THE UNIVERSITY OF ZAMBIA

SCHOOL OF EDUCATION

DEPARTMENT OF LIBRARY AND INFORMATION SCIENCE

COURSE: Research in Development Information Systems (LIS 40I4).

RESEARCH TOPIC: An investigation into the financial literacy of final year students at the University of Zambia for improved financial wellbeing.

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DEDICATION

We dedicate this research to God Almighty our creator, and strong pillar, our source of strength, wisdom, knowledge and understanding. Further, we dedicate this work to our dear family and friends who have encouraged us all the way and their encouragements have made it possible to finish that which we had started.

DECLARATION

We, CHOLA CHONGO, CHONDOKA ANDREW and MILAMBO MADALITSO, do hereby declare that this report is as a result of our own information attained from the field research at the University of Zambia among final year students. We hereby declare that this report represents our own work and it has not been previously submitted for a degree, diploma or any other qualification at this or any other university. All the published work or materials from other sources that have been incorporated and have been precisely acknowledged and referenced therein. No part of this work may be reproduced or copied in any manner without the prior authorization, in writing of the authors.

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For this report to be completed, the authors are grateful to a lot of people. Firstly, we would like to thank in a special way Mrs. K. L. Daka our supervisor, who provided guidance, treated us with patience as well as provided encouragement to complete this study.

Most of all, we are highly thankful to the almighty God for his goodness and kindness. To him we are greatly indebted.

ABSTRACT

This study investigated the levels of financial literacy among undergraduate students at the University of Zambia. It sought to investigate and answer questions based on the research that were to determine the levels of financial knowledge among final year students, to find out factors that influence student's financial behavior and to assess challenges affecting final year students financial well-being. The data was collected by issuing questionnaires to undergraduates. It looked at the levels of knowledge of financial literacy among final year students. SPSS version 27 was used to analyze the data. The results indicated about the levels of financial literacy among University of Zambia final year students shows that they were familiar with the financial literacy. These levels of financial literacy were somewhat high because there were more students who were knowledgeable about financial literacy than those who did not know about it. The areas included are general personal financial knowledge, knowledge of savings and borrowing and investments, and exposure to financial issues. In terms of personal financial management practices there was no significant difference between genders in terms of holding an account across all types of accounts and in terms of investments. The conclusion therefore is that the majority of students do have knowledge of financial literacy, however, they lack the skills required to put their knowledge into practice in order to improve their financial well-being. The results are not very generalizable to the wider population of university students. In order to achieve such generalization, a study should be conducted using a larger sample and taking on all university students in the country.

Keywords; Financial literacy, financial knowledge, University of Zambia, students

ACRONYMS

UNZA University of Zambia

SPSS Statistical Package for Social Sciences

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CHAPTER ONE

1.0 INTRODUCTION

The chapter comprises of the background information of financial literacy, by assessing the levels of financial literacy among final year students at UNZA for their financial well-being. Furthermore, it will look at its statement of the problem, research objectives, rationale or significance of the study, ethical issues that were considered and the definition of various key terms in our topic such as finances, financial literacy, lastly, a summary of this chapter is given.
According to Paul Goebel (2007), financial literacy is defined as the end result of the financial education process, so when students are financially literate they can make informed financial decisions that can aid in improving their financial well-being. Financial literacy is about empowering people to have a successful life, it gives financial tools to financially empower individuals so that they can create a better financial life for themselves (OppLoans, 2020).

1.1 BACKGROUND

When students are in their final year and are getting ready to graduate, they are generally at a point of an important transition and it is this transition that requires good exposure to the tools of financial literacy to aid them in their financial wellbeing as they cross over onto life after varsity. Financial literacy of students as articulated by Fletcher (1997), is very important because, the economic systems of nations and financial well-being depends in part of the knowledge and on informed people or consumers. The financial difficulties experienced by households is influenced to some extent by low financial knowledge among citizens, as such are reducing productivity in the workplace.

A study done by De clerk in 2009 on the financial behaviors of colleague's students highlighted how most students in the university lack awareness of money management, income and savings, and how they can equip themselves with knowledge to fight fraud and take charge of the finances. Goldsmith (2005) observed that undergraduates have limits on financial literacy hence an international instrument was used to assess relationship between financial literacy as well as its related issues such as age, gender, programs of study and income level and how they have an impact on the level of financial literacy.

Achieving a sustainable means of financial literacy is a serious challenge for most youths worldwide because of the many different skills and practical lessons that they are found to be lacking. Kelly (2002) confirmed this observation through her study on personal literacy among college students which highlighted how during our modern times every nation is struggling for economic prosperity making it hard for young people who have never learned how to budget, plan to achieve financial security.

In addition, they are various factors that can influence students' financial literacy levels such as gender, family income, college major, and age and employment status. There have been few reported studies that provide indications that show how gender can affect financial decisions. Vijaykumar (2013) and Agarwal et al (2010) both present that male college students tend to be more financially knowledgeable and financially literate on financial matters as compared with females. It was also observed that male students tend to take more risk when investing in comparison to females. Additionally, Chen and Volpe (2002) discovered that women have been known to generally have less knowledge about personal finance topics, have less enthusiasm for being educated about finances and have lower confidence in gaining financial knowledge. The disparity of this factor shows just how influential of a factor gender is on financial literacy.

With regards to age, different age groups tend to have different financial behavior towards financial decisions. Young people are more attracted towards risky financial investments alternatives but have a tendency on indecisiveness owing to lack of resources and awareness (Bashir et al, 2013). This line outlook on youth spending habits is backed by Agarwalla et al (2013) whose study confirms that despite devising sensible attitude towards managing their funds, students tend to behave in a proximate manner which therefore give rise to the observed negative association between attitude and financial behavior.

Furthermore, family income as well as college major can influence a student's chances of being financially sound. Murphy (2005) established that undergraduate business majors were more financially literate than nonbusiness majors and that those who were from more educated families scored better than those from less educated backgrounds. The Jumpstart College Survey also found that financial literacy was monotonically related to parent's education levels.

The College Student Journal Impact Factor presented by Avard et al (2005) highlighted the importance of demonstrating the significance of controlling ones financial behavior according to class year and the impact of academic abilities to understand how financial literacy varies.

In 2003, a study on savings and life events by Mckay and Kempson, proposed that they seemed to be a positive relationship between employment and financial literacy. The study showed that on average, people with employment exhibited to have at least some more knowledge of how to handle finances relatively to people not employed.

Furthermore, low levels of financial literacy have a negative impact and is of concern worldwide among university students, specifically final year students at UNZA, because they are closer to graduating and to going out of school premises to join the complex world with regards to financial upkeep and responsibility. University graduate face the pressure of dealing with the requirement of being as financially self-reliant and self-sustainable as possible (Klopper, Lusardi & Van Oudheusden, 2018).

For instance, without having financial knowledge, an UNZA student can be prone to overspending and over debtness because they have limited knowledge on how best to budget. Over debtness occurs when a person already in debt incurs more debt in order to cover current expenses such as funding of their extra education, graduation preparations. Students spend on various items such as food, clothes, rent, entertainment, toiletries, alcohol and cosmetics. This shows that students are making financial decisions every day. Having knowledge on financial literacy increase the ability to make sound decisions without overspending.

1.3 STATEMENT OF THE PROBLEM

A catastrophic financial well-being is characterized by consequences to do with lack of financial literacy. According to McKay and Kempson (2003) the major concern that seemed to be exhibited by most college students with low levels of financial literacy is overspending.
Then in turn these habits end up giving birth or breeding other implications in the areas of someone financial well-being, such as investment and savings.

Although various studies on financial literacy have been done. The problem still exists as it is still not clear as to what levels final year students are on at the University of Zambia in terms of financial literacy. Hence, this particular study sought to investigate the financial literacy of final year students at UNZA for improved financial wellbeing.

1.4 GENERAL RESEARCH OBJECTIVES

To investigate into the financial literacy of final year students at the University of Zambia for improved financial wellbeing.

1.5 SPECIFIC OBJECTIVES

a) To determine the levels of financial knowledge among final year students.
b) To find out factors that influence students' financial behavior.
c) To assess challenges affecting final year students financial well-being.

