



Government Support and Investors Participation in Rwanda Stock Exchange

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ABSTRACT

This study was primarily motivated to investigate the investors participation as it has been observed to be low. The empirical examination was achieved through the variables of capacity building and enabling environment by government as independent variable and investors participation as dependent variable on the Rwanda Stock Exchange. The study included an explanatory and survey design. A total of 188 responses were received from a pool of 219 respondents from RSE investors. This study's respondents were identified via purposive sampling, and responses were elicited using a 5-point Likert survey questionnaire. Data were collected through a number of ways, including a structured questionnaire for investors, semi-directed interviews with brokers, and a documentary review. According to the findings, investors' participation in the Rwanda Stock Exchange is primarily determined by their numeracy skills. On the whole, the combinations of these two determinants' accounts for investor involvement on the stock exchange. The study discovered that both capacity building and enabling environment positively and significantly influenced investor participation in the Rwanda stock exchange. This study helps to make policy by demonstrating that financial education and literacy training (capacity building) should be provided to investors and prospective investors on the Stock Exchange. The government should continue to fine tune its legislation to encourage both local and international investors. The current article contributes to Rwanda stock exchange policy advisory as it has shown the benefit of capacity building and provision of enabling environment by government. The study can be a good library for researcher too.

INTRODUCTION

The Rwanda Stock Exchange (RSE), established in 2011, is a crucial component of the country's financial infrastructure, aimed at fostering economic growth and development. The RSE provides a platform for companies to raise capital and for investors to buy and sell securities, thereby contributing to the overall economic development of Rwanda. Over the past decade, government support has played a pivotal role in shaping the RSE and influencing investor participation.

Government support, in various forms, has significantly impacted investor confidence and participation in the RSE. According to Mugisha (2018), government policies, including favourable tax regimes, regulatory reforms, and public awareness campaigns, have created a conducive environment for both local and foreign investors. The government's commitment to maintaining macroeconomic stability, as highlighted by Nkurunziza (2020), has further enhanced investor confidence in the market.

Additionally, the implementation of investor protection laws and the establishment of institutions such as the Capital Market Authority (CMA) have bolstered the regulatory framework, ensuring transparency and accountability. As noted by Uwase (2019), these measures have attracted a growing number of investors, contributing to the steady growth of the stock market.

The impact of government support on the RSE is multifaceted. It not only boosts investor participation but also facilitates the diversification of investment portfolios, leading to a more robust and resilient financial market. The increased investor participation, driven by government initiatives, has also enabled companies to access long-term financing, thus promoting industrial growth and economic development.

Government support in capacity building has been instrumental in enhancing investor participation in the Rwanda Stock Exchange (RSE). This strategic intervention is aimed at empowering both institutional and individual investors with the necessary knowledge and skills to effectively engage in the stock market. Capacity building encompasses a range of activities, including investor education programs, training workshops, and the development of financial literacy among the populace.

The Rwandan government, in collaboration with the Capital Market Authority (CMA) and other financial institutions, has initiated various capacity-building programs to demystify the complexities of the stock market. As noted by Ntwari (2021), these initiatives include workshops and seminars designed to educate potential investors about the benefits of investing in the stock market, the mechanics of trading, and the importance of portfolio diversification.

Furthermore, the introduction of financial literacy programs in schools and universities, as highlighted by Mukarugira (2020), aims to cultivate a culture of investment from a young age. These programs not only equip future investors with essential financial knowledge but also foster a long-term investment mindset, contributing to sustained growth in investor participation.

The impact of these capacity-building efforts is evident in the increasing number of local investors participating in the RSE. By enhancing the financial

literacy and investment skills of the population, the government is creating a more inclusive and dynamic financial market. This approach not only broadens the investor base but also promotes economic growth by enabling more individuals and institutions to invest in the capital market. Government support in creating an enabling environment has been crucial in fostering investor participation in the Rwanda Stock Exchange (RSE). This strategic support involves implementing policies and regulatory frameworks that ensure stability, transparency, and efficiency in the financial market, thereby attracting both local and international investors.

The Rwandan government has undertaken significant reforms to create a conducive environment for investment. According to Nkurunziza (2020), these reforms include the establishment of the Capital Market Authority (CMA), which oversees and regulates the capital markets to ensure fair trading practices and investor protection. The CMA's role in maintaining market integrity and transparency is a key factor in boosting investor confidence.

