

**THE RELATIONSHIP BETWEEN FINANCIAL KNOWLEDGE AND
THE PERSONAL FINANCIAL PRACTICES OF THE YOUTH IN
KENYA: A CASE STUDY OF THE FINANCIAL KNOWLEDGE
FOR AFRICA PROGRAMME**

BY

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DECLARATION

This research report is my original work and has not been presented for a degree or any award in any other University or Institution.

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DEDICATION

I dedicate this research project to my family: My parents, Mr & Mrs Makhandia, and my brothers Duncan, Dennis and Henry for the inspiration, support and encouragement I received from you while pursuing my academic career.

ABSTRACT

The general objective of the study was to determine the relationship between financial knowledge on the personal financial practices of the youth in Kenya. The study was guided by three specific objectives: to determine the relationship between financial knowledge and the money management practices of the youth in Kenya; to determine the relationship between financial knowledge and the savings and investment culture of the youth in Kenya; and to establish the relationship between financial knowledge and the financial risk management practices of the youth in Kenya.

A case study design was used. The population of the study comprised of all participants who completed the Financial Knowledge for Africa (FIKA) training program. The research targeted youth who were successfully trained and graduated, estimated at 182,096 people. A convenient sample of 60 respondents was selected through snow-ball sampling technique. Recipients of the FIKA training were evaluated against a control group that did not participate in the program. Data was collected through the administration of a questionnaire whose measure of reliability yielded Cronbach's Alpha of .827. Independent sample t-test was used to compare the mean scores of the data between the study group and the control group. Inferences were drawn using Spearman's Rank Correlation Coefficients and multiple regression modelling techniques. The data was analyzed using SPSS and presented in figures and tables.

The study established that financial knowledge explained 44.7% of the variance in the financial practices of respondents. Individual financial practices that could be explained by the FIKA program were: timely bill payment, prompt debt collection, prioritization of expenditures and exercising due diligence on loan terms. Financial knowledge had a limited effect on the savings and investment practices of the individuals as it only increased the individual's understanding of the concept of risk. In terms of risk management, financial knowledge imparted through the FIKA training program only resulted in an increased uptake of medical insurance. The study recommended that financial literacy programs should be reinforced with initiatives that enhance the financial capability of recipients of financial training for the program to have any significant impact.

TABLE OF CONTENTS

| | |
|--|------|
| DECLARATION..... | ii |
| ACKNOWLEDGMENT..... | iii |
| LIST OF TABLES..... | viii |
| CHAPTER ONE: INTRODUCTION..... | 1 |
| 1.1 Background of the Study..... | 1 |
| 1.1.1 Financial Knowledge..... | 1 |
| 1.1.2 Personal Financial Practises..... | 4 |
| 1.1.3 Relationship between Financial Knowledge and Personal Financial Practises..... | 5 |
| 1.1.4 Financial Knowledge of the Youth in Kenya..... | 6 |
| 1.1.5 Financial Knowledge for Africa Programme..... | 8 |
| 1.2 Statement of the Problem..... | 9 |
| 1.3 Objective of the Study..... | 11 |
| 1.4 Value of the Study..... | 11 |
| CHAPTER TWO: LITERATURE REVIEW..... | 13 |
| 2.1 Introduction..... | 13 |
| 2.2 Theoretical Framework..... | 13 |
| 2.2.1 Modern Portfolio Theory..... | 13 |
| 2.2.2 Bounded Rationality..... | 14 |
| 2.2.3 Heuristics Theory..... | 15 |
| 2.3 Measurement of Financial Knowledge and Financial Practices..... | 16 |
| 2.3.1 Money Management..... | 16 |
| 2.3.2 Savings and Investment..... | 19 |
| 2.3.3 Financial Risk Management..... | 21 |
| 2.4 Empirical Literature..... | 22 |
| 2.5 Summary of Literature Review..... | 27 |
| CHAPTER THREE: RESEARCH METHODOLOGY..... | 28 |
| 3.1 Introduction..... | 28 |
| 3.2 Research Design..... | 28 |
| 3.3 Population of the Study..... | 28 |
| 3.4 Sample and Sampling Method..... | 29 |
| 3.4.1 Sample Size..... | 29 |
| 3.4.2 Sampling Method..... | 30 |

| | | |
|-----|--|----|
| 3.5 | Data Collection Method | 30 |
| 3.6 | Data Analysis Techniques | 31 |
| | CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS | 33 |
| 4.1 | Introduction..... | 33 |
| 4.2 | Descriptive Statistics of General Information | 33 |
| 4.3 | The Relationship between Financial Knowledge and Money Management Practices 36 | |
| 4.4 | The relationship between Financial Knowledge and Savings and Investment Culture of the Youth in Kenya..... | 46 |
| 4.5 | The Relationship between Financial Knowledge and Financial Risk Management Practices of the Youth in Kenya..... | 52 |
| 4.6 | Discussion of Findings | 59 |
| | CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS. | 61 |
| 5.1 | Introduction..... | 61 |
| 5.2 | Summary of the Study..... | 61 |
| 5.3 | Conclusions of the Study..... | 63 |
| 5.4 | Recommendations for Improvement..... | 64 |
| 5.5 | Recommendations for Further Research | 65 |
| 5.6 | Limitations of the study..... | 65 |
| | REFERENCES | 66 |
| | APPENDIX ONE | 71 |
| | QUESTIONNAIRE | 71 |

LIST OF TABLES

| | |
|--|----|
| Table 3.1 Reliability Statistics..... | 31 |
| Table 4.1 Response Rate..... | 33 |
| Table 4.2 Year of FIKA Training..... | 34 |
| Table 4.3 Rating of their Financial Knowledge and FIKA training Cross-tabulation | 35 |
| Table 4.4 Correlation between Financial Knowledge and Money Management Practices | 37 |
| Table 4.5 Group Statistics for Financial Knowledge and Money Management Practices . | 44 |
| Table 4.6 Independent Samples Test for Financial Knowledge and Money Management | 45 |
| Table 4.7 Correlation between Financial Knowledge and Savings & Investment..... | 46 |
| Table 4.8 Group Statistics for Financial Knowledge and Savings & Investment..... | 51 |
| Table 4.9 Independent Samples Test for Financial Knowledge and Savings/Investment.. | 52 |
| Table 4.10 Correlation between Financial Knowledge and Risk Management Practices .. | 53 |
| Table 4.11 Group Statistics for Financial Knowledge and Risk Management Practices ... | 57 |
| Table 4.12 Independent Samples Test for Financial Knowledge and Risk Management .. | 58 |
| Table 4.13 Model Summary..... | 58 |
| Table 4.14 ANOVA (b) | 58 |
| Table 4.15 Coefficients(a)..... | 59 |

LIST OF ABBREVIATIONS

| | |
|--------|---|
| FDIC | - Federal Deposit Insurance Corporation |
| FIKA | - Financial Knowledge for Africa |
| FSD | - Financial Sector Development |
| GDP | - Gross Domestic Product |
| IAFE | - Index for Applied Financial Education |
| IBFE | - Index for Basic Financial Education |
| MBA | - Master of Business Administration |
| MPT | - Modern Portfolio Theory |
| NGO | - Non Governmental Organization |
| NSE | - Nairobi Securities Exchange |
| OECD | - Organization for Economic Cooperation and Development |
| SACCOs | - Savings and Credit Cooperative Societies |
| UK | - United Kingdom |
| US | - United States |
| USA | - United States of America |

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The need for financial literacy is recognized worldwide. For example, studies conducted in the United States (US) suggest that people have low levels of financial literacy (Birkenmaier, Curley and Sherraden, 2013). The authors quote a recent national study with a sample of 1,500 US adults which found that people think they know more than they really do as measured by simple questions about interest, inflation and risk diversification. Low levels of financial knowledge have also been reported in North East India (Bhanot, Bapat and Bera, 2012), among Malaysian youth (Sabri, Cook and Gudmunson, 2012) including Uganda and Kenya (Kefela, 2010).

The collective response by public and private organizations to the accepted and often demonstrated need for financial education has been impressive in size and scope (Xiao, 2008). For example, the US government developed a National Strategy for Financial Literacy (Birkenmaier et al., 2013). In Germany, financial education initiatives are organized on a voluntary basis and consist mainly in support offered by debt counselling agencies or consumer associations (Vandone, 2009). One of the important drivers to the increased attention to financial literacy include the rise in consumer debt levels, the decline in already low personal saving rates and the increase in non-business bankruptcy filings (Braunstein and Welch, 2002).

1.1.1 Financial Knowledge

Financial knowledge or literacy is a broad concept that includes both information and behavior and it is relevant for all consumers regardless of their wealth or income (Kefela, 2010). Hillman (2009) defines it as the ability to make informed judgments and to take

effective actions regarding the current and future use and management of money. It includes the ability to understand financial choices, plan for the future, and spend wisely, and manage the challenges associated with life events such as a job loss, saving for retirement or paying for a child's education. According to Kloppinger-Tood and Sharma (2010), it provides a foundation for managing money, which is an indispensable skill in a world where microfinance products and services are proliferating at the same time that overly aggressive financial services providers are ever ready to pressure the consumer. Financial knowledge and understanding involve the awareness of the income available: that is, how much money there is for consumption and saving (Pellinen, Tormakangas, Uusitalo and Raijas, 2010).

The terms financial literacy, financial knowledge and financial education often are used interchangeably in the literature and popular media (Huston, 2010). A review of literature indicates that the concept of financial knowledge or financial literacy has been used interchangeably with other terms such as financial education and financial capability to mean one and the same thing (Durband and Britt, 2012; Knotts, 2012; Lucey and Laney, 2012). Birkenmaier, Curley and Sherraden (2013) construct the concept of financial capability as both an individual and a structural idea as it combines a person's ability to act with their opportunity to act. According to the authors, the key distinction between financial literacy and financial capability is that to be financially capable, people must be more than financially literate; they must also have access to financial products and services that allow them to act in their best financial interest. Together, ability and opportunity contribute to a person's financial functioning in ways that lead to improved financial well-being and life chances. Pellinen, Tormakangas, Uusitalo and Raijas (2010) added that the breadth of financial capability refers to the investors' knowledge, skills and

responsibility about the variety of financial commodities in the market such as financial services and institutions, legislation and taxation.

Citing the Organization for Economic Cooperation and Development (OECD) definition, O'Connell (2008) considers financial education as process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being. Birkenmaier et al. (2013) identified two ways through which people learn about financial matters: first, financial socialization provides a foundation of attitudes, knowledge and skills as children observe and learn from their families and others as they grow up, a process that continues into adulthood. Second, financial education also contributes to people's knowledge and skills.

Whichever the term adopted, financial knowledge has gained the attention of a wide range of major banking companies, government agencies, grass-roots consumer and community interest groups, and other organizations (Braunstein and Welch, 2002). Basic education in household finance and financial management historically has not been provided in schools and colleges in most countries (Groome, Blancher and Haas, 2005). Interest groups, including policymakers, are concerned that consumers lack a working knowledge of financial concepts and do not have the tools they need to make decisions most advantageous to their economic well being (Braunstein and Welch, 2002).

1.1.2 Personal Financial Practises

Rivon (2007) defines personal finance as the process of earning, managing or allocating, controlling and dispensing your money. In their empirical work, Nyamute and Maina (2010) identified personal financial practices that manifest in money problem behaviors such as over-indebtedness, overspending, unwise use of credit, bad spending decisions, poor money management and inadequate money to make ends meet. Consequently, Birkenmaier, Curley and Sherraden (2013) observe that, notwithstanding efforts to cope with financial strain, many people suffer short-term and long-term ill effects. The authors find evidence which links financial strain with social, psychological and physical ills. They conclude that financial problems arising from poor financial practices shapes not only a household's balance sheet, but also affects social, emotional and physical well-being. A financially responsible person understands that the decisions made always have an influence on other people or actors in the community (Pellinen, Tormakangas, Uusitalo and Raijas, 2010).

Personal financial practices are however contingent to the person's financial capability. FSD Kenya (2009) characterized financially capable people as people who are resilient to changing financial needs. They contended that the practices of financially capable people are less vulnerable to using or overusing products that do not meet their needs. They know, for example, how to balance credit and savings, how much insurance they need and how to structure their financial tools to meet their goals. They have better welfare outcomes, because they make savvy financial decisions that help them realize their investment and savings goals, protect their assets, and smooth consumption.

1.1.3 Relationship between Financial Knowledge and Personal Financial Practises

People at all income levels may have different resources and opportunities, but they still typically share common goals: they seek to put food on the table, educate their children, own a home, and plan for the future (Kloppinger-Tood and Sharma, 2010). Families thus require knowledge and skills to deal with an increasingly complex and challenging array of economic decisions. They should understand their financial goals and have knowledge and skills for financial management, especially in a world of diminishing resources. They need to understand how to interact with financial providers and how to discern good options from bad ones (Birkenmaier et al., 2013).