1.6 RESEARCH QUESTIONS

Based on the research objectives stated above, the paper asked the following questions

1) What challenges affect student's financial well-being?
2) What is the level of final year student's financial knowledge?
3) How do financial knowledge factors influence the student's and decisions behavior?

1.7 SIGNIFICANCE OF THE STUDY

The research study aimed at illuminating the factors that impact financial literacy so that future researches can use the information to detect students who are at different levels of financial literacy. Additionally, it can be used as an opportunity or way to establish collective financial literacy programs at the University of Zambia. Furthermore, the body of knowledge has led to continued research on the university student's populace by providing a reference point to our researchers. The research further made practical suggestions that provided solutions to the institution on the importance of being financial literate.

1.8 SCOPE OF THE STUDY

The study was limited to final year students at the University of Zambia. The subject area that this research looked at covers general personal financial knowledge of savings and borrowing, knowledge of insurance as well as knowledge of investment.

1.9 LIMITATIONS OF THE STUDY

The major limitation that was faced was during the conduction of the research study was small sample size due to short duration period as the academic year was compressed. Additionally, the research was limited to only final year students in that they were the only sample group available on campus. Another limitation that was experienced was that partially students gave false information on the subject at hand.

1.10 ETHICAL ISSUES

The study kept the respondent's identity confidential, anonymous and private. Anonymity refers to keeping secrets by not identifying the ethnic or cultural background of the respondents, refrained from referring to them by their names or divulging any other sensitive information about a participant (Mugenda, 2003). This is why, during research a researcher must promise to protect the information given in confidence by the respondent. If any information was to be revealed, then consent was sought from the respondent.

This enhanced honesty towards the research subject by protecting them from physical as well as psychological harm hence ensuring that the researcher does not ask embarrassing questions which can disguise the respondent.

The study intended to respect the dignity and worth of all people involved by being aware of their age, gender, cultural background and any status that could have impacted our ability to talk to them.

The research intended to inform all people when conducting surveys on what the information they gave us would be used for.

The research also intended to only use the information collected for the purpose of the research project.

The research also referenced all the works correctly using the Harvard Referencing system and it ensured that the research produced was our own, by summarizing and writing information in our own words.

The research project was approved by our lecturer and was deemed appropriate for research.

1.11 DEFINITIONS OF KEY TERMS

***Financial literacy*:** Financial literacy is defined as the end result of the financial education process, so when students are financially literate they can make informed financial decisions that can aid in improving their financial well-being (Goebel, 2007).

Finances: It is the art and science of managing money. It is concerned with the process institutions, markets and instruments involved in the transfer of money among and between individuals, businesses and governments (Gerkman, 2003).

Financial well-being: It is a state of being were a person can meet current and ongoing obligations, feel secure in their financial future, and is able to make choices that allow them to live life to the fullest (Bruggen, 2017).

1.12 SUMMARY

Financial literacy looks at empowering people to have a successful life; furthermore financial literacy is giving financial tools to financially empower individuals so that they can create a better financial life for themselves. The research aimed at assessing the levels of financial literacy among final year students at the University of Zambia. In so doing, the study also looked at the various factors that can influence student's finical literacy levels such as gender, family income, college major, and age and employment status. Financial literacy provides indication that gender importantly affects financial decisions. Male college students are more financially knowledgeable and financially literate on financial matters as compared with females. It was also observed that male students tend to take more risk when investing in comparison to females.

In order to achieve the mission, the study came up with research objectives namely to determine the levels of financial knowledge among final year students. The research further looked at the significance of the study which was aimed at illuminating the factors that impact financial literacy so that future researches can use the information to detect students who are at different levels of financial literacy. The research study looked at defining the key terms, and gave a brief scope of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

In order to inspire financial behavior, change amongst university students, there is need to understand how behaviors are formed and how to create change that is positive. In the age of advanced technology, individuals are involved in complex financial decision making, if one is not wise about understanding this phenomenon, he or she will be trapped in financial problems. This is why financial literacy is becoming important since students have responsibilities for their financial security in their life. Under the study, it focused on studies that have been carried out so far to address research gaps from the theories put forward so far and in this literature.

2.1 EMPIRICAL REVIEW

2.1.1 Students understanding of financial literacy

Financial literacy offers benefits not only when someone has made a decision about investing their money. Given the alternatives available for investment. For example, bonds, stocks or mutual funds, but it also makes simple daily financial judgments like developing their household budget which could be planning the monthly income and budget for paying electricity, gas, water, telephone, food, or considering buying new luxuries along with assessing the ability to pay the interest on bank loans. According to Chen and Volpe (2000) who analyzed personal financial literacy among 14 universities, it was found that knowledge of personal finance, general financial knowledge, and savings, borrowing insurance or investments was generally poor among USA university students.

Chen, Volpe and Parvlico (1996) surveyed 454 undergraduate business students from only one university using an instrument of 23 items that focus primarily on investment knowledge. They all concluded with similar overall findings to previous studies showing that students achieving a low average literacy with those who major in business being knowledgeable of investments than those who did not major in business.

Money Management Practices of College Students, a study by Henry et al. (2001), included an undertaking of a survey of 126 undergraduate education majors at the University of Louisiana at Lafayette using a 13-item questionnaire on debt, income and budgeting practices. It was then established that the majority of the students do not have or use a written budget. Among the people who took part, ladies, married students, and older students were likely to follow their budgets.

Markovich and DeVaney (1997) equally surveyed 236 randomly selected undergraduate seniors from Purdue University to measure financial knowledge and behavior using a questionnaire. Although their study included financial behavior, they only measured the level of students' knowledge impacted or correlated behavior. They similarly found was that the overall financial knowledge of seniors is low and that there was little difference between the universities majors represented, although business do have the highest knowledge scores. They also suggest that students believe they themselves should take a personal finance course and that taking a course will help them financially.

These four studies showed the level of financial knowledge of university students across various students' characteristics but still leave gaps of the understand comprehensive financial picture of the university students for example these studies, with the exception of Chen and Volpe (2000), only survey under graduate students, they limit their generalization by only sampling students from one university. Many of the surveys were found to lack in a number of ways. The surveys were to lack a comprehensive range of financial issues of student's characteristic, they only assessed at the knowledge level but did not analyze if knowledge and behavior are correlated, surveys often failed to measure the financial attitudes of students and none of the students were found to be explicitly included in theory.

Besides that, the research at hand looked into students' demographic variable including family income and background, financial behavior, financial knowledge, age as well as gender.

2.1.2 Investments

Investments is the commitment of money or capital to purchase financial instruments of other assets in order to gain profitable returns in the form interest, income or appreciation of the value of the instruments.

This involves the choice by an individual or an organization such as a pension fund. An investment involves the choice by an individual or an organization such as a pension fund, after some analysis or thought, to place or lend money in a vehicle, instrument or asset, such as property, commodity, stock, bond, financial derivatives (e.g. futures or options), or the foreign asset denominated in foreign currency that has certain level of risk and provides the possibility of generating returns over a period of time (Beal & Delpachitra, 2003).

Recently, high school curriculum takes less consideration upon the effectiveness of using the income in dealing with financial matter such as bank accounts, investments, mutual funds, mortgages, credit cards, loans, insurance and taxes. Nag (2007) presents arguments to emphasize that young people cannot borrow and thus do not have wealth to invest in stocks. However, there are a large number of those with a university degree that does not participate in the stock market. Besides that, the researcher found out that stock market participation increases with age, and normally stock's ownership is focused on those in 40 years old and older.

Prior research of various researchers has shown that students are not receiving sound education on financial investments and as a result have inadequate knowledge on investing. This realization indicates that there is a low level of understanding concerning financial concepts dealing with investing, saving, borrowing, inflation, and risk diversification (Chen & Volpe, 1998; Lusardi & Mitchell 2006, 2007; Lusardi, Mitchell, & Curto, 2009; Lusardi & Tufano 2009; Rooij et al., 2007).

2.1.3 College Major

The student's major courses studies in university are one of the element indicators for academic courses which significantly impact on their knowledge to personal financial literacy. It was discovered that there was a relationship between financial courses taken in college and students' knowledge of investment (Peng et al, 2007). Beal and Delpachitra (2003), Chen & Volpe (1998), Volpe, Chen, & Pavlicko (1996), Peng et al. (2007), and Robb & Sharpe (2009) all conclusively established that business majors are more knowledge about personal finance than non-business majors. Their findings all showed how educational background made an impact on the average financial knowledge score, with business majors and students with higher class rank scoring better on the test of financial knowledge particularly with regards to finance and accounting. Other findings of their studies shows equal support towards the conclusion that students with higher interest in financial matters, a greater level of directed reading and more consistent listening to financial reports on the media show a better score in the test of financial literacy levels.