Additionally, the government has introduced favourable tax policies to incentivize investment. For instance, there are tax exemptions on capital gains and dividends, which make investing in the RSE more attractive. Mugisha (2018) points out that these tax incentives, combined with a stable macroeconomic environment, have significantly increased investor interest and participation in the stock market.

The government's commitment to improving infrastructure and technological advancements also plays a vital role in supporting the RSE. The development of modern trading platforms and the integration of digital technologies have enhanced the efficiency and accessibility of the stock market. As noted by Uwase (2019), these advancements have made it easier for investors to participate in trading activities, thus broadening the investor base. Moreover, the government's efforts to promote financial inclusion through public awareness campaigns have been instrumental in encouraging broader participation in the RSE. These campaigns aim to educate the public about the benefits of investing in the stock market and the various investment opportunities available. By increasing public awareness and understanding, the government is fostering a more inclusive investment environment.

The Rwandan government's efforts to create an enabling environment are pivotal in driving investor participation in the RSE. Through regulatory reforms, favourable tax policies, technological advancements, and public awareness initiatives, the government is laying the foundation for a robust and dynamic stock market, contributing to the country's economic growth and development.

However, despite government support, several shortcomings may still affect investor participation in the Rwanda Stock Exchange (RSE). The exchange may have limited market liquidity as the RSE has a relatively small number of listed companies, leading to low trading volumes and limited liquidity, which can deter potential investors. The investor awareness level may still be low even though there have been public awareness campaigns, many potential investors still lack sufficient knowledge about the stock market and investment benefits.

Similarly, there have been regulatory reforms in many fronts, but some investors perceive the regulatory framework as complex and cumbersome thereby creating regulatory challenges and slowness of participation. In addition, broader economic challenges, such as inflation and currency fluctuations, can impact investor confidence and participation.

In conclusion, the Rwandan government's commitment to capacity building plays a crucial role in driving investor participation in the RSE. Through targeted education and training initiatives, the government is empowering investors with the knowledge and confidence needed to engage in the stock market, thereby fostering a vibrant and resilient financial ecosystem. There have been similar and relevant studies in this area by capital market authority (2020), on capacity building, Ankou et al. (2023) on enabling environment by robust legislation, Njenga, Machagua and Gachanja (2022) on maintaining stability through legislation adequacy. These authors found supportive significant results in favour of government support enhancing investors participation. In the same trajectory, this study is motivated to unravel the impact which government support through creating enabling environment and building steady capacity will have on the investors' participation in the Rwanda stock exchange.

Objectives of Study

The primary goal of this research is to investigate the impact of government support on investor Participation on the Rwanda Stock Exchange (RSE). Specifically, to;

- Ascertain the how enabling environment determines investors' participation on the Rwanda stock exchange.
- Examine how capacity building influences investors' participation on the Rwanda stock exchange.

Hypotheses

- Enabling environment impacts investor's participation in the Rwanda stock exchange.
- Capacity building significantly impacts investor's participation in the Rwanda stock exchange.

LITERATURE REVIEW

1. Conceptual Framework

This conceptualizes the independent variables of the study, which are enabling environment and capacity building and investor Participation as the dependent variable. It is summarized in the diagram that follows.

2. Enabling Environment

Kigali International Financial Centre (2022) Rwanda's financial centre, also known as The Kigali International Financial Centre (KIFC) recognizes the role that the financial sector needs to play in driving the country's sustainable growth through capital mobilization and allocation of economic resources, as well as by recognizing and managing risks related to climate change. In line

with this, the Kigali International Financial Centre, (KIFC), aims to become a sustainable finance hub, attracting international capital to finance local and regional green and sustainable finance activities/projects. Rwanda will be a leading pan-African hub for local, regional, and international sustainable finance based on its strategic location, efficient and cost-effective financial system, and first-class human capital.

The government of Rwanda provides support through Regulatory Framework Establishment of the Capital Market Authority (CMA) wherein the CMA regulates and supervises the capital market in Rwanda to ensure transparency, efficiency, and investor protection. Implementation of Modern Financial Laws is an order of the day to usher financial sanity in the country. The government enacted laws that support the functioning of the capital market, such as the Capital Market Law and the Securities Industry Law, providing a legal framework for securities trading and investor protection. The government also provided infrastructural development programs to support technological advancements in the country. This is evidenced by the adoption of modern trading systems and technology to facilitate efficient and secure transactions. This includes electronic trading platforms that increase accessibility for investors (Rwanda Stock Exchange, 2023).