Birkenmaier et al. (2013) further argue that the limits of what people learn from financial socialization, combined with growing financial complexity of people's lives and financial products and services, have prompted many to call for more financial education. Policymakers, practitioners, and financial institutions have responded with a proliferation of financial education programs. Some have wide focus, covering topics such as basic numeracy, spending, planning, budgeting, earning, credit, debt, bill paying, saving, managing financial risk, investing, or taxes. According to Kloppinger-Tood and Sharma (2010), the core of a financial education agenda includes budgeting, savings and managing debt. However, it also involves managing financial products such as insurance or remittances and making use of banking services. Within the context of financial behaviour, the expectation of achieving returns on investments to secure the goal of future financial freedom and/or retirement security acts as attractive motivation towards pursuing financial education programs (Nga et al. 2010).

Swart (2004) submits that knowledge of personal financial management is the most important life skill any person can have. Logically, financially educated consumers should make better decisions for their families and increase their economic security and wellbeing (Rubin, 2007). The author provides the reason that secure families are better able to contribute to vital, thriving communities, further fostering community development. Kefela (2010) notes that without an appreciation of money concepts and an understanding of financial options, people are likely to pay more than they have to for financial services, fall into debt, damage their credit records, and over-invest in some financial products while under-investing in others.

1.1.4 Financial Knowledge of the Youth in Kenya

The number of youth – defined by the Kenyan government as those between ages 15 and 35 – quadrupled over the last four decades from about 3.3 million in 1969 to 13.7 million in 2009 (National Council for Population and Development, 2012). The World Bank (2012) noted that Kenyan youth face an uncertain and volatile financial landscape, with high unemployment and underemployment, questionable long-term job prospects, and little or no protection against the vagaries of ill health and injury.

The government of Kenya recognizes the potential contribution of this youthful population to the economy and have included in its vision 2030 agenda, improved livelihoods for vulnerable groups, and a responsible, globally competitive and prosperous youth (Government of Kenya, 2007). One of the intervention areas identified by the Kenya National Youth Policy is the need for private sector and government to encourage and promote initiatives from youth groups by providing them with necessary technical and financial skills and assistance to build their capacity (Ministry of Home Affairs, Heritage

and Sports, 2002). In 2006, the government created the Youth Enterprise Development fund, which, backed by an estimated US\$27 million, provided financial institutions and NGOs with subsidized loan capital designated for young entrepreneurs between the ages of 18 to 35 (Making Cents International, 2012).

One of the flagship projects towards vision 2030 was to sustain and increase the youth enterprise fund from Kshs. 1 to Kshs. 2 billion (Government of Kenya, 2007). The overarching vision for financial services is to have a vibrant and globally competitive financial sector driving high-levels of savings and financing Kenya's investment needs where savings and investment rates is anticipated to rise from 17% to 30% of GDP. Other initiatives include the vision for a National Strategy for Financial Education of Kenya which seeks to lay the foundation for a comprehensive program that, among others, helps consumers make better and informed financial decisions (Kefela, 2010). Kloppinger-Tood and Sharma (2010) noted that in the recent past, microfinance opportunities has sought to put financial education on the agenda of microfinance institutions and other development organizations seeking to improve the financial lives of the poor. Such initiatives stem from past research such as that of Munyoki and Okech (2012) which, based on an empirical analysis of personal debt among the youth in Kenya, recommended trainings relating to personal financial management be organized on regular basis.

A review of the current status of financial education in Kenya by FSD-Kenya (2008) identified diverse actors and channels used to disseminate financial knowledge in the country. Their report noted that financial education is carried out by banks and bank services such as the Central Bank and Commercial Banks, Microfinance Institutions, SACCOs, investment houses such as the NSE, stockbrokers and investment banks, and

mass-media channels such as radio, television and newspaper; each with its unique training model and objectives. For example, in the year 2010, Barclays bank invested Ksh 200 million towards financial literacy and inclusion programs targeting the youth in Kenya (Barclays Bank, 2010). This drew, in part, from a report by Financial Sector Deepening-Kenya (2008, p. 2) which highlighted that, "for youth, financial education can enhance their skills in managing money as they enter the world of work and reduce their vulnerability to the risks associated with the transition to adulthood".

1.1.5 Financial Knowledge for Africa Programme

Acknowledging the importance of financial education for the transformation of economic lives of citizens, through a program known as Financial Knowledge for Africa (FIKA), Equity Group Foundation and The MasterCard Foundation partnered to offer free financial education and entrepreneurship program targeting 1 million women and youth across Kenya by 2014 (Making Cents International, 2012). The FIKA program was officially launched on the 28th April 2011 by the then Deputy Prime Minister and then Minister for Finance, Uhuru Kenyatta and hosted by Equity Bank, Equity Group Foundation, and The MasterCard Foundation. During the launch ceremony, over 1,000 graduates from all 47 counties received their certificates for having successfully completed their 12 weeks of financial training.

The FIKA program was constructed around six education modules focusing on savings, budgets, debt management, financial negotiation, banking services and micro-insurance (Making Cents International, 2012). The modules were intended to help cultivate responsible management of income, loans and savings that enables youth to improve their overall livelihoods and ability to participate in the labour force and business development.

1.2 Statement of the Problem

Research on financial education is not conclusive on the effect of financial education on personal financial practices. Some scholars have argued that improved financial behaviour does not necessarily follow from increased financial information. While a number of past studies have linked financial education with positive financial behaviour, one challenge with reliance on existing empirical studies is that although some financial education programs have shown positive results, generalizing those results is difficult (Cackley, 2011). In addition, quantitative evidence of the positive outcomes and impacts of financial education is limited (Kloppinger-Tood and Sharma, 2010). This lends credence to the argument that increased knowledge does not necessarily change behaviour (Rubin, 2007). Collins and O'Rourke (2010) opined that people may lack self-control or exhibit other behavioral biases that education may not enable them to overcome. Therefore, further empirical research is still called for to validate these studies.

According to Vandone (2009), schemes adopted to promote financial literacy should be periodically monitored for their effectiveness. The author offers two reasons in support of this position. Firstly, as these initiatives receive also public funds it is appropriate that the results of such investments are assessed. Secondly, some individuals on the basis of the financial education received may overrate their ability to evaluate correctly the risk and subsequent impact, for instance, of taking out a loan. Drawing from such arguments, it is necessary to monitor any financial education program that has been implemented in order to determine its effectiveness. This suggests that a program such as FIKA needed to be evaluated on its own merit.

Despite the foregoing lack of consensus on the merits of financial education, research on the topic of financial knowledge is sparse. Nga, Yong and Sellappan (2010) conducted a study of financial awareness among youths in Malaysia. Their study however focused on general financial awareness concepts such as perceptions about risks, and knowledge about the time value of money and inflation. It was however not clear from their study whether financial awareness translated into positive financial behaviour. A more related study was conducted in Kenya by Nyamute and Maina (2010) who studied the effect of financial education on personal financial management practices. Their results showed that while those who are financially educated do practice to an extent, standard financial behaviors, one can still practice financial management behaviors whether or not they are financially literate. However, theirs was a case study of employees of finance and banking institutions. A recent research conducted by the World Bank (2012) evaluated a financial capability project that sought not only to inform young Kenyans about financial facts and options, but also to induce them to change the way they think about and make financial decisions. This study combined a randomized control trial with quasi-experimental quantitative techniques to assess the impact of each intervention. However, the research was based on modes of delivering financial education to high school students, a demographic youth cohort that is arguably too young to participate significantly in wealth creation and economic development.

This study sought to extend research on the impact of financial knowledge targeting the youth in Kenya on their personal financial practices based on Equity Bank's Financial Knowledge for Africa (FIKA) programme as a case study. A case study of FIKA was useful because it eliminates the question of heterogeneity in the financial education program implemented. Further, despite the implied extensiveness of its outreach, at a cost

of 1 billion shillings, no known research has been conducted specifically to evaluate the impact of the FIKA programme on the personal financial management practices of the youth in Kenya. This research attempted to bridge the study gap by determining the impact of financial education on personal financial practices of the youth.

1.3 Objective of the Study

The general objective of the study was to determine the relationship between financial knowledge and the personal financial practices of the youth in Kenya. The study was guided by the following specific objectives.

- i. To determine the relationship between financial knowledge and the money management practices of the youth in Kenya.
- ii. To determine the relationship between financial knowledge and the savings and investment culture of the youth in Kenya
- iii. To establish the relationship between financial knowledge and the financial risk management practices of the youth in Kenya.

1.4 Value of the Study

This empirical research identified and tested the efficacy of existing theories in explaining personal financial behaviour of the youth in Kenya. This study therefore has theoretical relevance as the findings identify patterns of behaviour that either affirms or challenges current theoretical assumptions.

To the academia, the study adds to the body of knowledge concerning the contentious correlation between financial knowledge and positive financial behaviour. It has explored additional variables that intervene in the nexus between financial education and financial

capability. Future researchers and scholars interested in further establishing the relationship between financial education and personal financial practices in Kenya could use this study as a reference point.

In practice, the study could inform decisions concerning financial education curriculum development, training methodologies and audience targeting strategies to help improve on the results concerning the financial practices of recipients of financial training.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, a review of related literature is provided. The review discusses the various theories used to explain financial behaviour of individuals and investors. The review also covers measurement of financial knowledge and financial practices. Subsequently, an empirical review of past research is provided. Lastly, a summary of the chapter is given.

2.2 Theoretical Framework

Financial theory is a body of thought that is studied and continually developed by highly trained experts (Lasher, 2010). This section reviews the theories propounded by various scholars in finance and economics which are used to explain personal financial behaviour. These theories include Modern Portfolio Theory, Heuristics Theory and Bounded Rationality.

2.2.1 Modern Portfolio Theory

According to Sahi (2012), the Modern Portfolio Theory (MPT) proposed by Markowitz in 1952 showed how rational investors base their portfolio selection decisions on two parameters, namely, expected reward and variance. Smith and Smith (2005) describe four characteristics in portfolio theory. First, the theory is micro-level in that it deals with only a single investor. Second, the theory is ex-ante in that it involves decision making for the future. Third, the decision making is for only one period in the future. And fourth, the theory tells the investor how s/he ought to invest. The authors also note that portfolio theory is based on three assumptions that also should be reviewed. First, it assumes that the investor likes expected return. Second, the investor dislikes investment risks as

measured by the standard deviation of return. Third, it assumes that the investor desires to behave in an optimal manner. Based on these, the proponents of this theory argued that a portfolio is more than just the sum of its component parts.

The goal of MPT is to identify the investor's acceptable level of risk tolerance and then find an optimal portfolio of assets that will have the highest expected returns for that level of risk (Garman and Forgue, 2009). The key argument in MPT is that financial planning helps individuals consider the totality of their wealth, not just their accounting net worth wealth as measured by holdings in readily marketable financial assets (Grable, 2011). However, it has been argued that this theory failed to explain how decisions are made by individuals under real circumstances, where people do violate the principles of expected utility (Sahi, 2012).

2.2.2 Bounded Rationality

The economic perspective assumes the individual is a rational utility maximizing agent equipped with all available information product/services alternatives and knowledge required to make the right choices (Nga et al. 2010). The authors however note that in reality, individuals are seldom having perfect knowledge. The limitations inherent in MPT theory motivated theorists to introduce the concept of bounded rationality. Bounded rationality is a behaviour that is intentionally rational but only limitedly so (Solomon, 2007). Morroni (2006) notes that decision making under incomplete abilities and unanticipated disturbances involve ambiguity, inconsistency, ill-defined situations and opaqueness of the relationship between actions and environmental feedbacks. In such circumstances, human beings are faced with limited cognitive abilities that constrain their problem-solving abilities (Braun, 2008).

The bounded rationality hypothesis suggests that people end up making cognitive errors which stem from basic statistical, information processing, or memory errors and thus, may be considered the result of faulty reasoning (Pompian, 2012). The author opines that cognitive errors do not result from emotional or other predispositions toward certain judgments, but rather from either subconscious mental procedures for processing information or irrational perseverance in one's own beliefs. He concludes that because cognitive errors stem from faulty reasoning, better information, education and advice can often correct for them.

2.2.3 Heuristics Theory

A related concept to bounded rationality is the use of heuristics in financial decision making. The concept of heuristics suggests that decision making is automated and is dependent on cognitive strategies that simplify decision making (Wickham, 2008). This theory holds that people take a rule of thumb or a mental shortcut approach to estimating the probability of an outcome based on how easily the outcomes come to mind (Pompian, 2012). In this case, easily recalled outcomes are often perceived as being more likely than those that are harder to recall or understand. Thus, recent events are much more easily remembered and available. As a result, an individual investor may choose an investment based on advertising rather than on a thorough analysis of the options.