As university students take on higher levels of personal financial responsibility, their interest in personal finances intensifies and learning slowly but surely takes place. It is also more likely that university students are experiencing more challenges with finances as they save, budget monthly expenses, and manage student debt after they graduate. As suggested by Peng (2007), increased financial pressure and financial challenges faced in conjunction with relevant instruction may result into the learning process of what encompasses financial literacy being enhanced.

Financial knowledge discussions were also conducted by Xiao et al. (2010) to observe the relations among financial education, financial knowledge, and risky credit behavior of college students, and it is financial knowledge that was measured using subjective and objective instruments. Subjective knowledge stated on the students' self-assessment of their financial knowledge on a five-point scale from a very low to very high. Objective knowledge also measured using eight true-false questions developed by Hilgert et al (2003). The results showed that personal finance courses may add to the subjective knowledge of students which in turn may contribute to a lower likelihood of engaging in credit paying behavior, and the results revealed that objective credit knowledge does reduce risk paying and borrowing behaviors.

2.1.4 Gender

There are few researches carried out to test on the difference between the gender and their financial literacy. These include Chen & Volpe (1998), Danes & Haberman (2007), Manton et al. (2006), Micomonaco (2003), Peng et al. (2007) and Volpe et al. (1996), who found out that male students scored better in the financial knowledge test as compared to the female counterparts. However, there is also a different finding in which Ibrahim et al. (2009) found out that there is no difference between the level of financial knowledge between males and female students. These disparities that have arisen from the findings of different studies have made it hard to conclusively ascertain the level of influence gender has on financial literacy decisions.

2.1.5 Age

From the age of 18 to 24, adults have to have a higher degree of demographic diversity and stability. Many are living far away from home, for the very first time. Additionally, many of these groups gain a new independence as well as greater sense of financial responsibility. The attainment of knowledge seems to increase with age as well as experience. Chen and Volpe (2002) concluded that the younger the age, the lower the financial literacy.

Micomonaco (2003), argued that the reason for low level of knowledge in the age group named above is because it is a vulnerable stage as incomes of the age groups are spent mostly on consumption than investment

2.2 THEORETICAL REVIEW

The chapter looked at the theoretical framework used to inform the measurement of financial literacy and behavior of students. It was also used when studying financial literacy levels of students.

There are several existing theories related to financial literacy and one of them worth noting is the theory of social learning. The theory originates from theories about the learning process of people and it argues that people learn from observing the behaviors of others (Bandura, 1977). This is further supported by studies conducted by Hira (1997) and Martin and Bush (2000) who conducted studies which argued that children learn consumption related knowledge and skills required to live comfortable in society from parents, schools, media, as well as peers.

Gutter and Couper (2010) advocate the view that there is a positive relationship between financial knowledge, behavior and social learning. Social learning theories stress that someone's behavior can also be influenced by financial advice. This intern hypothesizes their altitude and values about money and all these products of their environment. The effects that social interactions impose on an individual behavior have been modeled, tested and applied to a wide variety of situations (Bandura, 1977).

Social interactions impact people in various ways and it is through social interactions that a person is able to receive and process different types of information and vice versa. In a USA pension plan study, Greenspan (2002) discovered that peer effects influenced retirement, savings and borrowing, investments decisions because many have not carefully thought about the advantages and disadvantages of particular plans for themselves.

Many students used information from peers when debating on participation as they lacked their own reasoning on information for making sound investment decisions. Moreover, myths about social norms provided influence to a student's decisions to behave in a way that is similar to their social group (Gravetter and Forenzo, 2003).

In terms of investments, students are more likely to make investments decisions based on available information on the market. If students have information about investments, they are likely to generate higher returns in the future (Dolan, 2003). According to the social learning theory, learning about new things from the surrounding environment and its elements can lead to a permanent change of behavior.

2.3 FINANCIAL LITERACY THEORY

Akinson and Messy (2005) define financial literacy as a combination of investors understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for assistance, and to take other effective actions to improve their financial wellbeing.

Newton and palm (2011) hold the position that the framework of financial knowledge is a form of investment in human capital. People need to know more to be informed. Financial literacy forms economic outcomes. Newton suggests that the thoughts on the research needs to be better informed theoretically and empirically models as well as public policy.

Idowu (2010) proposed that the theory argued that the behavior of people who have a high level of financial literacy depends on the occurrence of the two thinking styles, this is according to the dual process theories namely intuition and cognition. Dual process theories apply to many different fields for example, reasoning and social cognition.

Furthermore, financial literacy has continuously been an interesting issue in both developed and developing economies and it has elicited a lot of interest in the recent past with the fast change in the finance landscape. It equally prepares people for tough financial times. This is through strategies that ease risk for example the accumulation of savings, diversification of assets.

Additionally, financial literacy smooths the decision making process. For example, payment of students bills on time, proper debt management which in turn improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems and poverty reduction.

Lastly, it provides the control of one's financial future, more effective use of financial products and services. It also reduces vulnerability to overzealous retailers as well as fraudulent schemes like pyramid schemes for example Global Dream Network (GDN). This is why financial regulators are forced to improve the efficiency and quality of financial services (Falicov, 2001).

2.3.1 Gaps in Financial Literacy Research

Researches of financial literacy aiming at university students have discovered that, students with the business courses are much more financially literate than other majors. Likewise, fewer attempts have been made to relate financial literacy levels of students from different faculties. Most of the related research conducted so far only used dichotomous variables to represent the major areas of courses, but it is important to acknowledge the students' participation.

Both in study and comparisons against several disciplines and year of study. Research reveals the main source of financial knowledge, although the details of obtaining such information have been overlooked (D. E., Avard, S., & Walker, J. (2006).

In summary, there is no single standard measurement of financial literacy and/or financial knowledge of final year students at the University of Zambia. However, the previous studies agree that a lack of financial knowledge is a rising problem in most countries, Zambia inclusive. The literature overview showed that the terms "financial literacy" and "financial knowledge" often are used interchangeably, but the current literature suggests that the two terms are not equivalent. To be considered a financially literate individual, one must be able to use the knowledge of personal finance to make sound financial decisions.

3.4 SUMMARY OF THE CHAPTER

Under this chapter, the objectives of the research were discussed including the levels of financial literacy. Two theories were also noted namely the financial literacy theory and social learning theory. In the study, it was revealed that male students were more knowledgeable than the females in terms of investments. Furthermore, it looked at what financial literacy is and was briefly defined as a combination of investors understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for assistance, and to take other effective actions to improve their financial wellbeing.

CHAPTER THREE

3.0 METHODOLOGY

Methodology can be defined as the systematic as well as the theoretical analysis of the various methods that can be used in a field of study. It has the theoretical analysis of the body of methods linked with the branch of knowledge. It is the general research strategy that outlines the way in which research is to be undertaken, among other things identifies the methods to be used in it. These methods described in the methodology define the means or modes of data collection or sometimes how a specific result is to be calculated (Kombo and Tromp, 2009).

3.1 OVERVIEW

Under chapter 3, the research design, type of research, and the population under study were described. The detailed procedures of sampling, data collection, research process and the statistical analysis method used in the study were highlighted. The chapter indicated the key elements of a research design, defined the population and how it was obtained through the use of sampling procedures, instruments of data collection as well as the procedures engaged in obtaining and processing data. The chapter concluded with a discussion of soundness and reliability in quantitative research and discussed the way in which these two requirements were seen in the current study.

3.2 RESEARCH DESIGN

A research design is the arrangements of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy and procedure (Ram, 2010). A quantitative approach was used as an instrument of data collection. The quantitative data that was used in order to reduce the subjectivity of the findings so as to provide more reliable and objective data.

According to Aliaga and Gunderson (2002) “quantitative research is an enquiry into a social problem, explain phenomenon gathering numerical data that are analyzed using mathematically based methods for example in particular statistics”. The method is vital because the data that is collected using this technique is more capable and sufficient for hypothesis testing. The study was quantitative in its design. This is because it used closed-ended questions that provided statistical data. Quantitative data analysis normally explores specific and clearly defined questions that examine the relationship between two events or occurrences where the second event is a consequence of the first event.

