dube et al. 2009). Originally, the country had been turned into a cash economy as a result of lack of confidence in the banking sector specifically due to low interest rates, high bank charges and historically unfavourable banking systems during the hyperinflationary period. Dumbu (2018) argued that the public had lost confidence in banking since many people lost their savings and earnings during the economic chaos in 2008. The economic chaos of 2008 encouraged the Central African Building Society (CABS) and the Standard Chartered Bank Zimbabwe Ltd to signal the beginning of the use of plastic money in Zimbabwe through the installation of automated teller machines (ATMs) (Dube et al. 2009).

There are two major platforms from which the plastic card system operates in Zimbabwe, that is, ATMs and point of sale (POS) (Kavu, 2012). The plastic card based system has institutions

which issue or acquire the cards and these institutions are mainly banks which issue cards for use at POS terminals and ATMs. Kavu (2012) asserted that institutions which issue or acquire cards are the ones that possess the ATMs and POS terminals which facilitate the processing of the transactions through the switching system electronically.

There are two switching systems in Zimbabwe which are Zimswitch and Visa. Visa covers both foreign and local transactions whereas Zimswitch is a local switch (Dube et al. 2009). Transactions done through these switches allow card transactions from one member bank to be done on another member bank's infrastructure. Debit and credit cards which are functional online dominate the Zimbabwean market (Kavu, 2012). Debit cards are the plastic card products most operating in Zimbabwe which permits access to funds through POS terminals and ATMs. Credit cards include MasterCard and international Visa offered by banks such as Standard Chartered Bank, Central Bank of Zimbabwe, Steward Bank, National Merchant Bank and Zimbabwe Bank.

The use of plastic money in Zimbabwe has always remained slow in spite of the expediency that it brings to the business community and customers (Dube et al. 2009; Nkululeko, 2018). Electronic funds transfer, personal computer banking and recently internet banking are other forms of electronic innovations that have found their way into Zimbabwean banks (Dube et al. 2009).

2.8.2 Virtual cash economy and informal cross border trading during multi-currency era in Zimbabwe

As early as 2002, Zimbabwe faced a multitude of financial problems. The result was that, many banking institutions began to fail while some were placed under curatorship (Matanda et al. 2018). During the phase of 2007 to 2008 the condition worsened reaching a first-time record hyperinflationary rate of 89.7 million percent in November 2008 (Madzokere and Matanda, 2015; RBZ, 2009; Nkululeko, 2018). This led to the loss of the role of Zimbabwean dollar as a medium of exchange and eventually its demonetisation in February 2009 (Kramarenko et al. 2010; Matanda et al. 2018). The demonetisation of the Zimbabwean dollar was followed by the introduction of the US dollar and other currencies as medium of exchange (Pasara and Garidzirai, 2020). The use of the US dollar by Zimbabwe as its own domestic currency was not only unique to Zimbabwe since many countries, for instance, El Salvador, Ecuador and

Argentina have also used US dollar as their own domestic currency (Chigome, 2015; Matanda and Madzokere, 2015). This move by the Zimbabwean government of unity, which was in operation during that period, was successful in bringing down the hyperinflation rate to a single digit of 6.126% by end of 2009 (Matanda et al. 2018; RBZ, 2009). The period between 2009 and 2012 experienced gradual progress in the liquidity and development of the economy. The Monetary Policy Statements of Reserve Bank of Zimbabwe recorded that the country experienced growth rates of 5.7% in 2009, 8.1% in 2010 and 9.3% in 2011 (RBZ, 2015). However, bank account user numbers and bank usage dropped, nine banks collapsed in Zimbabwe between 2012 and 2015 failing to recover from the introduction of the US dollar as according to (ILO, 2018b).

After the Zimbabweans experienced hyperinflation and the associated threats and challenges, the adoption of multi-currencies by fiscal authorities brought relief to the society (Kaseke, 2012; Matanda et al. 2018). The adoption of multi-currencies introduced currencies that carried better value for the consumers. This use of multi-currencies was unique in Zimbabwe since most nations normally adopt one currency as according to Buigut (2015). The use of multi-currencies provided significant economic advantages to the ICBTs, specifically due to the availability and ease of access to the currencies of the neighbouring countries that they trade with. The first currencies adopted in a multi-currency system in 2009 were the Botswana Pula, South African Rand and US dollar (Mahiya and Gukurume, 2015). In 2015 the Chinese Yuan was also included in this system. However, despite this wide range of currencies the US dollar dominated the market, and this choice, created a dollarized economy in Zimbabwe. During the multi-currency era, South African Rand also remained active as South Africa is the largest trading partner with Zimbabwe (Mahiya and Gukurume, 2015). It should be noted at this point that although multi-currency was in use in Zimbabwe, all mobile operators and the majority of banks noted that their currency of choice was the US dollar, but at the same time did not block other currencies. This was evidenced through the conversion of other currencies to match the pegged USA pricing system when consumers used other currencies (Mahiya and Gukurume, 2015). Thus despite this era being referred to as the multi-currency era, it should be noted that the US dollar still dominated the market.

During the multi-currency era cross-border electronic Automated Teller Machine (ATM) card system were introduced by the Zimbabwean banks in an attempt to ease the challenge of ICBTs in carrying huge sums of money. Zimbabwean cross border shoppers, under this service, could

load their ATM card with the South African Rand or the US dollar in Zimbabwe and when in South Africa were able to utilize the ATM card to withdraw the money without having to make use of informal money changers on the parallel market, as has been the case thus far (Chiliya et al. 2012). The problems related to carrying large sums of cash and the related currency exchange rates in parallel markets were mitigated by the use of ATM cards. However, Banda (2010) noted with concern that efforts by the Zimbabwean banks to introduce ATM cards were not well received by ICBTs. Kaseke (2012) noted that given the markets past attachments to cash transactions above plastic money within the hyperinflationary Zimbabwean dollar era, it would go without saying that the uptake of plastic money by the Zimbabweans would be slow. Kaseke (2012) further asserted that banks had long been experiencing economic and technological challenges associated with the high cost of installing and acquiring both POS and ATM equipment. As such it has remained difficult to operate the card based payment system in Zimbabwe. Customers have thus been discouraged by the lack of infrastructure and effectiveness of the use of plastic money in Zimbabwe.

Mobile money which is merely the capacity for cell phone users to shift money from one subscriber to another and withdrawing cash from allotted mobile money agents, has significantly assisted Zimbabwean people during the multi-currency era in accessing cash from mobile money agents at any time without waiting for long bank queues to access cash. There are three main mobile operators in Zimbabwe namely *Telecel*, *Net one* and *Econet*. Biriwasha (2011) argued that *Econet's EcoCash* had network of over 1000 agents, that provided quick, secure and easy money transfer from one cell phone to another. This infrastructure made it the largest and the leading mobile network operator and transfer institution in Zimbabwe (Nkululeko, 2018). *Telecel* and *Netone* mobile money services had struggled to expand mostly as a result of the reality that the majority of mobile subscribers were on the *Econet* network. More so, the other reason for lack of expansion of *Netone* and *Telecel* mobile operators are that the majority of people in Zimbabwe have little faith in the services provided by the government since these two mobile operators is government controlled (Mahiya and Gukurume, 2015). Banda (2011) asserted that with an unbanked population of 70%, Zimbabwe was conducive for

the propagation of mobile money banking.

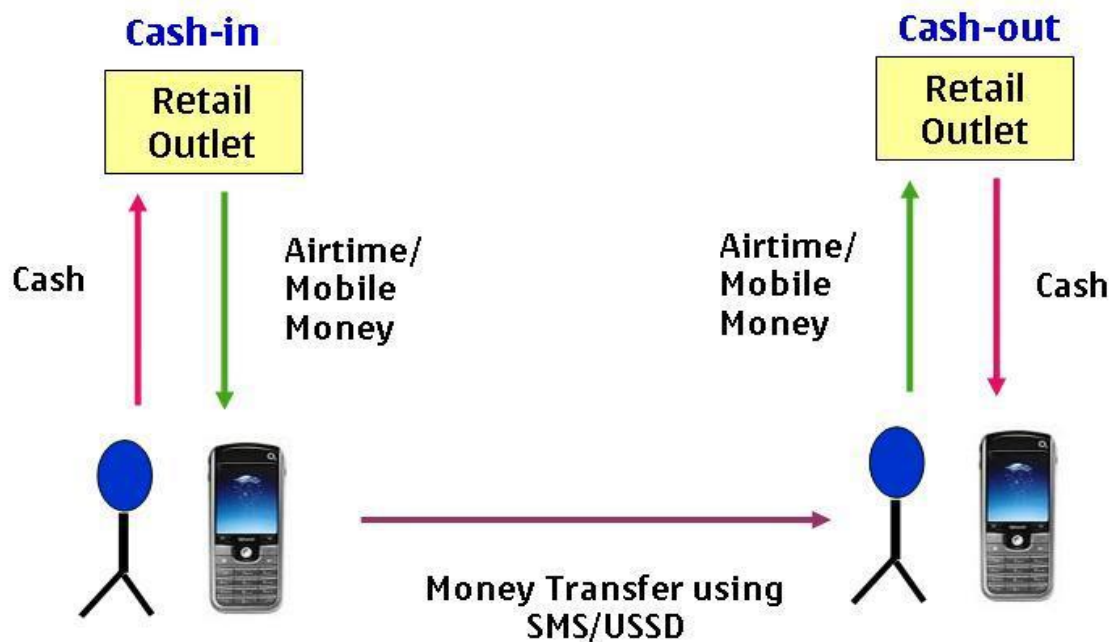


Figure 2.2 Mobile money transfer process (Source: Kaseke, 2012)

Figure 2.2 depicts how money is transferred from one user to another using a mobile device. During the multi-currency era in Zimbabwe when US dollar was the dominant currency used this mobile transfer process was utilised by ICBTs especially when purchasing and accepting payments from customers (Christensen, 2012). However, it should be noted that during that period cash was readily available hence it was quick and easy for ICBTs to access cash at any mobile money agents in the event that customers would have made payments using mobile transfers. More so, this mobile money service was not extensively utilised as a method of payment during multi-currency era because cash was readily available. That is why the *Ecocash* service was introduced in 2011 in Zimbabwe way after the use of multi-currency in 2009 and the *Ecocash* Diaspora in 2014 (Nyanhete, 2017). Nyanhete (2017) also asserted that from 2015 mobile to mobile cross border transfer services were offered by Econet from some selected countries closer to Zimbabwe which are South Africa and Zimbabwe. This made the business of ICBTs to be easy as they could just cash in money in their *Ecocash* wallets in Zimbabwe and cash it out in the foreign country for purchases. However, this was optional for them since cash was readily available and to their advantage it was the US dollar. *Econet's Ecocash* mobile network platform further made it easy for ICBT to purchase products in South Africa by creating an *Ecocash* Master card directly linked to the wallet as well as establishing the *Econet's Ecocash* facilities in South Africa. This made it possible for ICBTs to simply cash

in their money into their wallets to be used for purchases in South Africa. Biriwasha (2011) asserted that mobile money transactions can be international or local.

On the economic front during the multi-currency era, dollarization in 2009 led to a momentous change in the manner in which ICBTs conducted their business. This was because ICBTs were largely net exporters before the multi-currency era since it was much more lucrative, for instance, to export manufactured goods, crotchet ware and curios into other countries and get foreign currency than to import (Chidau et al. 2017). After dollarization in the multi-currency era, this changed because it was now a lot more lucrative to import from other nations into the country and still get the prized US dollar at home (Chidau et al. 2017). Nshimbi and Moyo (2017) argued that many ICBTs were involved in buying from neighbouring countries than selling to them. This meant livelihood outcome of ICBTs were no longer depended on export driven business but on import driven business hence unconstructively affecting the country's balance of payments. Given that no jobs were created during the multi-currency era as according to Vhumbunu (2014), this made many people to join the ICBT business. Chikanda and Tawodzera (2017) argued that by far the largest percentage of ICBT traders started operations after the 2008 economic crisis. Informal cross border trading during this period according to the rational choice theory became the most preferred choice of business by the majority of people in Zimbabwe to earn a livelihood from. This was made advantageous by the multi-currency system which made it possible for traders to earn a lot of profit from the business.

2.8.3 Virtual cash economy in Zimbabwe during cash crisis era

2.8.3.1 Shortage of the US dollar in circulation

The period between 2012 and 2016 witnessed a substantial fall in the supply of US dollar which reached the climax of serious liquidity crisis that continues to obstruct the development and growth prospects of Zimbabwe (Nkululeko, 2018). The major stimulation behind dollarization of a country is to stabilize extreme levels of inflation according to Salvatore et al. (2008). This is exactly the main reason that motivated the Zimbabwean government to dollarize its economy which became beneficial to the general public in business and ICBTs in particular as they were now using a stronger currency compared to neighbouring countries which they trade with.

However, for the financial system of any dollarized nation to perform efficiently, the provision of US dollars must be sufficient to meet the requirement for funds. In practice and reality this is not always what happens. Rajan (2004) argued that dollarization increases the brittleness of economies rather than assisting them to stabilize since they are prone to dollar scarcity. This was also supported by Chigome (2015) who argued that dollarization comes with gigantic price.

Kramarenko et al. (2010) argued that the introduction of the US dollar in Zimbabwe was followed by a rigorous deficiency of smaller denominated US dollar coins and notes. Matanda et al. (2018) noted that the larger US dollar denominations also vanished from the formal system in 2016 and this was the year that Zimbabweans started experiencing huge shortages of the US dollar. The lack of the US dollar is ultimately a recipe for financial crisis of a dollarized economy, which is precisely what happened in Zimbabwe from 2016 to date and led to the decline in the growth of the economy and particularly impacted the livelihood outcome of ICBTs. However, it should be noted that de-dollarization has its own difficulties hence Zimbabwe was caught in between. Nkhomazana and Niyimbamira (2014) stated that once an economy has dollarized it is difficult to reverse it as evidenced by attempts to de-dollarize in Peru, Bolivia and Mexico which backfired them and resulted in the contraction of financial intermediation.

2.8.3.2 Introduction of Bond Notes

In May 2016 the RBZ pronounced plans to introduce Bond Notes (substitute currency) in an effort to subdue the liquidity crunch. Monetary Policy Statement (MPS) of RBZ (2016a) defines Bond Notes as financial statements guaranteed by an international financial organization to the tune of US\$200 million, issued at par with the US dollar. The major reasons for the introduction of Bond Notes in Zimbabwe were to utilise them as export incentive and to address severe cash shortages (RBZ, 2016b; Matanda et al. 2018). For example, in November 2015 depositors could withdraw a maximum of US\$10 000 per day from banking halls and US\$3 000 at ATMs. However, these withdrawals reduced to as small as US\$20 per day subject to accessibility of cash in banks by end of year 2016 (RBZ, 2016b). Therefore it can be pointed

out that the introduction of Bond Notes by RBZ was after it saw that the amount of US dollars had massively reduced in circulation in the Zimbabwean economy.

RBZ introduced the Bond Notes in November 2016 in spite of opposition from the general public and corporate world. The RBZ Governor announced that Bond Notes were going to be deposited into existing US dollar accounts of all stakeholders during that period, thus people did not open new accounts (RBZ, 2016a; Matanda et al. 2018). However, this announcement caused panic amongst the populace and huge withdrawals of the US dollar from banks took place and this currency was then stored in homes. Matanda et al. (2018) noted that the introduction of Bond Note sparked fear from the general public caused by past experience of difficulties faced by the country during the period 2007 to 2008. This eventually is what led to the disappearance of the US dollar in formal economy and it was now being traded at parallel or black markets which negatively affected the business of ICBTs. The Governor also announced that the Bond Note would be traded at par with the US dollar which did not become the case in reality as foreign currency traders started trading the US dollar at premium rates with the bond (Matanda et al. 2018). This greatly affected the ICBTs who would sell their products in Bond Note and later on go to black markets to access foreign currency at premium rates leading to a decrease in profit earned.

Before the RBZ Act (Chapter 22:15) 2017 had been amended presidential powers were utilised to bring the Bond Notes into the financial sector (Matanda et al. 2018). This situation exhibits how severe the circumstances were on the ground within the context of the Zimbabwe's financial system when it introduced the surrogate currency. Despite the introduction of the Bond Notes, there was no improvement in the availability of cash in the Zimbabwean financial markets but rather the introduction significantly exacerbated the liquidity crisis and worsened the supply of US dollar in the country that in turn led to the increase in trading the US dollar on black market (Matanda et al. 2018; Investment Quarterly Magazine, 2019). Further, shortages of the Bond Note to meet the demand of funds ultimately led to the extensive use of plastic and mobile money as mode of business transaction for purchasing of goods and services.

2.8.3.3 Extensive use of plastic and mobile money

The persistent challenges of cash shortages in Zimbabwe since 2016 incited major alterations in the manner of doing business and transacting in the banking system to smoothen the progress of commerce and trade especially at micro level (Chisango, 2016). In this regard technological

development witnessed the improvement of a number of inventive products to facilitate the purchase of goods and services by customers.

Use of mobile and plastic money came as a form of expediency to relieve the cash and liquidity crisis that the nation was facing and that had disastrous effects especially on ICBTs (Chisango, 2016). Although the innovation was a feasible option for interaction between customers and their financial service providers to ease the cash shortages in the country as cited by Rotchanakitumnuai and Speece (2004) its uptake by ICBTs was slow and faced some resistance as they insisted on traditional habits of only accepting cash from customers and adding a premium charge if plastic money was used.

Plastic money gave Zimbabweans a substitute for cash as they were facing cash shortages in the economy (Nyatsambo, 2018). Following the cash crisis which started in 2016 and statutory limits to cash withdrawals from banks, non-cash transactions gained grounds in Zimbabwe, both in urban and rural areas (Munjeyi et al. 2017). People started trading using *Ecocash*, *Swipe* (debit cards), *One Wallet* and *Texta Cash* in every corner of Zimbabwe. In the rural areas many people were conditionally encouraged to espouse mobile banking/payment channels to alleviate the cash shortages (Munjeyi et al. 2017). To this end ICBTs had no option but to adopt the plastic or mobile money as a method of payment from customers since it was now the day to day mode of transaction due to cash shortages.

2.9 Zimbabwean policies on ICBT, virtual cash economy and livelihoods.

2.9.1 Policy on ICBT

Despite the importance of ICBT as a livelihood strategy for many and an immense contribution to the welfare of both the home and the host country, ICBTs face a myriad of challenges (Ndiaye, 2008; Chilya et al. 2012). This is because ICBT in Zimbabwe is not protected by any policy making as noted by many authors, (Chibisa and Sigauke, 2008; Makombe, 2011; Rogerson, 2016; Chikanda and Tawodzera, 2017), that the lack of government will is the major setback in the implementation of a variety of support policies for ICBT and this complicates the operation of ICBTs. Makombe (2011) noted that ICBT in Zimbabwe is generally perceived as a threat that needs to be controlled rather than a genuine economic activity. As a result ICBTs remain vulnerable to policy making since they are not considered when formulating policies

and they continue to encounter obstacles such as, access to finance and credit, corruption and harassment by border officials who extort money from them.

Between 1980 and 1990s existing by laws that hindered the operation of ICBT were not relaxed and foreign currency was not available through the official system for the ICBTs. (Ndlela, 2006). Local government authorities created a hostile environment for the informal traders. No vending and trading was allowed in Central Business Districts (CBDs). The Country and Town Planning Act did not allow for businesses in residential areas (Ndlela, 2006). However the period 1991 to 2000 policy support for Small and Medium Enterprises (SMESs) were enunciated in the second five year national development plan (Ndlela, 2006; Gaidzanwa, 1998). Support for SMEs stemmed from the persistently high levels of unemployment and a realisation that SMEs were more responsive to market opportunities, requiring relatively less capital and having the potential to generate a significant level of employment for both skilled and unskilled labour. Although this was a drastic change of policy from the 1990s, in practical terms it did not materialise into positive results, particularly for non-registered informal-sector operators, such as ICBT. The formal financial institutions, such as the Small Enterprise Development Corporation (SEDCO) and the Venture Capital Company of Zimbabwe (VCCZ), only dealt with registered SMEs (Ndlela, 2006). However, even these registered SMEs were not fully supported as noted by Maseko et al. (2012) that the Ministry of SMEs that was established in 2005 lacked financial support from the government to govern SMEs.

Campaigns for indigenous empowerment led the central government to relax by-laws, thereby facilitating the operation of home industries (Gaidzanwa, 1998). Local authorities followed suit, opening flea-markets, mainly for ICBTs. This gave rise to the importation of cheap goods from South African wholesalers and/or flea-markets for resale at Zimbabwean flea markets. However, there was no specific policy that governed the operation of ICBTs, it was only a realisation that this trade was contributing to employment levels in the countries, thus some laws that prohibited the existence of ICBT were simply relaxed not necessarily they they were now included in policy making.

This lack of policies that govern the operation of ICBTs resulted in many policies that affected the activities of the ICBTs post 2000. At the border entry posts ZIMRA restricts the number of items entering the country to four per commodity through the Rebate policy (Garatidye, 2014). This then forces them to engage in corruption activities, using illegal entries and cheating, to

passthrough with more than four items per commodity. Although it is an escape strategy it is quite expensive on their part since they lose a lot of money through the bribing process and also their safety will be at risk as they will be flouting the regulations on restrictions of goods.

Lack of compliance with regulations also results in confiscation of goods by ZIMRA officials. Garatidye (2014) and Jamela (2013) noted that one of the major consequences of applying the policy on goods restriction is the confiscation of surplus goods by revenue authorities at the border. Confiscation of goods has the potential to kill ICBT business because when goods are confiscated, business capital would be completely lost and it may mean that one has to start all over again. Studies carried by Garatidye (2014) and Chikanda and Tawodzera (2017) revealed that ICBTs rarely come back to claim the goods confiscated by ZIMRA officials because the bureaucratic procedures involved in claiming the goods are tedious to an extent that the traders forfeit their goods. Bratton and Masungure (2006) noted that in an attempt to destroy ICBT the government of Zimbabwe tried to get forex from ICBTs into the banks by increasing duty fees, unfairly confiscating goods and charging exceedingly high fees such that traders could not afford them. Although during this period many NGOs realised the poverty-reduction potential of cross-border trading and assisted with the formation of the ZCBTA, which is a trade representative organisation, this ZCBTA did not represent the majority of ICBTs, who were non-registered operators (Ndlela, 2006). For one to be a member of ZCBTA there were procedures to be followed and this involved a lot of money which the majority of ICBTs could not afford hence the Association ended up representing very few traders who could afford the expenses, particularly those operating at a large scale.

However, it is important to note that although the government of Zimbabwe does not have clear policies that govern and support ICBT in place it indirectly recognises their existence by putting some structures in place to facilitate their operation. For example Jamela (2013) noted that Zimbabwe has a Ministry of Small and Medium Enterprises and cooperatives which seek to promote emerging and growing entrepreneurs such as those found in ICBT. More so City Councils in Zimbabwe issue trading licences and have designated operating flea markets used by ICBTs (Ndlela, 2006; Chivivi et al.2014; Ligomeka, 2019). Although there are structures in place, the general sense is that the government of Zimbabwe is more hostile to the people engaging in this activity than they are supportive (Jamela, 2013). This is clearly proven by the fact that there is no specific policy that protects and governs the operation of ICBTs but only policies that deter their operation are in existence. The rapid growth of the ICBT and

disappearance of forex from the banks led the Zimbabwean government to take decisions that worked against ICBT by desperately attempting to gain from its operation and some of the measures are viewed as outright attempts to destroy the trade (Bratton and Masunungure, 2006).

In June 2016, the government of Zimbabwe, through Statutory Instrument (SI) 64 of 2016, banned the importation of a wide variety of goods and according to the Minister of Industry and Commerce, the move was designed to support the local industry through buying of locally manufactured goods (Kalaba 2016; Chikanda and Tawodzera, 2017). The announcement triggered widespread protests by informal cross-border traders in Harare and at the Beitbridge border post between Zimbabwe and South Africa (Kalaba, 2016; Scoones, 2016). The ostensible reason for the response was that the livelihoods of many in the informal economy, who made a living through importing goods from South Africa and Botswana, were under threat by the state. And the informal economy itself is the primary, and for many the only, source of income for households in the country.

In a bid to protect the formal sector the government of Zimbabwe also went into a desperate rage of trying to destroy ICBT through Operation Murambatsvina in 2006. Operation Murambatsvina was a massive clean up campaign launched by the government in which security apparatus was used to eradicate illegal dwellings and eliminate informal trade (Bratton and Masunungure, 2006; Potts, 2006; Ramsamy, 2007). Bratton and Masunungure (2006) went on to argue that this Operation Murambatsvina was a campaign against informal trade because the traders did not only lose their structures under this campaign but their goods were seized and taken from them with some traders getting arrested as well. To support this assertion that the campaign was against informal trade, the government of Zimbabwe did not stop this exercise here, in 2020 it again demolished flea market stalls where the ICBTs were operating. Kulkarni (2020) notes that authorities in Zimbabwe's major cities demolished thousands of flea market stalls, in April 2020, in a campaign to renovate and clean up work places occupied by informal traders before post-lockdown business resumes. However, up to the final writing of this thesis in February 2021, these workplaces had not been renovated. That is why Matamanda (2019) and Mbiba (2019) once noted that policy making in Zimbabwe has been grappling with urban informality. Therefore it is imperative to establish the importance of having a policy that governs ICBT and this is what this thesis seeks to cover by analysing the impacts of virtual cash economy on ICBTs' livelihood outcome.

2.9.2 Policies on virtual cash economy

Since 2016, various measures to address the liquidity crisis have been employed, ranging from tightening the regulatory environment in the financial sector, to the introduction of Bond notes in November 2016 (Kanyenze et al. 2017; Sibanda, 2019). Despite these various interventions, the cash crunch has not abated, compromising normal business and consumer welfare. Bank queues have continued to exist, and the economy remains hamstrung with very low signs of recovery. This thesis focuses on monetary policies that were introduced specifically on virtual cash economy in Zimbabwe. In general, monetary policy is defined as set of procedures and measures taken by the monetary authorities to influence the quantity, cost and availability of liquidity to achieve certain economic objectives (Khan, 2010; Kabundi and Ngwenga, 2011). Monetary policy primarily indirectly influences economic activity via the price and quantity of money.

In a press statement by the Reserve Bank of Zimbabwe (RBZ) on measures to deal with cash shortages under statutory instrument 64 of 2016, it directed that retailers, wholesalers, businesses, local authorities, utilities, schools, universities, colleges, service stations, informal sectors and other service providers install and make use of point of sale (POS) machines (RBZ, 2016a). The purpose of this directive was to reduce the demand for cash in the economy. The directive also applied to government departments, local authorities and public entities that provide services to the public on a cash basis. Banks and other payment service providers were also directed, under the RBZ Statement, to ensure that appropriate electronic payment systems such as card, POS, mobile and internet were made available to all businesses. It was also emphasized that all banks and payment service providers should actively participate in public awareness campaigns to encourage members of the public to adopt cashless means of transacting. However, it should be noted that the directive was given without any funds to support the implementation of the decision.

In 2016, Zimbabwe adopted the Zimbabwe National Financial Inclusiveness Strategy (2016-2020) (the Inclusiveness Strategy), whose main objectives were to enhance and expand access and usage of financial services (RBZ, 2016b). The success of the proposals outlined in the Inclusiveness Strategy depended, to a large extent, on the uptake of cashless transaction methods, as several outlying communities in Zimbabwe had no access to formal banks or ATMs. The adoption of alternative payment methods such as mobile money was, therefore, the cornerstone of the Inclusiveness Strategy.

Furthermore, government implemented tight exchange control measures in relation to the Bond Note to United States dollar value (RBZ, 2016a). In addition to this the 2019 Budget Statement, maintained that the US dollar trades at 1 to 1 with the Bond Note (RBZ, 2019). However, this resulted in market inefficiencies, shortages of commodities as well as thriving of a parallel market. The parallel market rate shot up to 7:1 in a few weeks, forcing up import prices and giving rise to hyperinflation and had a huge impact on ICBT business.

In 2018 the Government of Zimbabwe (GoZ) introduced the Intermediated Money Transfer Tax (IMTT) of 2% on all electronic transactions within Zimbabwe in terms of Statutory Instrument (SI) 205 of 2018 (RBZ, 2018). The aim of the IMTT, ostensibly, was to increase tax collection revenue and tax the informal sector, which concludes most of its transactions electronically, as these transactions previously fell outside the reach of the Zimbabwe Revenue Authority (ZIMRA) (RBZ, 2018). The impact of the IMTT is that 2% of the value of every electronic payment transaction (with a few exceptions) will be paid as tax to ZIMRA, thereby increasing the cost of transacting digitally. It should be noted that, while the IMTT was designed to increase tax revenue, it also acts as a disincentive for the increased adoption of cashless methods of transacting, which has the potential result of further exacerbating the cash shortages in Zimbabwe as people will seek to avoid the IMTT and insist on conducting cash transactions. Furthermore this tax has an effect of increasing the cost of production and the prices of goods resulting in Zimbabwean products failing to compete on the international market. There is, therefore, a need to balance the competing interests of the revenue authority against the prevailing economic environment in Zimbabwe in order to arrive at a middle ground which achieves the dual result of collecting tax revenue, but also encouraging financial inclusion and the use of fintech in Zimbabwe (Sibanda, 2019).

In 2019 there was an introduction of Statutory Instrument 213 which introduced Presidential powers temporary measures in amendment of Exchange Control Act regulations (RBZ, 2019). This effectively outlawed the pricing, transacting and quoting in foreign currencies. Section 3 clearly states that any party to a domestic transaction can only do so in Zimbabwean dollars. This was meant to encourage the use of plastic money in domestic transactions. SI 213 gave the Reserve bank the power to levy penalties on those found to be in contravention of the statutory instrument (RBZ, 2019). This was seen as the final nail in outlawing the use of US dollar pricing in the country. However, despite this policy being implemented it did not yield any effective results since many informal businesses continued to charge their prices in US dollars and it also encouraged the escalation of prices in local currency.

In June, 2020 RBZ issued a press statement on the suspension of monetary transaction on phone based mobile money platforms in a bid to control the abuse of virtual cash by informal (parallel) markets (RBZ, 2020). All mobile money agents were suspended from facilitating mobile financial transactions with immediate effect. All merchant transactions were suspended except for receiving payments for goods and services as well as payment of utilities (water, power and airtime), which have been limited up to ZW\$5000 per day for the convenience of the transacting public (RBZ, 2020). All mobile money liquidations were supposed to be done through the banking system. All bulk payer transactions were suspended with immediate effect. However, the parallel market resorted to the use of bank transfers transactions to carry out their business of exchanging money. The negative implication of these measures on the mobile money platform was that it greatly affected business as customers were limited to buy goods worth ZW\$5000 (\$50 USD equivalent at the time) per day using mobile money payment.

All these measures of controlling the virtual cash economy actually worsened the situation. Virtual cash was devalued against cash and this resulted in selling of cash in informal markets. Bond Note cash was sold at a premium rate against the virtual cash. Cash was in shortage in formal markets and banks but it was in surplus at informal markets where it was sold at premium rates against virtual cash by money changers. More so, both inflation and the multi-tier pricing system during the last quarter of 2018 resulted in price distortions largely driven by the various modes of payment (plastic money payments, mobile money payments, cash payments) (Sibanda, 2019). In other words, the situation was a free for all, simply implying that no one was in charge of the monetary system.

This situation gave pressure on the buying public and the country's balance of payments position. The citizens were left to deal with the repercussions of these questionable decisions, which could only be described as running out of ideas. Economist John Robertson said the monetary policy failed to put in place measures to effectively stop the forex parallel market (Kanyenze et al. 2017; Sibanda, 2019). The monetary policy could have been stronger if they had taken measures to do away with the parallel market since stabilising the exchange rate was the only way of ensuring the local currency retains value. All these effects of the virtual cash economy did not spare the ICBT business as it used to largely depend on the cash economy to thrive.

2.9.3 Policies and Frameworks that guide livelihoods in Zimbabwe

Zimbabwe does not have a specific policy and framework of its own that guides livelihoods in the country, however Food Aid Organisation (FAO) of the United Nations's livelihood framework is what guides the livelihoods of Zimbabwe through various programmes (Chitongo, 2019). Over the years, FAO and its partners have made tremendous strides in helping the country's most vulnerable people to produce more food, access new markets and diversify into new agricultural enterprises as a way to address the many challenges they face (FAO, 2018). Since 2014, the Livelihoods and Food Security Programme (LFSP), a multi-dimensional and multi-partner programme funded by the United Kingdom's Department for International Development (DFID), has been a cornerstone of these efforts, aiming to boost the agricultural productivity and incomes of farming households in rural districts of Zimbabwe (FAO, 2018). The programme had two distinct yet highly synergistic components, Agricultural Productivity, Nutrition and Market Development. However, this was mainly targeted for the rural communities where approximately 70 percent of the population relies on subsistence rainfed agriculture for their livelihood and food and nutrition security (Chitongo, 2019). This actually calls for action in policy making where there is need to introduce a specific framework or policy that guides livelihoods of urban areas in the country.

Ndhlovu (2018) notes that in contemporary developing countries, the Sustainable Livelihoods Approach (SLA) has increasingly been employed in policy and development interventions designs that focus on poverty reduction. Many authors (Chirau, 2012; Ndhlovu, 2018; Chitongo, 2019) have carried studies to assess the potential of Sustainable Livelihoods Approach as a framework that can guide development interventions. This framework was developed for use by international agencies to guide programmes for poverty alleviation by situating household livelihood assets within wider sets of ecosystems, cultural contexts and policies that promote or hinder access to these diverse resource inputs (Ellis, 1998; Ashley and Carney, 1999). This thesis calls for nationally owned solutions that are effective in ensuring greater voice of the ICBTs to be heard in economic and financial policies because cases can be unique from one country to another. Therefore, one of the objectives in this thesis is to develop a framework that can be adopted by policy makers and development programmes to ensure sustainability of ICBT business as a livelihood strategy. This framework can also become the basis for framework formulation and policy making in countries that are likely to experience

the same transition that Zimbabwe is going through as far as ICBT and virtual cash economy is concerned.