Wickham (2008) argues that such heuristics often produce decisions that are at odds with what rational methods suggest might be optimal. Agrawal (2012) claims that many a times, individuals behave irrationally and their decisions are biased. They tend to use shortcuts in arriving at decisions due to time and capacity constraints in processing of

information. A study by Razek (2011) for instance showed that people satisfice rather than optimize. Illustrating heuristics theory, Ritter (2003) explains that when faced with 'N' choices for how to invest retirement money, many people allocate using the '1/N' rule. If there are three funds, one-third goes into each. If two are stock funds, two-thirds goes into equities. If one of the three is a stock fund, one-third goes into equities.

2.3 Measurement of Financial Knowledge and Financial Practices

This section reviews elements and indicators of financial knowledge and financial practices based on three major aspects. These are: money management, savings and investment, and financial risk management. Kefela (2010) argued that a person with a good level of financial literacy is likely to be better placed than someone without those skills and knowledge to manage their financial affairs prudently; all else being equal; they are more likely to budget effectively, invest wisely and sustainably manage their debts.

2.3.1 Money Management

Vandone (2009) discussed important roles played by financial education among preventive measures that seek to achieve more responsible borrowing by individuals. Firstly, financial education seeks to improve individuals' capacity to understand financial information, raise awareness about the risks and consequences of their borrowing decisions and to help them choose the right financial products for their needs. Secondly, it targets behaviour patterns due to inability, irresponsibility or short-sightedness that lead individuals into excess debt. By helping individuals understand the difference between what they want and what they need, significant inroads into the behavioural causes of over-indebtedness can be made.

Many financial experts agree that having a household budget is a characteristic of good financial management practice (Nyamute and Maina, 2010). However, a worrying trend is the lack of financial awareness of financial planning concepts and products amongst today's youths (Nga et al. 2010). Previous research found that many college and undergraduate students in the UK, the USA and Australia possess low financial knowledge leading to high levels of debts, risk of bankruptcy and lacking retirement planning skills among young adults (Nga et al. 2010).

According to Nga et al. (2010), the competence to undertake rational, informed judgments pertaining to money management includes the general understanding on budgeting, conceptual knowledge of financial products offerings by financial institutions and ability to make responsible investments to facilitate the achievement of one's financial goal. Budgeting behaviors identified by Kefela (2010) include day-to-day, reactive financial behaviors, lack of forward financial planning, planning ahead for expenditures, making a budget and using a budget to manage money. The study by Nyamute and Maina (2010) showed that more respondents who are financially literate track all or some of their expenses with a mean of 3.67 compared to their counterparts who registered a mean of 2.00. Cackley (2011) reported a research which studied the effect of a 2-day financial education course taught to soldiers by college instructors. The study showed that soldiers who finished the course completed a follow-up survey of financial behaviours and the results were compared to those of a control group of soldiers who had not taken the course. Soldiers who had taken the financial education course were more likely to have engaged in positive behaviours such as comparison shopping, saving, and paying bills on time.

Nyamute and Maina (2010) suggests that financial literacy also calls for wise spending, which means preparing budgets, tracking expenditures, paying bills on time and ensuring that credit card balances are paid in full each month. Birkenmaier, Curley and Sherraden (2013) argue that people make financial decisions based on innate ability, knowledge and skills, but also what is within their “realm of possibility”. Real options and opportunities in people’s environment shape their assumptions and understanding about what is possible. It is this link between individual and structure that influences attitudes, motivation, confidence, self-efficacy and behaviour. This is related to the discourse on financial capability which suggests the need for financial inclusion. Discussing this nexus, Birkenmaier et al. (2013) showed that there are many reasons why people are unbanked, such as poor credit history, past account management problems, and lack of knowledge and familiarity, geographic locations. Teaching financial literacy narrows the knowledge gap between the rich and the poor and enables young people to make wider financial choices (Jimenez, 2006).

According to Lyons and Neelakantan (2008), financial education itself rarely changes an individual’s financial circumstances. They posit that some individuals with limited financial resources do not possess the means to meet program goals to increase savings, pay bills, and reduce debts, no matter how much financial education they receive. A study reported by FSD (2009) showed that Kenyans are aware of financial concepts like budgeting and saving but appear to have a difficult time implementing this knowledge effectively, despite using a variety of formal and informal financial strategies. Over half the Kenyans sampled, particularly rural women, say that they feel out of control of their finances. Previous studies have suggested that more research is required on the effects of financial education on low-income and minority households and other financially

vulnerable households (Birkenmaier et al. 2013). Literature on money management suggests that it is one thing to understand a concept such as budgeting, and another to claim financial capability. This is implied in a study by FSD Kenya (2009) which found out that understanding vocabulary such as “budgeting” seems to do little in improving the feeling of control of one’s finances.

Money management also entails debt management. Debt management issues relate to borrowing for emergencies, over-indebtedness, borrowing with little understanding of terms and consequences of delinquency, making a plan to reduce debt and avoiding excessive debt (Kefela, 2010). Those who have financial capabilities to make right choices about money and to live within their means are less likely to face financial troubles, such as maxing out their credit cards, not making payments on time, or being compulsive buyers, and more likely to save for future, pay off credit cards in full each month or prioritize spending according to needs, not wants (Chinen and Endo, 2012).

2.3.2 Savings and Investment

Nyamute and Maina (2010) defined the term saving as the difference between income and consumption. Inappropriate savings behaviour includes wasteful expenditures, irregular savings, savings not linked to goals, unnecessary spending (Kefela, 2010). Previous works have identified a bundle of institutional constructs that shape saving in households (Birkenmaier, Curley and Sherraden, 2013). These include access, information, incentives, facilitation, expectations, restrictions, and security. These constructs may also provide a way to examine and measure how well policy and financial institutions serve financially vulnerable households more generally.

Some scholars have however drawn conclusions when they try to control for differences in the underlying saving propensities of respondents who do not attend financial education seminars (McCaffery and Slemrod, 2006). That is, financial education increases savings plan participation and results in greater portfolio diversification but the estimated magnitudes are not particularly large (McCaffery and Slemrod, 2006). Another possibility identified by the authors is that education changes a household's knowledge of its set of choices. The study by Nyamute and Maina (2010) established a significant difference between the means of the financial literate and the non-finance respondents. Those who were financially literate recorded a mean of 3.688 while those who are not had a mean of 3.492 out of the maximum 5.0 points. To set aside even small amounts of money, low-income families need to be careful spenders as well as skilled money managers (Kloppinger-Tood and Sharma, 2010).

To make saving and investment decisions individuals require knowledge beyond fundamental financial concepts including relationship between risk and return; how bonds, stocks, and mutual funds (Nyamute and Maina, 2010). In their study, there was no significant difference between the finance and the non-finance respondents as far as investment practices are concerned. Those who were financially literate recorded a mean of 3.63 while those who were not had a mean of 3.51 out of the maximum 5.0 points. The student t-test of equal means gave a p-value of 0.38403 at a 5% significance level indicating that the two means are not significantly different. In the study by FSD Kenya (2009), individuals who are very disciplined in their household planning and budgeting may not have the knowledge and advocacy skills to both find out about formal financial products and to understand their terms well enough to accurately assess their options.

2.3.3 Financial Risk Management

According to Nyamute and Maina (2010), it is a good practice to recognize that unexpected occurrences are inevitable and that the way one reacts to them depends on how well they plan for contingencies. Financial literacy can help to prepare consumers for tough financial times, by promoting strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance (Kefela, 2010). Tackling financial vulnerability will require actions at the institutional level (Birkenmaier, Curley and Sherraden, 2013). Families need appropriate financial products and services that optimize their ability to manage money effectively, including access to the right kind of information at the appropriate time (Birkenmaier, Curley and Sherraden, 2013).

Swart (2004) noted that personal financial planning is unique for every individual and household, because it depends on your own risk profile, risks, needs and financial goals. Financial literacy or financial education can broadly be defined as providing familiarity with and understanding of financial market products, especially rewards and risks, in order to make informed choices (Kefela, 2010). Thirdly, financial education sets out to limit the negative impact that unexpected events can have on household finances. This includes putting into place insurance solutions designed to safeguard their financial future (Vandone, 2009).

The findings of Nyamute and Maina (2010) however indicated that financial literacy does not necessarily lead to better emergency management. They associated this outcome by the fact that emergency expectation is a behavioral aspect that leads to different levels of risk tolerance by human beings regardless of the level of financial literacy. A report by FSD Kenya (2009) established that Kenyans are keen to save, however just over half of

those interviewed stated that they save towards meeting day to day expenses rather than for long term needs. Fewer than half of adult Kenyans say that they have a financial asset that they can use in an emergency, and the poor are particularly ill prepared to deal with medical emergencies and bereavements. There does seem to be a gap in the capability of consumers to plan financially to cope with a crisis. Most respondents say that they would turn to family and friends to help them manage. Again, this raises the question of financial capability. In their discourse on financial capability, FSD Kenya (2009) suggested that the meaning of the term should be understood in context. They argue that in a developed country context, a financially capable person would have home, car and life insurance to deal with risks. But in an environment where consumers have a long list of simultaneous risks but few insurance products with which to manage them, a financially capable person would be better defined as having a clear, self-defined strategy, backed by enough saving and borrowing resources, to manage their vulnerabilities.

2.4 Empirical Literature

Nga, Yong and Sellappan (2010) conducted a study of financial awareness among youths in Malaysia. Their purpose was to investigate the level of general financial and product awareness among young adults based on two research questions: how demographic factors (age, gender and education level) influence the general financial awareness, and whether undertaking a business degree promotes greater financial and product awareness amongst youth today. They employed a survey method using a sample of 280 students at a private higher education institution in Subang Jaya, Malaysia. Their study also developed valid and reliable scales for general financial awareness and financial product awareness. They tested their hypothesis using multivariate analysis of covariance. The findings of their study revealed that the level of education and majors influence general and financial

product awareness among youths. Also, males were found to have higher levels of financial awareness compared to females. This study however focused on general financial awareness such as perceptions about risks, and knowledge about the time value of money and inflation.

Huhmann and McQuity (2009) developed a model of consumer financial numeracy. Their purpose was to develop a theoretical explanation of financial numeracy for consumer proficiency with financial services. They attempted to build theory by combining consumer cognitive capacity and customer knowledge theories with findings from prior studies of consumer difficulties with financial services to introduce a comprehensive model of the antecedents and consequences of financial numeracy with testable propositions for many psychographic and cultural influences and moderators. Their findings showed that financial numeracy demands that consumers possess sufficient financial information processing capacity and ability as well as sufficient prior knowledge of financial concepts. Although partly a function of individual cognitive ability, they concluded that financial knowledge can be enhanced through appropriate experience with financial instruments and familiarity through personal financial materials when consumers are motivated to process them. They established that financial numeracy directly affects financial management outcomes related to borrowing, saving, and taxes. Their study also showed that it indirectly affects higher-order financial consequences, such as a consumer's credit score, interest rates charged on subsequent loans, net worth, likelihood of bankruptcy, and size of inheritance. This study however focused on the antecedents of financial numeracy based on five constructs: experience with financial instruments, personal financial materials and familiarity, motivation to process personal finance materials cultural differences, psychographic influences.

Chinen and Endo (2012) investigated how abilities to make educated judgments about handling personal finance are affected by ages, gender, and education of parents among college students across different academic disciplines, using a sample from a state college in Sacramento, California. They formed an index for basic financial education (IBFE), items measuring attitude towards the basic financial education requirement for high school students, and index for applied financial education (IAFE), items measuring attitudes toward the more applied financial education requirement for high school students. Examining these indexes and scores on the financial literacy questions, they found a positive relationship between those who commended basic structure of finance and economy as part of financial education requirement for high school students and scores on financial literacy. They also found an inverse relationship between those who recommended applied level finance, such as asset management, as part of financial education requirement for high school students and scores on the financial literacy.

Falahati and Paim (2012) examined the moderating effect of gender on the relationship between financial attitude, financial socialization, and secondary socialization agents on experiencing financial problems among university students. Their sample comprised data collected from 11 universities across Malaysia using the stratified sampling method. They used a multi-group analysis approach to assess the moderating effect of gender. Their findings indicated that gender significantly moderates the effect of financial attitude, financial socialization and secondary socialization agents on financial problems among students.

Sabri and Gudmunson (2012) examined the relationships between personal and family

backgrounds, academic ability, childhood consumer experience, financial socialization, financial literacy, and perceived financial well-being of college students. They collected data using a multi-stage sampling technique from 11 public and private universities across Malaysia and the sample consisted of 2,219 college students. They used structural equation modelling to test their hypotheses. Their findings showed that childhood consumer experiences such as savings habits contributed to students' financial well-being (money saved, current financial situation, and financial management skills). They concluded that financial socialization agents, for example, through parents and religion sources could increase college students' financial well-being.