3.3 SAMPLING DESIGN

A sampling design is a set of the whole population that is under investigation.

3.4 POPULATION OF STUDY

Population is defined as the totality of cases that conform to some designated specifications. According to Bryman (2001), a population is a group of elements whether individuals, objects or events that conform to specific criteria and to which the research intends to generalize the results of the research.

It incorporates the entire collection of all observations that are of interest to the researcher or researchers in this case, while the target population is the population that is used to generalize the results of the study carried out. The target population for this research was all final year students at The University of Zambia.

3.5 SAMPLE SIZE

Population is defined as the totality of cases that conform to some designated specifications. A more detailed definition is provided by Bryman (2001), who defines a sample as a sub-set of a population or segment of the population that is been selected for an investigation. Sampling is a process whereby, a researcher gathers people, places for study and it involves both probability as well as non-probability sampling procedures (Kulbir, 2006).

From a population of 1,100 students the necessary number of respondents that were needed in order to achieve the objectives was a sample size of 60 respondents.

3.6 SAMPLING TECHNIQUE

All the respondents were selected using purposive sampling technique.

3.7 INSTRUMENTS FOR DATA COLLECTION AND PROCEDURE

Only one kind of data collection instrument was used in this study. It only included self-administered questionnaires. The reason for using the questionnaire was to get information from the respondents using both open ended and closed-ended questions, which were mostly used in the to avoid biasness and for easy analysis of data.

3.8 DATA ANALYSIS

According to Shamoo and Resnik (2003) data analysis is the process of systematically applying statistical or logical techniques to describe and illustrate, condense and recap and evaluate data. For descriptive and inferential analysis, the data from the questionnaires will be transferred to the statistical package for social sciences (SPSS) v27. In terms of the qualitative data that was collected from the open ended questions will be analyzed using the content analysis. Under SPSS, errors that were interpreted were reduced by this package. Questions that were administered and answered were checked for issues to do with uniformity, accuracy as well as completeness. Thereafter, the responses were coded as well as entered into the code sheet to facilitate computation.

3.9 SUMMARY

The chapter gave an overview of the method that was used for this particular research. The research design used was a descriptive design approach. The total population was final year students at UNZA. The sample size necessary to achieve the objectives of the study was 60 respondents who were chosen purposively.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 INTRODUCTION

This chapter focuses on interpreting data which was obtained from the respondents so as to come up with a solution to the research problem. The chapter interprets the research findings from the field based on an investigation into the financial literacy of final year students at the University of Zambia for improved financial well-being. The study employed questionnaires as a core method of data collection. Data collected was analysed using frequency distribution tables and percentages, pie charts, bar graphs and explanations and narrations of themes.

4.2 GENDER DISTRIBUTION

Table 1: Gender distribution

GENDER	FREQUENCY	PERCENT
Male	32	53.3
Female	28	46.7
TOTAL	**60**	**100**

According to gender distribution in table 1 above, slightly above half (53.3%) of the respondents were males and 28 (46.7%) of the respondents were females.

4.3 AGE GROUP

The figure below illustrates the different age groups of the respondents who were sampled during data collection and the results were as follows: It was observed that 42 (70%) of the respondents were between 22 and 25 years, 14 (23%) were between 25 and 30 years. Lastly but not the least, it was also established that, 4 (7%) of the respondents were between 30 and 35 years.

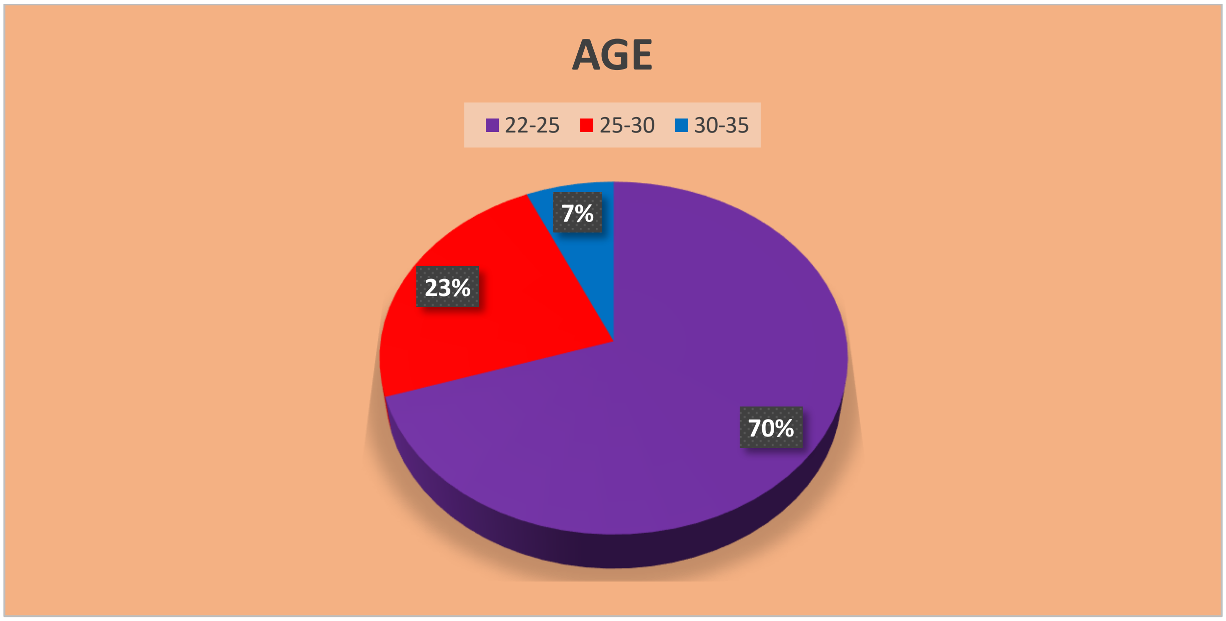

Figure 1 illustrating the age group of the respondents

4.4 EDUCATION STATUS OF THE RESPONDENTS

The research sought to establish the education status of the respondents. Figure 2 below shows that 55 (91.7%) of the respondents were in full time mode of academic study whereas, 5 (8.3%) of the total sampled population were involved in a part-time mode of study.

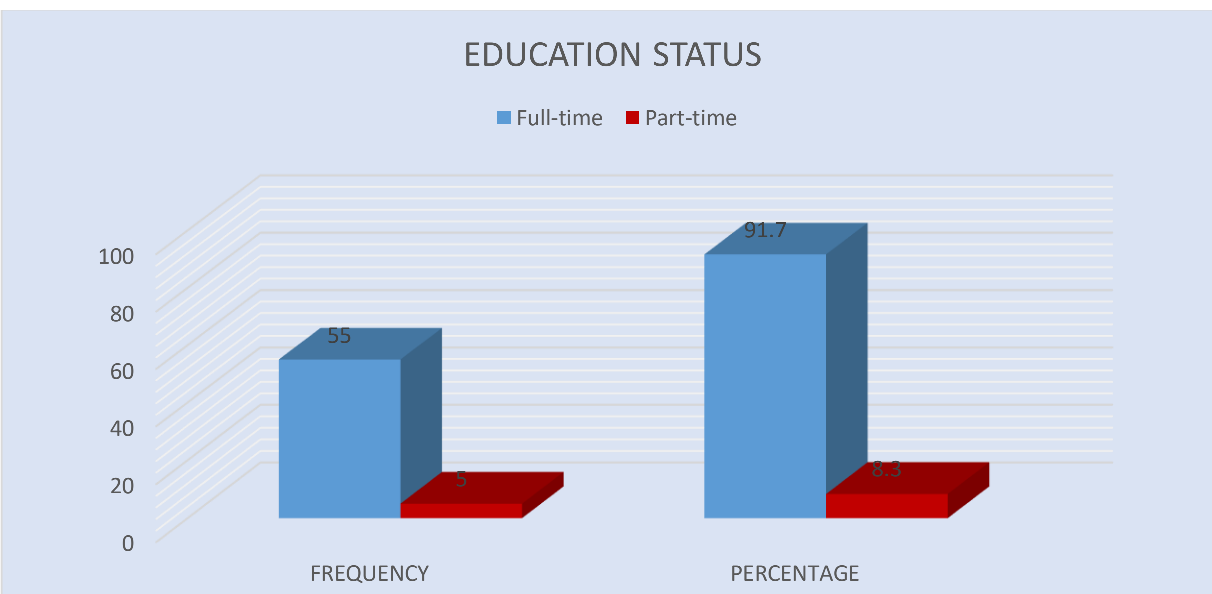

Figure 2 illustrating the education status of the respondents

4.5 SCHOOL OF THE RESPONDENTS

Table 2: School of the respondents

SCHOOL	FREQUENCY	PERCENTAGE
Agriculture	3	5.0
Education	17	28.3
Engineering	5	8.3
Humanities	18	30.0
Mines	7	11.7
Natural Science	7	11.7
Veterinary	3	5.0
TOTAL	**60**	**100**