2.10 The link between virtual cash economy and informal cross border trading in Zimbabwe

Money symbolizes one of the basic inventions of mankind and is required by traders to simplify the process of doing business (Sultana and Hasan, 2016). In modern years, however, the notion of plastic money has resulted in the shift of paradigm from cash (money) in terms of coins and notes to cashless money. According to Matanda and Madzokere (2015) the development and state of an economy is as good as the effectiveness and efficiency of the financial sector. Hence, it can be argued that a stable financial sector is essential for development and economic growth of a country. This is the same for the business of informal cross border trading, for this kind of business to successfully operate and realise its profit the financial system of the nation involved must be stable. ICBTs earn a livelihood from profits they make after selling their products to customers. This means that the consumer has the advantage and does not play a passive role in the business of trading.

The shortage of the US dollar in Zimbabwe triggered the introduction of the Bond Note and excessive use of plastic and mobile money that had an impact on ICBT. The major impact was that the general public and business community underrated the Bond Note in relation to the US dollar, even though the Central Bank had assured a 1:1 convertibility between the Bond Note and the US dollar (Matanda et al. 2018). The study undertaken by Matanda et al. (2018) established that foreign currency was being exchanged at parallel or black markets at premium against the Bond Note. The operational inefficiencies and modalities induced in exchanging Bond Notes into \$US balances instantly discounted the rate of Bond Notes. This meant that ICBTs would sell their products to customers in Bond Notes and then access foreign currency on the black markets where they would be charged premium rates. The situation was further exacerbated by the fact that the foreign currency traders on the black markets started rating Bond Note cash to Bond Note plastic or mobile money, where the cash had more value as opposed to plastic or mobile money. This situation affected the ICBTs as it had a huge impact on their livelihood outcome. Therefore the ICBTs could not do without the virtual cash as it was the mode of money used in Zimbabwe and therefore could not escape the impact it would make to the business of trading.

2.11 Research gap

All the challenges noted in this Chapter affect the rate at which the goods of the ICBTs are bought on market, income and profitability of ICBT and the accessibility of foreign currency for importation of goods. This in turn affects all the livelihood outcomes which accrue because of ICBT and affect the living standards of people in the process. From the literature review it appears most researches on ICBT in urban areas in Zimbabwe are saturated in the pre-dollarization era and dollarization era. More so, many studies focused much on the contribution of ICBT to the nation's economy, food security, poverty alleviation and challenges faced by traders. Less has been undertaken to specifically establish the impact of the virtual cash economy (a modern phenomenon adopted globally), on ICBTs livelihood outcome in Zimbabwe. Although studies were undertaken on investigating consumer perception on the virtual cash economy in general there is a gap in knowledge on the respective impact on livelihood outcomes, of particularly the ICBTs in Zimbabwe following cash crisis in the country. It is against this background that the researcher seeks to analyse and shed some light on the impact of virtual cash economy on ICBTs livelihood outcome.

2.11 Summary

Chapter Two explained the theoretical framework used in the study and justified its relevance to the study against other theories of informality. It also explained and discussed literature in relation to the topic and research objectives looking at it globally, regionally and nationally. Research gap of the study was revealed in this Chapter after a thorough review of literature from different authors. The next Chapter identifies and explains in detail the methodology used in the study.

Chapter Three: Methodology

3.1 Introduction

Chapter Three identifies and explains the methodology used to collect data for this research. It also explains how the sample size was calculated and the different types of sampling used in the study. Maps depicting the sampling points are also provided in this Chapter. The Chapter explains and justifies the research instruments used in the study which includes the questionnaire, interviews, focus group discussions and observation. It explains how the pilot study was undertaken, how data analysis for both quantitative and qualitative study was done and how ethical consideration was carried out.

3.2 Research paradigm

A research paradigm is the set of common beliefs and agreements shared between scientists about how problems should be understood and addressed (Kuhn, 1970; Lincoln et al. 2011; Uyangoda, 2015; Kaushik and Walsh, 2019). Research paradigms can be characterized by the way Scientists respond to three basic questions, which are: ontological, epistemological and methodological questions (Guba, 1990). According to Guba (1990) ontological question is concerned about reality, epistemological question is concerned about knowledge whilst methodological question is concerned about the methods used to find out knowledge. There are various types of paradigms but for the purposes of this research the pragmatist paradigm was adopted.

Pragmatism is a research approach for interrogating and evaluating ideas and beliefs in terms of their social functioning (Scotland, 2012; Uyangoda, 2015; Kolly, 2017). Ontologically, pragmatism argues that reality is constantly renegotiated, debated and interpreted. Epistemologically, pragmatism is premised on the idea that research should avoid getting mired in metaphysical debates about the nature of truth and reality and focus instead on concrete, real-world issues (Hothersall, 2017; Kolly, 2017). Methodologically, the implication is that pragmatic researchers are better equipped to deal with complex, dynamic and social processes where action, even if carefully planned, can have varied outcomes (Onwuegbuzie and Johnson, 2006; Denscombe, 2008). Therefore the best method to use is the one that solves the problem (Bryman, 2006; Freshwater, 2007; Hothersall, 2017).

A pragmatic approach gives less influence to philosophical assumptions for the conduct of research methods. By doing this, the researcher was less restricted in terms of how to carry out research. Under pragmatism the researcher had to consider “what works” to answer research questions, rather than making a choice between the positivist/postpositivist or constructivist paradigms. This does not mean, however, that mixed methods were adopted in a haphazard fashion, such that “anything goes”. Rather they were adopted thoughtfully, by choosing and integrating the results of the appropriate methods to answer research questions. By doing this, in this research, the pragmatist approach provided a middle position both methodologically and philosophically by offering a mix of quantitative and qualitative methods to answer research questions.

The researcher chose to use pragmatism due to its potential to unlock action and change process since this research has a lot of potential to assist in ICBT policy formulation. Kaushik and Walsh (2019) argued that as a paradigm, pragmatism offers an experience-based, action-oriented framework whereby the purpose of research is to help address the issues of dealing with how we experience and come to know the world in a practical sense. More over, the researcher found that pragmatism was of significant value to research on the impact of virtual cash economy on ICBTs’ livelihood outcome since viewing people’s ideas and beliefs as tools for problem solving and action involves research subjects as active participants rather than as passive descriptors of the world as it exists. The researcher also found the pragmatic approach with its epistemological focus on the inquiry process and practicality was more useful than other research philosophies that lay a sole emphasis on abstraction or philosophical theory-generation. The pragmatist paradigm enabled the researcher to be flexible in using the investigative techniques in attempting to address a range of research questions by using mixed methods approach as a methodology.

3.3 Research Design

Research design is a plan on how to conduct research and give direction of the proposed research. Creswell (2013) defined research design as the format and structure under which the research will be carried out. This research employed the triangulation approach using both qualitative and quantitative methods. Triangulation in simple terms can be defined as the mixing of methods in an attempt to obtain various viewpoints to verify data collected.

Triangulation refers to the use of multi-methods approach where diverse investigative methods are applied to investigate a single phenomenon to improve the precision of the observations and to support validation of gathered data (Kern, 2016; Turner et al. 2017; Ashour, 2018). In using triangulation, validity can be enhanced, and biases minimized according to Gibson (2017). Triangulation enabled the researcher to reduce the insufficiencies and biases coming from the use of one single method. Hence the strengths of one method compensated the weakness of another, clarified and augmented the results produced by another method and brought deeper understanding of how the virtual cash economy impacts on ICBTs livelihood outcome. This in turn improved the validity and reliability of data since triangulation employed in this research provided far richer findings than reliance on one method. For instance, qualitative findings assisted in explaining quantitative data when numbers failed to offer corollary information. Neither quantitative nor qualitative approach could have produced the results which were produced by the combination of the two which is why the researcher employed the triangulation research design and it managed to provide rational outcomes since it was comprehensive.

3.3.1 Qualitative methods

Qualitative research model involves the use of non-numeric data to describe and generate an understanding about a given phenomenon according to Bryman et al.(2008). Brannen (2016) argued that qualitative research involves the utilisation of qualitative data such as documents, observation and interviews in order to explain and understand a social phenomenon. Qualitative research allowed the researcher to collect data on and gain an understanding of people's views, opinions, personal experiences and interpretations, focusing on the participant's viewpoint since reality is subjective. Qualitative data pertaining to livelihood outcomes before and after virtual cash economy challenges encountered was obtained through observations, open ended questionnaires, semi-structured interviews and focus group discussions conducted by the researcher. This enabled the researcher to gain a deeper understanding of how ICBTs embraced the virtual cash economy, how they perceived this economy and how the economy influenced any changes in their operations. Furthermore, the qualitative approach granted an opportunity to conduct research in a natural setting through the use of various interactive and humanistic methods and importantly providing flexibility to the researcher to obtain credible data. Through the use of qualitative research methods, the researcher managed to focus on the interpretation

of a variety of phenomenon in their natural settings and be able to make logical deductions, in terms of the meanings that the research participants brought to these settings (Brannen, 2016).

The qualitative research approach enabled the researcher to purposively target the specific key informants based on their ability to provide thick, rich data pertaining to the subject under study. This was because under qualitative research the most preferred sampling methods are the non-probability sampling methods. The non-probability sampling methods that were used include purposive (judgemental) sampling and convenience sampling. In qualitative research, generality usually is less of a goal in deciding upon the sample, than who or what can facilitate understanding of the underlying phenomenon (Creswell, 1995), thus this made it easier for the researcher to specifically target few key informants for interviews who had rich data that assisted in answering the research questions. This made it possible for the researcher to incorporate inductive reasoning in which conclusions were reached by observing examples and then making generalisations from the examples.

3.3.2 Quantitative methods

Quantitative research design is the collection and analysis of numeric data according to Creswell(2013). The quantitative research model is based on the premise that social phenomena can be quantified, measured and expressed numerically and in this way can be analysed using various statistical methods. Data for quantitative research is measurable hence was obtained through pre-existing database and closed questionnaires administered to respondents. Quantitative research was used in coming out with statistical graphs on the levels of livelihood outcomes and incomes obtained from trading. The major goal in utilising quantitative research in this thesis was to allow the researcher to employ a larger sample size in order to generalise findings to the population from which the sample was drawn. Since the subjects in the informal sector are not accurately known in terms of numbers it was necessary to employ a larger sample of ICBTs that could be generalised to the target population. This was made possible by utilising probability sampling methods which are the preferred sampling methods under the quantitative research approach. In this study, the cluster and simple random sampling methods were the quantitative methods that were employed. The use of a larger sample gave room for deductive reasoning whereby facts were organised to reach a conclusion.

3.4 Target Population

Target population is the whole group of individuals or objects to which researchers are attracted in simplifying conclusions (Alvis, 2016). The target population for this study was all the ICBTs operating in flea markets owned by Gweru City Council and privately owned flea markets. Flea markets are places where ICBTs sell their products, and these flea markets are owned by the Gweru City Council or private individuals in Gweru. The ICBTs who rent flea markets owned by City Council pay their rental fees to the Council and they are issued trading licences. The traders who rent from private individuals pay their rental fees to the private individuals and they are not given any trading licence since the licence is given to the private individual by the City Council.

Given the informal nature of the ICBT, accurate data could not be traced to verify the total number of ICBTs, To mitigate this omission, the researcher undertook a pre-survey in all flea markets of ICBTs by counting all the tables to compare the pre-survey data with the data provided by Gweru City Council and the private owners of flea markets on the total number of ICBTs they had in their respective registers. The total population for this study was estimated to be 972 ICBTs in Gweru. Privately owned flea markets for ICBT included Aspiration Village, Global Village and Dst. Gweru City Council owned flea markets for ICBTs included Kudzanai, Swift, Mkoba 16, Mkoba 14, Mkoba 10 and Mkoba 6 (Figure 3.1 and 3.2). Key informants in the area namely Gweru City Council official, private owners of flea markets, black market money changers and a representative from Zimbabwe Cross Border Traders Association (ZCBTA) were also part of the targeted population. Gweru City Council was interviewed since it is the one which owns the majority of the authorized market places, to get information on changes taking places in the number of traders renting the place and any challenges being faced in relation to virtual cash. Other private owners of market places were also interviewed to get same information as above on ICBTs. Money changers on black market were part of the sample because they had information on the way they operate when exchanging foreign currency to ICBTs. ZCBTA had information on the benefits acquired by members of this association compared to non-members in relation to virtual cash economy.

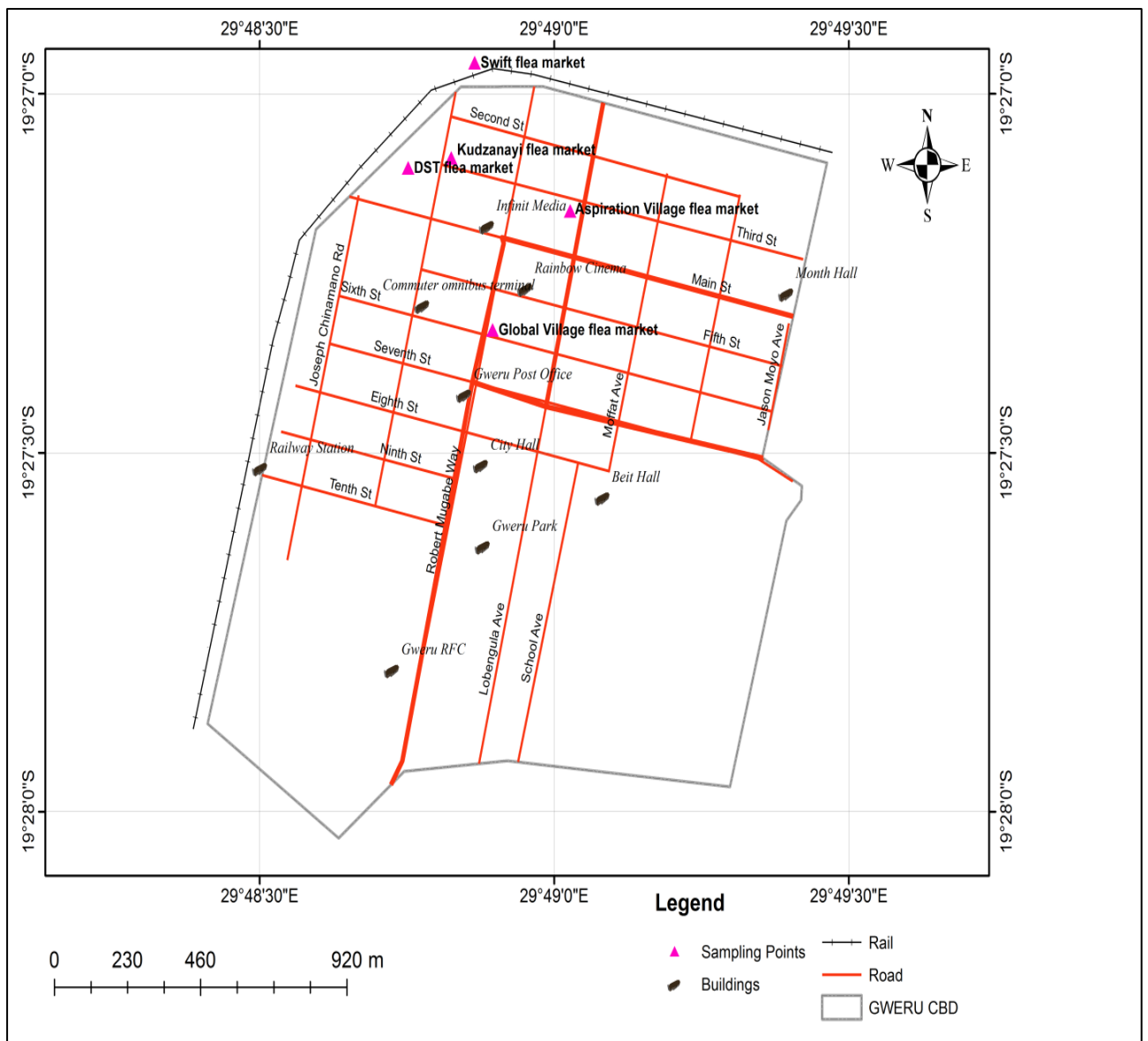


Figure 3.1 Sampling points of flea markets in Gweru Central Business District

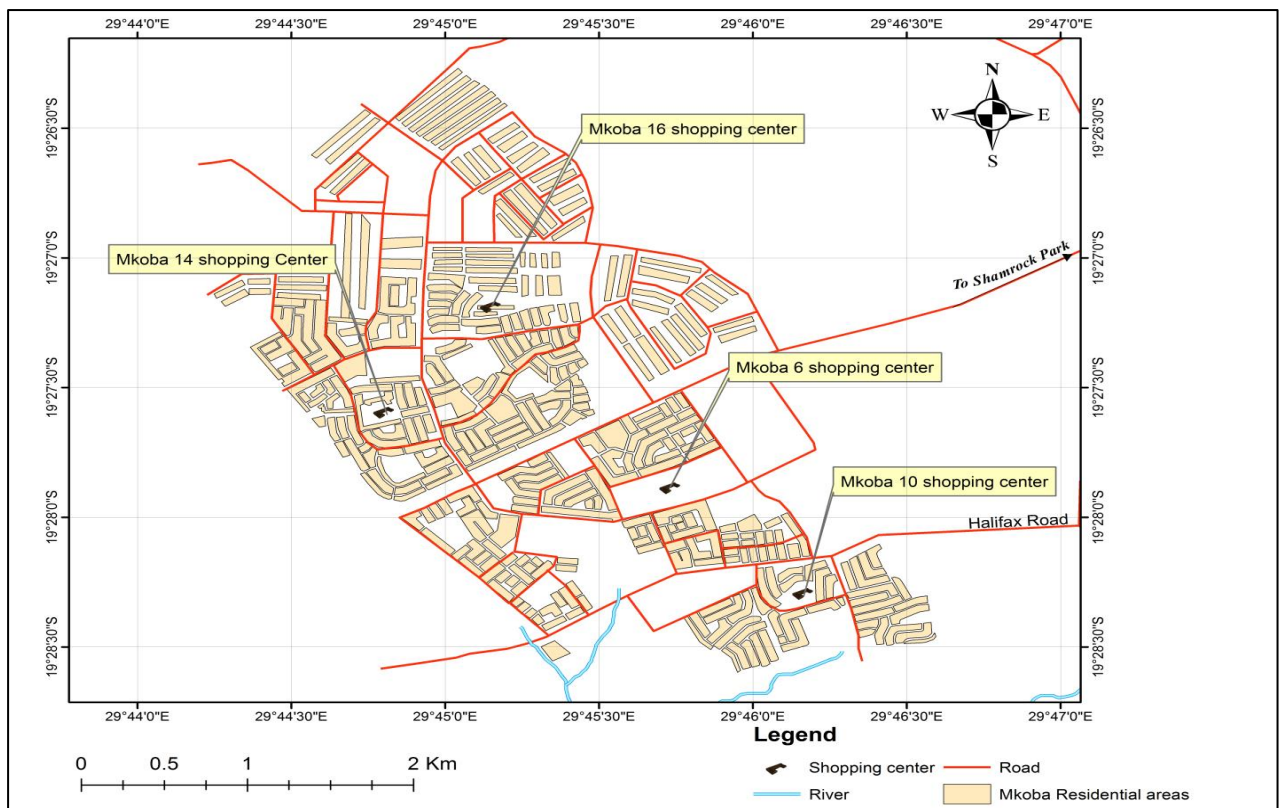


Figure 3.2 Sampling points of flea markets in Mkoba Residential Area

3.5 Sample size determination and sampling procedure

Kabir (2016) defined sample size as a limited number taken from a large group (the target population) for testing and analysis on the assumption that the sample can be taken as representative of the entire target population. Using the sample size calculator at 95% confidence level (allowing an error margin of 5%), the minimum statistically appropriate sample size was determined at 276 according to the Creative Research System (2012). However, 80% of this statistically determined sample size was added to allow for sufficient responses to accommodate traders who might be reluctant to participate in the interview. This gave a sample size of 497 of ICBTsthat participated in this study, and this accounts for 51.1% of the total estimated population of 972 (Section 3.3). Due to the relative ease that the questionnaires could be administered as a result of high concentration of potential participants in the flea market areas, the researcher decided on a more representative sample More so, all the flea markets included in this research are in one city and the majority of the flea markets are found in Central Business District (Figure 3.1) and others are also found in one residential area (Mkoba high residential area) although in different villages (Figure 3.2). This therefore

made it easy for the researcher to deal with the sample size and at the same time to ensure a wider variety of opinions and experiences from different respondents and thus more representative data.

Cluster sampling was used in this research by putting the population of ICBTs into clusters of flea markets. Quatember (2019) defines cluster sampling as the identification of clusters of participants that represents the population and their inclusion in the sample. All the clusters of flea markets were chosen to be part of the total population were the sample was chosen from (Table 3.1). The advantage of this sampling technique is that it is the most time- efficient and cost efficient since questionnaires could not be administered to all ICBTs according to Alvis (2016). Since the clusters had vast differences in size, ratio was applied to calculate the sample size in each cluster to participate in the research so that the sample taken in each cluster would be representative of the total population in each cluster according to Salehi and Seber (2004). The total population in each cluster was divided by 2 to get sample size of the population in each cluster to participate in the study and this gave a total of 486 participants. Since the sample size was 497 individuals, who were ICBTs, the remaining 11 participants of the sample size was selected randomly from each cluster.

Table 3.1 Sampling Clusters and sample size for questionnaire survey

Cluster name (Flea Market)	Total population	Sample size	Random selection
Aspiration Village	220/2	110	2
Global Village	118/2	58	2
DST	90/2	45	1
Swift	200/2	100	2
Kudzanai	180/2	90	1
Mkoba 16	44/2	22	1
Mkoba 14	40/2	20	1
Mkoba 10	30/2	15	1
Mkoba 6	50/2	25	1
Total	972	486	11
			497

The researcher then used two different types of sampling in each of the clusters to select the participants for the research. Firstly, convenience sampling was used in selecting ICBTs who were available during the day of the data collection. Convenience sampling was used, based on the assumption that ICBT is informal employment and thus some ICBTs would not be available during the day and at the time of the data collection, hence those who were available, were

automatically identified as research participants. This enabled the data collection process to be completed within a period of six months. Secondly, simple random sampling using the hat system was employed to augment the convenience sampling method by selecting ICBTs who randomly selected an even number from the hat. This was done at each flea market until the size of the sample at each cluster was reached (Table 3.1). Simple random sampling was used by the researcher as this offered every trader with the opportunity to have an equal chance of being selected, and thereby reducing chances of bias (Kabir, 2016).

Purposive sampling was used to select key informants for interviews. These included the Gweru City Council official, private owners of flea markets, black market money changers and a representative from Zimbabwe Cross Border Traders Association (ZCBTA). According to Palys (2008) purposive sampling is intentional selection of informants based on their ability to elucidate a specific theme, concept, or phenomenon. The major reason for using purposive sampling to select key informants was to focus on particular individuals of the population who were of interest to enable the researcher to answer research questions and objectives under study.

3.6 Research Instruments

3.6.1 Pilot study

Peersman (2014) defines a pilot study as an experiment session, which verifies the suitability of the sampling, data collection instrument and analysis and research methodology at large. A pilot study forms an integral part of the research process according to Strydom (2011). A pilot survey was undertaken with 45 ICBTs (five respondents from each flea market), who did not form part of the population that was identified for the sample. The 45 traders were randomly selected amongst all traders at each flea market. The reason for testing the research instruments at all flea markets was due to the different characteristics of the possible respondents at all the flea markets that comprised traders with varying levels of education and location; hence the varying levels of understanding provided the researcher with the ideal opportunity to test the research tools. The pilot study was used to improve questionnaire design. Based on the weaknesses that were identified in the instrument during the pilot survey, the research was able to refine and modify the final data collection tool. The pilot study revealed that the questionnaire had omitted important questions that would be necessary to produce the required data to address the research objectives. The pilot study also revealed that the level of education

amongst the ICBTs differed therefore the researcher had to revise all questions to make sure that they were generally understood by the possible respondents. Since the questionnaire included questions that involved some illegal activities the pilot study assisted the researcher in constructing questions in such a way that they would not pose a threat to traders and thus encourage the traders to provide answers that would be representative of the real situation.

3.6.2 Questionnaire design and administration

A questionnaire is simply a list of questions written to be answered by research participants of a particular research study. Kabir (2016) defined a questionnaire as an instrument consisting of a series of questions and other prompts designed to elicit responses and gather data which can be converted into measures of the variable under investigation. In this study questionnaires (Appendix 3) were used to extract data from ICBTs. Questionnaire was used as a research tool due to the ease that they could be used to collect data that could later be compared and analysed, while the aspect of anonymity would encourage truthful replies, and had the ability to obtain relevant data (Kabir, 2016). The choice of this data collection tool was further supported as it was less expensive and could save time, financial and human resources (Kabir et al. 2018; Rada, 2019). Questionnaires reduced the chances of the researcher's bias because the same questions were asked to all respondents (Kabir, 2016).

The researcher designed the questions of the questionnaire by first deciding on the information required following each objective. This was done to ensure that all the objectives were answered (Table 3.2). Additional help at this stage was obtained from secondary data whereby the researcher researched the work that had been done on the similar or related topics in the past, and how the questionnaire could be built on the body of existing knowledge. The pilot study that the researcher undertook assisted in adjusting the questions and gave a glimpse of reality that assisted in clarifying the kind of information that was required in the questionnaire. The researcher performed all this in order to avoid questions that would not give useful data in answering research questions and addressing research objectives. The researcher, through preliminary study, also made sure the questions designed were easily understood by the respondent and would not be perceived as threatening, and in this way ensuring high respondent involvement in the study. The preliminary study revealed that some of the respondents had limited levels of education and therefore to avoid challenges in understanding questions the researcher tried to keep questions as simple as possible.

The researcher ensured that questions were in a meaningful order and format so that they were easy to follow. Questions that focused on one subject were grouped together guided by objectives. For instance the researcher made use of reference periods (before virtual cash economy and after virtual cash economy) that gave respondents the context on which to base their responses to ensure data comparability. The questions for each objective started with an opening question that was pleasant and easy to answer to encourage continuity. The researcher tried as much as possible to include the most important questions at the beginning of the questionnaire, as the researcher experienced in the pilot survey that often respondents provided more careless responses later in the interview, and this could be ascribed to fatigue or impatience or perhaps lack of interest.

To reduce boredom in answering questions, the researcher added a variety of questions by including both open ended and close ended questions in the questionnaire. Closed ended questions restricted respondents to choosing answers only from options which made the data collected unproblematic to analyse, especially demographic data (Canals, 2017; Rada, 2019). Open ended questions gave the respondents freedom to decide on structure, point and extent of his/ her answer (Kabir, 2016). Open ended questions provided respondents with much-needed relief from a series of closed questions in which the responses of respondents were limited to pre-coded categories. The questionnaire used in this study offered anonymity between research participants and the researcher and this enhanced the possibility of acquiring accurate data. There was no room for the respondents to write down their names on the questionnaires and this was done to convince the respondents that their answers would be kept confidential and this encouraged them to provide answers on questions that might be perceived to be more sensitive especially if related to possible illegal activities they might have practised in their activities in ICBT.

The researcher introduced the questionnaire briefly at the front page of the questionnaire in order to motivate the respondents to spend their time in filling in the questionnaire. The brief introduction included purpose of the questionnaire, its importance and what was going to happen to the results. The participant's motivation to complete the questionnaire was largely increased by the knowledge provided in oral introduction by the researcher that findings would be published and made available to the responsible authorities to improve operating systems for ICBTs. In administering the questionnaire the researcher first approached the people responsible for the flea markets and these were the Gweru City Council and the private owners of flea markets. This was done to plan for the best day and time to collect data in the field

without interrupting trader's business. The owners advised that data collection was supposed to be done on low business hours, during the week since weekends were always busy with many customers compared to weekdays as they would be at work and during mid-month since month end days were usually busy. Therefore data collection was done midmonth, during the week and on low business hours which was midmorning.

The researcher with the help of two research assistants administered a total of 497 questionnaires targeting only the selected sample of research participants in the study area. This made it possible for the researcher to interpret questions that were challenging to participants. The researcher employed collective administration of questionnaires since ICBTs could be found collectively at each flea market. Collective administration of questionnaires was done at each sampled flea market by giving each selected research participant a questionnaire to fill in responses. After questionnaires were answered the researcher together with research assistants collected them to avoid losing the questionnaires if they remained uncollected for too long.

3.6.3 Interviews

The researcher employed semi-structured interviews (Appendix 4,5,6) to meet all the research objectives and gather information on impact of virtual cash economy on ICBTs livelihood outcome. Kabir (2016) defines interviews as purposeful conversations initiated by the interviewer for the specific purpose of obtaining research relevant information to satisfy set research objectives. Any person to person interaction between two or more individuals with a specific purpose in mind is called an interview (Adams and Cox, 2008; Mc Grath et al. 2019). Semi-structured interviews consist of a number of designed questions but the interviewer has more liberty to amend the wording and order of questions (Kabir, 2016; Dejonkheere and Vaughn, 2019). Semi-structured interviews were conducted with key informants from Gweru urban which are the Gweru City Council official, private owners of flea markets, money changers on black market and member of ZCBTA.

Semi-structured interviews consisted of open ended questions on the topic under investigation and provided chances for both interviewee and interviewer to discuss in more detail. Semi structured interviews allowed the researcher to probe for more clarifications and explanations during the interview to obtain the desired information by using cues to encourage the interviewee to consider the question further. This data collection technique allowed the researcher to collect data with greater understanding, permitted higher response rate since it

was personal and allowed the researcher to have more control over the flow and order of questions (Jacobson et al. 2009; Mc Grath et al. 2019).

Prior to conducting the interviews, the researcher sought participants' informed consent as well as permission to audio tape the discussion. Seven potential interviewees were contacted in advance and requests for the interviews were made. Specific time, place, duration and topic to be interviewed on the day of the interview were specified to avoid interference with interviewee's work schedules. The interviews were conducted on days when the interviewee was not very busy to avoid disturbing their busy schedules and in this regard the interviewees were asked to provide the date and time, which on their work calendar, they were free. The researcher personally conducted the interview being guided by an interview guide (Appendix 4, 5, 6) consisting of a list of questions prepared before the interview day. The use of an interview guide permits the researcher to conduct the interview in a predetermined format while following up on crucial unexpected responses and also allowing liveness in research participants when answering questions (Padgett, 2008; Dejonckheere and Vaughn, 2019). The interview guide enabled the researcher to avoid getting carried away and losing track of the discussion, which would have ended up compromising the quality of data gathered. Probing additional questions, pursuing fascinating responses and exploration of principal motives improved the quality of data that was amassed by the researcher. In designing the interview guide, the researcher made sure that the questions included in the guide were very important in answering research objectives and this was guided by the research objectives themselves as the main theme. However, the researcher was so flexible to the responses of the interviewees' and they were not restricted in answering questions in the order they were presented in the interview guide.

One-on-one interviews assisted the researcher to have a meticulous picture of the participant's perceptions, views and opinions about how ICBTs livelihood outcome is affected by the extensive use of virtual cash economy. The researcher used the student-tutor approach in which the researcher took the role of a student asking questions to an expert. The researcher made sure to keep eye contact, when not taking down notes, since this was important for maintaining the natural, conversational nature of the interview. The researcher tried her best to avoid asking leading questions as this would reduce the answers to a series of "yes" or "no" response therefore the researcher focused on asking questions that probed and not prompted responses. For example some of the questions asked that probed response were, "*what were reasons for charging rental fees in foreign currency when the nation was using Bond Note?*" The

interviews were conducted in a private natural environment to allow the research participants to feel free to express themselves truthfully and fully. This was achieved as all the interviews were conducted in interviewee's office. All these approaches assisted in putting the interviewees at ease in order to uncover sensitive yet very important information. The researcher took notes during the interview process and a tape recorder was used to tape the conversation during the interview process. After the interview, the researcher expressed gratitude to the interviewee for their goodwill and participation.

3.6.4 Focus Group Discussions

Focus group discussion is defined as a structured discussion led by the researcher who poses questions with the intention of stimulating dialogue around an explicit topic and the research participants give their opinions and thoughts (Jacobson et al. 2009; Abawi, 2013; Canals, 2017). The informal traders who were not part of the sample size were not left out completely, but they became part of the discussants of focus group discussions (Appendix 7). Focus group discussions were employed in this study because group dynamics provided important and more developed facts that individual data collection could not supply. Kabir (2016) asserted that focus group discussion unearths bona fide opinions and issues; and gives well off and extra deep information than individual interviews and surveys. This data collection technique gave the researcher the chance to cross check one individual's belief with other opinions assembled. More so, in a group setting, research participants were likely more open and the interaction within the group improved the quantity and quality of data in this study.

A focus group discussion must have at maximum 8 people and at minimum 3 people (Adams and Cox, 2008; Canals, 2017). Focus group discussions in this study were employed in nine clusters to a group of 6 ICBTs at each flea market. The researcher conducted a focus group discussion at each flea market respectively since a homogeneous group of people find it much easier to talk to one another. The focus group discussion was intended to get insights into the informal cross border trader's perceptions about virtual cash economy and elucidate responses obtained from questionnaires. The discussions were conducted on days that were not busy to avoid disturbing the business of traders hence they were undertaken during the week of mid months as these were the days identified to be less busy by the respondents. The researcher facilitated the focus group discussion using the focus group discussion guide (Appendix 7) which consisted of a list of questions to guide the discussion. The questions were constructed

from the objectives and research questions of the study. The researcher designed the questions in such a way that they allowed the respondents to explain more on impact of virtual cash economy on their livelihood outcome. The researcher made sure that each member of the group got a chance to present their opinions by giving each member an opportunity to explain their views on the subject before moving to the next question. This was done to avoid having one or two members dominating the discussion. Notes were taken down during the focus group discussion. Audio recording of the discussion was done using tape recorder to transcribe the discussion.

3.6.5 Direct Field Observations

Kawulich and Olgetree (2012) state that observational research is a social research technique that enables researchers to learn about the activities of the people under study in the natural setting through observing and participating in those activities. Direct field observation was used in this study in the form of non-participation observation targeting mainly ICBT and their customers (Appendix 8). In non-participation observation, the researcher did not get involved in the activities of the study directly but she remained a passive observer interested in behaviour of respondents when trading (Kabir, 2016; Canals, 2017). The technique was applied to assess the methods of payment used by customers when purchasing goods from traders and to see whether customers were charged extra amount when using plastic methods. This technique was also employed by the researcher to observe whether the traders possessed plastic infrastructural equipment or not. This method enabled the researcher to collect data on what transpired rather than relying on what traders say they do in questionnaires. Hence this technique assisted the researcher to test the validity of data collected using questionnaires and focus group discussions.

