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Online Financial Markets: An Ethnographic Study of Independent Day-Traders in Israel

By Galit Ailon

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Erez is a forty-seven year old, divorced taxi driver who trades various types of derivatives from home in online, global financial markets. He started day-trading four years ago, after completing a thirty-hour course in one of the many financial trading schools that have opened up in Israel in the past decade. His house is small, and the computer he uses for trading is positioned in the living room, next to the TV. He testifies that he has spent endless hours in front of this computer, learning the charts, perfecting his expertise at analyzing them. His dream is “to make money from money” in these online markets, bank his profits and live off the interest. In his four years of day-trading he has lost more than he has gained, but he believes that the losses were educational and that he learned from them many necessary lessons about himself and about the market-crowds whose behavior he tries to foresee. By now, he says, he has almost mastered online trading. When his thirteen year old son is home, he often asks questions about the colorful charts on the screen, and Erez feels that it is an important part of his fatherly duty to teach him what they're all about.

In recent months I have been engaged in an ethnographic study of independent day-traders in Israel. I have met many who, like Erez, took a course or two in the blooming industry of financial education for the general public and who dream of making money from home – or anywhere else – through online trading. They include, for example, a senior manager who left his job and set up a trading corner in his dining room; a retired dentist who often travels with his wife and uses his laptop to trade from anywhere he happens to be; and an ex-building contractor who uses two smartphones to trade from Tel-Aviv cafés. There are many others. Some focus on particular financial markets – stock, currency, commodities – some “try out” different markets as they develop their “tastes” and expertise in day-trading and eventually trade in more than one market at the same time.

The internet has brought financial markets into the homes, routines, and dreams of many Israelis. Along with the current state of local regulation which does not impose too many restrictions on online day-trading, and the common use of “leveraging” which enables trading in much larger amounts of money than one actually deposits, the internet has turned financial day-trading into something well within the reach of a broad socioeconomic stratum in Israeli society. Indeed, there is a wealth of evidence of a growing infatuation: advertisements for financial trading courses and online trading platforms pop up as one surfs through Israeli internet sites or listens to Israeli radio; new Hebrew books with titles such as *The Stock Whisperer* (Barak 2012) appear; and successful financial figures gain the media's attention, star in economic TV shows and newspaper stories, and routinely post Hebrew lectures, market reviews, financial blogs, and trading lessons online.

While various researchers have noted the popularization of finance, most studies on the topic focus on financial investing in the United States and Great Britain (for example, Aitken 2003; Davis 2009; Harrington 2008; Langley 2008). However, the accessibility of online global trading is opening up new opportunities for other forms of popular financial engagement in other places in the world. Culturally, this global, online popularization of finance may take various shapes. To quote Downey and Fisher (2006: 7), global economic technology “creates very particular connections, and users are selective about the technology, commodities, and ideas that they seek out, thus pointing to the importance of examining ethnographically the production, circulation, and receivership of knowledge and ‘things’ in particular communities of interpretive practice.”

Indeed, these “particular connections” may exceed current theoretical constructs and disciplinary bounds. As my short description of the interview with Erez indicates, online financial markets reach far beyond the actual networks of exchange that have been the primary focus of social researchers of finance: they impact homes and family lives; they seem entangled with broad changes in contemporary workplaces, work ethics, and cultural images of “the good life”; and their “spirit of calculation” (Appadurai 2012)

entails new types of self- and social-perspectives that touch upon much broader aspects of societal life (Ailon 2013).

Online trading thus raises many interesting questions for researchers of contemporary financial culture. For example, what types of “communities of interpretive practice” are evolving in relation to and through the online markets? What popular images and narratives of the markets inform and are informed by the online platforms and their mechanisms of exchange and speculation? How do the properties of the online trading platforms shape popular forms of financial calculative logic and sensibilities? What are the online markets' qualities of presence in the traders' physical and local contexts of action (for example, their homes) and how do they affect their routines and concrete lives? How does online trading facilitate the development of popular enchantments with finance and how, in turn, does the growing industry of popular financial education – trading schools, gurus, bestselling books, and so forth – shape the meaning that is attributed to online global markets, the dreams that are tied to them, and the financial identities and narratives of expertise that take form within them?

This study adopts a holistic, multi-sited ethnographic approach that combines online and offline fieldwork. Looking outside the global and expert centers of finance, its goal is to seek answers to the research questions by offering a close analysis of a local context of popular finance, namely the Israeli online day-trading field. Primarily, the study seeks to further our understanding of the cultural dynamics that shape and that are shaped by online markets, the character of the new financial enchantments that these markets seem to incite, and their manifestation as a lived experience in traders' day-to-day lives.

Galit Ailon is a Senior Lecturer in the Department of Sociology and Anthropology at Bar-Ilan University. She is author of *Global Ambitions and Local Identities: An Israeli-American High-Tech Merger* (Berghahn, 2007), and her published papers have appeared in journals such as *The Academy of Management Review*, *Economy and Society*, *Organization Studies*, and *Sociology*. A researcher of organizational and economic cultures, her studies have focused on topics such as organizational globalization, economic reflexivity, and the discursive constitution of financial scandals. Her current research interest concerns the study of Israeli financial culture.

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