The respondents were asked to state their schools in which they were studying from. The findings were as presented in the table above. Table 3, shows that 3 (5%) of the respondents were in the school of Agriculture, slightly above quarter (28.3%) of the respondents were from the school of Education. 5 (8.3%) of the respondents were from the school of Engineering, 18 (30%) were from the school of Humanities and Social Sciences, 7 (11.7%) were from the school of Mines. The school of Natural Sciences had 7 (11.7%) of the respondents who participated and lastly 3 (5%) of the respondents were from the school of Veterinary.

4.6 SPONSORSHIP STATUS

The respondents were further asked to mention if they were under any sponsorship and the results were as follows: It was detected that the majority (81.7%) of the total learners who were sampled (respondents) were under sponsorship and the minority (18.3%) of the respondents were not under any sponsorship.

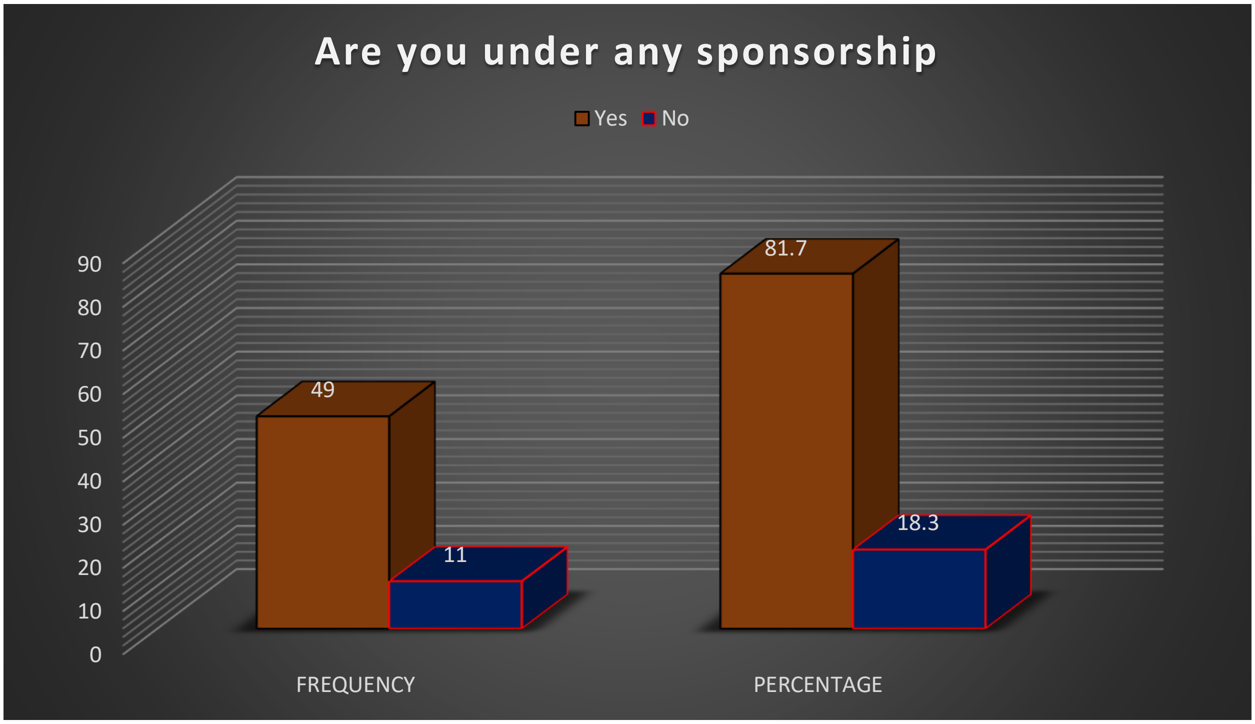

Figure 3 illustrating the sponsorship status of the respondents

4.7 SPONSORHIP PERCENTAGE

Table 3: Sponsorship percentage of the respondents

SPONSORHIP PERCENTAGE	FREQUENCY	PERCENTAGE
25%	1	1.7
50%	11	18.3
75%	29	48.3
100%	19	31.7
TOTAL	**60**	**100.0**

Respondents who had mention earlier that they were under sponsorship were further asked to mention the sponsorship percentage and it was established that; 1 (1.7%) of the respondents mentioned that they were under a sponsorship percentage of 25% whereas, 11 (18.3%) of the respondents were under a 50% sponsorship percentage. Furthermore, almost half of the respondents (48.3%) were under a sponsorship of 75% and lastly but not the least 19 (31.7%) of the respondents were on 100% sponsorship.

4.8 SOURCES OF INCOME

The table below shows sources of income for the respondents.

Table 4: Sources of income

SOURCE OF INCOME	FREQUENCY	PERCENTAGE
Business	9	15.0
Marketing	1	1.7
Meal allowance	6	10.0
Parent	42	70.0
Salary	1	1.7
Through a small business (Loans)	1	1.7
TOTAL	**60**	**100**

The research sought to establish the sources of respondents' income and the results were as follows: 9 (15%) of the respondents had their source of income from the business they were involved in whereas 1 (1.7%) of the respondents had their source of income from buying and reselling (marketing) of goods and services. Additionally, 6 (10%) of the total sampled population had their source of income from the meal allowances they were getting during their studies at the university, more than half of the respondents (70%) of the respondents had their source of income from their parents and guardians while 1 (1.7%) of the respondents had salaries as their source of income and finally another 1 (1.7%) of the respondents had their source of income from the soft loans they were giving out as a surviving small business.

4.9 RESPONDENTS' FAMILIARITY WITH FINANCIAL LITERACY

The total sampled population of the research study were asked if they had knowledge or rather familiar with the research problem at hand. As illustrated in the figure below, it was discovered that the majority (73.3%) of the respondents had knowledge on and familiar with financial literacy whereas the minority (26.7%) of the respondents had no knowledge on nor familiariy with financial literacy.