Observations were conducted using an observation checklist (Appendix 8). The observation checklist was designed guided by the research objectives and research questions. Some of the items which were included in the observation checklist include type of goods being traded, methods of payment used by customers to purchase goods and rate at which customers were purchasing goods. Photographs were taken using cameras as research tools; however, the identities of specific individuals were obscured to protect the identity of those who appear in the photograph. To make sure the data collected using this technique was valid the researcher made sure to be in a position that would not affect the behaviour of those being observed. In

this regard the researcher just stood at a distance observing the activities of the traders. However, the researcher had sought consent from the owner of each flea market and the committees to perform observation.

3.6.6 Secondary data

Secondary data sources refer to documents like earlier research reports, publications and records (Kabir, 2016). The researcher peer-reviewed literature, works published on the WWW, books and popular newspapers and resources about ICBT, ICBTs livelihood outcomes and the virtual cash economy. The technique was vital in providing background information about the topic under study, other findings from different studies and cross checking primary data that was collected in the field. Secondary data was crucial because it provided a behind the scenes look at a program that could not be directly observed by the researcher and brought issues not noted by other data collection means (Finn and Jacobson, 2008; Canals, 2017).

Table 3.2 Summary of research tool, sample used and objectives addressed

Research tool	Sample size	Objectives addressed
Questionnaire	497	All objectives
Interview guide	6	All objectives
Focus group discussion guide	54	All objectives
Observation checklist	All flea markets (9)	Objective 2 and 3

3.7 Limitations of the Study

ICBT is a very sensitive topic for people who make their living from this economic activity. During the data collection, the researcher observed that at times the respondents were concerned about why questions were asked to them and the real intention of the researcher. They needed to be reassured constantly that the data collected would not be divulged to government authorities such as tax departments, and this might have had a negative impact on some of the data collected. Some respondents thought that the research assistants were disguised as researchers when in ‘fact’ they are agents from income tax departments. The researcher made every effort to reassure respondents that data being collected was for academic purposes only even though Gweru City Council was going to receive a copy of the final project, and that their names were not going to be revealed in any document. In order to reassure respondents a letter from the University of South Africa that indicated that the researcher was

a student enrolled with them for PhD studies, the consent letter from the Gweru City Council (Appendix 10) and policy clearance letter from Zimbabwe Republic Police (ZRP) (Appendix 15) was shown to them. Although at first some respondents were sceptical, the researcher was assured that she was able to allay respondent fears and that the data collected was valid. Triangulation was further employed in collection of data to compare and validate data collected using the different instruments.

It was also noted by the researcher that at times sharing precise information could have been influenced by the fact that there was no adequate privacy during questionnaire administration, this was particularly noticed that other people could hear the respondents' conversations during the interviewee. In addition, the chances of distracting the respondents were high as sometimes customers requested their attention to buy products. The researcher tried as much as possible to make sure that the smooth flow of the questionnaires administration were minimally affected by focusing on the interview and administering the questionnaires on days and times that were not too busy for the traders.

Questionnaires posed the disadvantage of restricting respondents to suggested responses. However, the researcher partially overcame this disadvantage by availing frequent space for clarification and further probing more explanations during focus group discussions. Since questionnaires are standardised, it was cumbersome and time consuming for the researcher to explain points in the questions that research subjects misinterpreted given the large sample size to be administered and also that some respondents were illiterate. To lessen this challenge the researcher trained two research assistants to assist in the administering of questionnaires. More so, focus group discussions were used to give traders the opportunity to expound more information which was not recorded in questionnaires.

3.8 Validity and Reliability of Findings

Reliability and validity are the two most important and fundamental features in the evaluation of any measurement instrument or tool for a good research. Reliability concerns the faith that one can have in the data obtained from the use of an instrument, that is, the degree to which any measuring tool controls for random error (Creswell, 2014). Reliability is referred to as the stability of findings, whereas validity is represented as the truthfulness of findings (Bajpai and Bajpai, 2014). By using various types of methods to collect data for obtaining information in this research; the researcher enhanced the validity and reliability of the collected data.

Triangulation of data collection methods improved the validity and reliability of the resulting data and strengthened causal inferences by providing the opportunity to observe data convergence and divergence. Quantitative data was used to inform qualitative data and vice versa. Qualitative data was used to explain relationships discovered by quantitative data and quantitative data compensated the fact that qualitative data could not be generalised, hence this improved the validity and reliability of data. Triangulation was also used to verify the findings from different methods and this increased the validity of findings.

More so, the response rate was sufficient as the researcher managed to collect data from all the sample size which was targeted. The reliability of the data was ensured by making sure that data collected using the questionnaire was verified in interviews conducted with key informants and observations undertaken by the researcher. Consistent and stable results were obtained from these data collection instruments on the impact of virtual cash economy on ICBTs' livelihood outcome and this repeatability of information proved that the data being collected was reliable as it was verified by triangulation of data collection instruments. More so, these consistent results were obtained in identical situations but different circumstances, where the traders were operating in different environments (some under private flea markets and others under council owned flea markets). The same conclusion was made, after collecting data using various methods (quantitative and qualitative techniques), that virtual cash economy impacted greatly on livelihood outcome of ICBTs thereby proving that findings were valid.

3.9 Ethical Considerations

The researcher obtained ethical clearance from the University of South Africa to carry out the study (Appendix 1). All appropriate protocol (social, cultural and legal) was followed before conducting the research. A letter from the Department of Geography, University of South Africa (Appendix 10) was offered to the Director of Gweru City Council which served to confirm that the researcher is a student undertaking doctoral studies at the university and requested permission to carry out a research which was for academic purposes only. Arifin (2018) annotated that acknowledgment and management of ethical aspects in research is critical and in this study, the researcher adhered to the following aspects.

3.9.1 Avoidance of harm

Since the research involved investigating income issues, personal experiences and adversities that ICBTs encountered in their trading activities, emotional harm was the most possible harm that research participants could face in this study. More so, investigating employment and poverty situations may embarrass research participants and cause emotional discomfort (Akaranga and Makau, 2016). In order to avoid harm to research participants in this research, the researcher submitted research instruments for ethical clearance to UNISA Research Ethics Committee and the possibility of creating an emotional harm was evaluated within the context of ethical practises and norms.

3.9.2 Informed Consent

The researcher sought informed consent of the research participants that answered questions on questionnaires, that participated in focus group discussions and that were interviewed during the data collection process. To avoid infringing the dignity and rights of research participants, the researcher informed all participants of the objectives of the investigation and all aspects of the research that were logically expected to influence compliance to participate as well as the researcher's credibility (Kaewkungwal and Adams, 2019). Prior to participation, the research purpose and end-uses of the information were explained to the research participants. Respondents were given the opportunity to decide whether they want to participate or not and each respondent signed a consent form (Appendix 9) indicating their approval to participate before the commencement of the study. At the onset of each interview the researcher made it

plain to participants their right to withdraw from the research at any time. More so, the informed consent letter included such information that research participants were free to withdraw from the study if they so wished at any given time.

The participants which include Director of Housing Department of Gweru City Council and private market owners were also given a consent form which they signed to show approval of participating in the research. The researcher sought permission from the Town Clerk of Gweru City Council to enter their area to carry out the study and the council provided a permission letter (Appendix 10) to the researcher. The researcher also sought permission from private market owners (Appendix 11, 12, 13, 14) to carry out research in their area. The researcher sought police clearance (Appendix 15) from the Zimbabwe Republic Police (ZRP) to undertake research in their area of jurisdiction. The researcher stored and handled the signed consent forms with utmost respect, confidentiality and discretion (Kaewkungwal and Adams, 2019). To this, a file was created by the researcher for signed consent forms that will be stored by the researcher after completion of the research for a reasonable period upon which they will be destroyed.

3.9.3 Voluntary participation

The researcher did not coerce the research participants into participating in the research study since voluntary participation is a major precept of research ethics (Arifin, 2018). The researcher motivated the research participants to participate in the study by clearly explaining to them the research goal and objectives beforehand. Research participants were informed that this was purely for education purposes and also that when the document is published it can serve as a tool to guide policy makers on how they can intervene to assist ICBTs in their trading business so that they continue to earn a livelihood from it. The researcher responded to research participant's questions which they asked before participating in the study. Research participants understood that they could pull out of the study if they so wished and any time.

3.9.4 Anonymity, confidentiality and violation of privacy

Research participants were guaranteed that results of the study will be treated and presented in a confidential manner. More so, on the questionnaires there was no provision for writing of names and the researcher summed up findings in such a way that the information provided could not be traced back to the research participants, this helped to ensure anonymity.

Anonymity was guaranteed through the use of pseudonyms. Pseudonyms were utilized for names of ICBTs studied. More so, respondents were assured by the researcher that all their responses will be merged which will make them not traceable to a specific individual. This was done to safeguard ICBTs who participated in this study since this form of trade sometimes involves illegal dealings. Any data acquired during this study was utilized for this study only. Confidentiality and privacy was also protected and respected throughout the study by assuring research participants that only the researcher was going to have access to raw data collected and it was going to be stored in a safe place at the researcher's place of residence.

3.9.5 Measures to prevent deceptions of participants

A detailed explanation of the aim of the study was done by the researcher during the process of acquiring informed consent to evade possible dishonesty and arousing false expectations in research participants. Thus the researcher did not misinform, misrepresent or withhold information from research participants. The research participants were informed on how the data acquired could be helpful in promoting informal cross border trade as a livelihood strategy for economic and social development and influencing policies that can enable poverty reduction through informal cross border trade.

3.9.6 Competence and action of researcher

Akaranga and Makau (2016) noted that insufficient knowledge or poor interviewing skills can result in gathering little helpful information. The researcher carried out the research in an honest, ethical and competent manner. The data collection skills which the researcher acquired during data collection for her previous qualifications aided her during data collection process, this was supplemented by the guidance of the supervisor of the research.

The researcher recognized the daily routines of the informal traders by administering the questionnaire when traders were not under pressure from customers knowing that they would give all their time to the research without the researcher disadvantaging them. Fieldwork was conducted during mid-month since from the pre-survey that the researcher did these were not extreme busy days for traders compared to end and beginning of month thereby giving them an opportunity to avail enough time for the research.

3.9.7 Release of findings

The researcher made an effort to ensure that the final project was objective, unambiguous, precise, clear and contained necessary information while giving due acknowledgment to sources. The final project of this research will be submitted to the University of South Africa in the form of a research thesis, after which papers will be submitted to academic journals for possible publication. A copy of the thesis will be submitted to City authorities who had requested a copy of the results of the research, as a condition of the consent they granted to the researcher to undertake the research. Although no trader requested a copy of the final thesis, the researcher was willing to provide them with copies in the event that they had requested copies of final project.

3.10 Data presentation and analysis

Analysis is referred to as the process used by the researcher to reduce data and provide its interpretation as according to Paul (2017). Data analysis therefore can be defined as the process of reducing large amounts of raw data collected in the field to make sense of the data. In this study data was organised, reduced through categorisation and summarisation, themes and patterns in the data were identified and linked.

The data was analysed by the researcher during and after the data collection period, since the study involved qualitative methods where an inseparable relationship exists between data analysis and collection. Since the study involved the use of both qualitative and quantitative data collection methods it meant that triangulation approach was utilized in analysing the data using both quantitative and qualitative methods.

3.10.1 Quantitative data analysis

Since working with raw data was very cumbersome the researcher coded the data that was obtained from questionnaires into a form that was handled easily by computer programs and to make it unproblematic for the researcher to interpret the data. Linnenberg and Karsgard (2019) asserted that data coding is an analytical process in which both qualitative and quantitative data is categorised to facilitate analysis by transforming it into a form understandable by computer software. In this process of data coding the researcher looked for patterns and themes.

Microsoft Excel played a supportive role creating some of the graphs and charts which helped in analysing the quantitative data acquired from questionnaires in order to provide diagrammatically presented data which assisted in explaining information presented in qualitative form. Tables were used to present data from questionnaires. All demographic characteristics information was presented using tables and the data was presented in categorical form focusing on comparisons of groups and measuring relationships in terms of gender, level of education and family size. Bar graphs were used to present information on the years in which traders commenced ICBT business. Geographic Information System software of ArcGIS 10.5 was used to create maps that depicted the flow of goods from different nations to Gweru, Zimbabwe. It also represented the percentage of people that indicated that they imported certain type of goods from different nations.

3.10.2 Qualitative data analysis

Firstly, the researcher identified common themes arising from the data following research objectives. Thematic data analysis is defined by Haradhan (2018) as identifying, analysing and reporting patterns within data. The researcher drew themes and sub themes from information obtained from focus group discussions, interviews and questionnaires. Themes are key matters emerging from the acquired data (Cresswell, 2014, Tuffour, 2017). Objectives in this study were used to group the data and search for differences and similarities from gathered data on ICBTs.

Transcription is an indispensable stage on the way to interpretation (Rahman, 2017; Haradhan, 2018). The researcher in this study implemented the transcribing approach of listening attentively to the recordings which were done during the interview process and transliterated them word for word. The researcher produced transcripts which were precisely saved in word format in a computer and also on an external hard drive for back up purposes. The transcripts were read by the researcher several times in their entirety and the researcher wrote memos to immerse herself in the data provided by the respondents, for meticulous understanding of issues emanating from data collection process. According to Paul (2017) writing analytic memos assists in abstracting meaning from the information given. The researcher made notes of meanings and key concepts in the margins of transcripts and this process of reading and writing memos started immediately after data collection being guided by research objectives and questions.

The aim of the data analysis process in qualitative study was to summarize frequent phrases, patterns, words and issues that facilitated the understanding and interpretation of the data. The researcher placed particular emphasis on words and frequency of comments concerning a specific issue asked in this study. This permitted the generation of themes and sub themes. The researcher presented qualitative data in themes which were authenticated by verbatim quotations from research participants. Information from focus group discussions was analysed by summarizing and pulling out verbatim phrases that represent key themes. The researcher explored insights and meanings from each statement that was mentioned in interviews and focus group discussions. The statements that had same meanings were presented under the same theme following objectives which they were addressing. Information from observations was presented using photographs supporting qualitative data in themes. The data from observations that was presented in pictorial form was type of goods traded, plastic money equipment and reduction of goods at flea markets.

The researcher also looked at the theoretical framework which in this study is the rational choice theory. This provided the guideline through which data was viewed. This assisted the researcher to situate data in the theory which helped in facilitating the understanding of the results within that theoretical perspective.

3.11 Summary

Chapter Three provided the methodology of the study in detail focusing on the research paradigm, research design, and target population, sampling procedure and sampling types, research instruments, data analysis and ethical consideration. All these were explained and justified in detail in relation to the research topic. The next Chapter focuses on data presentation, where data that was collected in the field was displayed in both quantitative and qualitative terms in line with research objectives

Chapter Four: Livelihoods outcome of informal cross border traders before and after the virtual cash economy

4.1 Introduction

This Chapter focuses on presenting data and analysis related to objective 1 and 2 that was collected from the field using different data collection tools which were explained in previous Chapter. The data is presented using both quantitative and qualitative methods addressing each objective. Demographic characteristics is presented and analysed in this Chapter.

4.2 Demographic characteristics

A number of questions (Appendix 3, Section A) were posed to respondents to establish and verify how the sample closely represents the known population, and this then allowed for a sub-group analysis of the respondents. On all the tables presented in this section of demographic characteristics (RN) represents the raw number.

Table 4.1 indicates that women dominated the ICBTs respondents who participated in the study as shown by the highest percentage (60%) of women and lower percentage (40%) of men. In contrast, Swift Flea Market respondents were dominated by men at 52% as opposed to 48% of female respondents. Mkoba 16 had 23 ICBTs who answered questionnaires and it constituted the highest difference between the proportion of men and women operating in ICBT with women having the highest percentage. The reason could possibly be that majority of women preferred to operate at this shopping centre as it was the busiest market when compared to other centres in the Mkoba residential area. Table 4.1 shows that women dominated in ICBT and this phenomenon is similar to the research undertaken by Sundie et al. (2015), which revealed in their case study that women (60%) dominated men (40%) in ICBT. This is further supported by Chikanda and Tawodzera (2017) in their study that females made up 68% of the sample. From the research consulted and the data collected for this thesis it is clear that ICBT remains a female dominated activity.

Table 4.1 Gender of informal cross border traders

Flea Market name	Total sample		Male		Female	
	Numbers	Percentage (%)	Numbers	Percentage (%)	Numbers	Percentage (%)
Global Village	60	12	23	38	37	62
Aspiration Village	112	23	35	31	77	69
Dst	46	9	20	43	26	57
Kudzanai	91	18	39	43	52	57
Swift	102	21	53	52	49	48
Mkoba 16	23	4.6	6	26	17	74
Mkoba 6	26	5	9	35	17	65
Mkoba 10	16	3	7	44	9	56
Mkoba 14	21	4	9	43	12	57
Total numbers	497		201		296	
Total %		100	201/497 x 100 = 40%		296/497 x 100 = 60%	

Source: field data

According to the Zimbabwean Labour Act [Chapter 28: 01] the legal working age is 18 years. However, the total labour force statistics of Zimbabwe consider people aged 15 years and above to be economically active since this meets the international labour organization definition of an economically active population (Zimbabwe National Statistics Agency, 2011; ILO, 2016). The ILO international definition of economically active population refers to all people who supply labour for the production of goods and services during a specified period (Zimbabwe National Statistics Agency, 2011; ILO, 2016). Therefore, the age group in this section was calculated from the minimum age of economically active population as they were also involved in selling cross border goods at flea markets and hence became part of the study's sample size.

As indicated in Table 4.2 all flea markets had the highest proportion of ICBTs between the age of 26 to 35 years and the age group that had the lowest percentage was in the 56 years and above group. Global Village had 17% of ICBTs aged 15 to 25 years and it was the highest percentage compared to other flea markets in that age group. Mkoba 10 and 14 flea markets had no ICBTs in the age group of 15 to 25 years of age. Aspiration Village, Kudzanayi and Swift were the only flea markets which had proportions of ICBTs in the age group of 56 to 65 years.

Table 4.2 Age of informal cross border traders

Flea Market name	15-25 years		26-35 years		36-45 years		46-55 years		56+ years	
	RN	%	RN	%	RN	%	RN	%	RN	%
Global Village	10	17	25	42	20	33	5	8	0	0
Aspiration Village	12	11	40	36	30	27	15	13	15	13
Dst	2	4	16	35	16	35	12	26	0	0
Kudzanai	5	5	27	30	33	36	21	24	5	5
Swift	9	9	38	37	31	30	18	18	6	6
Mkoba 16	1	4	11	48	6	26	5	22	0	0
Mkoba 6	3	11	12	46	11	43	0	0	0	0
Mkoba 10		0	8	50	5	31	3	19		0
Mkoba14		0	10	48	9	43	2	10		0
Total numbers	42		187		161		81		26	
Total % (total number/total sample size x 100)	9		38		32		16		5	

Source: Field data

In this study those who were between the ages of 15 to 18 years constituted a proportion of 5% of the total population sampled (497) and these were not going to school since the data was collected during school days. Some indicated that they had failed Ordinary level, which is termed General Certificate of Education (GCE) Ordinary level or Certificate of Secondary Education (CSE) internationally, and had to look for employment in the flea markets for survival. Others stated that they had failed to access funds to further up their studies and they were assisting their relatives, in ICBT business, who were looking after them. Results in Table 4.2 reveal that people of different age groups engage in ICBT since the age distribution of respondents' cuts across the broader spectrum. More so, the findings in Table 4.2 indicate that the majority of participants who were engaged in ICBT were the economically active group. This gives an indication of the unemployment rate in the formal sector of the country. Considering the challenges involved in ICBT it was surprising to find a proportion of participants in the age group of 56 to 65 involved in ICBT since this age group is within the retirement age group. This trend reveals valuable information about the prevailing economic challenges of the nation as retired people continue engaging in ICBT in order to sustain or supplement their livelihoods. Amongst these was a former headmaster who actually indicated that he had to retire earlier as he could not sustain his lifestyle and thus as a previous civilservant he had invested in ICBT business to supplement his income.

Table 4.3 indicates that the highest proportions of people involved in ICBT in all flea markets were married, followed by the widows and widowers, then the single and the divorced. The majority of the married population were women, this in a way indicates the emancipation and empowerment of women as they were doing their own business.

Table 4.3 Marital status of informal cross border traders

Flea Market name	Single		Married		Divorced		Widowed	
	RN	%	RN	%	RN	%	RN	%
Global Village	17	28	31	52	5	8	7	12
Aspiration Village	12	11	45	40	15	13	40	36
Dst	9	20	22	47	6	13	9	20
Kudzanai	10	11	48	53	18	20	15	16
Swift	20	20	56	55	12	12	14	14
Mkoba 16	7	30	7	30	3	13	6	27
Mkoba 6	1	4	13	50	3	12	9	34
Mkoba 10	0	0	8	50	3	19	5	31
Mkoba14	1	5	10	48	2	9	8	38
Total numbers	77		240		67		113	
Total % (total number/total sample size x100)	16		48		13		23	

Source: Field data

To understand the educational levels of people participating in ICBT, the respondents were asked to specify their levels of education. Operating a business successfully requires good skills and lack of such skills can affect the successful operation of ICBT. Table 4.4 shows that the highest proportion of ICBTs in all flea markets surveyed had managed to reach ordinary level (GCE or CSE internationally), followed by those who managed to reach advanced level, lower secondary, tertiary and lastly primary level had the least proportion in all the flea markets. Privately owned flea markets (Global, Aspiration and DST) had the highest proportion of ICBTs who had reached tertiary level with Aspiration Village leading at 31%. Amongst those who had reached tertiary level at Aspiration Village there was a former high school headmaster and a university student from Midlands State University. The significant percentage of participants with formal education in ICBT, as shown in Table 4.4, can imply the shortage of employment opportunities in the formal sector of Zimbabwe. This also indicates low remuneration and salaries in formal employment, as some people with formal education engage in informal business to supplement income. These results go in line with the findings by Saunyama (2013) that ICBT had evolved since more skilled and educated participants were joining the sector.

Table 4.4 Level of education

Flea Market name	Primary		Lower sec		Ordinary level		Advanced level		Tertiary	
	RN	%	RN	%	RN	%	RN	%	RN	%
Global Village	0	0	10	17	24	40	15	25	11	18
Aspiration Village	3	3	7	6	45	40	22	20	35	31
Dst	0	0	4	9	23	50	14	30	5	11
Kudzanai	6	7	18	20	52	57	15	16	0	0
Swift	2	2	19	19	59	57	19	19	3	3
Mkoba 16	0	0	4	17	12	52	5	22	2	9
Mkoba 6	0	0	4	15	14	54	5	19	3	12
Mkoba 10	1	6	2	13	10	62	3	19	0	0
Mkoba 14	0	0	3	14	11	52	5	24	2	10
Total numbers	12		71		250		103		61	
Total % (total number/total sample size x100)	2		14		50		21		13	

Source: Field data

Table 4.5 shows the nature of households of ICBTs. All flea markets had the highest percentage of male headed households except for Mkoba 16 that had the highest proportion in the female headed category. Only Swift Flea Market had 3% of people who had their households' child headed. Traders at Swift Flea Market were involved in the trading of second-hand clothing only. The possible reason for having 3% of child headed households at this flea market could be that it was easier for these households to engage in trading of second-hand clothing since the capital that was required to start was cheaper compared to new clothing. More so, the trading of second-hand clothing had quicker returns compared to new clothing since the products were cheaper. Therefore, these child headed households could have managed to engage in trading of second-hand clothing to earn a livelihood.

Table 4.5 Nature of households

Flea Market name	Male headed		Female headed		Child headed	
	RN	%	RN	%	RN	%
Global Village	35	58	25	42	0	0
Aspiration Village	65	58	47	42	0	0
Dst	24	52	22	48	0	0
Kudzanai	58	64	33	36	0	0
Swift	53	52	46	45	3	3
Mkoba 16	9	39	14	61	0	0
Mkoba 6	14	54	12	46	0	0
Mkoba 10	9	56	7	44	0	0
Mkoba 14	11	52	10	48	0	0
Total numbers	278		216		3	
Total % (total number/total sample size x100)		56		43		1

Source: Field data

Table 4.6 indicates that the highest proportions of ICBTs were supporting a household of 5 people. According to Zimbabwe National Statistics Agency (2012) national average size of households was 4.2, thus the ICBTs were supporting a significant number of individuals. This means that the majority of ICBTs were supporting a large number of people compared to the average size of household as captured by Zimbabwe National Report of Census 2012. Those who indicated that they were looking after a family of 9 people and above pointed out that it included the extended family as well.

Table 4.6 Size of the household

Flea Market Name	Number of ICBTs with the number of people in a household									
	2	3	4	5	6	7	8	9	10	10+
Global Village	13	33	20	22	12					
Aspiration Village	3	10	17	35	20	4	4	4	3	
DST		13	20	15	28	9	11		4	
Kudzanai			5	31	38		25			
Swift	4	7	8	40	23	16				2
Mkoba 16			26	17	31	22	4			
Mkoba 6	8		12	38	23	19				
Mkoba 10			13	25	37	25				
Mkoba 14			10	43	33	14				

Source: Field data

The biographical findings in Table 4.7 indicate that all ICBTs in all flea markets except for Global Village were unemployed in the formal sector and active full time in the ICBT. ICBTs in Global Village Flea Market reflected 17% employed in the formal sector on a part time basis with a further 13% employed on a full time basis. These results are aligned with the biographical findings by Zata (2016), where only a few respondents were in formal employment and only engaged in ICBT to enhance their salaries. This means that those who were formally employed were getting salaries that were not sufficient to cater for their needs and hence they had to engage in ICBT to supplement their income. The findings in Table 4.7 probably reflects a general lack of employment opportunities in the formal sector of the nation, as discussed in Section 1.3 of Chapter 1, as the majority of participants were employed full time in the informal sector.

Table 4.7 Occupation in the formal sector

Flea Market name	Part time		Full time		Unemployed	
	RN	%	RN	%	RN	%
Global Village	10	17	8	13	42	70
Aspiration Village	0	0	0	0	112	100
Dst	0	0	0	0	46	100
Kudzanai	0	0	0	0	91	100
Swift	0	0	0	0	102	100
Mkoba 16	0	0	0	0	23	100
Mkoba 6	0	0	0	0	26	100
Mkoba 10	0	0	0	0	16	100
Mkoba 14	0	0	0	0	21	100
Total numbers	10		8		479	
Total % (total number/total sample size x 100)	2		2		96	

Source: Field data

One hundred percent of respondents sampled indicated that they were Zimbabweans. This meant that amongst the sampled population in Gweru there were no foreigners who came to sell their products in Zimbabwe as ICBTs rather it was the locals who were involved in importing goods for sale in the country.

4.3 The livelihoods outcome of ICBTs before the virtual cash economy

4.3.1 Period in which ICBT was started

Figure 4.1 indicate the period ICBTs started ICBT. Fifty-eighty percent of research participants commenced ICBT between 2009 and 2015, during the multi-currency era, when US dollar was the official currency. Twenty-seven percent of participants indicated that they started ICBT before 2009, during the use of the Zimbabwean dollar, while 15% of participants indicated that they started ICBT between 2016 and 2018. The later was the period when the nation had introduced the Bond Note, a surrogate currency, and officially started using virtual cash as an alternative day today method of payment for goods and services.

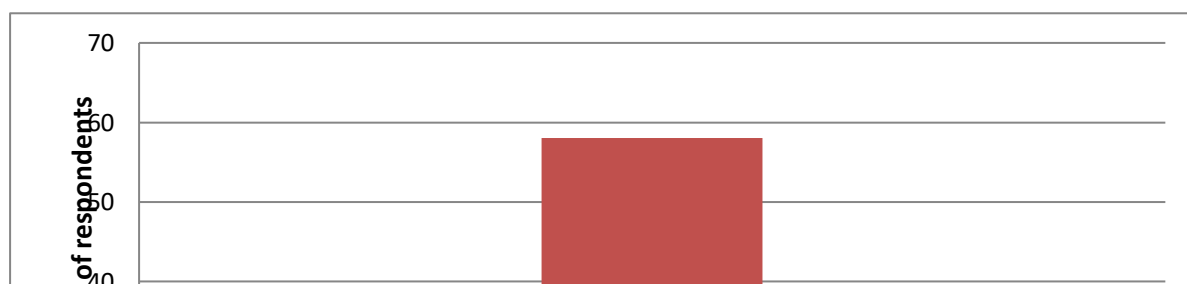


Figure 4.1 Period in which respondents started ICBT (Source: Field data)

There was consensus amongst all the respondents that they traded their products in exchange for money only. They pointed out that the major reason for this was that, after selling they would need to buy foreign currency in order to import new stock and also utilise the remaining profit for livelihood.

4.3.2 Countries traded with and nature of trading

Majority of respondents bought their products from more than one country as shown on the map in Figure 4.2. Seventy-six percent of respondents indicated that their products came from South Africa, specifically from cities like Johannesburg, Pretoria and Musina. Forty-two percent of respondents pointed out that their products came from Botswana whilst 34% purchased their products from Mozambique. Thirty-three percent of respondents indicated that their products came from Zambia while 22% pointed out that their products came from Tanzania and 6% had their products coming from Lesotho.

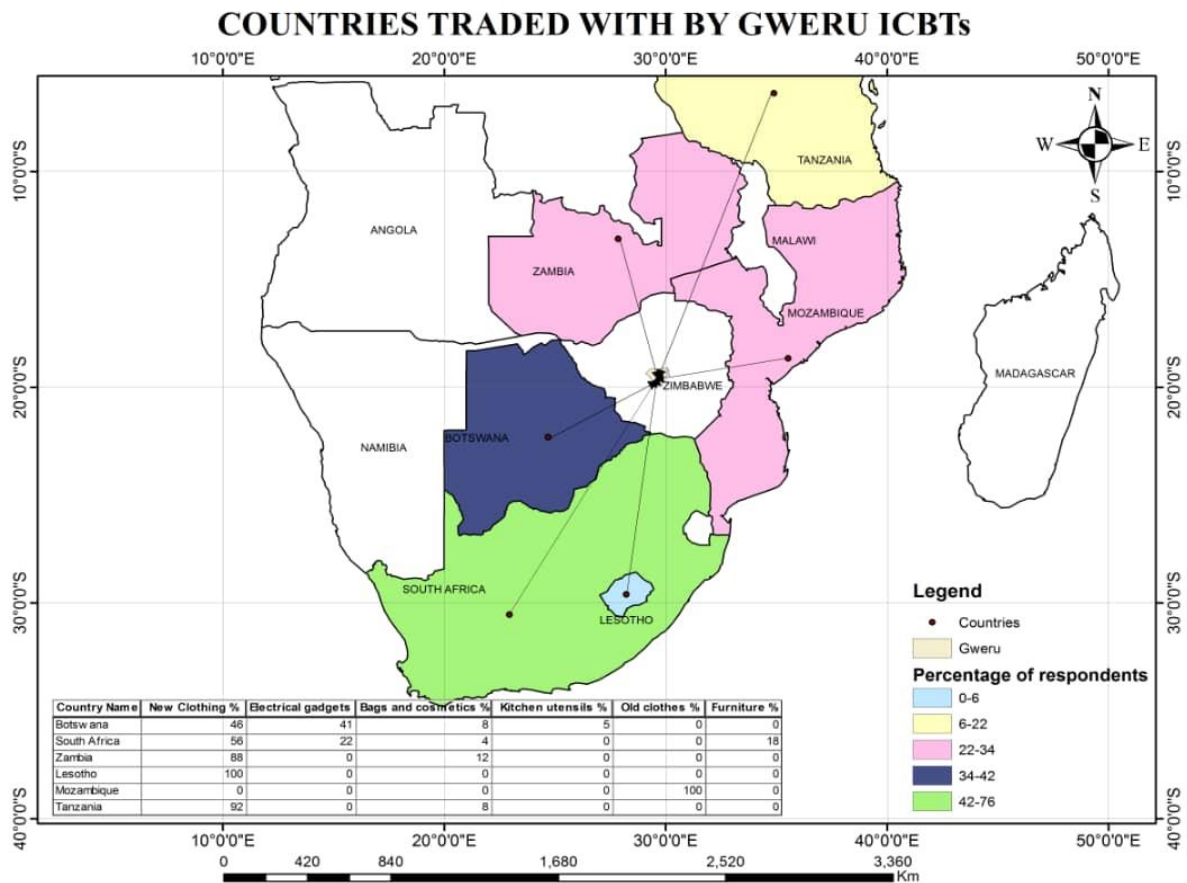


Figure 4.2 Source countries and types of goods imported by ICBTs of Gweru (Source: Field data)

Eighty-seven percent of respondents indicated that the major product they traded in was clothing, 6% had electrical gadgets as their major product they traded in, 4% had furniture as the major product and 3% were majoring in kitchen utensils. The findings also indicated that 40% of those majoring in clothing had other products which they were selling outside clothing such as footwear, cosmetics, jewellery and bags (handbags, satchels and travelling bags). More so, 27% of the respondents who indicated that they were majoring in clothing indicated that it was second-hand clothing which they traded in. Twenty-one percent of respondents at Swift Flea Market indicated that they were majoring in second-hand clothing. This flea market was used for selling second-hand clothing only.

The respondents who indicated that their products came from South Africa, Botswana, Tanzania, Zambia and Lesotho were majoring in new clothing, kitchen utensils, electrical gadgets, furniture, cosmetics and bags as indicated in the Table in figure 4.2. Fifty-six percent of respondents getting goods from South Africa imported new clothing, 22% of them imported

electrical gadgets, and 18% imported furniture and 4% bags and cosmetics. Forty-one percent of respondents sourcing items from Botswana imported electrical gadgets, 46% new clothing, 8% bags and cosmetics and 5% kitchen utensils. For those importing from Zambia, 88% of them imported new clothing material and 12% imported bags and cosmetics. From Tanzania 92% indicated that they imported new clothing and 8% bags and cosmetics. All those who imported from Lesotho were majoring in the provision of new clothing while from Mozambique they majored in second-hand clothing and footwear.

Plate 4.1, 4.2, 4.3 and 4.4 shows some of the products which were being traded by the ICBTs.



Plate 4.1 Flea market of furniture **Plate 4.2 Informal cross border trader sewing imported material (curtains)** *(Source: Field data)*
(Source: Field data)



Plate 4.3 Flea market of new Electricalgadgets andclothing **Plate 4.4 Flea market of bales (second-hand clothing)** *(Source: Field data)*
(Source: Field data)

All the respondents indicated that before the extensive use of the virtual cash they crossed the border illegally, with their products, without following proper formal routes. Those who majored in second-hand clothing, imported from Mozambique, indicated that they would smuggle their goods because duty tariffs were very high and affected profit making. They also indicated that, during the period when US dollar was the official currency of Zimbabwe, it was very easy to bribe officials at border posts since US dollar was a very powerful currency.