The government intermittently undertake investor education and awareness to sensitize the investors who participate or are intending to in order to provide them guide for decision making. This may be geared towards capacity building programs where the government, through the CMA, conducts regular investor education and awareness campaigns to inform the public about the benefits and processes of investing in the stock market (Muhizi, 2020).

Furthermore, Tax Incentives are provided from time to time to qualifying investors through favourable tax policies, including reduced capital gains tax and exemptions on certain investment income, making it more attractive to invest in the local market (Rwanda Revenue Authority, 2022). Recently, the government through her market expansion program, aimed at attracting foreign Investment has eased restrictions on foreign participation in the stock market, allowing foreign investors to buy and sell shares, thereby increasing market liquidity and diversity (Ndikumana, 2016). Similarly, the government provides support and incentives for local companies to list on the RSE, including assistance with the listing process and promotional activities to highlight the benefits of going public (Rwanda Development Board, 2021). The seemingly Rwanda's stable economic and political environment and strong economic growth have fostered confidence among investors. The government's commitment to economic stability helps create a conducive environment for stock market investments. Though it is not yet perfect, but indicators shows that the government is in the right trajectory, even though the investor may have some apathy and reservation in the investment climate.

3. Capacity Building

The Government of Rwanda has undertaken various capacity-building initiatives to support investor participation in the Rwanda Stock Exchange (RSE). These efforts aim to increase investor knowledge, improve financial

literacy, and create a robust financial market. In 2020, Capital Market Authority (CMA) and Rwanda Stock Exchange (RSE) organize regular workshops and seminars aimed at educating potential and current investors about stock market operations, investment opportunities, and risk management. National campaigns are conducted to raise awareness about the benefits of investing in the stock market. These campaigns utilize various media channels, including radio, television, and social media, to reach a wider audience simply to improve financial literacy (Niyonsenga,2019). In the same vein, according to Rwanda Development Board (2021), in Promoting Financial Education through Academic Institutions, the government collaborates with universities and business schools to integrate capital market studies into their curricula. This initiative aims to educate students about financial markets and investment strategies, preparing them for future participation in the RSE. Rwanda Stock Exchange (2022), has an account that specialized training programs are provided for brokers, financial advisors, and other market professionals such as Training for Brokers and Financial Advisors to enhance their expertise and ensure they can effectively guide investors in making informed decisions. In the same trajectory, the CMA and RSE produce and distribute educational materials, including brochures, guides, and online resources, to help investors understand market operations, investment options, and regulatory frameworks (Muhizi,2020). Also, there are interactive Platforms in form of investment Simulation Platforms designed by government that allows potential investors to practice trading in a risk-free environment. These platforms help users gain hands-on experience and build confidence before investing real money. It is assumed that these capacity-building initiatives by the Government of Rwanda aim to enhance investor knowledge, build confidence, and ultimately increase participation in the Rwanda Stock Exchange. These efforts may contribute to the overall development and stability of the country's capital markets.