Mandell and Klein (2007) examined the hypothesis that low financial literacy scores among young adults, even after they have taken a course in personal finance, is related to a lack of motivation to learn or retain these skills. Their research was based upon the latest national Jumpstart survey of high school seniors and used financial literacy scores after controlling for socioeconomic, demographic, and aspirational characteristics that have historically predicted these scores. They analyzed the relation of financial literacy scores to responses to three questions designed to measure motivation to be financially literate. They found that the motivational variables significantly increased researcher's ability to explain differences in financial literacy.

Murphy and Yetmar (2010) surveyed 206 MBA students about their attitudes to personal financial planning. Participants were asked about their level of knowledge, whether they had prepared components of a financial plan, where they might seek assistance in such a process and the criteria for selecting a financial planner. In addition, participants were asked to indicate their level of confidence in a financial plan's capacity to help them meet

their long-term needs and the likelihood that they would implement such a plan. The findings indicate that, while most respondents feel both that financial planning is important and that they are interested in developing a financial plan, very few feel that they have the necessary skills and knowledge to prepare their own plan. In addition, the participants indicated a strong preference for professional personal financial planning advice. While the results were not generalizable to the wider population, the researchers concluded that the views of this group was important because one might expect that educated individuals would be both more interested in personal financial planning and more capable of preparing their own plans compared with average Americans.

Walstad, Rebeck and MacDonald (2010) investigated the effects of a financial education program on high school students' knowledge of personal finance. A comparison of pre-test and post-test scores achieved on a reliable and valid thirty-item instrument suggested that the curriculum used increased financial knowledge across many concepts. The scores increased regardless of the course in which the curriculum was used and across student characteristics. Their assessment contributed to the growing literature showing that a well-specified and properly implemented program in financial education can positively and significantly influence the financial knowledge of high school students.

Cackley (2011) highlighted a 2007 study conducted by FDIC which evaluated a comprehensive financial education curriculum designed to help low and moderate income individuals enhance their financial skills and create positive banking relationships. The study surveyed individuals prior and subsequent to their participation in the program and followed up by telephone 6 to 12 months after their final class. The study found that participants in the training were more likely to engage in positive behaviours after

completing the course, including opening deposit accounts, saving money in a mainstream financial institution and adhering to a budget.

2.5 Summary of Literature Review

The literature has discussed the theories and concepts underpinning individual financial behaviour. Three theories explored in the review are Modern Portfolio Theory, Bounded Rationality and Heuristics Theory. It is clear from the review that the limitations of classical economic theories such as the MPT in explaining the irrationality of individuals in their financial decisions saw the emergence of what is called behavioural finance theories such as prospect theory, bounded rationality and the use of heuristics. However, both the classical economic theories and the behavioural finance theories can be applied in explaining the relationship between financial knowledge and personal financial practices. As the literature review has shown, there are various measures of financial knowledge which includes money management, savings and investment, and financial risk management. However, from the review of empirical studies, it is evident that research is not conclusive on the impact of financial knowledge on personal financial practices as findings suggest mixed results. In addition, most empirical studies were conducted among college students in the west. Since the outcomes of financial knowledge on individual financial practices of the youth are context specific, further research was needed in a developing country such as Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The general objective of the study was to determine the relationship between financial knowledge and the personal financial practices of the youth in Kenya based on the case of FIKA training program. This chapter explains the methodology that was adopted for the study. The chapter details the research design, population, sample and sampling method, data collection method and data analysis techniques that were used.

3.2 Research Design

The research design adopted was a case study. Swanborn (2010) defined this approach as the study of a social phenomenon carried out within the boundaries of one social system (the case) or within the boundaries of a few social systems (the cases), such as people, organizations, groups, individuals, local communities or nation-states, in which the phenomenon to be studied occurs within the case's natural context. The merit of a case study approach lies in the advantage of studying particular cases in greater detail to derive insights which might not otherwise have been possible using other methods (Denscombe, 2003), thus, it fits well with the needs of small scale research through concentrating effort on one research site (Saunders et al. 2009). This research design was preferred because the researcher wished to focus on the effect of FIKA training program on the youth in Kenya.

3.3 Population of the Study

The population of this study comprised of all participants who successfully completed the FIKA training program. Documented records suggest that by the end of 2011, the program had successfully trained and graduated 242,795 trainees (Equity Group Foundation, 2013). Since 75% of Kenyans are in the age bracket of 18-35 which defines Kenya's youth, the

total number of youth who were successfully trained and graduated was estimated at 182,096 trainees.

3.4 Sample and Sampling Method

Kumar (2005) defines sampling as the process by which a few is selected from the entire group to become the basis for estimating the occurrence of an unknown piece of information or situation regarding the entire group. Sampling is used because collecting data from the whole population is usually very costly (Pagano, 2006).

3.4.1 Sample Size

According to Fox and Bayat (2007), the choice of sample size is regulated by four parameters: the level of certainty of the collected data to be representative of the total population, the accuracy required as the basis for the estimates made for the sample, the type of analysis that will be used as many statistical techniques have a minimum threshold of data cases for every variable and the size of the total population from which the sample will be drawn. For the purpose of this research, a convenient sample of 60 respondents was targeted for the study. This sample comprised of the study group and a control group, each having a sample of 30 respondents. That is, participants of the FIKA training were evaluated against a comparison group that did not participate in the program. Cackley (2011) argues that use of a control group helps to isolate the impact of a financial education program from other influences, such as changes in the overall economy, and provides a baseline against which to compare the program's effect. As a rule of thumb, most research methods scholars recommend a minimum sample size of 30 as adequate for social research (Denscombe, 2003; Kothari, 2004; Saunders et al. 2009).

3.4.2 Sampling Method

The study group was targeted using snow-ball sampling technique whereas quota sampling was used to select the control group. Snowball sampling was appropriate as the first respondent was requested to recommend a colleague who also undertook the FIKA program, and so on, until the desired sample was reached.

3.5 Data Collection Method

Data was collected through the administration of a questionnaire. The questionnaire comprised of Likert scale questions. Stangor (2010) contends that a Likert scale consists of a series of items that indicate agreement or disagreement with the issue that is to be measured, each with a set of responses on which the respondents indicate their opinions. The questionnaire was made of four sections. The first section comprised of questions concerning money management. The second section addressed questions regarding savings and investment. The third section was made up of questions about risk management, and the fourth section sought to establish respondent's demographic data.

The questionnaire was first pilot-tested on a small sample of 10 respondents to ensure that the instrument was valid and reliable for achieving the study objectives. Alpha coefficient of reliability, also known as Cronbach's Alpha, was used to examine reliability. Its calculation is based on the number of items and the average inter-item correlation, ranging from 0 for a completely unreliable test to 1 for a completely reliable test (Hinton, 2004). Most scholars recommend a Cronbach's Alpha of 0.7 or higher (Kent, 2001; Leech, Barrett and Morgan, 2005). In this study, Cronbach's Alpha was .827 which is higher than the minimum accepted of .07 as shown in table 3.1. Therefore, the instrument was reliable.

Table 3.1 Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .827 | .832 | 23 |

Source: Author, (2013)

3.6 Data Analysis Techniques

Data analysis entailed the computation of the mean and standard deviations of the data. An independent sample t-test was then carried out to compare the means of the data between the control group and the study group and to check for statistical significance of any differences. Inferences were then drawn using Spearman's Rank Correlation Coefficient and multiple regression techniques. The following linear regression equation was used to relate financial knowledge to personal financial practices.

$$\text{FK} = \beta_0 + x_1\text{ET} + x_2\text{PB} + x_3\text{SP} + x_4\text{PC} + x_5\text{TB} + x_6\text{TL} + x_7\text{JT} + x_8\text{PC} + x_9\text{IB} + x_{10}\text{EP} + x_{11}\text{UL} + x_{12}\text{BR} + x_{13}\text{RS} + x_{14}\text{RT} + x_{15}\text{RC} + x_{16}\text{MG} + x_{17}\text{AI} + x_{18}\text{EA} + x_{19}\text{ST} + x_{20}\text{MI} + x_{21}\text{IA} + x_{22}\text{DV} + \epsilon_i$$

Where:

FK = Level of Financial Knowledge

ET = Expense tracking

PB = Personal Budgeting

SP = Formal spending plan

PC = Price comparison

TB = Timely bill payment

TL = Timely loan payment

- JT = Just in time bill payment
- PC = Prompt debt collection
- IB = Investment-Only borrowing
- EP = Need-based expense prioritization
- UL = Understanding loan terms
- BR = Borrowing to repay loan
- RS = Disciplined regular saving plan
- RT = Financial risk taking
- RC = Investment risk consideration
- MG = Long term money goals
- AI = Additional income streams
- EA = Maintenance of emergency account
- ST = Saving triple monthly income for emergencies
- MI = Medical insurance
- IA = Insurance of assets
- DV = Diversified investment
- β_0 = Constant
- $x_1 \dots x_n$ = Predictors
- ε_i = standard error

The data was analyzed using SPSS and presented in figures and tables.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The general objective of the study was to determine the relationship between financial knowledge and the personal financial practices of the youth in Kenya based on the case of FIKA training program. In this chapter, the findings are analyzed and discussed. The chapter commences with a descriptive analysis of the respondents' general information. The rest of the chapter is thematically organized according to the specific objectives. The first section analyzes the effect of financial knowledge on the money management practices of the youth in Kenya. The next section presents the findings of the savings and investment culture of the youth in Kenya. The final section analyzes and discusses the effect of financial knowledge on the financial risk management practices of the youth in Kenya. Out of the 60 questionnaires administered, 44 questionnaires were successfully filled and qualified for data analysis. This placed the response rate at 73.3% as shown in table 4.1.

Table 4.1 Response Rate

| Response rate | Percentage | |
|-----------------|------------|------------|
| | Frequency | Percentage |
| Responded | 44 | 73.3% |
| Did not respond | 16 | 26.7% |
| Total | 60 | 100.0 |

Source: Author (2013)

4.2 Descriptive Statistics of General Information

The general information sought from the respondents included the year respondents undertook the FIKA training, age at the time of training, highest level of education, prior training in finance, occupation and level of financial knowledge. Among the respondents

who had undertaken FIKA training, 87.0% of the respondents did the training in the year 2011; 8.7% of the respondents undertook the training in the year 2012 while 4.3% of the respondents went through the training program in the year 2013. Therefore, majority of the respondents undertook the training in the year 2011. This means that three years have elapsed from the time most of the respondents undertook the training. The male gender accounted for 56.8% of the respondents whereas 49.2% were female. In terms of education, 45.5% of the respondents were university graduates and 40.9% studied up to middle level college whereas 13.6% of the respondents attained secondary education. At the time of undertaking FIKA training, 95.5% of the respondents were aged between 26-35 years while only 4.5% of the respondents were in the age group of 18-25. At the time of training, 73.9% of the respondents had no prior training in finance/accounting while 26.1% had trained in finance/accounting. In terms of occupation, 45.5% of the respondents were self employed, 43.2% were employed and 11.4% were unemployed.

Table 4.2 General Information of the Respondents

| Demographic variable | Responses | Frequency | Percentage |
|---|-------------------------|-----------|------------|
| Year of FIKA Training | Year 2011 | 20 | 87.0 |
| | Year 2012 | 2 | 8.7 |
| | Year 2013 | 1 | 4.3 |
| Gender | Male | 25 | 56.8 |
| | Female | 19 | 49.2 |
| Level of education | Secondary | 6 | 13.6 |
| | Middle level college | 18 | 40.9 |
| | University | 20 | 45.5 |
| Age at the time of training | 18 – 25 years | 1 | 4.5 |
| | 26 – 35 years | 2 | 95.5 |
| Whether respondent had prior training in finance/accounting | Yes | 6 | 26.1 |
| | No | 17 | 73.9 |
| Occupation | Self employed/ business | 20 | 45.5 |
| | Employed | 19 | 43.2 |
| | Unemployed | 5 | 11.4 |

Source: Author (2013)

Table 4.3 compares the rating of respondents who undertook the FIKA training program with those who did not. The table shows that the proportion of respondents who went

through the FIKA training program was higher in terms of their rating as an aggregate of 39.2% of the respondents who took the training rated their financial knowledge as high compared to 33% of the respondents who did not. The table shows that 52.2% of the respondents who undertook the training rated their financial knowledge as average compared to the proportion of respondents who did not, at 47.6%. Nineteen percent (19%) of the respondents who did not undertake the training rated their financial knowledge as little compared to 8.7% of the respondents who went through the training. Therefore, majority of the respondents rated their financial knowledge as average. Interestingly, the rating of respondents who undertook the FIKA training program was higher than the rating of the control group. This suggests that financial training boosted the confidence of the recipients as also implied by O'Connell (2008). On the overall however, the findings suggest that even with financial training, respondents perceived their financial knowledge as average, perhaps indicating that a gap still existed in the confidence of respondents in their financial knowledge.