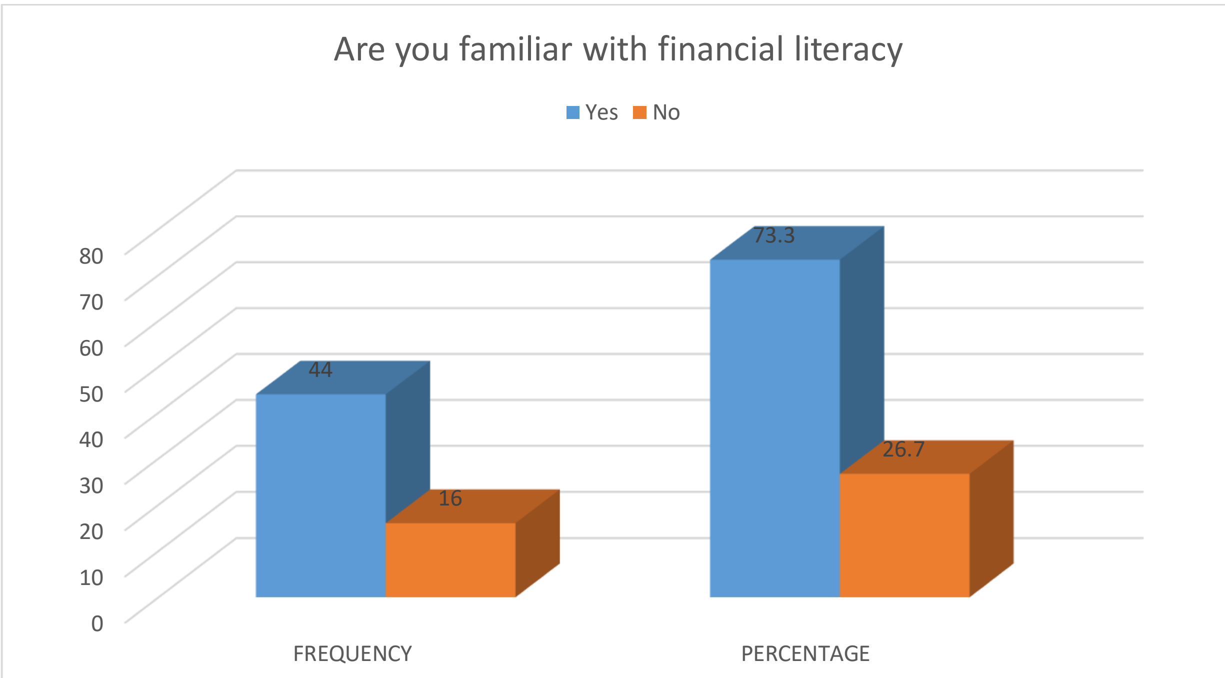

Figure 4 illustrating the respondents' familiarity with financial literacy

4.10 SOURCES OF INFORMATION ON FINANCIAL LITERACY

Table 5: Sources of information on financial literacy

SOURCES OF FINANCIAL LITERACY INFO	FREQUENCY	PERCENTAGE
Books	5	8.3
Friends	6	10.0
Internet/ Social Media	25	41.6
Life experience	2	3.3
Never Learnt	2	3.3
Parents	2	3.3
People	1	1.7
Phone	1	1.7
School	5	8.3
Seminars	2	3.3
Study	1	1.7
TV	6	10.0
TV and Radio Programs	1	1.7
Workshop	1	1.7
TOTAL	**60**	**100**

After discovering that the majority of the respondents had knowledge on and were familiar with financial literacy, it was further sought to find out how the respondents learnt about financial literacy. As indicated in the table 5 above, 5 (8.3%) of the respondents learnt about financial literacy from the books, 6 (10%) of the respondents learnt about financial literacy from the friends whereas slightly half (41.6%) of the respondents learnt about financial literacy from the internet/ social media platforms. 2 (3.3%) of the respondents learnt from their own life experiences, 2

(3.3%) of the respondents never had knowledge about the financial literacy, 2 (3.3%) learnt from their parents. Furthermore, 1 (1.7%) of the respondents learnt from the people, another 1 (1.7%) of the respondents learnt about financial literacy from their phones, 5 (8.3%) of the respondents learnt about financial literacy from the school and 2 (3.3%) of the respondents learnt from the seminars they had attended. 1 (1.7%) of the respondents had studied about financial literacy, 6 (10%) of the respondents learnt about the financial literacy from the television, 1 (1.7%) of the respondents learnt about financial literacy form the television and radio programs and the last 1 (1.7%) of the respondents learnt about financial literacy from the workshop they had attended during the studies at the university.

4.11 STUDENTS KNOWLEDGE ON INVESTIMENT

The respondents were also asked to list the types of financial investments they were familiar with and the results were as follows; It was observed that, half of the respondents (50%) of the respondents were familiar with village banking, 37% of the respondents were familiar with mobile banking. 8% of the respondents were familiar with the pyramid scheme investment. The 2% of the respondents were familiar with retail shop (Kantemba) and finally the 3 % of the respondents were familiar with all of the aforementioned types of investments.

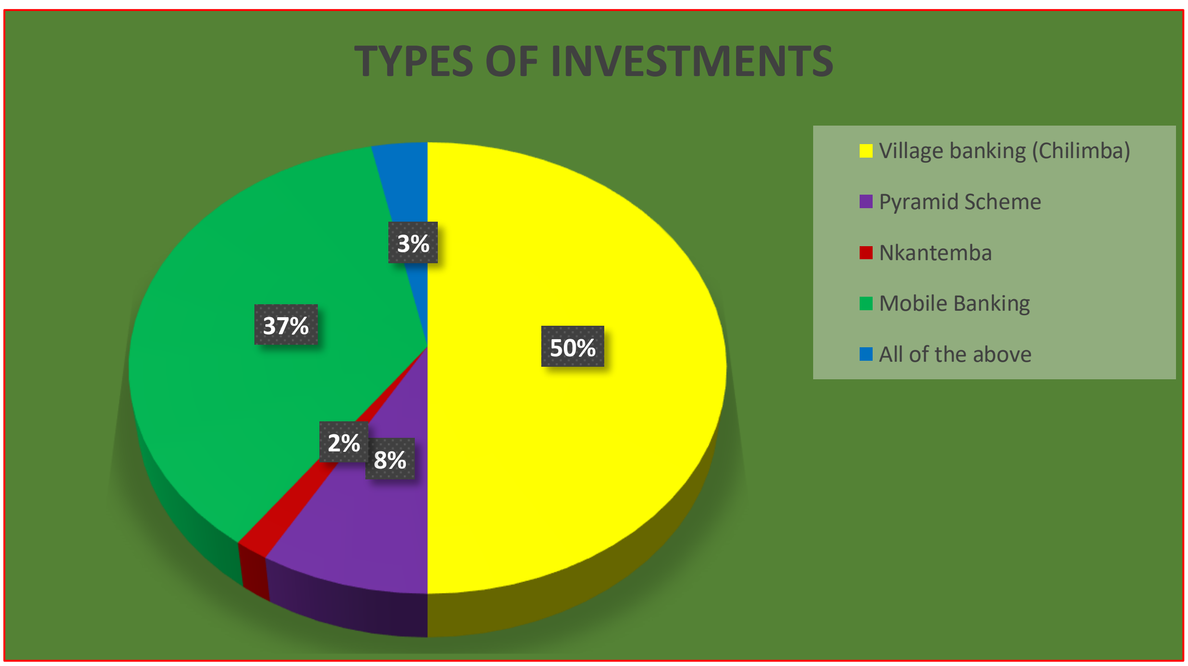

Figure 5 illustrating the types of investment

4.12 INVESTMENTS INVOLVED IN BY THE RESPONDENTS

Table 6: Investment involved in

INVESTMENT INVOLVED IN	FREQUENCY	PERCENTAGE
Buying and Reselling	3	5.0
Forex	1	1.7
Giving loans	1	1.7
Lusaka Stock Exchange	1	1.7
Village Banking/ Chilimba	8	13.3
Mobile Banking Investment	8	13.3
Fashion Clothing	1	1.7
Not any	32	53.3
Patumba	1	1.7
Pie Business	1	1.7
Rice Business	1	1.7
Stocks	1	1.7
Transport company for public service	1	1.7
TOTAL	**60**	**100**

4.13 CHALLENGES AFFECTING STUDENTS FINANCIAL BEHAVIOUR

4.13.1 Cost of Living

From the data collected, it was observed that respondents had several challenges that affected them and their financial behaviour. Figure 6 below shows that the majority of the respondents admitted that the cost of living was the major challenge for their financial behaviour whereas the minority disagreed to the cost of living being a challenge to their financial behaviour.