Respondents also pointed out that the major reason for illegally crossing the border with their clothing bales was that it was considered illegal to import bales hence they resorted to illegal means of transporting them across the border. They would sometimes pack the bales into smaller bags and pay baggage carriers who would cross illegal ports of entry avoiding payment and the confiscation of their goods at formal border posts. Commuter omnibus and trucks were the major means of transport used to transport these items. In some cases they would use the baggage carriers to ferry the bales by foot but they said it was very risk, as sometimes they would get caught up and the bales confiscated.

Those who focussed in new clothing and all other products indicated that they bribed border control officials to cross their goods without paying duty tariffs and no receipts were provided for bribe payments. They also indicated that in most cases they would pay the settling transporters or drivers (whom they referred to as “*omalaitscha*” in vernacular) for their facilitation through illegal services. The settling drivers acted as intermediaries between traders and custom officials. They bribed the border officials using part of the money paid by the ICBTs for their goods to be conveyed across borders without payment of duty tariffs. They mentioned that this was cheaper and safer since sometimes they would have bought goods not allowed to be imported into the country or exceeded the quantities allowed to be imported per each product. The major transport used by these respondents to convey their goods across borders was by bus in the form of sprinters (mini-bus), which transported their goods collectively, and each trader paid the bribery amount equivalent to the amount of luggage to be ferried.

However, 32% of respondents indicated that sometimes they crossed the border legally declaring their goods at border officials depending on the quantity and type of products bought. These respondents said that whenever they declared their products at border posts it was because they would have bought the products in small quantities and also products that were allowed to be imported into the country. It is in these cases that they paid duty tariffs for imported goods at border posts. They also pointed out that whenever they declared their goods at border posts they used either a small vehicle to convey goods across borders or cross the borders on foot since goods in small quantities could be easily carried.

4.3.3 Profitability of ICBT

Ten percent of respondents indicated that the capital they started with in the business of ICBT was below \$100 US dollar, 43% indicated that they started with a capital between 100 and 250 US dollar, 37% said they started with a capital between 251 to 500 US dollar and 8% indicated that they started with a capital of between 500 and 750 US dollar. There were 3 participants who indicated that they started with a capital of between 751 to 1000 US dollar and 3 participants who said that they started with a capital of 1000 and above. These participants constituted 0.6% of the respondents in their category respectively.

When asked on whether the ICBT business was profitable, before the extensive use of the virtual cash (prior to 2015), 100% of the respondents indicated that the business was profitable. The following responses were quoted from participants to reflect their views:

“ICBT business was very good during US dollar era, one must say the business was balanced because we managed to do quite a lot of things with profits we acquired from ICBT even compared to the Zimbabwean dollar era before”.

“Business was functioning well before this plastic money came into effect and we managed to make big profits and earn much money compared to those who were employed in the formal sector”.

“Where can you get a business that gives you double amount you started with? With ICBT during the US dollar as the official currency of the economy we managed to make such huge profits”.

Forty-five percent of respondents indicated that they made profit of between 500 and 750 US dollars, 36% made profit of between 251 and 500 US dollars, 7% said that they made profit of between 100 and 250 US dollars, 7% also made a profit of between 1000 and above US dollars and 5% made a profit of between 750 and 1000 US dollars.

When asked, in an interview, whether the traders managed to survive from ICBT before extensive use of virtual cash the private owner of Global village Flea Market said that the ICBT business was functioning well and profitable prior to 2015. The private owner explained that source of foreign currency was readily available in the country since the nation was using multi-currency (2009 to 2015). He also cited that, with the US dollar as the official currency, it was

advantageous to traders as the nation had a stronger currency compared to neighbouring countries. The Global Village private owner also mentioned that the US dollar had the advantage that the ICBTs could cross the border and buy directly using US dollar in neighbouring countries since these countries were in need of it as it had value over their own currency.

The private owner further indicated that the US dollar allowed many traders to avoid costs and expenses that would be incurred when buying foreign currency explaining that, during that time (2009 to 2015), no foreign currency dealers existed. To corroborate and validate this statement an interview was carried out with foreign currency dealers who confirmed that, during this period (2009 to 2015), there were very few foreign currency dealers operating. They further explained that those that were operational were only there to assist the traders who wanted to exchange foreign currency into the currency of the country which they wanted to import goods from.

Another advantage of the US dollar, mentioned by the private owner of Global Flea Market was that, it was cheaper to buy the foreign currency of countries from which goods were imported using the US dollar since it had more value compared to other currencies. An example which was given was the rate of US dollar against South African Rand during that time, where \$6.50 US dollar was equivalent to 100 Rand. This was also confirmed by the foreign currency dealers who mentioned that their business of exchanging foreign currency was not profitable at all, during 2009 to 2015, as Zimbabwe had a stable and valuable currency in the United States Dollar.

The Gweru City Council official indicated that before the virtual cash economy the ICBTs managed to survive because the rate at which they imported goods was high meaning business was functioning well. The council official also revealed that majority of traders managed to buy a lot of personal items, including cars and other types of property, during this period since the US dollar was very strong nationally and regionally. The council official mentioned that the US dollar had the advantage that it was a stable strong currency which enabled traders to make reasonable profits. He explained that the US dollar made it possible for ICBT to become a strong source of livelihood for many people in the city of Gweru and this was evidenced by the mushrooming of many flea markets, during 2009 to 2015, due to high demand as traders were increasing in numbers.

The private owner of Aspiration Village Flea Market indicated that the ICBTs earned a decent livelihood from ICBT before the introduction of the virtual cash economy in 2016. He explained that the traders benefitted the most during this era and managed to ensure that profits earned from ICBT business was their main source of livelihood. To corroborate and validate this point the private owner invited the researcher to view the car park area where the ICBTs parked their vehicles. The owner explained that most of the vehicles that were parked in the area were bought by the traders before the virtual cash economy (2009 to 2015). When asked about the advantage the US dollar had on traders, the private owner indicated that, inflation was very low between 2009 and 2015 hence the US dollar did not lose value at all. He also cited that the ICBTs crossed the borders to import goods using the US dollar direct without the need to buy any other foreign currency.

The private owner of Dst Flea Market explained that the ICBTs managed to survive on ICBT, before the virtual cash economy (2009 to 2015), because the business was more profitable during that time since few people were engaged in ICBT as compared to virtual cash economy era (2016 to date), hence there was less competition. He opined that the US dollar had a great advantage to the ICBTs because it was foreign currency that had strong value and it was used direct to purchase goods in many neighbouring nations they traded with.

4.3.3.1 Profits utilization before virtual cash economy

One hundred percent of the respondents indicated that they utilised their profits by investing into ICBT business for new stock and expanding the business, on food supplements, payment of rentals, education and health expenses. Fifty-nine percent of respondents indicated that they also managed to buy residential stands or land and property. Forty-six percent indicated that they managed to buy cars and furniture. Thirty percent said that they managed to buy residential stands and went further to build houses on the land they bought. The following responses illustrate respondents profit utilisation:

“I managed to buy my own car and two commuter omnibuses which are operating on the road ferrying people to and from town”.

“Managed to build a house in town, send children to good boarding schools which right now I cannot afford to with the way profits in ICBT business have fallen due to the unrealistic exchange rate during this virtual cash period”.

“Managed to buy a car, furniture, livestock and a residential stand in town, also bought property for my parents and renovated their rural home but currently in this business it is difficult for me to raise profit to buy even a bicycle”.

“Managed to buy a car and a residential stand but with the current economic hardship I am failing to build even two rooms on it because ICBT business is no longer flourishing the way it used to during the US dollar era”.

Eighty percent of respondents indicated that they rented the flea markets tables directly from Gweru City Council or private owners of flea markets. Fifteen percent of respondents said that they shared the flea market space with other tenants and thus shared the rental fees in the process. Five percent of respondents pointed out that they rented the flea market tables from other tenants who were renting directly from City Council or private owners. The later explained that the reason for doing so was mainly because when they started their ICBT business tables in the flea markets were already fully occupied so they ended up looking for traders who did not fully utilise their tables so that they could rent from them. The tenants who rented out their flea markets space to other tenants charged their tables at a premium fee compared to the one the original owner required them to pay, hence getting a little profit in the process.

Private owner of Global Village Flea Market revealed that there were fewer challenges in terms of rental fee payments from ICBTs before extensive use of virtual cash. The owner indicated that there was no use of virtual cash as a method of payment since cash was readily available in the form of US dollar and ICBT business was flourishing. The traders were able to pay their rentals in time and in full with very few challenges since they were making huge profits. He revealed that ICBTs were paying a total of \$200 US dollars per month from 2014 up to 2015 and that flea market tables were fully occupied during that period.

Gweru City Council official indicated that the council faced challenges in terms of rental payments of flea markets from traders before extensive use of the virtual cash (prior to 2015) although the challenges were not widespread in nature. He highlighted four major reasons why the traders were facing challenges in rental payments even when their business was profitable. The first reason was that they traded without the capacity and skills of financial management to respect credit payments. The second reason was that they had so many overheads, such as school fees, rental fees of residential homes, medical expenses and affiliation fee, which they prioritised over paying rentals to Gweru City Council. This was also confirmed in focus group

discussions conducted that the profits earned from ICBT by traders were also utilised in small saving schemes which in vernacular name they referred to as “*mukando*”. They indicated that they engaged into these associations as friends or neighbours. Through this each person was supposed to provide a certain amount each month to the banking association that will be agreed upon for everyone. Each individual would then be able to access the money in turns and also through borrowing.

The third reason was that the Gweru City Council itself was not strict on the traders in terms of rental payments due to political interference and interest and, this was more prevalent during election campaigns. The fourth reason was that there were pressure groups that the traders were affiliated to, such as Gweru Traders Association and Zimbabwe Vendors Association, which acted as a buffer cushioning the traders if the council exerted any form of pressure on the traders requesting them to pay rental fees. On this point the council official further explained that sometimes the associations would go to the extent of spreading bad news about the City Council on social media to justify actions by its members. The council official indicated that the rental fee which was charged on traders was \$30 US dollars.

The private owner of Aspiration Village Flea Market revealed in an interview, however, that there were less challenges in terms of rental payments by the ICBT as cash was easily accessible in the form of US dollars and there was enough money in circulation. The private owner indicated that the flea market contained 150 tables and 26 rooms and all these were fully occupied accommodating 220 ICBTs during the period of the use of the US dollar as the official currency (2009 to 2015). Twenty-six rooms were used by the traders who imported clothing material to make their own clothes which they sold to people. According to the private owner the rental fees at Aspiration Village Flea Market were US\$90 per table and US\$250 per room during this period.

The private owner of Dst Flea Market indicated that there were challenges in terms of rental payments of flea markets by the traders before the virtual cash economy, although they were not extreme. The private owner explained that money is always a problem so people always cry even when money is readily available because the more money one has the more responsibilities one has to cover. He revealed that the flea market was fully occupied during the use of the US dollar as the official currency. The flea market was accommodating traders specializing in clothing only up until 2014 when they shifted to accommodating traders

specialising in furniture and sewing imported clothing material. The private owner also pointed out that the rental fees during that period ranged from US\$70 to US\$120.

4.3.3.2 Employment in ICBT before extensive use of virtual cash

Fifty-nine percent of respondents indicated that they employed people on their flea markets to assist with selling of imported products and 41% of respondents said that they had no employees but ran the business themselves. Those who had employees pointed out that they owned more than one flea market stand/table so it was necessary to employ people who would assist. Fifty-six respondents out of 102 total sample at Swift Village Flea Market which focussed on second-hand clothes indicated they had more than one table of bales functioning during the US dollar as the official currency and hence each table would require an employee. The following narratives were quoted from respondents reflecting their views on how they employed other people in the ICBT business:

“I owned five tables in the flea markets back then, utilising them all and 5 employees. I had no time to sell the products myself but was mostly focused on importing new bales since business was good and demanded us to import new bales each and every week. I used to cross the border for new stock after every three days and brought about eight new bales per week, but now cannot utilise all the tables anymore because profits have fallen significantly from what we used to get. I am now operating with two tables only whilst renting the others”.

“Had four employees but I retrenched them because I cannot afford to pay them anymore which is why I am operating with one table now”.

“I used to fill this room with 7 employees sewing the material bought from Zambia which we worked on to make different types of clothes as per order by customers. Now we have closed some of the machines and as you can see it is only me in this room because I cannot afford paying them anymore”.

4.3.4 Method of payment used by consumers

One hundred percent of respondents indicated that the method of payment used by consumers before extensive use of virtual cash in the economy (prior to 2015) was cash method in hard currency and it was mainly the US dollar that was used by customers as it was the official currency then. They explained that mobile money and plastic money was introduced around 2013 but it was used merely for sending money from one person to another not for making day to day payments as hard currency was readily available and easily accessible. There was consensus amongst respondents that the exchange rate was constant and it never fluctuated. They emphasized that the US dollar had more value compared to any other currency in the SADC region so it was advantageous to them since they used it to buy directly in other neighbouring countries they traded with without exchanging it to the currency of those nations. Even if they chose to buy the currency of the nations they were purchasing products from the rate was very low and constant.

4.3.5 The advantages members of Zimbabwe Cross Border Traders Association (ZCBTA) had compared to non-members before virtual cash.

The researcher conducted an interview with a member of ZCBTA to establish the advantages that traders who were members in this Association had when compared to non-members. The member indicated that the major advantage that traders in the Association had was that they banked their money and accessed it in time whenever they needed it unlike non-members who kept their cash at home without owning any bank account. The member also indicated that the other advantage that members had was that they could withdraw huge amounts (up to \$5000 US dollars) from the bank when they needed to cross the border to collect new stock. Another advantage that the traders had was that if Zimbabwe Revenue Authority (ZIMRA) confiscated their goods on re-entering the country the members would simply produce their membership card and the ZIMRA would allow these traders to reach their designated areas for business and later claimed its money from the Association.

The researcher went on to ask about the requirements one needed to become a member of ZCBTA in order to find out why the majority of ICBTs were not members of ZCBTA. The

member mentioned that for one to be a member of ZCBTA there was need for a record of crossing borders, meaning one was supposed to have a history of trade, therefore new traders were excluded. The interviewee also indicated that for one to become a member of ZCBTA his or her operating area was supposed to be known and were required to provide evidence of contributing to the economy through the banking of profits. Members were given an operating license that allowed them to import different types of goods from outside the borders and they declared the goods using that operating license.

The member also cited that there was a membership fee charged on the traders that varied according to the type of group the trader belonged to, between 2009 and 2015. There were four groups the bronze, silver, gold and platinum. The bronze group paid a membership fee of \$100 US dollars and it was a group of those traders who had just one table in the flea market. The silver group paid a membership fee of \$150 US dollars and it was a group of those with about three and more tables in the flea markets. The gold group paid a membership fee of \$300 US dollars and it was a group of traders who had small shops and the last group of platinum paid \$500 US dollars and consisted of traders who owned large shops compared to traders in the golden group. The member indicated that the membership fee was charged based on what traders gained in terms of profit, and how far and often they travelled outside the country.

4.4 The changing trend in livelihoods outcome being experienced by ICBTs since the inception of the virtual cash economy

4.4.1 Method of payment used by consumers

All the respondents who answered questionnaires indicated that they accepted both cash and mobile payment (*Ecocash*). Twenty percent of respondents indicated that sometimes they also accepted bank transfers when customers could not pay for goods using cash or mobile payment. However, they pointed out that they only accepted bank transfers in the form of ZIPIT (Zimswitch Instant Payment Interchange Technology) since it was instant and did not accept Real Time Gross Settlement (RTGS) because it took two days to be reflected in the recipient bank account. Twenty-eight percent indicated that they also accepted plastic money in the form of credit and debit cards since they possessed Point of Sale (POS) machine for swiping the cards. Plate 4.5 shows the sign used by traders notifying customers that they accepted plastic cards since they owned swiping machine named Kwenga. Plate 4.6 shows the Kwenga swiping machine used to swipe plastic cards of customers who bought goods using plastic money.

Traders who did not own POS machine could still accept these methods of payments as they rented the machine from those who had it at a cost of \$2 Bond Note per product. The negative result of renting the POS machine was that they had to increase the price of goods for those customers who paid for goods using a credit or debit card.

Respondents indicated that the major reason for preferring mobile money over plastic cards or bank transfers (in terms of virtual cash) was that most of their customers did not have bank accounts but could use their mobile phones to transfer money, in addition some traders did not have bank accounts. They also said that it was easier and cheaper to transform virtual money to hard currency using mobile phones than when using bank cards since most banks were not offering cash at all and those that were offering cash limited withdrawal amounts. This forced the ICBTs to first transfer their money from banks to mobile phones and then converts into cash which was very costly due to premium charges charged at each transaction.



Plate 4.5 Sign post of Kwenga POS machine (Source: Field data)



Plate 4.6 Kwenga POS machines (Source: Field data)

4.4.2 Differences in amount charged per product using hard cash versus virtual cash

One hundred percent of respondents indicated that the price of goods was higher when customers purchased goods using virtual cash than when they paid for goods with cash. The major reason raised by all respondents for doing so was that they needed a cash flow to buy foreign currency in order to cross the border to purchase goods. This cash was only available in a parallel market since banks did not offer cash at all and for those offering cash it was limited to \$30 Bond Note per day to a limited number of people. They further said that on a parallel market the cash was sold at a premium rate of 20% in exchange for plastic or mobile money.

To access \$100 Bond Note cash one had to provide \$120 Bond Note in the form of mobile or plastic money. This was confirmed by foreign exchange dealers who indicated that Bond Note cash was readily available in parallel markets but was very scarce in the formal sector. The respondents also pointed out that sometimes the parallel market money dealers' preferred mobile money compared to plastic money that made them charge extra percentages on plastic money. The fact that they accessed cash at a cost made them charge a different amount to the products purchased using virtual cash.

The respondents also made it clear that the extra amount which they charged for goods depended on the parallel market exchange rate of a particular day to evade losses. They said that the extra amount charged also depended on the size and type of the product, with bigger products attracting higher prices than smaller products. The following statements were some of the responses which were made by respondents explaining reasons for charging extra amount when customers used plastic or mobile money as a method of payment:

“The amount I charge customers on virtual cash is more compared to when using cash method and it differs depending with the type and size of the product ranging between 10 to 30%”.

“We buy foreign currency using Bond Note cash and where we access this cash we are rated at premium rates, there are also charges charged by mobile money owners and banks for cash out and withdrawals and we are also charged 2% tax per each transaction by the government. All these processes make us lose more money therefore, we are left with no option than to charge extra amount when customers buy using virtual cash to cushion ourselves from huge losses”.

“On smaller items I charge \$5 Bond Note extra and on large items I charge \$10 Bond Note extra, this is mainly because at the end of the day I must convert this virtual cash into cash which is a bit cheaper for me to use to purchase foreign currency than virtual cash”.

“We charge extra amount depending on the rate of each day, every morning before I start business I ask the rate of the day at parallel markets and adjust the prizes accordingly so there is no constant prize but they are always fluctuating according to the rate of the particular day”.

This increase on prices of goods bought using plastic money had an effect to the rate of buying by customers especially those who did not have cash to purchase goods on flea markets.

4.4.3 The effect to the rate of buying by customers

Ninety-five percent of respondents indicated that there was a large change in the purchasing of their imported goods by customers. When asked to explain the trend the respondents reported that there was a huge reduction in sales when virtual cash was introduced than was the case during the multi-currency period. They also stated that customers were not willing to purchase their products with an increment when buying with virtual money and this prevented them from purchasing products with higher prices. The following statement summarises some of the reasons given by respondents to indicate how the rate of buying by customers was affected by use of virtual cash:

“The rate of buying significantly reduced due to economic hardships and people do not have money to the extent that it is now a luxury to buy clothes”.

“Back then I used to open one bale of second-hand clothes customers would flock in and buy until it is finished on the very same day, but nowadays it takes a month for just one bale of second-hand clothes to be sold and get finished”.

“If things were like before we would not have this chance of answering the questions to your project like we are doing because, we used to be busy that sometimes it was difficult to get free time to eat lunch”.

“The rate of buying by customers has reduced to a great extent I used to sell my products to customers from Zimbabwe Alloys Company (ZIMALLOYS), Bata shoe company and Zimbabwe Castings Limited (ZIMCAST) but now those companies have closed so customers have reduced since many people are now unemployed”.

Five percent of respondents indicated that there was no change in the rate of buying by customers but the changes they experienced was more in terms of the currency used in the country. They added that the Bond Note did not have value at all so even if customers purchasing trends remained as before virtual cash the difference could not be determined. They further indicated that the Bond Note in the form of cash is valued differently from the Bond Note in the form of virtual cash which worsened the situation in profit making. Their major emphasis was that the virtual cash was valueless that even if more customers bought goods than before no profits could be realised.

4.4.4 Changes to the trend of profits and livelihood outcome

One hundred percent of respondents indicated that there was a change in their profits prior to the extensive use of the virtual cash. They all pointed out that the change was negative. They indicated that during the use of the US dollar as the official currency, cash was readily available and it was used to buy new stock from other countries directly and this was done without currency conversions. However, with virtual cash, they indicated that there were huge loss of profits through the different processes they had to go through to convert the money from virtual cash to cash and then to foreign currency with different fluctuating rates. They also denoted that more than 50% of customers used mobile money when making payments for products and this caused loss of profits when converting the virtual cash to cash where premium rates were charged.

There was consensus amongst respondents that due to changing trends they could not afford to cover their living expenses or purchase new goods for trading. Respondents indicated that they only made enough profit to feed themselves and their families. They pointed out that it was now a hand to mouth kind of business and it had become very expensive for them and were often forced to take personal capital to purchase goods for resale as the ICBT business was failing to sustain itself. Some indicated that they no longer crossed the border to buy goods and would pay a third party to purchase goods across the border as this was cheap especially for those buying few items. Others indicated that they could no longer afford to pay school fees for their children and had to transfer them to cheaper schools where they could negotiate on fees through payment plans. Some said that they used to have medical aids during the US dollar era but they had cancelled these since the extensive use of the virtual cash. These were some of the statements posed by respondents which reflected their feelings on changes that happened on livelihood outcome due to extensive use of virtual cash:

“The ICBT business is no longer sustaining us like it used to during the use of US dollar as official currency. We used to own two flea markets with me operating at one flea market and my husband operating at the other but we cannot afford that anymore we closed one table and my husband is doing his own personal deals so that, at least, we survive”.

“Some of us who are into sewing the clothing material bought from Zambia and Tanzania are only surviving in the business because we are now relying on customers who are bringing their

own materials otherwise we no longer cross the border to purchase the products ourselves because it is now expensive for us”.

“The profit we used to make has reduced greatly in fact I must say there is no profit we are making from this business at all because it is now hand to mouth. We are encountering loss as the business is eating into our pockets when we need capital for new stock since it is failing to raise its own capital”.

4.4.4.1 Reasons for remaining in business despite reduction in profits

All the respondents who answered questionnaires indicated that the major reason they were remaining in the ICBT business despite reduction in profits was that there was no other alternative for them to sustain their livelihoods. ICBT was the only business that had sustained them for long so they were hoping the situation would change for the better or get back to where it was during the multi-currency era. They further explained that it was the only way to survive since there was no formal employment in the country, although it was not giving much in terms of profits. Another reason that was raised by participants for continuing in the ICBT business was that despite all challenges they had to feed their families so they tried to persevere and adapt to the prevailing circumstances so that they could at least provide food for their families for survival. Eighty percent of respondents indicated that their ICBT business was their only means of survival as they did not have anything else to depend on. Those who had not managed to reach ordinary level (GCE or CSE internationally) in terms of education pointed out that there was no better employment they could get with their levels of education hence they had to persevere in this business they were experienced in to survive.

Another reason raised by respondents was that they had established themselves long enough in the business and depended on it for livelihood for many years. Hence it was better to find ways of adjusting to the challenges than completely abandoning it and look for something else they were not experienced in. Respondents further indicated that things were really hard and difficult for them especially with the ever fluctuating foreign exchange rates on the parallel markets. They also emphasized that this might force them to temporarily close down the flea markets until the foreign exchange rates becomes stable and manageable. They further indicated that some people had already temporarily closed down their flea market business because they failed to cope up with the premium rates at parallel markets so they were waiting for things to become steady so that they can come back to business. This was also confirmed

by the researcher during field observations as they were some tables which were not being utilised at all especially at flea markets owned by Gweru City Council as depicted in plate 4.7, 4.8 and 4.9.



Plate 4.7 Mkoba 16 Flea Market temporarily abandoned tables (Source: Field data)



Plate 4.8 Mkoba 14 Flea Market temporarily abandoned tables (Source: Field data)

Plate 4.9 Swift Flea Market temporarily abandoned tables (Source:Field data)

4.4.5 Changes to nature of trading

4.4.5.1 Transport and method of payment used when crossing the borders

One hundred percent of respondents indicated that they illegally crossed the border since the inception of virtual cash as a method of payment and only 19% said that sometimes they crossed legally depending on quantity of goods. The major reason for crossing the border illegally was because of the Rebate policy which reduced the quantity of items to be declared at the border and also that duty tariffs were very expensive compared to crossing illegally. Ninety-four percent of respondents indicated that they used the mini-bus, referred to as sprinters,

to transport goods across borders. Twenty-one percent of respondents indicated that they sometimes used trucks and commuter omnibuses to transport goods across borders. These respondents were mainly from Swift Flea Market which focussed in second-hand clothing. Nine percent of respondents said that they sometimes crossed the borders by foot especially when the quantity of goods bought was few for them to carry the bags on their own from one border to another. Twenty-five percent indicated that sometimes they paid the baggage carriers to carry their bales, who avoided passing through the border post and went through undesignated entries in the wilds. However, they made it clear that this was very risk as it led to confiscation of goods once caught and arrest of the baggage carriers.

All respondents indicated that the method of payment they used to pay for transport that carry goods across borders was cash and in foreign currency. The respondents pointed out that the amount they were charged to ferry luggage across borders was in foreign currency of the nation they were importing goods from. They said that if the transporters were Zimbabweans they only accepted Bond Note cash after rating it to the prevailing parallel market foreign exchange rate at that moment. They also said that this only happened in the event that one was stranded and had run out of foreign currency. Only those who imported bales from Mozambique indicated that they paid the transporters in Bond Note hard cash since they accepted this form of payment.

4.4.5.2 Duty payment and method of payment used

There was consensus amongst respondents that they did not pay duty tariffs for imported goods to border officials at border posts. They explained that they only paid the transporters, which they referred to as “*omalaitsha*” or “settling drivers”, the amount charged on them depending on the quantity of goods to be transported. The “settling drivers” were the ones that dealt with the border officials so that the goods could cross the borders. They also said that there was no receipt that they were given after such payment since these transporters just charged randomly according to quantity of luggage. They further explained that the major reason for using the “settling drivers” was because of the Rebate policy which was introduced by the government limiting the quantities of items per each product. The policy allowed one to import only 4 items per one type of product of which the respondents indicated that sometimes they purchased more than that. They also indicated that declaring products direct at border officials was very expensive they preferred dealing with the “*omalaitsha*”. Nine percent of respondents indicated

that sometimes they paid duty tariffs for imported goods only when they were meeting the requirements of the rebate policy of importing 4 items per each product which they did once in a while and not always.

One hundred percent of respondents indicated that when they paid to the settling drivers they only paid in cash using foreign currency of the nation they were importing goods from. They explained that these transporters rarely accepted Bond Note, they only accepted it when one was in exceptional circumstances or had ran out of foreign currency. They also responded that they only accepted it provided that it was cash not plastic or mobile money and after establishing the prevailing rate of exchange. Amongst those who pointed out that sometimes they declared their goods, 6% said that they used mobile payment for payment of duty at border post and 9% said that they used plastic cards on POS machine for swiping their duty payment. They also emphasized that when using plastic methods the amount was higher compared to when using cash.

4.4.6 Changes to quantity of goods imported

All the respondents who answered questionnaires indicated that there was a decrease on the quantity of goods they used to import into the country since the inception of virtual cash as a method of payment. Respondents said that very few people were still managing to import new goods. During focus group discussions, the respondents who focussed in second-hand clothing at Swift Flea Market said that, during the US dollar era as the official currency, the whole flea market imported between 200 and 300 bales per week. However, after the inception of virtual cash the whole flea market only imported 8 to 10 bales per week. They further said that the major reason for this was the prevailing fluctuating rate. During time of data collection in October 2018 they indicated that \$100 Bond Note was equivalent to 1900 Mozambique Metical whilst \$100 US dollar was equivalent to 6000 Metical. Hence this forced them to change the Bond Note to US dollar first which was very expensive for them since they indicated that to buy \$100 US dollar one needed \$550 Bond Note according to the prevailing rate of the particular day when the data was collected. This contributed largely to the reduction in quantity of bales imported as emphasized by the respondents at Swift Flea Market.

Other respondents indicated that they used to own more than 3 tables at flea markets but could no longer afford so many tables because the quantity of goods imported had reduced significantly to the extent that they were only utilising one table. Respondents also mentioned

in the focus group discussions that since the rate of buying by customers had reduced it resulted in the reduction of quantity of goods imported. They explained that there was no reason for one to import new goods yet struggling to finish old stock and where would one get the capital from without selling the old stock. The following were some of the statements which were said by the respondents to express their opinion on the quantity of goods imported after the extensive use of virtual cash.

“There is a huge reduction on the quantity of goods I am now importing, I used to import 16 bales every two weeks working with 6 tables in the flea market but now I am opening only two bales per week and utilising 2 tables whilst renting others”.

“Back then I used to work with 3 tables in the flea market and was able to fill them with new stock every month but I cannot afford that anymore and currently operating with only one table which I am struggling to fill in with new stock’.

“Back then we used to stock our goods because our tables had become smaller to contain everything we imported, however, this has since stopped since this plastic money issue started. We now display everything that we have in fact I must say there is no business anymore”.

“Because of these fluctuating rates which are changing every minute we just wake up with loss and we loss the profits to purchase more stuff for sale, I used to go for new stock twice a month in South Africa but now I have almost two months not crossing the borders”.

Seventy-nine percent of respondents indicated that when importing goods they did not import in bulk amongst themselves but each individual imported his or her own goods. Twenty-one percent of respondents indicated that they imported in bulk in fact they clarified that sometimes two or three people would cross the border to import the goods for the whole flea market. These were ICBTs majoring in second-hand clothes at Swift Flea Market. They explained that the major reason for doing so was that the transport they mostly used to import the bales into the country was commuter omnibus from Gweru hence to reduce transport costs they preferred to send one or two people to bring them the bales from Mozambique.

The observations which were undertaken by the researcher proved that quantity of goods which were being marketed by the traders had reduced compared with what they said they used to import. At Swift Village Flea Market the majority of second hand clothing was very old which the traders were still struggling to complete selling as shown in plate 4.10. Plate 4.11 shows

some flea market tables which had few goods compared to what they indicated that they used to sale before virtual cash.



Plate 4.10 Second-hand clothing (old order) at Swift Flea Market table (*Source: Field data*)



Plate 4.11 Low quantity of goods at Mkoba 14 Flea Market table(*Source: Field data*)

4.4.7 Changes to the exchange rate of foreign currency

One hundred percent of respondents indicated that the exchange rate on the parallel market fluctuated from time to time. In fact they emphasized that since the inception of virtual cash the rate was never constant it was rising and fluctuating each and every minute which affected the day today running of business since the prices of products had to adjust according to the fluctuating rates. The respondents also pointed out that in 2016 when the Bond Note was introduced the rate started at \$105 Bond Note as to \$100 US dollar and since then it started rising uncontrollably. On the day of data collection (27thSeptember 2018), the rate was at \$550 Bond Note cash as to \$100 US dollar, and \$600 Bond Note plastic money as to \$100 US dollar, as according to respondents. They mentioned that at some point in mid-September 2018 it actually rose to \$650 Bond Note as to \$100 US dollar. In exchange with the South African Rand in 2016 it was \$12 Bond Note cash as to 100Rand and on the day of data collection it was at \$32 Bond Note cash as to 100Rand and \$38 Bond Note plastic money as to 100 South African Rand.

In focus group discussions, the respondents explained that there was no effort at all from the government to control the rate at parallel markets yet it was the major source of foreign currency as the banks were failing to provide the foreign currency. They further explained that the government only mentioned in a statement that it was going to remove the foreign exchange dealers from the streets but nothing was being implemented on the ground to ensure the complete removal of these foreign exchange dealers. The respondents showed very much concern as they indicated that these foreign exchange dealers possessed new notes of US dollars. They wondered where they would get such money from if not being supported by government officials. They pointed out that the Bond Note cash was in serious shortage in banks to the extent that banks like Steward Bank was only offering \$30 Bond Note cash per person to only 50 people per day if the cash was available. However, this Bond Note was readily available at parallel market being sold by foreign exchange dealers to those who had plastic money at premium rates. This was a cause of concern for them as they raised the issue that these dealers were just common people meaning there were other influential government officials behind the scenes they were working for.

In focus group discussions they also raised the issue of loss of profits through these ever fluctuating rates saying that it was seriously affecting and killing the ICBT business. They

explained that after selling a product the rate would immediately change after an hour meaning one incurred loss of profits before buying foreign currency. They also clarified that if the exchange rates happen to rise whilst one had mobile or plastic money there was huge loss of profits since buying foreign currency using mobile or plastic money was always high compared to using cash.

The private owner of Global Village Flea Market indicated that the exchange rate at the parallel market was rising at an alarming rate. The private owner mentioned that instead of it rising and falling like it was doing in 2018 it was just rising uncontrollably each day with very few instances of it falling since Jan 2019. The Gweru City Council official mentioned that the rate of foreign currency was stable soon after introduction of Bond Note and virtual cash in 2016 up to 2017, and it started rising at an alarming rate from 2018. The council official indicated that the rate always fluctuated according to what was transpiring in the economy but reached a point when it was only rising uncontrollably.

In an interview with the private owner of Aspiration Village Flea Market he indicated that the rate used to fluctuate but had reached a point where it was just rising uncontrollably with each foreign currency dealer just stating any rate they deemed necessary. The private owner further mentioned that the rate differed depending on whether one was using bank transfers, mobile money and cash, with high rates being charged on all forms of virtual cash. The foreign exchange dealers indicated that when the Bond Note and virtual cash were introduced the exchange rate was a bit constant but started rising in 2018 towards presidential elections and worsened after the elections. They also mentioned that the foreign currency which was accessible on the parallel market was the US dollar and the South African Rand mostly, the Pula was accessible here and there not often.