Table 4.3 Respondents' Rating of their Financial Knowledge and FIKA training

| Respondents' Rating of their Financial Knowledge | | Whether respondent have undertaken the FIKA training | | Total |
|--|----------------|--|--------|--------|
| | | Yes | No | |
| Little financial knowledge | Count | 2 | 4 | 6 |
| | % within count | 8.7% | 19.0% | 13.6% |
| Average financial knowledge | Count | 12 | 10 | 22 |
| | % within count | 52.2% | 47.6% | 50.0% |
| High financial knowledge | Count | 8 | 7 | 15 |
| | % within count | 34.8% | 33.3% | 34.1% |
| Very high financial knowledge | Count | 1 | 0 | 1 |
| | % within count | 4.3% | .0% | 2.3% |
| Total | Count | 23 | 21 | 44 |
| | % within count | 100.0% | 100.0% | 100.0% |

Source: Author (2013).

4.3 The Relationship between Financial Knowledge and Money Management

Practices

In this section, the variables analyzed included expenditure tracking, budgeting, price comparison, on-time bill payment, debt management, borrowing and setting of financial priorities. Table 4.4 shows spearman's rank correlation coefficients with alpha significant at .01 and .05 levels. The table shows that there was a direct and statistically significant correlation between financial knowledge and budgeting ($r=.365, p<.05$); the use of formal spending plan ($r=.504, p<.01$); and timely loan repayment ($r=.404, p<.01$). These results imply that financial knowledge influenced money management practices related to budgeting, usage of formal spending plan and timely repayment of loans.

However, no statistically significant relationship was established between financial knowledge and expenditure tracking ($r=.158, p>.05$); price comparisons ($r=.008, p>.05$); timely bill payments ($r=.108, p>.05$); prompt debt collection ($r=-.130, p>.05$); investment borrowing ($r=-.075, p>.05$); expenditure prioritization ($r=.070, p>.05$) or due diligence on loan ($r=.067, p>.05$). The lack of correlation means that the relationship between financial knowledge and these money management practices were insignificant.

The study sought to establish whether there were any significant differences in the practice of expenditure tracking between individuals who had undertaken FIKA training and those who did not. An independent samples t-test was conducted to compare means. The test results are shown in Tables 4.5 and 4.6 below. Table 4.5 shows that respondents who undertook FIKA training had a higher mean score of 3.33 compared to respondents who did not participate in the training program whose mean score was 3.17. This agrees with the findings of the study by Nyamute and Maina (2010) which showed that more

respondents who are financially literate track all or some of their expenses with a mean of 3.67 compared to their counterparts who registered a mean of 2.00.

Table 4.4 Correlation between Financial Knowledge and Money Management Practices

| | | |
|-----------------------------|-------------------------|----------|
| Spearman's Rho | | 1 |
| Financial Knowledge | Correlation Coefficient | 1.000 |
| | Sig. (2-tailed) | . |
| | N | 44 |
| Expenditure tracking | Correlation Coefficient | .158 |
| | Sig. (2-tailed) | .307 |
| | N | 44 |
| Budgeting | Correlation Coefficient | .365(*) |
| | Sig. (2-tailed) | .050 |
| | N | 44 |
| Formal spending plan | Correlation Coefficient | .504(**) |
| | Sig. (2-tailed) | .000 |
| | N | 44 |
| Price comparisons | Correlation Coefficient | .008 |
| | Sig. (2-tailed) | .958 |
| | N | 44 |
| Timely bill payments | Correlation Coefficient | .108 |
| | Sig. (2-tailed) | .487 |
| | N | 44 |
| Timely loan repayment | Correlation Coefficient | .404(**) |
| | Sig. (2-tailed) | .007 |
| | N | 44 |
| Prompt debt collection | Correlation Coefficient | -.130 |
| | Sig. (2-tailed) | .401 |
| | N | 44 |
| Investment borrowing | Correlation Coefficient | -.075 |
| | Sig. (2-tailed) | .628 |
| | N | 44 |
| Expenditure prioritization | Correlation Coefficient | .070 |
| | Sig. (2-tailed) | .650 |
| | N | 44 |
| Due diligence on loan terms | Correlation Coefficient | .067 |
| | Sig. (2-tailed) | .666 |
| | N | 44 |

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Source : Author (2013)

The t-test shown in table 4.6 suggests that there was no statistically significant difference between the scores for respondents who undertook FIKA training (M=3.33, SD=.1.065)

and those who did not ($M=3.17$, $SD=.937$) regarding the practice of tracking every expenditure by recording them on a daily basis; $t(42)=-.528$, $p>.05$. The results suggest that the practice of expenditure tracking did not vary significantly between the two respondent groups. This is interesting, given that a number of past empirical studies such as that of Nyamute and Maina (2010) and Cackley (2011) both linked financial knowledge to such money management practices as expenditure tracking. Perhaps the lack of statistical significance was occasioned by the fact that majority of the respondents who undertook the training were self-employed and therefore were probably overwhelmed by the demands of administration that challenges most entrepreneurs and SME owners. Thus, even with an appreciation of the need to track every expenditure, they potentially lagged behind and gave up on this discipline.

The study sought to determine whether there was any significant difference in the practice of budgeting between respondents who undertook FIKA training and those who did not. Table 4.5 shows that the mean score for respondents who undertook FIKA training was higher at 3.24 compared to that of respondents who did not go through the program at 2.74. This is concert with previous study by Kefela (2010) which implied that budget to manage money accounted for a significant part of financial knowledge. This is further depicted in the statistically significant correlation between financial knowledge and budgeting with a p -value of .05 as shown in table 4.4.

The means scores between the respondents who undertook FIKA training ($M=3.24$, $SD=.700$) and those who did not ($M=2.74$, $SD=.964$) was not statistically significant; $t(42)=-1.948$, $p>.05$. This implies that the budgeting practices of respondents who undertook FIKA training program and those who did not undertake the training did not

vary significantly. This lack of a statistical difference may be explained that respondents in the control group had relatively higher education which probably offset the training that recipients of FIKA program underwent. The low mean scores from both respondent groups suggest that a majority of the respondents from across the board did not practice the discipline of budgeting. This might have stemmed from the individuals' lack of feeling of control of over their finances, consistent with past studies by FSD Kenya (2009) which found out that understanding vocabulary such as "budgeting" seemed to do little in improving the respondents' control of their finances.

The study sought to compare the money management practices of respondents who undertook the FIKA training program and those who did not in terms of their usage/adherence to a formal spending plan to manage their money. Respondents who undertook FIKA training scored a mean of 3.09 compared to respondents who did not at 2.95. According to Table 4.6, the means scores between the respondents who undertook FIKA training ($M=3.09$, $SD=.793$) and those who did not ($M=2.95$, $SD=.805$) was not statistically significant; $t(42)=-.580$, $p>.05$. This suggests that the practice of using a formal spending plan for money management by respondents who undertook FIKA training program did not vary significantly from the practice of respondents who did not undergo the training. The low mean scores imply that majority of the youth from either respondent group did not use a formal spending plan to manage their money.

The study sought to establish whether financial training impacted on the recipients' propensity to compare prices whenever they went shopping. Respondents who underwent through FIKA training scored a higher mean of 4.39 compared to their counterparts who did not with a mean score of 4.19. This agrees with empirical findings by Cackley (2011)

which showed that respondents who had taken the financial education course were more likely to have engaged in positive behaviours such as comparison shopping among others.

Independent sample t-test (table 4.6) however shows that there was no statistically significant difference between the means cores of respondents who undertook FIKA training (M=4.39, SD=.583) and those who did not (M=4.19, SD=.512) concerning whether they usually compared prices whenever they went shopping; $t(42)=-1.209$, $p>.05$. This suggests that the practice of comparing prices before purchasing by respondents who undertook FIKA training did not vary significantly from the practice of respondents who did not undergo the training. The high mean score from both respondent groups imply that both categories appreciated the importance of price comparison before making a purchase. Tendencies such as price comparison may be triggered by sub-conscious reflex action rather than a conscious decision to engage the mind. Thus, financial training perhaps worked to reinforce an already ingrained habit, formed out of the need to get a bargain price. It may be argued that the individuals targeted by the FIKA program were inherently price-sensitive and financial training on the need to compare prices simply affirmed their need to get a bargain price out of every purchase.

The objective of the study was to establish whether there was any significant difference between the respondents who underwent FIKA training program and those who did not in terms of the practice of timely payment of bills. Table 4.5 shows that the mean score of respondents who undertook FIKA training was higher at 3.76 compared to that of respondents who did not at 3.09. Therefore, respondents who undertook the FIKA training program practiced the discipline of timely payment of bills more than the control group.

The t-test results shown in table 4.6 indicates that the difference in the mean scores between respondents who undertook FIKA training ($M=3.76$, $SD=.700$) and those who did not ($M=3.09$, $SD=.848$) regarding the practice of timely payment of bills was statistically significant; $t(42)=-2.862$, $p<.05$. This suggests that the practice of paying all bills on time by respondents who undertook FIKA training significantly varied from the practice of respondents who did not undertake the training. This finding supports past studies by Cackley (2011) which established a similar pattern among soldiers who undertook a 2-day financial education course taught. Perhaps this is due to the fact that the requirement to pay bills put immediate pressure to individuals, compelling them to settle their bills as and when they fall due. That the practice of bill payment was statistically significant is definitive of financial literacy as argued by Nyamute and Maina (2010).

The study also sought to establish if there was a significant difference in the practice of timely loan repayment between respondents who undertook the FIKA training and those who did not. Table 4.5 shows that the mean scores of respondents who undertook FIKA training was higher at 3.86 compared to respondents who did not at 3.30. This suggests that respondents who undertook FIKA training practiced timely loan repayment more than their counterparts who did not take the training. This may stem from the need to maintain a favourable credit score since majority of the respondents who undertook the training were SME owners and the objective of taking the course to begin with, was to access loan. This is in harmony with past studies by Huhmann and McQuity (2009) which showed that Financial literacy indirectly affected higher-order financial consequences such as a consumer's credit score and interest rates charged on subsequent loans.

Table 4.6 shows that there was a statistically significant difference between the mean scores of respondents who undertook FIKA training ($M=3.86$, $SD=.727$) and those who

did not ($M=3.30$, $SD=1.146$) concerning their practice of timely loan repayment; $t(42)=-1.890$, $p<.05$. Therefore, FIKA training did not lead to a difference in the practice of timely loan repayment. This further reinforces the evidence on the link between financial knowledge and timely loan repayment as suggested in the literature by Nyamute and Maina (2010); for instance, ensuring that credit card balances are paid in full each month.

The study sought to establish whether respondents ensured that they collected all debts owed to them promptly. Table 4.5 shows that respondents who went through the FIKA training program scored a higher mean of 3.62 in terms of the practice of prompt debt collection compared to their counterparts who did not undertake the training with a mean score of 2.87. It seems that prompt debt collection was a practiced that could be attributed to financial knowledge.

As shown in table 4.6, there was a statistically significant difference between the mean scores of respondents who undertook FIKA ($M=3.62$, $SD=.921$) and those who did not ($M=2.87$, $SD=.968$) in terms of the practice of collecting debt owed to them promptly; $t(42)=-2.626$, $p<.05$. This implies that FIKA training had a positive effect on the practice of debt collection. This agrees with Kloepfinger-Tood and Sharma (2010) whose study linked financial education to proper management of debt.

The study sought to determine whether as a result of FIKA training, respondents strictly borrowed money to invest but not to spend. The group statistics (Table 4.5) shows that respondents who undertook the training scored a higher mean of 4.52 compared to respondents who did not, at 3.86. It appears therefore, that financial knowledge influenced recipient's decision to strictly borrow money to ingest, not to spend.

Table 4.6 shows that the difference in the mean scores between respondents who undertook FIKA training ($M=4.52$, $SD=.593$) and those who did not ($M=3.86$, $SD=.910$) in terms of the practice of strictly borrowing money to invest and not to spend was statistically significant; $t(42)=2.894$, $p<.05$. This suggests that FIKA training did affect positively impact on respondents' borrowing practices. The finding is consistent with Vandone (2009) who discussed the important roles played by financial education among preventive measures that seek to achieve more responsible borrowing by individuals.

The study sought to establish whether participation in FIKA training impacted on the respondents' proper prioritization of their spending. Table 4.5 shows that respondents who undertook FIKA training had a higher mean score of 4.65 compared to their counterparts who did not with a mean score of 4.29. It seems from these results that the FIKA training program influenced recipient's decisions to always prioritize their spending based on needs, not wants. This is consistent with rationality argument fronted by Nga et al. (2010) which accrue as a result of financial literacy.

