

Effect Of Financial Literacy On Personal Financial Management On Kenya Revenue Authority Employees In Nairobi

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ABSTRACT

Current economic conditions in the world over have raised serious concerns about individuals' financial security. Financial literacy is the possession of knowledge and understanding of financial matters. The objectives of the study, was to establish the level of financial literacy of Kenya Revenue Authority employees and establish the effect of financial literacy on saving practices and social security planning of Kenya Revenue Authority employees. The study used primary data collected from semi-structured questionnaires. Quantitative data was analysed using descriptive statistics while qualitative data was analysed using content analysis. Statistical Packages for Social Scientists (SPSS Version 17.0) was used. The study also used multiple regression analysis to establish the relationship between financial literacy and personal financial management. The study findings indicated that financial literacy impacts to a great extent on the financial management because financial education programs guide program development and refinement. The programs to be developed will be aimed at increasing the level of financial literacy on the aspects considered in this study which included retirement planning, estate planning, management of credit and other liabilities, insurance and tax planning.

The study findings indicate that generally financial literacy to a great extent affects personal financial management among the respondents. However, most participants considered retirement planning less important, were less aware of the effects of estate planning, insurance planning and tax planning. The respondents also were less literate on the effects of good credit and other liabilities hence making poor financial decisions on this aspect of financial management.

The research findings imply that there is need to come up with elaborate and detailed education programs to address the aspects that the respondents were less aware of and less literate on that is; effects of estate planning, insurance planning tax planning and effects of good credit and other liabilities. There is also need to replicate the study among KRA employees across the country, other organisations and over time to make the findings more representative and objective.