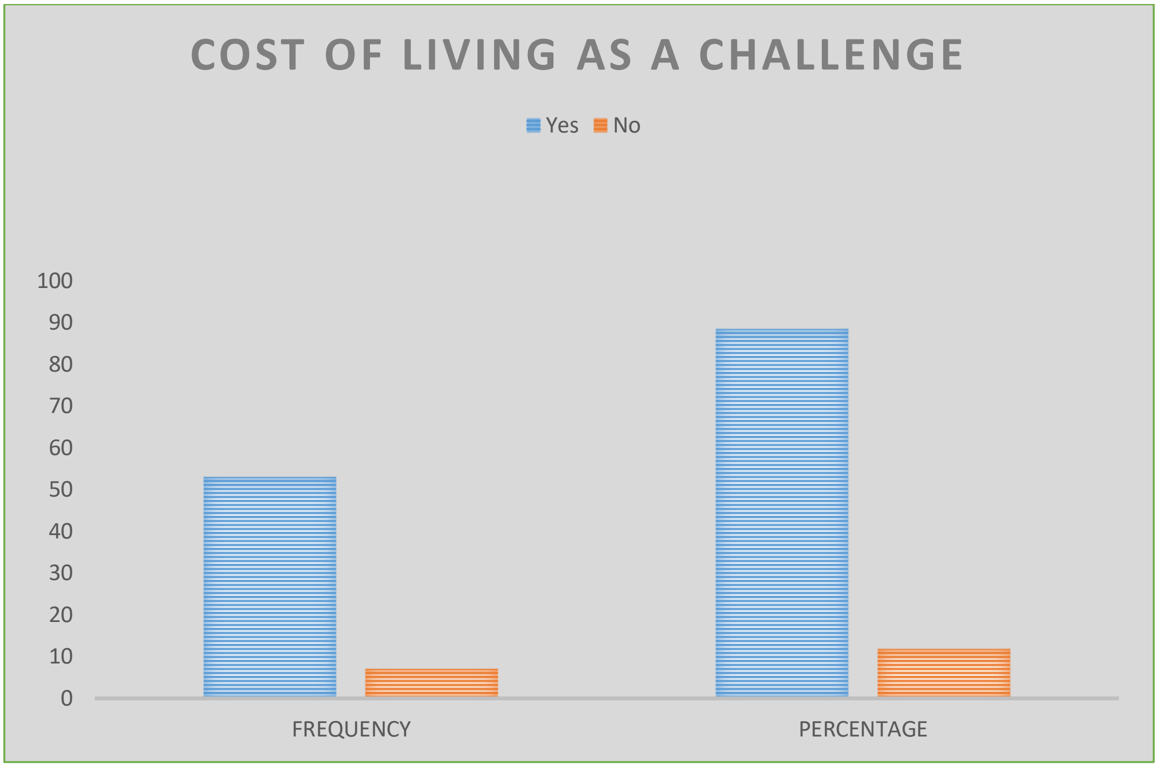

Figure 6 illustrating cost of living as a challenge

4.14 EEFECT OF FAMILY BACKGROUND ON THE RESPONDENTS' FINANCIAL BEHAVIOUR

Respondents were asked to state how their family background had affected their financial decisions or behaviours and the following were the results; It was established that 25 (41.7%) of the respondents were negatively affected by their family background, 8 (13.3%) of the respondents were fairly affected by their family background, 13 (21.7%) of the respondents were positively affected by the background of their families, 9 (15%) of the respondents were not sure about how their family background affected their financial behaviour and 5 (8.3%) of the respondents were affected by their family background in a way that made them to continuously spend on their day to day activities.

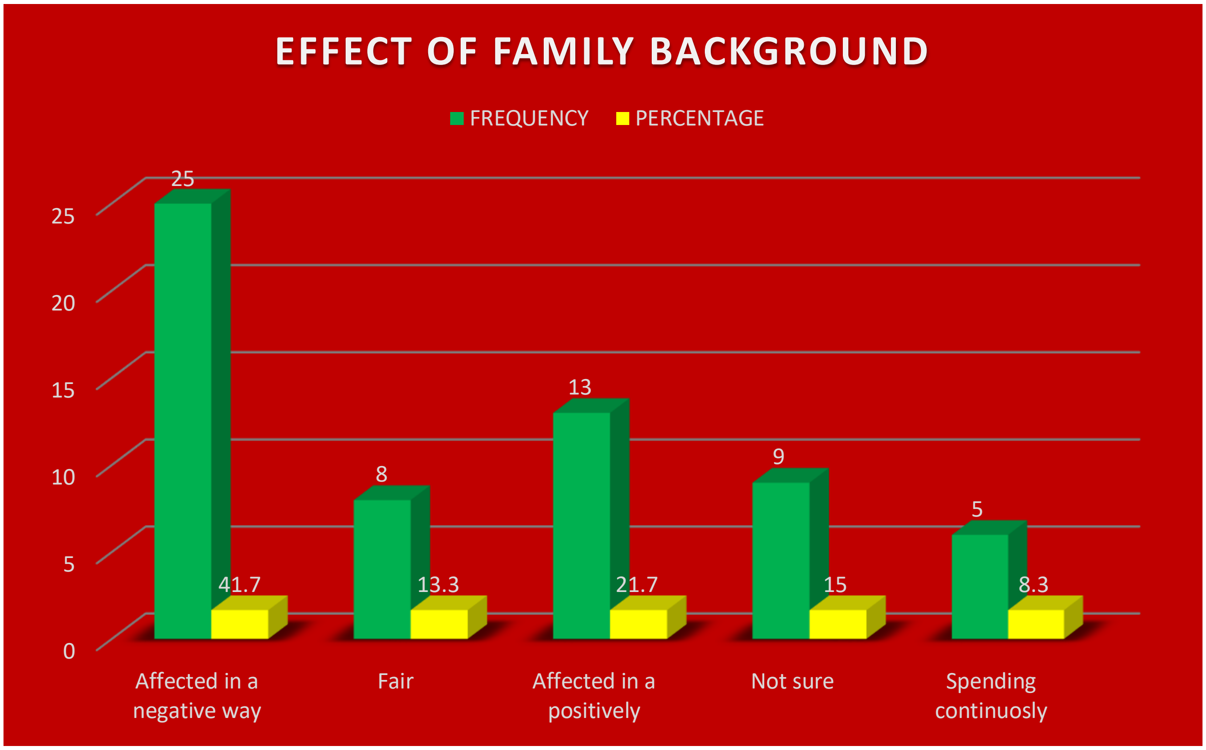

Figure 7 illustrating effect of family background

4.15 PEERS INFLUENCE ON THE RESPONDENTS' FINANCIAL BEHAVIOUR

Table 7: Peers influence on the respondents' financial behaviour

PEERS INFLUENCE ON FINANCIAL BEHAVIOUR	FREQUENCY	PERCENTAGE
No	33	55
Yes	27	45
TOTAL	**60**	**100**

According to table 7 above, peers influence was observed to be one of the challenges that affected the respondents' financial behaviour. It was detected that 33 (55%) of the respondents were not affected by their peers influence whereas 27 (45%) of the respondents were influenced by their peers where their financial decisions were concerned.

4.16 Summary

The chapter was a presentation of the research findings on an investigation of the financial literacy of final year students at the University of Zambia for improved financial well-being.

CHAPTER FIVE

5.0 DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

The chapter analyses and discusses the findings of the data collected. The purpose of the study was to investigate the financial literacy of final year students at the University of Zambia for improved financial well-being which was conducted at the University of Zambia Great East Road Main Campus. Consequently, the research objectives were formulated and these were:

a) To determine the levels of financial knowledge among final year students
b) To find out factors that influence student's financial behavior
c) To assess challenges affecting final year students financial well-being

It is worth mentioning that the discussions were also compared to the ideas of other authors as they were quoted in the literature review of chapter two. The research findings on an investigation of the financial literacy of the final year students for improved financial well-being revealed that more than three quarters of the students who were sampled had information on financial literacy or rather they were financially literate.

5.2 DISCUSSION OF THE FINDINGS

Financial literacy is increasingly important as it has become essential that individuals acquire the skills to be able to survive in modern society and cope with the increasing diversity and complexity of financial products and services available. Financial literacy is the ability to make informed judgments and to take effective decisions regarding the use and management of money. It enables individuals to improve their overall well-being and to plan for their future security. The main objective of the study was to investigate the level of financial literacy among the final year students and to find out factors that influenced students' financial behaviour for the improved well-being. Both the primary and secondary data has been used in the research study.

The research study weighs the level of financial literacy of the University of Zambia final year students at the Great East Road Main Campus. The data was collected from the sample population of the University students to scrutinize their level of financial literacy through the administration of questionnaires. The study discoveries divulged that students need to improve their personal finance knowledge and put into practice and obtain skills and knowledge which would enable them to live an improved financial life. The outcomes illustrate that the majority of the students are seen to be familiar with issues relating to simple interest, compounding and loan guarantee.

The research discovered that university students are financially literate and they had several and different types of investments they involved themselves in. Though the majority had their sources of income from their parents, university final year students were involved in different types of investments such as buying and reselling, soft loan giving, mobile banking investment, village banking, Lusaka Stock Exchange, Forex and many other. The research study revealed that, university final year students were financially literate despite the minority were the only ones with investments schemes.