Table 4.6 however shows that the difference in the mean scores between respondents who undertook FIKA training ($M=4.65$, $SD=.573$) and those who did not ($M=3.29$, $SD=.717$) in terms of the practice of prioritizing spending based on needs was not statistically significant; $t(42)=1.881$, $p>.05$. This suggests that there was no significant difference in the practices of respondents who underwent the training and those who did not in terms of prioritization of expenditure. It seems that the role played by financial knowledge gained from the FIKA training program was not significant.

The mean score of respondents who undertook FIKA training was lower at 4.65 compared to those who did not take the training scoring a mean of 4.67 in terms of exercising due diligence on loan terms. The statistics suggest that the difference between the mean scores were marginal. There was no statistically significant difference in the mean scores between respondents who undertook FIKA training (M=4.65, SD=.714) and those who did not (M=4.67, SD=.483) regarding whether they always checked for the terms and conditions of any loan they took and ensured they understood the consequences of default; $t(42)=-.078, p>.05$. This suggests that FIKA training did not lead to a significant difference in the practice of due diligence taken on loan by the respondents. This resonates the need to periodically monitor the effectiveness of schemes adopted to promote financial literacy as suggested by Vandone (2009).

Table 4.5 Group Statistics for Financial Knowledge and Money Management Practices

| | Undertaken the FIKA training | N | Mean | Std. Dev | Std. Error Mean |
|---|------------------------------|----|------|----------|-----------------|
| I track every expenditure by recording them on a daily basis | Yes | 23 | 3.33 | 1.065 | .195 |
| | No | 21 | 3.17 | .937 | .232 |
| For every expenditure, I prepare a budget before hand | Yes | 23 | 3.24 | .700 | .201 |
| | No | 21 | 2.74 | .964 | .153 |
| I use a formal spending plan to manage my money | Yes | 23 | 3.09 | .793 | .165 |
| | No | 21 | 2.95 | .805 | .176 |
| I usually compare prices whenever I go shopping | Yes | 23 | 4.39 | .583 | .122 |
| | No | 21 | 4.19 | .512 | .112 |
| I always pay all my bills on time | Yes | 23 | 3.76 | .700 | .177 |
| | No | 21 | 3.09 | .848 | .153 |
| I always pay any loan or money borrowed by the agreed time | Yes | 23 | 3.86 | .727 | .239 |
| | No | 21 | 3.30 | 1.146 | .159 |
| I ensure that I collect all debts owed to me promptly | Yes | 23 | 3.62 | .921 | .202 |
| | No | 21 | 2.87 | .968 | .201 |
| I strictly borrow money to invest, not to spend | Yes | 23 | 4.52 | .593 | .124 |
| | No | 21 | 3.86 | .910 | .199 |
| I always prioritize my spending based on needs, not wants | Yes | 23 | 4.65 | .573 | .119 |
| | No | 21 | 4.29 | .717 | .156 |
| I always check for the terms and conditions of any loan I take and ensure I understand the consequences of default. | Yes | 23 | 4.65 | .714 | .149 |
| | No | 21 | 4.67 | .483 | .105 |

Source: Author (2013)

Table 4.6 Independent Samples Test for Financial Knowledge and Money Management

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|---|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|-------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| I track every expenditure by recording them on a daily basis | Equal variances assumed | .184 | .670 | -.528 | 42 | .600 | -.159 | .302 | -.768 | .449 |
| | Equal variances not assumed | | | -.525 | 40.068 | .602 | -.159 | .304 | -.773 | .454 |
| For every expenditure, I prepare a budget before hand | Equal variances assumed | 1.342 | .253 | -1.948 | 42 | .058 | -.499 | .256 | -1.016 | .018 |
| | Equal variances not assumed | | | -1.976 | 40.065 | .055 | -.499 | .252 | -1.009 | .011 |
| I use a formal spending plan to manage my money | Equal variances assumed | .002 | .967 | .558 | 42 | .580 | .135 | .241 | -.352 | .621 |
| | Equal variances not assumed | | | .558 | 41.514 | .580 | .135 | .241 | -.352 | .621 |
| I usually compare prices whenever I go shopping | Equal variances assumed | 3.025 | .089 | 1.209 | 42 | .233 | .201 | .166 | -.134 | .536 |
| | Equal variances not assumed | | | 1.217 | 41.942 | .231 | .201 | .165 | -.132 | .534 |
| I always pay all my bills on time | Equal variances assumed | .004 | .951 | -2.862 | 42 | .007 | -.675 | .236 | -1.151 | -.199 |
| | Equal variances not assumed | | | -2.888 | 41.605 | .006 | -.675 | .234 | -1.147 | -.203 |
| I always pay any loan or money borrowed by the agreed time | Equal variances assumed | 4.222 | .046 | -1.890 | 42 | .066 | -.553 | .292 | -1.143 | .037 |
| | Equal variances not assumed | | | -1.928 | 37.636 | .061 | -.553 | .287 | -1.133 | .028 |
| I ensure that I collect all debts owed to me promptly | Equal variances assumed | .056 | .815 | -2.626 | 42 | .012 | -.749 | .285 | -1.326 | -.173 |
| | Equal variances not assumed | | | -2.632 | 41.922 | .012 | -.749 | .285 | -1.324 | -.175 |
| I strictly borrow money to invest, not to spend | Equal variances assumed | 1.142 | .291 | 2.894 | 42 | .006 | .665 | .230 | .201 | 1.128 |
| | Equal variances not assumed | | | 2.840 | 33.882 | .008 | .665 | .234 | .189 | 1.140 |
| I always prioritize my spending based on needs, not wants | Equal variances assumed | 1.788 | .188 | 1.881 | 42 | .067 | .366 | .195 | -.027 | .760 |
| | Equal variances not assumed | | | 1.862 | 38.277 | .070 | .366 | .197 | -.032 | .765 |
| I always check for the terms and conditions of any loan I take and ensure I understand the consequences of default. | Equal variances assumed | .396 | .532 | -.078 | 42 | .938 | -.014 | .186 | -.389 | .360 |
| | Equal variances not assumed | | | -.079 | 38.846 | .937 | -.014 | .182 | -.384 | .355 |

Source: Author (2013)

4.4 The relationship between Financial Knowledge and Savings and Investment Culture of the Youth in Kenya

In this section, indicators of a savings and investment culture assessed were: regular savings plan, risk understanding and taking and the setting of long term money goals. Table 4.7 shows Spearman's Rank Correlation coefficients with Alpha significant at .05 levels. The table shows that financial knowledge was significantly correlated to the development of clear long term money goals ($r=.312, p<.05$). However, the relationship between financial knowledge and regular savings plan ($r=.194, p>.05$); risk taking ($r=.041, p>.05$) and risk understanding ($r=.214, p>.05$) or investing ($r=.071, p>.05$) was not statistically significant.

Table 4.7 Correlation between Financial Knowledge and Savings & Investment

| Spearman's rho | | 1 |
|-----------------------------|-------------------------|---------|
| Financial Knowledge | Correlation Coefficient | 1.000 |
| | Sig. (2-tailed) | . |
| | N | 44 |
| Regular savings plan | Correlation Coefficient | .194 |
| | Sig. (2-tailed) | .206 |
| | N | 44 |
| Risk taking | Correlation Coefficient | .041 |
| | Sig. (2-tailed) | .791 |
| | N | 44 |
| Risk understanding | Correlation Coefficient | .214 |
| | Sig. (2-tailed) | .163 |
| | N | 44 |
| Clear long term money goals | Correlation Coefficient | .312(*) |
| | Sig. (2-tailed) | .039 |
| | N | 44 |
| Investing | Correlation Coefficient | .071 |
| | Sig. (2-tailed) | .645 |
| | N | 44 |

* Correlation is significant at the 0.05 level (2-tailed).

Source: Author (2013)

A comparison between respondents who undertook FIKA training and those who did not was made in terms of whether they had a regular savings plan which they followed strictly without default. The group statistics (table 4.8) shows that the mean score of respondents who did not undertake the training was higher at 3.29 compared to their counterparts who

undertook the training, whose mean score was 2.83. This contradicts the findings of a previous study by Cackley (2011) which showed that respondents who undertook financial education course were more likely to have engaged in financial practices such as saving. This may be explained by the fact that majority of respondents in this study were SME owners. Extant literature on SMEs suggests that most SMEs are cash-crunched. Thus, in agreement with FSD Kenya (2009), the concept of financial capability comes into the equation as it is one thing to understand the need and concept of savings and another to claim financial capability. The low mean scores suggest that although respondents in the control group seemed to practice savings more than the test group, the discipline of regular savings was hardly practiced across the board.

Table 4.9 shows that there was no statistically significant difference in the mean scores between respondents who undertook FIKA training ($M=3.29$, $SD=.956$) and those who did not ($M=2.83$, $SD=1.1029$) in terms of following a regular savings plan without default; $t(42)=-1.530$, $p>.05$. This implies that the FIKA training did not result to any significant difference in the savings culture of recipients. This agrees with the conclusion of a study by Nyamute and Maina (2010) whose findings suggested that, while those who are financially educated do practice to an extent, standard financial behaviors (such as a disciplined saving culture), one can still practice financial management behaviors whether or not they are financially literate. However, the low mean scores registered in this study suggest that respondents hardly cultivated a savings culture. It is worth recalling that past studies done by FSD Kenya (2009) established that while Kenyans are keen to save, majority of them saved towards meeting day to day expenses rather than for long term needs.

In order to establish the effect of financial knowledge on financial risk taking, the study sought to compare the practices of respondents who undertook FIKA training with those who did not. Table 4.8 shows that respondents who undertook FIKA training had a higher mean score of 3.52 compared to their counterparts who did not, with a mean score of 3.10. This suggests that respondents who undertook the FIKA training did take risk without fear of losing than the control group. This could be explained by the fact that majority of the respondents in the test group were entrepreneurs compared to their counterparts who were in employment. Risk taking is a typical characteristic of entrepreneurship and thus, the relatively higher mean score was expected.

Table 4.9 shows that the difference in the mean scores between respondents who undertook FIKA training ($M=3.52$, $SD=.846$) and those who did not ($M=3.10$, $SD=.944$) with regard to risk taking was not statistically significant; $t(42)=1.581$, $p>.05$. This implies that the FIKA training did not account for any significant difference in the risk culture of recipients. This suggests that respondents who undertook FIKA training and those who did not both had the same propensity for risk taking.

The study sought to establish whether as due to financial knowledge, respondents understood all the risks they took with their money before spending or investing. A comparison was made between respondents who undertook the FIKA training and those who did not. Table 4.8 shows that respondents who went through FIKA training scored a higher mean of 4.57 compared to respondents who did not undertake the training with a mean score of 3.24. This provides empirical support to the perspectives of O'Connell (2008) who considered financial education as process by which financial consumers/investors develop the skills and confidence to become more aware of financial

risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.

Table 4.9 shows a statistically significant difference between the mean scores of respondents who undertook FIKA training ($M=4.57$, $SD=.590$) and those who did not ($M=3.24$, $SD=.831$) in terms of their understanding of the risk they took with their money before spending or investing $t(42)=6.151$, $p<.05$. This means that the FIKA training explained a significant difference in the understanding of risk between the two respondent groups. This is resonant to the views of Vandone (2009) who suggested that understanding of financial risks constitute a basic part of the indicators of a financially literate individual. Risk management, through the exposure of individuals to micro-insurance seemed to makeup an important part of the FIKA program, and hence the statistically significant difference in the understanding of recipients of the training.

The study sought to determine whether there was any significant effect of financial knowledge on the setting of long term money goals. An independent sample t-test was run to compare means between respondents who undertook FIKA training and those who did not. Table 4.8 shows that respondents who undertook FIKA training had a higher mean score of 3.19 compared to their counterparts who did not take the training with a mean score of 3.10. This suggests that financial knowledge to some extent did influence individuals towards having clear long term money goals. This agrees with the findings of a study by FSD Kenya (2009) which indicated that financially knowledgeable persons make savvy financial decisions, among them, setting long term financial goals.

Table 4.9 however shows that the difference in the mean scores between respondents who undertook the FIKA training ($M=3.19$, $SD=.791$) and those who did not ($M=3.10$, $SD=.194$) in terms of setting up long term money goals was not statistically significant $t(42)=-1.620$, $p>.05$. This means that the FIKA training did not significantly influence recipient's decision to establish long term money goals any more than their counterparts who did not go through the training program. It seems therefore, that while financial knowledge appeared to be linked to the setting of money goals, such money goals were not necessarily contingent to the FIKA training program. This lack of statistically significant difference appears to support the argument by Cackley (2011) because of the difficulty in relying on these findings to generalize conclusions about the effect of financial education through such a program as FIKA on the individual financial practices and outcomes.