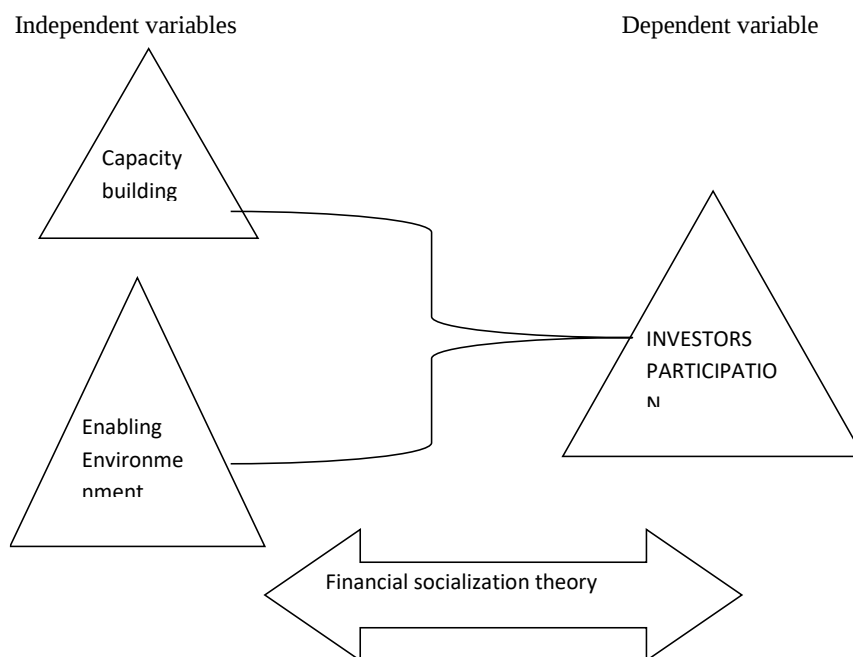


Figure 1. Conceptual Diagram

4. Theoretical framework

a. Financial Socialization Theory

Financial Socialization Theory explains how individuals develop financial knowledge, attitudes, and behaviours through social interactions and experiences. When applied to government support and investor participation in the Rwanda Stock Exchange (RSE), this theory highlights the role of governmental initiatives in shaping investor behaviour and participation.

Government Supports Financial Socialization through educational Programs and Campaigns. Furthermore, the government's educational initiatives, such as workshops, seminars, and financial literacy campaigns, act as socializing agents that provide individuals with the necessary knowledge and skills to participate in the stock market. These programs help individuals understand investment opportunities and risks, leading to more informed and confident investors.

The government is usually in Partnerships with Educational Institutions in Collaborations with universities to integrate capital market studies into curricula expose students to financial concepts and market operations at an early stage. This early exposure fosters a culture of investment and financial awareness, encouraging future participation in the RSE. Training programs for brokers and financial advisors ensure that they are well-equipped to educate and guide investors, reinforcing positive investment behaviours and decisions. The impact on Professional guidance enhances investor confidence and participation, contributing to a more robust market. Government-led media campaigns disseminate information about the benefits and processes of investing in the RSE, reaching a broad audience and normalizing investment activities. Increased public awareness and normalized investment behaviours lead to higher participation rates in the stock market.

Financial Socialization Theory explains how individuals acquire and develop financial knowledge, skills, attitudes, and behaviours through interactions with their environment. The theory emphasizes that financial habits and competencies are not innate but are learned through social interactions and experiences.

The theory identifies several key agents that influence financial socialization such as; government, Family which includes Parents and guardians are primary influencers, imparting financial values, habits, and attitudes through direct teaching, modelling behaviours, and involving children in financial decisions. The major outcomes are usually Financial Knowledge (Understanding financial concepts and information), Financial Skills (Ability to manage money, budget, save, invest, and handle credit), and. Financial Attitudes and Behaviours (Developing healthy financial habits, such as saving regularly and avoiding excessive debt).

Financial Socialization Theory has been developed and refined by multiple scholars over time. However, the seminal contributions are often attributed to researchers like John G. Smetana, who emphasized the role of parents and family in the socialization process, and Sharon Danes, who expanded the framework to include various socialization agents and processes.

The theory has evolved significantly since the late 20th century, particularly in response to the growing recognition of financial literacy as a critical life skill.

Understanding Financial Socialization Theory has profound implications for policy makers, educators, and financial advisors. It underscores the importance of early and continuous financial education and the role of various socialization agents in shaping financially capable individuals. Programs aimed at enhancing financial literacy often draw on this theory to design interventions that engage families, schools, and communities in the financial education process.

Through educational initiatives, partnerships, professional training, and public campaigns, the Government of Rwanda acts as a key socializing agent, enhancing financial literacy and shaping positive investment behaviours. This support aligns with Financial Socialization Theory by fostering an informed and engaged investor base, thereby increasing participation in the Rwanda Stock Exchange.

5. Empirical Review

According to capital market authority (2020), empirical evidence from emerging markets conducted through a Case Study of Rwanda Stock Exchange shows that the Government of Rwanda has implemented various initiatives to create an enabling environment for investors. These include establishing the Capital Market Authority (CMA), enhancing regulatory frameworks, and conducting financial literacy campaigns. As a result, there has been a noticeable increase in investor participation and market activity.