Inversely, the students are less conversant and inexperienced with issues concerning personal financial planning, budgeting and overdraft. The inability demonstrated by the students hence limits their ability to make sound financial decisions and therefore more likely to have financial management difficulties and related issues in the real world upon completion of their studies. This could be seen from the financial decisions or behaviour students made due to peer influence. The squat level of financial literacy could also make small financial issues become irresistible which could turn into financial stress and consequently affects the other aspects of live such as personal relationships or performance at work when employed.

The low level of practicing financial literacy and its consequences then displays the need for stakeholders in educational system to put policies in place to ensure that the practicing of financial literacy among students and other learners from different learning institutions in the Republic of Zambia is enhanced since financial literacy has essential implication for future financial behavior and management.

Financial literacy means the ability to make informed judgments and to take effective decisions regarding the use and management of money or it is the ability to manage personal finance. The students should need proper plans for both short and long-term investments for their future aspects of emergency needs. On the other hand, students should hold strong financial literacy about personal finance to take decision on investment when they started to earn. In these days the younger generation, especially the students are lacking in their financial decisions. They love spending rather than saving. By keeping the future in mind the students should develop the habit of saving and they should be aware about the various financial services and facilities provided by banks, which influences an individual to make sound decisions and to plan the safe and better future.

Research has shown that financial literacy is beneficial especially for personal financial decisions because it could alleviate the chances of bankruptcy, receiving government assistance (Huston, 2010) as well as making poor consumer decision (Hayhoe et al., 2000). Nowadays, students are materialistic and rather look first to the acquisition of physical asset rather than saving their income for the future (Pillai et al., 2010). Thus students have to be more aware and cautious of their actions such as spending habit and manipulate their fund in daily life.

A finding drawn from Jorgensen (2007) stated that a higher financial literacy among parents enable them to teach and model positive financial principles at home. Besides, this finding enable parents to have a deep understanding of their children who encounter the issues of financial independence in their life. In addition, parents could manipulate the money inflow and outflow of their children. Education within the higher institutions can better prepare the students to encounter complex marketplace, earnings that do not meet spending goals, and easy access to credit place that put students at risk for future financial instability (Danes et al., 1999).

Family backgrounds, cost of living and peers' influence were the main challenging factors which were discovered in the research study. Final year students at the university tend to have knowledge about the financial literacy but are pressured by the cost of living and the negative influence from their peers. Therefore, the administration and management of the university should be able to prepare and modify effective courses, seminars, financial programs and many others to increase the students' awareness and practice of the financial literacy.

5.3 CONCLUSION OF STUDY

The study was set to investigate the financial literacy of final year students at the University of Zambia for improved financial well-being which was conducted at the University of Zambia Great

East Road Main Campus. The report is based on the data collected from a sample of 60 respondents who were purposively selected for the interviews by use of questionnaires.

The study concludes that students are aware and do have knowledge on the financial literacy despite them having been encountering some challenging factors such as cost of living, family background and peer influence. Nowadays, students are materialistic and rather look first to the acquisition of physical asset rather than saving their income for the future (Pillai et al., 2010). Thus students have to be more aware and cautious of their actions such as spending habit and manipulate their fund in daily life.

5.4 RECOMMENDATIONS OF THE STUDY

- Have more workshops to inform students on financial literacy
- Provide more school courses on financial literacy
- Encourage students to budget and live within their means
- Use social media to learn more about financial literacy
- Create awareness on the importance of been financially literate.

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APPENDICES

APPENDIX A: WORK PLAN

ACTIVITY	JULY	AUG	SEP	OCT	NOV	DEC
Identification of the research problem	Xx					
Literature review		Xx				
Writing the proposal		Xx				
Submission of the proposal			Xx			
Data collection				Xx	Xx	
Data analysis						Xx
Drafting of the report						Xx
Writing and submission of report						Xx

APPENDIX B: RESEARCH BUDGET

DESCRIPTION	QUANTITY	PRICE (ZMK)	TOTAL (ZMK)
Reams of paper	1	75	75
Flash disk	1	85	85
Pens	6	1	6
Printing original proposal	35 pages	1 x 35 pages	35
Binding proposal	1	15	15
Printing questionnaire	6 pages x 60	6 pages x 60	360
Printing report	60 pages	1 x 60 pages	60
Binding report	1	20 x 1	20
Miscellaneous cost		120	120
TOTAL AMOUNT			

APPENDIX C: QUESTIONNAIRE

Questionnaire for final year students at UNZA

We are carrying out a research on financial literacy levels among final year students at the University of Zambia. Thank you for sparing time to fill in this questionnaire, it will only take less than 10 minutes. Please return your completed questionnaire to any member of the research team. Your answers will be treated with outmost confidentiality**.**

Instructions

1. **Do not write your name anywhere on this paper. This is to provide confidentiality.**
2. **Answer as truthfully as you can.**
3. **You will be required to tick, write down or circle your answers.**

Part A. Personal Information

Kindly tick in the box.

1. Gender: Male ☐ Female ☐

2. Age: 22-25 ☐ 25-30 ☐ 30-35 ☐

3. Education status Full-time ☐ Part-time ☐

4. School: Engineering ☐

Education ☐

Humanities ☐

Natural science ☐

Veterinary ☐

Mines ☐

Agriculture ☐

5. Are you under any sponsorship?

Yes ☐ No ☐

6. If yes, what percentage?

A. 25% ☐

B. 50% ☐

C. 75% ☐

D. 100% ☐

7. How do you get your income?

A. Parent ☐ B. Business ☐

Other specify: ____

8. Are you familiar with financial literacy?

Yes ☐ No ☐

Part B. <u>Students General Knowledge of Finance</u>

9. The difference between your income and your expense is your wealth

True ☐ False ☐

10. Not all debt is bad

    True ☐ False ☐

11. How did you learn about financial literacy or knowledge? (which medium)

    ____

    ____

12. A budget helps in the handling of finance and is used to avoid impulse buying.

    True ☐ False ☐

Part C. Students' Knowledge on Savings and Borrowing

Please answer "Yes" or "No"

13. Do you have a bank account?

    Yes ☐ No ☐

14. If yes, has the level of your savings improved since you opened an account with your bank?

    A. Yes ☐ B. No ☐

15. Is it better to keep money at home as opposed to keeping money in the bank?

    A. Yes, it is B. No it isn't

    Give reason for your answer ____

    ____

    ____

    ____

Part D. Students Understanding of Insurance

Kindly tick whether you agree, disagree, strongly agree or strongly disagree or I don't know.

Statement	**Agree**	**Strongly agree**	**Disagree**	**Strongly disagree**	**I do not know**
16. Insurance is created to carter for future occurrence of an unplanned event.					
17. One of the reasons to purchase insurance is to protect you for catastrophic loss					

Part E. Students' Knowledge on Investments

Kindly Circle your answer.

18. Which types of investments are you familiar with?
    - A. Village banking (Chilimba)
    - B. Pyramid scheme
    - C. Nkantemba
    - D. Mobile Banking
    - E. If not listed, please specify ______________________________

19. What investments (if any) are you involved in?

    ____

    ____

20. Are you familiar with a pyramid scheme (e.g. GDN, Crowd 9)?

    Yes. ☐ No ☐

21. When investing in a pyramid scheme, would you consider the risks and gains?

    A. Yes ☐ B. No ☐

HOW STUDENTS FINANCIAL KNOWLEDGE AFFECTS THIER OPINIONS AND DECISIONS ON FINANCE.

- ✓ **Tick Your Answer**

Statement	Agree	Strongly Agree	Seldom	Disagree	Strongly Disagree
22. I pay students bills on time					
23. I spend beyond my monthly budget					
24.I keep details of all my expenses made					
25. I often make price comparisons when shopping					
26. Sticking to a monthly budget is best to manage personal finances					

CHALLENGES AFECTING STUDENTS FINANCIAL BEHAVIOUR

27. Has the cost of living proved to be a challenge for you when making your decisions on financial matters e.g. saving or investing?

    Yes ☐ No ☐

28. How has your family background affected your financial decisions/behavior?

    ____
    ____
    ____
    ____
    ____

29. Have your peers influenced your financial behavior?

    Yes ☐ No ☐

If yes, how?____
____
____
____
____

THANK YOU FOR YOUR PARTICIPATION…!!!