The study sought to determine whether financial knowledge influenced respondents' decisions to make investments that earn them additional income aside from their employment income. Table 4.8 shows the mean scores of respondents who undertook FIKA training and those who did not. The table shows that respondents who did not undertake FIKA training had a higher mean score of 3.38 compared to their counterparts who did take the training, with a mean score of 2.87. That a higher mean was registered in the decision of respondent group to invest in additional income aside from their employment income compared to their counterparts in the test group seems to contradict the assumptions of FSD Kenya (2009), speculating that financial knowledge accounts for a higher propensity to invest.

Table 4.9 shows that there was no statistically significant difference between the mean score of respondents who undertook the FIKA training (M=2.87, SD=1.325) and those who did not (M=3.38, SD=1.322) regarding having other investments that earn additional income aside from their employment $t(42)=-1.280, p>.05$. This suggests that FIKA training did not account for any difference in the respondents' investment in additional income-generating ventures aside from their employment. The findings agree with Nyamute and Maina's (2010) study which established no significant difference between the test group and control group as far as investment practices were concerned. This may be explained by the fact that financial knowledge does not necessarily equate to financial capability which may be needed to make an investment. The results support the distinction made between financial knowledge and financial capability according to Birkenmaier et al. (2013) who maintained that to be financially capable, people must be more than financially literate; they must also have access to financial products and services that allow them to act in their best financial interest.

Table 4.8 Group Statistics for Financial Knowledge and Savings/Investment

| | Whether respondent have undertaken the FIKA training | N | Mean | Std. Deviation | Std. Error Mean |
|---|--|----|------|----------------|-----------------|
| I have a regular saving plan which I strictly follow without default | Yes | 23 | 3.29 | .956 | .215 |
| | No | 21 | 2.83 | 1.029 | .209 |
| I do take risks with my money without fear of losing | Yes | 23 | 3.52 | .846 | .176 |
| | No | 21 | 3.10 | .944 | .206 |
| I understand all the risks I take with my money before spending or investing | Yes | 23 | 4.57 | .590 | .123 |
| | No | 21 | 3.24 | .831 | .181 |
| I have clear long term goals with my money | Yes | 23 | 3.39 | .891 | .186 |
| | No | 21 | 3.10 | .889 | .194 |
| I have other investments that earn me additional income aside from my employment income | Yes | 23 | 2.87 | 1.325 | .276 |
| | No | 21 | 3.38 | 1.322 | .288 |

Source: Author (2013)

Table 4.9 Independent Samples Test for Financial Knowledge and Savings/Investment

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|---|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|-------|
| | | F | Sig. | T | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| I have a regular saving plan which I strictly follow without default | Equal variances assumed | .021 | .886 | -1.530 | 42 | .133 | -.460 | .300 | -1.066 | .146 |
| | Equal variances not assumed | | | -1.536 | 41.984 | .132 | -.460 | .299 | -1.064 | .144 |
| I do take risks with my money without fear of losing | Equal variances assumed | .167 | .685 | 1.581 | 42 | .121 | .427 | .270 | -.118 | .971 |
| | Equal variances not assumed | | | 1.573 | 40.360 | .124 | .427 | .271 | -.121 | .974 |
| I understand all the risks I take with my money before spending or investing | Equal variances assumed | .633 | .431 | 6.151 | 42 | .000 | 1.327 | .216 | .892 | 1.763 |
| | Equal variances not assumed | | | 6.057 | 35.753 | .000 | 1.327 | .219 | .883 | 1.772 |
| I have clear long term goals with my money | Equal variances assumed | .863 | .358 | -2.620 | 42 | .012 | -.704 | .269 | -1.246 | -.162 |
| | Equal variances not assumed | | | -2.620 | 41.658 | .012 | -.704 | .269 | -1.246 | -.162 |
| I have other investments that earn me additional income aside from my employment income | Equal variances assumed | .001 | .980 | -1.280 | 42 | .207 | -.511 | .399 | -1.317 | .295 |
| | Equal variances not assumed | | | -1.280 | 41.654 | .207 | -.511 | .399 | -1.318 | .295 |

Source: Author (2013)

4.5 The Relationship between Financial Knowledge and Financial Risk Management Practices of the Youth in Kenya

In this section, the financial risk management indicators such as the maintenance of an emergency savings account, medical insurance, insurance of assets and income diversification are analyzed. The correlation between financial knowledge and financial risk management is shown in table 4.10. The table shows that there was a direct and significant relationship between financial knowledge and maintenance of emergency saving ($r=.372, p<.05$), and purchase of medical insurance ($r=.432, p<.01$). However, no statistically significant correlation was there between financial knowledge and insurance of assets ($r=.190, p>.05$) or income diversification ($r=.224, p>.05$).

Table 4.10 Correlation between Financial Knowledge and Risk Management Practices

| Spearman's rho | | 1 |
|----------------|-------------------------|----------|
| 1 | Financial Knowledge | 1.000 |
| | Correlation Coefficient | . |
| | Sig. (2-tailed) | 44 |
| | N | |
| 2 | Emergency saving | .372(*) |
| | Correlation Coefficient | .013 |
| | Sig. (2-tailed) | 44 |
| | N | |
| 3 | Medical insurance | .432(**) |
| | Correlation Coefficient | .003 |
| | Sig. (2-tailed) | 44 |
| | N | |
| 4 | Insurance of assets | .190 |
| | Correlation Coefficient | .217 |
| | Sig. (2-tailed) | 44 |
| | N | |
| 5 | Income diversification | .224 |
| | Correlation Coefficient | .144 |
| | Sig. (2-tailed) | 44 |
| | N | |

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Source: Author (2013)

In order to establish the effect of Financial Knowledge on the practice of Emergency Savings among the youth, an independent sample t-test was run to compare the mean score of respondents who undertook FIKA training with a control group who did not. Table 4.11 shows that the mean score of respondents who did not take the training was higher at 3.39 than that of the respondents who undertook the training, having a mean score of 3.04. This difference goes contrary to theoretical assumptions available in extant literature. This is may be attributable to the idiosyncrasies of micro-entrepreneurs given that SMEs represent the major group targeted by Equity Bank.

The t-test results shown in table 4.12 however indicates that there was no statistically significant difference between the mean score of respondents who undertook the FIKA training (M=3.04, SD=1.024) and those who did not (M=3.38, SD=1.022) in terms of maintaining an emergency savings account $t(42)=-1.094, p>.05$. This implies that FIKA

training did not account for any significant difference in the recipients' practice of emergency savings. In contrast to the argument by Kefela (2010) that financial literacy can help to prepare consumers for tough financial times, by risk mitigation strategies such as accumulating savings; the lack of statistically significant difference that financial knowledge through the FIKA training was a necessary but not sufficient condition to lead to the practice of emergency savings.

The study sought to determine whether financial knowledge led to the possession of medical insurance. According to table 4.11, respondents who undertook FIKA training had a higher mean score of 4.00 compared to their counterparts who did not go through the training, whose mean score was 3.19. It appears from these mean scores more of the respondents who undertook FIKA training had taken a medical insurance for their household compared to their counterparts in the control group.

Table 4.12 shows that the difference in the mean score between respondents who undertook FIKA training ($M=4.00$, $SD=.798$) and those who did not ($M=3.19$, $SD=1.289$) in regarding the possession of a medical insurance for their household was statistically significant $t(42)=-2.529$, $p<.05$. This suggests that financial knowledge through the FIKA training program significantly influenced the recipient's decision to take a medical insurance policy as a risk management practice. The findings agree with Kefela's (2010) position that financial literacy can help to prepare consumers for tough financial times, by promoting strategies that mitigate risk such as purchasing insurance, among other risk mitigation strategies. However, through discussion with respondents who undertook the FIKA training program, it was revealed that getting a medical cover was a mandatory condition set by Equity Bank in order to participate in the program. Thus, participants who

were not yet insured had to get cover with National Hospital Insurance Fund (NHIF) if they could not afford private insurance. It can thus be deduced that the significant difference in the usage of insurance as a risk mitigation strategy was not spontaneous.

The study also sought to determine whether financial knowledge influenced the youth towards insuring their major assets. An independent sample t-test was run to compare the mean score of respondents who undertook the FIKA training with those who did not. Table 4.11 shows that respondents who undertook FIKA training scored a mean of 2.22 compared to the control group who did not 1.81. The low mean scores from both the test group and the control group suggest that respondents had not taken an insurance policy for all their major assets.

As shown in table 4.12, the difference in the mean score between respondents who undertook FIKA training ($M=2.22$, $SD=.998$) and those who did not ($M=1.81$, $SD=1.928$) in taking an insurance policy for major assets was not statistically significant $t(42)=1.400$, $p>.05$. This implies that the FIKA training program did not lead to a significant difference in the respondents decisions concerning insurance of assets. This goes contrary to the assertion of Vandone (2009) who held that financial education sets out to limit the negative impact that unexpected events can have on household finances which entails putting into place insurance solutions designed to safeguard their financial future. The findings instead agrees with a previous research by Nyamute and Maina (2010) which concluded that financial literacy does not necessarily lead to better emergency management. The aspect of financial capability perhaps comes to play again, as past studies have established that implementing knowledge on risk management such as

insurance is difficult as over half of Kenyans in the study by FSD (2009) felt out of control of their finances.

The study sought to determine whether financial knowledge influenced the youths towards deliberately diversifying their income sources as a risk management practice. Table 4.11 shows that respondents who undertook FIKA training scored a higher mean of 3.43 compared to the control group who did not, with a mean of 3.00. From the relatively high mean scores, it may be inferred that more of respondents who undertook FIKA training program diversified their income sources than their counterparts in the control group.

4.11 Group Statistics for Financial Knowledge and Risk Management Practices

| | Whether respondent have undertaken the FIKA training | N | Mean | Std. Deviation | Std. Error Mean |
|---|--|----|------|----------------|-----------------|
| I maintain an emergency savings account | Yes | 23 | 3.04 | 1.022 | .213 |
| | No | 21 | 3.38 | 1.024 | .223 |
| I have saved three times the amount of my monthly income for emergency purposes | Yes | 23 | 2.17 | .984 | .205 |
| | No | 21 | 2.19 | .602 | .131 |
| I have at least a medical insurance for my household | Yes | 23 | 4.00 | .798 | .166 |
| | No | 21 | 3.19 | 1.289 | .281 |
| I have taken an insurance policy for all my major assets | Yes | 23 | 2.22 | .998 | .208 |
| | No | 21 | 1.81 | .928 | .203 |
| I have deliberately diversified my sources of income | Yes | 23 | 3.43 | .896 | .187 |
| | No | 21 | 3.00 | 1.483 | .324 |

Source: Author (2013)

The t-test results in table 4.12 however indicates that there was no statistically significant difference in the mean scores of respondents who undertook FIKA training (M=3.43, SD=.896) from that of the control group who did not (M=3.00, SD=1.483) in terms of deliberately diversifying sources of income as a risk management strategy $t(42)=1.189$,

$p > .05$. This suggests that the FIKA training program did not significantly influence recipients' decision towards income diversification as a financial risk management practice. The lack of a statistically significant difference is consistent with past research conducted by McCaffery and Slemrod (2006) which established that education results in greater portfolio diversification but the estimated magnitudes are not particularly large.

4.12 Independent Samples Test for Financial Knowledge and Risk Management

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|---|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|-------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| I maintain an emergency savings account | Equal variances assumed | .007 | .935 | -1.094 | 42 | .280 | -.337 | .309 | -.960 | .285 |
| | Equal variances not assumed | | | -1.093 | 41.623 | .280 | -.337 | .309 | -.960 | .286 |
| I have saved three times the amount of my monthly income for emergency purposes | Equal variances assumed | 1.859 | .180 | -.067 | 42 | .947 | -.017 | .249 | -.519 | .486 |
| | Equal variances not assumed | | | -.068 | 36.896 | .946 | -.017 | .244 | -.510 | .477 |
| I have at least a medical insurance for my household | Equal variances assumed | 12.352 | .001 | 2.529 | 42 | .015 | .810 | .320 | .164 | 1.455 |
| | Equal variances not assumed | | | 2.477 | 32.786 | .019 | .810 | .327 | .144 | 1.475 |
| I have taken an insurance policy for all my major assets | Equal variances assumed | 1.812 | .185 | 1.400 | 42 | .169 | .408 | .291 | -.180 | .996 |
| | Equal variances not assumed | | | 1.404 | 41.982 | .168 | .408 | .290 | -.178 | .994 |
| I have deliberately diversified my sources of income | Equal variances assumed | 13.719 | .001 | 1.189 | 42 | .241 | .435 | .366 | -.303 | 1.173 |
| | Equal variances not assumed | | | 1.163 | 32.283 | .253 | .435 | .374 | -.326 | 1.196 |

Source: Author (2013)

A regression analysis was further undertaken to establish the extent to which financial knowledge determined the youth's various financial practices. The results are shown in tables 4.13 to 4.15. The model summary (Table 4.13) shows that $R^2 = .447$ adjusted to .358. This means that 44.7% of the variance in the respondents' financial practices is explained by the regression model. The adjusted R^2 of .358 means that 35.8% of the

variance in the respondents' financial practices is explained by the regression model derived from the sample population, namely the youth who undertook the FIKA training program. It may be inferred from the regression result that financial knowledge as imparted through a program such as FIKA training played a partial role in the financial practices and habits the youth.