4.4.8 Changes to the employment status in ICBT business

Ninety-one percent of respondents indicated that they were not employing anyone to assist with selling of imported goods at flea markets and only 9% indicated that they still employed someone to assist with selling of goods. Fifty-nine percent of respondents had indicated that before virtual cash as a method of payment during use of US dollar as the official currency (prior to 2015) they used to employ people in the flea markets but the percentage reduced to 9% during use of virtual cash. They explained that the reason for retrenching the employees was mainly because they could not afford to pay them as they were encountering huge losses

in profits due to fluctuating rates. They also indicated that the majority of ICBTs were no longer utilising more than one table at flea markets due to reduction in imported goods hence there was no need to employ as they were now selling the goods themselves. Nine percent which indicated that they were still employing were amongst those who were still using more than one table at flea markets.

4.4.9 The changes faced by members of ZCBTA compared to non-members

The member of the ZCBTA indicated that, during 2016, when the Bond Note and virtual cash were used as official currency in Zimbabwe the traders who were members of ZCBTA were given POS swiping machines by Agricultural bank of Zimbabwe (AGRIBANK) to use on all plastic money payments. All the members were encouraged to open AGRIBANK accounts and this bank provided them with cash they needed whenever they wanted to cross the border. The member mentioned that when one wanted to travel outside the country to purchase new stock they would apply to the bank indicating the amount they needed to withdraw. More so, if traders wanted to exchange the money to foreign currency the bank provided that facility to the members of ZCBTA. The member also cited that this was one advantage that the members of ZCBTA had during 2016 and 2017 when non-members were depending on parallel markets to access foreign currency and Bond Note cash.

However, the member noted that from 2018 things had worsened as the bank could no longer provide enough cash and foreign currency to the members and this made them to stop banking their money. Therefore, the members ended up accessing foreign currency at parallel markets just like the non-members. This affected the rationale of being a member to the Association since the bank record was affected as there were no benefits from the banks in one becoming a member of ZCBTA. It was also difficult to trace whether members were still declaring their goods at border posts like before or they had already resorted to illegal means as cited by the member who was interviewed.

4.5 Summary

This Chapter addressed objective 1 and 2 (Section 1.3.2). Results for objective 1 revealed that ICBT during the cash economy (multi-currency) era significantly benefitted the traders and made them to earn a positive livelihood outcome. Many traders managed to build houses, buy

residential stands and employ other people in the business for survival. However, results for objective 2 revealed that, the introduction of the virtual cash economy affected this by reducing profits which the traders were earning before. ICBTs could not manage to provide all the basic necessities to their households and families.

Chapter Five: Economic challenges faced by ICBTs since the introduction of the virtual cash in Zimbabwe and the impact of taxation on ICBTs

5.1 Introduction

This Chapter focuses on presenting data and analysis related to objective 3 and 4 that was collected from the field using different data collection tools which were explained in Chapter Three. The data was presented using both quantitative and qualitative methods. The data was presented answering each objective.

5.2 Method of payment for flea markets rental payments and challenges faced

One hundred percent of respondents indicated that they used cash when paying for rentals. Eighty-eight percent of respondents mentioned that they also used mobile payment through *Ecocash* for payment of rentals and the other 12% left was for Global Village Flea Market where the respondents indicated that the private owner only accepted rental fee in the form of hard currency. Forty-four percent of respondents said that sometimes they used bank transfers methods to pay their rental fees and 15% indicated that they used their plastic cards to swipe on POS machine their rental fees. During the time of data collection (2018) the rental fees for each flea market were as follows:

Table 5.1: Flea markets rental fees and due date for payment.

Flea Market name	Rental fee (Bond Note)	Due date for payment
Aspiration Village	\$60 per table, \$200 per room	5 th day of the month
Global Village	\$120 per table	1 st day of the month
DST Flea Market	\$150 per half room and \$300 per room	4 th day of the month
Kudzanayi	\$30 per table	10 th day of the month
Swift	\$30 per table	10 th day of the month
Mkoba 16	\$30 per table	10 th day of the month
Mkoba 6	\$30 per table	10 th day of the month
Mkoba 10	\$30 per table	10 th day of the month
Mkoba 14	\$30 per table	10 th day of the month

Source: Field data

All the respondents who answered questionnaires mentioned that they faced challenges in raising the flea market rental fees. The participants who were renting flea markets for private owners mentioned that it was difficult to use virtual cash for payment of rentals because the private owners charged an extra fee on any payment made using virtual cash. At Global Village the respondents specified that their case was very difficult as the private owner only accepted rental fee paid in cash which was scarce in the country. They also said that the majority of their

customers used mobile money to buy goods and to access cash one was charged an extra amount since the cash was accessed on parallel markets at premium rates, which in the end resulted in profit loss. Furthermore, these respondents also mentioned that another issue which was of concern to them was the early deadline for rental payments which the private owner stipulated to them, which was the first day of each month as shown in Table 5.1.

To corroborate and validate these findings an interview was carried out with the private owner of Global Village Flea Market and it was confirmed that the private owner only accepted cash for rentals fees from the traders. The private owner indicated that at some point in time they used to accept virtual cash but it inconvenienced them in carrying out their different logistics hence they resorted to accepting cash only. The interview was carried out in January 2019 two months after all the questionnaires had been answered and they were already big changes in terms of rental fees as indicated by the private owner. The rental fees were now being charged in foreign currency using the South African Rand and it was 900 Rand or \$60 US dollar per table. The private owner explained that the major reason for this change was that the Bond Note was not stable so instead of increasing rental fees each and every month it was much better to charge in foreign currency which would remain stable even if the Bond Note changes. They also extended the deadline of the payment of rental fees from 1st day of the month to 5th day of the month. The private owner also mentioned that there were challenges in terms of rental payments and those who failed to be fully paid up by the 5th of the month would be encouraged to do so or the table was rented to someone else. That was when high rate of sharing tables amongst traders increased tremendously in order to assist each other on rental fee payments, according to the private owner.

At Aspiration Village, another privately owned flea market, the respondents indicated that the major challenge they faced when paying rental fees was that when they used virtual cash there was an increment on the rental fees and the deadline for payment was the 5th day of each month. To validate these findings the private owner of Aspiration Village Flea Market was asked in an interview the method of payment they accepted from traders when paying their rental fees. The private owner indicated that they accepted all forms of payment however, charging 20% extra fee on all forms of virtual cash. The private owner further mentioned that not accepting virtual cash would make him run out business since it was the major form of cash being used in the country. The private owner of Aspiration Village also pointed out that there were serious challenges in terms of rental payments by traders as they were failing to meet cut off dates which forced him to keep on extending the dates. The rental fee had changed from \$60 per

table to \$150 and from \$200 per room to \$350 (Bond Notes) within two months of conducting the interviews and after the administration of all the questionnaires.

At Dst Village Flea Market (privately owned flea market), the respondents said that the private owner charged 20% extra if one used virtual cash for rental fee payments. They also mentioned that the cut-off date was the 4th day of each month and if one failed to be paid up by that time they were forbidden from entering their operating rooms and the rooms were locked. They also said that if one visits their place of work around the 5th and the 6th day of the month they would find the traders locked outside due to failure to pay rental fees in time. At this flea market there was one respondent who specified that he was paying \$1500 Bond Note rental fees since he utilised 5 rooms and each room was going for \$300 Bond Note. The respondent mentioned that sometimes he negotiated with the private owner for extension of days since his total rental fee was large compared to others and many times he failed to raise it in time.

To corroborate and validate these findings the private owner of Dst Village Flea Market was asked in an interview the method of payment that they accepted from traders on rental fees and he indicated that they accepted cash, mobile money and bank transfers only. The private owner also mentioned that they did not accept swipe bank cards since they did not own swiping machine facility. On all virtual cash payments, the private owner indicated that he increased the rental fee and he was quoted saying:

“I fluctuate just like the economy so there is no reason for me to accept the same rental fee on virtual cash payments rather I increase the charge according to what is transpiring in the economy”.

He further pointed out that there were challenges in payment of flea market rental fees by the traders and those who failed to be paid up by the 4th of the month were locked outside until they were fully paid up. The owner also explained that there were chances for negotiations only to the tenants who mostly complied with cut off dates, if they sometimes happen to face challenges in raising the rental fees in time. By the time this interview was conducted the rental fees had changed from Bond Note to US dollars. The private owner mentioned that half a room was being charged at US\$125 and full room charged at US\$250. He indicated that this was done to avoid changes in rental fees every month due to changes in exchange rates on the parallel markets.

All the respondents at flea markets owned by Gweru City Council indicated that the City Council accepted any form of payment be it cash, mobile money, bank transfers or plastic cards and there was no extra fee charged on virtual cash. The rental fee for all the flea markets owned by City Council was the same amounting to \$30 Bond Note per month during the time of data collection. The respondents indicated that the City Council had a period of up to 10th day of the month for payment of rental fees however; they further specified that the council did not close markets for them but rather continued to encourage them to be paid up. They also said that they actually owed the council a lot of money because they were not paying the rental fees for many months. They further mentioned that although the rental fees was very little in amount compared to privately owned flea markets, they still faced huge challenges in raising it since the ICBT business was no longer profitable and merely providing hand to mouth services.

To corroborate and authenticate these findings from respondents the Gweru City Council official was asked in an interview (January 2019) to explain how the council respond to traders who failed to comply with rental fee payments. The council official revealed that they rarely confiscated flea market licenses from traders who failed to pay monthly rental fees because they knew at some point in time the same traders would come back asking for licenses again. The council official actually mentioned that whenever the traders failed to operate a flea market they always reported that they were going to come back to occupy their place when things are in order for them. This was supported by the data from observation in plate 4.7, 4.8 and 4.9 which depicted the temporarily abandoned flea markets tables, which the council did not offer to anyone else waiting for the owner to return to business. The council official further explained that the licenses only gave a penalty when they failed to pay for a long period which was updated when they start paying the rental fees. According to the council official the council only contacted the non-compliance traders and reminded them of their credits. The council official also mentioned that they accepted all methods of payments from traders be it mobile money, plastic money or cash and there was no rating on virtual cash.

The following statements were some of the responses which were provided by respondents at flea markets owned by Gweru City Council to show the challenges they faced in paying rentals:

“We are failing to pay rental fees because we now have a lot of backlog of credits, we are now afraid that our licences maybe confiscated from us because honestly speaking the council is no longer benefitting from us”.

“The major challenge is that this business is now hand to mouth and we are not making profit from it, I have almost a year failing to pay rental fees”.

“The major challenge is the US dollar rate which is affecting this business and we are failing to raise money for rental payments to the extent that the council officials themselves no longer have the courage to force us to pay they actually understand what we are going through in this type of business”.

“Before I think of paying rental fees to City Council I first think of providing food to my family. Considering that the business is not making profit as it used to during US dollar era and also the current economic hardships there is no way I can afford to pay rentals and provide food to my family at the same time. In the end I prioritise to feed my family first”.

5.3 Challenges faced when buying foreign currency for trading

5.3.1 Method of payment used when buying foreign currency

One hundred percent of respondents indicated that they used cash when buying foreign currency at parallel markets and only 14% said that sometimes they used mobile money if they failed to access cash. The respondents indicated that cash was the preferred method for them to use when buying foreign currency because it was cheaper compared to virtual cash. The foreign currency dealers who were interviewed confirmed that the rate of buying foreign currency was cheaper when one was using cash compared to virtual cash. The foreign currency dealers explained that the difference in charges was because Bond Note cash was also accessed at premium rates and majority of people who soled foreign currency to the dealers wanted cash.

All the respondents mentioned that if one used mobile money or bank transfers to buy foreign currency there were extra charges which were charged at premium rates. They also said that the foreign exchange dealers at parallel markets preferred mobile money than bank transfers if one wanted to buy foreign currency using virtual cash to the extent that some refused to accept bank transfers. The respondents further mentioned that first they had to buy Bond Note cash using mobile money at rate of 20 to 25%, and then use that cash to buy foreign currency. They said all profits were lost in all these transactions. They indicated that the rate for buying \$100 US dollar was \$550 Bond Note and \$600 mobile money and the rate for buying 100 South African Rand was at \$32 Bond Note and \$38 mobile money.

The private owner of Global Village Flea Market indicated that the major challenge that traders had was accessing foreign currency since it was not accessible in the formal market but found in the informal market, where it was being sold at premium rates. The Gweru City Council official also confirmed that the only challenge that the traders were facing was exchanging money from virtual cash to foreign currency at parallel markets where they were charged premium rates. The private owner of Dst Flea Market mentioned that the major challenge that the traders had was accessing cash in Bond Notes so that they can purchase foreign currency at cheaper rates. He further indicated that it was cheaper to buy foreign currency using cash than virtual cash and this made them lose a lot of profits through buying cash first at premium rates and then later foreign currency at parallel markets.

5.3.2 Impact of foreign exchange rate on trading business

One hundred percent of respondents indicated that when buying foreign currency the changes in the exchange rate affected business dismally. All the respondents mentioned that the ICBT business was affected through reduction in profits which in turn reduced amount of goods imported and affected the livelihood outcome of ICBTs as they could not depend on it for survival. They also specified that the foreign exchange rate affected ICBT business in that it forced traders to change the prices of products each and every day and also to set different prices for cash and virtual cash which affected the rate at which customers bought goods. The respondents at Swift Flea Market indicated that one needed to have at least \$100 US dollar to purchase a bale and to access that \$100 US dollar one would need \$550 Bond Note and also transport fee on top. They further said that considering all these expenses it was very difficult for one to acquire profits in the ICBT business. They also mentioned that with such prevailing circumstances it was difficult to plan for new stock because by the time all the old stock would have been bought one would have already run a loss.

These were some of the statements which the respondents said to indicate how the foreign exchange rate was affecting their business:

“Business has been affected greatly and as you can see there is no stock at the market, we are actually on standby to cross the border to bring new stock”.

“It is now difficult for us to first calculate the cost benefit analysis which is the prerequisite of any business, instead we are now just selling for hand to mouth without any anticipation of what tomorrow has for us, which is very disastrous for the sustainability of the business”.

The private owner of Global Village Flea Market indicated that the exchange rate had a great impact on the business of trading since the rate was not constant but rising each and every day. The private owner also mentioned that whenever the rate increased they would also increase their rental fees yet if traders increased their commodity prices it would repel customers from purchasing the products. In the end this affected their profit making significantly. The Gweru City Council official indicated that the exchange rate had a massive impact on the business of trading as ICBT always sacrificed to pay a little more from their personal capital to buy foreign currency for new stock.

The private owner of Aspiration Village Flea Market mentioned that the exchange rate had a huge impact as it was affecting the traders tremendously and it made them lose the little profits through different charges incurred in buying foreign currency. He also mentioned that traders were supposed to be alert and aware of the changes of rates every day to avoid loss of profits. This made the traders to inquire first on the exchange rate each day and price their commodities accordingly so as to avoid huge losses. The private owner of Dst Flea Market indicated that the Bond Note was valueless as it was depreciating value each day and hence this affected traders greatly because by the time they would want to purchase foreign currency the rate would have increased resulting in loss.

The foreign currency exchange dealers indicated that there was a period when the rate rose tremendously that the majority of traders could not afford to buy foreign currency. At this time their major customers were some prominent business people and gold dealers who wanted to keep their money in US dollars. The dealers further mentioned that many traders during that time were not crossing the border to import new stock as they failed to purchase the foreign currency at high rate. Therefore, the rate of buying and selling slowed down as majority of them were no longer frequently crossing the border to import goods as they used to do before. They further pointed out that the increase of exchange rates in a short period of time greatly affected cross border trading business as it forced prices of imported goods to escalate unreasonably. This affected the rate at which customers bought goods on flea markets since there was no increment in wages and salaries neither were there a positive change in employment rates.

5.3.3 Accessing point of sale machines

The private owner of Global Village Flea Market mentioned that POS machines were not easily accessible to ICBTs hence the majority of them ended up utilising mobile money and avoided the use of plastic cards due to lack of facilities. The private owner of Aspiration Village Flea Market indicated that the majority of traders could not access swipe machines as they were certain conditions for one to own a POS swipe machine. He explained that for the banks to offer POS machines to traders they required an operating license which the City Council was not providing to ICBTs who were operating in privately owned flea markets. The private owner further mentioned that the Kwenga POS machine was the only one which did not require an operating license and the bank which was offering it was Steward bank only. The bank simply needed to know the operating area of the trader. On the Kwenga traders were supposed to pay \$20 Bond Note per month until the amount reaches \$220 then from there they were charged 1% per each transaction for local cards and 2,5% for Visa and Master cards by the bank. These conditions were unbearable for the trader according to the private owner as it resulted in profit loss.

5.3.4 Network challenge

The private owner of AspirationVillageFlea Market indicated that network challenge was one problem that affected the traders in doing their business. The network of banks and mobile agents was always down and this affected the purchasing of products by customers who used virtual cash according to the private owner. He also cited that sometimes a customer would make a transaction using mobile phone and the money would be deducted from the customer mobile wallet account but does not reflect in the traders mobile wallet account due to network problem. For this to be rectified the customer was supposed to wait for 48 hours so that the money can be reversed back into the customer mobile wallet account. The private owner mentioned that this affected ICBT business significantly.

5.4 Challenges faced by members of ZCBTA due to virtual cash compared to non-members

The researcher asked the member of the ZCBTA about the economic challenges they were facing due to virtual cash in their business. The member indicated that the major challenge

which the members were facing since 2018 was access to foreign currency. The member mentioned that the AGRIBANK reached a point where it failed to provide Bond Note cash and also foreign currency to the members as it used to before. This made the members to also stop banking their cash and foreign currency because once they did they would face difficulties in accessing the cash and foreign currency back whenever they wanted to cross the border. The member indicated that the members of the association were in dilemma of who to give and where to keep their foreign currency so as to have it back when they needed it and this forced them to keep the money at home where they could easily access it. This also resulted in members accessing foreign currency at parallel markets just like non-members. At this point the member of the Association became just like any other informal cross border trader as they were no longer benefitting from the Association anymore and this made many of the members to stop paying their membership fees.

5.5 Impact of the taxation fee on ICBTs livelihood outcome

5.5.1 Payment of tax

There was consensus amongst all the respondents that they were not registered tax payers to the government. Those who were renting flea markets owned by Gweru City Council mentioned that they only possessed licences for flea markets which they were supposed to pay rental fees for, every beginning of the month. However, they specified that they were not sure if the taxes were part of that but as far as they knew they were not registered tax payers. Those who were renting flea markets owned by private owners pointed out that they only paid rental fees to the private owners and were not registered anywhere and did not have licences for flea markets like those who rented from Gweru City Council. In addition all respondents said that the government of Zimbabwe had introduced 2% tax per each virtual cash transaction done by any individual in the country in September 2018. They further mentioned that this type of tax was just put into action without anyone's consent and consultation, and there was no registration platform for that since it was targeting everyone in the country whether one has source of income or not. This was confirmed by all the interviewees that there was no specific tax charge known that was targeted by the government for only ICBTs but they were charged 2% tax on each online transaction they performed in their business. However, they explained that they pay Presumptive tax (10% of rental fee) to ZIMRA and the private owners of flea markets explained that they also pay tax for operating license to Gweru City Council. They

further explained that to avoid complications they calculated everything and included it on rental fees paid by ICBTs.

5.5.2 Method of payment used to pay tax

All the respondents to questionnaires indicated that the method of payment they used to pay the 2% tax was mobile money payment since the tax was deducted when one performs each online transaction. Only 30% indicated that sometimes they paid using plastic method and no one mentioned the use of cash method. This was also confirmed by the Gweru City Council official who mentioned in an interview that the cash method of payment was not applicable in this type of tax which the traders were paying to the government. He mentioned that the major reason for introducing the tax was that the government had noticed that majority of people in Zimbabwe were not being taxed since they were doing informal business hence their income could not be traced so that they can pay tax. The private owner of Aspiration Village mentioned in an interview that during the cash economy (prior to 2015) it was difficult for the government to tax the ICBTs since there were no records of their business transactions and income. He further explained that the cash crisis and extensive use of virtual cash as a method of payment paved way for the government to have access to also tax those involved in informal business although the tax was targeted on everyone who performed online transactions in the country. All the interviewees agreed that all the traders were conforming to this 2% tax on each online transaction since the tax was automatically deducted each time an individual performs online transaction, meaning there was no option to choose to comply or not to comply.

5.5.3 Impact of tax fee on ICBT business and livelihood outcome

There was consensus amongst all respondents of questionnaires that the 2% tax had an impact on ICBT business and negatively affected livelihood outcome of traders. The respondents explained that 2% tax fee charged on each online transaction affected income greatly since it reduced the profits acquired from the business. They also explained that ICBT business involved exchange of goods with money and buying of foreign currency to import new stock. The worst part was that this 2% tax was charged on everyone who performed any payment online hence the customers who used virtual cash for payments were also charged the 2% tax on top of the extra charge for buying goods using virtual cash. This then repelled customers from buying goods and greatly contributed to the reduction in the rate of purchasing goods by

customers as it became very expensive on their part. More so, the respondents further mentioned that since they needed to buy cash and foreign currency using virtual cash, which would have been used by customers in purchasing goods, the 2% tax greatly reduced profits. In focus group discussions respondents mentioned that if one performed an online transaction of 100 Bond Note, when buying cash or foreign currency, a 2% tax of 10 Bond Note plus other charges like bank charges (if its plastic money) or mobile payment charges (if its mobile money) were charged. They added that this tax combined with the premium charges which were charged on parallel markets to buy cash or foreign currency significantly reduced all the profits of ICBT business. The interview with the foreign currency dealer revealed that the 2% tax fee on each online transaction added the burden for ICBTs as they were already losing profits from extra charges charged when using virtual cash for purchasing cash and foreign currency. The foreign currency dealer explained that in other words it worsened the situation which was already difficult for the traders as the business was losing profits instead of gaining.

5.6 Elements that can be implemented to transform ICBT into a more sustainable endeavour

5.6.1 Policies of informal cross border trading

All the respondents indicated that they were not aware of any policies that govern them in the business of informal cross border trading. However, they specified that the only policies that they were aware of were those meant to remove them from business since they largely operated on illegal terms. They mentioned the Rebate policy which restricted them on the amount of goods to be imported into the country. They indicated that the Rebate policy was not meant to promote ICBT business or to protect them but it affected their business by allowing only 4 items per product to be imported into the nation. This made them to resort to illegal means of importing goods. They also mentioned that the ministry of Small and Medium Enterprises (SMEs) which was meant to govern them did not come at all but only made promises which were never implemented on the ground.

To further corroborate and authenticate these findings the owners of flea markets were asked in interviews to indicate if there were policies that govern ICBTs in Gweru. The private owner of Global Village Flea Market mentioned that there were no laws or policies that govern the traders. He further indicated that the City Council only visited their areas of operation to inspect building regulations targeting issues to do with safety. The private owner also pointed out that

the Ministry of Small and Medium Enterprises (SMEs) only came three times and did some mobilisation with traders and promised loans but no action on the ground was taken. The Gweru City Council officials indicated that there were no policies that govern ICBTs and they were only responsible for issuing licenses of flea markets to traders and collecting rental fees. The council official also mentioned that these traders were regarded as illegal by the government, therefore the Ministry of SMEs tend to disregard them as they were not operating on a formal basis.

The private owner of Aspiration Village Flea Market mentioned that there were no policies that govern ICBTs; the Ministry of SMEs which was supposed to govern the ICBTs was not taking any action on the ground. The private owner of Dst Flea Market pointed out that the Ministry of SMEs was the one which was supposed to manage the ICBTshowerthere was no communication from them.

5.6.2 Favoured/ Preferred method of payment for sustainability of ICBT business to enhance livelihood outcome

All the respondents who answered questionnaires indicated that they preferred cash compared to the virtual cash in ICBT business. They indicated that there is no benefit for using plastic or mobile money if it is undervalued compared to cash, yet it is same currency. They further explained that cash was their most favourable method of payment since it did not involve many transactions, which resulted in huge profit loss, when buying foreign currency. In focus group discussions the respondents indicated that cash was easily controllable than virtual cash. However, they mentioned that although they wanted Bond Note cash it should have better value not the way it was being undervalued compared to other foreign currencies in the country. They also specified that when the Bond Note was introduced in 2016 it had value since the government recognised it to be at par with the US dollar. They further said that although at parallel market they started devaluing the Bond Note between 2016 and 2017 it was much better as the difference was not that big where 100US dollar was equivalent to 112 Bond Notecash or 115 Bond Note virtual cash. They further mentioned that from 2018 the rate started rising uncontrollably to the extent where the Bond Note lost value dismally compared to other currencies. This made them to favour the US dollar compared to the Bond Note which was not allowing them to develop. They also indicated that they would only prefer the virtual cash if it was rated in the same way as the Bond Note cash, as presently it appeared that the Bond Note

cash and Bond Note virtual cash were two different currencies, in other words, one currency in two different forms. They pointed out that in shops the prices of basic goods were priced differently for Bond Note cash and Bond Note virtual cash and this meant that their livelihood outcome in terms of food supplements was significantly affected.

5.6.3 Measures the government should introduce to improve ICBT business sustainability

One hundred percent of respondents indicated that the government of Zimbabwe should make sure that foreign currency is accessible at an affordable rate, and should curb the cash shortage challenge, to remove (if possible) interest rates charged on all virtual cash transactions or reduce the interest rates related to these charges. When the respondents were asked to specify other measures they indicated that the government of Zimbabwe should control the foreign currency rates rather than allowing it to be controlled by the parallel market. On this point they further mentioned that the rate should be constant than for it to be fluctuating each and every minute like it was doing during the time of data collection.

On focus group discussions the respondents indicated that the government of Zimbabwe should make sure that there is circulation of the Bond Note in cash so that it is easily accessible to everyone in the country especially in banks. On this point they further indicated that the Bond Note was in short supply in the banks and not easily accessible to the majority of the people in the nation but readily available at parallel markets where it was sold at premium rates. The respondents in focus group discussions also mentioned that the government was not recognising the ICBTs at all as they were only introducing policies to deter them from ICBT business and not promoting them in business. The respondents indicated that the government of Zimbabwe should make sure that the US dollar is readily available in the banks so that it is readily accessible to everyone at a constant rate. Other respondents indicated that virtual cash was not a problem at all rather the government should control the rate which was escalating unreasonably each minute. Other respondents in focus group discussions raised the opinion that the 2% tax per every dollar transaction on virtual cash should be removed since it was worsening the difficult situation they were already experiencing.

The respondents who were involved in selling second-hand clothing mentioned that the government of Zimbabwe should allow them to import bales since it was their major source of livelihood outcome. They indicated that barring them from importing bales was promoting illegal means of crossing the border without payment of duty tariffs for the imported bales. The

member of ZCBTA indicated that as cross border traders we cannot make policies but we are appealing to the policy makers to assist cross border traders since cross border trading has become the backbone of the economy of Zimbabwe. The member further mentioned that the economy of Zimbabwe was being sustained by informal traders since 2002 therefore they should have access to foreign currency and the exchange rate should be stable for the sustainability of the business.

5.7 Summary

This Chapter addressed objectives 3 and 4 (Section 1.3.2). The findings for objective 3 revealed that the virtual cash economy increased the exchange rate on parallel markets, resulted in cash crisis, reduced the employment rate in ICBT business and reduced the quantity of goods which the traders used to import before amongst others. All these changes that were caused by the virtual cash economy significantly affected the profit making of ICBT business and livelihood outcome of the traders. On objective 4 it was revealed that the 2% tax that was introduced on all virtual transactions worsened the situation by further reducing profits of ICBTs. ICBTs emphasized the importance of cash for the sustainability of their business and this will be discussed further in detail in a framework presented in Chapter Six.

Chapter Six: Analysis, discussion and implications of results

6.1 Introduction

This Chapter synthesises the analyses and discussion of the data presented in Chapter Four and Five and covers objectives 1 to 4. Further a comparison of the results with applicable literature already published on the topic and case studies will be presented. It is in this Chapter where objective 5 is given dominant attention by presenting and discussing the sustainable framework that was developed after the consideration of objectives 1 to 4.

6.2 Informal cross border trading and the rational choice theory

ICBTs follow the rational choice theory in making rational decisions that will ensure the success of their trading business. The rational choice theory proposes that there are several reasons why individuals decide to formalise or stay informal according to Vlaev (2018). Vlaev (2018) suggests that reasons for entry into the informal sector are informed from different motivations and these could include personal issues and economic factors. From the findings in Section 4.3.2 ICBTs mentioned that the reasons why they engaged in informal activities was due to the expensive duty tariffs at the border officials and they thus resorted to crossing the border informally. They also cited that another reason was that there were policies like the Rebate Policy that restricted the quantity of goods they could import thereby affecting their ability to trade. However, there were few individuals who indicated that sometimes they crossed the border formally when importing smaller quantities of goods. This indicated that the ICBTs were making rational decisions on engaging in formal or informal activities due to economic factors like the policies and capital expenses in terms of money for duty tariffs. These factors affected the decisions by traders as they had a significant impact on the livelihood outcome from ICBT business.

Rational beings determine all the alternatives available and select the favourable one (Lovett, 2006; Hudik, 2019). ICBTs interviewed for this research indicated that they chose crossing the border informally, as the most favoured alternative due to lower costs than would be the case if they were to declare their goods formally. Those who majored in second-hand clothing indicated that they preferred buying bales in bulk by sending one or two people since this alternative reduced cost of importing the goods. ICBTs preferred cash over any form of virtual

cash as a method of payment from customers as cash enabled them to plan sustainably. This research found that the ICBTs preferred some forms of payment over others since their major reason or aim was to maximise profits and reduce loss in order to earn a livelihood outcome from ICBT and therefore they were rationale in selecting the preferred alternatives. Therefore, the ICBTs were purposive in their actions towards achieving their main goal or objective.

Herfeld (2018) argue that the rational choice theory focuses on actors who are perceived as being purposive. This is in line with the findings of this research, where it was established that the reason for choosing cash method over virtual cash payment was because the latter had additional charges on transactions that affected the profit making significantly. In Chapter Four (Section 4.4.2) of this research, it was reported that the actions of the ICBTs were mainly to try and safeguard their profits so that they could earn a living from the trading business. This finding is linked to the rational choice theory and specifically the research of Aguiar and De Francisco (2009) and (Weyl, 2019) who argued that the major assumption of rational choice theory is that any action by the actors is a purposive behaviour which embraces some benefits for the individual in some ways.

The theory is based on the fundamental principle that buyers and sellers make choices that help them best to achieve their objectives given all applicable factors that are beyond their control (Hands, 2013; Rizzo, 2016). This is in line with the findings of this research in Chapter Four (Section 4.4.2) where it was revealed that ICBTs made different pricing of goods depending on the method of payment used by the customers and also prices of goods changed each and every day following the prevailing rate. All these choices which were made by the ICBTs were meant to achieve the major aim of maximising profits to earn a livelihood outcome from trading business given all factors which were beyond their control such as the escalating rates on the parallel market and cash crisis.

6.3 The livelihoods outcome of ICBTs before the virtual cash economy

6.3.1 Periods in which ICBT was started

As reported in Chapter Four (Section 4.3.1) a high proportion of ICBTs started ICBT during 2009 to 2015, followed by those who started ICBT before 2009 and lastly those who started ICBT after 2016. The period which had the highest percentage of ICBTs was when the nation was using a multi-currency system wherein the US dollar was the dominant currency. These

findings are in line with what Chikanda and Tawodzera (2017) revealed in their study that largest proportion started ICBT operations after the 2007 drought and 2008 economic crisis. More so, Jamela (2013) revealed in their study that ICBT was one of the feasible informal activities which became a key livelihood strategy for many Zimbabweans at the height of political and economic crisis in Zimbabwe during the period of 2007 to 2009. A study by Chani (2008) revealed that households were crumbling in hard economic times and this made them to depend on ICBT for survival.

The 2007 drought and 2008 economic crisis left many people unemployed resulting in financial difficulties for people who could no longer depend on agricultural production for survival as a result of the drought and unreliable rainfall. In the urban areas the unemployment rates were increasing and coupled with the rise in inflation levels many people were left with no other option but to join the informal sector, particularly ICBT for survival. Chani (2008) postulates that ICBT was a survival strategy that offered an avenue for the people of Zimbabwe to earn a livelihood in the midst of socio-economic crises. The introduction of the multi-currency during this era was a blessing for those who opted to engage in informal cross border trading since it was easy to access foreign currency as it was readily available in the nation. That is the major reason why a large proportion of the ICBTs joined the ICBT business during this period as indicated by the findings of this research since amongst all alternatives ICBT was the best profit making business they could depend on given the then prevailing conditions.

6.3.2 Countries traded with and nature of trading

Chapter Four (Section 4.3.2) revealed that the majority of ICBTs in Gweru imported their goods from South Africa, followed by imports from Botswana, then Mozambique, Zambia, Tanzania and lastly Lesotho. These findings differ with what was observed by Bensassi et al. (2019) that trade appears to be low in sub-Saharan Africa. In other words it means the study by Bensassi et al. (2019) did not involve ICBT in this statement, probably because it has unrecorded data, since this form of trade is actually the major form of trade in Sub-Saharan Africa as revealed by this study. From the results in this thesis it can be concluded that the majority of ICBTs in Zimbabwe trade with neighbouring nations, with South Africa being the major nation from which goods are imported from. During the era of the multi-currency it was advantageous to the ICBTs of Gweru as South African Rand was readily available and

accessible in the nation; this meant that they never faced challenges in accessing foreign currency to import goods.

It was also observed in Chapter Four (Section 4.3.2) that the countries that traders import from are determined by the type of goods available in those countries in relation to type of goods the traders major in. Those who majored in electrical gadgets imported their products from Botswana, those who majored in clothing materials imported their products from Zambia and Tanzania, those who majored in second-hand clothing (bales) bought their goods from Mozambique and those who majored in kitchen utensils, new clothing and jewellery bought their products from South Africa. This was also observed in the study by Jamela (2013) where it was postulated that goods traded via informal cross border trade vary from place to place. More so, Chikanda and Tawodzera (2017) revealed in their study that the most common product bought by traders in South Africa was new clothing.