Furthermore, Karen Wendt's research in "Social Stock Exchanges: Catalyst for Impact Investing?" (2022) provides a comprehensive analysis of how creating a conducive environment for social and green finance can attract more investors. Wendt argues that integrating sustainable and impact investing criteria into stock exchange listings can significantly enhance investor engagement and diversify the investor base.

Recent research highlights the importance of creating an enabling environment to boost investor participation in African stock exchanges. A study by Ankou et al. (2023) in the "African Review of Economics and Finance" emphasizes that regulatory frameworks, transparency, and market infrastructure are pivotal in attracting both domestic and international investors. Their findings indicate that stock exchanges with robust legal and regulatory environments tend to have higher investor confidence and participation.

In the view of The Exchange, (2024), another significant contribution comes from the collaboration between the Johannesburg Stock Exchange (JSE) and the African Development Bank (AfDB). This partnership aims to strengthen cross-border trading and enhance the overall depth and liquidity of African financial markets. The African Exchanges Linkage Project (AELP), involving seven major African stock exchanges, has been instrumental in fostering investment and improving market accessibility, which in turn, has had a positive impact on investor participation.

Njenga, Machagua and Gachanja (2022) stated that capital markets facilitate capital growth by mobilizing savings and converting them into investments, and they are therefore a stimulant of economic growth. There is evidence that countries with high savings rates tend to grow faster. Although most sub-Saharan Africa countries recognize the importance of local capital markets and have made efforts to develop them, they have not fully reaped the expected benefits, Hence the need for interventions to accelerate capital market development.

These include sustaining efforts to ensure stability of the capital markets to build investor confidence through strict enforcement of the laws, regulations, and rules governing them; having a constant stable and conducive macroeconomic environment to incentivize investments; developing and implementing focused policies to support the growth of micro, small and medium-sized enterprises to enhance their listing attractiveness; having prudent and comprehensive policies that support the development of capital markets and their timely review; and designing effective approaches to exploit the anticipated benefits from trade agreements, which is key to growing the vibrant private sector necessary to support the development of capital markets. Jönköping (2022) stated that the effect of Government Policy on the Development of the Stock Market in Rwanda can be interesting. This study highlights how government initiatives, such as regulatory reforms and infrastructure improvements, have enhanced market transparency and investor confidence, leading to increased participation in the Rwanda Stock Exchange. The paper emphasizes the importance of continuous government support in addressing challenges like limited liquidity and a small number of listed companies.

Bernatzki, Busse and Hoekstra (2021) said that Rwanda has been acknowledged for its efforts to improve its business environment via several reforms and regulations according to various indicators, despite its status as a low-income country in an unfavourable location for economic conduct and being overshadowed by the devastating genocide of 1994. Their research offers an analysis of the degree to which Rwanda's regulatory reforms have improved the country's business climate. Additionally, they pinpointed four interrelated change drivers that explain how the government is able to successfully carry out economic reforms. Techniques and strategy: We use both qualitative and quantitative methods. According to the analysis, Rwanda's business environment regulation improvements are more like window dressing than real development. The pressure on the government to create economic growth, the nation's leadership, the pre-colonial institutional structure, and Rwanda's aid efficacy are the forces behind change that have contributed to the country's economic advancement. Implementing significant changes to Rwanda's current system is inefficient due to the close interconnection of political and economic institutions. Rather than pushing out small and medium-sized businesses, the Rwandan government should firmly adhere to its own policies and developmental strategies while also advancing the transformation of the private sector.

METHODOLOGY

The study used a survey design with a population of 219 investors from where sample of 219 respondents was drawn from RSE investors. Primary and secondary data were also included in the study. Books, the internet, papers, journals, and government publications that were pertinent to the study. Questionnaires were used to gather secondary data. A sample of 188 participants completed a self-administered questionnaire that was used to collect primary data. The sample size was calculated using 219 respondents from RSE investors out of a total of 25,647 projected investors. Data were gathered using a variety of methods, including a structured questionnaire for investors, semi-directed interviews with brokers, and a documentary review. The study adopted Cronbach's alpha for reliability, KMO and Bartlett's test, Principal component analysis, rotated component matrix, correlation and regression analysis. The acquired data was examined with SPSS and factor analysis.