Table 4.13 Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---------|----------|-------------------|----------------------------|
| 1 | .669(a) | .447 | .358 | .576 |

a Predictors: (Constant), MI, PB, TL, EA, SP, MG
Source : Author (2013)

The analysis of variance shown in Table 4.14 reveals that the regression model is significant ($p < .05$) indicating that the model has explanatory power and therefore, the null hypothesis (the model does not improve prediction) can be rejected.

Table 4.14 ANOVA (b)

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|---------|
| 1 | Regression | 9.957 | 6 | 1.659 | 4.994 | .001(a) |
| | Residual | 12.293 | 37 | .332 | | |
| | Total | 22.250 | 43 | | | |

a Predictors: (Constant), MI, PB, TL, EA, SP, MG
b Dependent Variable: FK
Source : Author (2013)

Table 4.15 below shows the estimated regression coefficients, standard errors of the estimates, t-values and significant levels. Inspection of the standard regression coefficients shows that the usage of a formal spending plan to manage money (SP) possessed the highest explanatory power on the effect of financial knowledge on financial practices (Beta=.274).

Table 4.15 Coefficients(a)

| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .955 | .473 | | 2.019 | .051 |
| | PB | .159 | .133 | .194 | 1.197 | .239 |
| | SP | .274 | .135 | .301 | 2.023 | .050 |
| | TL | .172 | .098 | .239 | 1.760 | .087 |
| | MG | -.189 | .133 | -.250 | -1.420 | .164 |
| | EA | .140 | .104 | .200 | 1.356 | .183 |
| | MI | .176 | .095 | .275 | 1.854 | .072 |

a Dependent Variable: FK
Source: Author (2013)

4.6 Discussion of Findings

Independent sample t-tests showed that there was a statistically significant difference in the mean scores between respondents who undertook FIKA training and the control group in terms of timely bill payment, prompt debt collection, prioritization of expenditures or taking of due diligence on loan terms. However, no statistically significant difference was established between the scores for respondents who undertook FIKA training in terms of money management practices such as expenditure tracking, budgeting, usage of a formal spending plan, price comparison before purchasing, timely loan repayment and borrowing.

There was no statistically significant difference in the mean scores between respondents who undertook FIKA training and those who did not regarding their savings and investment practices such as the cultivation of a savings culture, risk taking, setting of long term money goals or investment decisions. The difference in the mean scores of respondents who undertook FIKA training program and those who did not in terms of risk understanding was statistically significant.

Independent sample t-test showed that there was no statistically significant difference in the mean scores of respondents who undertook FIKA training and the control group in terms of risk management practices such as saving for emergencies, insurance of assets or deliberate diversification of income. The difference in the mean scores between respondents who undertook FIKA training and those who did not take the training regarding the possession of a medical insurance for their household was statistically significant. In the overall, financial knowledge explained 44.7% of the variance in the financial practices of respondents.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

The general objective of the study was to determine the relationship between financial knowledge and the personal financial practices of the youth in Kenya based on the case of FIKA training program. This chapter explains the summary, conclusions and recommendations of the study. The chapter also details the limitations of the study and recommendations for further research.

5.2 Summary of the Study

Schemes adopted to promote financial literacy should be periodically monitored for their effectiveness as some of these schemes receive also public funds, thus it is appropriate that the results of such investments are assessed. Research on the topic of financial knowledge is sparse. The limited researches that have been conducted have yielded mixed results. This study sought to extend research on the impact of financial knowledge targeting the youth in Kenya on their personal financial practices based on Equity Bank's Financial Knowledge for Africa (FIKA) programme as a case study. Despite the implied extensiveness of its outreach, at a cost of 1 billion shillings, no known research has been conducted specifically to evaluate the impact of the FIKA programme on the personal financial management practices of the youth in Kenya. The general objective of the study was to determine the effect of financial knowledge on the personal financial practices of the youth in Kenya. The study was guided by three specific objectives: to determine the effect of financial knowledge on the money management practices of the youth in Kenya; to determine the effect of financial knowledge on the savings and investment culture of the youth in Kenya; and to establish the effect of financial knowledge on the financial risk management practices of the youth in Kenya.

A case study design was used. The population of the study comprised of all participants who completed the FIKA training program. The research targeted youth who were successfully trained and graduated, estimated at 182,096 people. A convenient sample of 60 respondents was selected through snow-ball sampling technique. Recipients of the FIKA training were evaluated against a comparison group that did not participate in the program. Data was collected through the administration of a questionnaire whose measure of reliability yielded Cronbach's Alpha of .827. Independent sample t-test was used to compare the mean scores of the data between the study group and the control group. Inferences were drawn using Spearman's Rank Correlation Coefficients and multiple regression modelling techniques. The data was analyzed using SPSS and presented in figures and tables.

The study established that financial knowledge explained 44.7% of the variance in the financial practices of respondents. Independent sample t-tests showed that there was a statistically significant difference in the mean scores between respondents who undertook FIKA training and the control group in terms of timely bill payment, prompt debt collection, prioritization of expenditures or taking of due diligence on loan terms. However, no statistically significant difference was established between the scores for respondents who undertook FIKA training in terms of money management practices such as expenditure tracking, budgeting, usage of a formal spending plan, price comparison before purchasing, timely loan repayment and borrowing.

There was no statistically significant difference in the mean scores between respondents who undertook FIKA training and those who did not regarding their savings and

investment practices such as the cultivation of a savings culture, risk taking, setting of long term money goals or investment decisions. The difference in the mean scores of respondents who undertook FIKA training program and those who did not in terms of risk understanding was statistically significant.

Independent sample t-test showed that there was no statistically significant difference in the mean scores of respondents who undertook FIKA training and the control group in terms of risk management practices such as saving for emergencies, insurance of assets or deliberate diversification of income. The difference in the mean scores between respondents who undertook FIKA training and those who did not take the training regarding the possession of a medical insurance for their household was statistically significant.

5.3 Conclusions of the Study

Financial knowledge, through the FIKA training program played a major role on the money management practices of the youth on a number of fronts. Individual financial practices that could be explained by the FIKA program were: timely bill payment, prompt debt collection, prioritization of expenditures and exercising due diligence on loan terms. However, there were no significant changes in the financial practices of the youth with regards to tracking of expenditures, budgeting, comparing prices before making a purchase, repayment of loans in a timely manner or borrowing practices.

Financial knowledge had a limited effect on the savings and investment practices of the individuals as it only increased the individual's understanding of the concept of risk. However, it played a little, if any role in changing the savings and investment culture of

the youth as the financial practices of individuals who undertook the FIKA program did not distinctively vary in comparison to those who did not as indicated by the practice of regular savings, risk taking, setting of long term money goals or investment decisions.

In terms of risk management, financial knowledge imparted through the FIKA training program only resulted in an increased uptake of medical insurance, notably because medical cover was a precondition for participating in the program to begin with. However, there were no remarkable changes in other aspects of risk management practices such as saving for emergencies, insurance of assets or deliberate diversification of income that could be explained by financial knowledge.

5.4 Recommendations for Improvement

Financial literacy programs should be reinforced with initiatives that enhance the financial capability of recipients of financial training for the program to have any significant impact. With respect to the objectives of the FIKA program, better outcomes could be achieved through a program of mentoring learners and making regular follow ups on an individual capacity. In terms of savings and investment, emphasis should be put on using management principles such as Kaizen's to improve on expenditure tracking by ensuring that trainees record all their expenditure on a daily basis, creating and implementing realistic budgets, consciously seeking for value for money in every purchase and adhering to disciplined borrowing and debt management practices. Refresher courses should also be developed to address gaps in financial management practices related to savings and investment and risk management, specifically focusing on the practice of regular savings and investing.

5.5 Recommendations for Further Research

This study has provided evidence that justifies the need for financial institutions such as Equity bank and other financial literacy program developers to improve on their training models by initiating financial capability as a superior alternative to the current program. Therefore, research should first be conducted on how a financial capability program could be designed and implemented in a sustainable and cost effective way that returns value to both its sponsors and beneficiaries.

5.6 Limitations of the study

Like most studies, this research had its limitations. Firstly, the study was based on a modest sample of youth who participated in the FIKA training program. Therefore, another research based on a larger sample would increase the reliability of statistical estimate. In addition, the research was limited in scope to the youth. However, the FIKA program targeted both women and youth. Therefore, a similar research targeting women could be conducted for comparison purposes.

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APPENDIX ONE

QUESTIONNAIRE

Dear Respondent,

My name is Marion Nelima. I am a student conducting an academic research on “The Impact of Financial Knowledge on the Personal Financial Practices of the Youth in Kenya: A Case Study of the Financial Knowledge for Africa Programme”. This is in partial fulfilment of the requirement for the award of a Masters Degree in Business at the University of Nairobi. I therefore seek your kind participation in this study. Your opinions will be kept anonymous and the study findings will be used strictly for academic purposes only. This questionnaire is comprised of four short sections which will take just a few minutes of your time. Please tick/fill in your responses on the box or blanks provided as accurately and as completely as possible. Thank you in advance for your cooperation.

Yours faithfully,

Marion Nelima (0720 824 319)

University of Nairobi

SECTION A: GENERAL DATA

1. Are you aware of a training program called Financial Knowledge for Africa Programme (FiKA) conducted by Equity Bank?
Yes No
2. If Yes, have you undertaken the FiKA training?
Yes No
3. If Yes, which year was it?
Year 2013 Year 2012 Year 2011
4. Please indicate your gender?
Male Female
5. In which of the following age group do you fall?
18 – 25 26 – 35 Over 35
6. How old were you when you undertook the FiKA training?
18 – 25 26 – 35 Over 35
7. What is your highest level of education?
Secondary
Middle level college
University
8. Did you have any prior training in Finance or Accounting before undertaking FiKA training?

Yes No

9. What is your occupation?

Self employed/Business

Employed

Unemployed

10. On a scale of 1 to 5, please rate the extent to which you consider yourself financially knowledgeable:

(1) Very little/No financial knowledge

(2) Little financial knowledge

(3) Average financial knowledge

(4) High financial knowledge

(5) Very high financial knowledge

SECTION B: THE IMPACT OF FINANCIAL KNOWLEDGE ON MONEY MANAGEMENT

In the following section, please tick (✓) inside the box which closely represents your opinion on each statement?

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| 8. I track every expenditure by recording them on a daily basis | | | | | |
| 9. For every expenditure, I prepare a budget before hand | | | | | |
| 10. I use a formal spending plan to manage my money | | | | | |
| 11. I usually compare prices whenever I go shopping | | | | | |
| 12. I always pay all my bills on time | | | | | |
| 13. I always pay any loan or money borrowed by the agreed time | | | | | |
| 14. I pay all my bills on the due date, not a day before or a day after | | | | | |
| 15. I ensure that I collect all debts owed to me promptly | | | | | |
| 16. I strictly borrow money to invest, not to spend | | | | | |
| 17. I always prioritize my spending based on needs, not wants | | | | | |
| 18. I always check for the terms and conditions of any loan I take and ensure I understand the consequences of default. | | | | | |
| 19. Some times I take a loan to repay a loan | | | | | |

SECTION C: THE IMPACT OF FINANCIAL KNOWLEDGE ON SAVINGS AND INVESTMENT

In the following section, please tick (✓) inside the box which closely represents your opinion on each statement?

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| 16. I have a regular saving plan which I strictly follow without default | | | | | |
| 17. I do take risks with my money without fear of losing | | | | | |
| 18. I understand all the risks I take with my money before spending or investing | | | | | |
| 19. I have clear long term goals with my money | | | | | |
| 20. I have other investments that earn me additional income aside from my employment income | | | | | |

SECTION D: RISK MANAGEMENT

In the following section, please tick (✓) inside the box which closely represents your opinion on each statement?

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| 27. I maintain an emergency savings account | | | | | |
| 28. I have saved three times the amount of my monthly income for emergency purposes | | | | | |
| 29. I have at least a medical insurance for my household | | | | | |
| 30. I have taken an insurance policy for all my major assets | | | | | |
| 31. I have deliberately diversified my sources of income | | | | | |

32. If there was anything that could be done differently about the way the FiKA training was conducted, what could it be?

33. Please suggest ways in which training in financial skills and knowledge can be improved? _____

THANK YOU FOR YOUR TIME AND COOPERATION