All the participants in this research indicated that they practised illegal means of trading by crossing the borders illegally evading payment of duty tariffs (Section 4.3.2). The major reason cited by respondents for this was that there were policies that limited the type and quantity of products that could be imported into the country. This correlates with the results of the study by Chikanda and Tawodzera (2017) where participants revealed that restrictions on the import of goods were one of the problems they faced at border posts. However, the study by Chikanda and Tawodzera (2017) did not reveal that this problem made traders to engage in illegal practices as was revealed in this research. Another reason which was given for crossing the border illegally in this research was the expensive duty tariffs which impacted negatively on the profits of the business and affected the livelihood outcome of the traders. These findings are in line with the work of Jamela (2013) who observed that the government of Zimbabwe tried to get forex from ICBT business into banks by charging extremely high duty fees and unjustly confiscated goods at border post. The results also concur with what was revealed by Chikanda and Tawodzera (2017) that the majority of respondents reported high duty levies at the border as one of the major challenges facing traders. However, what lacked in the cited researches is the strategy that was used by the traders to continue operating in the face of these challenges. This was revealed in this study that ICBTs had to find other alternatives to cross the border illegally to avoid loss from the trading business and to earn a livelihood from ICBT.

It should be noted that, although ICBTs were engaging in illegal activities they were registered with local authorities who lease out trading markets to them like the Gweru City Council. This

was also revealed in a study carried out by (Ndlela, 2006; Chivivi et al. 2014, Ligomeka, 2019; Dzawanda et al. 2021) and that City Councils in Zimbabwe issued trading licences and had designated operating flea markets used by ICBTs. However, Zimbabwe Revenue Authority (ZIMRA) considered the ICBTs as illegal and unregistered. If local authorities could lease trading market licences to ICBTs it also meant that the government of Zimbabwe was aware that these traders were operating on the ground and they indirectly allowed them to operate although they considered them to be illegal. From this one would conclude that if the government of Zimbabwe never wanted the ICBTs to operate as they considered them illegal it would not have allowed the local authorities within its jurisdiction to lease out trading licenses to the traders. This is the major reason why policy makers have to introduce policies that favour or promote the survival and sustainability of ICBT business since the government is aware that the ICBTs are operating on the ground. Instead of introducing policies that stifles ICBT business yet allowing them to have trading licences with local authorities and having designated areas where they can sell their goods, the government of Zimbabwe must stop contradicting itself. It should come to reality with the fact that ICBT is a crucial economic activity which many depend on especially in economic hardships in Zimbabwe thereby promoting its growth through favourable policies. This argument is in line with what Chikanda and Tawodzera (2017) observed in their study that while the ICBT has been viewed traditionally with suspicion by the local authorities and government of Zimbabwe, one cannot deny that it has supported many households in economically difficult times.

A study by Jamela (2013) revealed that the country's process of registering a company required finances and is lengthy resulting in traders rather skipping the registration of their businesses. This was established by the researcher during an interview with a member of ZCBTA as reported in Chapter Four (Section 4.3.5). The ZCBTA member narrated a process which cross border traders were supposed to go through before they could get a license of ZCBTA and this involved money. That is the major reason why findings in this research revealed that all the respondents were non-members of ZCBTA as they avoided the costs and procedures incurred in joining the Association. Ndlela (2006) also indicated that ZCBTA did not represent the majority of ICBTs because for one to become a member of ZCBTA there were procedures to be followed and this involved a lot of money. From these findings it is apparent that the Zimbabwean government system indirectly discouraged registration and formalisation of business and unintentionally encouraged informality by setting conditions for formalisation that are difficult for traders to meet. From this discussion it calls for the government of

Zimbabwe to take an initiative in consultation with local authorities who are operating on the ground with the traders to introduce favourable policies that promote growth and sustainability of ICBT business.

6.3.3 Profitability of ICBT

ICBT business was highly profitable during the US dollar era as the official currency. Table 6.1 shows that the capital that had the highest frequency of respondents was 100 to 250 US dollar and the profits which had the highest frequency of respondents was 500 to 750 US dollar. This means that the profits which were acquired in ICBT business doubled the capital invested in the business. Given that during the US dollar era (2009 to 2015) the exchange rate was very stable as indicated by the interviewees and the respondents themselves it is apparent that the ICBT business was very profitable and those who engaged in it during this era earned a livelihood outcome from it. This resulted from the profit earned from the trading business which was not lost through the exchange rate process and also that Zimbabwe was using a strong currency (US dollar) during that period. These results are similar with what Chikanda and Tawodzera (2017) revealed in their study that the profits from ICBT indicates that it is a business operation where sizeable profits can be made hence it cannot only be identified as a survivalist enterprise.

Table 6.1 Comparison of capital injected and profits acquired in ICBT business (researcher analysis based on fieldwork data)

Capital started with (\$US)	Percentage of respondents	Profit (\$US)	Percentage of respondents
Below 100	10	Below 100	
100-250	43	100-250	7
250-500	37	250-500	36
500-750	8	500-750	45
750-1000	1	750-1000	7
1000 and above	1	1000 and above	5

Given that the majority of ICBTs had started trading business during the 2009 to 2015 era following the 2007 drought and 2008 economic crisis, it is apparent that ICBT business became a vital and viable economic activity which many traders resorted to for their survival. This is evidenced by the livelihood outcome the ICBTs indicated that they managed to acquire from ICBT business as indicated in Chapter Four (Section 4.3.3. and 4.3.3.1). ICBT business, during this era, did not only provide livelihood outcome to traders but it also provided a livelihood outcome to many people who were indirectly linked to the traders. These included those

employed by the ICBTs and those who transported goods for the traders. That was the major reason why the employment rate of sellers by traders was high before the extensive use of the virtual cash economy as indicated in Chapter Four (Section 4.3.3.2) meaning the traders could afford to pay the employees and at the same time manage to get profits to sustain themselves (Table 6.1) and their families with majority going to the extent of acquiring assets with profits earned from ICBT business. This was also revealed in a study carried out by Dzawanda et al. (2021).

The major drive for the rise of the informal sector particularly ICBT in Zimbabwe was failure of the formal sector to employ sufficient people resulting in many retrenchments and the closure of industries that left many people unemployed. ICBT was amongst the informal sector activities which many people started to earn a living. Considering this background towards the rise of ICBT in Zimbabwe it is apparent that ICBT was a survival alternative for many who faced unemployment in the nation before the virtual cash economy. Chiliya et al. (2012) asserts that the unemployment rate in Zimbabwe was estimated at 94% and it forced many to join the ICBT business. A study undertaken before the virtual cash economy by Maseko and Manyani (2011) revealed that ICBT was viewed as a domain that could bring sustainable development as noted by the proportion of the workforce in the trading business. However, the results of this research contradict what was observed by Maseko and Manyani (2011) on the issue of achieving sustainable development through ICBT by revealing that this was being threatened by the virtual cash economy. With huge profits earned from this business during the US dollar era (Table 6.1) many people joined the trading business as indicated by the proportion of people who started ICBT during the US dollar era as the official currency in this research.

A significant number of respondents in this research indicated that they managed to do quite a lot for their families with profits earned from ICBT business in terms of food provision, education, health, assets and general upkeep of themselves and their dependants as indicated in Chapter Four (Section 4.3.3.1). These findings are in line with findings revealed by the study conducted by Chiliya et al. (2012) which asserted that ICBTs were able to meet housing, education and other basic needs of a significant number of their dependants. More so, a study by Chikanda and Tawodzera (2017) revealed the same results indicating that ICBT profits were utilised to support families through buying food, paying school fees, paying rentals for accommodation and other obligatory family expenses. However, the cited researches did not reveal that traders went an extra mile to buy residential stands, private vehicles and build their

own houses with profits earned from ICBT as revealed in this study. If one was able to purchase residential land, vehicles for pirating business, build residential home, send children to good schools only to cite a few with money acquired from ICBT in this study, it meant that one would never wish to be employed in the formal sector. This is so because the profits which the informal traders were earning were far much more than those which were earned by those employed in the formal sector. This was also revealed by Borai (2013) when he argued that the monthly net income by ICBTs on average has been estimated to be equal to more than four times the lowest salary paid in the formal sector. However, this was not the case anymore during the virtual cash economy where the ICBTs were struggling to earn little income to sustain themselves and their families as revealed in this study.

6.4 Changing trend in livelihoods outcome experienced by ICBTs since inception of the virtual cash economy

6.4.1 Method of payment used by customers

The findings revealed that the majority of ICBTs did not own bank accounts and this is reflected in the low number of respondents who indicated that they accepted plastic money and bank transfers as payment for goods from customers (Chapter Four, Section 4.4.1). The proportion that indicated that they accepted this form of payment from customers pointed out that they only accepted this type of payment in the event that it was the only source of money the customer had. This indicates that ICBTs might have no trust in the banking system in Zimbabwe as it is a prerequisite to own a bank account for the safety of the money and for the easy running of the business. This is in line with results revealed by Kaseke (2012) in their study when they asserted that the country had been turned into a cash economy due to lack of confidence in the banking system as a result of low interest rates, high bank charges and historically inauspicious banking system during the hyperinflationary period of 2007 and 2008. A study undertaken by Chikanda and Tawodzera (2017) concur with the results of this study when they revealed that formal financial institutions such as banks are rarely used by ICBTs.

More so, the respondents indicated that the majority of customers had their money in mobile wallets rather than in banks. These results are in line with what was revealed in the study by Vhumbunu (2014) that mobile payment systems are the most used methods of payments in Zimbabwe than ATMs. This meant the general populace of Zimbabwe lost trust in the banking system to the extent that they would rather keep, money in their mobile wallets than in their

banking accounts except for the civil servants who had no option since they received their salaries through banks. This was also revealed by the Investment Quarterly Magazine (2019) which asserted that the Zimbabwean public did not trust its banking system because there was no attempt made to compensate depositors who lost money in 2008. However, it should be noted that in this thesis it was established that traders preferred mobile money because it was easy and fast to convert it to cash at parallel markets compared to plastic money not necessarily that traders trusted mobile money wallets. These results differ from what was observed by Nkululeko (2018) that people had gained enforced trust on mobile money wallets. This alone indicates that there was resistance in using plastic money as a form of virtual cash which meant that the availability and accessibility of cash could only be the answer for the sustainability of ICBT business.

The findings also revealed that ICBTs preferred cash, as a method of payment from customers, rather than virtual cash. This is clearly shown by the disparity in prices of the goods on virtual money and cash, with increase in price of goods when one is using virtual cash as indicated in Chapter Four (Section 4.4.2). In other words it was a way to discourage customers from using virtual cash when purchasing goods and encouraging them to use cash as this was cheaper. These results differ from what was concluded by Vhumbunu (2014), that people's attitude towards the use of electronic payment systems in Zimbabwe was highly positive. Although Dumbu (2018) asserted that international cross border trading demand a cash economy, not using plastic money and mobile money which have dominated the Zimbabwe business arena due to cash crisis, it did not reveal the impact which the virtual cash had on ICBT as revealed in this study. Since cash was scarce in Zimbabwe, as revealed in this study, the ICBTs had no option but to accept the virtual cash as a form of payment from customers. Amongst all the methods of virtual cash mobile money was the most preferred method of payment by the ICBTs than plastic money. With mobile money one could easily access cash at parallel markets, although at premium rates, than with plastic money.

6.4.2 The effect of the virtual cash on livelihood outcome

6.4.2.1 Disparity in prices

The major reason for the disparity in prices of goods on virtual cash forms of payment and cash in hard currency was that the virtual cash was affecting the profit making of the ICBT business. The ICBTs had to find an alternative to survive thereby increasing the prices of goods on virtual

cash forms of payment. The major effect was that cash was scarce in Zimbabwe and this scarcity caused a very big challenge as it affected the value of virtual money over cash. It was the same currency (Bond Note), however its value in terms of whether it was virtual cash or cash had a big difference which affected the profit making of the ICBT business through a lot of transactions. For the ICBT business to be sustainable the traders should always be crossing the border purchasing new stock for sale, in other words the business should sustain itself and also provide income to the traders for livelihood. In this case the traders were losing profits in purchasing cash first at premium rates and then buying foreign currency at premium rates again as the Zimbabwean Bond Note was losing value each and every day. The foreign exchange traders preferred cash in hard currency than virtual cash when trading currency and this made them to increase the rate of buying when one was using virtual cash. This then forced the traders to buy cash at parallel markets since the banks could not offer cash withdrawals and the few banks which offered cash withdrawals the amounts were always limited per day to a few customers.

The increment of prices on virtual cash affected the rate at which goods were bought by customers, because it repelled customers from purchasing goods. Investment Quarterly Magazine (2019) revealed that high prices in Zimbabwe were not being complemented by growing aggregate demand, rather, there was shrinking aggregate demand. Before the extensive use of the virtual currency, customers would buy goods with cash and there was no effect to prices, since only one form of payment was used to purchase the goods and the prices were stable.

It should be noted that the amount which the ICBTs increased was not even significant to cover the cost incurred on buying cash and, later, buying foreign currency as indicated in this research. This was because, to buy cash, the traders were charged a certain percentage by the money dealers to transact mobile money from the traders' wallet to the dealers' wallet. The mobile money operator charged a certain charge while the government of Zimbabwe also charged 2% tax on all virtual cash transactions. After buying cash, the ICBTs would then need to buy foreign currency which was also bought at premium rates, as the Bond Note was losing value each and every day. Considering all such costs, there was no way the ICBTs would make reasonable profit to earn a livelihood outcome in the ICBT business.

The worst case scenario was that traders could not keep the virtual cash for more than a day, since it was losing value each and every hour as indicated in Chapter Four (Section 4.4.7). This,

therefore, caused the traders to be always on the run, buying cash, and then later foreign currency to avoid losing many profits. This on its own affected the business greatly since it made ICBTs to be unstable in the business, always moving around, checking the prevailing rate and acting accordingly. That is why all the ICBTs indicated that the profits they were acquiring from ICBT business dropped greatly during the virtual cash economy. These results differed from the study by Nkululeko (2018) where some of the participants revealed that mobile money boosted their business as they earned certain percentages by doing transactions since they were *Ecocash* agents. In this thesis there was no trader who revealed that they were *Ecocash* agents but they actually condemned the mobile money wallets for being responsible for the loss of profit in ICBT through different charges.

6.4.2.2 Negative effect on livelihood outcome

The entire livelihood outcome which ICBTs managed to earn before the extensive use of the virtual cash economy could not be earned in the virtual cash economy. All the respondents indicated that the ICBT business had become a hand to mouth type of business where the little which they earned was only utilised on food items. In fact, ICBTs could not depend on ICBT business for survival like they used to before virtual cash since the majority indicated that for the business to survive they were taking money from their own pockets for new stock. These results clearly contradict what was observed by Maseko and Manyani (2011), that ICBT could bring sustainable development. The health expenses, residential rental bills, school fees and flea market rental bills which they used to pay with income earned from ICBT business were not afforded anymore as the trading business was no longer profitable. These results also differed with what was observed by Chikanda and Tawodzera (2017); Chiliya et al. (2012) and Karama et al. (2017) that ICBTs were able to meet basic needs to support their families. The results in this thesis also go against what was revealed by Gudzinhirai and Tanga (2017a), that, in Zimbabwe, ICBT was known for providing income to poor households and playing an important role in the upkeep and well-being of many families. This was not the case anymore, during the virtual cash economy, as the traders were struggling to even feed their families.

Some traders managed to purchase cars with profits from ICBT, before the extensive use of the virtual cash, but these cars were no longer frequently used by the traders during the virtual cash economy as they could not afford to buy fuel for the cars. Those who had managed to purchase residential land with profits from ICBT, before virtual cash economy, failed to build the residential houses during the virtual cash economy, as the profits which were now earned did

not permit for such big developments. These results differed with what was revealed by Nshimbi (2019a) and Dzawanda et al. (2021) that ICBTs earnings allowed them to build houses as this was not the case for ICBTs in Gweru who were struggling to meet basic necessities during the virtual cash economy. Majority of respondents indicated that to say they were earning little or no profit at all from ICBT business it would be a lie rather they were running loss each and every hour due to the effect of the virtual cash which was losing value uncontrollably and unreasonably. All these results cover the gap in knowledge which was not yet revealed on the implication of virtual cash on livelihood outcome of ICBTs.

Given that the ICBT business was no longer profitable as it used to be before virtual cash one would question why the traders remained in business in spite of all the hardships experienced and also considering that the business itself could no longer provide a livelihood for them. The findings in this research revealed that traders continued with informal trading with the hope of a positive change in profits and because there was no other alternative given the country's economic situation (Chapter Four, Section 4.4.4.1).

More so, the fact that ICBTs, in this research, had survived and earned a livelihood outcome that was prominent before virtual cash, made them to hold on to the business hoping that if things change for the better they would still be in business (Chapter Four, Section 4.4.4.1). This was clearly evidenced by those who had temporarily closed their flea market tables as other respondents indicated that they were going to come back into business when the situation stabilises as they could not handle high fluctuations of the virtual cash and foreign currency rate. The abandoning of flea markets by traders meant that there was reduction of ICBTs operating on the ground and these results differ from what was observed by Nkululeko (2018), that lack of cash in 2016 led to a greater rise in the informal sector. This is so because, in ICBT sector, a number of traders were actually stopping the trading business due to challenges caused by cash scarcity.

The majority of the traders in this research had lower level qualifications which did not permit them to provide skilled work in industries and their major focus area was doing their own business in the informal sector to earn a livelihood. Therefore they had no option than to persist in the ICBT business which they had developed some skills in despite all the hardships they were experiencing. This only proves that ICBT business indeed used to provide the traders with a meaningful and sustainable livelihood outcome which was interrupted by the extensive use of the virtual cash economy.

6.4.2.3 Nature of trading

Nothing changed from the cash economy to virtual cash economy on how the ICBTs crossed the borders as all respondents indicated that they illegally crossed the borders through the settling drivers which they referred to as “*omalaitsha*”. However, those who had indicated that they sometimes crossed the borders legally reduced from 32% (cash economy era) to 19% (virtual cash economy era). These results differed from what was revealed by Nshimbi (2019b), that participants admitted to irregularly not using established ports of entry when moving goods across borders. However, in this thesis, crossing the border illegally was the norm of the business. This meant that the conditions for crossing the borders legally for the traders were not favourable and was affecting their profit making to earn a livelihood. This was noted by Garatidye (2014) that at the border entry posts ZIMRA restricted the number of items entering the country to four per commodity through the Rebate policy and this forced them to engage in corruption activities, using illegal entries and cheating, to pass through with more than four items per commodity.

For this reason, it is important to develop a sustainability framework for ICBT that could assist policy makers, in Zimbabwe, in formulating policies that govern ICBT operations. Although the ICBTs evaded crossing the borders legally, the settling drivers (*omalaitsha*) charged them cash and in foreign currency, to make matters worse for them. This affected profit making significantly, as the traders were selling their products in virtual cash which was rated for one to get cash, and then rated again for one to get foreign currency. The traders were hard-pressed on both sides, as the majority of customers bought goods using virtual cash, yet, their services needed cash which they were supposed to access at premium rates. Given such a scenario, it was hard to earn a livelihood from such a business. For this reason, in the development of the sustainability framework for ICBT business in Gweru, Zimbabwe, it is important to put into consideration cash availability and accessibility as discussed in Section 6.7.

Given that most Zimbabwean people depended on ICBT for their livelihood in a collapsing economy, one could question the motivation of the Zimbabwean government in tightening conditions for importing stock for re-sale by the traders. The Rebate Policy, which the respondents indicated that the government of Zimbabwe introduced, was nothing more than a strategy to deter ICBTs from doing business. Instead of supporting this sector, as it assisted in improving people’s lives and had a history of sustaining households whenever the nation faced economic crisis, the government of Zimbabwe introduced policies to completely destroy

this sector, which in the end, promoted illegal means of crossing the border. A sustainability framework of ICBT would, thus, have to include a recommendation that policy makers should introduce favourable policies for the ICBTs.

Those who were involved in selling of second hand clothing clearly indicated that they smuggled the goods into the country because the importation of bales was not allowed. These results differed from what was observed by Nshimbi (2019b) in their study, where none of the participants admitted that they were into smuggling or dealing with banned goods.

6.4.2.4 Effect of virtual cash on quantity of goods imported

Virtual cash economy had a severe impact on the quantity of goods imported by traders. Before virtual cash economy, some traders could afford to rent more than two tables at flea markets, with some going to the extent of renting five tables as revealed by Dzawanda et al. (2021). This was reduced to renting not more than two tables, with some going to the extent of sharing their tables as they could not afford to fill in tables with new stock. The number of bales which were imported per week reduced significantly and some tables were empty with few stocks for sale. The major reason for the reduction in goods imported was that all the profits were lost through the transactions of purchasing cash and then foreign currency, at premium rates. More so, virtual cash was losing value every hour, which greatly affected profit making by the traders to the extent that they even failed to acquire capital to continue sustaining the same stock they used to import.

To continue surviving in ICBT business it meant the supply of new stock was supposed to be consistent with the rate of buying by customers. However, this was not the case for the ICBT business at this point in time, as customers were not purchasing goods frequently and the supply of new stock was significantly affected by lack of capital from the business as indicated in Chapter Four (Section 4.4.3 and Section 4.4.6). These results share the same idea with what the Investment Quarterly Magazine (2019) revealed, that the scenario in Zimbabwe was that stock was not moving anymore as the purchasing power was shrinking, due to prices which could not come down as they were always being pushed by the exchange rate at the parallel market. However, what was revealed by the Investment Quarterly Magazine (2019) was not specifically for ICBTs, as the magazine was addressing the general buying and selling of goods in Zimbabwe. Majority of traders, in this thesis, were selling old stock and some had already temporarily left their flea markets tables to come back, at some point in time, when the situation

becomes stable. There was no way one could continue to earn a livelihood from a business whose inputs were sternly ravaged by the economic situation.

6.4.2.5 Effect of virtual cash on the foreign exchange rate

The extensive use of the virtual cash, especially as a form of payment, made things worse for the traders who were trying to survive in a collapsing economy. There was a very strong disparity between virtual money and cash, yet it was the same currency of Bond Note. It was extremely expensive to exchange foreign currency using virtual cash than using cash. This, then, forced the poor traders to first find cash which still was accessed at parallel markets at premium rates as well. Although it was an option for the traders trying to evade cost of buying foreign currency using virtual cash direct, it did not make any difference as they were still charged to access the cash. To make matters worse, the virtual cash was always losing value, which meant that its rate for buying foreign currency was always fluctuating at higher rates. This always had an effect on the prices of goods, as they were forced to increase the prices following the changes in the exchange rate, so as to avoid loss of profit. How can a business survive under such harsh conditions? One would wonder. That is why the majority of traders mourned that business was collapsing and failing to meet their livelihood outcome as it used to before the extensive use of the virtual cash. These results are in contrary to a study undertaken by Jaleha (2014) on ICBT in Entikong region, Indonesia which revealed that instead of loss and economic struggles due to the depreciation of the local currency, ICBTs experienced advantages from their cross-border trading activities since in this area foreign currency was used as the means of exchange.

Members of ZCBTA who had been acquiring benefits of accessing foreign currency at better rates and also cash from banks started being affected as the cash crisis worsened. They also failed to trust the banking system and started accessing cash and foreign currency at parallel markets just like any other ICBTs as indicated in Chapter Four (Section 4.4.7). These results share the same idea with what was revealed by Dumbu (2019) that foreign currency transactions in Zimbabwe used to be the responsibility of the banks however it shifted to be the responsibility of moneychangers on the streets. However, the study by Dumbu (2019) did not reveal that the banks were only collecting deposits of foreign currency from the traders but failing to provide them withdrawal services of foreign currency as revealed in this research. In this research the virtual cash economy did not only affect the trading business of the ordinary ICBTs but went on to have a great impact on those members of ZCBTA who had tried to take

a step towards formalisation of the business. This effect on the members of ZCBTA made them to start surviving just like any other informal cross border trader in the business and greatly affected their business. These are the members who had been supporting the banking system of the nation but they had to withdraw their obligation of depositing their money in the banks since cash and foreign currency could not be found in the banks.

That is why the proposed sustainability framework for ICBT suggests the need for the government to provide cash to people of Zimbabwe than to largely depend on virtual cash economy which greatly affected ICBT business. The framework proposed in this thesis will also incorporate the government control on the parallel market especially as the parallel market accessed cash through corruption means and selling it to people at premium rates. As far as virtual cash economy is concerned in Zimbabwe it was never an issue of lack of sound policies but lack of commitment to implement and enforce them. Implementation and enforcement in the context of Zimbabwe's monetary policy is supposed to focus on remedying bad behaviour and instilling good behaviour.

This situation was also once experienced in 2008 where foreign currency control policies helped to fuel inflation and created millionaires who were abusing the government official rate at which they could receive the money and sell it in the black market at a profit (Ndiweni and Verhoeveb, 2013; Pasara and Garidzirai, 2020). This informal activity became so prevalent, during that time, to an extent that the informal traders at the black market were referred to as the 'Reserve Bank'. Although this happened during the cash economy era the situation repeated itself during the virtual cash economy era indicating that something was wrong with the policies being implemented. A lesson was supposed to be learnt from past mistakes in policy implementation but the situation repeated itself and law enforcement agents were not doing anything to deal with the parallel market behaviour meaning something was entirely wrong from policy makers. One would wonder why cash was in scarce in formal markets yet in surplus at parallel markets, where new printed notes could be found, being sold at premium rates as revealed in this thesis. This only meant corruption activities were fueling in the country cascading from policy makers and law enforcers. The parallel market which gave rise to a high exchange rate and selling of cash is symptomatic of a bad economy and is also a behavioural issue which should be addressed through law enforcement as proposed in the framework suggested in this thesis.

6.4.2.6 Changes on employment status

Before virtual cash ICBT was playing a huge role in employing people who assisted the traders in selling their goods in this study as indicated in Chapter Four (Section 4.3.3.2). This was also revealed in a study that was undertaken by Dzawanda et al. (2021). However, the rate of employment reduced greatly during the virtual cash economy as revealed in this thesis. Any business that employs people should be able to function well for it to continue sustaining its employees. One of the major reasons for retrenchment for any type of business is that profits will not be able to sustain the business. Workers employed in the ICBT business were supposed to be paid with profits earned from the business, but it was difficult as the business was facing difficulties. These results differed with what was observed by Chikanda and Tawodzera (2017), that ICBTs played a greater role in Zimbabwe's economy through job creation. Their study revealed 77% of surveyed people who were in paid positions in ICBT. In contrast, this thesis had only 9% of participants who indicated that they employed during the virtual cash economy. This means that there was a great change since the research by Chikanda and Tawodzera (2017) was undertaken. More so, results in this thesis go against what was revealed by Karama et al. (2017) and Nshimbi (2019a), that the major key benefit of ICBT is the employment creation potential. In this thesis, it was revealed that ICBT was no longer providing the benefit of employment anymore as it was retrogressive in nature.

Many researches on ICBT revealed that it improved employment as it offered job opportunities to many people, however, this thesis covers the gap in knowledge on whether ICBT continued to offer employment opportunities even when the operating environment changed. For many traders, it was no longer necessary to employ as they were no longer utilising more than one table in the flea market. This reduction in employment affected the livelihood of many people who were employed in ICBT business and dependent on its income for survival. Many people in Zimbabwe depended on the informal sector for survival since the formal sector was not functioning well in terms of employment. Now that the informal sector, particularly the ICBT itself, was no longer providing a livelihood as it used to, it meant that the situation in Zimbabwe, in terms of livelihood outcome, was alarming.

6.4.2.7 Reasons for remaining in business despite reduction in profits

All the respondents indicated that there was no other alternative which they could depend on for survival as indicated in Chapter Four (Section 4.4.4.1) hence they remained in business

despite huge loss of profits they encountered. Their persistence in the business was based on the belief that things would change for the better in future. These findings in this study clearly shows that ICBT had a long history of providing those involved in it with a meaningful livelihood outcome since no one can persist and persevere in something which they have not seen producing good results before. However, these results goes against what was observed by Chikanda and Tawodzera (2017) that ICBT had become a feasible livelihood alternative for many people in Zimbabwe. In this study traders remained in ICBT on the basis of hoping for better change, it was no longer engaged in as a livelihood alternative but on hope that it could change to provide livelihood outcome as it used to before virtual cash economy. The fact that ICBT used to provide the traders with many livelihood outcomes before the virtual cash economy as discussed in Section 6.3.3 meant that the traders could find some courage to continue holding on to the business in hope for better change.

6.5 Economic challenges faced as a result of virtual cash economy

6.5.1 Rental payments

There was a very big difference in terms of rental fees for flea markets tables at each flea market in this research. The flea markets owned by Gweru City Council were the only ones which had cheaper rental fees compared to the privately owned flea markets as indicated in Chapter Five (Section 5.3.1). Probably the major reason for this was that the flea markets owned by the City Council were poorly developed and with no security since they were located in open areas. The privately owned flea markets had security and they were located in well developed areas as compared to the ones owned by City Council as observed by the researcher. More so, the flea markets of City Council were located on the outskirts of the central business district (CBD) and in residential areas as shown in Figure 3.1 and 3.2. The rentals of flea markets which were found in the CBD were expensive compared to those found on the outskirts. This follows the Bid rent theory which suggests that rent for land decreases as one moves away from the city centre.

The rental fees for flea markets particularly for privately owned flea markets were always fluctuating during the virtual cash economy following the changes which were happening to the value of the virtual cash. The worst part was that one of the privately owned flea market did not accept any form of virtual cash payment but only accepted rental fees in cash. Unfortunately the majority of the customers purchased goods using virtual cash which meant

that traders had to buy cash at parallel markets for rental payments. Other privately owned flea markets which accepted virtual cash increased the rental fees on virtual payment. One of the privately owned flea markets did not accept virtual cash in the form of plastic money since there was no such facility but only accepted mobile payment after rating it as well. The worst case scenario happened when the privately owned flea markets started charging the rental payments in foreign currency since they wanted to evade increasing rental payments each and every month following the prevailing rate on the parallel market. This meant double trouble for the traders as they had to first buy cash and then buy foreign currency to pay for rental payments. All these challenges made the traders to have difficulties in paying rentals to the extent that majority of them started sharing tables to ease pressure and share the burden of rental payments with other tenants. This meant that it was just a business of survival of the fittest as there was no certainty on whether one would remain in business the following month due to failure of rental payments. The proposed framework in this thesis would be premised on the assumption that the sustainability of ICBT business in Gweru, Zimbabwe can only be achieved when there is availability of cash.

The majority of ICBTs who rented flea market tables of City Council were in huge debt and arrears in terms of rental payments that the researcher questions whether these respondents would ever be able to cover them. City Council understood the situation since it was also trying to assist its people to earn a livelihood that is why it never chased them away from the tables even without paying the rentals. This also shows that the government in a way was trying to promote people to earn a livelihood in these difficult times although it contradicted itself by also setting tough conditions for the same people who were trying to survive informally. That is why the proposed framework suggests that the local authorities who work directly with the ICBTs at the ground level should work together with the policy makers in producing policies that are not detrimental to the operations of traders and ICBT as a whole. However, this was not the case with private owners of flea markets as these were also in business hence there was no tolerance for non-payment of rental fees.

6.5.2 Lack of plastic money infrastructure

It was surprising that the extent to which virtual cash forms of payment had spread there was a huge challenge in terms of plastic money infrastructure amongst the ICBTs in this research. For mobile payment it was just a matter of one having a mobile cell phone which is why mobile

money payment methods were widespread amongst traders than plastic money users. That is why Banda (2011) asserted that with an unbanked population of 70%, Zimbabwe was conducive for the propagation of mobile money. For plastic money payment the seller had to possess point of sale swiping machine to swipe the plastic cards for payment. The banks had conditions for one to get a POS machine which the majority of ICBTs did not manage to meet. It was only two privately owned flea markets which had very few people owning the POS machine. To make matters worse those who owned POS machine would charge other traders in case they wanted to use the POS machine for their customers. This made majority of traders to prefer mobile money payment than plastic money.

This was not the case with traders only even some of the private owners of flea markets did not own POS machines which made them to prefer mobile payments on rental fees. These findings goes in line with what Mukora (2017) observed in their study when they asserted that the major challenge is that Zimbabwe does not yet have vibrant plastic money infrastructure to assist all the needs of plastic money users. Kaseke (2012) once indicated that banks have long been experiencing economic and technological challenges associated with the high cost of installing and acquiring both POS and ATM equipment. This was also observed in Bangladesh by Sultana and Hasan (2016) in their study when they asserted that the complicacy of using plastic money is the non-availability of technology and plastic money infrastructure at purchase points. This greatly affected the traders in this research especially when customers wanted to purchase goods using plastic money and it repelled customers as it called for extra charges for one to transfer money from bank to mobile money wallet to purchase the goods using mobile money. More so, these POS machines had extra charges for one to own them and this had an effect on the profit making of traders as indicated in Chapter Five (Section 5.3.3). That is why the proposed framework in this thesis suggests the use of cash for the sustainability of ICBT business to ensure continued livelihood outcome for the traders.

6.5.3 Network challenge

Virtual cash transactions always require good network for one to be able to do the payment. However, the network challenge always posed problems for customers to purchase goods of traders as indicated in this research in Chapter Five (Section 5.3.4). This meant business was affected on days which experienced poor network. Considering that cash was in serious shortage it meant that business was seriously affected by network challenge as majority of

customers had virtual cash to purchase the products. This was also revealed by ZIMCODD (2016) which asserted that in Zimbabwe to those who own POS machines most of the time the network to process the transaction will be down and offline which affect the running of business. However, ZIMCODD (2016) only revealed network challenges on the use plastic money it did not reveal network challenges on the use of mobile wallet specifically for ICBTs as revealed in this thesis.

6.6 Impact of the taxation policies on ICBTs

The ICBT businesses were not being taxed by the government since they started operating. After the extensive use of the virtual cash as a method of payment the government of Zimbabwe introduced a 2% tax on the amount to be transacted on all virtual cash transactions as indicated in this research in Chapter Five (Section 5.5.1). This in a way, for the government, was an opportunity to tax the informal sector particularly the ICBT. This was noted by RBZ (2018) that the aim of the Intermediated Money Transfer Tax (IMTT) of 2% on all electronic transactions within Zimbabwe, ostensibly, was to increase tax collection revenue and tax the informal sector, which concludes most of its transactions electronically, as these transactions previously fell outside the reach of the Zimbabwe Revenue Authority (ZIMRA). Before the extensive use of the virtual cash economy it was difficult for the government to tax the ICBT as most of their activities were not documented since most of the activities were done through illegal means evading proper routes and also majority of ICBT businesses were not formalised. Munjeyi et al. (2017) asserted that in Zimbabwe it was difficult to tax the informal trader since use of cash allowed them to trade in a way that was complex to trace and that left small digital footprint than electronic dealings. However, this gap in knowledge by Munjeyi et al. (2017) that it was difficult to tax the informal traders during the cash economy was covered in this thesis by revealing that the informal traders were being taxed a 2% tax on all transaction during the virtual cash economy. Although the 2% tax was introduced targeting any transaction done by anyone it merely targeted those in business since they were the ones to frequently use such services and also they transacted huge amounts. The ICBTs were not spared and could not evade such payment of tax as it was automatic during each virtual cash transaction which they performed almost each day in buying cash and foreign currency.