The majority of the statistical techniques employed to examine the gathered data were factor and mean analyses. In order to identify which factors influenced investment decisions in RSE the most, the mean was used to characterise the data and rank the detected elements according to their levels of effect. The factor analysis highlighted the similarities and contrasts between linked variables through a principal component analysis (PCA), which assisted in directing data and helping to uncover patterns in the data.

The study shows that men made up 70.6% of the 188 investors who were questioned. This may be anticipated as according to Babajide and Adeptly (2012) and Obamuyi (2013), the respondents' demographics and characteristics align with the perception of the capital market as risky, where men are typically perceived as risk-takers and women as risk-averse.

The age range of almost 96% of the investors was 26 to 45 years old which implies that People who are most productive, considering saving for the future and considering stock market investment as a long-term opportunity tend to be around this age. This is in line with the claims made by Fidelity Investments (2024) that the majority of people in the workforce today enrol in retirement plans, whether offered by their employers or through self-directed plans, since they wish to have more financial stability down the road.

Additionally, according to descriptive statistics, 89.8% of investors had at least a bachelor's degree. Put differently, the bulk of RSE investors had advanced degrees, indicating that those with a better understanding of the stock market's operation were more likely to purchase and hold onto stocks.

Additionally, over 62% of the investors stated that their average monthly household income exceeded RWF 1,200,000. People with more earnings are more likely to invest in RSE since being in the capital market implies making long-term cash commitments. According to an investigation of the original data, investors in RSE came from a range of industries, including non-governmental organisations (NGOs), the public sector, the commercial sector, and self-employed individuals. All of these investors had greater return expectations.

Owning stock is simply one of many possible investments, and it's one of the riskier ones, as White (2007) makes clear. He cites statistics to support his claim that investments in stocks outpace all other types of investments over time, even real estate.

The duration of the respondents' trading experience on the Rwanda Stock Exchange was ascertained through the survey. According to the survey, 62.7% of participants had traded on the Rwanda Stock Exchange for one to three years, 22.4% for more than five years, 7.5% for four to five years, and the remaining 7.5% for less than a year.

While 14.92% of investors had an average investment for 2022 of more than Rwf 50,000, 14.43% had an average investment for 2022 on the RSE ranging between Rwf 5,001 and 10,000, 10.45% of investors had an average investment for 2018 on the RSE below Rwf 1,000, and the remaining 9.95% had an investment outlay for 2018 between Rwf 10,001 and 50,000. The majority of investors had an average investment for 2022 on the RSE ranging between Rwf 1,001 and 5,000. One's degree of proficiency with the topics covered is reflected in their experience on the Rwanda Stock Exchange.

RESULT AND DISCUSSION

1. Descriptive Statistics

Table 1. Descriptive Statistics

	Mean	Std. Deviation	N
Invpart_Global	4.3483	.27684	219
Cab_Global	3.6341	.32978	219
Ene_Global	4.0215	.44149	219

The descriptive statistics reveal that investment participation has a mean of 4.34 with a standard deviation of .27684 from the sampled 219 respondents. Capacity building variable had a mean of 3.634 and .32978 in std; while enabling environment stood at 4.0215 in mean and .4414 in std; from 219 respondents. It is evident that all variables of interest had their mean values less than investment participation which is the dependent variable of the study. This implies that any variable X which surpasses it is overwhelmingly an exceptional determinant of investor's participation on the Rwanda stock exchange.

2. Correlation Matrix

Table 2. Correlation Matrix

	CAB	ENE	INVSTPRT
CAB Pearson Correlation	1		
ENE Pearson Correlation	.301**	1	
INVSTPRT Pearson Correlation	.286**	.114**	1
**correlation is significant at the 0.01 level(2-tailed)			
**correlation is significant at the 0.05 level(2-tailed)			

Correlation table presented the Pearson correlation matrix for investment participation for the same period. The results indicated that CAB and ENE positively correlate with INVSTPART. In addition, it is clear that none of the coefficients is up to 0.8, and it implies that there is an absence of multicollinearity in the data used in the study.