This tax affected profit making for the ICBTs greatly as they were now facing many charges during virtual cash transactions. On mobile transactions there were charges for the mobile cash transaction then the 2% tax and on plastic money there were bank charges as well combined

with 2% tax. This greatly affected profit making for the traders in fact they were always making a loss since they performed all these virtual cash transactions whenever they wanted to purchase cash which they were also charged at premium rates. In the end the expenses of the traders ended up outweighing the profits and affected business dismally.

However, although this was a challenge to the profit making of the traders it should be noted that any business that operates in a country should pay tax to its government. It was actually illegal for the traders to operate without payment of tax to the government since they deprived the government of revenue it so required to facilitate infrastructural development as noted by Ndiweni and Verhoeven (2013). This made them to get little or no assistance at all from the government since they were not paying any form of tax. Munjeyi et al. (2017) asserts that informal sector merits little assistance and recognition from the government without payment of some tax. In fact the ICBT business was used to non-payment of tax for a very long time and the introduction of payment of tax during the virtual cash economy became a challenge to them. If they had been used to payment of tax prior to virtual cash economy then the traders would not complain.

However, their non payment of tax is also justified in the sense that they simply had no incentives to do so as noted by Chigisa and Sigauke (2008). Now that they were paying the 2% tax still they did not receive any support from the government in their operation. This was actually evidenced in 2020 when the country was under lockdown regulations to combat the spread of coronavirus 2019 (COVID-19) virus. Despite the fact that ICBTs were not exempted from the IMTT of 2% they did not qualify to apply for loans under COVID-19 Stimulus package due to the prerequisites that allow only businesses which pay taxes direct to the government as noted by Kulkarni (2020). Nevertheless this type of tax introduced was not friendly in the sense that it was not a fixed amount per month rather it targeted each virtual cash transaction performed by the trader. This meant that if an informal cross border trader performed eight transactions per day they would contribute eighty times to the payment of tax for that day only. In all honest this was daylight robbery and there was no way one could make profit under such circumstances.

6.7 Policies of informal cross border trading

The findings in this research indicated that there was no policy that accommodated ICBT in the country but rather the policies that were available were actually meant to deter the

operations and activities of ICBT as indicated in Chapter Five (Section 5.6.1). This was once noted by many authors (Chiriga and Sigauke, 2008; Makombe, 2011; Rogerson, 2016); Chikanda and Tawodzera, 2017) that what is missing in Zimbabwe is consistent recognition and support for the ICBT from government and policy makers. However, in this thesis the government made attempts, although indirectly, to somehow support the ICBT through the involvement of City Council in providing operating licences and with the minister of SMEs visiting the traders here and there proving that it was aware these traders were operating at ground level. This was also indicated by studies undertaken by (Ndlela, 2006; Ligomeka, 2019; Chivivi et al. 2014) that City Councils in Zimbabwe issued trading licences and had designated operating flea markets used by ICBTs. This proves the fact that the government of Zimbabwe indirectly recognises the existence of this trade even though it doesn't have a specific policy that governs ICBT. These findings also mirror what was revealed by Peberdy (2002) and Lesser and Moise-Leeman (2009) that ICBT is not given much recognition by policy makers in most nations despite the fact that it is a poverty reduction mechanism that assists households in meeting their needs. This is why the proposed framework in this thesis emphasizes the need to integrate ICBT into policy making to ensure sustainability of its operation as a livelihood strategy.

More so, it was revealed in this thesis that ICBTs prefer using illegal means of crossing the border using '*omalaitsha*' due to the policy restrictions of importing 4 items per commodity. Through this policy the government of Zimbabwe is actually encouraging corruption activities at border posts as the traders will be forced to engage in these illegal activities to remain in business. For someone doing business this kind of policy negatively impacts on profit making because one cannot travel to another country to just bring four pairs per commodity. There is need to import a lot of goods in order to realise profits in the ICBT business. If ICBTs exceed the limit on the prescribed quantity of the goods permitted as 'duty-free', they will be required to pay customs and excise duty but if they adhere to the limit, their imports will be too small to deliver any profit. If the latter happens they will simply become 'trade-donkeys', carrying goods across the border for others, rather than business people looking for profit to earn a livelihood. As a result ICBTs ended up choosing the best option to maximise profits as per the rational choice theory. Therefore, there is a strong need to consider ICBT in policy formulation. Only with support from the government, policy makers and Non Governmental Organisations will it be possible for ICBTs to contribute greatly to the economic growth of the country and improve their livelihoods in the true sense of the word. Hence the framework developed in this

thesis propose that the government take a more active role in implementing policies that support ICBT, however without undermining the role of ICBTs themselves in this process.

6.8 Proposed Sustainable ICBT Frameworks that ensures sustained livelihood outcome

After addressing objectives 1 to 4, the researcher was able to develop two possible frameworks that should be incorporated in ICBT to ensure future sustainability and continued earning of livelihood outcome for the traders. As noted by Chitongo (2019) that Zimbabwe does not have a specific policy or framework of its own that guides livelihoods in the country there is need to consider the proposed framework in improving ICBT as a livelihood strategy within the context of virtual cash economy. The first proposed framework involves the cooperation of all stakeholders with the policy makers making informed decisions that assist the operation of ICBT through a bottom-up top-down approach. Figure 6.1 shows the proposed framework that should be incorporated at bottom-up top-down approach for the sustainability of ICBT business to continue providing a livelihood outcome to the traders.

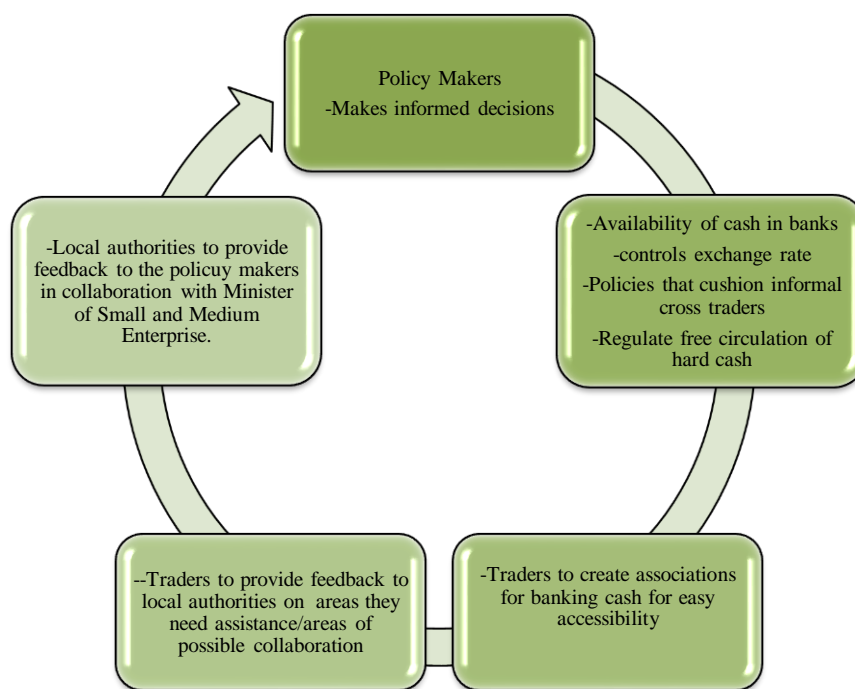


Figure 6.1 A bottom-up top-down framework to ensure the sustainability of ICBT

Framework in Figure 6.1 indicates that for sustainability to be achieved in ICBT there is strong need for the intervention of the policy makers, in Zimbabwe, to work together with the traders through various stakeholders. The policy makers must be tasked to introduce policies that are not detrimental and will not deter the operations of ICBT. This is only possible when they are

provided with information on what takes place on the ground from the traders themselves through various channels that includes local authorities, private owners of flea markets and Ministry of Small and Medium Enterprises (SMEs).

In Section 6.3.2 it was indicated that the government of Zimbabwe is aware of the contribution of ICBT to the economy and the livelihoods of people in the nation as they allow local authorities within its jurisdiction to provide operating licences to these traders. Therefore there is need for the local authorities (Gweru City Council), who work at the ground level with the traders, to advise the policy makers through the Ministry of SMEs of the need to consider and include ICBT when formulating policies in such a way that the sector will continue to contribute to the livelihood of many people in the nation. The local authorities are the ones who are in frequent contact with the traders, therefore it is possible for them to discuss at local level with the traders on what should be done for the success of ICBT and then provide this information to policy makers. The bottom-up approach come into play when considering and taking into account the ideas of the traders in policy formulation, as they are the ones affected at ground. The policy makers will only be there to perfect these ideas, so that they become sound policies that can be implemented (through a top-down approach) to ensure sustainability of ICBT business. The framework suggests that there must be an amalgamation of these two approaches to ensure sustainability of ICBT, although great emphasis must be placed on the active participation of traders in providing ideas to be effected by policy makers.

When policy makers become aware of the needs and concerns of the ICBTs, they will be able to revise and formulate policies that are favourable to the ICBT business and, if possible, that encourage the traders to formalise their businesses without losing much profit. One of the major concerns as indicated in Chapter Four (Section 4.7.2 and 4.7.3) was the greater need for cash for the smooth running of the ICBT business. With regards to this, the policy makers should introduce measures that make cash available to the people of Zimbabwe, since this is the source of income for the traders when people purchase goods from them using cash. It was discovered in this research that the scarcity of cash was merely caused by corruption activities which made cash and foreign currency to be available at parallel markets than formal markets and also by withdrawal limits which made accessibility of cash in banks to be difficult.

This means that the policy makers should introduce stringent measures that control the proper circulation of cash to everyone in order to evade the accumulation of cash at parallel markets, which largely contributed to the cash crisis and, eventually, the selling of cash. More so, with

regards to cash flow, policy makers should also introduce stringent measures that control foreign exchange rate for the benefit of cross border trading, since its success is largely depended on the availability and accessibility of foreign currency. The availability and accessibility of cash and foreign currency in the economy, and especially in the banks, will in the long run, boost the confidence of the ICBTs in the banking system. This will attract them to become banked when cash becomes readily available in banks, a system which later will encourage formalisation amongst the traders.

Findings in this study revealed that all ICBTs accessed cash on parallel markets as indicated in Chapter Four (Section 4.5.2.1). More so, it was revealed that the majority of traders did not own bank accounts as indicated by the small proportion of respondents who accepted plastic money as a method of payment. However, from the focus group discussions it was revealed that before extensive use of the virtual cash the profits which the traders used to earn enabled them to form small saving schemes with their friends, which in vernacular name they referred to as “*mukando*”. Through this each person was supposed to provide a certain amount each month to the banking association that will be agreed upon for everyone. Each individual would then be able to access the money in turns and also through borrowing. This framework suggests that for easy accessibility and availability of cash to the traders, they should form these small saving schemes or banking associations amongst themselves, at each flea market. Through this, each trader who would be in line to receive the cash will then utilise it to access foreign currency for cross border trading. More so, others can always borrow money from the association whenever they want to cross the border to purchase new stock.

It was established in this research that at each flea market there is a committee that assist the authorities in governing the flea market. This framework suggest that the committees must work closely with the local authorities in providing information on the concerns and needs of the traders, which require the support of policy makers. The local authorities will, then, work hand in hand with the ministry of SMEs to provide the information to the policy makers and make them aware of how the operations of ICBT are contributing to the economy of the nation, and how best they can improve it for sustainable operations. This will assist the policy makers to make informed decisions to improve ICBT.

The second framework that is proposed is graphically represented in Figure 6.2 and provides an indication of how cash availability and accessibility could meet the bottom-up top-down approach (proposed in Figure 6.1) to ensure the sustainability of ICBT business in Gweru,

Zimbabwe. The framework shows how the availability of cash will contribute to the sustainability of ICBT business as deduced from the findings of this research. This framework is similar to the practises which the traders in Gweru were operating under, before the cash crisis and the extensive use of the virtual cash economy. This framework links up with the framework in Figure 6.1, in that, it explains in detail how sustainability of ICBT is achieved practically, on the ground, when there is availability of cash. Figure 6.1 proposed a framework which indicated the roles that should be played by different individuals at different levels, through a bottom-up top-down approach, so that conditions for sustainability of ICBT can be met. Amongst these is the implementation of policies that ensure the availability and accessibility of cash which is of major concern according to this research for the sustainability of ICBT business. Framework in Figure 6.2 clearly indicates the operation of ICBTs using cash and eventually illustrates how it will lead to sustainability as deduced from the findings, before virtual cash economy, which produced better livelihood outcome compared to the findings after virtual cash economy.

The framework suggested in Figure 6.2 is exhibiting that livelihood outcome from ICBT, and the sustainability of ICBT business, will only be achieved when cash is readily available and easily accessible to the ICBTs as shown by the results before and after virtual cash economy. The findings of the research indicated that no profit was made from using virtual cash. Instead, there was a huge loss of profit from the ICBT due to cash inaccessibility and unavailability as indicated in Chapter Four (Section 4.4.4). Therefore access and availability to cash is a prerequisite for the sustenance of ICBT business in Gweru urban area, Zimbabwe.

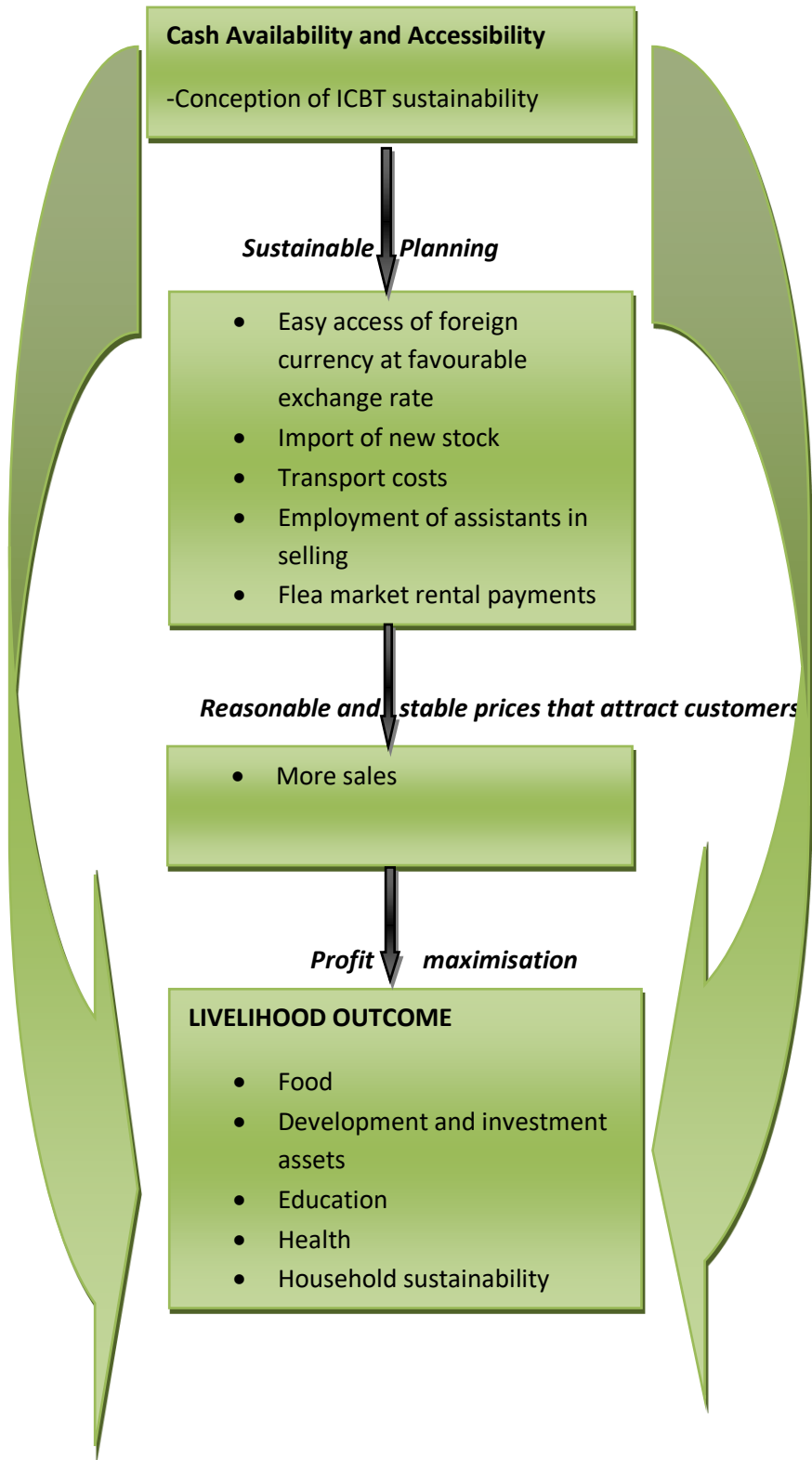


Figure 6.2 Practical application of Informal Cross Border Trade Adaptable and Sustainability Framework (ICBT ASF) within the context of cash availability.

The framework in Figure 6.2 suggests that when cash is available and easily accessible to the ICBTs, it will be possible for the ICBTs to plan sustainably, since cash contains value than virtual cash and this will reduce loss of profits, through buying of cash at parallel markets. When there is sustainable planning amongst the ICBTs, it will become easy to cover expenses in ICBT for its continued sustainable existence. From the findings in this study it was discovered that all the expenses which the ICBT business was supposed to cover required payments in cash as indicated in Chapter Four (Section 4.4.5.1, 4.4.5.2 and 4.5.1). This forced the traders to purchase the cash at parallel markets which was charged at premium rates and severely affected profit making to provide a livelihood outcome for the ICBTs. The rentals of flea markets demanded payments in cash or foreign currency which was only easily accessed at parallel market at cheaper rates using cash. When buying foreign currency for importation of new stock using virtual cash the ICBTs were supposed to purchase cash first which made them lose more profits compared to using cash direct to buy foreign currency.

The framework proposes that when foreign currency is accessed at better exchange rates, using cash, it facilitates the importation of new stock that will be sold at reasonable, non- fluctuating prices. This attracts customers, which results in more sales. The importation of new stock and sustainable planning, due to cash availability and accessibility, will then lead to the employment of assistants in selling the imported products. This will also lead to more sales in ICBT business, since there will not be any disparity in prices of goods as customers will be purchasing goods using cash.

Transport costs of ICBT business requires cash as shown by the results in Section 4.4.5.1 and the virtual cash severely affected profit making by the traders as they had to purchase cash first to pay for transport costs either in foreign currency or Bond Note. Therefore, cash availability and accessibility will make it possible for ICBTs to plan sustainably for expenses of transport costs without losing much profit. More sales in ICBT will eventually lead to profit maximisation, which will enable the ICBTs to earn a better livelihood outcome from the ICBT business, as a result of cash availability and accessibility.

The research gap in this study was that there is little research that had been undertaken to investigate the impact of the virtual cash economy on the livelihood outcome of the ICBTs since its extensive use in Zimbabwe. This research contributes to covering this gap by asserting that there is a great negative impact on the livelihood outcome on the ICBTs caused by the extensive use of the virtual cash economy. Therefore, this research proposes that all

stakeholders in the ICBT consider the application of the frameworks depicted in Figure 6.1 and 6.2 and in this way ensuring the future of the ICBT business to become more sustainable and provide an improved livelihood outcome to the ICBTs. The framework in Figure 6.2 captures what used to be practised in Gweru, during the cash economy, and, from the findings of this study, it proved to be sustainable and should be adaptable to present economic conditions. However, during the virtual cash and cash crisis economy, this framework was distorted by the introduction of virtual cash as a prime method of payment in ICBT business, which eventually impacted on the sustainability of the ICBT which was being achieved during the cash economy. Framework in Figure 6.1 exhibits some practices which are taking place in ICBT in Gweru and some practices proposed to link up with the ones taking place so as to achieve sustainability. Already the local authorities work hand in hand with the traders on the ground and are aware of the challenges the traders are facing due to virtual cash economy hence there will be need for the local authorities to provide this information to the policy makers through the ministry of SMEs so that policies that support ICBT can be formulated. ICBT has the potential to achieve the Sustainable Development Goal of ending poverty and hunger, if the proposed frameworks are implemented successfully.

6.9 Summary

This Chapter discussed the major results linking them up with findings revealed in other researches. It also proposed a framework that is adaptable and sustainable to the survival of ICBT business in its continued provision of livelihood outcome to the ICBTs. The framework placed much emphasis on the availability of cash and the involvement of policy makers in controlling foreign exchange rate and putting measures that ensures the availability and accessibility of cash on formal sectors. The following Chapter is going to provide major conclusions and recommendations of the research and provide areas for further research.

Chapter Seven: Conclusion, recommendations and possible further research

7.1 Introduction

This Chapter concludes the research report by summarising research findings according to each objective and reviewing how each objective was achieved. The Chapter presents the conclusions of the study reached after the research was undertaken and finally provides recommendations that were derived from the study and suggests possible areas for further research.

7.2 Conclusion

7.2.1 Summary of research findings based on research objectives

The main goal of the study was to analyse the impact of the virtual cash economy on ICBTs livelihood outcome

This main goal was attained through the achievement of the following specific research objectives:

Objective 1

- To establish the livelihoods outcome of ICBTs before the increase in the virtual cash economy.

It was crucial to find out the livelihood outcome of ICBTs before the increase in virtual cash economy in order to analyse whether the virtual cash economy had any impact on the livelihood outcome or not. This objective was firstly examined from a literature viewpoint in Chapter Two (See Section 2.4) where the livelihood outcome from ICBT was highlighted and identified. ICBT was contextualised as a livelihood strategy and activity that contributes to poverty alleviation, employment creation, source of income that cater for many household needs and hence to a sustainable livelihood. Secondly the objective was accomplished from primary data (see Section 4.3) where it was discovered that the ICBTs managed to acquire assets that comprised of residential stands, motor vehicles and building houses from the income acquired from ICBT. It was also revealed that traders managed to send their own children and those from extended families to better schools, afforded to pay health facilities and buy food

for their families with income that was gained from ICBT business. There was a multiplier effect to the livelihood outcome as other people who were not directly involved in cross border trading managed to earn a livelihood from ICBT through employment which was being offered in the sector.

Objective 2

- To determine the changing trend in livelihoods outcome being experienced by ICBTs since the inception of the virtual cash economy.

This objective was achieved in Chapter Four (see Section 4.4) where practical findings revealed the changes to the livelihood outcome that occurred as a result of the extensive use of virtual cash economy. It was discovered that income greatly reduced to the extent that the traders were actually encountering loss instead of gaining profit from the livelihood strategy of ICBT. This intensely affected the livelihood outcome which the traders had mentioned that they used to earn before virtual cash. With loss in income it meant all other livelihood outcomes were severely affected as these were directly linked to the income gained from ICBT. Employment offered in the sector reduced as well thereby affecting the livelihood outcome of those who indirectly depended on the ICBT livelihood strategy for survival. The income in the business resulted in huge loss due to the fact that the form of cash (plastic money, mobile money, bank transfers) which was now being mostly used as a form of payment was losing value on the market compared to hard currency which was scarce in the nation. This former form of payment incurred a lot of charges charged in different transactions and as a result it did not add value but loss to ICBT business. In order to remain in business the traders had to make rational decisions to survive whereby they increased the charge of a product if a customer was using virtual payment.

Objective 3

- To examine the economic challenges being faced by ICBTs since the introduction of the virtual cash economy.

Chapter Five (see Section 5.3) explained all the challenges which the respondents indicated that they encountered since the use of virtual cash economy as an extensive form of payment. The major challenge which traders mentioned was rental payments where it was revealed that most private owners of flea markets charged rental fees in foreign currency. More so, others demanded rental payments in cash and for those who paid using virtual cash they charged an

extra fee which became expensive for traders as it resulted in profit loss. However, it was also discovered that Gweru City Council was the only one which accepted all form of payments without charging any extra charge on virtual cash. Other economic challenges that were revealed were that it was difficult to access foreign currency using virtual cash as the foreign currency dealers charged premium charges on virtual cash. Hence one had to access cash first, which still was sold at parallel markets. This resulted in profit loss. Other challenges revealed were related to access to POS machines and network challenges which reduced customers as majority of them had virtual money to purchase goods.

Objective 4

- To evaluate the impact of the taxation on ICBTs livelihood outcome

This was accomplished in Chapter Five (see Section 5.5) where it was revealed that there was no specific tax that was targeted for ICBTs. However, the respondents indicated that the government introduced a 2% tax on each online transaction which was meant for everyone who performed online transaction. The traders mentioned that this tax was affecting business since the traders performed many online transactions per day compared to ordinary people since they were in business. Their business required them to purchase cash and foreign currency which they bought using virtual cash and on each online transaction performed a 2% tax would be deducted. Even if one performed 10 online transactions per day each transaction would get 2% tax charged on it on top of other charges. This resulted in profit loss hence traders favoured cash method than virtual cash. The traders also highlighted that there was policy that was meant to govern their operation in ICBT, but there were policies that were against their operation such as the Rebate policy.

Objective 5

- To develop an ideal ICBTs Adaptable and Sustainable framework that ensures sustained livelihood outcome.

This objective was achieved in Chapter Five (see Section 5.6) and the framework was presented in Chapter Six (see Section 6.8). It was established from research findings that cash was the most favoured method of payment by traders as it did not have many charges on it hence profit loss was very little compared to virtual cash. Therefore, the framework that was developed suggested the accessibility and availability of cash amongst traders and explained in detail how this results in sustainability by showing how cash pass through different channels within the

ICBT business. More so, it was established that for the cash to be easily accessible and available to traders the policy makers have a role to play in introducing stringent measures that control corruption and control foreign exchange rate at parallel markets. More so, the policy makers should introduce policies that do not deter traders in their operations and these policies must be introduced in consultation with the traders through a bottom-up top-down approach. Local authorities have a role to play in this by providing information on concerns of the traders to the policy makers through the Ministry of SMEs.

7.2.2 Conclusion of major findings

The study concludes that ICBT is not an economic activity that is gender specific since both women and men engage in it contributing to different households needs although women still dominate in it as indicated in Section 4.2 Table 4.1. More so, ICBT is undertaken by individuals with both formal and informal education in an attempt to earn a livelihood income as shown by data presented in Table 4.7. Amongst those who participated in the research some were in formal employment and they engaged in ICBT as they did not earn an adequate income in the formal sector to cater for their households needs.

The study also concludes that ICBT was a viable economic activity in which many people survived and depended on before the extensive use of the virtual cash economy. The period just before the extensive use of the virtual cash economy was the era when the US dollar was being used as the official currency in Zimbabwe and this period saw a rapid increase in ICBTs in Gweru. The US dollar and the use of multi-currency contributed positively to the livelihood outcome of ICBTs by enabling them to make huge profits as foreign currency was readily available and accessible at very low stable rate. It also contributed greatly to the success of ICBT through huge profits accumulation which enabled them to earn a livelihood outcome. ICBT was a viable livelihood strategy that enabled families and households to have access to food, health facilities, education, asset accumulation and better living standards in Gweru. Therefore, ICBT had positive implications on the livelihood outcome of ICBTs before the extensive use of the virtual cash economy. Traders smuggled goods and evaded duty payment at borders to maximise on profit making since duty payment was high and also they were limited on quantities to import and not allowed to import certain products.

The extensive use of the virtual cash economy (plastic money, mobile money, bank transfers) particularly as a major form of payment had a great negative impact on ICBT business. It

significantly affected profits accumulation by traders from the business which greatly disrupted the livelihood outcome which used to be earned from ICBT. All profits were lost through charges incurred in different transactions which the traders had to perform to access foreign currency to import new stock. Virtual cash became the major form of payment in ICBT since cash was scarce. As the use of virtual cash resulted in significant bank charges and thus less profit, cash payments in the same currency was favoured above virtual payments. Although cash was scarce in the formal banking system, it was available and easily accessible in parallel markets where it could be bought at premium rates. The latter meant that there was a high rate of corruption during this period with regards to cash circulation within the nation. The devaluing of the virtual cash caused increase in prices which reduced the demand by customers to buy the goods. The prices on virtual cash were increased as the traders made rational decisions to survive and try to sustain the ICBT business. Virtual cash economy reduced the rate at which customers used to purchase products before and this affected the capital for traders to continue importing new stock to sustain the business. The resilience and perseverance shown by ICBTs despite the negative challenges of virtual cash economy in the business greatly demonstrates the contribution of ICBT as an economic activity and their survival skills.

Virtual cash economy introduced a lot of economic challenges for the ICBTs which affected profit making and the day to day running of the ICBT business. It became expensive to access foreign currency using virtual cash as it was rated at very high premium rates. Plastic money infrastructure was very limited and scarce amongst the ICBTs and this affected business as it repelled customers with plastic money to purchase goods. The access to networks is an important component of the use of virtual cash economy, however, during the period of the research, access to networks within Zimbabwe were very limited and thus could be the cause of the loss of customers as they were not able to purchase products using virtual cash, as the traders could not access the relevant networks to process the transactions. The profit made by ICBTs was further eroded by the preference of service providers (for example rentals, foreign currency and transport at borders) for cash rather than virtual cash. As virtual cash was expensive due to charges, the profit of ICBT were reduced and thus not favoured by ICBTs.

The introduction of the taxation on all virtual cash transaction worsened the situation for ICBTs who were already suffering from profit loss as the virtual cash was being undervalued each and every day. The 2% tax per each transaction was too much for the ICBTs considering that they performed transactions to access hard cash and foreign currency every day. This resulted in profit loss and negatively impacted on livelihood outcome of the ICBTs.

This thesis was anchored on the rational choice theory as the traders made rational choices to reduce loss and maximise profits. They tried to mitigate challenges posed by virtual cash economy by increasing charges on products purchased using virtual cash in order to encourage customers to use cash when making payments since the prices were lower when one was paying using cash. Other traders had to share flea market tables in order to lessen costs of rental payments. All these rational decisions were meant to reduce costs and maximise profits with the main goal of achieving a positive livelihood outcome.

The challenges faced by ICBTs were largely contributed by lack of cross border trade policy in Zimbabwe and inaccessibility and unavailability of cash. This also limited their impetus to lobby and advocate different stakeholders and government for their interests and rights. The growth and survival of ICBT as a means of livelihood for people is negatively implicated by lack of government support. The research therefore concluded that, with respect to objective 5, the availability of cash and the existence of policies that favour the operations of ICBT business are the major factors that determine the sustainability of ICBT business in providing livelihood outcome. When the needs and interests of the traders are incorporated in policy making, through a bottom-up top-down approach, there is a greater chance of reviving the success stories of ICBTs in ICBT and eventually this will lead to the sustainability of ICBT. This is because the policy makers will be aware of what is taking place at ground level and will be better informed to make the correct implementable policies that will benefit the traders since ideas will be coming from the ones affected by the system and then perfected into implementable policies by the law makers. This will help in mitigating many challenges faced in ICBT and eventually encourage the traders to formalise their business. It is against this conclusion that the following recommendations are premised on.

7.3 Recommendations

The following recommendations are made by the researcher to enhance the contribution of informal cross border trade in providing livelihood outcome to traders and their families in Gweru, Zimbabwe:

1. Through a consultative approach, the government of Zimbabwe should draft a policy on ICBT. The Ministry of Small and Medium Enterprises and Informal Cross border Associations should take a primary role in coordinating this policy development process. This will help the ICBTs as they will be included in any planning of the nation that affects their business. More so, through this policy the ICBTs will have a chance to provide their concerns and views to the government with regards to their business. The proposed policy should provide an enabling environment for the successful operation of ICBTs and ban the implementation of policies that deter or that have an effect on the successful operation of ICBT business.
2. The government of Zimbabwe should take stringent measures to control black market or parallel market rates. This will assist ICBTs to access foreign currency at a better rate so as to reduce high profit loss due to premium rate charges on the black market. There is also need for the government of Zimbabwe to make sure that foreign currency is accessible in banks to everyone who needs it at a stable, manageable and realistic rate. This will boost the confidence of traders in the banking system and enable money to circulate within the formal marketing system unlike having the parallel market controlling the day to day running of business for the traders.
3. The government of Zimbabwe should take stringent measures to make sure that cash is accessible within the banking system and not on the parallel market. This will do a greater job in reducing profit loss for the ICBTs as they will be able to access cash in the banks and not on the parallel market where they buy it at premium rates. Cash is available in the nation but the problem is on its control which is leading to parallel market having great access to it through corruption deals and hence selling it to traders at premium rates.

4. ICBTs should form small saving schemes or banking associations amongst themselves. The saving schemes allow each and every individual to contribute a certain amount in cash to the scheme each month. The traders will then have the money in turns each month or can even borrow the money from the scheme. These saving schemes are crucial in that they make cash accessible and available to them whenever they need to cross the border to import new stock.

5. ICBTs should form associations that represent them to raise their concerns to the owners of flea markets so that they bear with them in terms of rental payments when there is an economic crisis in the nation. Rental payments in foreign currency and hard cash when one is getting income from virtual cash was highly straining for the traders and affecting their business and profit making. More so, these associations will be responsible for communicating with the local authorities over issues that needs attention from the policy makers. The leaders of the associations can do a greater job in representing the traders so that their concerns can be heard and improve the operation of their business.

7.4 Recommended further research

This research focused on impacts, which were caused by the extensive use of virtual cash economy, on livelihood outcome. It was revealed that the virtual cash impacted negatively on the livelihood outcome of ICBTs. The researcher noted that it is necessary to find out how the traders managed to survive within this period and to find out if there were other activities which they initiated to survive since even after the research the exchange rate continued to escalate. Therefore, this research recommends research on the survival strategies of ICBTs in sustaining livelihoods during the cash crisis and virtual casheconomy in Zimbabwe. This should also look at how best ICBTs can utilise the virtual cash economy to sustain their livelihoods and continue to remain in business. More so, it was established in this research that some traders had abandoned their flea markets tables waiting for the situation to stabilise so that they can resume trading business. On this it is necessary for a follow up study to be carried out to find out whether those who had abandoned their flea market tables came back or they abandoned them forever. This follow up study is crucial because the situation worsened even after data collection was done for this research yet the traders were hoping to resume trading business

after the situation stabilises. More so, during the course of the thesis coronavirus 2019 (COVID-19) pandemic resulted in the government of Zimbabwe adopting the lockdown regulations in 2020 to combat the spread of the virus (Government of Zimbabwe 2020). This affected the operation of ICBTs since the informal sector was totally shut down during the lockdown period. It is necessary therefore for a study to be carried out on the impact of COVID-19 on ICBTs' livelihood outcome.

7.5 Summary

Informal cross border trade is a vital economic activity in Zimbabwe which many depends on for livelihoods. This sector improved the lives of many people who depend on it for survival in different ways. The income accrued from this economic activity support many households in accessing various services such as education, health, accommodation and basic amenities. Some traders have gone to the extent of acquiring private vehicles for themselves and building residential homes with the profits made from ICBT.

The success of this sector largely depends on the fiscal economy of the country in which it operates in. ICBT in Zimbabwe was successful during the multi-currency era when the US dollar was used as the official currency. Many people were attracted to join this sector due to the stable and strong currency that was used that time. There were no fluctuating, escalating exchange rates and traders could even import new stock without going through the difficulties of converting the currency. US dollar could buy in other countries and it had strong value compared to the neighbouring countries that traders in Zimbabwe traded with. This was the major advantage that the US dollar gave to the traders and in turn it boosted the business greatly. Many traders during this time expanded their trading businesses by owning two or more tables of flea markets and employing people to assist them in selling their products. During this multi-currency era cash was readily available and accessible in the country especially in banks.

However, in 2016 the situation changed, the US dollar became scarce on the market and in the country as a whole. This led to the introduction of the Bond Note (a surrogate currency) in order to solve the cash crisis. Still even after the Bond Note was introduced the cash crisis situation was not solved as it led to the hoarding of cash into the black market. To solve this again the government of Zimbabwe introduced the extensive use of virtual cash as a major form of transaction or payment to be used in the country. This involved the use of plastic

money, mobile money and bank transfers among others. This change in the fiscal economy severely affected the operation of ICBTs.

ICBTs faced many challenges in their trading business which in turn affected profit making and their livelihood outcome. The use of cash was easy for them as it had no complex transactions that were introduced by virtual cash. The use of virtual cash resulted in loss of profits through different charges that were incurred in different transactions of virtual cash. Cash became very inaccessible to the traders and it could only be accessed on parallel markets where it was sold at premium rates against virtual cash. Despite being the same currency (Bond Note) and major form of transaction virtual cash had lost value against cash. It became difficult for traders to even save a little to continue importing new stock. Some traders had to temporarily abandon their flea market tables to come back when the situation stabilises as they failed to continue sustaining the ICBT business.

The livelihood outcome that traders used to earn during the US dollar era could not be experienced anymore as they struggled to even feed their families. ICBT was now engaged in on the basis of hope for a better change due to previous positive experiences not on the basis that it was helping the traders. It was very difficult for many traders to completely abandon this type of economic activity as they had survived on it for many years. Therefore, they continued to hope for a better change by holding on to ICBT despite the negative changes that were occurring due to virtual cash economy.

This thesis concludes that the virtual cash economy impacted negatively on the ICBT of Gweru, Zimbabwe. There was nothing positive that it improved on the livelihood outcome of ICBTs. The virtual cash economy came and took away all the praises on livelihood outcome that were emphasized upon by the traders during the US dollar era. The virtual cash economy did harm than good to the livelihoods of ICBTs. By the end of this thesis the traders were already refusing to accept virtual cash from customers and charging their goods in foreign currency (US dollar/ South African Rand) or Bond Note equivalent as per current rate of the day. This clearly indicates that virtual cash dismally affected the livelihood of the traders to the extent that they were rejecting it from customers despite it being the major form of transaction in the country.

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Appendix 1: Ethical Clearance Letter



UNISA HEALTH RESEARCH ETHICS COMMITTEE

Date: 09/07/2018

Dear Ms Dzawanda

NHREC Registration # : REC-170616-051

REC Reference # : 2018/CAES/103

Name : Ms B Dzawanda

Student # : 64029034

**Decision: Ethics Approval from
05/07/2018 to 30/06/2019**

Researcher(s): Ms B Dzawanda
640209034@mylife.unisa.ac.za

Supervisor (s): Prof MD Nicolau
nicoimd@unisa.ac.za; 011-670-9492

Working title of research:

Impact of the virtual cash economy on informal cross border traders' livelihood outcome in Gweru, Zimbabwe

Qualification: PhD Geography

Thank you for the application for research ethics clearance by the Unisa CAES Health Research Ethics Committee for the above mentioned research. Ethics approval is granted for a one-year period. After one year the researcher is required to submit a progress report, upon which the ethics clearance may be renewed for another year.

Due date for progress report: 30 June 2019

Please note the points below for further action:

1. The questionnaire contains questions dealing with illegal activities. The researcher is cautioned that such questions are sensitive and may cause discomfort for the participants. Participants have the right to refuse to answer any question that they feel uncomfortable with.
2. The risk section does not reflect the fact that there are sensitive questions in the questionnaire. For instance, if it became known that a particular participant took part

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in illegal activities, it could have consequences for the participant. What measures will the researcher put in place to mitigate this risk?

3. The researcher should consider including a question in the questionnaire on whether traders import goods in bulk and then divide it amongst each other to sell.

*The **medium risk application** was reviewed by the CAES Health Research Ethics Committee on 05 July 2018 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.*


The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the Committee.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
7. No field work activities may continue after the expiry date. Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

*The reference number **2018/CAES/103** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

URERC 25.04.17 - Decision template (V2) - Approve

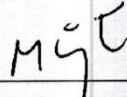
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Yours sincerely,



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Chair of CAES Health REC

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Prof MJ Linington
Executive Dean : CAES

E-mail: llininmj@unisa.ac.za
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URERC 25.04.17 - Decision template (V2) - Approve

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Appendix 2: Turn-it-in Certificate



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IMPACT OF THE VIRTUAL CASH ECONOMY ON INFORMAL CROSS BORDER
TRADER'S LIVELIHOOD OUTCOME IN GWERU, ZIMBABWE.

by

BEAUTY DZAWANDA

Submitted in accordance with the requirements
for the degree
Doctor of Philosophy in Geography
in the
COLLEGE OF AGRICULTURE AND ENVIRONMENTAL SCIENCES
DEPARTMENT OF GEOGRAPHY

at the
UNIVERSITY OF SOUTH AFRICA

SUPERVISOR
PROF. MD NICOLAU
November 2020

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Appendix 3: Sample Questionnaire for ICBT

My name is Beauty Dzawanda. I am a PhD student at the University of South Africa. I am requesting for your participation in this survey by answering the scheduled questions below. This study seeks **to analyse the impact of the virtual cash economy [plastic money/mobile money (ecocash/telecash/one wallet)] on ICBTs' livelihood outcome**. Data collected will be used strictly for academic purposes and will be treated with utmost confidentiality.

Flea Market Name..... Date.....

Section A: Socio-Demographic characteristics *(Tick appropriate)*

Sex

Male	Female

Age

15-25	26-35	36-45	46-55	55-65	65+

Marital status

Single	Married	Divorced	Widowed

Level of education

Primary level	Lower secondary	O'level	A'level	Tertiary

Nature of household

Male headed	Female headed	Child headed

Family size

2	3	4	5	6	7	8	9	10	more

Occupation in the formal sector

Part-time employed	Full time employed	Unemployed

Nationality

Nationality	Tick where applicable
Zimbabwean citizen	
South African citizen	
Zambian citizen	
Mozambican citizen	
Namibian citizen	
Tanzanian citizen	
Mutswana citizen	
Musotho citizen	
Swazi citizen	
Other (Specify)	

Section B: *The livelihoods outcome of ICBTs before the virtual cash economy*

1. When did you start ICBT?

Year	Tick if applicable
Before 2009	
2009-2015	
2016 to date	
Other (Specify)	

2. What type of products do you trade?

Products	Tick if applicable
Clothing	
Electrical gadgets	
Food stuffs	
Cleaning material	
Kitchen utensils	
Furniture	
Personal products	
Other (specify)	

3. What do you trade with?

Goods traded with	Tick where applicable
Money	
Agricultural products	
Clothing material	
Other (specify)	

4. Where do the commodities that you trade come from (country)?

Country	Tick where applicable
South Africa	
Botswana	
Mozambique	
Zambia	
Tanzania	
Namibia	
Lesotho	
Swaziland	
Other (specify)	

5. How did these commodities cross the border before the use of plastic money/ mobile money?

	Tick where applicable
Legally	
Illegally	

6. If illegal to the question above may you please explain the illegal practices you were undertaking?.....

7. What type of transport did you use in transporting goods at border posts from one border to another before use of plastic money/mobile money?

Type of transport	Tick where applicable
Bus	
Car	
By foot	
Other (Specify)	

8. Did you pay for duty of imported or exported goods to officials at cross border posts before use of plastic money/ mobile money?

	Tick where applicable
Yes	
No	

9. How much capital (US \$) did you start with in ICBT business?

Capital	Tick if applicable
Below 100	
101-250	
251-500	
501-750	
751-1000	
1001and above	
Other (specify)	

10. Before the introduction of plastic money and disappearance of US \$ was the ICBT business profitable or not?

	Tick if applicable
Profitable	
Not profitable	

11. If profitable how much profit (US\$) did you make on average a monthly basis?

Monthly profit	Tick if applicable
Below 100	
100-250	
251-500	
501-750	
751-1000	
1001 and above	
Other (specify)	

12. What did you use your profits for before plastic money/ mobile money?

Profit utilization	Tick if applicable
Investment in ICBT	
Food supplement	
Rentals	
Education	
Health expenses	
Other (specify)	

13. What method of payment was used by consumers before the use of plastic money/ mobile money?

Method of payment	Tick if applicable
Cash	
Mobile payment	
Bank transfers	
Other (specify)	

14. Did you rent this flea market in your name or you were renting it from another tenant?

	Tick if applicable
Renting directly from City Council/private owner	
Renting from another tenant	
Sharing rentals with another tenant	

15. Before use of plastic/ mobile money was the exchange rate constant or it always fluctuates from time to time?

Exchange rate	Tick where applicable
Fluctuates from time to time	
Always constant	

16. Did you employ someone to sell your imported goods in flea market before the use of plastic/mobile money?

Employment	Tick where applicable
Yes	
No	

The changing trend in livelihoods outcome being experienced by ICBTs since the inception of the virtual cash economy.

17. What method of payment do you accept from customers since the introduction of plastic /mobile money?

Method of payment	Tick if applicable
Cash	
Mobile payment (<i>Ecocash/Telecash/one wallet</i>)	
Bank transfers (RTGs, ZIPIT)	
Swiping Point of Sale (POS) machines using credit and debit cards	
Other (specify)	

18a. Did the change in fiscal (money) economy affect the rate at which consumers used to purchase goods before?

Change	Tick if applicable
Yes there was change	
No there was no change	

18b. If there was change to the question above may you please explain in what way

19a. If consumers use plastic/ mobile money when purchasing goods do you charge the same amount as that when they are using cash method?

Amount charged	Tick where applicable
Amount differs	
Amount remains the same	

19b. If you charge different amount what is the reason for doing so?

20a. Since the inception of plastic/ mobile money is there any change in the profits you have been acquiring before?

Change	Tick where applicable
Yes	
No	

20b. If there is change to the question above is it on the positive or negative side?

Change	Tick where applicable
Positive	
Negative	

20c. If positive to the question above what are using the profits for?

Profit utilization	Tick if applicable
Purchasing more cross border products	
Food supplement	
Rentals	
Education	
Health expenses	
Other (specify)	

20d. If negative to question 20b above what are the changes that have occurred to livelihood outcome

Profits utilization	Changes happening
Food supplement	
Rentals	
Education	
Health expenses	
Other (specify)	

20e. If negative to question 20b above what makes you remain in this business when it is not bringing positive profits to sustain your livelihood outcome?

.....

21. How do the commodities you trade cross the border after the inception of plastic/ mobile money?

	Tick where applicable
Legally	
Illegally	

22. How do you transport goods across borders from one border to another?

Type of transport	Tick where applicable
Bus	
Car	
By foot	
Other (Specify)	

23. Reason for using the type of transport on question 22 above.....

24. Which method do you use to pay the transport used to carry goods across borders?

	Tick where applicable
Cash method	
Mobile payment (<i>Ecocash/Telecash/one wallet</i>)	
Bank transfer (RTGs, ZIPIT)	
Swiping on POS machines using credit and debit cards	

25a. Do you pay for duty of imported or exported goods to officials at cross border posts?

	Tick where applicable
Yes	
No	

25b. If yes to question above what method of payment do you use to pay for duty of imported goods?

Method of payment	Tick where applicable
Cash method	
Mobile payment (<i>Ecocash/Telecash/one wallet</i>)	
Bank transfer (RTGs, ZIPIT)	
Swiping on POS machines using credit and debit cards	

26. Is there any increase in the quantity of goods you used to import into the country since the use of plastic money/mobile money?

	Tick where applicable
Increase	
Decrease	

27. Do you import goods in bulk and divide amongst yourselves to sell as informal traders?

	Tick where applicable
Yes	
No	

28. When buying foreign currency for trading using plastic/ mobile money does the exchange rate fluctuate (change) from time to time or it is always constant?

Exchange rate	Tick where applicable
Fluctuates from time to time	
Always constant (no change)	

29. Do you employ someone to assist you with selling of your imported goods at flea markets?

Employment	Tick where applicable
Yes	
No	

The economic challenges being faced by ICBTs since the introduction of the virtual cash economy in Zimbabwe

30. What method of payment do you use when paying for rentals of flea market stands?

Method of payment	Tick if applicable
Cash	
Mobile payment (<i>Ecocash/Telecash/one wallet</i>)	
Bank transfers (RTGs, ZIPIT)	
Swiping on POS machine using credit and debit cards	
Other (specify)	

31a. Since the use of plastic/mobile money did you face any challenges in paying flea market rentals?

	Tick where applicable
Yes	
No	

31b. If yes to the question above may you please explain the challenge you faced.....

32. What method of payment do you use when buying foreign currency for trading purposes?

	Tick where applicable
Cash	
Mobile payment (<i>Ecocash/Telecash/one wallet</i>)	
Bank transfers (RTGs, ZIPIT)	
Swiping on POS machine using credit and debit card	
Other (specify)	

33. Are there any extra charges charged when you are using plastic/ mobile money to buy foreign currency?

	Tick where applicable
Yes	
No	

34a. When buying foreign currency do changes in the exchange rate affect trading business?

	Tick where applicable
No	
Yes	

34b. If yes to the question how is the business affected?

	Tick where applicable
Low profits	

Reduces amount of goods imported	
Reduces money for trading purposes	
Others (Specify)	

Impact of the taxation fee on ICBTs livelihood outcome

35. Are you a registered tax payer?

	Tick where applicable
Yes	
No	

36. What method of payment do you use to pay tax?

Method of payment	Tick where applicable
Cash method	
Plastic method	
Mobile money payment	
Any other (Specify)	

37. Does the tax fee have an impact on your ICBT business?

	Tick where applicable
Yes	
No	

38. If yes, may you please explain in what way?

.....

To develop an ideal ICBTs Adaptable and Sustainable framework that ensures sustained livelihood outcome.

Policy measures that can be introduced to help with the challenges encountered due to the changes in cash economy

39a. Are there any policies that govern you in the business of informal cross border trading?

	Tick where applicable
Yes	
No	

39b. If yes to the question above what are the policies?.....

39c.If yes to question 36a above are you sticking to the policies?

	Tick where applicable
Yes	
No	

40. If no to question 36c above what are the challenges?.....

41. Can you say the cash method is more favourable than the plastic/ mobile money method in your operation?

Method of payment favourable	Tick where applicable
Cash method	
Plastic money method	

42. What measures would you need to be addressed by the government so as to improve the operation of informal cross border trading?

Measures	Tick where applicable
Reduction in interest rates	
Removal of interest rates	
Accessibility of foreign currency at affordable rate	
Curbing the cash shortage challenge	
Other (specify)	

Appendix: 4 Interview guide directed to the Housing Department Officer of Gweru City Council

The livelihood outcome of ICBTs before virtual cash economy

1. Did you face any challenges in terms of payment of rentals for flea markets before the use of plastic money/mobile money?
2. In terms of numbers how many ICBT were you accommodating during the US dollar era?
3. How much rentals did the ICBTS pay before plastic/ mobile money?
4. From your own judgement did the ICBTs managed to survive on ICBT before use of plastic/ mobile money?
5. What advantage did the US dollar had on ICBTs?

Changing trend in livelihoods outcome being experienced by ICBTs since the inception of virtual cash economy

6. What method of payment do you accept from traders when paying their rentals?
7. In terms of numbers did the ICBTs you were accommodating increase in numbers or decreased since the use of plastic/ mobile money?

Economic challenges being faced by ICBTs since the introduction of the virtual cash economy in Zimbabwe

8. Since the use of plastic/ mobile money as a method of payment did you face any challenges in receiving rentals from ICBTs?
9. What challenges are facing the ICBTs in their operation due to the use of plastic/ mobile money?
10. Did the exchange rate changed significantly from the period of the use of US dollar to the period of the use of plastic/ mobile money?

Impact of the taxation on ICBTS livelihood outcome

11. Is there any tax paid by the ICBTs?
12. Are the traders conforming to tax payment?
13. What effect does the tax fee have on livelihood outcome of traders?

Policy measures that can be introduced to help with the challenges encountered due to the changes in cash economy

14. What measures do you think should be implemented by policy makers to ensure the sustainability of ICBT so that the traders can continue to earn a livelihood from it?
15. What are the policies that govern ICBTs in Gweru?

16. Do ICBTs stick to policy?

Appendix 5: Interview guide directed to the private owners of flea markets.

The livelihood outcome of ICBTs before virtual cash economy

1. Did you face any challenges in terms of payment of rentals for flea markets stands before the use of plastic/ mobile money?
2. In terms of numbers how many ICBTs were you accommodating during the US dollar era?
3. How much in terms of rentals did the ICBTs pay before plastic/ mobile money?
4. Do you pay something to the Gweru City Council in relation to the flea markets?
5. From your own judgement did the ICBTs managed to survive on ICBT before use of plastic/ mobile money?
6. What advantage did the US dollar had on ICBTs?

Changing trend in livelihoods outcome being experienced by ICBTs since the inception of virtual cash economy

7. What method of payment do you accept from traders when paying their rentals?

8. Did the ICBTs increased in numbers in your flea markets since the inception of plastic/ mobile money?
9. Does the exchange rate change from time to time or it is always constant?

Economic challenges being faced by ICBTs since the introduction of the virtual cash economy in Zimbabwe

10. Since the use of plastic/ mobile money as a method of payment did you face any challenges in receiving rentals from ICBTs?
11. What challenges are facing the ICBTs in their operation due to the use of plastic/mobile money?
12. Does the exchange rate have a great impact on the business of traders?

Impact of the taxation on ICBTS livelihood outcome

13. Is there any tax paid by the ICBTs?
14. Are the traders conforming to tax payment?
15. What effect does the tax fee have on livelihood outcome of traders?

Policy measures that can be introduced to help with the challenges encountered due to the changes in cash economy

16. What measures do you think should be implemented by policy makers to ensure the sustainability of ICBT so that the traders can continue to earn a livelihood from it?
17. What are the policies that govern ICBTs in Gweru?
18. Do ICBTs stick to policy?

Appendix 6: Interview guideline directed to the foreign currency dealers at parallel market

The livelihood outcome of ICBTs before virtual cash economy

1. Were you in operation before the use of plastic money/ mobile money and Bond Notes?
2. What advantage did the USA or multi-currency era had on ICBT?

Changing trend in livelihoods outcome being experienced by ICBTs since the inception of virtual cash economy

3. What method of payment do you accept from ICBTs when they are buying foreign currency from you?
4. Since the inception of virtual cash economy in Gweru was the exchange rate constant or fluctuating?
5. Was there a period when the rate of exchange affected business of traders to the extent that their frequency of buying foreign currency at parallel markets reduced?

6. Do you use the same rate when one is buying foreign currency using Bond Note hard currency or using plastic/ mobile money?

7. What type of foreign currency is accessible on the parallel market?

Economic challenges being faced by ICBTs since the introduction of the virtual cash economy in Zimbabwe

8. What are the challenges being faced by ICBT when buying foreign currency?

Impact of taxation on ICBTs livelihood outcome

9. How does the 2% tax charged per each transaction affect traders in their business?

Policy measures that can be introduced to help with the challenges encountered due to the changes in cash economy

10. What measures do you think should be implemented by policy makers to ensure the sustainability of ICBT so that the traders can continue to earn a livelihood from it?

11. Since this exchange of foreign currency is being done on parallel markets is the government doing something about it?

Appendix 7: Focus group discussion guide for ICBTs

Engagement questions

1. What do you benefit most from ICBT in terms of livelihood?
2. What was the advantage of the US dollar in ICBT?

Exploration question

3. What changes accrued from using plastic/ mobile money as a method of payment?
4. How are you adapting to these changes to survive in business of ICBT?
5. What challenges are you facing in relation to the use of plastic money/mobile money as a method of payment in ICBT?
6. Do you think plastic money is better than hard cash or vice versa in the operation of ICBT? Why?
7. How do the products you trade cross the border?
8. Are you registered tax payers?
9. What method do you use to pay tax?
10. What impact does the tax fee have on your livelihood outcome?
11. What are the policies that govern you in the business of informal cross border trading?
12. Does the exchange rate fluctuate significantly that it greatly affects your trading business?
13. Do you trade goods in bulk and divide it amongst yourselves?

Exit question

14. What can you say about the use of plastic/mobile money in ICBT in relation to their livelihood?

Appendix 8: Observation checklist for all flea markets of ICBTs

<i>What to observe</i>	<i>Comment</i>
Type of goods being traded	
Method of payment used	
Availability of plastic money infrastructure (swipe machine)	
If the flea market fully occupied	
Whether tenants are sharing stands	

Appendix 9: Informed Consent Form

Title: The impact of the virtual cash economy on informal cross border trader's (ICBTs) livelihood outcome in Gweru, Zimbabwe

Participating in

Questionnaire answering	Interviews	Focus group discussions

Dear Prospective Participant

My name is Beauty Dzawanda and I am doing research with Melanie Nicolau, a professor in the Department of Agriculture and Environmental Sciences towards a PhD degree at the University of South Africa. We are inviting you to participate in a study entitled the impact of the virtual cash economy on ICBTs' livelihood outcome in Gweru, Zimbabwe.

WHAT IS THE PURPOSE OF THE STUDY?

I am conducting this research to find out if changes in the fiscal economy have impacted negatively or positively on the livelihood outcome of ICBTs. In researches that have been conducted by other authors on ICBT many success stories have been reported as a livelihood strategy that has improved the lives of traders. These studies were undertaken during the cash economy era where Zimbabweans were merely depending on cash as a method of payment. However, the shift to the use of plastic money as a method of payment, due to cash shortages and disappearance of the United States dollar from circulation in the country, brought with it changes in ICBT business operation. Very little have been done to assess the impacts of the plastic money on ICBT's livelihood outcome, their survival strategy within the introduced fiscal economy and whether the success they have been experiencing, as according to other researchers, are still being experienced. Therefore, is it against this background that the researcher wants to shed some light on the impacts of virtual cash economy on ICBT's livelihood outcome.

WHY AM I BEING INVITED TO PARTICIPATE?

The researcher chooses you to become a participant in this study because you are likely to provide useful information concerning the study since you are one of the ICBTs and might be affected by changes in the fiscal economy which might be affecting the livelihood outcome of traders. The researcher obtained your contact details from the Gweru City Council department of housing. The approximate number of participants is 430 including those who will be interviewed, those who will participate in focus groups and who will answer questionnaires.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

The study involves questionnaires, focus groups and semi-structured interviews. Questionnaires will take about thirty to forty minutes, focus groups about thirty minutes and interviews will take about an hour.

CAN I WITHDRAW FROM THIS STUDY EVEN AFTER HAVING AGREED TO PARTICIPATE?

Participating in this study is entirely voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving any reason to the researcher and it will not affect your relations with researcher. However, once you have submitted the questionnaire it will not be possible to withdraw. If you do not wish to answer any of the question during the interview, you may say so and the interviewer will move on to the next question.

ARE THERE ANY NEGATIVE CONSEQUENCES FOR ME IF I PARTICIPATE IN THE RESEARCH PROJECT?

There are no negative effects for you if you decide to participate in the study. However, you may face just slight inconvenience during the day of data collection as you will be politely asked to offer your time to participate in the study. The researcher will try to make sure data is collected within the specified time frame.

WILL THE INFORMATION THAT I CONVEY TO THE RESEARCHER AND MY IDENTITY BE KEPT CONFIDENTIAL?

The information recorded is confidential and no one else apart from the researcher and identified members of the research team will know about your involvement in this research. No one will be able to connect you to the answers you give. Your answers will be given a code number, or a pseudonym and you will be referred to in this way in the data, or other research reporting methods such as conference proceedings. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report. On focus group discussions the tapes will be destroyed after three weeks of data collection process. The researcher will give an opportunity to you at the end of the interview to review your remarks.

A focus group discussion is a group of six to twelve people intended to unearth profound opinions and give extra deep information than individual interviews. While every effort will be made by the researcher to ensure that you will not be connected to the information that you share during the focus group, I cannot guarantee that other participants in the focus group will treat information confidentially. I shall, however, encourage all participants to do so. For this reason, I advise you not to disclose personally sensitive information in the focus group.

HOW WILL THE RESEARCHER(S) PROTECT THE SECURITY OF DATA?

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard/filing cabinet at the researcher's place of residence for future research or academic purposes; electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. If necessary hard copies will be shredded and or electronic copies will be permanently deleted from the hard drive of the computer using a relevant software programme.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

There will be no direct benefit offered to you, but your participation is likely to help us find out more on the impact of the virtual cash economy on informal cross border trader's livelihood outcome and suggest measures which can be taken into consideration by the policy makers to assist traders.

HAS THE STUDY RECEIVED ETHICS APPROVAL?

This study has received written approval from the Research Ethics Review Committee of the College of Agriculture and Environmental Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS OF THE RESEARCH?

If you would like to be informed of the final research findings, please contact Beauty Dzawanda on +263 775 399 142 or fax beautydzawanda@gmail.com. The findings are accessible from 2021. Should

you require any further information or want to contact the researcher about any aspect of this study, please use the above contact details.

Should you have concerns about the way in which the research has been conducted, you may contact Prof MD Nicolau on +27 0826957551 or +27 11 6709442 or nicolmd@unisa.ac.za. Contact the research ethics chairperson of the CAES General Ethics Review Committee, Prof EL Kempen on 011-471-2241 or kempeel@unisa.ac.za if you have any ethical concerns.

Thank you for taking time to read this information sheet and for participating in this study.
Thankyou.

Beauty Dzawanda 

CONSENT TO PARTICIPATE IN THIS STUDY

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be processed into a research report, journal publications and or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

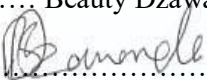
I agree to the recording of the <insert specific data collection method>.

I have received a signed copy of the informed consent agreement.

Participant Name & Surname..... (please print)

Participant Signature.....Date.....

Researcher's Name & Surname..... Beauty Dzawanda

Researcher's signature..........Date.....

Appendix 10: Consent grant letter from Gweru City Council



ALL COMMUNICATIONS TO BE ADDRESSED TO THE CHAMBER SECRETARY

CITY of GWERU

CHAMBER SECRETARY'S DEPARTMENT
Municipal Office

P.O. Box 278 Telephone 263-054-224071

Fax 263-054-24309-Gweru, Zimbabwe
E-mail: gweruchambersec@comone.co.zw

If calling or phoning this matter,
Please ask for
MR NEMUSESO

Your Ref:
Our Ref: JN/cg

20 March 2018

Ms B Dzawanda
20 Ferguson Road Athlone
GWERU

Dear Sir/Madam

RE: REQUEST TO CARRY OUT A RESEARCH AT CITY OF GWERU BY A STUDENT FROM UNISA.

Your application to carry out a research has been approved on the following conditions: -

- 1) That you do not publish the name of Council officials.
- 2) That you also seek police clearance in the case that you want to interview residents.
- 3) That City of Gweru shall not be liable for any action arising from your research.
- 4) That you undertake to deposit of the said research which shall be submitted to the Town Clerk's office.

Note that this letter serves as an introduction to whoever it may concern.

E GWATIPEDZA
TOWN CLERK
cc. Chamber Secretary
Human Resources Manager
File

CITY OF GWERU
 CHAMBER SECRETARY'S OFFICE
 RECEIVED
 19 MAR 2018

CHAMBER SECRETARY'S DEPT.
A.C.K.
CS.
LO.
H.R.M. <i>X Approved</i>
P.A.O. <i>on usual</i>
S.A.O. <i>condit</i>
C.F.O.
C.S.O.
C.S. FILE REF.
ESTATES FILE REF.
C.C. TO
REFERRED TO
COMMITTEE

From:
 MD Nicolau
 Director: School of Environmental Sciences
 College of Agriculture and Environmental Sciences
 University of South Africa

15 March 2018

To whom it may concern

Ms B Dzawanda (student number – 64029034), is a registered PhD student in Geography at the University of South Africa. She is undertaking research on the impact of the virtual cash economy on informal cross border trader's livelihoods in Gweru, Zimbabwe. For her to undertake research it will be required of her to undertake several interviews and focus group discussions with relevant stakeholders

I would sincerely appreciate it if you could provide her the time for a discussion that is related directly to her research and/or provide her with the necessary permissions to undertake the research in the area.

Should you wish to contact me to discuss the request above, please do not hesitate to contact me on my mobile +27 826957551.

Regards



Prof MD Nicolau
 Mobile: 0826957551
 Office number: 011 6709492
 Email: nicolmd@unisa.ac.za



Appendix 11: Consent grant letter from Global Village Flea Market

20 Ferguson Road

Athlone

Gweru

27 March 2018

University of South Africa (UNISA)

Post Graduate Administrator

College of Agriculture and Environmental Science

Box 392

City of Tshwane

South Africa

Dear Sir/Madam

RE: CONSENT GRANT-BEAUTY DZAWANDA, PHD STUDENT-UNISA

Mr Mhlanga the owner of Global village flea market is providing this written consent to Beauty Dzawanda, a PhD student with the University of South Africa to conduct her academic research titled : **THE IMPACT OF THE VIRTUAL CASH ECONOMY ON INFORMAL CROSS BORDER TRADER'S LIVELIHOOD OUTCOME IN GWERU URBAN**. The purpose of this research is solely limited to academic research.

Yours sincerely



Mhlanga

**GLOBAL VILLAGE
(FLEA MARKET)
6TH ST. CORNER R. MUGABE
BOX 273 GWERU
TEL. 0772 404 331
0773 191 258/0772 855 543**

Appendix 12: Consent grant letter from Aspiration Village Flea Market

20 Ferguson Road

Athlone

Gweru

27 March 2018

University of South Africa (UNISA)

Post Graduate Administrator

College of Agriculture and Environmental Science

Box 392

City of Tshwane

South Africa

Dear Sir/Madam

RE: CONSENT GRANT-BEAUTY DZAWANDA, PHD STUDENT-UNISA

Mr Demo the owner of Aspiration village flea market is providing this written consent to Beauty Dzawanda, a PhD student with the University of South Africa to conduct her academic research titled : **THE IMPACT OF THE VIRTUAL CASH ECONOMY ON INFORMAL CROSS BORDER TRADER'S LIVELIHOOD OUTCOME IN GWERU URBAN**. The purpose of this research is solely limited to academic research.

Yours sincerely



Demo. T

Appendix 13: Consent grant letter from Dst Flea Market

20 Ferguson Road

Athlone

Gweru

20 September 2018

University of South Africa (UNISA)

Post Graduate Administrator

College of Agriculture and Environmental Science

Box 392

City of Tshwane

South Africa

Dear Sir/ Madam

RE: Consent grant-Beauty Dzawanda, PhD student-UNISA

Mr Leeroy the owner of DST flea market is providing this written consent to Beauty Dzawanda, a PhD student with the University of South Africa to conduct her academic research titled : **THE IMPACT OF THE VIRTUAL CASH ECONOMY ON INFORMAL CROSS BORDER TRADER'S LIVELIHOOD OUTCOME IN GWERU URBAN**. The purpose of this research is solely limited to academic research.

Yours sincerely



Mr Leeroy

Appendix 14: Consent grant letter from ZCBTA

20 Ferguson Road

Athlone

Gweru

29 April 2019

University of South Africa (UNISA)

Post Graduate Administrator

College of Agriculture and Environmental Science

Box 392

City of Tshwane

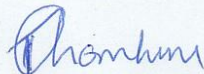
South Africa

Dear Sir/ Madam

RE: CONSENT GRANT-BEAUTY DZAWANDA, PHD STUDENT-UNISA

Mrs Chemhuru, a member of Zimbabwe Cross Border Traders Association (ZCBTA), is providing this written consent to Beauty Dzawanda a PhD student with the University of South Africa. This written consent is for her to conduct her academic research titled: **THE IMPACT OF THE VIRTUAL CASH ECONOMY ON INFORMAL CROSS BORDER TRADER'S LIVELIHOOD OUTCOME IN GWERU URBAN**. The purpose of this research is solely limited to academic research.

Yours sincerely



Chemhuru. T

Appendix 15: Consent grant letter from ZRP

ZIMBABWE REPUBLIC POLICE



Official Communications should
Not be addressed to individuals

Gweru Urban District HQ,
P.O. Box 64
Gweru
ZIMBABWE

Telegrams 'DISPOL:

Telephone Gweru /224355/225085/223301/223770/221393/230248

21 AUGUST 2018

20 Ferguson rd

Athlone

GWERU

Attention: B. Dzawanda

RE: NOTIFICATION IN RESPECT OF A RESEARCH

Reference is being made to your notification letter received on the 21st of August 2018 where you intend to hold an educational research in September to December 2018 in Gweru Urban area.

Your notification on the above subject has been noted.

By copy of this letter Officers In Charge Gweru Central, Mkoba, Mtapa, Nehanda and Senga Police stations have been advised.

OC CRIME GWERU URBAN
ZIMBABWE REPUBLIC POLICE
GWERU URBAN DISTRICT

31 AUG 2018

P.O. BOX 64, GWERU
Tel: 054-223100

Chikono
[T. Chikono] Chief Superintendent
Officer Commanding Police
GWERU URBAN DISTRICT