3. Regression Result

Table 3. Results of Testing Direct Hypotheses

Path Coefficient Hypothesis	Estimate	S. E	t-value	p-value
CAB → SMIP Supported	0.487***	0.034	1.332	0.000
ENE → SMIP Supported	0.261***	0.096	5.055	0.000
X GS				
model			Non-moderated model	Moderated
Chi-square/CMIN 17.335			47.734	
Degrees of freedom (Df)			39	
Probability (P)			0.159	
Incremental fit index (IFI)			0.978	
Tucker-Lewis's index (TLI)			0.967	
Comparative fit index (CFI)			0.977	
Root means square error of approximation				
(RMSEA)			0.034	
			0.010	

Legends: CAB – Capacity building; SMIP – Stock market investor participation; ENE – Enabling environment.

The government support through enabling environment also is confirmed by this study to be a determinant of investors' participation on the RSE. This affirmed by the regression result which reveals a positive significant estimate of 0.261, t-value of 5.055 with a P-value of 0.000. This depicts that there exists a positive determination effect by government support to positively cause investors to participate in the activities of the Rwanda stock exchange.

This result has supported a prior expectation in the alternate hypothesis that enabling environment created by the government can significantly impact or influence investors from local and international communities to invest in Rwanda stock exchange. This has also laid credence to the theoretical background of the study. The theory of financial socialization used government interventional policies and programs to bring sensitization to investors with broader knowledge of the workings of Rwandan stock exchange and consequential significant improvement in their participation. This finding supports the result of Njenga, Machagua and Gachanja (2022) that affirmed that sustaining efforts to ensure stability of the capital markets to build investor confidence through strict enforcement of the laws, regulations, and rules governing them; having a constant stable and conducive macroeconomic environment to incentivize investments. Also supports the revelation of capital market authority (2020), which discovered that government campaigns have resulted in a noticeable increase in investor participation and market activity.

The government support through capacity building is revealed in this study from the regression that there is a positive significant value of 0.487, t-value of 1.332 with a P-value of 0.000. This finding shows that the surrogate of capacity building has significant effect on investor participation in Rwanda stock exchange. The implication of this result is that when government build capacity through organizing regular workshops and seminars aimed at educating potential and current investors from local and international environment, about stock market operations, investment opportunities, and risk management; National campaigns conducted to raise awareness about the benefits of investing in the stock market; and utilizing various media channels, including radio, television, and social media, to reach a wider audience simply to improve financial literacy as was carried out by Capital Market Authority (CMA) and Rwanda Stock Exchange (RSE), the investors participation is sure to significantly heighten. This supports the study's a prior expectation that improved capacity building will significantly impact investor participation.

This finding supports the earlier result of Niyonsenga, (2019), Rwanda Stock Exchange (2022) and Rwanda development board (2021) whom collectively found positive relationship between capacity building through regular education with investors participation. This result also clarifies the assertions in the conceptual framework by Muhizi (2020). Theoretically, financial socialization has explained the result as regular interaction with government as agents of socialization has brought about heightened participation of investors in the stock exchange.

The regression results also confirmed that the Chi-square value of 47.734 indicates that all of the adopted independent variables for the government support collectively account for approximately 48% of the variances in investment participations. The probability values remained at 0.000, indicating statistical significance across all significance levels. This suggests that the variables are consistent with the model and that their combined influence on investors' involvement in RSE is significant.

CONCLUSIONS AND RECOMMENDATIONS

The study concludes evidently from the regression result that the variables of government support which were broken down into capacity building and enabling environment has a significant joint positive effect on investors' participation on the Rwanda stock exchange.

Sequel to the study findings and consequent conclusion, this study makes recommendation in line with the study outcome. The Rwandan government ought to expand and strengthen its channels for educating its people about financial literacy. Once more, the government ought to strengthen public support by enacting sensible laws that would motivate investors (local and foreign) to take part in the RSE. Similar to this, investors should engage with others on all appropriate social media platforms to obtain up-to-date information and insights on stock markets.

FURTHER RESEARCH

Sequel to the study findings and consequent conclusion, this study makes recommendation in line with the study outcome. The Rwandan government ought to expand and strengthen its channels for educating its people about financial literacy. Once more, the government ought to strengthen public support by enacting sensible laws that would motivate investors (local and foreign) to take part in the RSE. Similar to this, investors should engage with others on all appropriate social media platforms to obtain up-to-date information and insights on stock markets.

The study recommends the exploration of other relevant variables relating to government support and on other regions of Rwanda in seeking what influences investors participation from the angle of government support.

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